Place Management NSW

Annual Report 2018-19, including Luna Park Reserve Trust Annual Report 2018-19

- Financial statements for the year ended 30 June 2019
- Statutory information

Place Management NSW
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The Hon. Rob Stokes MP
Minister for Planning and Public Spaces
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Place Management NSW and Luna Park Reserve Trust Annual Report 2018-19

I am pleased to submit the Annual Report for Place Management NSW and Luna Park Reserve Trust, for the year ended 30 June 2019, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

Yours sincerely

Sarah Cleggett
A/Chief Executive Officer
Place Management NSW

for Manager of Luna Park Reserve Trust

27 September 2019

Contents

1. Charter

Place Management NSW (PMNSW) is a statutory corporation and its statutory functions are to:

- protect and enhance the natural and cultural heritage of the foreshore area;
- promote, coordinate, manage, undertake and secure the orderly and economic development and use of the foreshore area, including the provision of infrastructure; and
- promote, coordinate, organise, manage, undertake, secure, provide and conduct cultural, educational, commercial, tourist, recreational, entertainment and transport activities and facilities.

PMNSW is not limited to exercising its functions in relation to land within the foreshore area and includes the management of the Luna Park Reserve Trust (LPRT).

2. Aims and objectives

Under the Place Management NSW Act, PMNSW is responsible for Sydney's most historically and culturally significant waterfront locations. These responsibilities include the care, protection, management and promotion of this land and its important buildings.

PMNSW is the State's premier place making agency. It owns, manages and transforms Sydney's key State-significant heritage and cultural precincts — The Rocks and Darling Harbour — into vibrant, welcoming places that support, sustain and inspire locals and visitors.

Every year PMNSW brings Sydney's foreshore to life in The Rocks and Darling Harbour with a colourful mix of some of the city's biggest and most popular events. It also cares for the natural and built environments that make the precincts the popular destinations they are today, attracting more than 40 million visitors annually.

PMNSW manages significant commercial and retail leases, provides security, cleaning, building maintenance and other asset management services, and cares for the public domain and over 100 heritage items.

PMNSW also holds ownership of State-significant sites including Ballast Point and manages other major waterfront assets around Sydney Harbour on behalf of other agencies, such as King Street Wharf. It owns land, parks, wharves and boardwalks at Pyrmont and is responsible for leases and licences and market stall holders in The Rocks.

Luna Park Reserve Trust

LPRT is responsible for the care, control and management of the 3.13 hectares of Milsons Point that make up Luna Park Reserve.

LPRT oversees a 40-year operating lease for the Luna Park site and manages the Heritage and Infrastructure Fund to conserve and improve the park's heritage and infrastructure features.

LPRT was established in 1990 under the *Luna Park Site Act 1990.* Luna Park Reserve is dedicated under the *Crown Land Management Act 2016* for the purpose of public recreation, amusement and entertainment.

The Minister for Innovation and Better Regulation has administrative responsibility for the Luna Park Reserve and oversees LPRT, any land dealings at Luna Park and its general administration.

The Minister for Planning is the consent authority for any development at Luna Park, which is listed as a Schedule 3 site (State Significant) under *State Environmental Planning Policy (State Significant Precincts) 2005*. Luna Park Sydney Pty Ltd, an independent commercial operator, has complete operational responsibility for the day-to-day running of the park.

LPRT works closely with Luna Park Sydney to ensure that the site remains a viable amusement park and entertainment precinct.

LPRT financial statements can be found following PMNSW's financial statements.

3. Access

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Core business hours are 8:30am – 5:00pm Monday to Friday.

4. Management and structure

Role of the Board

The Place Management NSW (PMNSW) Board is appointed in accordance with the *Place Management NSW Act 1998*. The Board oversees PMNSW's policies, management and performance, sets strategic direction for the entity and monitors compliance with statutory requirements. The Board monitors organisational performance against strategic objectives. This is achieved both through written reports from management and direct interaction with senior management at quarterly Board meetings.

The *Code of Conduct and Ethics for Board Members* prescribes procedures for disclosing and dealing with conflicts of interest. As per recommendation 2.1 of TPP 09-2, a Board Charter has been developed.

The NSW Minister for Finance, Services and Property is responsible for the control and direction of PMNSW.

PMNSW's CEO is responsible for the day-to-day management of PMNSW in accordance with specific policies and general direction of the Board and is subject to the control and direction of the Minister.

Board

From 1 July 2018, PMNSW's Board consisted of**:**

Ex-Officio Members:

- Sam Romaniuk CEO, Place Management NSW (until 18 April 2019)
- Sarah Cleggett, A/CEO, Place Management NSW (from 18 April 2019)
- Martin Hoffman, Secretary, Department of Finance, Services and Innovation until April 2019
- Glenn King, Secretary Department of Customer Service from April 2019.

Members appointed by the Minister:

- The Hon Helen Coonan (Chair)
- Katie Page
- Garry Browne
- Jill Davies
- Jennifer Lambert

Board meetings and attendance

Five Board meetings were held in 2018-19. Dates and attendees are outlined in the table below.

Attendees	20 Jul 18	19 Oct 18	13 Dec 18	11 Mar 19	07 Jun 19	TOTAL
Helen Coonan	Yes	Yes	Yes	Yes	Yes	5/5
Martin Hoffman	No	No	Yes	Yes	n/a	2/4
Glenn King	n/a	n/a	n/a	n/a	No*	0/1
Sam Romaniuk	Yes	Yes	Yes	Yes	Yes	5/5
Sarah Cleggett	n/a	n/a	n/a	n/a	Yes	1/1
Jill Davies	Yes	Yes	Yes	Yes	Yes	5/5
Jennifer Lambert	Yes	Yes	Yes	Yes	Yes	5/5
Garry Browne	Yes	Yes	Yes	Yes	Yes	5/5
Katie Page	n/a	Yes	Yes	Yes	Yes	4/4

*Delegated representation to Sam Romaniuk (A/Deputy Secretary - Property NSW)

The Hon. Helen Coonan
BA, LLB

Board member
Chair, Place Management NSW

Non-Executive Director
Chair, Australian Financial Complaints Authority
Chair, Minerals Council Australia
Chair, Crown Resorts Foundation
Chair, Supervised Investments Australia Limited
Co-Chair, GRACosway Pty Ltd
Non-Executive Director, Crown Resorts Limited
Non-Executive Director, Snowy Hydro Limited
Non-Executive Director, Australian Children's Television Foundation
Non-Executive Director, Obesity Australia

Advisory Board
J.P. Morgan
Allegis Partners
Appointed as the PMNSW Chair from 1 July 2016 for a period of one year. Reappointed from 4 August 2016 for a period of one year. Reappointed from 4 August 2017 for a period of one year. Helen was reappointed from 30 July 2018 for a period of two years.

Martin Hoffman (1 July 2018 to March 2019)
MBA (Hons), MAppFin, BEcon
Secretary, Department of Finance, Services and Innovation

Board member
Place Management NSW
Pursuant to *the Place Management NSW Act 1998*, the Secretary of the Department is an ex-officio Board member.

Glenn King (from March 2019)
Secretary, Department of Customer Service

Board member
Place Management NSW
Pursuant to *the Place Management NSW Act 1998*, the Secretary of the Department is an ex-officio Board member.

Sam Romaniuk (Up to to 18 April 2019)
B.Com, LLB, CA
Chief Executive Officer, Place Management NSW
Executive Director, Place Management, Property NSW

Board Member
Place Management NSW
Appointed as Chief Executive Officer 22 December 2015. Pursuant to the *Place Management NSW Act 1998*, the Chief Executive Officer is an ex-officio Board member.

Sarah Cleggett (From 18 April 2019)
B.Com (Mktg& Hosp), MBA (Executive)
A/Chief Executive Officer, Place Management NSW
A/Executive Director, Place Management, Property NSW

Board Member
Place Management NSW
Appointed as a/Chief Executive Officer 18 April 2019. Pursuant to the *Place Management NSW Act 1998*, the Chief Executive Officer is an ex-officio Board member.

Jill Davies
B.Econ, CA, GAICD
Principal, Global Strategy & Events Consulting

Board Member
Appointed to the Place Management NSW Board on 1 July 2017 for a period of three years as an independent board member.

Non-Executive Director
Sydney Olympic Park Authority
Roads and Maritime Services W2B Project

Jennifer Lambert
B.Bus, MEcon, AICD, CA ANZ

Board Member
Appointed to the Place Management NSW Board on 1 July 2017 for a period of three years as an independent board member.

Director
Shore Council
Sydney Church of England Grammar School
Mosman Church of England Preparatory School
Mission Australia

Garry Browne
B.Bus, HBS OPM, AICD
Chairman, Stuart Alexander Pty Ltd.

Board Member
Appointed to the Place Management NSW Board on 30 November 2017 for a period of three years as an independent board member.

Director
Life Education Australia
UTS Faculty of Science Industry Advisory Group
Centre for Social Impact – Advisory Council

Katie Page

Board Member
Appointed to the Place Management NSW Board on 1 July 2017 for a period of three years as an independent board member.

Executive Director - Harvey Norman Holdings Limited

Non-Executive Director
Pertama Holdings Ltd (Singapore)
Space Furniture Pte Ltd (Singapore)

The Bradman Foundation

Trustee
Sydney Cricket Ground and Sports Trust
Member
UWS Foundation Council

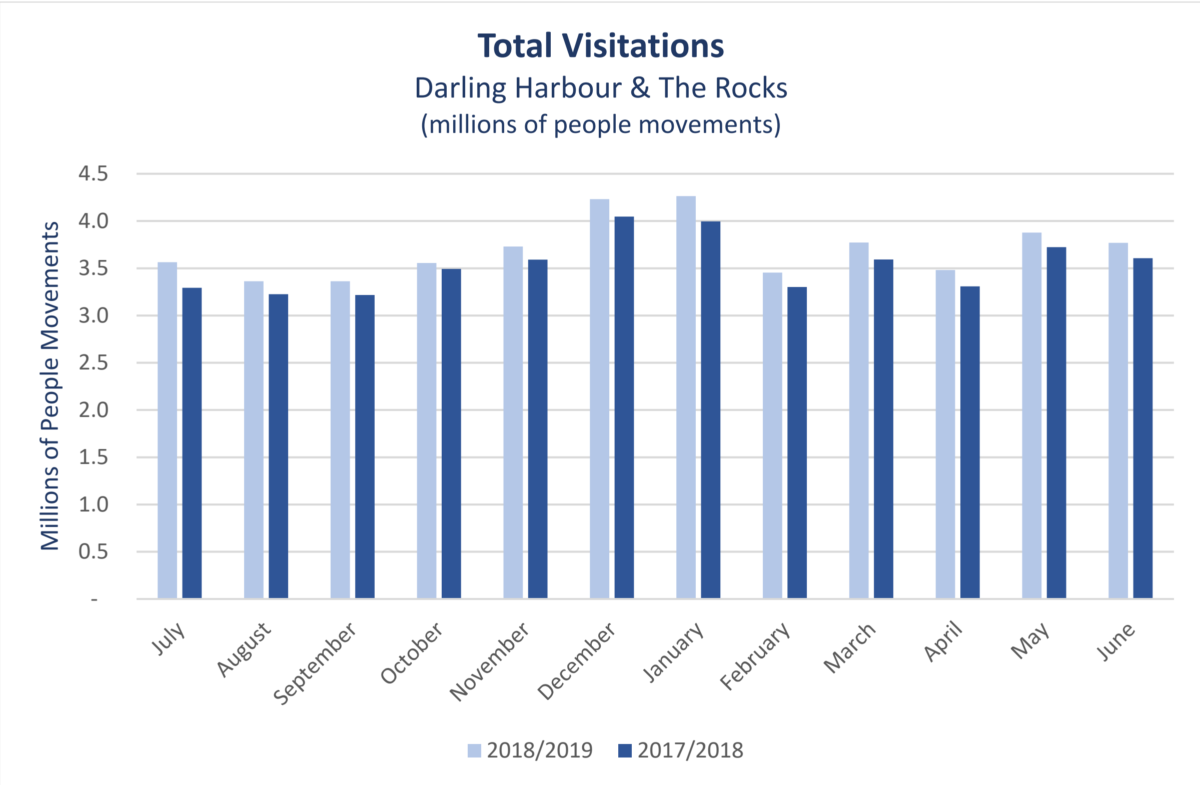
5. Summary review of operations

PMNSW manages retail leases and market stallholders in The Rocks and Darling Harbour precincts.

The Rocks, Circular Quay, and Darling Harbour are significant cultural and heritage precincts for Sydney, NSW, and Australia. They are popular destinations for local and international visitors and contribute significantly to the State's economy.

About 15.6 million people movements were recorded in The Rocks in 2018-19, with people enjoying the entertainment, shopping and dining experiences on offer. This was a 3.4% increase on the previous year.

About 28.9 million people movements were recorded in Darling Harbour in 2018-19, with people enjoying attractions, entertainment, events, shopping and dining experiences on offer in the precinct. This was a 6.0% increase on the previous year. [1]



[1] Visitor numbers recorded from electronic people counters installed in The Rocks and Darling Harbour.

International Convention Centre, Sydney

Darling Harbour's International Convention Centre Sydney has generated substantial economic benefits for the State since it opened in December 2016.

The NSW Government delivered the $1.6 billion, world-class convention, exhibition and entertainment facilities though a public-private partnership.

ICC Sydney delivered 671 core events in the 2018-19 financial year, generating A$897 million in delegate expenditure, of which 73% (A$656 million) came from interstate and international visitors. This resulted in more than 1.77 million overnight stays, driving continued investment in local hotel refurbishment and development. Employment relating to the expenditure of delegates led to the creation of 5,790 jobs.

During the year, ICC Sydney hosted 34 major international events and 111 national conventions attracting 126,000 international delegates (up from 108,000 in 2018) and 341,109 (up from 310,000 in 2018) from interstate. The exhibition industry also plays a fundamental role in the venue's success, with 64 exhibition events held over the year.

Client satisfaction for 2018-19 was excellent, at 99% up from 94% last year, with a likelihood to recommend also at 99% up from 96% last year. Delegate satisfaction scores were also outstanding with overall satisfaction at 99%, and 97% likelihood to recommend.

Meanwhile, through its legacy program ICC Sydney is providing opportunities for a broad cross-section of the community and driving positive financial, social and environmental impacts across New South Wales. It also became the first convention centre in Australia to launch a Reconciliation Action Plan.

ICC Sydney and its Darling Harbour Live partners demonstrated global leadership again in FY18-19, adding a further 17 awards and accolades to the 25 achieved in its first year of operation. This year it was again recognised for its design, venue operation, culinary services, sustainability and its extraordinary people.

6. Funds granted to non-government community organisations

Each year, PMNSW supports a diverse number of events which provide cultural experiences and community-based activities that enrich the lives of visitors to the precincts. These events help create the unique character of Darling Harbour and The Rocks.

PMNSW continued its commitment to cultural organisations, community groups and commercial enterprises, developing, curating and coordinating numerous events in The Rocks and Darling Harbour during the year, including:

- Lunar New Year celebrations – Lunar markets, Lantern installations and Dragon Boat Races
- Christmas celebrations – Christmas decorations, markets and entertainment
- Australia Day – street entertainment, fireworks and concert in Darling Harbour
- St Patrick's Day – Official Parade and Festival
- Bastille Festival including Christmas in July festival village
- School holiday activities
- Sydney Festival partnership
- Sydney International Boat Show
- Weekly fireworks in Darling Harbour

- A calendar of retail/cultural programs including Mother's/Father's Day, Melbourne Cup, ANZAC Day, NAIDOC Week and Valentine's Day
- A substantial cultural program of festivals, where visitors explore various cultures through the arts, history, entertainment and great food. These festivals are among Australia's leading multicultural celebrations.

