NSW GOVERNMENT

Regional Growth NSW
Development Corporation

ANNUAL REPORT
2020

Regional Growth NSW Development Corporation

ABN: ABN 48 270 349 177

Post: PO Box 99

Queanbeyan

NSW 2620

Ph: 1300 764 466

E: info@rgdc.nsw.gov.au

Web: www.rgdc.nsw.gov.au

This annual report has been produced by Regional Growth NSW Development Corporation staff. The annual report outlines business activities and financial transactions undertaken in financial year 2019-20. It is available to the public as an electronic report and can be accessed on the Regional Growth NSW Development Corporation website www.rgdc.nsw.gov.au

30 November 2020

Contents

Letter of submission

Monday, 30 November 2020

The Hon. John Barilaro MP

Minister for Regional New South Wales, Industry and Trade

Parliament House

52 Martin Place

SYDNEY NSW 2000

Dear Minister,

Please find enclosed the annual report of the Regional Growth NSW Development Corporation for the year ended 30 June 2020.

The report details the corporation's work, achievements and relevant statutory and financial information.

It has been prepared for submission to Parliament under *the Annual Reports (Statutory Bodies) Act 2010* and the applicable provisions of the *Public Finance and Audit Act 1983*.

Yours sincerely,

Brendan Nelson

Chief Executive Officer

Regional Growth NSW Development Corporation

Gary Barnes

Secretary

Department of Regional NSW

About us

The corporation was created under the *Growth Centres (Development Corporations) Act 1974 No 49 on 28 June 2019* and reports to the Deputy Premier and Minister for Regional NSW, Industry and Trade, The Hon. John Barilaro MP.

We are delivering on the NSW Government's bold commitment to drive economic growth and prosperity in regional NSW through Special Activation Precincts.

Special Activation Precincts are areas with the potential to activate significant economic development and job creation through streamlined planning and government-led infrastructure development supported by a business concierge service.

There are five precincts under development: Parkes, Wagga Wagga, Moree, Snowy Mountains and Williamtown.

The initial planning and infrastructure for the precincts is being delivered as part of the $4.2 billion Snowy Hydro Legacy Fund.

Our role and purpose

The corporation's key responsibilities are outlined in the *Growth Centres (Development Corporations) Act 1974* and include:

- promoting, coordinating, managing and securing the economic development of the growth centre
- submitting proposals to the NSW Government with respect to the development and use of land within the growth centre
- advising NSW Government with respect to the planning, development, promotion, coordination and management of the growth centre.

The NSW Government has identified 'engine industries' that will drive regional NSW economies over the next 20 years.

These include seven established sectors, and three emerging sectors.

The corporation has been tasked with driving these engine industries through our Special Activation Precincts. These build on the existing strengths and market capabilities of each region while offering opportunities to innovate and value-add.

In the wake of the global COVID-19 pandemic, the NSW and Australian governments have a renewed focus on advanced manufacturing and national supply chains to reduce our reliance on imports.

The precincts provide the ideal location for businesses looking to set up or grow in NSW. Government support, government-led infrastructure investment and a business concierge service will create a more conducive environment for direct investment in new businesses in regional NSW.

The corporation works with the Department of Regional NSW and the Department of Planning, Industry and Environment to research, plan and deliver precincts which will become the centres of economic growth and development in these regions for decades to come.

Goals and objectives

Regional Growth NSW Development Corporation is focused on six strategic goals.

STRATEGIC GOALS		OUTCOMES
To rapidly create commercially-viable developments (plans and outcomes) that support job creation	A	A: RGDC has been instrumental in delivering **economic growth and jobs** in regional NSW
To attract businesses that contribute to the creation of great precincts and targeted industries	A	
To safely deliver infrastructure that supports business growth and catalyses new industries	A	
To create a positive environmental impact and create shared value in resolving issues	B	B: **Sustainable development** of world-class economic zones
To achieve self-sustaining funding and monetisable assets, increasingly leveraging private investment	C	C: Establishment of a **portfolio of assets** which will fund further growth
To develop effective working partnerships with investors, R&D/education, communities, etc.	D	D: Establishment of an **enviable reputation** as a partner to investors and the regions

The six key goals are supported by strategies which are driven by major initiatives. Each of these will be led by an internal accountable sponsor who will develop management plans and measures of success.

KEY STRATEGIES TO PROGRESS STRATEGIC GOALS

GOALS		STRATEGIES
A	We will rapidly create commercially-viable developments (plans and outcomes) that support job creation	• Fast-track plans for enabling infrastructure • Prepare land for development • Implement investment strategies aimed at targeted growth sectors • Aim for private development to coincide with phased infrastructure construction • Secure anchor tenants for energy from waste and hydrogen generating facilities and other catalyst projects
	We will attract businesses that contribute to the creation of great precincts and targeted industries	• Work collaboratively across government to attract and convert key investors • Connect investors, developers, other government departments and local communities • Develop delivery plans which remove red tape and support economic development
	We will safely deliver infrastructure that supports business growth and catalyses new industries	• Accelerate the provision of enabling infrastructure which will stimulate further development • Partner with investors and industry to provide anchor tenants and energy providers
B	We will create a positive environmental impact and create shared value in resolving issues	• Deliver precincts and prioritise investment towards establishing a foundation of circular economy and environmental sustainability • Support businesses to establish B2B connections which maximise economic benefits of being located within a precinct
C	We will achieve self-sustaining funding and monetisable assets, increasingly leveraging private investment	• Accelerate the delivery of catalyst projects which support value uplift within the precincts and ensure long term economic sustainability of each precinct • Invest government funding on projects and infrastructure which presents the greatest return for each precinct and incentivises private investment where possible
D	We will develop effective working partnerships with investors, R&D/education, communities, etc.	• We will effectively manage stakeholder relations through shared knowledge (database) and regular contact • We will respond to queries in a timely manner • We will manage multiple communication channels so information is readily available • We will partner with a range of stakeholders who can assist in realising the vision for each precinct.

