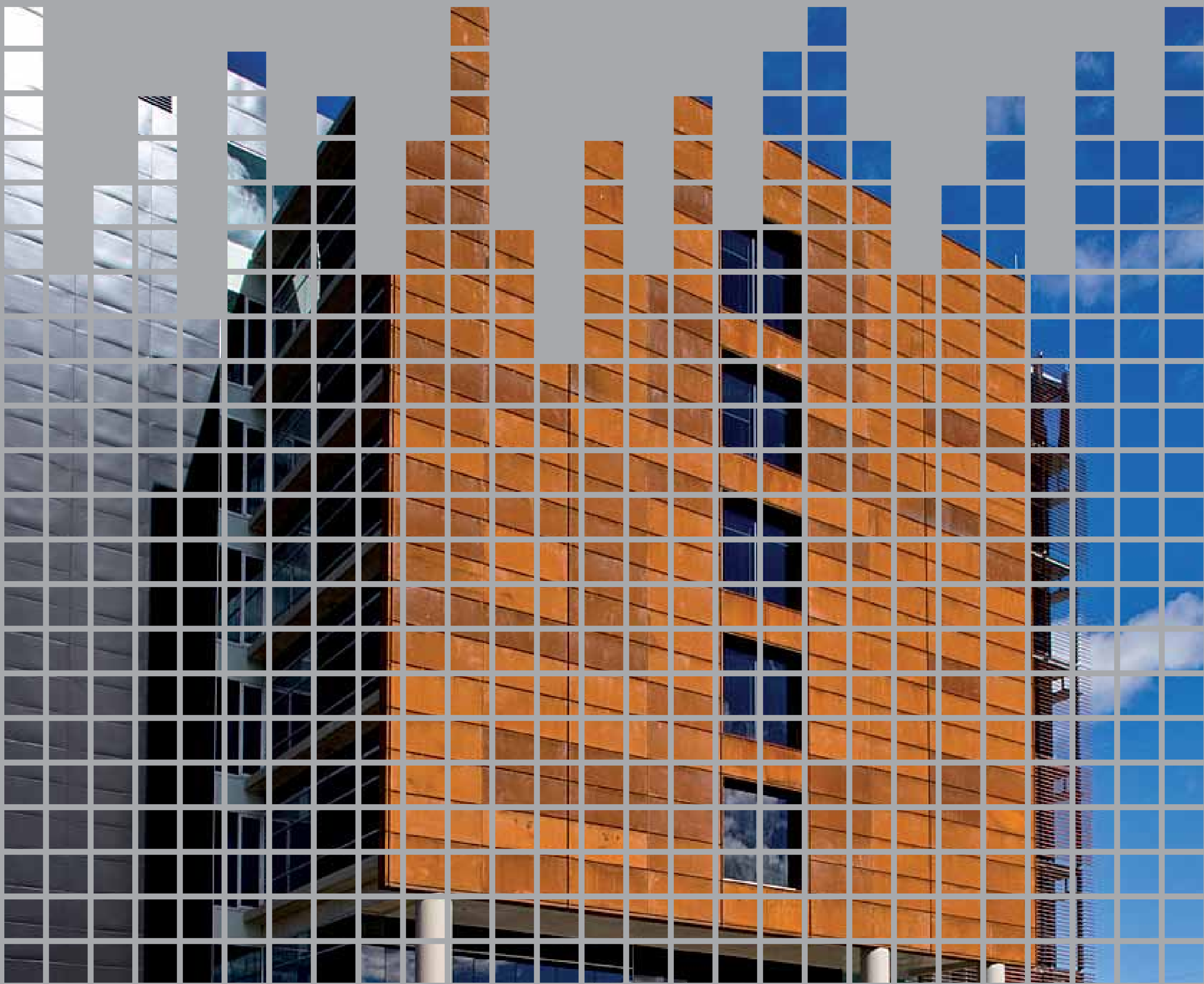
NSW GOVERNMENT | State Property Authority

NEW SOUTH WALES

STATE PROPERTY AUTHORITY

2010-2011 ANNUAL REPORT



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LETTER OF SUBMISSION

State Property Authority

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The Hon. Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra
Level 36, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984* I have pleasure in submitting to you, for presentation to Parliament, a report on the activities and financial affairs of the State Property Authority for the period from 1 July 2010 to 30 June 2011.

Yours sincerely

M. Coutts-Trotter

Michael Coutts-Trotter
Chief Executive Officer
State Property Authority

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

30 June 2011 marked the culmination of another year of solid business performance for the State Property Authority (the Authority). The latter part of 2010-11 also saw the Authority's realignment with the new Department of Finance and Services under machinery of government changes announced in April 2011.

For the third consecutive year, the Authority recorded significant whole-of-government savings and economic benefits from the divestment, leasing and improved utilisation of the Government's generic property assets. In 2010-11 the Authority achieved $69.06 million in savings and economic benefits, adding to the over $307.0 million recorded since 2008-09. This year's result was $31.06 million above the Authority's Treasury endorsed target of $38.0 million.

During the reporting period, the Authority substantially met or exceeded the various financial and non-financial performance targets as set out in its 2010-11 Statement of Business Intent. This included meeting its projected financial distributions of $36.0 million, completing its dedicated program for the vesting of Government-owned and leased generic property assets and maintaining an average portfolio office vacancy rate of 0.72% across the state.

2010-11 saw considerable resources allocated to the implementation of the Authority's Client Relationship Management Strategy. This featured the launch of the in-house SPA Helpdesk in late 2010 to improve response times to client issues, as well as the establishment of an in-house property and facility management specialist team to service its office and non-office portfolio over an area stretching from Lidcombe to Lithgow.

The $24.0 million expended by the Authority in capital works activities over 2010-11 substantially enhanced agency service delivery in regional areas and improved client amenity in centres such as Armidale, Bourke and Wollongong. Almost $4.4 million was spent on the refurbishment of the former Red Cross Blood Services building in Parramatta to accommodate the Office of the Director or Public Prosecutions. In addition, over $730,000 has been allocated to pilot solar panel and smart meter projects to help reduce the carbon footprint of Government-owned buildings.

In the next financial year, the Authority will contribute to the five-year statutory review of the *State Property Authority Act 2006* to ensure it supports the Government's objective of improving operational efficiencies in Government property administration. We will also commence a review of the Authority's business model to ensure it operates in ways that maximise the efficiency of the organisation and the property assets it controls.

As we move into 2011-12, I look forward to the challenges ahead as we continue to grow to meet the increasing needs of an expanding property portfolio. I am confident we will continue to deliver to our clients and stakeholders fully coordinated, efficient and professional management of the Government's property assets in the years ahead.

M. Coutts-Trotter

Michael Coutts-Trotter
Chief Executive Officer

OUR CHARTER

The State Property Authority is the NSW Government's specialist commercial real estate service provider. Established in September 2006 under the *State Property Authority Act 2006,* the Authority primarily deals in the acquisition, management and disposal of property vested in the Crown and Government agencies. The Authority deals in generic properties such as offices, warehouses, depots and car parks.

Following the abolition of the Land and Property Management Authority in April 2011, the State Property Authority was realigned with the Department of Finance and Services to become a non-controlled financial entity of that department.

AIMS AND OBJECTIVES

The Authority's major focus is on the planning, acquisition and commercial management of the NSW Government's office accommodation portfolio, with the aim of achieving sustainable and efficient performance that meets agencies' service delivery needs.

The Authority's principal objectives, as embodied in the *State Property Authority Act 2006*, are to:

- improve operational efficiencies in the use of properties by Government agencies
- manage properties of Government agencies in ways that support the delivery of Government services by agencies
- advise the Government on property matters
- operate at least as efficiently as any comparable business.

With its specialist industry knowledge and expertise, the Authority works closely with Government agencies to manage property more efficiently and effectively and generate whole-of-government savings and economic benefits. The centralised leasing and management of the Government's property assets in the Authority allows agencies to better focus on the delivery of key services to NSW communities.

The State Property Authority reports to the Minister for Finance and Services in the exercise of its functions. The Authority also advises the Treasurer on matters relating to the properties of Government agencies and the Authority's performance against its business planning framework.

MANAGEMENT AND STRUCTURE

From 1 July 2010 to 2 April 2011 the Authority was an operating division of the Land and Property Management Authority (LPMA). On 3 April 2011, LPMA was abolished with the publication of the *Public Sector Employment and Management (Departments) Order*. The Authority was subsequently realigned with the Department of Finance and Services to become a non-controlled financial entity of that department.

The Director-General, Department of Finance and Services assumed the role of Authority Chief Executive Officer on 4 April 2011. Operationally, the Authority continued to be managed by a General Manager, who reports to the Minister for Finance and Services through the Chief Executive Officer.

Under the *State Property Authority Act 2006*, the Authority is also required to advise the Treasurer on matters relating to the properties of Government agencies, including advice on their efficient utilisation and relevant budgetary measures.

The Authority has established a number of operational management committees relating to its core functions – the Executive Committee, Savings Monitoring Committee, Strategic IT Committee, Capital Expenditure Committee, Finance Committee and Corporate Risk Management Committee.

STATE PROPERTY AUTHORITY ORGANISATION CHART AS AT 30 JUNE 2011

MINISTER FOR
FINANCE AND SERVICES

CEO SPA
(D-G, DEPT. OF FINANCE AND SERVICES)

GENERAL MANAGER,
STATE PROPERTY AUTHORITY

PLANNING AND STRATEGY GROUP

The Planning and Strategy Group undertakes strategic asset property planning and analysis, the development of accommodation standards and guidelines and regional property analysis. Through its coordination of the review program, the division identifies opportunities and develops strategies to achieve efficiencies in property management.

PORTFOLIO MANAGEMENT GROUP

The Portfolio Management Group is responsible for the management and maintenance of Government owned and leased property. This includes capital works, lease negotiation and management, portfolio services, engineering and facility management, and contract administration. Efficiencies are achieved in the leasing, management and maintenance of the Government's real estate portfolio.

DIVESTMENTS, ACQUISITIONS AND DEVELOPMENT GROUP

The Divestments, Aquisitions and Development Group is responsible for commercial property transactions and development projects. It identifies opportunities, develops strategies, proposals and programs to acquire land and properties to support improvements to Government services, disposes of surplus properties and manages property development projects outside the scope of individual agencies' capital investment programs.

ORGANISATIONAL OUTCOMES AND ACHIEVEMENTS 2010-11

During 2010-11 the Authority directed considerable effort to the streamlining of services to better support its business needs and the delivery of improved services to its clients.

2010-11 also saw the Authority substantially meet or exceed the financial and non-financial performance targets as set out in its Treasury endorsed 2010-11 Statement of Business Intent. A summary of the Authority's overall performance against Key Performance Indicators for 2010-11 is shown below.

KEY PERFORMANCE INDICATORS 2010-11

KEY PERFORMANCE INDICATOR	2010-11 TARGET	2010-11 ACTUAL
Financial distributions Distribution to Government Capital repatriation	 $36.0m $0.0m	 $30.0m $6.8m*
Whole-of-government savings	$38.0m	$69.1m
Whole-of-government property divestments	$29.0m	$13.30 million (25 properties)*
Vesting of generic assets program	Project completion (Tranches 1-7)	Tranches completed February 2011. Almost 1,000 owned and leased property assets vested.
Management of portfolio vacancies across NSW	< 1.4% average office vacancy rate	0.72% average as at 30 June 2011

** Includes up-front deposit of $6.75 million received on the exchange of contracts for the sale of Moriah College..*

Financial highlights included the delivery to Government of $69.06 million in savings and economic benefits from the divestment, leasing and improved utilisation of the Government's generic property assets. This result, comprising $15.45 million in recurrent savings and $13.98 million in capital and divestment savings, was $31.06 million above the target identified in the Authority's 2010-11 Statement of Business Intent. This savings result follows $186.7 million in savings and economic benefits delivered to Government in 2009-10.

A further $6.8 million in net proceeds from the sale of Authority-owned properties was also repatriated to Government.

The Authority's performance against its savings and efficiency targets is outlined in the following table.

SAVINGS AND EFFICIENCY OUTCOMES 2010-11

PROJECTED SAVINGS WHOLE-OF- GOVERNMENT	2010-11 TARGET $M	2010-11 ACTUAL $M	COMMENT
Recurrent savings	$6.0m	$15.45m	Savings in recurrent budget items, such as reductions in budgeted rents and on-going maintenance, and outgoings for divested properties.
Capital savings, including divestments	$32.0m	$13.98m	Estimated stamp duty revenue, purchases for less than budgeted acquisition costs and proceeds from property sales. Includes up-front payment for the sale of Moriah College.
Economic benefits		$39.63m	Economic savings arising from items such as lower rentals compared to asking rents, co-locations, favourable sales and depreciation.
Total savings and economic benefits	$38.0m	$69.06m	

The Authority continued its strong drive to achieve operational efficiencies in the use of Government office accommodation. This included the completion of its designated vesting program.

A further 346 Government-owned and leased property assets were vested in the Authority under two additional vesting tranches on 4 August 2010 and 25 February 2011. Since the commencement of the vesting program in 2008, almost 1,000 owned and leased property assets have been vested in the Authority under the Government's policy for the centralised ownership and management of office accommodation. This program is now complete. Total assets vested under the program represent an estimated 1.4 million m^2 of net lettable floor space.

During 2010-11 the Authority disposed of 23 surplus Government properties for approximately $6.55 million. The Authority completed negotiations for the sale of a former depot at Doonside for $5.0 million. A further agreement was reached for the sale of the Moriah College site for $27.0 million, with an up-front payment of $6.75 million and the balance of $20.25 million payable on settlement in 2014. $6.8 million was returned to Government from the sale of properties in 2010-11.

Business highlights for 2010-11 included the continuation of the Authority's program of agency property portfolio reviews to identify improvements in property management outcomes for agencies. Reviews of the former Roads and Traffic Authority and the State Transit Authority property portfolios were completed, together with a review of Government laboratory facilities. The review of RailCorp's property assets was also finalised and the disposal of surplus assets commenced.

During 2010-11 the Authority also continued its Regional and Centre Studies program to review the accommodation needs of agencies delivering key Government services to regional NSW, particularly critical human services. Centre studies of Griffith/Leeton, Hornsby and Port Macquarie were completed and studies of Dubbo, Liverpool/Campbelltown, Lismore/Ballina and Wagga Wagga were significantly progressed.

The Authority allocated significant resources to the implementation of its Client Relationship Management Framework during the reporting period. In late 2010 the Authority launched its in-house helpdesk (SPA Helpdesk) as the primary contact point for clients for facility management and property-related issues. Client agencies may now liaise directly with Authority staff with a solid understanding of property management issues who can escalate issues in a timely manner. Ongoing operational improvements and quality assurance measures have lifted agency usage rates, shortened response times and resulted in positive client feedback.