These events bring a rich mix of activities for visitors to enjoy and provide opportunities for tenants to participate.

PMNSW was also a partner for many community festivals and provided significant on-the-ground operational support by the provision of financial support and value in kind contributions.

7. Management and activities

PMNSW is responsible for the ownership and management of NSW's state-significant precincts, The Rocks and Darling Harbour. This includes the management of the Rocks Markets.

PMNSW aims to uphold community, social, heritage and commercial interests by providing world-class places and experiences. This multidisciplinary experience extends to asset management, retail and commercial leasing, strategic planning and heritage, as well as events and marketing.

PMNSW works to ensure the activation of our precincts for the mutual benefit of tenants, visitors and the taxpayers of NSW.

8. Human resources

Employment Statistics

Division	2015[2,3]	2016[2,3]	2017[2,3]	2018[2,3]	2019[2,3]
Senior Executive	3	-	5	4.0	4.0
Senior Officer	18	13	-	-	-
Ongoing	107.7	99.3	20.6	26.4	37.2
Temporary	10.6	16.5	7.8	2.0	1.0
Graduate	-	-	1	-	1.0-
Total	**139.3**	**128.8**	**34.4**	**32.4**	**43.2**

	2018[4,5,6]				2019[4,5,6]			
Senior Executive Band	Female	Male	Total	% Representation by Women	Female	Male	Total	% Representation by Women
Band 4 (Secretary)	0	0	0	**0%**	0	0	0	**0%**
Band 3 (Deputy Secretary)	0	0	0	**0%**	0	0	0	**0%**
Band 2 (Executive Director)	0	1	1	**0%**	1	0	1	**100%**
Band 1 (Director)	2	1	3	**66.7%**	1	2	3	**33.3%**
Total	**2**	**2**	**4**	**50.0%**	**2**	**2**	**4**	**50.0%**

	2018[7]		20019[7]	
Senior Executive Band	**Range $**	**Average Remuneration $**	**Range $**	**Average Remuneration $**
Band 4 (Secretary)	463,551 – 535,550	0	475,151 – 548,950	0
Band 3 (Deputy Secretary)	328,901 – 463,550	0	337,101 – 475,150	0
Band 2 (Executive Director)	261,451 – 328,900	288,922	268,001 – 337,100	268,001
Band 1 (Director)	183,300 – 261,450	235,784	187,900 – 268,000	229,491

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[2] Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

[3] Statistics are based on Workforce Profile census data as at 18 June 2015, 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019

[4] Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

[5] Statistics are based on Workforce Profile census data as at 28 June 2018 and 27 June 2019.

[6] All employees reported in 2018 and 2019 are appointed under the Government Sector Employment Act. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

[7] Salary ranges effective at the Workforce Profile census dates of 28 June 2018 and 27 June 2019

Employee related costs 2018-19	Amount
Executive	$956,473
Non-Executive	$4,398,590
Total	$5,355,063
Ratio Senior Executive	17.9%

In 2018-19, 17.9% of employee related expenditure was for senior executives, compared with 2017-18 which was 17.1%

9. Workforce Diversity

Trends in the Representation of Workforce Diversity Groups					
Workforce Diversity Group	**Benchmark**	**2016**	**2017**	**2018**	**2019**
Women[8]	**50%**	52.2%	64.9%	63.6%	52.3%
Aboriginal People and/or Torres Strait Islander People[9]	**3.3%**	0.0%	3.2%	3.2%	2.3%
People whose First Language Spoken as a Child was not English[10]	**22.3%**	12.1%	12.6%	13.2%	9.1%
People with a Disability[11]	**5.6%**	0.7%	0.0%	3.2%	2.3%
with a Disability Requiring Work-Related Adjustment[11]	**N/A**	0.0%	0.0%	0.0%	0.0%

[8] The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

[9] The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

[10] A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 22.3% is the percentage of the NSW general population born in a country where English is not the predominant language.

[11] In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Trends in the Distribution of Workforce Diversity Groups					
Workforce Diversity Group	**Benchmark[12,13]**	**2016**	**2017**	**2018**	**2019**
Women	**100**	93	N/A	N/A	N/A
Aboriginal People and/or Torres Strait Islander People	**100**	N/A	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	**100**	N/A	N/A	N/A	N/A
People with a Disability	**100**	N/A	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	**100**	N/A	N/A	N/A	N/A

10. Consultants

Place Management NSW (PMNSW) engages consultants for specialised work on an as-needed basis, including for economic appraisals and financial services.

In 2018-19, PMNSW did not engage any consultants whose fees were more than $50,000.

Four consultants whose fees were less than $50,000 were also engaged, with fees totalling $86,894. These engagements related to financial services and management advice.

11. Disability inclusion action plans

As part of the Department of Finance, Services and Innovation (DFSI), PMNSW supports the department's Disability Inclusion Action Plan 2015-18. The plan sets out how DFSI will work towards:

- the development of positive community attitudes and behaviours towards people with disability
- the creation of more liveable communities for people with disability
- the achievement of a higher rate of meaningful employment participation by people with disability through inclusive employment practices
- more equitable access to mainstream services for people with disability through better systems and processes.

12. Consumer response

PMNSW, responded efficiently and effectively to feedback from customers, tenants and visitors to its precincts.

One of our channels of feedback was through the Customer Request Management System (CRMS). This system was linked to a dedicated Customer Service Request Line which operated 24 hours a day, seven days a week and allowed PMNSW to identify key trends and issues within its precincts and respond accordingly. During the reporting period, PMNSW

[12] A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

[13] The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

received an average 690 comments, queries and complaints per month between July and November and on average 250 between December and June. Correspondence related to a range of matters, including cleanliness, maintenance and access.

In addition, PMNSW encouraged feedback from the general public via an email address published on its corporate website, www.property.nsw.gov.au. Through this channel 817 compliments, complaints and enquiries were received in 2018-19.

Further, in line with the Premier's Priority to improve government services, a Complaint Handling Improvement Program (CHIP) module was introduced on the Property NSW website. The number of complaints received during the year on this platform reduced from 14 in 2017-18 to 5 in 2018-19. In addition, during the year, one suggestion and two compliments were received.

Feedback was also received via our precinct channels. In 2018-19, Place Management NSW captured 14,494 posts on the Darling Harbour Facebook page and 6,481 posts on The Rocks Facebook page. It also actioned 185 enquiries via the Darling Harbour website and 260 enquiries via The Rocks website. In addition, PMNSW meet face-to-face with tenants across The Rocks and Darling Harbour.

13. Payment of accounts – PMNSW

The table below highlights Place Management NSW's account payment performance for 2018-19.

ACCOUNT PAYMENT PMNSW PERFORMANCE 2018-19	1ST QTR	2ND QTR	3RD QTR	4TH QTR	Grand Total
ALL SUPPLIERS					
Value of Invoices Paid ($'000)					
Paid On / Before Due Date	80,537	85,269	68,386	68,400	302,592
<30 Days Past Due Date	2,611	6,835	4,682	2,083	16,211
>30<60 Days Past Due Date	1,849	2,032	2,015	1,994	7,890
>60<90 Days Past Due Date	285	867	1,283	544	2,979
>90 Days Past Due Date	309	11,433	1,862	4,199	17,803
Total Value of Invoices Paid ($'000)	**85,591**	**106,436**	**78,228**	**77,220**	**347,475**
% Paid on Time - By Value	**94%**	**80%**	**87%**	**89%**	**87%**
Number of Invoices Paid					
Paid On / Before Due Date	1173	1,440	578	612	3803
Paid Past Due Date	411	467	500	389	1767
Total Number of Invoices Paid	**1,584**	**1,907**	**1,078**	**1,001**	**5,570**
% Paid on Time - By Number	**74%**	**76%**	**54%**	**61%**	**68%**
Interest Paid					
Number of Payments for Interest on:	-	-	-	-	-
Overdue Invoices	-	-	-	-	-
Interest Paid on Over due Invoices	-	-	-	-	-
SMALL BUSINESS SUPPLIERS					
Value of Invoices Paid ($'000)					
Paid Before Due Date	100	23	312	77	512
<30 Days Overdue	179	50	41	24	294
>30<60 Days Overdue	-	-	342	30	372
>60<90 Days Overdue	-	-	-	1	1
>90 Days Overdue	-	-	2	3	5
Total Value of Invoices Paid ($'000)	**279**	**73**	**697**	**135**	**1,184**
Total Value Paid on Time (%)	**36%**	**32%**	**45%**	**57%**	**43%**

Number of Invoices Paid					
Paid Before Due Date	5	6	13	14	38
Paid Past Due Date	1	3	8	11	23
Total Number of Invoices Paid	**6**	**9**	**21**	**25**	**61**
% Paid on Time - By Number	**83%**	**67%**	**62%**	**56%**	**62%**
Interest Paid					
Number of Payments for Interest on:					
Overdue Invoices	-	-	-	-	-
Interest Paid on Over due Invoices	-	-	-	-	-

14. Payment of accounts – LPRT

The table below highlights Luna Park Reserve Trust's account payment performance for 2018-19.

ACCOUNT PAYMENT LPRT PERFORMANCE 2018-19	1ST QTR	2ND QTR	3RD QTR	4TH QTR	Grand Total
ALL SUPPLIERS					
Value of Invoices Paid ($'000)					
Paid On / Before Due Date	177	38	4	471	690
<30 Days Past Due Date	-	11	98	23	132
>30<60 Days Past Due Date	-	-	1	27	28
>60<90 Days Past Due Date	-	-	-	-	-
>90 Days Past Due Date	198	219	446	425	1,288
Total Value of Invoices Paid ($'000)	**375**	**268**	**549**	**946**	**2,138**
% Paid on Time - By Value	**47%**	**14%**	**1%**	**50%**	**32%**
Number of Invoices Paid					
Paid On / Before Due Date	5	5	4	10	24
Paid Past Due Date	4	7	6	12	29
Total Number of Invoices Paid	**9**	**12**	**10**	**22**	**53**
% Paid on Time - By Number	**56%**	**42%**	**40%**	**45%**	**45%**
Interest Paid					
Number of Payments for Interest on:	-	-	-	-	-
Overdue Invoices	-	-	-	-	-
Interest Paid on Overdue Invoices	-	-	-	-	-
SMALL BUSINESS SUPPLIERS					
Value of Invocies Paid ($'000)					
Paid Before Due Date	-	-	-	4	4
<30 Days Overdue	-	-	-	-	-
>30<60 Days Overdue	-	-	-	-	-
>60<90 Days Overdue	-	-	-	-	-
>90 Days Overdue	-	-	-	-	-
Total Value of Invoices Paid ($'000)	**-**	**-**	**-**	**4**	**4**
% Paid on Time - By Value	-	-	-	**100%**	**100%**
Number of Invocie Paid					
Paid Before Due Date	-	-	-	1	1
Paid Past Due Date	-	-	-	-	-
Total Number of Invoices Paid	**-**	**-**	**-**	**1**	**1**
% Paid on Time - By Number	**-**	**-**	**-**	**100%**	**100%**
Interest Paid					
Number of Payments for Interest on:					
Overdue Invoices	-	-	-	-	-
Interest Paid on Overdue Invoices	-	-	-	-	-

15. Risk management and insurance activities

Risk Management

PMNSW constantly monitors its environment to assess the risks in its operations and uses its resources to manage these risks. PMNSW's approach to risk management seeks to balance risk, cost and growth for the benefits of its stakeholders, by:

- Adopting the DFSI Integrated Risk and Opportunity Management Policy, Risk and Resilience Framework to manage strategic and business risks, which is consistent with PMNSW's objectives and responsibilities to its stakeholders
- Development of a Risk Management guideline to support the implementation of the DFSI Framework
- Assessing the impact of proposed changes to laws, regulations and industry codes
- Reporting risks to the Audit and Risk Committee, relevant Boards, Executive Committee and senior leadership team

The DFSI Risk and Resilience Framework has been developed in alignment with:

- NSW Treasury Policy Paper (TPP- 15-03): *Internal Audit and Risk Management Policy for NSW Public Sector;* and
- Australian/New Zealand Risk Management Standard (AS/NZS ISO31000:2009): *Risk Management Principles and Guidelines*

Key achievements during 2018-19

- Integration of risk management with strategic and business planning processes
- Effective risk governance and reporting (strategic & operational risk)
- Successfully conducted Business Continuity desktop walkthrough exercise and semi-annually call-tree test
- Completed annual compliance attestation towards mandatory legislative obligations

Insurance Arrangements and Activities

During the period 2018-19, PMNSW had insurance arrangements in place for all its assets and major risk. Insurable risk cover for PMNSW was provided through participation in the NSW Treasury Managed Fund (TMF), the NSW Government self-insurance scheme while insurance for LPRT was provided by the lessee. Insurable risk exposures covered through the TMF includes:

- Workers compensation
- Legal including liability classes like public liability, products liability, professional indemnity, directors and officer liability
- Property including buildings, plant, equipment, and consequential loss
- Motor vehicle
- Other miscellaneous losses, such as the cost of employee dishonesty, personal accident and protection for overseas travel

The main exposures that are not included are:

- illegal activities
- wear and tear, and inherent vice (Note: *Inherent Vice is an exclusion found in most property insurance policies eliminating coverage if there is a hidden defect in a good or property which causes or contributes to its deterioration, damage, or wastage)*
- pollution (not being sudden and accidental pollution)

Number of claims and net incurred costs

Insurance claims and net incurred cost for PMNSW for financial year 2017-18 and 2018-19 are shown in the table below.

	Number of Claims		Net incurred cost ($)	
	2017-18	**2018-19**	**2017-18**	**2018-19**
Workers Comp	-	-	-	-
Property	3	-	$295,799	-
Liability	2	7	$550	$53,850
Motor vehicle	1	1	$3,800	$565
Miscellaneous	-	-	-	-
Total	**6**	**8**	**$300,149**	**$54,415**

All incurred claims and relevant costs were sourced from the TMF database. They are based on the claims lodged and relevant assessment to date. The final costs and claim numbers may vary due to the timing of loss incurred, claims reported and the outcome of negotiated settlement.

Property and Advisory Group Audit and Risk Committee (ARC)
PMNSW had an Audit and Risk Committee (ARC) in place during 2018-19 financial year. The Audit and Risk Committee provides independent assistance to the following participating entities by monitoring, reviewing and providing advice about their governance processes, risk management and control framework, and their external accountability requirements.

The Audit and Risk Committee is in compliance with:

- NSW Treasury Policy Paper (TPP15-03): *Internal Audit and Risk Management Policy for NSW Public Sector;* and
- NSW Treasury Policy Paper (TPP16-02): *Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees*.

The committee met seven times during the 2018-19 financial year.

DFSI, while not a participating entity, has a special role in providing audit, risk and secretariat services to the committee and the participating entities. This shared arrangement aims to maintain an appropriate level of internal oversight for all participating entities in assurance and independent advice, while minimising the associated administration, financial costs and resources.

Membership

The Chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020

16. Internal Audit and Risk Management Attestation Statement – PNSW

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for Place Management NSW

I, Sarah Cleggett, A/Chief Executive Officer, Place Management NSW, am of the opinion that Place Management NSW has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The Chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 21 December 2017 to 20 December 2020.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- Luna Park Reserve Trust
- Place Management NSW
- Property NSW
- Teacher Housing Authority
- Waste Assets Management Corporation.

S Cleggett

Sarah Cleggett
A/Chief Executive Officer
Place Management NSW

Date: 15/7/19

Agency Contact Officer
Andrew Pilbeam
Chief Audit Executive, 9219 3077
andrew.pilbeam@finance.nsw.gov.au

17. Internal Audit and Risk Management Attestation – LPRT

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for Luna Park Reserve Trust

I, Sarah Cleggett, A/Chief Executive Officer, Place Management NSW (Manager of the Trust), am of the opinion that Luna Park Reserve Trust has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The Chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 21 December 2017 to 20 December 2020.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- Luna Park Reserve Trust
- Place Management NSW
- Property NSW
- Teacher Housing Authority of New South Wales
- Waste Assets Management Corporation.