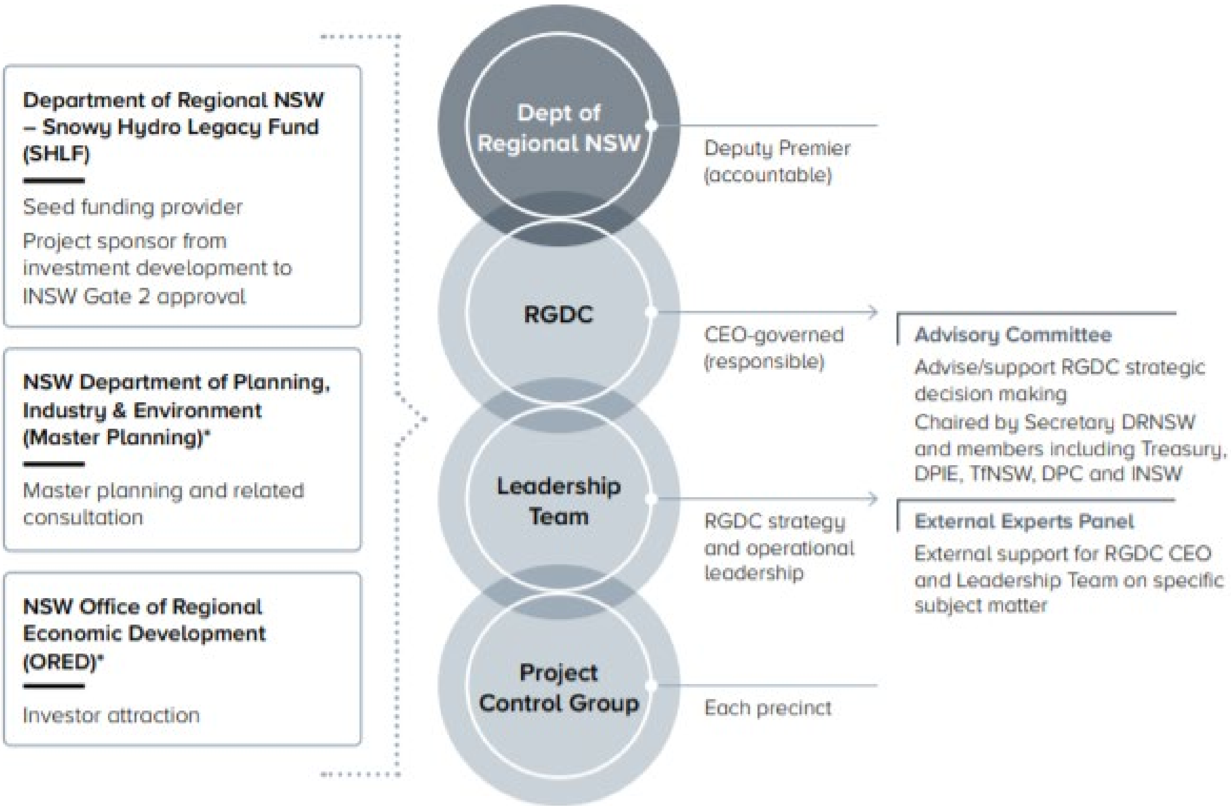
Governance

Regional Growth NSW Development Corporation is governed by the *Growth Centres (Development Corporations) Act 1974 No 49*.

The corporation is a chief executive-governed entity, as provided for by the Act.

The responsible Minister is the Deputy Premier, Minister for Regional New South Wales, Industry and Trade. The key entities which form part of the corporation's broader governance structures are outlined in the figure below.

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION'S GOVERNANCE STRUCTURE



* *A detailed RACI has been agreed governing decisions between parties*

In the last financial year, we worked closely with the Department of Planning, Industry and Environment which provided the corporation with corporate support services. These services are now provided by the Department of Regional NSW (DRNSW) which was established on 1 April 2020.

We have worked closely with both departments to operate within the governance framework and ensure all activities complied with relevant laws and directions, while meeting community expectations of probity, accountability and transparency.

The corporation has also implemented specific strategies to manage its dynamic relationships with key stakeholders including:

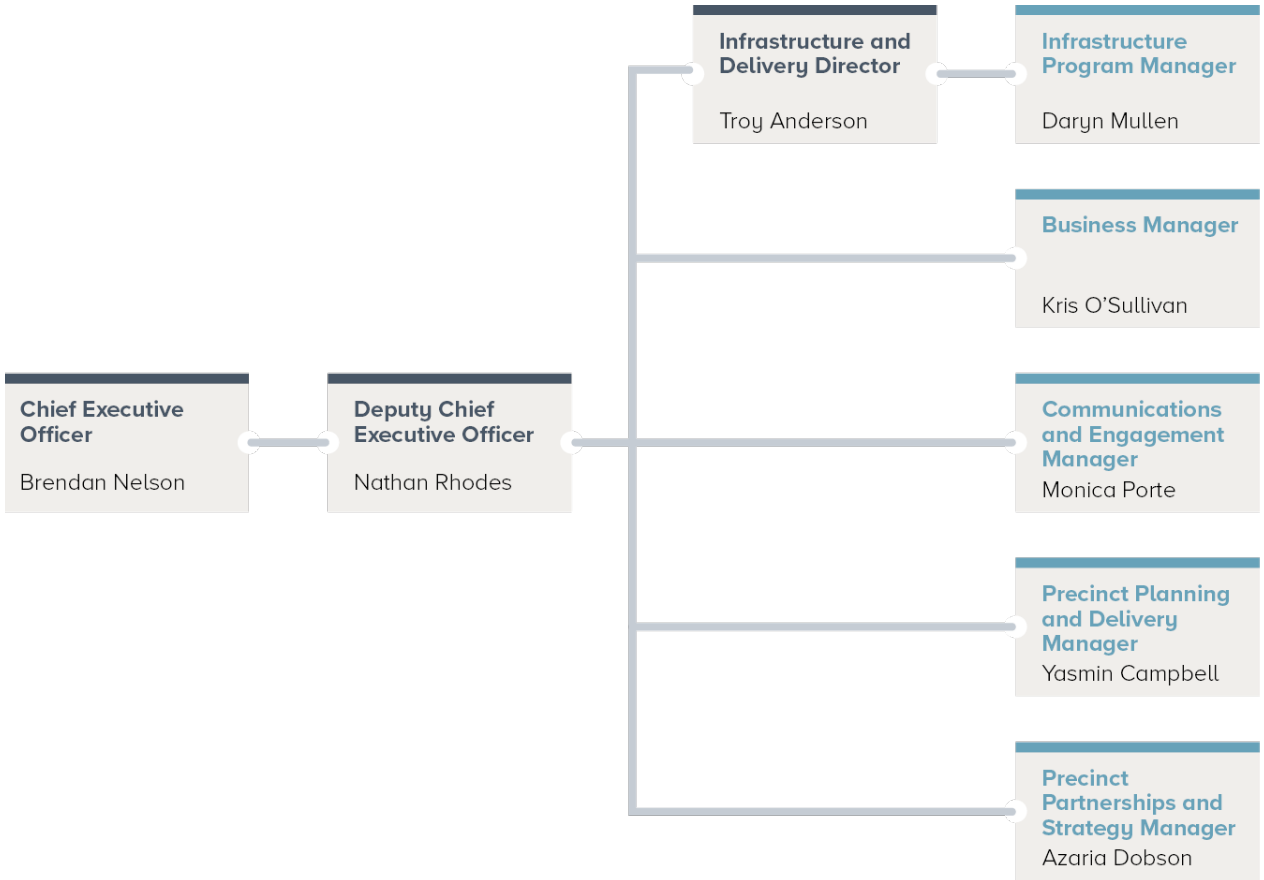
- a detailed responsibility assignment matrix between Snowy Hydro Legacy Fund and the Department of Planning, Industry and Environment which outlines which agency is responsible or accountable for aspects of the work, and when agencies should be consulted or informed
- a responsibility assignment matrix governing the sourcing and negotiation of investment funds from the private sector
- an Advisory Committee, chaired by the Secretary of the Department of Regional NSW, offering consultative support to the chief executive officer