As part of its Client Relationship Management Strategy, the Authority also launched its own in-house property and facility management specialist team. On 1 May 2011 this specialist team took over direct management of a portfolio of Government assets from its outsourced service providers over a geographical area extending from Lidcombe to Lithgow.

During 2010-11 the Authority completed over 147 leasing activities including new leases, lease renewals, lease options and market rent reviews in respect of around 196,000 m^2 of office space. Competitive leasing arrangements negotiated by the Authority's specialist leasing staff generated substantial savings and economic benefits for Government. Around $1.4 million in savings was generated from improved leasing outcomes.

2010-11 saw the Authority expend $24.0 million under its capital works program to improve the quality of Government office buildings and client amenity. This included projects in regional centres such as Armidale, Bourke, Broken Hill, Grafton and Wollongong. Metropolitan capital works projects included a $4.38 million refurbishment of the former Australian Red Cross Blood Services building in Parramatta to accommodate the Office of the Director of Public Prosecutions and a major lift upgrade of the McKell Building in the Sydney CBD, with costs to date of $1.4 million.

As part of its role as a key delivery agency of the NSW Government's Sustainability Policy, the Authority undertook a number of initiatives to actively reduce the impact of Government office buildings on the environment. All building refurbishment projects were designed and constructed in line with sustainability principles and the Government's Sustainability Policy. The Authority also continued its program of measuring and assessing the water and energy efficiency of its property portfolio against the NABERS (National Australian Built Environment Rating System) water and energy scales.

Pilot solar panels and smart meter projects were also launched during 2010-11. These projects, at a combined cost of $735,000, will help to determine the cost effectiveness of harvesting solar energy to reduce office buildings' greenhouse gas emissions and to better measure and monitor building energy and water efficiency.

In mid-2010-11 the Authority commenced a five-year statutory review of the *State Property Authority Act 2006* to ensure that it remains appropriate in supporting the Government's objective to improve operational efficiencies in Government property administration. The review is timed for the tabling of the report in both Houses of Parliament in May 2012.

PLANNING AND STRATEGY GROUP

Throughout 2010-11 the Planning and Strategy Group continued to provide advice to central Government and Government agencies on various property related matters. These activities included:

- reviewing agency office accommodation plans and strategies
- developing, implementing and monitoring regional asset strategies
- participating in and hosting whole-of-government property forums, including the national Government Property Group
- reviewing proposals for new and renewed leases for office accommodation
- facilitating agency cluster asset planning Groups
- developing the Authority's asset strategy and forward capital works investment plan for the property portfolio under management.

In addition considerable Planning and Strategy Group resources were committed to a number of key projects. These included:

- identifying and pursuing options for Central Government's longer term office accommodation requirements (for Government Ministers, the Department of Premier and Cabinet, and NSW Treasury)
- working with relevant agencies to develop a comprehensive needs analysis for a potential emergency services joint training facility
- reviewing agency business cases justifying a Sydney CBD presence
- investigating suitable accommodation options in Far West NSW for human services agencies
- identifying and pursuing options for a multi-agency joint communications centre in Newcastle
- working with the State Emergency Services in determining its long term accommodation requirements for its state headquarters in Wollongong and its various Regional headquarters across NSW
- working with several other agencies to determine their future head office accommodation requirements
- completing a review of the Office Accommodation Workplace Guidelines and developing the revised Office Accommodation Design Principles.

In 2010-11 the Planning and Strategy Group continued its program of agency property portfolio reviews to identify improvements in property management outcomes for agencies. It completed reviews of three agency property portfolios and a review of Government laboratory facilities. In 2011-12 the review program will focus on the Authority's expanded portfolio resulting from the now completed three-year vesting program. Centre studies were also undertaken in a number of regional locations to assess the alignment of property assets with agencies' service delivery needs. Studies of Griffith/Leeton, Hornsby and Port Macquarie were completed and studies of Dubbo, Liverpool/Campbelltown, Lismore/Ballina and Wagga Wagga were significantly progressed.

In 2010-11 the Planning and Strategy Group developed and obtained Ministerial approval for the Authority's annual Total Asset Management Plan, as required by NSW Treasury. The plan provides an overarching asset strategy with supporting implementation plans as a framework for asset maintenance and forward capital works.

PORTFOLIO MANAGEMENT GROUP

In 2010-11 the Portfolio Management Group saw continued growth in the property portfolio under management due to the continuing property vesting program.

The 2010-11 vesting program transferred an additional 346 Government-owned and leased property assets to the Authority, comprising 236,242 m^2 of office space. Since 1 July 2008 almost 1,000 property assets have been vested in the Authority.

The Portfolio Management Group now provides property management services to around 100 NSW Government agencies. Further vesting activity in 2011 may be necessary to ensure full asset capture to realise ongoing efficiencies in property management.

The Authority has devoted considerable efforts to building relationships with its agency clients. In late 2010 the Portfolio Management Group commenced operation of its in-house helpdesk (SPA Helpdesk) as the primary contact point for clients for facility management and property related issues. During the financial year the Group's service providers linked to the SPA Helpdesk to further improve operational efficiencies and services to the Government sector. A program of ongoing improvements to SPA Helpdesk operations and quality assurance measures has resulted in increased client usage rates and positive client feedback from improved response times to tenant issues.

During the reporting period the Group retained both Five D and United Group Services as its outsourced providers of property and facilities management services. As part of the Authority's Client Relationship Management Strategy, the Group also launched its own in-house property and facility management specialist team. On 1 May 2011 this specialist team took over direct management of the Authority's office and non-office portfolio from its outsourced service providers over an area extending from Lidcombe to Lithgow.

During 2010-11 the Portfolio Management Group completed in excess of 147 leasing activities, including new leases, lease renewals, lease options and market rent reviews. This activity, in respect of around 196,000 m^2 of office space, reflects the Authority's mandate under the Government's Property Policy to undertake all agency lease negotiations within the Sydney CBD, the Greater Sydney Metropolitan Area and regional NSW. Competitive leasing arrangements negotiated by the Group's specialist leasing staff during 2010-11 assisted in generating significant savings and economic benefits for Government.

2010-11 saw the Group spend $24.0 million under its program to improve the quality of Government office buildings and client amenity. Projects were undertaken in the regional centres of Armidale, Bourke, Broken Hill, Grafton and Wollongong. Projects in metropolitan Sydney included a $4.38 million refurbishment of the former Australian Red Cross Blood Services building in Parramatta to accommodate the Office of the Director of Public Prosecutions and a major lift upgrade of the McKell Building in the Sydney CBD with costs to date of $1.4 million.

During 2010-11 the Group continued in its role of Contract Administrator for the outsourced property services contract for the NSW Police property portfolio. The police portfolio under management comprises a total of 1,408 leasehold and freehold properties, including 646 residential properties, 374 police stations and 388 other operational and land sites. These include specialist properties servicing the NSW Water Police, Air Wing and the Goulburn Police Training College.

SUSTAINABILITY

As a key delivery agency of the Government's NSW Sustainability policy, the Authority undertook a number of initiatives to actively reduce the impact of Government office buildings on the environment.

All building refurbishment projects coordinated by the Group in 2010-11 were designed and constructed in line with sustainability principles and the Government's policy. Environmental performance criteria were also incorporated into the Group's service and supply contracts for its owned and leased premises including its own CBD office.

During 2010-11 the Group continued to measure and assess the water and energy efficiency of its property portfolio against the NABERS (National Australian Built Environment Rating System) water and energy scales. This energy and water strategy was supported by the Group's $24.0 million capital works program which saw consumption reduction initiatives, for example, air-conditioning upgrades, installation of efficient light fittings and controls and water efficient plumbing fixtures all designed to reduce the carbon footprint of Government-owned buildings.

Other sustainability initiatives launched in 2010-11 included pilot solar panels and smart meter projects. These projects, at a combined cost of $735,000, will help to determine the cost effectiveness of harvesting solar energy to reduce office buildings' greenhouse gas emissions, and to better measure and monitor building energy and water efficiency.

DIVESTMENTS, ACQUISITIONS AND DEVELOPMENT GROUP

During 2010-11 the Divestments, Acquisitions and Development Group continued to develop and implement property solutions aimed at delivering improvements to Government services. The Group identified opportunities and developed strategies to dispose of surplus properties and to acquire land and properties for the development of Government infrastructure and related projects.

In accordance with the Government-endorsed program for the disposal of surplus assets the Group coordinated the disposal of 23 surplus Government properties during 2010-11 for $6.55 million. Transactions included the sale of the former Bowral Courthouse for $1.0m.

Throughout 2010-11 the Group continued to support the Authority's vesting program providing statutory and related titling processes associated with the vesting of Government-owned and leased property assets (under Tranches 5 and 6 in October 2010 and February 2011).

It also acquired a number of properties related to Government infrastructure projects. Acquisition projects completed during 2010-11 included:

- Koondrook-Perricoota Forest – Red Gum Restoration Project for State Forests and State Water
- Community Offender Support Program, Dubbo for the Department of Attorney General and Justice (Corrective Services)
- Copeton Dam Upgrade, Inverell for State Water
- Conjola Regional Sewerage for the Department of Finance and Services (Public Works) and Shoalhaven City Council
- Reid Flat Waste Disposal Facility for Boorowa Shire Council.

During 2010-11 the Group also initiated a title rectification project to transfer the titles of over 1,500 properties, held in the name of the Minister for Public Works, which are occupied or operated by a range of other Government agencies. This work will improve accountability for property management and the accuracy of information held in the Government Property Register. During 2010-11 over 600 Certificates of Title were rectified under this project.

Other projects managed by the Group during the year included:

PEAT ISLAND – Management of a surplus institutional facility involving a range of value-adding strategies, including rezoning and site investigations, extensive community consultation and market analysis aimed at optimising the development potential of the site and the overall return to Government.

ORANGE – Management of the rezoning and concept plan for the 'Bloomfield' site, on behalf of the former Department of Industry and Investment, as a staged residential subdivision of up to 550 lots and ancillary retail centre prior its disposal.

HUNTERS HILL, SYDNEY – Preparation of a draft environmental assessment and remediation action plan for three Government-owned properties in Nelson Parade, Hunters Hill affected by a former uranium processing plant, which operated during the early part of last century.

COFFS HARBOUR – Preparation of a master plan and concept design for an integrated precinct including a police station, courthouse and office accommodation for Government agencies at Coffs Harbour.

BERRYS BAY, SYDNEY – Negotiation of transaction documents with the preferred proponent to deliver a maritime precinct at Berrys Bay.

4 GEORGE ST, PARRAMATTA – Refurbishment of the former Australian Red Cross Blood Services building and conversion to office accommodation for the Office of the Director of Public Prosecutions.

NEWCASTLE COMMUNICATIONS CENTRE – Progression of the development of a joint communication centre for use by Government agencies with ICT-intensive requirements, including conducting an Expression of Interest process to identify suitable accommodation.

CENTRAL GOVERNMENT – Calling for Expressions of Interest to identify appropriate office accommodation for Central Government to replace leased office space that expires in 2014.

GRAFTON GOVERNMENT OFFICE BUILDING – Undertaking the design of a major refurbishment of the Grafton Government Office Building and completion of the first stage of refurbishment work on Level 2.

MAJOR WORKS IN PROGRESS

A major refurbishment of the Grafton Government Office Building continued throughout 2010-11. This capital works project, at a total cost of approximately $5.0 million, includes upgrade to fitout, bathroom refurbishment and conversion and fitout of a former plant room. When completed this work will increase the amount of lettable area, allowing agencies in rented Government space to co-locate within the one Government-owned building. This will result in an overall net saving in Government office accommodation costs. The project remained on track during 2010-11 for completion in 2011-12.

EXTERNAL IMPACTS ON ORGANISATIONAL PERFORMANCE

The leasing market has generally stabilised across major NSW office markets in the aftermath of the Global Financial Crisis but continues to favour tenants. Nevertheless, the Sydney CBD's greater exposure to the global economy through the financial services sector, compared to other major office locations around Australia, has made it more sensitive to the disorder currently being experienced in global financial markets.

The Property Council of Australia reported an increase in vacancy rates for the financial year ending 30 June 2011 in the Sydney CBD office market, with vacancy rates increasing from 8.6% to 9.3% over the past 12 months. Vacancy rates in Parramatta declined from 10.8% to 9.3% on the back of positive net absorption and no new stock coming onto the market. While total vacancy rates have increased in the Sydney CBD, it is apparent that a two-tier market is developing with premium grade office vacancy rates remaining below 3%. This situation is likely to continue in the future with limited supply expected to come onto the market resulting in higher rents for agencies located in premium and A grade office space.

While vacancy rates have increased, the Authority's centralised property management mandate has helped it to achieve recurrent and capital savings through improved leasing outcomes. Increased rental incentives in some markets, in conjunction with favourable lease terms and conditions have assisted agencies in reducing the overall cost and risk in respect of their ongoing accommodation requirements.

FINANCIAL PERFORMANCE 2010-11

OVERVIEW

FINANCIAL PERFORMANCE SUMMARY	2010-11 ACTUAL $'000	2010-11 BUDGET $'000	VARIANCE TO BUDGET $'000	2011-12 BUDGET $'000
Operating result				
Revenues	404,905	366,646	38,259	456,856
Expenses	364,390	306,581	(57,809)	418,655
Net gain on asset disposals/valuations	2,843	525	2,318	51
Net operating result – surplus/(deficit)	**43,358**	**60,590**	**(17,232)**	**38,252**
Financial distributions				
Normal distribution	30,000	36,000	(6,000)	31,000
Capital repatriations	6,771	0	(6,771)	4,500
Total financial distributions	**36,771**	**36,000**	**771**	**35,500**
Financial position				
Total assets	1,283,589	1,097,833	185,756	1,231,658
Total liabilities	330,750	335,587	4,837	276,117
Net assets/equity	**952,839**	**762,246**	**190,593**	**955,541**
Capital program				
Property refurbishment & other	25,953	31,623	5,670	24,320
Total capital program	**25,953**	**31,623**	**5,670**	**24,320**

In 2010-11 the State Property Authority recorded an operating surplus of $43.4 million against a budgeted surplus of $60.6 million. A $17.2 million variance on budget was due mainly to a reduction in capital grant receipts, accounting adjustments to emerging asset income and long-term lease revenue recognition, and from an overestimate of net rental income growth determined when developing the 2010-11 budget in March 2010. An analysis of the Authority's operating result, including a summary of the 2011-12 budget, is further outlined in the following sections.

Due to the overestimate of net rental income, the Authority was required to reduce its targeted normal distribution return to the Government from $36 million to $30 million. However, this shortfall was made up through the repatriation of $6.8 million from deposit funds paid on exchange of contracts for the sale of Moriah College. Final settlement on this sale is due to occur in February 2014.