SJ Cleggett

Sarah Cleggett
A/Chief Executive Officer
Place Management NSW
(Manager of the Trust)

Date: 15/7/19

Agency Contact Officer
Andrew Pilbeam
Chief Audit Executive, 9219 3077
andrew.pilbeam@finance.nsw.gov.au

18. Digital information security policy attestation 2018-10 – PNSW

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for Place Management NSW (PMNSW)

I, Sarah Cleggett, am of the opinion that the Place Management NSW has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of the Place Management NSW have been assessed and are managed.

Governance is in place to manage the cyber-security maturity and initiatives of the Place Management NSW.

There exists a current cyber incident response plan for the Place Management NSW which has been tested during the reporting period.

An independent review/audit/certification of the Agency's ISMS or effectiveness of controls or reporting against the mandatory requirements of the NSW Cyber Security Policy was undertaken by Protiviti and found to be adequate or being properly addressed in a timely manner.

SJ Cleggett

Sarah Cleggett
Acting Chief Executive Officer
Place Management NSW

19. Digital information security policy attestation 2017-18 – LPRT

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for Luna Park Trust

I, Sarah Cleggett, am of the opinion that the Luna Park Trust has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of the Luna Park Trust have been assessed and are managed.

Governance is in place to manage the cyber-security maturity and initiatives of the Luna Park Trust.

There exists a current cyber incident response plan for Luna Park Trust which has been tested during the reporting period.

An independent review/audit/certification of the Agency's ISMS or effectiveness of controls or reporting against the mandatory requirements of the NSW Cyber Security Policy was undertaken by Protiviti and found to be adequate or being properly addressed in a timely manner.

Sarah Cleggett
Acting Chief Executive Officer
Luna Park Trust

20. Multicultural Policies and Services Program

PMNSW, as part of PAG, has multicultural policies and service programs guided by DFSI's Diversity and Inclusion Strategy, Aboriginal Workforce Strategy, Disability Inclusion Action Plan and the Government Sector Employment Act 2013, which prioritises diversity in the workforce.

At an agency level, PMNSW promotes multiculturalism and diversity through a range of initiatives, including but not limited to:

- supporting NAIDOC Week through a series of events and initiatives, including a public ceremony featuring members of the Metropolitan Aboriginal Land Council.
- promoting diversity initiatives, including 'Wear it Purple Day', to support the LGBTQI+ community.
- establishment of the Women's Network 'ICAN'.
- hosting a detailed calendar of community festivals in Darling Harbour, celebrating multiculturalism.
- the establishment of a Diversity Working Group within PAG, with an initial focus on women in leadership, and improving PAG's performance against key metrics including Indigenous, English as a second language and ability employee representation.

In addition, the revised Corporate Plan for PMNSW includes a new KPI that women represent at least 35% of the leadership team, an interim milestone to achieving DFSI's target of 50% of women in leadership roles.

21. Work Health and Safety (WHS)

In 2018-19, PMNSW continued to take a proactive approach in managing the safety of all employees, other workers and visitors to its properties, sites and activations. CBRE became responsible for the function of managing the precincts and associated WHS risks for PMNSW from December 2018. Prior to December 2018 the management was undertaken directly by PMNSW.

Specific PAG WHS activities undertaken in 2018-19 include:

- Successfully rolled-out of the Integrum incident management system to whole of PAG
- Commenced trend analysis of incidents, monitoring of Contractor WHS activities and assessment of WHS risks
- increased WHS support before, during and after State Significant Events such as New Year's Eve, Australia Day and Vivid including on-the-ground WHS pre-inspections
- Participating in the Harrington St Operational Readiness Working Group
- Conducted regular fire and shelter in place drills and organising training for fire wardens
- Assisting in the coordination of health and wellbeing initiatives such as the flu vaccination program
- Providing support to First Aid officers with regular training and consultation.
- Successfully conducted semi-annual call-tree test to validate the currency in the business continuity plans

WHS incidents – Place Management NSW

The following number of incidents were reported during the period 2018-19:

- Two staff incidents

There were no SafeWork NSW notifiable incidents or dangerous occurrences affecting staff.

WHS induction and training

PMNSW staff members were required to complete two WHS mandatory courses:

- Introduction to Health and Safety; and
- WHS Due Diligence for Managers.

As of 30 June 2019, there was 100% course completion by eligible workers across PMNSW.

WHS consultation

The WHS Consultative Committee has continued to be active in consultation upon WHS issues.

- The WHS Committee reviewed and approved a number of updated Safe Operating Procedures coinciding with the roll out of the Integrum Incident Management software system
- Improved staff participation in WHS consultation via effective WHS committee and HSR
- Conducted WHS Forum during a Safety week program that included an awareness session on Mental health
- Conducted executive interactions with Senior Managers to demonstrate leadership by example and increase safety awareness
- Delivered timely WHS information with staff via multiple means of communication to raise awareness

22. Budgets – Place Management NSW

Performance against budget

Place Management NSW (PMNSW), including the financial performance of the International Convention Centre Sydney, finished the year with a net deficit of $57.3 million against a budgeted deficit of $57.6 million.

PMNSW delivered a favourable variance of $4.4m in revenue primarily due to delayed asset divestment program and higher than expected ICC Venue Hire Income.

Total expenses are $4.3m favourable to budget. This is primarily due to favourable variances from Major Planned Maintenance projects offset by higher depreciation expenses and positive revaluation results.

Budget overview

PMNSW is forecasted to deliver a $110.7m deficit in the 2019-20 financial year. The forecasted deficit is primarily due to depreciation expenses $83.3m, SICEEP finance lease quarterly service charge of $58.0m and TCorp loan interest $35.5m, offset by Treasury grant for SICEEP project $44.9m and Major Planned Maintenance projects $21.1m.

	2017-18 actual $'000	**2018-19 actual $'000**	2018-19 budget $'000	2018-19 variance $'000	**2019-20 budget $'000**
Place Management NSW					
Expenses	418,480	**366,965**	371,402	(4,437)	**383,427**
Revenues	307,291	**293,529**	289,155	4,374	**269,081**
Other gains/(losses)	101,147	**16,176**	24,604	(8,428)	**3,621**
Net operating result - surplus/(deficit)	(10,042)	**(57,260)**	(57,643)	383	**(110,725)**

23. Budgets – Luna Park Reserve Trust

Performance against budget

Luna Park Reserve Trust finished the year with a deficit of $0.8m. This was a result of additional unplanned maintenance expenses and lower operating revenue occurring in the 2018-19 financial year.

Budget overview

Luna Park Reserve Trust is budgeted to return to surplus over the 2019-20 financial year.

	2017-18 actual $'000	**2018-19 actual $'000**	2018-19 budget $'000	2018-19 variance $'000	**2019-20 budget $'000**
Luna Park Reserve Trust					
Expenses	3,292	**2,477**	2,037	(439)	**2,078**
Revenues	2,185	**1,684**	2,048	(364)	**2,087**
Other gains/(losses)	-		-	-	**-**
Net operating result - surplus/(deficit)	(1,107)	**(793)**	11	(803)	**9**

24. Additional matters for inclusion

Privacy and Personal Information Protection Act 1998 (PPIP Act)

The *Privacy and Personal Information Protection (PPIP) Act 1998* contains 12 information protection principles regulating the collection, use and disclosure of personal information by NSW public sector agencies. These principles ensure that agencies collect personal information for lawful purposes, and that such information is protected from misuse and unauthorised release.

NSW Government agencies are required to prepare and implement a privacy management plan in accordance with section 33(1) of the *Privacy and Personal Information Protection Act 1998.*

Additional information about how PMNSW manages its obligations under the PPIP Act is available at http://www.property.nsw.gov.au/government-property-nsw-privacy-statement.

Accessing this report

This report is available for download at www.property.nsw.gov.au/aboutus

25. Liability management performance

Debt management

At 30 June 2019, Place Management NSW's total borrowings were $1.3b. It included $258.8m finance lease liability and $1.1b state guaranteed fixed loans from NSW Treasury Corporation (TCorp) maturing between 2020 to 2029. TCorp manages the debt portfolio on behalf of PMNSW based on an agreement between the parties.

T-Corp has confirmed PMNSW's cost of debt for the year as at 30 June 2019 was 2.30% (see below).

Total Relative Market Value Performance	Month	FYTD	12 Month
Market Value Cost Of Funds	0.66%	2.30%	2.30%

26. Numbers and remuneration of senior executives

See Human Resources.

27. Credit card certification

PMNSW relies on the DFSI Corporate Credit Card Policy that complies with NSW Treasury's TD 205.01. Cardholders are required to observe the policy and complete a reconciliation form each month, which is authorised by PMNSW's CEO Government Information (Public Access) Act 2009

28. Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (GIPA Act) requires NSW Government agencies to make mandatory disclosures of information, encourages proactive releases of information and provides mechanisms for individuals to apply to access government information.

More information on how to access department information is available at https://www.finance.nsw.gov.au/accessing-ofs-information/how-can-i-access-ofs-information.

Statistical information relating to formal applications under the GIPA Act is provided in the DFSI Annual Report Government Information (Public Access) statistics.

Review of proactive release program

Under section 7(3) of the GIPA Act, agencies must review their proactive release of government information program at least once every 12 months.

PMNSW complies with this Act by proactively releasing information on the Property NSW website www.property.nsw.gov.au.

29. Public Interest Disclosures

As staff members are employees of DFSI, PMNSW has adopted and adhered to the DFSI Fraud and Corruption Internal Reporting Policy. All staff members are advised of this policy by means of the Code of Conduct and intranet access.

There were no public interest disclosures made by PMNSW officials for the period 1 July 2018 to 30 June 2019.

30. Exemptions and nil reports

Reporting requirement	Reason for exemption
Economic or other factors	N/A
Legal change	No legal change.
Land disposal	No properties with a value greater than $5 million were disposed of during 2018-19 without going to public auction or tender. PMNSW keeps a register of government contracts. All contracts greater than $150,000 are released on the site https://tenders.nsw.gov.au/.
Agreements with Multicultural NSW	PMNSW does not have any agreements with Multicultural NSW under the *Multicultural Act 2000*.
Implementation of price determination	PMNSW is not subject to determinations or recommendations of the Independent Pricing and Regulatory Tribunal of NSW.
Promotion	No PMNSW employees undertook overseas travel to promote or develop the business during the reporting period.
Disclosure of controlled entities	N/A
Disclosure of subsidiaries	PMNSW does not control or hold shares in any subsidiaries within the meaning of the *Corporations Act 2001 (Cth.).*
Investment Performance	PMNSW does not have an investment portfolio.
Requirements arising from employee arrangements	N/A
Research and Development	N/A

Place Management NSW

Annual Report 2018-19, including Luna Park Reserve Trust Annual Report 2018-19

- Financial statements for the year ended 30 June 2019

INDEPENDENT AUDITOR'S REPORT

Place Management NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Place Management NSW, which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of Place Management NSW as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of Place Management NSW in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Place Management NSW's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Members of the Board of Place Management NSW are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Members of the Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, members of the Board are responsible for assessing Place Management NSW's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that Place Management NSW carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

N. [signature]

Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

Place Management NSW

Financial Statements

For the Year Ended 30 June 2019

Statement by Members

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, on behalf of Place Management NSW, we declare that in our opinion:

(a) The accompanying financial statements exhibit a true and fair view of the Place Management NSW's financial performance for the financial year ended 30 June 2019 and financial position as at 30 June 2019; and

(b) The financial statements comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions mandated by the Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

The Hon. Helen Coonan
Chair
Place Management NSW

Date: 27 September 2019

S J Cleggett

Sarah Cleggett
Acting Chief Executive Officer
Place Management NSW

Date: 27 September 2019

PLACE MANAGEMENT NSW

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Actual 2019 $'000	Actual 2018 $'000
Continuing Operations			
Expenses excluding losses			
Operating Expenses:			
Property related	2(a)	158,317	145,252
Other operating expenses	2(b)	53,643	62,143
Depreciation and amortisation	2(c)	82,668	79,356
Finance costs	2(d)	72,337	131,729
Total Expenses Excluding Losses		**366,965**	**418,480**
Revenue			
Sale of goods and services	3(a)	180,882	188,979
Investment revenue	3(b)	14,531	16,049
Grants and contributions	3(c)	84,888	96,004
Other revenue	3(d)	13,228	6,259
Total Revenue		**293,529**	**307,291**
Gain/(loss) on disposal of non-current assets	4(a)	(65)	2,171
Other gains/(losses)	4(b)	16,241	98,976
Net result before income tax equivalent		**(57,260)**	**(10,042)**
Income tax equivalent	5(a)	-	-
Net Result After Income Tax Equivalent		**(57,260)**	**(10,042)**
Other comprehensive income			
Items that will not be reclassified to net result:			
Net increase/(decrease) in property, plant and equipment revaluation surplus	18(a)	31,616	31,548
Total other comprehensive income		**31,616**	**31,548**
TOTAL COMPREHENSIVE INCOME		**(25,644)**	**21,506**

The accompanying notes form part of these financial statements.

PLACE MANAGEMENT NSW

STATEMENT OF FINANCIAL POSITION
AS At 30 JUNE 2019

	Notes	Actual 2019 $'000	Actual 2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6(a)	143,697	178,457
Receivables	7(a)	117,090	63,120
Inventories	8(a)	703	758
Non-current assets held for sale	9(a)	-	25,000
Total Current Assets		**261,490**	**267,335**
Non-Current Assets			
Receivables	7(a)	135,913	145,267
Investment properties	10(a)	634,927	614,532
Property, plant and equipment	11(a)		
Land and buildings		490,453	465,134
Finance lease assets		1,136,484	1,223,721
Infrastructure		104,542	101,725
Plant and equipment		26,426	26,291
Art and artefacts		11,917	11,788
Work in progress		53,108	42,646
Total property, plant and equipment		1,822,930	1,871,305
Intangible assets	13(a)	5	575
Total Non-Current Assets		**2,593,775**	**2,631,679**
TOTAL ASSETS		**2,855,265**	**2,899,014**
LIABILITIES			
Current Liabilities			
Trade and other payables	14(a)	104,190	114,087
Borrowings	15(a)	1,341	12,207
Provisions	16(a)	8,322	5,688
Other liabilities	17	4,064	5,460
Total Current Liabilities		**117,917**	**137,442**
Non-Current Liabilities			
Borrowings	15(a)	1,336,008	1,340,697
Other liabilities	17	34,030	33,027
Total Non-Current Liabilities		**1,370,038**	**1,373,724**
TOTAL LIABILITIES		**1,487,955**	**1,511,166**
NET ASSETS		**1,367,310**	**1,387,848**
EQUITY			
Asset revaluation reserve	18(a)	189,093	157,477
Accumulated funds	18(b)	1,178,217	1,230,371
TOTAL EQUITY		**1,367,310**	**1,387,848**

The accompanying notes form part of these financial statements.