Work is also underway to operationalise stakeholder engagement through:

- a specialised external panel of private sector subject matter experts to provide informal advice and expertise to the corporation's chief executive officer and leadership team on an ad-hoc basis
- project-specific control groups to monitor project progress, key decisions on scope and other operational project matters.

The corporation's policies and governance will be reviewed over time to maintain best practice and adaptability to changing needs as it progresses against its goals.

Management structure



Year in review

Corporate

Regional Growth NSW Development Corporation's focus for the 2020 financial year has been on establishing the organisation, its policies and processes in preparation for delivering the Special Activations Precincts in 2021 and beyond.

Highlights have included:

- the delivery of corporate governance protocol and policies which facilitate commercial excellence and planning rigour for delivery of the precincts program
- preparing for the procurement of the Parkes precinct construction contract in the 2020-21 financial year
- the launch of the corporation's new brand identity which represents its role in connecting government, industry and community to deliver world-class Special Activation Precincts.
- the announcement of the finalisation of the master plan and funding for the delivery of the Parkes Special Activation Precinct which was handed over to the corporation for delivery in July 2020
- working with the Department of Planning, Industry and Environment and Department of Regional NSW on the draft Wagga Wagga Special Activation Precinct master plan
- the launch of the corporation's suite of marketing collateral for Parkes to support the investment attraction team.

Our projects

The corporation is the delivery agency for the Special Activation Precincts program.

During this financial year our primary focus has been establishing the organisation, its people and systems, ready to begin delivery across multiple precincts from 2021.

The corporation will begin delivery in earnest in the next financial year – with the Parkes Special Activation Precinct the first to be funded and handed over for delivery in July 2020.

Parkes

Land acquisition for the Parkes precinct began in February 2020.

The acquisitions will be completed during 2020-21 in preparation for the delivery of the enabling infrastructure.

The corporation began procurement for the construction of the enabling work for the Parkes precinct in April 2020.

This package of work includes a range of enabling infrastructure items including road upgrades, utilities and services, precinct drainage improvements and electrical upgrades.

The corporation engaged the construction industry through a market sounding to seek feedback on the procurement and contract model.

Following this, expressions of interest were requested from interested parties for the construction of the works. In the first half of the 2020-21 financial year, proponents from the expressions of interest will be shortlisted to participate in a highly interactive early contractor involvement tender.

Wagga Wagga

The corporation began acquisitions for key land required to deliver the Wagga Wagga Special Activation Precinct immediately prior to the end of June 2020. Negotiations with landowners will continue into 2021 with construction expected to begin by the end of that year.

The corporation has begun initial infrastructure planning in the form of a concept design for the immediate initiation areas of the precinct. This concept design will form the basis of more detailed design for infrastructure to support the precinct.

Wagga Wagga City Council recently awarded a tender for the design and construction of the Riverina Intermodal Freight and Logistics (RIFL) Terminal. The RIFL Terminal is within the Wagga Wagga precinct and abuts the first stage of development planned by the corporation.

The corporation plans to use an early contractor involvement model for the initial stages of the Wagga Wagga precinct with delivery expected to begin in 2021.

Additional information

Under the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2010*, the corporation has included additional information as required below:

Topic	Response
Legal Changes	• *Growth Centres Act (Development Corporations) 1974* • *Activation Precincts State Environmental Planning Policy (SEPP)* Both pieces of legislation are integral parts of the framework for the establishment and operation of the corporation and the Special Activation Precincts.
Economic or other factors affecting achievement of operational objectives	COVID-19 has disrupted the way NSW Government does business. The corporation has responded by accelerating delivery and construction planning to assist in economic recovery as quickly as possible. The corporation will continue to seek ways to contribute to the recovery of NSW over the next financial year.
Human resources	As of 30 June 2020, we had ten personnel including: • 1 X Senior Executive Band 3 • 1 X Senior Executive Band 2 • 1 X Senior Executive Band 1 • 2 x Planning Officer Grade 3 • 1 x Clerk Grade 11/12 • 3 x Clerk Grade 9/10 • 1 x Clerk Grade 7/8 The corporation has only been in operation for one year so there is no comparison to be made with previous years. The corporation complies with the Department of Regional NSW's (and previously Department of Planning, Industry and Environment) policies and practices relating to industrial relations and personnel.
Consultants	Consultant services (differentiated from professional services contracts) valued at greater than $50,000 included: 1) CBRE Pty Ltd Parkes SAP Capacity to Pay Assessment $122,250 2) E3 Advisory RGDC Enabling Infrastructure Commercial Framework

	$132,500 There was just one engagement less than $50,000 which totalled $9,000.
Diversity	To be reported on a triennial basis as required.
Land disposal	No land disposed during this financial year.
Consumer response	Complaints to the corporation related primarily to land acquisition for the Parkes Special Acquisition Precinct. The corporation considers and responds to all complaints and welcomes suggestions and feedback from clients for improvements and changes.
Payment of Accounts	The corporation was formed under the auspices of the Department of Planning, Industry and Environment in June 2019. On 2 April 2020, Administrative Orders were issued that (DRNSW) established the Department of Regional NSW, which included the Regional Growth NSW Development Corporation. DRNSW continued to operate within the DPIE ERP until it was formally separated within the underlying ERP systems on 1 July 2020. Due to the combined nature of the operations it was not possible to separately report on DRNSW or the corporation's payments during the June 2020 quarter. Please refer to **Appendix A** which includes information regarding the combined performance for DPIE/DRNSW.
Risk management and insurance activities	The corporation has established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe assets and insurable risks including the impact of COVID-19, are adequately covered by insurance.
Internal audit and risk management policy attestation	Please refer to **Appendix B.**
WHS	To be reported on a triennial basis as required.
Number and remuneration for senior execs	There were three senior executives employed at the end of the financial year including: • 1 x Senior Executive Band 3 • 1 x Senior Executive Band 2 • 1 x Senior Executive Band 1