The Authority retained a healthy balance sheet position at 30 June 2011 with the ratio of total assets to total liabilities standing at 3.9:1 (4.2:1 at 30 June 2010), the ratio of current assets to current liabilities at 1.9:1 (2.5:1 at 30 June 2010) and net assets totalling $952.8 million ($883.1 million at 30 June 2010). Net assets comprised total assets of $1,283.6 million (including $912.7 million in property assets) less total liabilities of $330.8 million. The increase in net assets on the budgeted amount was largely due to accounting policy changes in the treatment of prepaid long-term leases. Further information on this is detailed at note 1(w) to the Authority's 2010-11 Financial Statements, which are included in this report.

Capital Program projects in 2010-11 comprised of works on the renewal and upgrading of owned buildings, works of a regulatory compliance nature and other minor works on corporate systems and equipment purchases. There were no constructions or major developments undertaken during the financial year. Total capital expenditure of $26 million for 2010-11 was $5.7 million below the SBI (statement of business intent) target. Although the 2010-11 program was fully committed, the underspend resulted mainly from project commencement delays on newly vested properties.

GROWTH IN FINANCIAL OPERATIONS

Since its inception in September 2006, the Authority's core property management operation has experienced rapid and substantial growth in its financial operations. From the 66 owned properties (lots) and 49 leases originally vested from the former Crown Property Portfolio (CPP) in July 2008, the Authority's total office accommodation portfolio at 30 June 2011 was comprised of more than 234 owned properties (lots) and 942 leases throughout regional NSW and the Sydney metropolitan area.

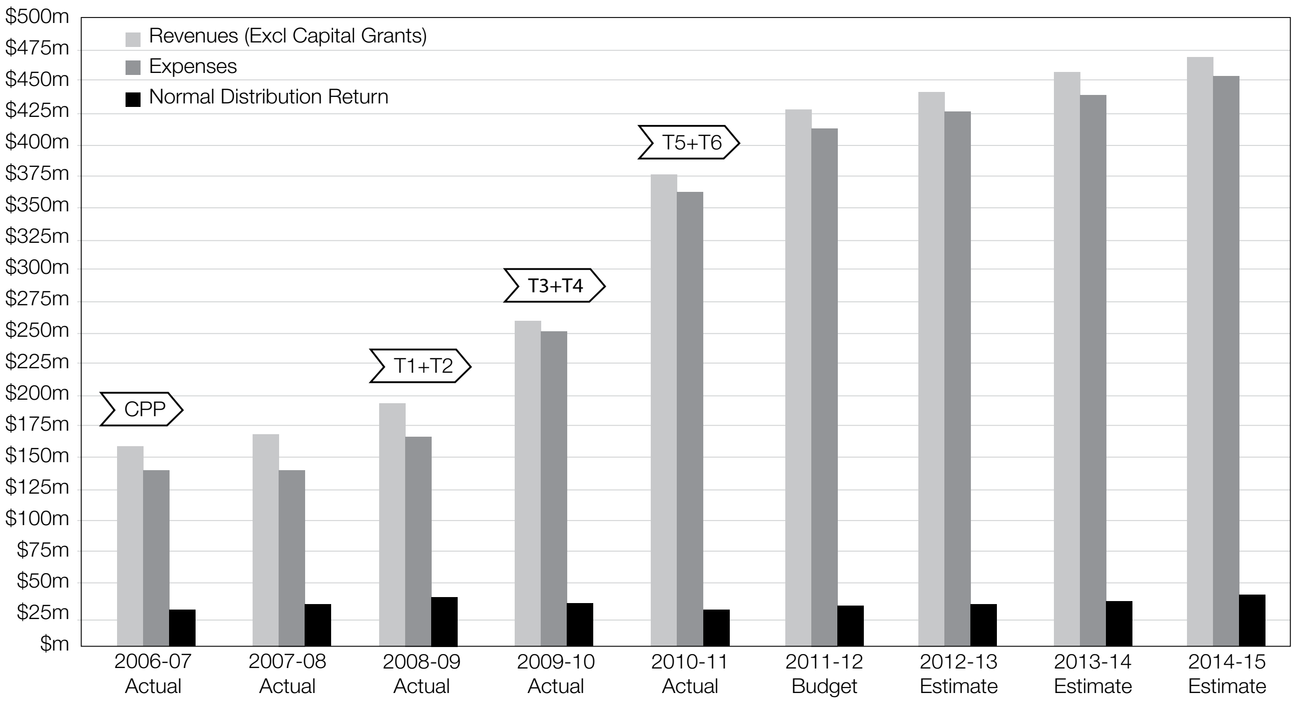
Operating revenues (excluding capital grants) have increased from $160 million in 2006-07 to $375 million in 2010-11 and are projected to increase to $470 million in 2014-15. Similarly, operating expenses have increased from $141 million in 2006-07 to $362 million in 2010-11 and are expected to increase to $454 million in 2014-15.

The following chart illustrates the actual growth in financial operations to 30 June 2011 and the projected growth to 2014-15 based on the current property portfolio.

Projections of revenues and expenses for 2011-12 and beyond do not factor in any additional owned property or lease vesting. Although the Authority will undertake further vesting in 2011-12 and beyond, the financial impact of this could not be quantified at the time of budget and forward estimate development. Vesting tranches undertaken to 30 June 2011 were:

CPP:	66 Lots and 49 Leases – managed from 1 July 2007
TRANCHE 1:	54 Lots – from 1 July 2008
TRANCHE 2:	62 Lots and 39 Leases – from 1 November 2008
TRANCHE 3:	5 Lots and 309 Leases – from 1 July 2009
TRANCHE 4A:	7 Lots and 17 Leases – from 1 November 2009
TRANCHE 4B:	17 Lots and 187 Leases – from 1 April 2010
TRANCHE 5:	15 Lots and 266 Leases – from 1 October 2010
TRANCHE 6:	9 Lots and 75 Leases – from 1 June 2011

FINANCIAL GROWTH – 2006-07 to 2014-15



2010-11 OPERATING RESULT

OPERATING RESULT	2010-11 ACTUAL $'000	2010-11 BUDGET $'000	VARIANCE TO BUDGET $'000	2011-12 BUDGET $'000
Revenues				
Property rental income	366,772	318,149	48,623	419,524
Fees for services	2,240	4,438	(2,198)	2,814
Interest income	4,384	3,738	646	4,050
Government contributions				
Recurrent	5,598	5,598	0	5,698
Capital	25,511	31,623	(6,112)	24,320
Emerging asset income	400	3,100	(2,700)	450
Total revenues	**404,905**	**366,646**	**38,259**	**456,856**
Expenses				
Personnel services expenses	16,184	18,279	2,095	18,355
Other operating expenses	3,845	4,660	815	4,049
Property head lease expenses	280,716	224,258	(56,458)	328,296
Other property related expenses	30,765	24,771	(5,994)	31,211
Finance costs	8,957	8,260	(697)	8,626
Depreciation and amortisation	27,045	26,353	(692)	28,118
Other expenses (land remediation)	(3,122)	0	3,122	0
Total expenses	**364,390**	**306,581**	**(57,809)**	**418,655**
Gain/(loss) on disposal of assets	446	525	(79)	51
Valuation gains/(losses)	2,397	0	2,397	0
Net operating result – surplus/(deficit)	**43,358**	**60,590**	**(17,232)**	**38,252**

The Authority's 2010-11 net operating result shows an unfavourable variance of $17.2 million on budget. This largely resulted from a reduction in capital grant receipts, accounting adjustments to emerging asset income and long-term lease revenue recognition, and from an overestimate of net rental income growth determined at the time of developing the 2010-11 budget in March 2010. The 2010-11 budget numbers in the above table reflect those published in the 2010-11 Budget Papers.

Operating revenue totalled $404.9 million against a budget of $366.6 million. A $48.6 million increase in property rental income was largely due to the inclusion of the Tranche 5 and 6 properties which were vested in the Authority during 2010-11. This increase is net of a reduction of $4.4 million in budgeted rental income caused by an overstatement made during the March 2010 preparation of the 2010-11 budget. An additional $2.1 million reduction on the original budget resulted from a change in accounting policy relating to the treatment of pre-paid rental on long term leases. Further information on this is detailed at note 1(w) to the Authority's 2010-11 Financial Statements, which are included later in this report.

Fee for services revenue was $2.2 million lower than budget due to lower than planned resourcing levels available to undertake fee earning projects. This reduction is offset by lower personnel services and other operating expenses.

A $6.1 million reduction in the expected capital contribution for the year was directly related to the delays in commencing programmed refurbishment works on the Authority's new stock of vested properties. Government contribution funding for the Authority's capital program is received subsequent to the completion of works on individual projects.

A revision to the methodology used in accounting for the emerging value of the Authority's Sydney Opera House car park asset resulted in a reduction of $2.7 million in emerging asset income. This revision was adopted in June 2010 after the finalisation of the 2010-11 budget.

Total expenses of $364.4 million for the year exceeded the budget by $57.8 million. Of total expenses $280.7 million was incurred on head lease rentals for properties leased from the private sector for the purpose of providing Government agency office accommodation. As with the increase in property rental income, the increase in the head lease rental expense over the amount budgeted was mainly due to the vesting of some 341 leases during 2010-11. As all head lease rent paid by the Authority is recovered from agency tenants the increase resulting from the newly vested leases did not impact on the operating result.

However, budgeted head lease and other property related expenses were underestimated by an aggregate of some $6.1 million at the time of developing the 2010-11 budget in March 2010. This reflects the difficulty faced by the Authority at the time in accurately projecting maintenance and other operating costs associated with its rapidly expanding property portfolio. Notwithstanding this the Authority has implemented measures to mitigate a re-occurrence of overstating its level of net rental income in the 2011-12 budget and forward estimate projections.

Total reductions of $2.9 million to the budgeted amounts for personnel services and other operating expenses resulted directly from ongoing difficulties experienced by the Authority in attaining its full staffing complement.

A further reduction of $3.1 million against other expenses resulted from a favourable reassessment of the cost of land remediation works required on divested Newcastle port lands for which the Authority retains the remediation liability. Further information on this is detailed at notes 3(h) and 11(b)(ii) to the Authority's 2010-11 Financial Statements which are included later in this report.

2010-11 OPERATING BUDGET OVERVIEW

The 2011-12 budget numbers shown in the preceding tables reflect the Authority's original budget as published in the NSW State Government's *2011-12 Budget Papers*. The Authority's 2011-12 budget projects an operating surplus of $38.3 million.

Budgeted total revenue of $456.9 million includes $419.5 million in rental income received from the Authority's portfolio of owned and leased office accommodation properties. The increase in rental income over the 2010-11 budgeted amount is mainly due to the vesting of additional owned and leased properties which occurred in the 2010-11 financial year.

Total revenue in 2011-12 will also include $24.3 million in capital contributions received from the Government which will largely be used to fund the Authority's Government office building refurbishment program. A further $5.7 million in recurrent contributions will also be received from the Government to fund whole-of-Government property related services provided by the Authority to other Government agencies.

Total expenses of $418.7 million are budgeted in 2011-12. The majority of these expenses relate to Government agency occupied office accommodation properties and include head lease rental payments of $328.3 million and other property related expenses (including outgoings, utilities, maintenance, finance lease costs and depreciation), totalling $62.8 million. As with rental income, the significant increase in property-related expenses over the 2010-11 budget is directly associated with the additional property vesting during 2010-11.

Further vesting is earmarked to occur during 2011-12. However, the financial impact of this on the Authority's total revenues and expenses was not available at the time of budget development.

Surplus cash generated from the Authority's operating activities is returned to the Government in the form of a normal financial distribution. The 2011-12 budget has targeted a normal distribution of $31 million for the year. The Authority has also targeted a capital repatriation distribution of $4.5 million from the net proceeds of Authority-owned property sales which are contracted to settle in 2011-12.

2010-11 INDEPENDENT AUDIT OUTCOME

The above financial performance and budget information is unaudited financial information. Audited financial information, including the primary financial statements and notes to the accounts of the State Property Authority is presented within the Audited Financial Information section of this report.

The independent audit of the Authority's accounts was completed by the Audit Office of NSW on 17 October 2011. The Audit Office issued an unmodified Independent Auditor's Report on that date.

No significant matters were raised by the Audit Office within the Statutory Audit Report.

AUDITED FINANCIAL INFORMATION

STATE PROPERTY AUTHORITY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

STATE PROPERTY AUTHORITY

NSW GOVERNMENT | State Property Authority

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4-6 Bligh Street
Sydney NSW 2000
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Financial Statements

For the Year Ended 30 June 2011

Statement by the Chief Executive Officer

Pursuant to Section 41C of the Public Finance and Audit Act 1983 and in my capacity as Chief Executive Officer of the State Property Authority, I state that in my opinion:

(a) The accompanying financial statements exhibit a true and fair view of the financial position of the State Property Authority as at 30 June 2011 and the transactions for the year then ended.

(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 2010, and the Treasurer's Directions.

Further, I am not aware of any circumstances that would make any details in the financial statements misleading or inaccurate.