PLACE MANAGEMENT NSW

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Accumulated Funds $'000	Asset Revaluation Reserve $'000	Total Equity $'000
Balance at 1 July 2018		**1,230,371**	**157,477**	**1,387,848**
Net Result for the Year		(57,260)		(57,260)
Other comprehensive income				
Transfer of asset revaluation reserve on disposed assets	18(b)	-	-	-
Net increase/(decrease) in property, plant and equipment revaluation surplus	18(a)	-	31,616	31,616
Total other comprehensive income		-	31,616	31,616
Total comprehensive income for the Year		**(57,260)**	**31,616**	**(25,644)**
Transactions with owners as owners				
Financial distributions	18(b)	-	-	**-**
Net increase/(decrease) in net assets from equity transfers	18(b)	5,106	-	**5,106**
Total transactions with owners as owners		5,106	-	**5,106**
Balance at 30 June 2019		**1,178,217**	**189,093**	**1,367,310**
Balance at 1 July 2017		**1,240,413**	**125,929**	**1,366,342**
Net Result for the Year		(10,042)		(10,042)
Other comprehensive income				
Transfer of asset revaluation reserve on disposed assets	18(b)	-	-	-
Net increase/(decrease) in property, plant and equipment revaluation surplus	18(a)	-	31,548	31,548
Total other comprehensive income		**-**	**31,548**	**31,548**
Total comprehensive income for the Year		**(10,042)**	**31,548**	**21,506**
Transactions with owners as owners				
Financial distributions	18(b)	-	-	-
Net increase/(decrease) in net assets from equity transfers	18(b)	-	-	-
Total transactions with owners as owners		-	-	-
Balance at 30 June 2018		**1,230,371**	**157,477**	**1,387,848**

The accompanying notes form part of these financial statements.

PLACE MANAGEMENT NSW

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2019 $'000	Actual 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers (inclusive of GST)		(267,882)	(213,273)
Finance costs		(40,237)	(99,657)
Other		(9,226)	(6,133)
Total Payments		**(317,345)**	**(319,063)**
Receipts			
Receipts from customers (inclusive of GST)		206,969	234,197
Interest received		1,133	2,212
Grants and contributions		84,888	96,004
Total Receipts		**292,990**	**332,413**
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	6(c)	**(24,355)**	**13,350**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,850)	(40,282)
Proceeds from sale of property, plant and equipment		10,000	7,480
NET CASH FLOWS FROM INVESTING ACTIVITIES		**5,150**	**(32,802)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(12,207)	(14,163)
Payment of Tcorp borrowings		(3,348)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(15,555)**	**(14,163)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(34,760)**	**(33,615)**
Opening cash and cash equivalents		178,457	212,072
CLOSING CASH AND CASH EQUIVALENTS	6(a)	**143,697**	**178,457**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Place Management NSW (PMNSW) was established under the Place Management NSW Act 1998 ("the Act") and is responsible for Sydney's most historically and culturally significant waterfront locations - principally within The Rocks and Darling Harbour precincts in Sydney. These responsibilities include the care, protection, management and promotion of this land and its important buildings. Place Management NSW also manages significant commercial and retail leases, provides security, cleaning, building maintenance and other asset management services, and cares for the public domain and over 100 heritage items.

PMNSW commenced operations in 1998 and is domiciled in Australia. Its principal business address is Foreshore House, 66 Harrington St, The Rocks, Sydney NSW 2000. PMNSW is indirectly consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2019 have been authorised for issue by PMNSW's Board on 27 September 2019.

(b) Basis of Preparation

PMNSW's financial statements are general-purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015; and
- the Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment and investment property are measured at fair value. Assets held for sale are measured at lower of carrying value or fair value. Borrowings are initially measured at the fair value of the consideration received and subsequently using the effective interest method. Other financial report items are prepared in accordance with the historical cost convention except where specified otherwise.

In the application of PMNSW's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are recognised, or in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

PMNSW has assessed its profit status for the year ended 30 June 2019 and determined its status as not-for-profit for financial reporting purposes, as profit is not its principle objective. All amounts are rounded to the nearest one thousand dollars ($'000) and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and accompanying notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

(i) amount of GST incurred by PMNSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of the expense; and
(ii) receivables and payables are stated inclusive of the amount of GST included.
(iii) commitment amounts disclosed in the financial statements include the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(f) Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of PMNSW's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 PMNSW categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices in active markets for identical assets/liabilities that PMNSW can access at the measurement date.
Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
Level 3 – inputs that are not based on observable market data (unobservable inputs).

PMNSW recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer to Notes 9, 10, 11, 12, and 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(g) Changes in Accounting Policy including New or Revised Australian Accounting Standards

(i) Effective for the First Time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of the following revised Australian Accounting Standard that has been applied for the first time in 2018-19:

- AASB 9 "Financial Instruments". The adoption of AASB 9 has fundamentally changed PMNSW's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. AASB 9 requires PMNSW to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss and contract assets.

The adoption of the above revised Australian Accounting Standard has not had any significant impact on PMNSW.

(ii) Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

• AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Authority expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.

AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, PMNSW will need to determine whether a transaction is consideration received below fair value principally to enable PMNSW to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).
PMNSW will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.

The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by PMNSW as not being significant.

• AASB 16 Leases

AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.
For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases.

The accounting for lessors under AASB 16 will not significantly change except that the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

PMNSW will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated.

Based on the impact assessments PMNSW has undertaken on currently available information, the change is not expected to materially impact the financial statements as PMNSW is not a lessee in its leasing arrangements except for the lease on the International Convention Centre Sydney where PMNSW is a lessee.

The impact of the following standard in the period of initial application is not expected to be significant.

Standard	**Applicable to Annual Reporting Periods Beginning on or after**
AASB 1059 "Service Concession Arrangements: Grantors"	1 January 2020

2. EXPENSES EXCLUDING LOSSES

(a) Property Related Expenses

	2019	2018
	$'000	$'000
Major Assets Expenses:		
Contractor Expenses	55,017	57,693
Operating Expenses	52,974	43,700
Management Fees	23,668	22,850
Place Management Expenses (i)	23,273	16,957
Other Expenses	3,385	4,052
	158,317	**145,252**

(i) Place management expenses include security, cleaning, waste management, utilities, taxes, and horticultural services.

(b) Other Operating Expenses

	2019	2018
	$'000	$'000
Administration	3,957	1,519
Information & Technology Expenses	458	752
Contractors	2,725	10,477
Consultants	622	98
Legal Fees	1,462	1,003
Auditor's Remuneration - Audit of Financial Statements	286	271
Allowance for Impairment of Receivables, Net of Recovery	(197)	(56)
Marketing and Advertising	6,220	5,075
PAG Integration Project Costs (i)	-	12,946
Service Charges (ii):		
DFSI Corporate Costs	1,116	3,753
PAG Service Charge	9,191	8,395
Repairs and Maintenance (iii)	26,869	17,017
Insurance (iv)	934	893
	53,643	**62,143**

(i) PAG Integration Project Costs relate to PMNSW's contribution to Property and Advisory Group (PAG) Integration Project.

(ii) Services Charges comprise DFSI Corporate Costs relating to DFSI recoupments of corporate charges from PMNSW and PAG Service Charge relating to Property NSW recoupments of employee related costs from PMNSW.

(iii) Reconciliation of Total Maintenance Expense:

	2019	2018
	$'000	$'000
Maintenance expense - contracted labour and other (Note 2(b))	26,869	17,017
Total Maintenance Expense	**26,869**	**17,017**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(iv) PMNSW holds insurance policies covering property, public liability, workers compensation, directors' liability and other contingencies. These insurance covers are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The premium is determined by the Fund Manager based on past claims experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

(c) Depreciation and Amortisation Expense

	2019 $'000	2018 $'000
Depreciation of Property, Plant and Equipment (Note 11(b))	82,098	78,509
Amortisation of Intangible Assets (Note 13(b))	570	847
	82,668	**79,356**

Recognition and Measurement - Depreciation and Amortisation

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life by PMNSW. Estimates of remaining useful lives are made on an annual basis. All material separately identifiable components of assets are depreciated over their shorter useful lives.

The following asset useful lives have been applied:

Asset Class	2019 Years	2018 Years
Buildings and Improvements	40	40
Infrastructure	10-200	10-200
Leasehold Improvements	3	3
Plant and Equipment	3-33	3-33
Intangible Assets	3-5	3-5

Land is also not depreciated as land is not a depreciable asset. Art and artefacts may not have a limited useful life because appropriate curatorial and preservation policies are adopted.

In accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", any assets held for sale are not depreciated.

(d) Finance Costs

	2019 $'000	2018 $'000
TCorp Interest on Borrowings (i)	32,099	14,280
Finance Lease Interest Charges (Note 15(b))	40,238	83,990
Swap Break Costs (ii)	-	33,459
	72,337	**131,729**

(i) Borrowing costs comprise mainly interest on borrowings and finance lease interest charges. In accordance with Treasury's Mandate for the not-for-profit general government sector agencies, borrowing costs are expensed and recognised in the Statement of Comprehensive Income in the period in which they are incurred.

(ii) On 2 January 2018, PMNSW exercised the Conditional Debt Pay Down (CDPD) a year earlier than it was planned for its finance lease liability from International Convention Centre Sydney with Darling Harbour Live consortium. As a result of the early CDPD, PMNSW was required to pay an early termination amount to compensate the consortium for breaking its swap agreements with various financial institutions in relation to external debt held for the project.

3. REVENUE

Recognition and Measurement - Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable. PMNSW recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of PMNSW's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Amounts disclosed as revenue are net of returns, trade allowances, rebates, subvention discounts and amounts collected on behalf of third parties.

Additional comments regarding the accounting policies for the recognition and measurement of revenue are noted within each revenue category below.

(a) Sale of Goods and services

	2019 $'000	2018 $'000
Property Rental Income (i)	54,714	62,014
Major Assets Income (ii):		
Venue Hire Revenue	115,667	117,053
Parking Revenue	10,501	9,912
	180,882	**188,979**

(i) Property Rental Income

	2019 $'000	2018 $'000
Operating Lease Revenue	54,644	61,946
Long Term Operating Lease Revenue (Note 17)	70	68
	54,714	**62,014**

Future Minimum Lease Receipts under Non-Cancellable Operating Leases as Lessor

Receivable within one year	29,665	27,895
Receivable later than 1 year but not later than 5 years	74,869	73,205
Receivable later than 5 years	236,493	220,417
Total Including GST	**341,027**	**321,517**

The above represents future minimum lease receipts on PMNSW's owned properties. Future minimum lease receipts as at 30 June 2019 include GST payable of $31 million ($29.2 million at 30 June 2018).

Operating lease income is recognised in accordance with AASB 117 "Leases". Lease income from operating leases where PMNSW is the lessor is recognised as income in the Statement of Comprehensive Income on a straight-line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned.

Leases are entered into at market rates and on commercial terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained. Annual rents are varied by either a CPI review, a market review, on a fixed basis, or the greater of a percentage of gross income or land value. Lease terms vary between 1 year and 99 years.

(ii) Amounts received upfront for events held at major asset venues are recognised as deferred income. The revenue is then recognised as venue hire revenue after the event is held.

Major assets parking revenue is recognised from Casual Car Parking, Permanent Car Parking, Vending Machines and Parking Voucher Sales.

(b) Investment Revenue

	2019 $'000	2018 $'000
Property Finance Lease Income ((i) and Note 7(c))	13,398	13,837
Interest Earned (ii)	1,133	2,212
	14,531	**16,049**

(i) Income from finance leases as lessor includes contingent rent of $3.9 million in 2018-19 ($2.9 million in 2017-18). Contingent rent is calculated as the difference between the current lease payments and the minimum lease payments which were determined at the initial recognition of the finance lease arrangement.

Finance lease income is recognised in accordance with AASB 117 "Leases". Lease income from finance leases where PMNSW is the lessor is recognised as income in the Statement of Comprehensive Income over the lease period so as to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant period return on PMNSW’s net investment in the lease.

The estimated unguaranteed residual value used in computing PMNSW's gross investment in each lease is reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately. Contingent rent from finance leases as lessor is recognised as income in the period in which it is earned. Contingent rental income is generally determined based on a percentage of tenant's revenue or sales.

Interest revenue is recognised using the effective interest method as set out in AASB 9 "Financial Instruments: Recognition and Measurement". Interest earned is received on all PMNSW bank accounts.

(c) Grants and Contributions

	2019 $'000	2018 $'000
State Government Contribution (i)	84,888	96,004
	84,888	**96,004**

(i) Grant revenue comprises funding from the NSW Government for the Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) costs. The grant provides funding for any shortfall experienced by PMNSW in relation to SICEEP expenditures not covered by SICEEP revenues without further conditions.

(ii) Grants and contributions are recognised as income when PMNSW obtains control over the assets comprising the grant or contribution, it is probable that the economic benefits will flow to PMNSW, and the amount of the grant or contribution can be measured reliably. Control is normally obtained upon the receipt of cash.

(d) Other Revenue

	2019 $'000	2018 $'000
Refinancing Gain - Finance Lease	741	804
Development Contributions	34	189
Marketing Revenue (i)	4,758	3,164
Major Asset Revenue	3,922	-
Other	3,773	2,102
	13,228	**6,259**

(i) Marketing revenue mostly is recognised from venue hire and advertising revenue at The Rocks and Darling Harbour precincts.

4. GAINS AND LOSSES

(a) Gain/(Loss) on Disposal of Non-Current Assets

	2019 $'000	2018 $'000
Net Proceeds from Disposal of Non-Current Assets	9,935	7,502
Written Down Value (Note 10(b) and 11(b))	(10,000)	(5,331)
Net Gain/(Loss) on Disposal	**(65)**	**2,171**

(b) Other Gains/(Losses)

	2019 $'000	2018 $'000
Fair Value Increment on Investment Property and Finance Lease Assets Revaluation (Notes 10 (b) and 11(b))	12,041	100,386
Gain on Recognition of Finance Lease	4,200	-
Impairment of Non-Current Assets	-	(1,410)
Other Gains/(Losses)	**16,241**	**98,976**

5. INCOME TAX EQUIVALENT

(a) Income Tax Equivalent Calculation

	2019 $'000	2018 $'000
Net result before income tax equivalent	**(57,260)**	**(10,042)**
Prepaid Rental Revenue - Long Term Leases (Note 3(a)(i))	(37)	(93)
Fair Value Increment on Investment Property Revaluation (Note 4(b))	(12,041)	(100,386)
Grant Revenue (Note 3(c))	(84,888)	(96,004)
Finance Revenue - Long Term Leases (Note 3(b))	(13,398)	(13,837)
Gain on Derecognition of Finance Lease Receivable (4(b))	-	-
Rental Received- Finance Leases	13,398	13,837
Notional Taxable Surplus/(Deficit)	**(154,226)**	**(206,525)**
Income Tax Equivalent Calculated at 30% of Notional Taxable Surplus	-	-
Total Income Tax Equivalent	**-**	**-**

Recognition and Measurement - Income Tax Equivalent

In accordance with TPP 03-04 "Tax Equivalent Regime For Government Business", PMNSW is subject to paying tax equivalents calculated based on the accounting profit model at the prevailing company tax rate 30%. As per Treasury policy, prior year losses cannot be used to reduce accounting profits. PMNSW has obtained approval from the Revenue NSW to exclude the following additional items from its accounting profit for the purpose of calculating its income tax equivalent liability:

- amortised leased income for long-term leases entered into before 1 January 2007;
- unrealised movements in the fair value of PMNSW's investment properties;
- gain or loss on revaluation of property, plant and equipment;
- finance revenue on long term leases; and
- Treasury grants for the Sydney International Convention, Exhibition and Entertainment Precinct development.

In accordance with the NSW Treasury requirements under the Tax Equivalent Regime, PMNSW does not practice tax effect accounting.

6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	$'000	$'000
Cash at Bank and On Hand		
Operating Funds	141,733	176,890
Restricted Cash (b)	1,964	1,567
	143,697	**178,457**

Cash and Cash Equivalents in the Statement of Financial Position include cash at bank and in hand. Interest is earned on daily bank balances at Reserve Bank of Australia's cash rate.