	The corporation has only been in operation for one year so there is no comparison to be made with previous years.
Government Information (Public Access) Act 2009	Regional Growth NSW Development Corporation seeks to proactively release information which is deemed to be in the public interest where there are no overriding reasons against disclosure and publish such information on its website. Information which would be proactively released is that which is commonly sought after by members of the public as reflected in the number of requests made for such information. The annual review of this program is conducted by staff with relevant expertise in the operation of the *GIPA Act* and any recommendations arising from this review will be made to the CEO on advice from the Communications & Engagement Manager and Director Finance and Commercial. During the reporting period, the corporation did not receive any formal or informal requests.
Cyber Security Policy (CSP) attestation	Please refer to **Appendix C.**
Response to significant issues raised by Auditor General	None required as this is the first year of reporting for the corporation.
Total external costs incurred in the production of the report	Nil
Is the report available in non-printed formats	Yes
Is this report available on the internet	Yes, at www.rgdc.nsw.gov.au

FINANCIALS

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Regional Growth NSW Development Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Regional Growth NSW Development Corporation (the Corporation), which comprise the Statement of Comprehensive Income for the period 28 June 2019 to 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended, notes comprising a Summary 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 Corporation as at 30 June 2020, 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 Corporation 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 (including Independence Standards)' (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 Department of Regional New South Wales's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements of the Corporation and my Independent Auditor's Report thereon. The Chief Executive of the Corporation is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive Officer.

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 Chief Executive's Responsibilities for the Financial Statements

The Chief Executive 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 Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Corporation'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.

The scope of my audit does not include, nor provide assurance:

- that the Corporation 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.

Min Lee
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

13 November 2020
SYDNEY

Gary Barnes
Statutory Chief Executive Officer
Regional Growth NSW Development Corporation
Registrar General's Building, 1 Prince Albert Road
SYDNEY NSW 2000

Contact: Min Lee
Phone no: 02 9275 7151
Our ref: D2023049/1873

13 November 2020

Dear Mr Barnes

STATUTORY AUDIT REPORT

for the year ended 30 June 2020

Regional Growth NSW Development Corporation

I have audited the financial statements of Regional Growth NSW Development Corporation (the Corporation) as required by the Public Finance and Audit Act 1983 (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2020, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Corporation. The PF&A Act requires me to send this report to the Corporation, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Corporation's financial statements. I enclose the Independent Auditor's Report, together with the Corporation's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all the matters you may find of governance interest. Therefore, other governance matters may exist that I have not reported to you.

My audit is continuous. If I identify new significant matters, I will report these to you immediately.

Audit result

I expressed an unmodified opinion on the Corporation's financial statements. and I have not identified any significant matters to report.

Misstatements in the financial statements

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Corporation's financial reporting framework. Misstatements can arise from error or fraud.

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance
- statutory obligations require the Auditor-General to report misstatements resulting from or not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Corporation.

The Appendix lists and explains the nature and impact of the misstatements contained in the financial statements.

- Table one reports uncorrected misstatements and disclosure deficiencies
- Table two reports corrected misstatements and disclosure deficiencies.

Based on my evaluation, none of the misstatements reported are due to fraud.

Compliance with legislative requirements

My audit procedures are targeted specifically towards forming an opinion on the Corporation's financial statements. This includes testing whether the Corporation complied with key legislative requirements relevant to the preparation and presentation of the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

The 2020 Auditor-General's Report to Parliament will incorporate the results of the audit.

Publication of the Statutory Audit Report

I consider this Statutory Audit Report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, please seek the Audit Office's consent before releasing this report publicly. Agencies are advised to also seek approval from the Minister and the Treasurer before publishing this report.

Acknowledgment

I thank the Corporation's staff for their courtesy and assistance.

Yours sincerely

Min Lee
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

APPENDIX

Table one: Uncorrected monetary misstatements and disclosure deficiencies

Uncorrected monetary misstatements

We did not detect any reportable monetary misstatements that remain uncorrected in the financial statements.

Uncorrected disclosure deficiencies

We did not detect any reportable disclosure deficiencies that remain uncorrected in the financial statements.

Table two: Corrected monetary misstatements and disclosure deficiencies

Corrected monetary misstatements

Management corrected the following monetary misstatements in the current year's financial statements. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	**Assets**	**Liabilities**	**Net result**	**Equity**
Effect of correction	**Increase/ (decrease) $'000**	**(Increase)/ decrease $'000**	**(Increase)/ decrease $'000**	**(Increase)/ decrease $'000**
Factual misstatements				
Understated account payables and accrued salaries and expenditures	1,587	(1,001)	(586)	--
Understated provision for recreation leave	--	(232)	232	--
Total impact of corrected misstatements	**1,587**	**(1,233)**	**(354)**	**--**

Corrected disclosure deficiencies

Management corrected the following disclosure deficiencies in the current year's financial statements. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Reference	**Disclosure title**	**Description of disclosure deficiency**
AASB 101	Presentation of Financial Statements	Statement of Cash Flows were amended to reflect the appropriate cash flows relating to the Corporation's operating activities.
AASB 124	Related Party Disclosures	Key Management Personnel (KMP) services amount was amended by $70,543 to reflect the correct amount for KMP remuneration.
Various	Minor amendments to the financial statements	Various minor amendments were made to the financial statements for formatting and clarity purposes to ensure compliance with the relevant Australian Accounting Standards and other mandatory reporting requirements.

AUDITED FINANCIAL STATEMENTS

Regional Growth NSW Development Corporation

Financial Statements

For the period 28 June 2019 to 30 June 2020

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION
STATEMENT BY CHIEF EXECUTIVE OFFICER

Pursuant to section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I state that:

(a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* (the Act), the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act;

(b) the accompanying financial statements exhibit a true and fair view of the financial position as at 30 June 2020 and the financial performance of Regional Growth NSW Development Corporation for the period 28 June 2019 to 30 June 2020; and

(c) at the date of signing I am not aware of any circumstances that would render the financial statements misleading or inaccurate.