Michael Coutts-Trotter
Chief Executive Officer
State Property Authority

SYDNEY
13 October 2011

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

State Property Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the State Property Authority (the Authority), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Auditor's Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2011, and of its financial performance 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- 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.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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 but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

James Sugumar
Director, Financial Audit Services

17 October 2011
SYDNEY

State Property Authority

Financial Statements

For the Year Ended 30 June 2011

State Property Authority

Start of Audited Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue			
Property Rental Income			
Operating Lease Income	2(a)	360,627	248,281
Finance Lease Income	2(b)	6,145	5,488
Fees for Services	2(c)	2,240	2,777
Grants and Contributions	2(d)	31,109	18,854
Interest	2(e)	4,384	3,444
Emerging Asset Income	2(f)	400	(3,000)
Total Revenue		**404,905**	**275,844**
Expenses Excluding Losses			
Personnel Services Expense	3(a)	16,184	16,021
Property Head Lease Expense	3(b)	280,716	173,409
Other Property Related Expenses	3(c)	30,765	28,547
Finance Costs	3(d)	8,957	8,253
Depreciation and Amortisation	3(e)	27,045	25,313
Grants and Subsidies	3(f)	-	1,037
Other Operating Expenses	3(g)	3,845	3,275
Other Expenses	3(h)	(3,122)	7,793
Total Expenses Excluding Losses		**364,390**	**263,648**
Net Gain on Disposal of Property Plant & Equipment	4(a)	446	148
Net Gain/(Loss) on Revaluation of Property Plant and Equipment	4(b)	1,042	(13,606)
Net Gain on Revaluation of Finance Lease Assets as Lessee	4(c)	-	139
Net Loss on Revised Estimate of Land Remediation Liability	4(d)	-	(2,201)
Net Gain/(Loss) on Residual Value Reassessments of Finance Lease Receivables	4(e)	1,355	(221)
Net Surplus/(Deficit) for the Year		**43,358**	**(3,545)**
Other Comprehensive Income			
Net Increment on Revaluation of Property, Plant and Equipment	7(b)	20,097	77,179
Net Increment on Revaluation of Finance Lease Assets	7(b)	326	2,070
Net Increment/(Decrement) on Revised Estimate of Land Remediation Liability	11(b)	642	(5,462)
Total Other Comprehensive Income for the Year		**21,065**	**73,787**
Total Comprehensive Income for the Year		**64,423**	**70,242**

[The accompanying notes form part of these statements]

State Property Authority

Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	Accumulated Funds 2011 $'000	Asset Revaluation Reserve 2011 $'000	Total Equity 2011 $'000	Accumulated Funds 2010 $'000	Asset Revaluation Reserve 2010 $'000	Total Equity 2010 $'000
Balance at the Beginning of the Year		879,964	3,154	**883,118**	761,582	11,981	**773,563**
Changes in Accounting Policy	1(w)	-	-	**-**	162,892	500	**163,392**
Restated Balance at the Beginning of the Year		879,964	3,154	**883,118**	924,474	12,481	**936,955**
Comprehensive Income							
- Net Surplus/(Deficit) for the Year		43,358	-	**43,358**	(3,545)	-	**(3,545)**
- Other Comprehensive Income:							
- Net Increment/(Decrement) on Revaluation of Property, Plant and Equipment	7(b)	-	20,097	**20,097**	-	77,179	**77,179**
- Net Increment on Revaluation of Finance Lease Assets	7(b)	-	326	**326**	-	2,070	**2,070**
- Net Decrement on Revised Estimate of Land Remediation Liability	11(b)	-	642	**642**	-	(5,462)	**(5,462)**
Total Comprehensive Income		43,358	21,065	**64,423**	(3,545)	73,787	**70,242**
Transactions with Owners as Owners							
- Financial Distributions	13(a)	(36,771)	-	**(36,771)**	(97,698)	-	**(97,698)**
- Transfers to Other Government Agencies:							
- Property, Plant and Equipment	7(b)	(13,670)	-	**(13,670)**	(88,153)	-	**(88,153)**
- Transfers from Other Government Agencies:							
- Property, Plant and Equipment	7(b)	55,739	-	**55,739**	61,668	-	**61,668**
- Finance Lease Receivables	6(b)	-	-	**-**	104	-	**104**
Total Transactions with Owners as Owners		5,298	-	**5,298**	(124,079)	-	**(124,079)**
Transfers between Equity Components							
- Transfers to Other Government Agencies:							
- Property, Plant and Equipment	7(b)	9,408	(9,408)	**-**	87,573	(87,573)	**-**
- Transfers to Assets Held for Sale:							
- Property, Plant and Equipment	8	-	-	**-**	(1,613)	1,613	**-**
- Transfer of Asset Revaluation Reserve Balances on Sale of Assets		-	-	**-**	(2,846)	2,846	**-**
Net Transfers within Equity Components		9,408	(9,408)	**-**	83,114	(83,114)	**-**
Balance at the End of the Year		938,028	14,811	**952,839**	879,964	3,154	**883,118**

[The accompanying notes form part of these statements]

State Property Authority

Statement of Financial Position

As At 30 June 2011

	Note	2011 $'000	2010 $'000	* 2009 $'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	5	131,138	131,075	140,583
Receivables	6	51,788	37,973	21,072
Assets Held For Sale	8	5,000	5,345	795
Property, Plant and Equipment		-	-	75,000
Total Current Assets		**187,926**	**174,393**	**237,450**
Non-Current Assets				
Property, Plant and Equipment	7	906,641	843,965	826,151
Intangibles	9	1,073	752	466
Receivables	6	187,949	139,153	94,215
Total Non Current Assets		**1,095,663**	**983,870**	**920,832**
TOTAL ASSETS		**1,283,589**	**1,158,263**	**1,158,282**
LIABILITIES				
Current Liabilities				
Payables	10	19,274	19,311	29,110
Finance Lease Liabilities	14(d)	2,499	2,316	2,146
Provisions				
- Land Remediation	11	40,640	27,872	20,743
- Other	11	30,581	18,229	4,630
Other Liabilities				
- Deferred Income	12	4,840	1,408	1,408
Total Current Liabilities		**97,834**	**69,136**	**58,037**
Non-Current Liabilities				
Finance Lease Liabilities	14(d)	45,614	48,114	50,430
Provisions				
- Land Remediation	11	66,967	86,792	76,352
- Other	11	108,135	68,320	32,316
Other Liabilities				
- Deferred Income	12	12,200	2,783	4,192
Total Non-Current Liabilities		**232,916**	**206,009**	**163,290**
TOTAL LIABILITIES		**330,750**	**275,145**	**221,327**
NET ASSETS		**952,839**	**883,118**	**936,955**
EQUITY				
Accumulated Funds		938,028	879,964	924,474
Asset Revaluation Reserve	13(b)	14,811	3,154	12,481
TOTAL EQUITY		**952,839**	**883,118**	**936,955**

* Balances as at 1 July 2009. Refer to Note 1(w) for details regarding changes in accounting policy.

[The accompanying notes form part of these statements]

State Property Authority

Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Property Related		(316,093)	(205,438)
Personnel Services		(15,321)	(13,754)
Land Remediation		(10,804)	(3,532)
Grants and Subsidies		-	(1,037)
Other		(3,724)	(15,569)
Total Payments		**(345,942)**	**(239,330)**
Receipts			
Property Rental Income		367,704	247,293
Fees for Services		2,087	5,060
Interest		4,233	3,006
Other		3,859	-
Total Receipts		**377,883**	**255,359**
Cash Flows from Government			
State Government Contribution		31,109	18,854
Net Cash Flows from Government		**31,109**	**18,854**
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	**63,050**	**34,883**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment		(26,486)	(12,821)
Proceeds from Sale of Property Plant and Equipment		270	66,128
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(26,216)**	**53,307**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial Distributions to the State Government	1(u)	(36,771)	(97,698)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(36,771)**	**(97,698)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**63**	**(9,508)**
Opening Cash and Cash Equivalents		131,075	140,583
CLOSING CASH AND CASH EQUIVALENTS	5(a)	**131,138**	**131,075**

[The accompanying notes form part of these statements]

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The State Property Authority (the Authority) was established under the *State Property Authority Act 2006* (the Act). The Authority commenced operations on 1 September 2006 and is domiciled in Australia. Its principal business address is Bligh House, 4-6 Bligh Street, Sydney NSW 2000. The Authority is a not-for-profit entity as profit is not its principal objective. The Authority is consolidated as part of the NSW Total Sector Accounts.

Under the Act, the Authority is unable to employ staff. However, to enable it to exercise its functions, the Authority can obtain personnel services from Government agencies who are able to engage staff under Chapter 1A of the *Public Sector Employment and Management Act 2002.*

Prior to 4 April 2011, personnel services were provided to the Authority by the Land and Property Management Authority (LPMA). On 4 April 2011, the LPMA was abolished and the Department of Finance and Services (DFS) established as a new Division of the Government Service under the *Public Sector Employment and Management (Departments) Order 2011.* As a result of this Order, personnel services were provided to the Authority by the DFS from 4 April 2011. In accordance with NSW Treasury requirements, the Authority has recognised this change within the financial statements as having occurred on 1 April 2011. The former LPMA and the newly established DFS are separate reporting entities and do not control the Authority for financial reporting purposes.

These financial statements have been authorised for issue by the Authority's Chief Executive Officer on 13 October 2011.

(b) Basis of Preparation

The State Property Authority's financial statements are general-purpose financial statements prepared on a "going concern" basis and in accordance with:

(i) applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
(ii) other authoritative pronouncements of the Australian Accounting Standards Board (AASB); and
(iii) the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

Where there are inconsistencies between the above requirements the legislative provisions prevail.

The financial statements have been prepared on an historical cost basis, except for property, plant and equipment and investment properties which have been measured at fair value, and non-current assets held for sale which have been measured at the lower of the carrying amount or fair value less costs to sell.

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

In the process of applying the Authority's accounting policies, management have applied judgement and made key assumptions and estimations. Those judgements, assumptions and estimations, which have the most significant effect on the amounts recognised in the financial statements have been disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars ($'000) and are in Australian currency.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(c) Statement of Compliance

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

There are a number of recently issued or amended Australian Accounting Standards and Interpretations which are not yet effective and have not been adopted for the reporting period ending 30 June 2011. Management has reviewed each of these Standards and Interpretations and considers that their early adoption will not have any material impact on the financial results of the State Property Authority.

(d) Income Recognition

(i) Operating Lease Income

Operating lease income is recognised in accordance with AASB 117 "Leases". Lease income from operating leases where the Authority 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.

(ii) Finance Lease Income

Finance lease income is recognised in accordance with AASB 117 "Leases". Lease income from finance leases where the Authority 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 the Authority’s net investment in the lease.

The estimated unguaranteed residual value used in computing the Authority'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.

(iii) Fees for Services

Revenue from the rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Interest Income

Revenue is recognised using the effective interest method as set out in AASB 139 "Financial Instruments: Recognition and Measurement".

(v) Grants and Contributions

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

(vi) Sale of Property, Plant and Equipment

Revenue is recognised when the significant risks and rewards of ownership of the item of property, plant and equipment passes to the buyer and can be measured reliably. Specifically, with respect to property sales, the risks and rewards are considered passed to the buyer at the time of settlement of the contract.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(vii) Emerging Asset Income

In accordance with TPP 06-08 "Accounting for Privately Financed Projects", the Opera House Car Park is an emerging asset which the Authority has a right to receive in 2043 under a privately financed infrastructure arrangement. The right is being recognised as revenue and added to the asset value over the term of the car park concession. Any periodic revaluations are accounted for in accordance with AASB 116 "Property Plant and Equipment".

(e) Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision. Where the effect of the time value of money is material, the provision amount is calculated as the present value of the expenditure expected to be required to settle the obligation. The discount rate used in the calculation is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The rate does not reflect risks for which future cash flow estimates have been adjusted.

(i) Personnel Services Provision

The Authority receives personnel services from the Department of Finance and Services (DFS). The DFS is not a Special Purpose Service Entity and does not control the Authority under this arrangement (Note 1(a)). In accordance with NSW Treasury Circular 06-13 "Financial Reporting and Annual Reporting Requirements Arising from Employment Arrangements", a liability representing the total amount payable to the DFS is recognised as a provision in the Statement of Financial Position.

As the Authority is not an employer, the disclosure requirements of AASB119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, the Personnel Services Provision is disaggregated in the notes to the financial statements into its major components which include Annual Leave, Long Service Leave On-costs and Unfunded Superannuation (Note 11(a)).

(ii) Land Remediation Provision

Where the Authority has a legal or constructive obligation to remediate an asset such as land, a provision is recognised to reflect the net present value of the estimated future costs required to settle the Authority's remediation obligations (Note 11(b)). At the same time, where the Authority owns the underlying asset, the amount of the provision is capitalised and added to the cost of the asset.

Periodic changes in the provision are accounted for in accordance with the requirements of AASB Interpretation 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities" and the revaluation model requirements of AASB 116 "Property, Plant and Equipment" for not-for-profit entities.

The discount applied to recognise the time value of money is unwound over the life of the provision. Any incremental increase resulting from the unwinding of the discount is recognised under Finance Costs within the Net Surplus/Deficit in the reporting period in which it occurs.

Other increases or decreases in the provision resulting from periodic changes to the estimated timing or amount of future remediation costs, or changes to the discount rate used, alter the revaluation increase or decrease previously recognised on the underlying asset. An increase in the provision is recognised in the Net Surplus/Deficit except to the extent that it reverses any Asset Revaluation Reserve balance in respect of the underlying class of assets. A decrease in the provision is credited to the Asset Revaluation Reserve except to the extent that it reverses any previous increase recognised in the Net Surplus/Deficit in respect the underlying class of assets. Any changes to the Asset Revaluation Reserve resulting from these provision increases or decreases are separately identified and disclosed within Other Comprehensive Income.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(f) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund of self insurance for Government agencies. The Authority carries a comprehensive range of insurances through the Treasury Managed Fund which cover property, public liability, workers compensation, motor vehicles and other contingencies. The expense (premium) is determined on past claims experience.

Properties owned by the Authority are insured for their replacement value. Management ensures that all insurance covers are current and adequate.

(g) Goods and Services Tax (GST)

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

(i) the amount of GST incurred by the Authority 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.

(ii) receivables and payables are stated with the amount of GST included.

(iii) Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component 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.

(iv) Commitment amounts disclosed in the financial statements include the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(h) Acquisition of Property, Plant and Equipment

Acquisition of property is recognised when the risks and rewards of the asset have passed to the buyer. This usually coincides with when the legal title passes to the buyer, which is upon settlement of a contract.

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. 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 means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Computer equipment and furniture and fixtures with short useful lives are measured at depreciated historical cost, as a surrogate to fair value.

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

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(i) Revaluation of Property, Plant and Equipment

Following initial recognition at cost, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Physical non-current assets are valued in accordance with NSW Treasury Policy and Guidelines Paper 07-01 "Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 116 "Property, Plant and Equipment" and AASB 140 "Investment Property".

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined having regard to comparable market evidence or depreciated replacement cost approach. Fair value revaluations are made annually to ensure that the carrying amount does not differ materially from its fair value at reporting date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position except to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in the Net Surplus/Deficit, in which case the revaluation increment is recognised in the Net Surplus/Deficit.

Any revaluation decrease is recognised in the Net Surplus/Deficit, except to the extent that it reverses a revaluation increase of the same class of assets previously recognised in the Asset Revaluation Reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

Where assets are revalued, the accumulated depreciation at the revaluation date is credited to the assets to which it relates. The net assets are then increased or decreased by the revaluation increment or decrement.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to Accumulated Funds. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Net Surplus/Deficit in the year the asset is derecognised.

(j) Impairment of Property, Plant and Equipment

In accordance with AASB 136 "Impairment of Assets", an assessment is made at reporting date as to whether there is any indication that the Authority's property, plant and equipment assets are impaired. This assessment is made after fair value measurement under AASB 116 "Property Plant and Equipment".

If any indication of impairment exists, an estimate of the recoverable amount of the asset is made. Under AASB 136, the recoverable amount is defined as the higher of fair value less costs to sell and value in use.

If, and only if, the recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is an impairment loss and is treated as a revaluation decrease in accordance with AASB 116 "Property Plant and Equipment".

However, as fair value revaluations are made annually to ensure that carrying amounts do not differ materially from their fair value at reporting date, it is considered that assets are already recorded at their recoverable amount and impairment would only arise if selling costs are material. Management considers that selling costs, in respect of the Authority's Property, Plant and Equipment assets, would be immaterial.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(k) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, the investment property is measured initially at its fair value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Net Surplus/Deficit in the year in which they arise as per AASB 140 "Investment Property".