Interest Rate Risk

The effect on the Net Result and Equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which PMNSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Exposure to interest rate risk arises primarily through PMNSW's cash and cash equivalents. PMNSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. PMNSW's exposure to interest rate risk is set out below.

Interest Rate Risk - 2019	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	143,697	(1,437)	(1,437)	1,437	1,437

Interest Rate Risk - 2018	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	178,457	(1,785)	(1,785)	1,785	1,785

(b) Restricted Cash

	2019 $'000	2018 $'000
Opening Restricted Cash at Start of Year	1,567	1,419
Funds Received	483	125
Interest Received	2	23
Maintenance Expenses Paid	(88)	-
Restricted Cash at the End of the Year	**1,964**	**1,567**

The YHA Sinking Fund, Cadi Park Seawall Fund and Precinct Activation Fund, included in cash, are restricted in application under the lease agreements. Funds can only be spent on maintenance of Sydney Harbour YHA, Cadi Park Seawall and Precinct Activation activities as defined in the lease agreements.

(c) Reconciliation of Cash Flows from Operating Activities to Net Result After Income Tax Equivalent

	2019 $'000	2018 $'000
Net Cash Flows from Operating Activities	**(24,355)**	**13,350**
Non Cash Revenues/(Expenses):		
Depreciation and Amortisation	(82,668)	(79,356)
Gain/(Loss) on Disposal of Non-Current Assets	(65)	2,171
Other Gains/(Losses)	16,241	98,976
Swap Break Costs	-	(33,459)
Changes in Operating Assets and Liabilities:		
(Decrease)/Increase in Inventories	(56)	171
(Decrease)/Increase in Receivables	17,800	(10,879)
Decrease/(Increase) in Creditors	20,541	3,394
Decrease/(Increase) in Provisions	(2,633)	(3,212)
Decrease/(Increase) in Lease Receipts in Advance	(104)	68
Decrease/(Increase) in Revenue in Advance	1,188	(1,266)
Net Result After Income Tax Equivalent	**(54,111)**	**(10,042)**

(d) Non-Cash Investing and Financing Activities

The following transactions did not involve the use of cash or cash equivalents and are therefore not included in the Statement of Cash Flows.

Non-Cash Investing and Financing Activities	2019 $'000	2018 $'000
Property transferred from other Government Agency (Note 18(b))	5,106	-
TCorp Borrowings for payment of Swap Break Costs (Note 2(d)	-	33,459
TCorp Borrowings for payment of Finance Lease Liability (Note 15(b) and (e))	-	1,049,883
Early payment of Conditional Debt Pay Down (CDPD) (Note 15(b)and (e))		(1,049,883)
Non-Cash Investing and Financing Activities	**5,106**	**33,459**

(e) Reconciliation of Liabilities arising from Financing Activities (for comparative period)

Reconciliation - 2018	2017 $'000	Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Amortisation	2018 $'000
Finance Lease Liabilities	1,334,994	(14,163)	(1,049,883)	-	270,948
TCorp Borrowings	-	-	1,083,342	(1,386)	1,081,956
Deferred Income - Refinancing Gain	31,780	-	-	(935)	30,845
Liabilities from Financing Activities	**1,366,774**	**(14,163)**	**33,459**	**(2,321)**	**1,383,749**

7. CURRENT / NON-CURRENT ASSETS – RECEIVABLES

(a) Receivables - Current and Non-Current

	2019 $'000	2018 $'000
Current		
Trade Receivables:		
Rental Debtors	5,725	2,216
Sundry Debtors	5,302	5,685
Less: Impairment Allowance (b)	-	(197)
Subtotal - Trade Receivables	11,027	7,704
Other Receivables:		
Finance Lease Receivables (c)	95,672	42,041
Lessee Lease Incentives (d)	258	208
Goods and Services Tax Recoverable	3,288	3,940
Prepayments and Accrued Revenue	6,845	9,227
Total Current Receivables	**117,090**	**63,120**
Non-Current		
Other Receivables:		
Finance Lease Receivables (c)	134,881	144,624
Non-Current Lease Incentive (d)	1,032	643
Total Non-Current Receivables	**135,913**	**145,267**

(b) Allowance for expected credit losses (Allowance for impairment)

(i) Movement in the allowance for expected credit losses

	2019 $'000
Movement:	
Balance at 30 June 2018 under AASB 139	197
Balance at 1 July 2018 under AASB 9	197
(Increase)/Decrease in Allowance	(197)
Carrying Amount at 30 June 2018	**-**

(ii) Movement in the allowance for impairment

	2018 $'000
Movement:	
Carrying Amount at 1 July 2017	(342)
Amounts Written Off	116
Amounts Recovered	249
(Increase)/Decrease in Allowance	(220)
Carrying Amount at 30 June 2018	**(197)**

(c) Finance Lease Receivables

	2019 $'000	2018 $'000
Movement:		
Carrying Amount at 1 July	186,665	196,006
Addition	34,306	-
Lease Payments Received	(3,816)	(23,178)
Property Finance Lease Income (Note 3(b))	13,398	13,837
Carrying Amount at 30 June	**230,553**	**186,665**

(i) Reconciliation between Gross Investment in Finance Leases as Lessor and the Present Value of the Minimum Lease Payments Receivable

Gross Investment in Finance Leases as Lessor	8,712,972	7,478,040
Less: Unearned Finance Income	(8,482,419)	(7,291,375)
Present Value of the Minimum Lease Payments Receivable	**230,553**	**186,665**

(ii) Aged Reconciliation of the Gross Investment in Finance Leases as Lessor

Not later than one year	99,020	43,071
Later than one year and not later than five years	25,121	71,327
Later than five years	8,588,831	7,363,642
Gross Investment in Finance Leases as Lessor	**8,712,972**	**7,478,040**

(iii) Aged Reconciliation of the Present Value of the Minimum Lease Payments Receivable

Not later than one year	95,674	42,041
Later than one year and not later than five years	19,406	60,691
Later than five years	115,473	83,933
Present Value of the Minimum Lease Payments Receivable	**230,553**	**186,665**

(iv) Finance leases as lessor, in which substantially all the risks and rewards incidental to legal ownership are transferred by PMNSW to the lessee, are classified in the Statement of Financial Position as Finance Lease Receivables and recognised at an amount equal to the net investment in the lease. Lessee finance lease payments are treated by PMNSW as repayment of principal and finance income over the lease term to reimburse and reward PMNSW's investment and services. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

PMNSW's material leasing arrangements which give rise to finance lease receivables involve owned properties which are leased to tenants under lease terms of 50 years or more.

Land under a long term lease, where PMNSW is lessor, is classified as a finance lease if it satisfies the provisions of AASB 117 "Leases" and Treasury policy TPP 11-01 "Accounting Policy: Lessor classification of long-term land leases". For long term lease classified as finance lease, a finance lease receivable is recognised at lease commencement equal to the minimum lease payments plus any unguaranteed residual value at the end of lease, discounted at the interest rate implicit in the lease. Throughout the term of such a lease, finance lease income is recognised each period, calculated as the lease receivable multiplied by the interest rate implicit in the lease.

The unguaranteed residual value of all finance leases as lessor accruing to the benefit of PMNSW as at 30 June 2019 is $21.5 million ($19.4 million at 30 June 2018).

(d) Lessee Lease Incentives

Lease incentives include upfront cash payments to the lessee or the reimbursement or assumption by PMNSW, as the lessor, of costs of the lessee (such as relocation costs, leasehold improvements, fit-out contributions and costs associated with a pre-existing lease commitment). Alternatively, the initial period of the lease term may be agreed to be rent-free or at a reduced rent.

Operating lease incentives represent a reduction of rental income over the lease term and are recognised on a straight-line basis in accordance with Australian Standards and Interpretations.

(e) Recognition and Measurement – Receivables

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)
The entity holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)
Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)
The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.
For trade receivables, the entity applies a simplified approach in calculating ECLs. The entity recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)
Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.
The entity first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year. Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(f) Credit Risk - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that PMNSW will not be able to collect all amounts due. This evidence includes past experience, current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30-day terms.

PMNSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors which are not past due totalling $55 million ($6.6 million as at 30 June 2018) and debtors that are past due but not considered impaired totalling $3.9 million ($1.3 million as at 30 June 2018) together represent 99.6% (2018: 97.5%) of the total debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are rental debtors and sundry debtors. These are included within Receivables in the Statement of Financial Position.

8. CURRENT ASSETS – INVENTORIES

(a) Inventories

	2019 $'000	2018 $'000
Current		
Trading Stock (b)	703	758
Total Current Inventories	**703**	**758**

(b) Recognition and Measurement - Inventories

Trading stock are stated at the lower of cost and net realisable value. Cost of stock are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make sales. PMNSW's trading stock is the inventories (food, beverage and consumables) held by the International Convention Centre Sydney.

9. NON-CURRENT ASSETS HELD FOR SALE

(a) Non-Current Assets Held for Sale

	2019 $'000	2018 $'000
Current		
Investment Properties	-	25,000
Total Current Non-Current Assets Held for Sale	**-**	**25,000**

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 $'000	2018 $'000
Non-Current Assets Held for Sale		
Carrying Amount at 1 July	25,000	25,000
Reclassification from Investment Properties (Note 10(b))	-	-
Reclassification to Finance Lease Receivable (Note 7(c))	(25,000)	-
Carrying Amount at 30 June	**-**	**25,000**

(c) Recognition and Measurement - Non-Current Assets Held for Sale

PMNSW has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-Current Assets Held for Sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

10. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

(a) Investment Property

	2019 $'000	2018 $'000
Non-Current		
Investment Properties		
At Fair Value	634,927	614,532
Carrying Amount at 30 June	**634,927**	**614,532**

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 $'000	2018 $'000
Investment Properties		
Carrying Amount at 1 July	614,532	519,439
Disposals (Note 4(a))	(10,000)	(5,293)
Net Gain/(Loss) from Fair Value Adjustments (Note 4(b))	30,395	100,386
Carrying Amount at 30 June	**634,927**	**614,532**

(c) Amounts Recognised in Profit and Loss for Investment Properties

	2019 $'000	2018 $'000
Rental Income	61,286	64,126
Direct Operating Expenses arising from:		
Investment Properties that Generated Rental Income	(12,047)	(13,093)
Investment Properties that did not Generate Rental Income	(1,212)	(266)
Total Recognised in Profit and Loss for Investment Properties	**48,027**	**50,767**

(d) Recognition and Measurement - Investment Properties

PMNSW owns properties held to earn rentals and/or for capital appreciation. These properties are classified by PMNSW as Investment Properties in accordance with AASB 140 "Investment Property". Investment properties are stated at fair value in the Statement of Financial Position, using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in fair value are included in the surplus for the year in the period in which they arise. No depreciation is charged on investment properties.

Investment properties are comprehensively revalued every three years with interim revaluations performed in the years between comprehensive revaluations. The last comprehensive revaluation was undertaken by independent valuers, AON Risk Services Australia as at 30 June 2018. The valuation, which conforms to Australian Valuation Standards and Australian Accounting Standards, was arrived at by reference to market evidence of transaction prices for similar properties and by the capitalisation of income approach.

11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant and Equipment

	2019 $'000	2018 $'000
Non-Current		
Land and Buildings		
At Fair Value	528,955	517,864
Less Accumulated Depreciation	(38,502)	(52,730)
Carrying Amount at 30 June	**490,453**	**465,134**
Finance Lease Assets		
At Fair Value	1,312,030	1,316,017
Less Accumulated Depreciation	(175,546)	(92,296)
Carrying Amount at 30 June	**1,136,484**	**1,223,721**
Infrastructure		
At Fair Value	208,939	201,651
Less Accumulated Depreciation	(104,397)	(99,926)
Carrying Amount at 30 June	**104,542**	**101,725**
Plant and Equipment		
At Fair Value	79,453	51,303
Less Accumulated Depreciation	(53,027)	(25,012)
Carrying Amount at 30 June	**26,426**	**26,291**
Art and Artefacts	**11,917**	**11,788**
Work in Progress	**53,108**	**42,646**
Total Property, Plant and Equipment at 30 June	**1,822,930**	**1,871,305**
At Fair Value	2,194,402	2,141,269
Less Accumulated Depreciation	(371,472)	(269,964)
Total Property, Plant and Equipment at 30 June	**1,822,930**	**1,871,305**

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 $'000	2018 $'000
Land and Buildings (Includes Open Spaces and Roads)		
Carrying Amount at 1 July	465,134	442,166
Net Revaluation Increment/(Decrement)	31,412	28,997
Depreciation Expense	(6,093)	(6,029)
Carrying Amount at 30 June	**490,453**	**465,134**
Finance Lease Assets		
Carrying Amount at 1 July	1,223,721	1,314,264
Net Revaluation Increment/(Decrement) Recognised in the Net Result	(18,354)	-
Depreciation expense	(68,883)	(68,270)
Transfer to Plant and Equipment	-	(22,273)
Carrying Amount at 30 June	**1,136,484**	**1,223,721**
Infrastructure		
Carrying Amount at 1 July	101,725	99,932
Additions	9,999	2,610
Net Revaluation Increment/(Decrement)	(3,755)	2,281
Depreciation Expense	(3,427)	(3,098)
Carrying Amount at 30 June	**104,542**	**101,725**
Plant and Equipment		
Carrying Amount at 1 July	26,291	4,375
Additions	-	793
Depreciation Expense	(3,695)	(1,112)
Net Revaluation Increment/(Decrement)	3,830	-
Disposals (Note B3(a))	-	(38)
Transfer from Buildings	-	22,273
Carrying Amount at 30 June	**26,426**	**26,291**
Art and Artefacts		
Carrying Amount at 1 July	11,788	11,518
Net Revaluation Increment/(Decrement)	129	270
Carrying Amount at 30 June	**11,917**	**11,788**
Work in Progress		
Carrying Amount at 1 July	42,646	4,888
Additions	20,461	41,714
Impairment	-	(553)
Transfer to Fixed Assets	(9,999)	(3,403)
Carrying Amount at 30 June	**53,108**	**42,646**
Total Property, Plant and Equipment at 30 June	**1,822,930**	**1,871,305**

(c) Recognition and Measurement - Property, Plant and Equipment

(i) Acquisitions of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where settlement of any part of cash consideration is deferred, its cost is the cash price equivalent, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

Property development that gives rise to an effective and material increase in the future economic benefit of the property to PMNSW is capitalised.

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with Treasury Policy and Guidelines Paper TPP 14-01 "Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement", AASB 116 "Property, Plant and Equipment" and AASB 140 "Investment Property".

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any social-political restrictions imposed by government. In most cases after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of Property, Plant and Equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. PMNSW revalues each class of property, plant and equipment on an annual basis to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Land and Buildings, including open spaces and roads, are comprehensively revalued every three years with interim revaluations performed in the years between comprehensive revaluations. The last comprehensive revaluation was undertaken by independent valuers, AON Risk Services Australia (AON) as at 30 June 2018.

Finance Lease assets as at 30 June 2019 comprise the International Convention Centre (ICC), Sydney. Finance Lease assets are comprehensively revalued every 3 years with interim revaluations performed in the years between comprehensive revaluations when it is necessary. The last comprehensive revaluation was undertaken by independent valuers, Savills as at 31 March 2019.

Infrastructure assets are revalued every five years. The last comprehensive revaluation was performed at 30 June 2014 by AON. Interim revaluations are conducted between comprehensive revaluations. A comprehensive revaluation was completed as at 31 March 2019 by AON.

AON also performed a comprehensive revaluation of Art and Artefacts at 30 June 2016. Art and Artefacts are revalued every 5 years with interim revaluations performed in the years between comprehensive revaluations.

The assets that were not revalued are also shown at fair value as the written down value approximates fair value. At reporting date there was no indication of impairment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. PMNSW has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) Finance Lease Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. Leases in which a significant portion of the risks and rewards of ownership are not transferred to PMNSW as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive income on a straight-line basis over the period of the lease.