Gary Barnes
Chief Executive Officer, Regional Growth NSW Development Corporation

Date: 13 November 2020

Beginning of the audited financial statements

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 28 JUNE 2019 TO 30 JUNE 2020

	Notes	2020 $
Expenses excluding losses		
Personnel services	2(a)	1,075,902
Operating expenses	2(b)	1,600,933
Total expenses excluding losses		**2,676,835**
Revenue		
Grants and contribution	3(a)	5,268,545
Total revenue		**5,268,545**
Net result	9	**2,591,710**
Total other comprehensive income		**-**
TOTAL COMPREHENSIVE INCOME		**2,591,710**

The accompanying notes form part of these financial statements.

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 $
ASSETS		
Current assets		
Cash and cash equivalents	4	10
Receivables	5	2,165,540
Total current assets		**2,165,550**
Non-Current Assets		
Property, plant and equipment		
Infrastructure assets	7	1,681,664
Total property, plant and equipment		1,681,664
Total Non-Current Assets		**1,681,664**
Total assets		**3,847,214**
LIABILITIES		
Current liabilities		
Payables	6	1,023,094
Provisions	8	232,410
Total current liabilities		**1,255,504**
Total liabilities		**1,255,504**
Net assets		**2,591,710**
EQUITY		
Accumulated funds	10	2,591,710
Total equity		**2,591,710**

The accompanying notes form part of these financial statements.

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 28 JUNE 2019 TO 30 JUNE 2020

	Accumulated Funds $	Total Equity $
Balance at 28 June 2019	**-**	**-**
Net result for the period	2,591,710	2,591,710
Balance at 30 June 2020	**2,591,710**	**2,591,710**

The accompanying notes form part of these financial statements.

REGIONAL GROWTH NSW DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS FOR THE PERIOD 28 JUNE 2019 TO 30 JUNE 2020

	Notes	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Personnel services		(818,784)
Other		(743,576)
Total payments		**(1,562,360)**
Receipts		
Grants and contributions		3,244,034
Other		-
Total receipts		**3,244,034**
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	**1,681,674**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment		(1,681,664)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,681,664)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10**
Opening cash and cash equivalents		-
CLOSING CASH AND CASH EQUIVALENTS	4	**10**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Regional Growth NSW Development Corporation (the Corporation) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Corporation was incorporated on 28 June 2019 under Section 4 of the *Growth Centres (Development Corporations) Act 1974 No 49* .

Pursuant to section 4(1A) of the *Public Finance and Audit Act 1983* , NSW Treasury have determined that Corporation's first financial year will cover the period since incorporation on 28 June 2019 through to 30 June 2020.

On 2 April 2020 the Corporation was transferred from the Planning, Industry and Environment cluster to the Regional NSW cluster. At the balance date, the Corporation was negotiating the transitional arrangements with both the Department of Regional NSW and the Department of Planning, Industry and Environment including the services depicted in Note 1 (e) of these financial statements.

These financial statements for the period 28 June 2019 to 30 June 2020 have been authorised for issue by the Chief Executive Officer on the date the accompanying statement by the Chief Executive Officer was signed.

(b) Basis of preparation

The Corporation'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* (the Act) and *Public Finance and Audit Regulation 2015* and
- Treasurer’s Directions issued under the Act.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets and liabilities are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention except where specified otherwise.

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 dollar and are expressed in Australian currency, which is the Corporation's presentation and functional 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)

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

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset 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 Tax Office are classified as operating cash flows.

(e) Services provided by the Principal Department

Department of Planning, Industry and Environment (from 28 June 2019 to 1 April 2020) and Department of Regional NSW (from 2 April 2020 onward) provide the Personnel Services to the Corporation.

The following services to the Corporation are provided by the Principal Department free of charge:

- Financial shared services (including preparation of financial statements)
- IT costs

(f) Comparative information

The Corporation was established on 28 June 2019 (refer note 1(a)). This is the first set of financial statements of the Corporation. Therefore, there is no comparative information in respect of the previous period for all amounts reported in the financial statements.

(g) Reporting period - other than 12 months

The Corporation was established on 28 June 2019 and these financial statements were prepared for period 28 June 2019 to 30 June 2020. Refer note 1 (a) for additional comment in this regard.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Changes in accounting policies, including new or revised accounting standards

i) Effective for the first time in 2019-2020

The Corporation applied AASB 15 *Revenue from Contracts with Customers* , AASB 1058 *Income of Not-for-Profit Entities* , and AASB 16 *Leases* . The nature and effect of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time this period, but do not have an impact on the financial statements of the Corporation.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 111 *Construction Contracts* , AASB 118 *Revenue and related Interpretations* and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The adoption of AASB 15 did not have an impact on Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the period.

AASB 1058 *Income of Not-for-Profit Entities*

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions* . The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non- financial asset that will be controlled by the Corporation.
- immediately, for all other income within the scope of AASB 1058.

The adoption of AASB 1058 did not have an impact on Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 16 *Leases*

AASB 16 supersedes AASB 117 *Leases* , Interpretation 4 *Determining whether an Arrangement contains a Lease* , Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* . The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Changes in accounting policies, including new or revised accounting standards (continued)

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the Corporation is the lessor.

Lessee accounting

AASB 16 requires the Corporation to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Corporation recognises a lease liability and right- of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Corporation is reporting its first period of operation. The measurement principles of AASB 16 are only applied after that date.

The Corporation elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at $10,000 or under when new (low-value assets).

In applying AASB 16 the Corporation has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application
- excluding the initial direct costs from the measurement of the right-of- use asset at the date of initial application
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The Corporation does not have any lease over 12 months, therefore, no lease liability nor right-of-use asset has been recognised.

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new accounting standard, unless Treasury determines otherwise.

The following new Australian Accounting Standards have been issued but are not yet effective. The Corporation has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Corporation, unless otherwise detailed below:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform
- AASB 2019-7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

(i) COVID-19 and Delayed 2020-21 NSW Budget

The purpose of the Corporation is to manage development projects funded from the Snowy Hydro Legacy Fund and revenue has not been impacted by COVID-19 as at 30 June 2020.

NSW Government has announced that the 2020-21 NSW Budget will be deferred from June 2020 until later in the year.

The delayed 2020-21 NSW Budget is not expected to have any significant impact on the Corporation's operation as the Corporation is funded from the Snowy Hydro Legacy Fund. Therefore it is appropriate for the 2019-20 Financial Statements to be prepared under going concern basis.