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Net Surplus/Deficit in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use evidenced by the ending of owner-occupation, commencement of an operating lease to another party, the ending of construction or development or when property previously classified as Property, Plant and Equipment is no longer held for strategic purposes and meets the definition of investment property under AASB 140 "Investment Property".

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from owner-occupied property to investment property, the Authority accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

(l) Assets Held For Sale

Non-current assets are classified as Assets Held for Sale where the assets are available for immediate sale, the sale is highly probable and where the carrying value will be principally recovered through a sale transaction rather than through continuing use.

Assets held for sale are measured at the lower of their carrying amount at the time of such classification and their fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(m) Depreciation and Amortisation of Property, Plant and Equipment

(i) Depreciation

Depreciation is provided for on a straight-line basis for all depreciable non-current assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The Authority's buildings are separately componentised into the structure, air conditioning units and lifts where it can be determined that these components:

(a) physically exist; and
(b) are material enough to justify separate tracking; and
(c) are capable of having a reliable value attributed to them; and
(d) have differing estimated useful lives to the extent that failure to depreciate them separately would result in a material difference in the annual depreciation expense for the entity.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

The starting useful lives of the Authority's items of property, plant and equipment are based on the following:

	2011 Years	2010 Years
Buildings (Not Componentised)	40	40
Buildings (Componentised)		
Structure	40	40
Air Conditioning Units	20	20
Lifts	30	30
Computer Equipment and Software	3	3
Furniture and Fittings	10	10
Plant and Equipment and Office Equipment	5	5
Leasehold Improvements	6	6

Heritage buildings are depreciated in accordance with the above useful life ranges. Fine Arts and Heritage items located within owned buildings are not depreciated as they do not have a limited useful life. These items are however subject to an annual impairment test to identify any impairment.

In accordance with AASB 140 "Investment Property", investment properties are not depreciated and under AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", any assets held for sale are not depreciated. Land is also not depreciated as land is not a depreciable asset.

(ii) Amortisation

Leased assets are amortised over the period of the lease or the life of the asset, whichever is the shorter.

(n) Capitalisation Thresholds

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 expenditure that gives rise to an effective and material increase in the future economic benefits of the property to the Authority is capitalised. The general threshold for property expenditure capitalisation is $30,000.

(o) 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.

(p) Intangible Assets

Intangible assets are only recognised if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably.

The useful lives of intangible assets are assessed to be finite. Intangible assets are measured initially at cost and subsequently at fair value only if there is an active market. As there is not an active market for the Authority's intangible assets, the assets are carried at cost less accumulated amortisation.

The Authority's intangible assets (computer software) are amortised using the straight-line method over a period of three (3) years.

In general, intangible assets are tested for impairment where an indicator of impairment exists.

(q) Leases

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.

(i) Finance Leases

Assets held under finance leases as lessee are recognised on inception 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 a finance lease liability (Note 14(d)). Lease payments are allocated between the principal component of the lease liability and the interest expense.

Finance leases as lessor in which substantially all the risks and rewards incidental to legal ownership are transferred by the Authority to the lessee, are classified in the Statement of Financial Position as Finance Lease Receivables (Note 6). Assets held under a finance lease arrangement are presented as a receivable at an amount equal to the net investment in the lease. Lessee finance lease payments are treated by the Authority as repayment of principal and finance income over the lease term to reimburse and reward the Authority'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.

(ii) Operating Leases

Operating lease payments are recognised in the Net Surplus/Deficit and charged on a straight-line basis over the lease term. Lease incentives received which are less than $500,000 are recognised directly in the Net Surplus/Deficit in the year in which they are received. Lease incentives received which are greater than this amount are recogised in the Statement of Financial Position and are allocated to the Net Surplus/Deficit over the lease term (Notes 3(b) and 12(a)).

In accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", in the case of an onerous contract, the present obligation under the contract is recognised and measured as a provision.

The terms of occupancy for government agencies occupying space in Authority owned premises is dictated in the Memorandum of Understanding (MoU) between the Authority and the agency. The provisions of the MoU are generally based on market place conditions applicable to office buildings in commercial centres.

The term of the tenancy agreement is indefinite with the agency required to give 18 months notice prior to vacating. Termination of part tenancies is permitted subject to a variety of conditions being satisfied.

Rent reviews for owned government office buildings are conducted at two yearly intervals to update rentals to current market rates. There are no ratchet clauses in place and tenants are charged an effective rental, which takes into consideration incentives available in the market place at a particular point in time.

Tenants will makegood the premises by undertaking a physical makegood or negotiating a financial settlement with the Authority.

(r) Other Assets

Other assets are recognised on a cost basis.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(s) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities of either the State Property Authority or its counterparties. These include Cash at Bank, Receivables, Payables and Finance Lease Liabilities (Note 1(q)(i)).

(i) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand, restricted cash and other short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is an amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Surplus/Deficit when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Such receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Authority will not be able to collect the debts. Bad debts are written off when identified.

(iii) Payables

These amounts represent liabilities for goods and services provided to the Authority 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.

(t) Impairment of Financial Assets

All financial assets, except those measured at fair value through the Net Surplus/Deficit, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

(u) Financial Distributions

As a Government business, the Authority 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 the Authority'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, TPP 02-3 "Financial Distributions Policy for Government Businesses". The distributions made by the Authority include normal distribution payments from cash operating surpluses and special distribution payments, or capital repatriations, from the sale of its own properties.

Normal distributions are payments made from current year cash surpluses. Treasury policy states that a government business should not retain any cash in excess of its requirements for working capital, in addition to a contingency allowance for an appropriate level of financial flexibility. Funds in excess of these requirements are returned to the State Government.

Capital repatriations, or special distributions, are additional one-off payments which represent capital repayments of the State Government’s equity in the Authority. In the Authority’s case, capital repatriation payments represent the full return of the net proceeds (ie. total proceeds less costs) of all Authority-owned property sales (Note 13(a)).

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(v) Equity Transfers

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.

(w) Changes in Accounting Policy

Lessor Classification of Long Term Land Leases

NSW Treasury Policy and Guidelines Paper TPP 11-01 "Lessor Classification of Long Term Land Leases" was issued in February 2011 in response to amendments to AASB 117 "Leases". The amendments to AASB 117 revise the guidance for classification of long term land leases and is effective for financial years commencing 1 July 2010 (with restatement of comparatives from 1 July 2009).

Prior to 1 July 2010, all land leases were classified as operating leases. However, the amended AASB 117 and NSW Treasury policy TPP 11-01, provide updated guidance that some long term land leases should now be classified as finance leases, where it is determined that the risks and rewards of ownership have been substantially transferred.

The reclassification from operating lease to finance lease has a range of impacts for the Authority, including the derecognition of land assets and the recognition of finance lease receivables.

In accordance with the transitional provision of AASB 117 (Paragraph 68A), the Authority has reassessed the classification of land elements of unexpired leases as at 1 July 2009 on the basis of the facts and circumstances existing on that date. The Authority has also recognised the assets and liabilities related to the reclassified leases at their fair values at that date.

The following adjustments have been made to the Statement of Financial Position as at 1 July 2009:

Statement of Financial Position (Extract)	**30 June 2009 $'000**	**Increase/ (Decrease) $'000**	**Restated 1 July 2009 $'000**
Assets (Extract)			
Receivables (Current)	16,188	4,884	21,072
Property, Plant and Equipment	860,151	(34,000)	826,151
Investment Property	39,155	(39,155)	-
Receivables (Non-Current)	25,944	68,271	94,215
Liabilities (Extract)			
Deferred Income (Current)	3,172	(1,764)	1,408
Deferred Income (Non Current)	165,820	(161,628)	4,192
Net Assets	**773,563**	**163,392**	**936,955**
Equity			
Accumulated Funds	761,582	162,892	924,474
Asset Revaluation Reserve	11,981	500	12,481
Total Equity	**773,563**	**163,392**	**936,955**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

The following adjustments have been made to the Statement of Financial Position as at 30 June 2010 and to the Statement of Comprehensive Income for the year ended 30 June 2010:

Statement of Financial Position (Extract)	Note	2010 $'000	Increase/ (Decrease) $'000	Restated 2010 $'000
Assets (Extract)				
Receivables (Current)	6	33,089	4,884	37,973
Property, Plant and Equipment	7	877,965	(34,000)	843,965
Investment Property	n/a	40,259	(40,259)	-
Receivables (Non-Current)	6	70,396	68,757	139,153
Liabilities (Extract)				
Deferred Income (Current)	12	3,274	(1,866)	1,408
Deferred Income (Non Current)	12	171,607	(168,824)	2,783
Net Assets		**713,046**	**170,072**	**883,118**
Equity				
Accumulated Funds		710,392	169,572	879,964
Asset Revaluation Reserve	13(b)	2,654	500	3,154
Total Equity		**713,046**	**170,072**	**883,118**

Statement of Comprehensive Income (Extract)	Note	2010 $'000	Increase/ (Decrease) $'000	Restated 2010 $'000
Revenue (Extract)				
Property Rental Income				
Operating Lease Income	2(a)	255,398	(7,117)	248,281
Finance Lease Income	2(b)	-	5,488	5,488
Net Gain/(Loss) on Revaluation of Investment Property	n/a	1,000	(1,000)	-
Net Gain/(Loss) on Residual Value Reassessments of Finance Lease Receivables	4(e)	-	(221)	(221)
Net Surplus/(Deficit) for the Year		**(695)**	**(2,850)**	**(3,545)**
Total Other Comprehensive Income for the Year		**73,787**	**-**	**73,787**
Total Comprehensive Income for the Year		**73,092**	**(2,850)**	**70,242**

Items in the Statement of Financial Position and Statement of Comprehensive Income other than those mentioned in the above extracts were not affected by the retrospective adoption of this change in accounting policy.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

2. REVENUE	2011 $'000	2010 $'000
(a) Property Rental Income - Operating Lease Income		
Owned Property Income	71,358	66,525
Leased Property Income	290,007	181,756
Less: Amortisation of Lessee Lease Incentives (Note 6(c))	(738)	-
	360,627	**248,281**

The net increase in rental income over 2009-10 has resulted mainly from the Authority's program of vesting owned and leased properties from other government agencies during 2010-11 pursuant to Premier's Memorandum M2008-06 "State Property Authority and Government Property Principles" (Note 17(b)).

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

Receivable within one year	68,349	65,442
Receivable later than 1 year but not later than 5 years	36,740	35,000
Receivable later than 5 years	23,410	22,042
Total Including GST	**128,499**	**122,484**

The above represents future minimum lease receipts on the Authority's owned properties. Future minimum lease receipts as at 30 June 2011 include GST payable of $11.682 million ($11.135m at 30 June 2010).

(b) Property Rental Income - Finance Lease Income	2011 $'000	2010 $'000
Owned Property Income (Note 6(b))	6,145	5,488
	6,145	**5,488**

Income from finance leases as lessor includes contingent rent of $0.625 million in 2010-11 (nil in 2009-10). 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.

(c) Fees for Services	2011 $'000	2010 $'000
Fees for Services Rendered	2,240	2,777
	2,240	**2,777**

(d) Grants and Contributions	2011 $'000	2010 $'000
State Government - Recurrent Contribution (i)	5,598	5,105
State Government - Capital Contribution (ii)	25,353	13,749
Capital Contributions from Other Government Agencies (iii)	158	-
	31,109	**18,854**

(i) The Authority receives an annual recurrent contribution from the State Government for a range of non-commercial professional services undertaken which provide a whole-of-government benefit. These services include agency property portfolio reviews, whole-of-town studies, property policy implementation and coordination work on major capital project developments.

(ii) The Authority's approved Capital Program is fully funded by the State Government by way an annual capital contribution. The Program includes major works such as the construction or acquisition of Government Office Buildings and other asset renewal works included under the Authority's Cyclic Property Refurbishment Program.

(iii) In 2010-11, the Authority received capital contributions from other Government agencies towards minor property development and refurbishment works on Authority owned properties.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(e) Interest	**2011 $'000**	**2010 $'000**
Total Interest Earned (i)	4,384	3,571
Less:		
Interest attributed to monies held on behalf of the Newcastle University and Newcastle City Council (Notes 5 & 10)	-	(127)
	4,384	**3,444**

(i) Total interest earned is received on cash set aside for remediation on land acquired by the Crown from BHP Billiton in 2002. The cash is held in a separate Authority bank account within the NSW Treasury Banking System.

(f) Emerging Asset Income	**2011 $'000**	**2010 $'000**
Emerging Asset Revenue (i)	400	400
Valuation Adjustment (ii)	-	(3,400)
	400	**(3,000)**

(i) In accordance with TPP 06-08 "Accounting for Privately Financed Projects", the Opera House Car Park is an emerging asset which the Authority has a right to receive in 2043 under a privately financed infrastructure arrangement. The right is being recognised as revenue and added to the asset value over the term of the carpark concession.

(ii) The methodology of valuing emerging asset revenue in previous year valuation reports was revised in 2009-10. All retrospective adjustments were recognised in 2009-10.

3. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expense (i)	**2011 $'000**	**2010 $'000**
Salaries and Wages (Including Recreation Leave)	13,175	12,063
Superannuation (Defined Benefit Plans) (ii)	1,190	2,512
Superannuation (Defined Contribution Plans)	721	525
Long Service Leave	340	268
Worker's Compensation Insurance	61	55
Payroll Tax and Fringe Benefits Tax	697	598
	16,184	**16,021**

(i) The personnel services expense is the expense incurred by the Authority on personnel services provided to it by the Land and Property Management Authority, until 1 April 2011 and then by the Department of Finance and Services during the period 1 April 2011 to 30 June 2011. Under the *State Property Authority Act 2006* , the Authority is unable to employ staff (Note 1(a)).

(ii) Superannuation net actuarial losses of $0.815 million ($2.248m in 2009-10) in respect of personnel who are members of defined benefit superannuation plans, are recognised directly in the Net Surplus/Deficit.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(b) Property Head Lease Expense

	2011 $'000	2010 $'000
Minimum Lease Payments (i)	231,241	138,778
Rental Expenses Arising from Sub-Leases (ii)	40,447	24,468
Contingent Rentals (iii)	11,174	11,572
	282,862	**174,818**
Less Amortisation of Lessor Lease Incentives (Note 12(a))	(2,146)	(1,409)
	280,716	**173,409**

(i) The majority of head leased office accommodation properties are sub-leased to government agencies. The terms of the operating head leases generally range from 3 to 10 years with the option of renewal of further terms. The lease agreements allow Lessors the right to review rents on specified dates.