Property, Plant and Equipment acquired under finance leases are recognised, at the commencement of the lease, at an amount equal to the fair value of the leased property, or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as Finance Lease Liabilities under Borrowings (Note 15). Lease payments are allocated between the principal component of the lease liability and the finance cost (interest expense). The finance cost is charged to expenses over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After recognition as an asset, an item of property, plant and equipment acquired under finance lease is measured at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Finance leased assets are revalued as part of the property, plant and equipment revaluation process.

The Finance Lease assets recognised by PMNSW as at 30 June 2019 comprise the International Convention Centre (ICC), Sydney. The ICC finance lease asset is being amortised over the life of the lease. The ICC commenced operation in December 2016 and as per Treasury Policy TPP 06-8 "Accounting for Privately Financed Projects", AASB 116 "Property, Plant and Equipment" and AASB 117 "Leases", was initially recognised at the lower of fair value and presentvalue of the minimum lease payment. An equivalent Finance Lease liability was also recognised under Borrowings within the Statement of Financial Position (Note 15(b)). The project costs incurred by PMNSW during the construction phase of SICEEP project were identified as directly attributable to activities for the finance lease and were included in the calculation of the initial finance lease asset recognition.

(v) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 "Impairment of Assets" is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

PMNSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, PMNSW estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(vi) Restoration Costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(vii) Major Inspection Costs

When each major inspection is performed, the labour cost of performing inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

2019	Level 1	Level 2	Level 3	Total Fair Value
	$'000	$'000	$'000	$'000
Investment Properties (Note 10)	-	634,927	-	**634,927**
Property, Plant and Equipment (Note 11):				
Land and Buildings	-	463,217	27,236	**490,453**
Finance Lease Assets	-	-	1,136,484	**1,136,484**
Infrastructure	-	-	104,542	**104,542**
Art and Artefacts	-	11,917	-	**11,917**
	-	**1,110,061**	**1,268,262**	**2,378,323**

2018	Level 1	Level 2	Level 3	Total Fair Value
	$'000	$'000	$'000	$'000
Investment Properties (Note 10)	-	614,532	-	**614,532**
Property, Plant and Equipment (Note 11):				**-**
Land and Buildings	-	436,734	28,400	**465,134**
Finance Lease Assets	-	-	1,223,721	**1,223,721**
Infrastructure	-	-	101,725	**101,725**
Art and Artefacts	-	11,788	-	**11,788**
	-	**1,063,054**	**1,353,846**	**2,416,900**

There were no transfers between Level 1 or 2 during 2018-19 (Nil in 2017-18).

Valuation Techniques, Inputs and Processes

For each class of property, plant and equipment, a description of the valuation technique applied and the inputs used in the fair value measurement is disclosed in the table below. For the valuation process refer to Note 11(c)(iii).

Class	Valuation Technique	Key Inputs
Investment Properties	Income approach (recurring) - assets are valued by converting income to a single current amount and includes present value techniques.	- Market rental income - Outgoings - Vacancy rate - Capitalisation rate
Land and Buildings	Market approach (recurring) - assets are valued based on comparable property sales transactions and where identical properties are not available, adjustments have been made to reflect the following characteristics of the asset, including condition, location or comparability of the asset.	- Comparable property sales values - Adjustments including condition, location, capital improvements or comparability of the asset
Specialised Buildings	Current replacement cost approach (recurring) - the assets' current replacement costs were calculated having regard to Rawlinson's Australian Construction Handbook 2019, with the costs then depreciated to reflect the assets lives already consumed.	- Capital improvements, remaining useful lives - Current replacement cost estimates
Finance Lease Assets	The assets were recognised in 2016-17 financial year, they were valued by current replacement cost approach (recurring), same as the specialised buildings disclosed above.	- Capital improvements, remaining useful lives - Current replacement cost estimates
Infrastructure	Current replacement cost approach (recurring) - assets are valued based on the gross replacement cost of a modern equivalent asset which has been optimised for the particular purpose, which is then adjusted for depreciation to reflect the reduced lifespan of the original asset.	- Current unit replacement costs - Professional fees - Remaining useful lives

(a) Reconciliation of Recurring Level 3 Fair Value Measurements

2019	Land and Buildings	Leased Assets	Infrastructure	Art and Artefacts	Total Recurring Level 3 Fair Value
	$'000	$'000	$'000	$'000	$'000
Fair Value as at 1 July	28,400	1,223,721	101,725	-	**1,353,846**
Additions	-	-	9,999	-	**9,999**
Gain/(Loss) on Revaluation	385	(18,354)	(3,755)	-	**(21,724)**
Depreciation	(1,549)	(68,883)	(3,427)	-	**(73,859)**
Transfer Level 3 to 2	-	-	-	-	**-**
Fair Value as at 30 June	**27,236**	**1,136,484**	**104,542**	**-**	**1,268,262**

2018	Land and Buildings	Leased Assets	Infrastructure	Art and Artefacts	Total Recurring Level 3 Fair Value
	$'000	$'000	$'000	$'000	$'000
Fair Value as at 1 July	49,493	1,314,264	99,932	18	**1,463,707**
Additions	-	-	2,610	-	**2,610**
Gain/(Loss) on Revaluation	815	-	2,281	-	**3,096**
Depreciation	(2,006)	(68,270)	(3,098)	-	**(73,374)**
Transfer Level 3 to 2	(19,902)	(22,273)	-	(18)	**(42,193)**
Fair Value as at 30 June	**28,400**	**1,223,721**	**101,725**	**-**	**1,353,846**

13. INTANGIBLE ASSETS

(a) Intangible Assets

	2019	2018
	$'000	$'000
Non-Current		
Intangible Assets - Computer Software		
Gross Carrying Amount	1,599	3,020
Less Accumulated Amortisation	(1,594)	(2,445)
Total Intangible Assets - Computer Software at 30 June	**5**	**575**

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019	2018
	$'000	$'000
Intangible Assets - Computer Software		
Carrying Amount at 1 July	575	2,279
Amortisation expense	(570)	(847)
Impairment	-	(857)
Carrying amount at 30 June	**5**	**575**

(c) Recognition and Measurement - Intangible Assets

PMNSW recognises intangible assets only if it is probable that future economic benefits will flow to PMNSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for PMNSW's intangible assets, the assets are carried at cost less any accumulated amortisation.

PMNSW's intangible assets are amortised using the straight line method over a period of either three or five years. Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

14. CURRENT LIABILITIES – PAYABLES

(a) Payables

	2019 $'000	2018 $'000
Current		
Trade Creditors	15,052	13,729
Sundry Creditors and Accruals	42,496	60,049
Finance Lease Interest Accruals	15,064	12,098
Refundable Security Deposits and Bonds	392	390
Forward Deposits	31,186	27,821
Total Current Payables	**104,190**	**114,087**

(b) Recognition and Measurement – Payables

Payables represent liabilities for goods and services provided to PMNSW and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

PMNSW's payables are all non-interest bearing. Payable items which are out of the scope of AASB 7 "Financial Instruments: Disclosures" have been excluded from the carrying amount shown in the Statement of Financial Position.

(c) Liquidity Risk

Liquidity risk is the risk that PMNSW will be unable to meet its payment obligations when they fall due. PMNSW manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior years, there were no defaults on any loans payable. No assets have been pledged as collateral. PMNSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

(d) Maturity Profile

All of PMNSW's trade payables, sundry payables and accruals have a maturity of less than 12 months (2018: less than 12 months). Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, PMNSW may automatically pay the supplier simple interest. The rate of interest applied by PMNSW accords with the current rate applicable under section 22 of the Taxation Administration Act 1996.

The tables below summarises the maturity profile and interest rate exposure of PMNSW's other major payables.

Maturity Profile	**Nominal Amount**		**Ageing**	
		< 1 yr	**>1yr < 5 yrs**	**> 5 yrs**
2019	**$'000**	**$'000**	**$'000**	**$'000**
Payables:				
Security Deposits	277		23	204
Casual Bonds	115	115	-	-
Forward Deposits	31,186	31,186	-	-
	31,578	**31,301**	**23**	**204**
2018				
Payables:				
Security Deposits	308	115	140	53
Casual Bonds	82	82	-	-
Forward Deposits	27,821	27,821	-	-
	28,211	**28,018**	**140**	**53**

Interest Rate Exposure	**Weighted Average Effective Interest Rate**	**Nominal Amount**	**Fixed Interest Rate**	**Variable Interest Rate**	**Non-interest Bearing**
	%	**$'000**	**$'000**	**$'000**	**$'000**
2019					
Payables:					
Security Deposits	1.51%	227	-	227	-
Casual Bonds	-	115	-	-	115
Forward Deposits	-	31,186	-	-	31,186
		31,528	**-**	**227**	**31,301**
2018					
Payables:					
Security Deposits	1.51%	308	-	308	-
Casual Bonds	-	82	-	-	82
Forward Deposits	-	27,821	-	-	27,821
		28,211	**-**	**308**	**27,903**

Note: The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the statement of financial position.

A maturity profile analysis of PMNSW's Finance Lease liabilities and other Borrowings is presented at Note 15(c).

15. CURRENT / NON-CURRENT LIABILITIES – BORROWINGS

(a) Borrowings - Current and Non-Current

	2019 $'000	2018 $'000
Current		
Finance Lease Liabilities (b)	1,341	12,207
Total Current Borrowings	**1,341**	**12,207**
Non-Current		
Finance Lease Liabilities (b)	257,400	258,741
TCorp Borrowings (e)	1,078,608	1,081,956
Total Non-Current Borrowings	**1,336,008**	**1,340,697**

(b) Finance Lease Liabilities

	2019 $'000	2018 $'000
Movement:		
Carrying Amount at 1 July	270,948	1,334,994
Early payment of Conditional Debt Pay Down (CDPD) (Note 15(e))	-	(1,049,883)
Minimum Lease Payments	(52,445)	(98,153)
Finance Lease Interest Charges (Note 2(d))	40,238	83,990
Carrying Amount at 30 June	**258,741**	**270,948**

(c) Finance Lease Commitments

	2019 $'000	2018 $'000
Minimum Lease Payments:		
Payable within one year	41,048	52,444
Payable later than one year but not later than five years	164,075	164,120
Payable later than five years	718,635	759,639
Total Minimum Lease Payment Commitment	**923,758**	**976,203**
Finance Costs:		
Payable within one year	(39,707)	(40,237)
Payable later than one year but not later than five years	(155,692)	(156,912)
Payable later than five years	(469,618)	(508,106)
Total Finance Costs Commitment	**(665,017)**	**(705,255)**
Present Value of Finance Lease Commitments:		
Payable within one year	1,341	12,207
Payable later than one year but not later than five years	8,383	7,208
Payable later than five years	249,017	251,533
Total Present Value of Finance Lease Commitments	**258,741**	**270,948**

(d) Recognition and Measurement - Finance Lease Liabilities

The finance lease liabilities are determined in accordance with AASB 117 "Leases". PMNSW's finance lease liability comprises the lease on the International Convention Centre Sydney. The lease has a lease term of 25 years with the asset returned to PMNSW at the end of lease term. The discount rate implicit in the lease is 9.45% p.a. The lease liability is being amortised over the lease term.

(e) New South Wales Treasury Corporation (TCorp) Borrowings

On 2 January 2018, TCorp issued two interim loans with total value of $1,083.3 million to PMNSW for early payment of CDPD for its finance lease liability from SICEEP with Darling Harbour Live consortium. The $1,083.3 million TCorp Borrowings were recognised as a reduction of finance lease liability of $1,049.9 million and Finance Costs - Swap Break Costs of $33.4 million in 2017-18.

On 8 February 2018, the principal balance of both interim loans were refinanced and replaced with the Final TCorp loan portfolio. The Final TCorp loan portfolio took effect consisting of 10 separate loans with different principal balances, different maturing dates and varying rates of interest for each of the loans. These loans are interest-only with the principal amounts only payable on maturity dates of the loans. The coupon interest rates vary between 2.0% - 4.5%. These loans constitute the CDPD of the Finance Lease Liability of the SICEEP.

Borrowings are not held for trading or designated at fair value through profit or loss. Borrowings are initially measured at the fair value of the consideration received. Subsequently they are measured at amortised cost. Any difference between the proceeds and the redemption amount (premium or discount) is recognised in the net result over the period of the borrowings using the effective interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless PMNSW has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Repayment of TCorp Borrowings	**2019** **$'000**	**2018** **$'000**
Payable within one year	-	-
Payable later than one year but not later than five years	397,915	345,000
Payable later than five years	680,693	736,956
Total Repayment of TCorp Borrowings	**1,078,608**	**1,081,956**

16. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

(a) Provisions

	2019 $'000	2018 $'000
Current		
Land Remediation (b)	5,542	2,372
Other	2,780	3,316
Total Current Provisions at 30 June	**8,322**	**5,688**

(b) Land Remediation

	2019 $'000	2018 $'000
Movement:		
Carrying Amount at 1 July	2,372	5,181
Provision Recognised during the Year	3,571	644
Decrease in Provision from Payments	(401)	(3,453)
Carrying Amount at 30 June	**5,542**	**2,372**

(i) PMNSW's Land Remediation provision relates to the SICEEP Major Commercial Development sites. As part of the commercial development sites of the SICEEP project, the State entered into Project Delivery Agreements that granted construction licences to Lend Lease to develop these sites with 99-year ground leases to apply at the conclusion of the construction period.

The provision related to remediation and artefact risk which was shared with the State. The arrangement was tiered with Lend Lease liable for the risk up to a predetermined level, the State and Lend Lease would then share the risk above this level up to another predetermined level. Any costs above this final level would be born entirely by the State.

(d) Other Provisions

	2019 $'000	2018 $'000
Movement:		
Carrying Amount at 1 July	3,316	2,659
Provision Recognised during the Year	616	2,354
Decrease in Provision from Payments	(1,152)	(1,697)
Carrying Amount at 30 June	**2,780**	**3,316**

(i) Other provisions include obligations in relation to land tax. PMNSW is not exempted from land tax.

(e) Recognition and Measurement – Provisions

Provisions are recognised when PMNSW has a present obligation as a result of a past event, it is probable that PMNSW will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

17. CURRENT / NON-CURRENT LIABILITIES – OTHER

	2019 $'000	2,018 $'000
Current		
Lease Receipts in Advance (i)	104	68
Deferred Income - Refinancing Gain (ii)	691	935
Revenue in Advance	3,269	4,457
Total Current Liability at 30 June	**4,064**	**5,460**
Non-Current		
Lease Receipts in Advance (i)	3,185	3,117
Deferred Income - Refinancing Gain (ii)	30,845	29,910
Total Non-Current Liability at 30 June	**34,030**	**33,027**

(i) Lease Receipts in Advance relates to upfront rent payments received from tenants for long-term leases classified as operating lease.

(ii) Deferred income relates to the SICEEP Project finance lease refinancing gain. This is being amortised over the finance lease term.

18. EQUITY

(a) Asset Revaluation Reserve

The total asset revaluation reserve is used to record increments and decrements on the revaluation of non-current property plant and equipment and finance leases. This accords with PMNSW's policy on the Revaluation of Property, Plant and Equipment (Note 11). No financial distributions are made from the Asset Revaluation Reserve.