2. EXPENSES EXCLUDING LOSSES

	2020 $
(a) Personnel services expenses	
Salaries and wages (including annual leave)	919,368
Superannuation - defined contribution plans	80,272
Long service leave	5,388
Payroll tax	65,298
Workers' compensation insurance	5,576
	1,075,902
(b) Operating expenses include the following:	
Advertising and promotion	19,155
Assets under $5,000	3,096
Auditor's remuneration – audit of financial statements	55,000
Catering	43
Cleaning	4,925
Computer software fees	7,613
Consultancy	194
Contractors and other fees	1,302,459
Consumables	11,454
Maintenance	257
Short term leases	97,124
Other operating expenses	14,361
Stationery & office supplies	10,294
Telecommunication	3,963
Training and staff development	9,419
Travel	61,576
	1,600,933

Recognition and Measurement

Insurance
The Corporation insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager.

Operating leases

Lease expense (from 1 July 2019)

From 28 June 2019, the Corporation recognises the lease payments associated with the following types leases as an expense on a straight-line basis:
• Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
• Leases of assets that are valued at $10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

3. REVENUES

Recognition and Measurement

Until 30 June 2019, revenue was recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

	2020 $
(a) Grants & contributions	
Grants without sufficiently specific performance obligations	
Grants - Principal Department	3,243,993
Grants - Snowy Hydro Legacy Fund	2,024,552
	5,268,545

Recognition and Measurement

Grants and contributions from Government and Other bodies

Income from grants without sufficient specific performance obligations is recognised when the Corporation obtains control over the granted assets (e.g. cash). The Corporation is deemed to have assumed control when the grant is received or receivable. Control over contributions is normally obtained upon the receipt of cash or goods and services.

Personnel services

The Corporation does not have any employees and receives administrative, secretarial support and operational assistance from the Cluster lead Department. The Corporation has an arrangement with the Cluster lead Department to reimburse them for a proportion of personnel services. The proportion is calculated based on achievement of a break-even net result.

Administrative services

The Corporation has an arrangement with the Cluster lead Department to provide operating expenses to support the administration of the Corporation.

Snowy Hydro Legacy Fund

Snowy Hydro Legacy Fund is a Special Deposits Account established for the purpose of improving economic development in regional New South Wales through funding of infrastructure projects that primarily benefit regional New South Wales.

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020 $
Cash at bank and on hand	10
	10

For the purposes of the Statement of Cash Flows, the Corporation considers cash to be cash at bank, cash advances and short term deposits.

Cash and cash equivalents (per statement of financial position)	10
	10

Refer Note 11 for details regarding credit risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2020 $
CURRENT	
Prepaid Rent	50,319
Receivable - Snowy Hydro Legacy Fund	2,024,511
Net GST receivable	90,710
	2,165,540

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 11.

Recognition and Measurement

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

The Corporation 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.

Impairment

The Corporation 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 Corporation expects to receive, discounted at the original effective interest rate.

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

The provision matrix considered the impact of COVID-19 and recent natural disasters and took into account the following:
- increased credit risk associated with debtors as a result of poor trading conditions.
- Higher receivables balances (i.e. exposure at default) due to recent credit deferment policies of Government and/or late payment.
- Lost time value of money, if contractual payment dates are extended or amounts are expected to be received later than when contractually due.

6. CURRENT LIABILITIES - PAYABLES

	2020 $
CURRENT	
Accruals - salaries and wages	24,708
Other accruals	998,386
	1,023,094

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 11.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Corporation and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

7. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

(a) Total property, plant and equipment

Consolidated	Infrastructure $	Total $
At 28 June 2019 - fair value		
Gross carrying amount	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	**-**	**-**

	Infrastructure $	Total $
At 30 June 2020 - fair value		
Gross carrying amount	1,681,664	1,681,664
Accumulated depreciation and impairment	-	-
Net carrying amount	**1,681,664**	**1,681,664**

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Infrastructure $	Total $
Year ended 30 June 2020		
Net carrying amount at beginning of the period	-	-
Purchases of assets	1,681,664	1,681,664
Net carrying amount at end of the period	**1,681,664**	**1,681,664**

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 AAS.

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 or paid to transfer a liability 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 over the period of credit.

Remeasurement

The Corporation will engage independent valuers to conduct interim and comprehensive revaluations of its assets to ensure that the carrying value is not different from fair value at a period of no later than three (3) years from the date at which the assets are commissioned into service. An asset in commissioned into service when it ready for use as intended by management. It is at this point in time when depreciation or amortisation will commence.

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.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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.

Depreciation of property, plant and equipment

Except for certain non-depreciable 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 Corporation.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

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.

Infrastructure assets as at 30 June 2020 represent Assets Under Construction and therefore not depreciated in the current year.

7. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 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 socio-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.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Corporation conducts a comprehensive revaluation at least every three years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

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. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Corporation 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, the Corporation 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.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued

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.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

8. CURRENT LIABILITIES - PROVISIONS

	2020 $
CURRENT	
Employee benefits and related on-costs	
Annual leave	225,002
Long service leave (on-costs)	7,408
	232,410
Aggregate employee benefits and related on-costs	
Provisions - Current	232,410
Accrued salaries, wages and on-costs (Note 6)	24,708
	257,118

Recognition and Measurement

Salaries and wages, annual leave and sick leave

Liabilities for personnel services are stated as liabilities to the service provider, Department of Regional NSW. Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using % of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

9. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2020 $
Net cash used on operating activities	**1,681,674**
Increase / (decrease) in receivables	2,165,540
Decrease / (increase) in payables	(1,023,094)
Decrease / (increase) in provision	(232,410)
Net result	**2,591,710**

10. EQUITY

Accumulated Funds

The category 'Accumulated Funds' includes all current period retained funds.

11. FINANCIAL INSTRUMENTS

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

The Corporation main risks arising from financial instruments are outlined below, together with the Corporation objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The CEO 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 Corporation, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

Class	Note	Category	Carrying Amount 2020 $
Financial Assets			
Cash and cash equivalents	4	Amortised cost	10
Receivables[1]	5	Amortised cost	2,024,511
Financial Liabilities			
Payables[2]	6	Financial liabilities measured at amortised cost	1,023,094

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within 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 the Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset; or
- The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

Where the Corporation 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 Corporation's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(c) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. 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 Corporation, including cash, receivables, and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. The Corporation has no deposits held with NSW TCorp.

11. FINANCIAL INSTRUMENTS (continued)

(c) Financial risks (continued)

Cash and cash equivalents

Cash comprises cash on hand and bank balances within 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 Corporation 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.

Trade debtors are written off when there is no reasonable expectation of recovery.

There was no allowance for expected credit losses for the trade debtors as at 30 June 2020.

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 Corporation 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.

The Corporation had no financial assets past due or impaired as at 30 June 2020.