The net increase in property head lease expense over 2009-10 has resulted mainly from the Authority's program of vesting owned and leased properties from other government agencies during 2010-11 pursuant to Premier's Memorandum M2008-06 "State Property Authority and Government Property Principles" (Note 17(b)).

(ii) The expenditure for recurrent outgoings (including repairs and maintenance, electricity, cleaning, expenses for common areas and public risk insurance), subject to exclusion of repairs and maintenance of a structural or capital nature, is the responsibility of the Authority as lessee.

(iii) Contingent rentals are variations due to market reviews and changes to the Consumer Price Index between the actual lease and the amounts of minimum lease payments determined at the inception of the lease.

(c) Other Property Related Expenses

	2011 $'000	2010 $'000
Property Expenses (i)	24,385	23,231
Management Fees	6,354	3,817
Interest Expense (Note 15(b)(i))	-	967
Bad Debts	26	532
	30,765	**28,547**

(i) Items classified as property expenses include minor maintenance of buildings, electricity, telephone, security, cleaning, gardening and sundry charges incurred in multiple occupancy buildings owned by the Authority. These expenses are recoverable from the tenants and as such, are also reflected in Property Rental Income.

(d) Finance Costs

	2011 $'000	2010 $'000
Finance Lease Interest Charges (Note 14(d))	3,687	3,857
Unwinding of Discount Rate on Land Remediation Provision (Note 11(b))	5,270	4,396
	8,957	**8,253**

(e) Depreciation and Amortisation

	2011 $'000	2010 $'000
Depreciation of Property, Plant and Equipment (Note 7)	21,136	19,697
Amortisation of Assets (Note 7 & 9)	5,909	5,616
	27,045	**25,313**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(f) Grants and Subsidies	2011 $'000	2010 $'000
Grants to Other Government Agencies (i)	-	1,037
	-	**1,037**

(g) Other Operating Expenses	2011 $'000	2010 $'000
Audit Fees (Audit of Financial Statements)	182	172
Legal Fees	139	125
Consultancy Fees	197	177
Office Accommodation Expenses	125	111
Corporate Service Fees	872	839
Other (i)	2,321	1,845
Bad Debts	9	6
	3,845	**3,275**

(i) Items classified as other include advertising, training, conferences, computer costs, telephone, printing, stationery, travel, removal and other sundry charges.

(h) Other Expenses	2011 $'000	2010 $'000
Increase/(Decrease) in Land Remediation Provision from Revised Estimate of Liability Remaining on Divested Land (Note 11(b)(ii))	(3,122)	7,793
	(3,122)	**7,793**

4. GAINS AND LOSSES RECOGNISED IN THE NET SURPLUS/DEFICIT	2011 $'000	2010 $'000
(a) Gain/(Loss) on Disposal of Property, Plant and Equipment		
Net Proceeds from Disposal	815	76,892
Written Down Value	(369)	(76,744)
Net Gain/(Loss) on Disposal	**446**	**148**

(b) Net Gain/(Loss) on Revaluation of Property, Plant and Equipment	2011 $'000	2010 $'000
Increment on Revaluation (Note 7(b))	1,542	-
Decrement on Revaluation (Note 7(b))	-	(13,606)
Impairment Loss (Note 7(b))	(500)	-
Net Gain/(Loss) on Revaluation	**1,042**	**(13,606)**

(c) Net Gain/(Loss) on Revaluation of Finance Lease Assets as Lessee	2011 $'000	2010 $'000
Increment on Revaluation (Note 7(b))	-	139
Net Gain/(Loss) on Revaluation	**-**	**139**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(d) Net Gain/(Loss) on Revised Estimate of Land Remediation Liability	2011 $'000	2010 $'000
Net Loss on Revised Estimate of Liability Remaining on Property, Plant and Equipment (Note 11(b))	-	(2,201)
Net Gain/(Loss) on Revised Estimate	**-**	**(2,201)**

(e) Net Gain/(Loss) on Residual Value Reassessments of Finance Lease Receivables	2011 $'000	2010 $'000
Gain of Reassessment	1,355	0
Loss on Reassessment	-	(221)
Net Gain/(Loss) on Reassessment	**1,355**	**(221)**

5. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash and Cash Equivalents	2011 $'000	2010 $'000
Cash at Bank	124,438	124,738
Restricted Cash - which remains part of cash and cash equivalents in the Statement of Financial Position (i)	6,700	6,337
	131,138	**131,075**
Represented in the Statement of Financial Position as:		
Current Assets - Cash and Other Cash Equivalents	**131,138**	**131,075**

(i) Included in the cash balance is $92.376 million ($99.930m in 2009-10) set aside for remediation on land acquired by the Crown from BHP Billiton in 2002. Of the amount held at 30 June 2010, $3.496 million was held "on trust" on behalf of the Newcastle City Council and the University of Newcastle in relation to the funding proposal for the implementation of the Revised Heritage Interpretation Strategy. This amount was paid out in full during 2010-11 (Note 10).

At 30 June 2011, $6.700 million ($2.841m in 2009-10) was also held "on trust" for cash received in advance from other government agencies for property acquisitions in progress, negotiations for which were being undertaken by the Authority under formal agreement with those agencies (Note 10).

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and "restricted cash".

(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Result	2011 $'000	2010 $'000
Net Surplus/(Deficit) for the Year	**43,358**	**(3,545)**
Non Cash Expenses/(Revenues):		
Emerging Asset Increment/(Decrement) (Note 2(f))	(400)	3,000
Depreciation and Amortisation (Note 3(e))	27,045	25,313
Loss on Disposal of Non-Current Assets (Note 4(a))	(446)	(148)
Other Losses/(Gains) on Revaluation of Non-Current Assets (Notes 4(b) to 4(c))	(1,042)	13,467
Changes in Operating Assets and Liabilities:		
Decrease/(Increase) in Receivables	(62,086)	(49,679)
Increase/(Decrease) in Payables	337	(7,596)
Increase/(Decrease) in Provisions	45,752	55,479
Increase/(Decrease) in Other Operating Liabilities	10,532	(1,408)
Net Cash Flow From Operating Activities	**63,050**	**34,883**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

6. RECEIVABLES	2011 $'000	2010 $'000
Current		
Trade Receivables:		
Property Rental	6,398	8,222
Fees for Services Rendered	521	1,401
Less: Impairment Allowance (a)	(122)	(730)
	6,797	8,893
Other Receivables:		
Work in Progress - Fees for Services	2,295	1,271
Goods and Services Tax Recoverable	994	515
Makegood Costs Recoverable (Note 11(c))	28,947	16,766
Finance Lease Receivables (b)	4,884	4,884
Lessee Lease Incentives (c)	1,182	-
Other	6,689	5,644
Total Current Receivables	**51,788**	**37,973**
Non-Current		
Other Receivables:		
Makegood Costs Recoverable (Note 11(c))	99,008	59,896
Deferred Land Sale Proceeds	11,025	10,500
Finance Lease Receivables (b)	70,747	68,757
Lessee Lease Incentives (c)	7,169	-
Total Non-Current Receivables	**187,949**	**139,153**

Trade receivables and other receivables including makegood are non-interest bearing and are generally on 30-day terms.

(a) Impairment Allowance	2011 $'000	2010 $'000
Movement:		
Balance at 1 July	730	233
Amount Written Off to Allowance	(603)	(12)
Increase/(Decrease) in Allowance	(5)	509
Balance at 30 June	**122**	**730**

The impairment allowance at 30 June 2011 includes an accumulated allowance of $nil ($nil at 30 June 2010) for uncollectible minimum finance lease payments receivable.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(b) Finance Lease Receivables

	2011 $'000	2010 $'000
Movement:		
Balance at 1 July	73,641	73,154
Transfers from other Government Agencies	-	104
Net Gain/(Loss) on Residual Value Reassessments (Note: 4(e))	1,355	(221)
Lease Payments Received	(5,510)	(4,884)
Property Rental Income - Finance Lease Income (Note: 2(b))	6,145	5,488
Balance at 30 June	**75,631**	**73,641**

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

	2011 $'000	2010 $'000
Gross Investment in Finance Leases as Lessor	378,890	366,775
Less: Unearned Finance Income	(303,259)	(293,134)
Present Value of the Minimum Lease Payments Receivable	**75,631**	**73,641**

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

	2011 $'000	2010 $'000
Not later than one year	4,884	4,884
Later than one year and not later than five years	16,039	16,039
Later than five years.	54,708	52,718
Present Value of the Minimum Lease Payments Receivable	**75,631**	**73,641**

(iii) The unguaranteed residual value of all finance leases as lessor accruing to the benefit of the Authority as at 30 June 2011 is $16.815 million ($14.487m at 30 June 2010).

(iv) The Authority's material leasing arrangements which give rise to finance lease receivables involve owned properties which are leased to non-government tenants under lease terms exceeding 50 years.

(c) Lessee Lease Incentives

	2011 $'000	2010 $'000
Movement:		
Balance at 1 July	-	-
Add Lease Incentives Provided (i)	9,089	-
Less Current Year Amortisation	(738)	-
Balance at 30 June	**8,351**	**-**

(i) Lessee lease incentives provided relate to incentives given to the Authority under head lease agreements which the Authority has passed on to government agency tenants under sub-lease arrangements. Lessee lease incentives are amortised over the term of each lease and are recognised as a reduction to Property Rental Income in the Statement of Comprehensive Income (Note 2(b)).

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

		2011	2010
7.	**PROPERTY, PLANT AND EQUIPMENT**	**$'000**	**$'000**
(a)	**Carrying Amount at 30 June:**		
	Non-Current		
	Land and Buildings		
	At Fair Value	689,377	667,544
	Carrying Amount at 30 June	**689,377**	**667,544**
	Land		
	At Fair Value	133,031	90,192
	Carrying Amount at 30 June	**133,031**	**90,192**
	Plant and Equipment		
	At Fair Value	7,942	3,162
	Less Accumulated Depreciation	(1,780)	(1,143)
	Carrying Amount at 30 June	**6,162**	**2,019**
	Finance Lease Assets		
	At Fair Value	73,272	78,574
	Carrying Amount at 30 June	**73,272**	**78,574**
	Emerging Asset		
	At Fair Value	2,200	1,800
	Carrying Amount at 30 June	**2,200**	**1,800**
	Works in Progress	**2,599**	**3,836**
	Total Non-Current Property, Plant and Equipment at 30 June	**906,641**	**843,965**
	Total at Cost or Fair Value	908,421	845,108
	Total Accumulated Depreciation and Amortisation	(1,780)	(1,143)
	Total Non-Current Property, Plant and Equipment at 30 June	**906,641**	**843,965**

		2011	2010
(b)	**Reconciliation of Opening and Closing Carrying Amounts**	**$'000**	**$'000**
	Land and Buildings (i)		
	Carrying Amount at 1 July	667,544	689,164
	Additions	20,834	9,288
	Disposals	-	(690)
	Transfer from Works in Progress	3,237	2,988
	Transfers from other Government Agencies	20,518	35,868
	Transfers to other Government Agencies (v)	(13,670)	(272)
	Transfer to Assets Held For Sale (Note 8(b))	-	(345)
	Transfer to Land	-	(41,170)
	Net Revaluation Reserve Increment/(Decrement)	9,774	(361)
	Net Revaluation Increment/(Decrement) Recognised in the Net Surplus/Deficit (Note 4(b))	1,542	(7,654)
	Depreciation Expense	(20,402)	(19,272)
	Carrying Amount at 30 June	**689,377**	**667,544**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

Reconciliation of Opening and Closing Carrying Amounts	**2011 $'000**	**2010 $'000**
Land (i)		
Carrying Amount at 1 July	90,192	118,563
Additions	54	2
Disposals	-	(75,000)
Transfer to Assets Held For Sale (Note 8(b))	-	(5,000)
Transfer from Land and Buildings	-	41,170
Transfers to other Government Agencies	-	(87,881)
Transfers from other Government Agencies	35,221	25,800
Net Revaluation Reserve Increment/(Decrement)	7,564	77,540
Net Revaluation Increment/(Decrement) Recognised in the Net Surplus/Deficit (Note 4(b))	-	(5,002)
Carrying Amount at 30 June	**133,031**	**90,192**

Reconciliation of Opening and Closing Carrying Amounts	**2011 $'000**	**2010 $'000**
Plant and Equipment		
Carrying Amount at 1 July	2,019	1,969
Additions	1,549	491
Transfer from Works in Progress	599	-
Net Revaluation Reserve Increment/(Decrement)	2,759	-
Disposals	(4)	(2)
Transfer to Intangibles (Note 9(b))	(26)	(14)
Depreciation Expense	(734)	(425)
Carrying Amount at 30 June	**6,162**	**2,019**

Reconciliation of Opening and Closing Carrying Amounts	**2011 $'000**	**2010 $'000**
Finance Lease Assets (ii)		
Carrying Amount at 1 July	78,574	81,793
Additions	4	20
Net Revaluation Reserve Increment/(Decrement)	326	2,070
Net Revaluation Increment/(Decrement) Recognised in the Net Surplus/Deficit (Note 4(c))	-	139
Amortisation Expense	(5,632)	(5,448)
Carrying Amount at 30 June	**73,272**	**78,574**

Reconciliation of Opening and Closing Carrying Amounts	**2011 $'000**	**2010 $'000**
Emerging Asset (iii)		
Carrying Amount at 1 July	1,800	5,750
Net Revaluation Increment/(Decrement) Recognised in the Net Surplus/Deficit (Note 4(b))	-	(950)
Emerging Asset Increment (Note 2(f))	400	400
Emerging Asset Previous Year Valuation Adjustment (Note 2(f))	-	(3,400)
Carrying Amount at 30 June	**2,200**	**1,800**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

Reconciliation of Opening and Closing Carrying Amounts	2011 $'000	2010 $'000
Works in Progress - Land and Buildings (iv)		
Opening Balance at 1 July	3,836	3,912
Additions	3,099	2,912
Transfer to Land and Buildings	(3,237)	(2,988)
Transfer to Plant and Equipment	(599)	-
Impairment Loss (Note 4(b))	(500)	-
Closing Balance at 30 June	**2,599**	**3,836**

(i) Valuation of Land and Buildings and Land

All properties within the asset classes of Land and Buildings and Land (classified under Property Plant and Equipment) were independently valued as at 30 June 2011. Qualified valuers from AssetVal Pty Ltd, Herron Todd White, Knight Frank, MC2 Property Valuers and MCPR were engaged to provide the Authority with independent property valuation reports. Each firm provided individual valuations on a sub-set of properties assigned to them. The valuations took into consideration changes to market and economic conditions that have occurred since 30 June 2010 as well as the previous full speaking valuation reports.

(ii) Finance Lease Assets

Finance lease assets as at 30 June 2011 relate to Noel Park House, Marius Street, Tamworth and a part of the Colonial State Bank building at 50 Martin Place, Sydney. Noel Park House is being amortised over the life of the lease and the Colonial State Bank building is being amortised over the estimated economic life of the building (Note 14(d)).