Asset Revaluation Reserve - Movement	2019 $'000	2018 $'000
Carrying Amount at 1 July	157,477	125,929
Net Increase in Property, Plant and Equipment Revaluation Surplus (i	31,616	31,548
Carrying Amount at 30 June	**189,093**	**157,477**

Asset Revaluation Reserve - Asset Class	2019 $'000	2018 $'000
Land and Buildings	168,669	137,257
Infrastructure	9,259	13,014
Plant and Equipment	3,830	-
Art & Artefacts	7,335	7,206
Total Asset Revaluation Reserve at 30 June	**189,093**	**157,477**

(i) Net Increase in Property, Plant and Equipment Revaluation Surplus

	2019 $'000	2018 $'000
Land and Buildings (Note 11(b))	31,412	28,997
Infrastructure (Note 11(b))	(3,755)	2,281
Plant and Equipment (Note 11(b))	3,830	-
Art & Artefacts (Note 11(b))	129	270
Net Increase in Property, Plant and Equipment Revaluation Surplus	**31,616**	**31,548**

(b) Accumulated Funds

The category "Accumulated Funds" includes all current and prior period retained funds. All financial distributions are made directly from Accumulated Funds.

Accumulated Funds - Movement	2019 $'000	2018 $'000
Carrying Amount at 1 July	1,230,371	1,240,413
Net Result for the Year	(57,260)	(10,042)
Financial Distributions (i)	-	-
Net Increase/(Decrease) in Net Assets from Equity Transfers (ii)	5,106	-
Carrying Amount at 30 June	**1,178,217**	**1,230,371**

(i) Financial Distributions

	2019 $'000	2018 $'000
Capital Repatriations from the Net Proceeds of Asset Sales (Paid to the NSW Government)	-	-
	-	**-**

As a NSW Public Trading Enterprise, PMNSW operates under the State Government's Commercial Policy Framework. A key component of this Framework is the requirement to make financial distributions to owners. In PMNSW's case, its owner is the State Government. All payments of financial distributions are made to the Crown Finance Entity. The nature and calculation of the required annual distributions is determined by NSW Treasury Policy and Guidelines Paper, TPP16-04 "Financial Distribution Policy for Government Businesses". The distributions made by PMNSW may include normal distribution payments from cash operating surpluses or capital repatriations, from the sale of its own properties.

Contributions to New South Wales Government are set by negotiation between stakeholders, the board and management of PMNSW with the ultimate determination reserved for stakeholders. Consideration is given to PMNSW's working capital, investment capital requirements, provision of social and non-commercial activities and an appropriate contingency for financial flexibility.

(ii) Net Increase/(Decrease) in Net Assets from Equity Transfers

	2019 $'000	2018 $'000
Transfer of Property from other Government Agency:		
Finance Lease Receivable	5,106	-
	5,106	**-**

The establishment of new statutory bodies or transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated as a contribution by owners and recognised as an adjustment to Accumulated Funds. This treatment is in accordance with Treasury Policy and Guidelines Paper TPP 09-3 "Contributions By Owners Made to Wholly-Owned Public Sector Entities" and is consistent with Interpretation 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" and Australian Accounting Standards.

Transfers arising from an administrative restructure between government agencies are recognised at the amount at which the asset was recognised by the transferor government agency immediately prior to the restructure. In most cases this will approximate fair value. All other equity transfers are recognised at fair value.

Equity transfers in 2018-19 comprised of the transfer of land from Independent Liquor and Gaming Authority. There were no equity transfers made in 2017-18.

19. FINANCIAL INSTRUMENTS

PMNSW’s principal financial instruments are outlined below. These financial instruments arise directly from PMNSW’s operations or are required to finance PMNSW’s operations. PMNSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Quantitative and qualitative disclosures together with the PMNSW's objectives, policies and processes for measuring and managing risk are included throughout the financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by PMNSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by Management on a continuous basis.

(a) Financial Instrument Categories

(i) As at 30 June 2019 under AASB 9

Financial Assets - Carrying Amounts			**Carrying amount $'000**
Class	**Category**	**Notes**	
Cash and Cash Equivalents	n/a	6	143,697
Receivables (i)	Amortised Cost	7	242,870

Financial Liabilities - Carrying Amounts			
Class	**Category**	**Notes**	
Payables (ii)	Financial Liabilities (at Amortised Cost)	14	57,548
Borrowings	Financial Liabilities (at Amortised Cost)	15	1,337,349

(i) Excludes statutory receivables and prepayments as they are not within the scope of AASB 7.
(ii) Excludes statutory payables and unearned revenue as they are not within the scope of AASB 7.

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets - Carrying Amounts			**Carrying amount $'000**
Class	**Category**	**Notes**	
Cash and Cash Equivalents	n/a	6	178,457
Receivables (i)	Loans and Receivables (at Amortised Cost)	7	195,220
Financial Liabilities - Carrying Amounts			
Class	**Category**	**Notes**	
Payables (ii)	Financial Liabilities (at Amortised Cost)	14	73,778
Borrowings	Financial Liabilities (at Amortised Cost)	15	1,352,904

(i) Excludes statutory receivables and prepayments as they are not within the scope of AASB 7.
(ii) Excludes statutory payables and unearned revenue as they are not within the scope of AASB 7.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if PMNSW transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

• PMNSW has transferred substantially all the risks and rewards of the asset; or

• PMNSW has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When PMNSW has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where

PMNSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of PMNSW's continuing involvement in the asset. In that case, PMNSW also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that PMNSW has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to PMNSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of PMNSW, including cash and receivables (Notes 6 and 7). No collateral is held by PMNSW and PMNSW has not granted any financial guarantees. Credit risk associated with PMNSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

PMNSW applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. PMNSW has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

30 June 2019				**$000**		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.00%	0.0%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount at default	2,680	1,266	777	19	2,223	6,965
Expected credit loss	-	-	-	-	-	-

1 July 2018				**$000**		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.00%	2.0%	10.0%	35.7%	59.5%	
Estimated total gross carrying amount at default	937	128	955	75	121	1,279
Expected credit loss	-	**3**	**96**	**27**	**72**	**197**

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7. PMNSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that PMNSW will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

		Overdue			**Total**
	<1 Mth	**>1 <2 Mths**	**>2 <3 Mths**	**>3 Mths**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:					
Past Due But Not Impaired	128	954	-	-	1,082
Considered Impaired	-	1	75	121	197
Total receivables - gross of allowance for impairment	**128**	**955**	**75**	**121**	**1,279**

Notes: The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7.

(e) Liquidity Risk

Liquidity risk is the risk that PMNSW will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. PMNSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

(f) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. PMNSW's exposures to market risk are primarily through interest rate on PMNSW's cash and cash equivalents. PMNSW has no exposure to foreign currency risk and does not enter into commodity contracts.

(g) Fair Value of Financial Instruments

PMNSW's financial instruments are recognised at cost. The amortised cost of PMNSW's financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of the financial instruments. PMNSW has not identified any financial instruments whose fair value differs materially from the carrying amount.

20. COMMITMENTS FOR EXPENDITURE

(a) Capital Expenditure Commitments

	2019 $'000	2018 $'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	1,559	15,347
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-
Total Capital Expenditure Commitments (Incl GST)	**1,559**	**15,347**

Total capital expenditure commitments relate to contracted upgrading and refurbishment works on various owned buildings and infrastructure assets. Capital expenditure commitments at 30 June 2019 include GST recoverable input tax credits of $0.1 million ($1.4m at 30 June 2018) that are expected to be recoverable from the Australian Taxation Office.

(b) Subvention Costs Commitments

	2019 $'000	2018 $'000
Subvention costs contracted at balance date but not provided for:		
Payable within one year	3,487	7,207
Payable later than one year but not later than five years	8,380	10,566
Payable later than five years	1,768	1,811
Total Subvention Costs Commitments (Incl GST)	**13,635**	**19,584**

Subvention costs commitments at 30 June 2019 include GST recoverable input tax credits of $1.2 million ($1.8 million at 30 June 2018) that are expected to be recoverable from the Australian Taxation Office.

(c) Finance Lease Commitments

Expenditure commitments on PMNSW's finance lease liabilities are disclosed at Note 15(c).

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

PMNSW may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

PMNSW is not aware of any other contingent assets or liabilities at 30 June 2019 (Nil at 30 June 2018).

22. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

During the year, PMNSW did not pay any compensation directly to its key management personnel (Nil in 2017-18).

In 2018-19, PMNSW incurred $0.5 million in respect of the Key Management Personnel services that were provided by Property NSW (In 2017-18, $0.5 million by Property NSW).

(b) Transactions and Outstanding Balances with Other Related Parties

During 2018-19, PMNSW has not entered into other transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof (Nil in 2017-18).

(c) Transactions and Outstanding Balances with Other Government Entities

During 2018-19, PMNSW entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions are collectively, but not individually, a significant portion of PMNSW's property rental income, fees for services rendered and grant and contribution revenue.

23. EVENTS AFTER THE REPORTING PERIOD

(a) Adjusting Events

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of PMNSW as at 30 June 2019.

(b) Non-Adjusting Events

As a result of Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019, in pursuance of part 7 of the *Constitution Act 1902*, PMNSW will be transferred from DFSI cluster to a newly created Department of Planning, Industry and Environment (DPIE) cluster, effective 1 July 2019.

There are no known other non-adjusting events after the reporting period.

End of Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT

Luna Park Reserve Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Luna Park Reserve Trust (the Trust), which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Trust's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Trust Manager is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by Trust Manager.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Trust Manager's Responsibilities for the Financial Statements

The Trust Manager is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Trust Manager determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trust Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Trust carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

Luna Park Reserve Trust

Financial Statements

For the Year Ended 30 June 2019

Statement by Trust Manager

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, on behalf of the Luna Park Reserve Trust, we declare that in our opinion:

(a) The accompanying financial statements exhibit a true and fair view of the Trust's financial performance for the financial year ended 30 June 2019 and financial position as at 30 June 2019; and

(b) The financial statements comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions mandated by the Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

The Hon. Helen Coonan
Chair
Place Management NSW
(Trust Manager)

Date: 27 September 2019

Sarah Cleggett
Acting Chief Executive Officer
Place Management NSW
(Trust Manager)

Date: 27 September 2019

LUNA PARK RESERVE TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
Expenses Excluding Losses				
Other Operating Expenses	2(a)	1,605	1,179	2,454
Depreciation Expense	2(b)	872	858	838
Total Expenses Excluding Losses		**2,477**	**2,037**	**3,292**
Revenue				
Sale of Goods and Services	3(a)	1,652	1,944	2,152
Investment Revenue	3(b)	32	104	33
Total Revenue		**1,684**	**2,048**	**2,185**
Net Result		**(793)**	**11**	**(1,107)**
Other Comprehensive Income				
Items that will not be Reclassified to Net Result:				
Net Increase/(Decrease) in Property, Plant and Equipment Revaluation Surplus	10(b)	518	-	1,693
Total Other Comprehensive Income		**518**	**-**	**1,693**
TOTAL COMPREHENSIVE INCOME		**(275)**	**11**	**586**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	5(a)	2,003	3,231	2,158
Receivables	6(a)	165	216	547
Total Current Assets		**2,168**	**3,447**	**2,705**
Non-Current Assets				
Property, Plant and Equipment	7(a)	41,946	40,930	41,581
Total Non-Current Assets		**41,946**	**40,930**	**41,581**
TOTAL ASSETS		**44,114**	**44,377**	**44,286**
LIABILITIES				
Current Liabilities				
Payables	9(a)	533	541	430
Total Current Liabilities		**533**	**541**	**430**
TOTAL LIABILITIES		**533**	**541**	**430**
NET ASSETS		**43,581**	**43,836**	**43,856**
EQUITY				
Accumulated Funds	10(a)	7,810	8,360	8,603
Asset Revaluation Reserve	10(b)	35,771	35,476	35,253
TOTAL EQUITY		**43,581**	**43,836**	**43,856**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Accumulated Funds $'000	Asset Revaluation Reserve $'000	Total Equity $'000
Balance at 1 July 2018		**8,603**	**35,253**	**43,856**
Net Result for the Year		(793)	-	(793)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant and Equipment Revaluation Surplus	7(b)	-	518	**518**
Total Other Comprehensive Income		-	518	**518**
Total Comprehensive Income for the Year		**(793)**	**518**	**(275)**
Balance at 30 June 2019		**7,810**	**35,771**	**43,581**
Balance at 1 July 2017		**9,710**	**33,560**	**43,270**
Net Result for the Year		(1,107)	-	(1,107)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant and Equipment Revaluation Surplus		-	1,693	1,693
Total Other Comprehensive Income		-	1,693	1,693
Total Comprehensive Income for the Year		**(1,107)**	**1,693**	**586**
Balance at 30 June 2018		**8,603**	**35,253**	**43,856**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Other		(1,526)	(1,348)	(2,998)
Total Payments		**(1,526)**	**(1,348)**	**(2,998)**
Receipts				
Sale of Goods and Services		2,056	2,111	1,895
Interest Received		32	104	33
Total Receipts		**2,088**	**2,215**	**1,928**
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(c)	**562**	**867**	**(1,070)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property, Plant and Equipment		(717)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(717)**	-	-
NET INCREASE/(DECREASE) IN CASH		**(155)**	**867**	**(1,070)**
Opening Cash and Cash Equivalents		2,158	2,364	3,228
CLOSING CASH AND CASH EQUIVALENTS	5(a)	**2,003**	**3,231**	**2,158**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Luna Park Reserve Trust (the Trust), is a NSW government entity. The Trust is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Trust was established on 12 October 1990, under the Luna Park Site Act 1990. The purpose of the Trust is to control the Luna Park Site, which has been dedicated to an area of public amusement, recreation and entertainment.

On 9 February 2001, Place Management NSW (PMNSW) was appointed to manage the affairs of the Trust.

These financial statements for the year ended 30 June 2019 have been authorised for issue by the PMNSW Board on 27 September 2019.

(b) Basis of Preparation

The Trust's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions mandated by the Treasurer.

Property, Plant and Equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(f) Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Trust categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices in active markets for identical assets/liabilities that the Trust can access at the measurement date.
Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Trust recognises transfers between levels of the fair value hierarchy at the end the reporting period during which the change has occurred.

Refer to Notes 7, 8 and 11 for further disclosures regarding fair value measurements of financial and non-financial assets.

(g) Changes in Accounting Policy including New or Revised Australian Accounting Standards

(i) Effective for the First Time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of the following revised Australian Accounting Standard that has been applied for the first time in 2018-19:

- AASB 9 "Financial Instruments". The adoption of AASB 9 has fundamentally changed the Trust's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. AASB 9 requires the Trust to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss and contract assets.

The adoption of the above revised Australian Accounting Standard has not had any significant impact on the Trust.

(ii) Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Trust expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.

AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Trust will need to determine whether a transaction is consideration received below fair value principally to enable the Trust to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).

The Trust will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.

The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Trust as not being significant.

- AASB 16 Leases

AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.

For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases.

The accounting for lessors under AASB 16 will not significantly change except that the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Trust will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. Based on the impact assessments the Trust has undertaken on currently available information, the change is not expected to materially impact the financial statements as the Trust is not a lessee in its leasing arrangements.

The impact of the following standard in the period of initial application is not expected to be significant.

Standard	**Applicable to Annual Reporting Periods Beginning on or after**
AASB 1059 "Service Concession Arrangements: Grantors"	1 January 2020

2. EXPENSES EXCLUDING LOSSES

(a) Other Operating Expenses

	2019 $'000	2018 $'000
Management Fee	294	313
Auditor's Remuneration - Audit of Financial Statements	18	14
Other Contractors	27	97
PAG Service Charge	56	-
Repairs and Maintenance (i)	1,207	2,030
Legal Fees	3	-
	1,605	**2,454**

(i) Repairs and Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(b) Depreciation Expense

	2019 $'000	2018 $'000
Depreciation Expense	872	838
	872	**838**

Recognition and Measurement - Depreciation of Property, Plant and Equipment

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. All material separately identifiable components of assets are depreciated over their shorter useful lives.