(ii) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation 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 loans and other advances.

During the current period, there were no defaults of borrowings. No assets have been pledged as collateral. The Corporation'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 NSW TC 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, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest paid during the year.

11. FINANCIAL INSTRUMENTS (continued)

(c) Financial risks (continued)

The table below summarises the maturity profile of the Board's financial liabilities, together with the interest rate

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount[1] $	Interest Rate Exposure: Fixed Interest Rate $	Variable Interest Rate $	Non-interest Bearing $	Maturity Dates: < 1 year $	1 - 5 years $	> 5 years $
2020								
Payables	-	1,023,094	-	-	1,023,094	1,023,094	-	-
	-	**1,023,094**	**-**	**-**	**1,023,094**	**1,023,094**	**-**	**-**

(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 Corporation's exposure to market risk are primarily through interest rate risk on the Corporation's bank balance.

The effect on profit 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 Corporation 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 reporting date. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through Regional Growth NSW Development Corporation's cash balances and loan receivables. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

(d) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Corporation is unaware of the existence of any contingent assets or liabilities as at 30 June 2020.

13. COMMITMENTS

The Corporation is unaware of any capital commitments as at 30 June 2020.

14. RELATED PARTY DISCLOSURE

During the period, the Corporation incurred $422,752 in respect of the key management personnel services that were provided by, the Department of Planning, Industry and Environment (from 28 June 2019 to 1 April 2020) and the Department of Regional NSW (from 2 April 2020 onward).

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

During the period, the Corporation entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of the Corporation's revenue and expenses, and the nature of these significant transactions are detailed below;

Entity	Nature of Transaction
Department of Planning, Industry and Environment	Provision of administrative, secretarial support and operational assistance (to 1st April 2020)
Department of Regional NSW	Provision of administrative, secretarial support and operational assistance (from 2nd April 2020)

15. EVENTS AFTER REPORTING DATE

As at 30 June 2020, the Corporation assessed the impact of COVID-19 on the fair value of its non-current physical asset and receivable. This was based on historical sales information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 factor, it is possible that post 30 June 2020 there may be some new evidence that impacts this fair value assessment materially.

There are no other events subsequent to the balance date that affect the financial information disclosed in these financial statements.

End of audited financial statements.

BUDGET

Budget FY 2020

FY20 financial budget has been provided below.

BUDGET FY 2020 — YEAR TO DATE

Reporting amount $000's	Actual	Budget	Actual vs budget
Total revenue	**5,269**	**3,956**	**1,313**
Labour expenditure	1,076	49	1,027
Operating expenditure	1,601	442	1,159
Depreciation and amortisation	-	314	(314)
Total expenditure	**2,677**	**805**	**1,872**
Operating result	**2,592**	**3,151**	**(559)**
Capital expenditure	1,682	3,956	(2,274)

Budget forecast – FY 2021

FY21 financial forecast has been provided below.

BUDGET FORECAST FY 2021

Reporting amount $000's	**Budget**
Total revenue	**132,248**
Labour expenditure	1,659
Operating expenditure	1,238
Depreciation and amortisation	2,038
Total expenditure	**4,935**
Operating result	**127,313**
Capital expenditure	94,104

Multi-year reporting is in development with assistance from the Department of Regional New South Wales Finance Business Partner.

APPENDICES

PAYMENT OF ACCOUNTS

Planning, Industry & Environment

Group Deputy Secretary Corporate Services

Approval of Annual Report Appendices

Purpose: To seek the Group Deputy Secretary's approval of Appendix 14 – Payment of accounts for inclusion in the 2019-20 Annual Report.

Analysis: To meet NSW Treasury Annual Reporting requirements, seeking approval for the content within the Appendices to be included in the Department of Planning, Industry and Environment 2019-20 Annual Report.

Recommendations

1. The Group Deputy Secretary approves the content provided in **Attachment A** for inclusion in the Department of Planning, Industry and Environment 2019-20 Annual Report

Group Deputy SecretaryApproval

Approved/Not Approved

Name: SHAUN SMITH.

Date: 4/8/20

Key reasons

Under the Annual Reports (Departments) Regulation 2015 Sch.1 and Treasury Circular 11/21, the department is required to report on details of performance in paying accounts. The report is also required to outline payment performance to registered small businesses as a discrete subset.

Attachment A is the report detailing the breakdown of the departmental payment performance during 2019-20.

Attachments (delete if no attachments)

Attachment	Title
A	Annual Report 2019-20 – Payment Performance
B	
C	

Departmental approval and contact (keep on separate page)

Approver	**Position**	**Date approved**
Andrew Cooper	Director, Finance Shared Services	
Signature		29-07-2020
Final Approver	**Position**	**Date approved**
Rochelle Davis	Executive Director, Business Services	30-07-2020
Signature		
Contact Name		**Phone number**
Chris Gavin	Senior Manager Payables 7 Expense Management	6391 3297 / 0407 841 968

Appendix 14—Payment of accounts

In 2019-20, 92.8% of the invoices due were paid on time, this figure is excluding immediate payments made by purchase cards.

The department is actively promoting the NSW Government policy to adopt purchase cards for the payment of low dollar value transactions. Departmental policy is to use purchase cards for all but a limited number of expense categories, where the supplier accepts purchase cards and the transaction is $10,000 or less in value. While this payment method results in immediate payment to supplier, it is not included in the analysis of payments made through the department's accounts payable system.

The department joined the NSW Government response to the COVID-19 pandemic by implementing the Faster Payment Initiative and since April 2020 paid all suppliers with an immediate payment term.

Small business payment performance

Pursuant to the NSW Government policy related to payments to small businesses, the department has a monthly process to identify and flag small business suppliers who have registered with The Office of the Small Business Commissioner. In December 2019 the department reduced the payment term for small businesses suppliers from 20 days to 5 days in line with the Faster Payment Terms policy, which is aimed at improving the speed of payments to registered small businesses.

In the 2019-20 financial year, 67.1 percent (excluding immediate payments made by purchase cards) of invoices received from small business suppliers were paid on time, this result is largely a result of adjusting to the new 5-day payment term as reflected below in table 4.

Aged Analysis of payments made by payment quarter
Below is a schedule of the dollar amount of payments made during 2019–20 by the NSW Department of Planning, Industry and Environment. Also included is the time these documents were paid, in relation to the due date.