Colonial State Bank building was independently revalued on 30 June 2011 by qualified valuer, Knight Frank who has recent experience in comparable markets and the category of the finance lease asset being valued. Marius Street, Tamworth was revalued on 30 June 2011 by an in-house qualified valuer.

(iii) Emerging Asset

An emerging asset in relation to the Sydney Opera House Car Park is recognised under Property, Plant and Equipment. The car park land, which is recognised as a Finance Lease Receivable, was leased to a private consortium on a 50 year ground lease which commenced on 13 March 1993. The lessee has constructed, at its own expense, a subterranean car park which has an assessed economic life of greater than 50 years. At the expiration of the lease term the Authority has the right to receive the car park.

The emerging value of the car park is $2.200 million at 30 June 2011 ($1.800m at 30 June 2010). The emerging value is being allocated to revenue and Property, Plant and Equipment during the term of the lease as if it were the compound value of an annuity discounted at the NSW Government bond rate applicable at 13 March 1993, being 8.25%.

Qualified valuer, Knight Frank was engaged to provide an independent fair value valuation of the lessor's interest in the freehold property subject to the existing lease as prescribed under Treasury Accounting Policy TPP 06-8 "Accounting for Privately Financed Projects" as at 30 June 2011.

(iv) Works in Progress - Land and Buildings

Expenditure capitalised during the year and recorded under works in progress as at 30 June 2011 relates to refurbishment works in various office buildings totalling $2.599 million ($3.836m in 2009-10 of which $3.237m was transferred to Land and Buildings and $0.599 was transferred to Plant and Equipment in 2010-11).

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(v) Disposals and Transfers

The following property was disposed of by sale during 2010-11:

By public auction or tender:

- 12 Bombala Street, Cooma

The following property was transferred to another Government agency via equity transfer during 2010-11:

- Heritage Office, 3 Marist Place, Parramatta.

(vi) Heritage Assets

The following properties had restrictions due to being heritage listed and the valuation takes into account the highest and best use of the property:

- Government Office Building, 21 Mitchell Street, Bourke
- Government Office Building, 51-53 Oxley Street, Bourke
- Chief Secretary's Building, 121 Macquarie Street, Sydney
- Education Building, 35-39 Bridge Street, Sydney
- Government Office Building, 90 Market Street, Mudgee
- Government Office Building, 1-5 Camp Street, Forbes
- Strickland House, 52 Vaucluse Road, Vaucluse
- Agar Steps Terraces, 5-9 Agar Steps Kent Street, Millers Point
- Glover Cottage, 124 Kent Street, Millers Point
- Richmond Villa, 120 Kent Street, Millers Point
- National Trust Centre, Bradfield Highway, Millers Point
- Quarantine Depot, Off Balls Head Road, Waverton
- Crown Lands Office, 205 Wade Street, Leeton
- Former BP Australia Terminal, Balls Head Road, Waverton
- Government Office Building, 135 Main Street, Murwillumbah
- Government Office Building, Cnr Lynch and Lovell Street, Young
- Sydney Fish Market Site, Pyrmont Bridge Road, Pyrmont

8. ASSETS HELD FOR SALE	**2011 $'000**	**2010 $'000**
(a) Carrying Amount at 30 June:		
Land and Buildings		
At Fair Value	5,000	5,345
Carrying Amount at 30 June	**5,000**	**5,345**

(b) Reconciliation of Opening and Closing Carrying Amounts	**2011 $'000**	**2010 $'000**
Assets Held for Sale		
Carrying Amount at 1 July	5,345	795
Disposals (Note 7(b)(v))	(345)	(795)
Transfer from Property, Plant and Equipment (Note 7(b))	-	5,345
Carrying Amount at 30 June	**5,000**	**5,345**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

		2011	2010
9.	**INTANGIBLES**	**$'000**	**$'000**
(a)	**Carrying Amount at 30 June:**		
	Computer Software		
	Gross Carrying Amount	1,657	1,059
	Less Accumulated Amortisation and Impairment	(584)	(307)
	Carrying Amount at 30 June	**1,073**	**752**

		2011	2010
(b)	**Reconciliation of Opening and Closing Carrying Amounts**	**$'000**	**$'000**
	Intangibles		
	Carrying Amount at 1 July	752	466
	Additions/Acquisitions	572	440
	Transfer from Property, Plant and Equipment (Note 7)	26	14
	Amortisation Expense	(277)	(168)
	Carrying Amount at 30 June	**1,073**	**752**

		2011	2010
10.	**PAYABLES**	**$'000**	**$'000**
	Current		
	Sundry Creditors and Accruals	11,715	12,083
	Land Remediation Expense Accrual	514	545
	Monies Held "On Trust":		
	Newcastle Lands (i)	-	3,496
	Agency Property Acquisitions (ii)	6,700	2,841
	Payable to Personnel Services Provider (Note 1(a)):		
	Accrued Salaries, Wages and On-Costs	345	346
	Total Current Payables	**19,274**	**19,311**

(i) Monies Held "On Trust" - Newcastle Lands

At 30 June 2010 monies were held on behalf of the Newcastle City Council and represents the balance of funding set aside for the implementation of the Revised Heritage Interpretation Strategy on the former BHP steel works sites in Newcastle. These monies were fully distributed to Newcastle City Council in 2010-11.

(ii) Monies Held "On Trust" - Agency Property Acquisitions

At 30 June 2011, these monies comprised cash received in advance from other government agencies for property acquisitions in progress, negotiations for which were being undertaken by the Authority under formal agreement with those agencies.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

11. PROVISIONS	**2011 $'000**	**2010 $'000**
Current		
Personnel Services (a)	1,454	1,283
Land Remediation (b)	40,640	27,872
Makegood Restoration (c)	28,947	16,766
Legal Settlement (d)	180	180
Total Current Provisions	**71,221**	**46,101**
Non-Current		
Personnel Services (a)	9,127	8,424
Land Remediation (b)	66,967	86,792
Makegood Restoration (c)	99,008	59,896
Total Non-Current Provisions	**175,102**	**155,112**

(a) Personnel Services	**2011 $'000**	**2010 $'000**
Movement:		
Carrying Amount at 1 July	9,707	7,519
Increase in Liability to Personnel Services Provider	874	2,188
Carrying Amount at 30 June	**10,581**	**9,707**
Current Liability	1,454	1,283
Non-Current Liability	9,127	8,424
Total Liability at 30 June	**10,581**	**9,707**

Aggregate Personnel Services Liability - Dissection	**2011 $'000**	**2010 $'000**
Annual Leave (i)	1,090	950
Long Service Leave On-costs (ii)	364	333
Unfunded Superannuation (Defined Benefits Schemes) (iii)	9,127	8,424
Total Liability at 30 June	**10,581**	**9,707**

The Authority receives personnel services from the Department of Finance and Services (DFS). The DFS is not a Special Purpose Service Entity and does not control the Authority under this arrangement (Note 1(a)). In accordance with NSW Treasury Circular 06-13 "Financial Reporting and Annual Reporting Requirements Arising from Employment Arrangements", a liability representing the total amount payable to the DFS is recognised as a provision in the Statement of Financial Position (Note 1(e)(i)).

(i) Annual Leave

A liability for annual leave and associated on-costs is recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(ii) Long Service Leave On-costs

A liability is recognised for certain long service leave related on-costs and additional employee benefit costs that arise on incurring long service leave, including payroll tax, workers compensation insurance, annual leave, accrued leave while on long service leave taken in service and defined contribution superannuation. This long service leave on-cost liability is calculated in accordance with the requirements of Treasury Circular 09-04 and is based on the long service leave liability recognised by the DFS in respect of employees of the Authority.

The liability for long service leave recognised by the DFS is measured on a shorthand basis to approximate present value in accordance with the requirements of AASB 119 "Employee Benefits". The shorthand methodology is based on remuneration rates at year-end for all employees with five or more years of service. Present value is approximated based on the nominal long service leave value, the market yield on government bonds as at 30 June and valuation ratios provided by NSW Treasury's actuary.

All long service leave taken by employees of the Authority is reimbursed to the DFS by the Crown's "Non-Budget Sector Long Service Leave Pool Scheme". Accordingly, The Authority only recognises the consequential costs associated with long service leave.

(iii) Unfunded Superannuation (Defined Benefits Schemes)

The superannuation schemes for personnel provided by the DFS to the Authority include the State Superannuation Scheme, the State Authorities Superannuation Scheme and the State Authorities Non-contributory Superannuation Scheme. These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the schemes are closed to new members.

The defined benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations carried out at each reporting date. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The unfunded defined benefit superannuation provision was increased by net actuarial losses of $0.815 million in 2010-11 ($2.248m in 2009-10) in respect of personnel who are members of defined benefit superannuation plans. As the Authority is not an employer, any actuarial losses (or gains) are recognised directly in Personnel Services Expense within the Net Surplus/Deficit.

(b) Land Remediation	**2011 $'000**	**2010 $'000**
Movement:		
Carrying Amount at 1 July	114,664	97,095
Decrease in Provision from Payments	(8,563)	(2,283)
Increase in Provision from Unwinding of Discount Rate (Note 3(d))	5,270	4,396
Increase in Provision from Revised Estimate of Liability Recognised as a Loss in the Net Surplus/Deficit (Note 4(e))	-	2,201
Increase/(Decrease) in Provision from Revised Estimate of Liability Recognised as a Revaluation Increment/(Decrement) in Other Comprehensive Income	(642)	5,462
Increase/(Decrease) in Provision from Revised Estimate of Liability Remaining on Divested Land (ii)	(3,122)	7,793
Carrying Amount at 30 June	**107,607**	**114,664**
Current Liability	40,640	27,872
Non-Current Liability	66,967	86,792
Total Liability at 30 June	**107,607**	**114,664**

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(i) Remediation Liability on Newcastle Landholdings

In June 2002, the Crown acquired the former BHP main steel works site at Mayfield, Kooragang Islands waste emplacement site and other parcels of land in the Newcastle area. The Mayfield steel works and Kooragang Islands waste emplacement sites required remediation works to remove various contaminants associated with steel making. As part of land acquisition package consideration, the Crown negotiated for BHP Billiton to pay an amount to compensate for the total estimated cost of the land remediation and other works.

On 1 February 2007, all of the above sites were transferred to the State Property Authority from the Crown Property Portfolio under the provisions of the *State Property Authority Act 2006* . At the same time, the Crown's remediation liability associated with the former main steel works and waste emplacement sites was also transferred to the Authority, along with the balance of cash required to fund the remediation works (Note 5).

On 1 February 2008, the Hunter Development Corporation (HDC) took over the Government's responsibility for the management of the required remediation works from the former Regional Land Management Corporation. Each year, the HDC provides the Authority with a revised estimate of costs remaining to complete the remediation works on the former Mayfield steel works and Kooragang Island waste emplacement sites. From an estimate provided in June 2011, the Authority has recognised a total remediation liability of $96.946 million as at 30 June 2011 ($105.038m at 30 June 2010).

Calculation of the estimate is based on current technical studies and analysis taking into account current and future contract costs, referable to awarded contracts where available. Where necessary, costs are indexed and discounted using general construction industry data available.

(ii) Remediation Liability Remaining on Divested Newcastle Lands

On 23 July 2009, various parcels of the Newcastle landholdings (including unremediated land at Mayfield and on Kooragang Island) were sold to the Newcastle Port Corporation (NPC). As part of the sale and transfer arrangements, the NSW Treasurer executed a Deed of Indemnity on behalf of the Crown which indemnified the NPC from liability for any contamination on the lands. Consequently, the Authority continues to recognise the full remediation liability on behalf of the Crown for all of the unremediated lands divested to the NPC. The Authority also maintains the balance of cash to fund the remediation works.

As the Authority no longer owns these lands, any increases or decreases in the associated remediation liability remaining which result from unwinding of the discount rate, changes to the discount rate or revised cash flow and timing estimates, are recognised directly in the Net Surplus/Deficit under Finance Costs (Notes 3(d)) or Other Expenses (Note 3(h)).

(iii) Remediation Liability on Hunter's Hill Landholdings

On 29 June 2009 the Authority acquired land at lots 7, 9 and 11 Nelson Parade Hunter's Hill. Each of these lots are situated on a former uranium smelter site and, as part of the land transfers, the NSW Government has given the Authority the responsibility to remediate the contaminated land.

The Authority has estimated and recognised a total remediation liability of $10.660 million as at 30 June 2011 ($9.626m at 30 June 2010) for all three lots. This estimate has been determined using contract and tender details available as at 30 June 2011. Minor remediation was been undertaken in 2009-10 and 2010-11, however the remaining remediation will be undertaken during 2011-12, 2012-13 and completed in 2013-14.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(c) Makegood Restoration

	2011 $'000	2010 $'000
Movement:		
Carrying Amount at 1 July	76,662	29,283
Increase in Provision from Revised Present Value of Liability	52,150	47,485
Decrease in Provision from Payments	(857)	(106)
Carrying Amount at 30 June	**127,955**	**76,662**
Current Liability	28,947	16,766
Non-Current Liability	99,008	59,896
Total Liability at 30 June	**127,955**	**76,662**

The makegood restoration liability is calculated on all leased properties, where the Authority is the lessee and reflects an estimate of the cost to makegood the premises to their original condition at the end of the lease term. The makegood costs are recoverable in full from the sub-lessees. A discount rate of 5.21% was used and the level of the provision is reviewed at the end of each year. Any adjustments made to the Makegood Restoration Provision is also reflected in Makegood Costs Recoverable within Receivables (Note 6).

(d) Legal Settlement

	2011 $'000	2010 $'000
Movement:		
Carrying Amount at 1 July (i)	180	144
Additional Provision	-	36
Carrying Amount at 30 June	**180**	**180**
Current Liability	180	180
Total Liability at 30 June	**180**	**180**

(i) A provision is maintained for legal settlement costs in relation to the McKell Building Break Benefits Litigation proceedings for which the NSW Crown has been ordered to pay the defendants costs. The amount of $0.180 million provided is based on an offer made by the Authority on 11 May 2010. As at 30 June 2011, negotiations were still underway between the Authority and the defendants as to the final settlement amount.