The following asset useful lives have been applied for depreciation purposes:

Asset Class	**2019 Years**	**2018 Years**
Buildings and Improvements	20-50	20-50
Infrastructure	50	50

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

3. REVENUE

Recognition and Measurement - Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition and measurement of revenue is discussed within each revenue category below.

(a) Sales of Goods and Services

	2019 $'000	2018 $'000
Property Rental Income - Operating Lease Income	926	940
Heritage and Infrastructure Rental Income - Operating Lease Income	726	1,212
	1,652	**2,152**

Operating lease income is recognised in accordance with AASB 117 "Leases". Lease income from operating leases where the Trust is the lessor is recognised as income in the Statement of Comprehensive Income on a straight-line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned.

(b) Investment Revenue

	2019 $'000	2018 $'000
Interest	32	33
	32	**33**

Interest income is calculated in accordance with AASB 9 "Financial Instruments" by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

4. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, except for Budget statement of cash flows. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of administrative arrangements orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained below.

(a) Net Result

The Net Result of $0.79 million deficit was $0.8 million lower than budget, primarily due to a decrease in the sale of goods and services and increase in other operating expenses.

(b) Assets and Liabilities

Total Assets of $44.1 million were $0.3 million lower than budget, primarily due to:

- $1.2 million decrease in Cash and Cash Equivalents, mainly due to decrease in heritage and infrastructure income.
- $0.5 million increase in Property, Plant and Equipment due to the revaluation increment.

Total Liabilities of $0.5 million were in line with budget.

(c) Cash Flows

Closing Cash and Cash Equivalents of $2 million was $1.2 million lower than budget, primarily due to decrease in the sale of goods and services and increase in other operating expenses in 2018-19.

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	2019 $'000	2018 $'000
Current		
Cash at Bank	2,003	1,998
Restricted Cash:		
Luna Park Heritage Infrastructure Fund (b)	-	160
	2,003	**2,158**

Cash at Bank comprises of balances within the NSW Treasury Banking System. Interest as determined by NSW Treasury is earned on daily bank balances and paid twice yearly.

For the purposes of the Statement of Cash Flows, cash includes Cash at Bank and Restricted Cash.

Interest Rate Risk

The effect on the Net Result and Equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Trust operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at 30 June 2019. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Exposure to interest rate risk arises primarily through the Trust's cash and cash equivalents. The Trust does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Trust's exposure to interest rate risk is set out below.

Interest Rate Risk - 2019	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	2,003	(20)	(20)	20	20

Interest Rate Risk - 2018	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	2,158	(22)	(22)	22	22

(b) Restricted Cash

	2019 $'000	2018 $'000
At the Beginning of Financial Year	160	1,110
Collection of Heritage and Infrastructure Rental	1,188	932
Payment for Heritage and Infrastructure Works During the Period	(1,251)	(2,911)
Collection of Interest Income	1	4
Transfer from Operating Bank Account	69	1,025
GST Transfers to be done	(167)	-
At the End of Financial Year	**-**	**160**

The Luna Park Heritage Infrastructure Fund, included in cash, is restricted in application under the Trust. Funds can only be spent on the maintenance of Heritage and Infrastructure Items as defined in the Trust Deed agreement between the Trust and the lessee.

(c) Reconciliation of Cash Flows from Operating Activities to Net Result

	2019 $'000	2018 $'000
Net Cash Flow From Operating Activities	**562**	**(1,070)**
Non Cash Revenue/(Expenses):		
Depreciation	(872)	(838)
Grants and Contributions	-	-
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Receivables	(404)	307
Decrease/(Increase) in Payables	(79)	494
Net Result	**(793)**	**(1,107)**

6. CURRENT / NON-CURRENT ASSETS – RECEIVABLES

(a) Receivables

	2019 $'000	2018 $'000
Current		
Trade Debtors - Rent Receivable	165	132
GST Receivable	-	23
Accrued Revenue	-	392
Total Current Receivables	**165**	**547**

(b) Recognition and Measurement - Receivables

All ‘regular way’ purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

(i) Subsequent measurement under AASB 9 (from 1 July 2018)

The Trust holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(ii) Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result when impaired, derecognised or through the amortisation process.

(iii) Impairment under AASB 9 (from 1 July 2018)

The Trust recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Trust expects to receive, discounted at the original effective interest rate.

For trade receivables, the Trust applies a simplified approach in calculating ECLs. The Trust recognises a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

(iv) Impairment under AASB 139 (for comparative period ended 30 June 2018).

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Trust first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant and Equipment

	2019 $'000	2018 $'000
Non-Current		
Land		
At Fair Value	17,869	17,690
Carrying Amount at 30 June	**17,869**	**17,690**
Buildings		
At Fair Value	26,261	25,626
Accumulated Depreciation	(10,247)	(9,319)
Carrying Amount at 30 June	**16,014**	**16,307**
Infrastructure		
At Fair Value	16,265	15,901
Accumulated Depreciation	(8,919)	(8,317)
Carrying Amount at 30 June	**7,346**	**7,584**
Work in Progress	**717**	**-**
Total Property, Plant and Equipment		
At Fair Value	61,112	59,217
Accumulated Depreciation	(19,166)	(17,636)
Total Property Plant and Equipment Carrying Amount at 30 June	**41,946**	**41,581**

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 $'000	2018 $'000
Land		
Carrying Amount at 1 July	17,690	16,846
Net Revaluation Increment/(Decrement)	179	844
Carrying Amount at 30 June	**17,869**	**17,690**
Buildings		
Carrying Amount at 1 July	16,308	16,209
Depreciation Expense	(550)	(526)
Net Revaluation Increment/(Decrement)	256	625
Carrying Amount at 30 June	**16,014**	**16,308**
Infrastructure		
Carrying Amount at 1 July	7,583	7,671
Depreciation Expense	(320)	(312)
Net Revaluation Increment/(Decrement)	83	224
Carrying Amount at 30 June	**7,346**	**7,583**
Work in progress		
Carrying Amount at 1 July	-	-
Additions	717	-
Carrying Amount at 30 June	**717**	-
Total Property Plant and Equipment Carrying Amount at 30 June	**41,946**	**41,581**

(c) Recognition and Measurement - Property, Plant and Equipment

(i) Acquisitions of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Thresholds

Property Plant and equipment, and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with Treasury Policy and Guidelines Paper TPP 14-01 "Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement" and AASB 116 "Property, Plant and Equipment".

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any social-political restrictions imposed by government. In most cases after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 8 for further information regarding fair value.

The Trust revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. A comprehensive revaluation was performed on 31 March 2019 by AON Global Risk Consulting Valuation Services (AON).

Interim revaluations are conducted between comprehensive revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to Asset Revaluation Reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the Asset Revaluation Reserve in respect of the same class of assets, they are debited directly to the Asset Revaluation Reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the Asset Revaluation Reserve in respect of that asset is transferred to accumulated funds.

(iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 "Impairment of Assets" is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

At each reporting date the Trust assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the Asset Revaluation Reserve for the class of asset.

(v) Major Inspection Costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vi) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

8. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis (Refer to Notes 1(f) and 8):

(a) Fair Value Hierarchy

2019	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Property, Plant and Equipment (Note 7)				
Land	-	17,869	-	17,869
Buildings	-	-	16,014	16,014
Infrastructure	-	-	7,346	7,346
	-	**17,869**	**23,360**	**41,229**

2018	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Property, Plant and Equipment (Note 7)				
Land	-	17,690	-	17,690
Buildings	-	-	16,308	16,308
Infrastructure	-	-	7,583	7,583
	-	**17,690**	**23,891**	**41,581**

There were no transfers between Level 1 or 2 during the periods.

(b) Valuation Techniques, Input and Processes

For each class of property, plant and equipment, a description of the valuation technique applied and the inputs used in the fair value measurement is disclosed in the table below. For the valuation processes refer note 7 (c) (iii).

Class	Valuation Technique	Key Inputs
Land	Market approach (recurring) - assets are valued based on comparable property sales transactions having regard to matters such as heritage restrictions, zoning, location, topography, aspect, frontage, size, shape, date of contract and current market conditions	-Comparable property sales values -Adjustments including condition, location, heritage restrictions topography
Buildings	Depreciated replacement cost approach (recurring) – assets are valued based on the structure, fabric and finishes as a heritage structure, rates reflect modern building techniques with regard to Rawlinson's Australian Construction Handbook 2018	- Current unit replacement costs -Adjustments including capital improvements, remaining useful lives of buildings
Infrastructure	Depreciated replacement cost approach (recurring) – assets are valued based on the structure, fabric and finishes as a heritage structure, rates reflect modern building techniques with regard to Rawlinson's Australian Construction Handbook 2018	-Current unit replacement costs -Adjustments including capital improvements, remaining useful lives of infrastructure

(c) Reconciliation of Recurring Level 3 Fair Value Measurements

2019	**Buildings**	**Infrastructure**	**Total Recurring Level 3 Fair Value**
	$'000	**$'000**	**$'000**
Fair Value as at 1 July 2018	16,308	7,583	23,891
Revaluation Increments/(Decrements)	256	83	339
Depreciation	(550)	(320)	(870)
Fair Value as at 30 June 2019	**16,014**	**7,346**	**23,360**

2018	**Buildings**	**Infrastructure**	**Total Recurring Level 3 Fair Value**
	$'000	**$'000**	**$'000**
Fair Value as at 1 July 2017	16,209	7,671	23,880
Revaluation Increments/(Decrements)	625	224	849
Depreciation	(526)	(312)	(838)
Fair Value as at 30 June 2018	**16,308**	**7,583**	**23,891**

There were no transfers into or out of Level 3 during the periods.

9. CURRENT LIABILITIES – PAYABLES

(a) Payables

	2019 $'000	2018 $'000
Current		
Trade Creditors	183	382
Accrued Expenses	321	48
GST Payable	29	-
	533	**430**

(b) Recognition and Measurement - Payables

Payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Payables represent liabilities for goods and services provided to the entity and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

The Trust's payables are all non-interest bearing. Payable items which are out of the scope of AASB 7 "Financial Instruments: Disclosures" have been excluded from the carrying amount shown in the Statement of Financial Position.

(c) Liquidity Risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. The Trust has no borrowings as at 30 June 2019.
During the current period, there were no defaults or breaches on any loan payable. No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

(d) Maturity Profile

All of the Trust's payables and accruals have a maturity of less than 12 months (2018: less than 12 months). Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasury Circular TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasury Circular TC 11/12 allows the Minister to award interest for late payment.

10. EQUITY

(a) Accumulated Funds

The category Accumulated Funds includes all current and prior period retained funds.

Accumulated Funds Movement	2019 $'000	2018 $'000
Carrying Amount at 1 July	8,603	9,710
Net Result for the Year	(793)	(1,107)
Carrying Amount at 30 June	**7,810**	**8,603**

(b) Asset Revaluation Reserve

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the Revaluation of Property, Plant and Equipment as discussed in Note 7.

Asset Revaluation Reserve Movement	2019 $'000	2018 $'000
Carrying Amount at 1 July	35,253	33,560
Net Increase/(Decrease) on Revaluation (Note 7(b))	518	1,693
Carrying Amount at 30 June	**35,771**	**35,253**
Dissection by Asset Class:		
Land	13,049	12,870
Buildings	15,498	15,242
Infrastructure	7,224	7,141
Total Asset Revaluation Reserve at 30 June	**35,771**	**35,253**

11. FINANCIAL INSTRUMENTS

The Trust's principal financial instruments are outlined below. These financial instruments arise directly from the Trust's operations or are required to finance the Trust's operations. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Trust's main risks arising from financial instruments are outlined below, together with the Trust's objectives, policies and processes for measuring and managing risk. Quantitative and qualitative disclosures together with the Trust's objectives, policies and processes for measuring and managing risk are included throughout the financial statements.

The PMNSW Board (as the Trust manager) has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Trust, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by Management on a continuous basis.

(a) Financial Instrument Categories

(i) As at 30 June 2019 under AASB 9

Class	Note	Category	Carrying amount $'000
Financial Assets			
Cash and Cash Equivalents	5	N/A	2,003
Receivables (i)	6	Amortised cost	165
Financial Liabilities			
Class:		**Category**	
Payables (ii)	9	Financial Liabilities measured at Amortised Cost	504

(i) Excludes statutory receivables and prepayments as they are not within scope of AASB 7.
(ii) Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Class	Note	Category	Carrying amount $'000
Financial Assets			
Cash and Cash Equivalents	5	N/A	2,158
Receivables (i)	6	Loans and Receivables	524
Financial Liabilities			
Class:		**Category**	
Payables (ii)	9	Financial Liabilities measured at Amortised Cost	430

(i) Excludes statutory receivables and prepayments as they are not within scope of AASB 7.
(ii) Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Trust transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

• the Trust has transferred substantially all the risks and rewards of the asset; or

• the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Trust has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Trust's continuing involvement in the asset. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial Risks

(i) Credit Risk

Credit risk arises when there is the possibility that a counterparty will default on their contractual obligations, resulting in a financial loss to the Trust. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Trust, including cash and receivables (Notes 5 and 6). No collateral is held by the Trust and the Trust has not granted any financial guarantees.

Credit risk associated with the Trust's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Trust applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. edThe historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Trust has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates bas on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The expected credit loss rate as at 30 June 2019 was Nil.

The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was Nil.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Trust will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

2018		**Overdue**		**Total**
	<3 Mths	**>3 <6 Mths**	**>3 Mths**	**2018**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:				
Past due but not Impaired	132	-	-	132
Considered Impaired	-	-	-	-
Total Credit Risk	**132**	**-**	**-**	**132**

(ii) Liquidity Risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's exposures to market risk are primarily through interest rate risk on the Trust's Cash and Cash Equivalents (Note 5). The Trust has no exposure to foreign currency risk and does not enter into commodity contracts.

(iv) Fair Value of Financial Instruments

The Trust's financial instruments are recognised at cost. Management assessed that cash, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments. The Trust has not identified any financial instruments whose fair value differs materially from the carrying amount.

12. COMMITMENTS FOR EXPENDITURE

Capital Expenditure Commitments	**2019** **$'000**	**2,018** **$'000**
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	291	-
Payable later than one year but not later than five years	-	-
Total Capital Expenditure Commitments (Incl GST)	**291**	**-**

Total capital expenditure commitments relate to contracted capital works on Luna Park - Clifftop Park. Capital expenditure commitments at 30 June 2019 include GST recoverable input tax credits of $0.02 million (Nil at 30 June 2018) that are expected to be recoverable from the Australian Taxation Office.

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Trust is not aware of any contingent assets at 30 June 2019 (Nil at 30 June 2018).

The Trust may be liable for reimbursement to the lessee for maintenance costs of Heritage and Infrastructure Items. The amount involved cannot be accurately determined as the reimbursement is subject to collection of future Heritage and Infrastructure operating lease income from the lessee. The Trust is not aware of any other contingent liabilities at 30 June 2019 (Nil at 30 June 2018).

14. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

During the year, the Trust did not pay any compensation to its key management personnel, nor did the Trust incur any expense in respect of the key management personnel services that are provided by a separate management entity.

(b) Transactions and Outstanding Balances with Other Related Parties

During the year, the Trust did not enter into other transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

(c) Transactions and Outstanding Balances with Other Government Entities

During the year, the Trust entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the Trust's sale of goods/rendering of services/receiving of services.

15. EVENTS AFTER REPORTING DATE

As a result of Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019, in pursuance of part 7 of the *Constitution Act 1902*, the Trust will be transferred from DFSI cluster to a newly created Department of Planning, Industry and Environment (DPIE) cluster, effective 1 July 2019.

The Trust has not identified any other events or transactions that are material to require adjustments or disclosures in the financial report.

END OF AUDITED FINANCIAL STATEMENTS