Table 1. Payments by quarter to all suppliers

Quarter	By due date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2019	$773,831,875	$85,806,297	$3,329,422	$928,648	$1,399,303
December 2019	$837,362,088	$72,100,554	$7,015,532	$3,069,015	$2,032,002
March 2020	$1,176,247,286	$147,772,769	$6,317,166	$1,771,802	$2,364,178
June 2020 [1]	$1,090,864,344	$89,525,122	$6,652,345	$1,011,800	$5,413,531

[1] On 2 April 2020, Administrative Orders were issued that established the Department of Regional NSW (DRNSW), which included the Regions, Industry, Agriculture, and Resources group of Department of Planning, Industry and Environment (DPIE). DRNSW continued to operate within the DPIE ERP until it was formally separated within the underlying ERP systems on 1 July 2020. Due to the combined nature of the operations it was not possible to separately report on DRNSW payments during the June 2020 quarter. Therefore, the information for the June 2020 quarter represents the combined performance for DPIE/DRNSW.

Table 2. Payments by quarter to small business suppliers

Quarter	By due date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2019	$6,183,936	$1,587,708	$4,428	$19,805	$100,480
December 2019	$11,167,908	$2,042,340	$201,092	$36,016	$61,372
March 2020	$9,106,845	$6,830,724	$851,146	$47,248	$8,759
June 2020[1]	$18,362,521	$9,309,036	$699,722	$124,449	$68,976

Accounts paid on time each quarter

Below is a schedule displaying the number and percentage of payments paid by the due date excluding payments made by purchase card.

Table 3. Accounts paid within each quarter – all suppliers

Measure	September 2019	December 2019	March 2020	June 2020#	Full Year
Invoices due for payment	36,981	40,050	37,280	42,804	157,115
Invoice paid on time	34,923	37,376	33,198	40,267	145,764
Percentage paid on time	94.4%	93.3%	89.1%	94.1%	92.8%
Amount due for payment	865,295,545	921,579,191	871,840,872	1,724,079,446	4,382,795,055
Amount paid on time	773,831,875	837,362,088	757,967,248	1,662,611,876	4,031,773,087
Percentage paid on time	89.4%	90.9%	86.9%	96.4%	92.0%
Number of payments of interest on overdue accounts	0	0	0	0	0
Interest paid on late accounts	0	0	0	0	0

Table 4. Accounts paid within each quarter – small business suppliers

Measure	September 2019	December 2019	March 2020	June 2020#	Full Year
Invoices due for payment	1,240	2,110	2,368	3,221	8,939
Invoice paid on time	1,046	1,834	1,438	2,195	6,513

Percentage paid on time	84.4%	86.9%	60.7%[2]	68.1%	72.9%
Amount due for payment	7,896,357	13,508,727	16,844,722	28,564,705	66,814,511
Amount paid on time	6,183,936	11,167,908	9,106,845	18,362,521	44,821,210
Percentage paid on time	78.3%	82.7%	54.1%[2]	64.3%	67.1%
Number of payments of interest on overdue accounts	0	0	0	0	0
Interest paid on late accounts	0	0	0	0	0

[2] Faster Payment Term Policy commenced 31 December 2020

B

INTERNAL AUDIT AND RISK MANAGEMENT POLICY ATTESTATION

Regional Growth NSW
Development Corporation

Internal Audit and Risk Management Attestation Statement
2019-2020 Financial Year
Regional Growth NSW Development Corporation

I, Brendan Nelson, Chief Executive, Regional Growth NSW Development Corporation, am of the opinion that the Authority is ‘in transition’ with regards compliance with the Core Requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*. Specifically:

Core Requirements		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	In Transition
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 31000:2018	In Transition
Internal Audit Function		
2.1	An internal audit function has been established and maintained	In Transition
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	In Transition
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	In Transition
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	In Transition
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	In Transition
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	In Transition

Departures from Core Requirements

I, Brendan Nelson, Chief Executive, Regional Growth NSW Development Corporation (RGDC), advise that the internal audit and risk management processes for RGDC depart from the following core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*.

The departure from these core requirements is due to RGDC Corporation being a new entity established on 28 June 2019.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
Core Requirement 1.1 & 1.2	The Authority has not yet formally approved the Risk Management Framework. However, it continues to operate under the historical DPIE risk management framework until such times as the RGDC framework can be appropriately endorsed. The Authority understands its risk management obligations and continues to manage its risk accordingly
Core Requirement 2.1 to 2.3	The Authority has in place an Internal Audit function. An Internal Audit Charter consistent with the 'model' has been drafted and awaiting approval. The Internal Audit function will operate consistent with the International Standards for the Professional Practice of Internal Auditing.
Core Requirement 3.1 to 3.3	A RGDC Audit and Risk Committee has not yet been established. However, the Authority will continue to utilise the DPIE Shared ARC arrangements for the purposes of the 19/20 Financial close and reporting, with the RGDC ARC to be stood-up early in the 20/21 financial year as part of a DRNSW Shared ARC arrangement.

Audit and Risk Committee – Membership

As at 30 June 2020, the RGDC has not established its Audit & Risk Committee. The RGDC with the approval of the Department of Planning, Industry and Environment (DPIE) will continue to utilise the oversight of the DPIE Shared ARC arrangements for the 19/20 financial accounts in July and September. The Chair and members of the DPIE Led Shared Audit and Risk Committee during the 2019-2020 financial year were:

- Mrs Penny Hutchinson — appointed as Independent Chair for three years from 1 February 2020
- Mr Brian Blood — appointed as an Independent Member for three years from 1 February 2020
- Ms Julie Elliott — appointed as an Independent Member for three years from 1 November 2019
- Mr Alan Zammit — appointed as an Independent Member for three years from 1 November 2019

It should be noted that in early 2020/21 financial year, a fully compliant Audit and Risk Committee will be established under a Department of Regional NSW Led Shared arrangement.

Brendan Nelson
Chief Executive
Regional Growth NSW Development Corporation

Brendan Nelson
Chief Executive Officer

Signed: 27 November 2020

CYBER SECURITY POLICY ATTESTATION

Cyber Security Policy (CSP) Attestation Statement for the 2019-20 Financial Year for Regional Growth NSW Development Corporation

I, Brendan Nelson, am of the opinion that the Regional Growth NSW Development Corporation had a Cyber Security Management System in place via the Department of Planning Industry and Environment, and subsequently the Department of Regional NSW, corporate services during the financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Regional Growth NSW Development Corporation are adequate.

Brendan Nelson
Chief Executive Officer

Signed: 27 November 2020

Regional Growth NSW
Development Corporation

For more information

Regional Growth NSW
Development Corporation

1300 REGION

info@rgdc.nsw.gov.au

rgdc.nsw.gov.au