12. DEFERRED INCOME

	2011 $'000	2010 $'000
Current		
Lessor Lease Incentives (a)	2,590	1,408
Prepaid Rental on Contract Exchange (b)	2,250	-
Total Current Liability at 30 June	**4,840**	**1,408**
Non-Current		
Lessor Lease Incentives (a)	8,544	2,783
Prepaid Rental on Contract Exchange (b)	3,656	-
Total Non-Current Liability at 30 June	**12,200**	**2,783**

State Property Authority

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For the Year Ended 30 June 2011

	2011 $'000	2010 $'000
(a) Lessor Lease Incentives		
Movement:		
Carrying Amount at 1 July (i)	4,191	5,600
Additional Lease Incentives	9,089	-
Less Current Year Amortisation	(2,146)	(1,409)
Carrying Amount at 30 June	**11,134**	**4,191**
Current Liability	2,590	1,408
Non-Current Liability	8,544	2,783
Total Liability at 30 June	**11,134**	**4,191**

(i) Lessor lease incentives received relate to incentives given to the Authority under head lease agreements. Lessor lease incentives are amortised over the term of each lease and are recognised as a reduction to Property Head Lease Expense in the Statement of Comprehensive Income (Note 3(b)).

	2011 $'000	2010 $'000
(b) Prepaid Rental on Contract Exchange		
Movement:		
Carrying Amount at 1 July	-	-
Add Prepaid Rental Received (i)	6,750	-
Less Current Year Amortisation	(844)	-
Carrying Amount at 30 June	**5,906**	**-**
Current Liability	2,250	-
Non-Current Liability	3,656	-
Total Liability at 30 June	**5,906**	**-**

(i) On 15 February 2011, the Authority and Trustees of the Moriah College Building Fund exchanged contracts for the sale of land. On exchange, a deposit of $6.750 million was paid by the Trustees in the form of prepaid rental owed until the date of final settlement on 15 February 2014. The deposit amount is being amortised over the term of the settlement period and is recognised as a reduction to Finance Lease Receivables within the Statement of Financial Position.

	2011 $'000	2010 $'000
13. NOTE TO STATEMENT OF CHANGES IN EQUITY		
(a) Financial Distributions		
Normal Distributions from Surplus on Rental Operations (Paid to the State Government) (Note 1(u))	30,000	32,625
Capital Repatriations from the Net Proceeds of Asset Sales (Paid to the State Government) (Note 1(u))	6,771	65,073
	36,771	**97,698**

	2011 $'000	2010 $'000
(b) Asset Revaluation Reserve Dissection		
Asset Class:		
Land	9,656	1,084
Finance Leased Assets	2,396	2,070
Fine Arts & Heritage Assets	2,759	-
Total Asset Revaluation Reserve at 30 June	**14,811**	**3,154**

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 the Authority's policy on the Revaluation of Property, Plant and Equipment (Note 1(i)). All movements are recorded directly through the Statement of Changes in Equity and are recognised in the Statement of Financial Position. No distributions are made from the Asset Revaluation Reserve.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

14. EXPENDITURE COMMITMENTS

(a) Capital Expenditure Commitments

	2011 $'000	2010 $'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	6,410	3,638
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-
Total Expenditure Commitments (Incl GST)	**6,410**	**3,638**

Total capital expenditure commitments relate to contracted refurbishment works on various owned buildings. Capital expenditure commitments at 30 June 2011 include GST recoverable input tax credits of $0.583 million ($0.331m at 30 June 2010) that are expected to be recoverable from the Australian Taxation Office.

(b) Future Minimum Lease Payments under Non-Cancellable Operating Leases as Lessee

	2011 $'000	2010 $'000
Head lease future minimum lease payments contracted at balance date but not provided for:		
Payable within one year	267,229	173,088
Payable later than one year but not later than five years	423,162	331,019
Payable later than five years	56,526	34,359
Total Expenditure Commitments (Incl GST)	**746,917**	**538,466**

The majority of future minimum lease payments will be recouped by the Authority under sub-leases. Future minimum lease payments and receipts as at 30 June 2011 include GST recoverable input tax credits of $67.901 million ($48.951m at 30 June 2010) and GST payable of $67.901 million ($48.951m at 30 June 2010).

(c) Other Operating Expenditure Commitments

	2011 $'000	2010 $'000
Operating expenditure contracted at balance date but not provided for:		
Payable within one year	6,912	5,262
Payable later than one year but not later than five years	7,288	13,512
Payable later than five years	-	-
Total Expenditure Commitments (Incl GST)	**14,200**	**18,774**

Total operating expenditure commitments at 30 June 2011 relate to outsourced property service provider costs to 31 December 2014 as per contracts and motor vehicle costs until 18 January 2013 as per lease agreements. Operating expenditure commitments at 30 June 2011 include GST recoverable input tax credits of $1.291 million ($1.707m at 30 June 2010) that are expected to be recoverable from the Australian Taxation Office.

(d) Finance Lease Liabilities

	2011 $'000	2010 $'000
Current		
Minimum Lease Payments	6,003	6,003
Less Finance Costs	(3,504)	(3,687)
Total Current Liability at 30 June	**2,499**	**2,316**
Non-Current		
Minimum Lease Payments	70,190	76,194
Less Finance Costs	(24,576)	(28,080)
Total Non-Current Liability at 30 June	**45,614**	**48,114**
Total Finance Lease Liability at 30 June	**48,113**	**50,430**

Aged Reconciliation of Total Finance Lease Liabilities	2011 $'000	2010 $'000
Minimum Lease Payments:		
Payable within one year	6,003	6,003
Payable later than one year but not later than five years	24,014	24,014
Payable later than five years	46,176	52,180
Total Minimum Lease Payment Commitment	**76,193**	**82,197**
Finance Costs:		
Payable within one year	(3,504)	(3,687)
Payable later than one year but not later than five years	(11,870)	(12,762)
Payable later than five years	(12,706)	(15,318)
Total Finance Costs Commitment	**(28,080)**	**(31,767)**
Total Finance Lease Liability:		
Payable within one year	2,499	2,316
Payable later than one year but not later than five years	12,144	11,252
Payable later than five years	33,470	36,862
Total Finance Lease Liability at 30 June	**48,113**	**50,430**

The Authority's Finance Lease Liabilities comprise leases on Noel Park House, Tamworth and on part of the Colonial State Bank Building, Sydney. The Noel Park House lease has a lease term of 25 years with no option to purchase the asset at the completion of the lease term in 2017. The discount rate implicit in the lease is 8.31% pa. The Colonial State Bank lease liability is being amortised over the estimated economic life of the building, which is 40 years and ends in 2026. The discount rate implicit in the lease is 7.61% pa.

15. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

There are no known material contingent assets at 30 June 2011.

(b) Contingent Liabilities

There are no known material contingent liabilities at 30 June 2011.

16. FINANCIAL INSTRUMENTS

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

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

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Risk management reporting and compliance with policies is reviewed on a regular basis by the Authority's Audit and Risk Committee.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(a) Financial Instrument Categories

			2011 $'000	2010 $'000
Financial Assets - Carrying Amounts				
Class	**Category**	**Notes**		
Cash and Cash Equivalents	n/a	1(s)(i), 5	131,138	131,075
Receivables	Loans and Receivables (at Amortised Cost)	1(s)(ii), 6	238,743	176,611
Financial Liabilities - Carrying Amounts				
Class		**Notes**		
Payables	Financial Liabilities (at Amortised Cost)	1(s)(iii), 10	19,274	19,311
Finance Leases	Financial Liabilities (at Amortised Cost)	1(q)(i), 14(d)	48,113	50,430

(b) Credit Risk

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

All of the Authority's cash deposits are held within NSW Treasury Banking System bank accounts. All deposits held within the NSW Treasury Banking System are guaranteed by the State. The State of New South Wales has an AAA credit rating.

(i) Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on the Authority's Land Remediation Account daily bank balance at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. All other bank accounts are non-interest bearing within the NSW Treasury Banking System.

(ii) Receivables - 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 the Authority 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. Sales are made on 30-day terms.

The Authority 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 $4.692 million ($4.635m at 30 June 2010) are not considered impaired and these represent 67.8% (56.4% at 30 June 2010) of the total trade debtors. Most of the Authority's debtors are NSW Government Agencies and therefore have an AAA credit rating. 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 trade debtors relating to property rental and fees-for-services income. These are included within Receivables in the Statement of Financial Position.

Credit Risk - 2011	Overdue				Total
	<1 Mth	>1 <2 Mths	>2 <3 Mths	>3 Mths	2011
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:					
Past Due But Not Impaired	172	513	375	1,045	2,105
Considered Impaired	-	-	-	122	122
Total Credit Risk	**172**	**513**	**375**	**1,167**	**2,227**

Credit Risk - 2010	Overdue				Total
	<1 Mth	>1 <2 Mths	>2 <3 Mths	>3 Mths	2010
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:					
Past Due But Not Impaired	27	935	786	2,510	4,258
Considered Impaired	11	-	38	681	730
Total Credit Risk	**38**	**935**	**824**	**3,191**	**4,988**

(c) Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows planning to ensure adequate holding of available cash. The Authority's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

The 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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The Minister did not award any interest for late payments during 2011 and 2010.

The Authority's financial liabilities, as listed at (a) above, are all non-interest bearing. Payables are all payable within 12 months (Note 11). Payable items which are out of the scope of AASB 132 "Financial Instruments: Presentation" have been excluded from the carrying amount shown in the Statement of Financial Position. These items are GST payable and revenue in advance.

A maturity profile analysis of the Authority's Finance Lease liabilities is presented at Note 14(d).

(d) 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 Authority's exposure to market risk is primarily through interest rate risk on the Authority's BHP Remediation interest earning bank balance held within the NSW Treasury Banking System. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined below under interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority 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 reporting date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

State Property Authority

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

(i) Interest Rate Risk

A reasonably possible change of ± 1% has been 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. The Authority's exposure to interest rate risk is set out below.

Interest Rate Risk - 2011	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	131,138	(963)	(963)	963	963

Interest Rate Risk - 2010	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	131,075	(1,020)	(1,020)	1,020	1,020

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. No sensitivity analysis has been performed on foreign exchange risk as the Authority is not exposed to such foreign exchange fluctuations.

(e) Fair Value

The Authority's financial instruments are recognised at amortised cost. Because of the short term nature of the Authority's financial assets and liabilities, the amortised cost recognised in the Statement of Financial Position approximates fair value.

17. 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 the Authority as at 30 June 2011.

(b) Non-Adjusting Events

Government Agency Owned and Leased Office Accommodation Property Vesting – Pursuant to Premier's Memorandum M2008-06, further vesting of Government agency-owned and leased properties is likely to occur in separate tranches during 2011-12. As the identification and validation of these properties was still in progress at the reporting date, estimates of the financial impact on the Authority's accounts in 2011-12 are not available.

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

End of Audited Financial Statements

STATUTORY AND STATISTICAL INFORMATION

CHIEF AND SENIOR EXECUTIVE STAFF

CHIEF EXECUTIVE OFFICER (S)

Michael Coutts-Trotter, BA

SES Level 8

Total remuneration package: $488,250

Date appointed: 4 April 2011

Warwick Watkins AM, AMP:ISM P (Harv), MNatRes, DipScAgr, HDA (Hons), FAPI, Hon FISA (NSW), FRICS

SES Level 7

Total remuneration package: $430,450

Period in position: To February 2011

PERFORMANCE REVIEW BY MINISTER FOR FINANCE AND SERVICES

The Minister for Finance and Services is satisfied that the Chief Executive Officer has met all the performance criteria of the position.

PERFORMANCE HIGHLIGHTS

As Chief Executive Officer, Mr Coutts-Trotter has:

- Led the transition of the State Property Authority from the former Land and Property Management Authority to the Department of Finance and Services on commencement of the *Public Sector Employment and Management (Departments) Order*.
- Authorised commencement of the five-year statutory review of the *State Property Authority Act 2006* to ensure its effectiveness in supporting Government policy objectives.
- Provided advice to the Minister for Finance and Services on whole-of-government generic property matters.
- Oversighted the completion of the Authority's program of work for the year including:
  1. The designated program for the vesting of owned and leased property assets under the Government's policy for the centralised ownership and management of office accommodation.
  2. The program of agency portfolio reviews and regional studies to identify improvements in agencies' property management outcomes and better align of property assets with agencies' service delivery needs.
  3. The asset sales program realising $6.55 million from the disposal of 23 properties.
  4. A $24.0 million capital refurbishment program for 2010-11.
  5. Implementation of the State Property Authority's Client Relationship Management Framework, including the implementation of the SPA Helpdesk and in-house property services and facilities management team.

GENERAL MANAGER

Barry Douse, BA Hons, EMPA, GAICD

SES Level 5

Total remuneration package: $255,000

Period in position: Acting from 16 November 2009. Permanently appointed 16 July 2010.

PERFORMANCE REVIEW BY THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is satisfied that the General Manager has met all the performance criteria of the position.

PERFORMANCE HIGHLIGHTS

As General Manager, Mr Douse has:

- Provided on-going advice to the Chief Executive Officer and Minister for Finance and Services on whole-of-government generic property matters.
- Led the Authority's vesting program for owned and leased property assets to project completion in June 2011.
- Implemented the Authority's asset sales program for the disposal of 23 properties.
- Led implementation of the State Property Authority's Client Relationship Management Framework, including the SPA Helpdesk and in-house property management team.

OTHER SENIOR EXECUTIVE STAFF

Vince Spanhel, Dip. Bus. REM, A/Executive Director, Planning and Strategy, SES Level 3. Acting from 9 August 2010.

Lindsay Haraldson, Dip. Bus. REM, FAPI, A/Executive Director, Portfolio Management, SES Level 3. Acting from 9 August 2010.

Simon Furness, MBA, BSc (Hons), GAICD, Executive Director, Divestments, Acquisitions and Development, SES Level 3.

REQUIREMENTS ARISING FROM EMPLOYMENT ARRANGEMENTS

State Property Authority staff were employees of the former Land and Property Management Authority until 2 April 2011. With the issue of Administrative Orders and amendments to the *Public Sector Employment and Management Act 2002* on 3 April 2011 all Authority staff were added to the Department of Finance and Services. The following is a summary of the Authority's workforce profile and other information as required under the *Annual Reports (Statutory Bodies) Regulation 2010*.

WORKFORCE PROFILE 2010-11*

During 2010-11 the Authority continued to develop its skills and capacity to manage the expanded property portfolio in line with its workforce plan. This was done in the context of the Government's staffing and recruitment policies.

EXCEPTIONAL MOVEMENTS IN WAGES, SALARIES OR ALLOWANCES

The *Crown Employees (Public Sector – Salaries 2008) Award* provided for salary increases of 4% p.a. for three years (12.5% cumulative) effective from the first full pay period on or after 1 July 2008. The third instalment was paid in July 2010.

A determination by the Statutory and Other Offices Remuneration Tribunal awarded a general 4% increase to officers of the Senior Executive Service and statutory office position holders effective from 1 October 2010.

CATEGORY	2007-08	2008-09	2009-10	2010-11
Senior Executive Service	5.0	4.0	3.0	4.0
Corporate Management	13.0	17.8	17.8	15.8
Property Management	50.8	64.8	66.8	89.8
TOTAL	**68.8**	**86.6**	**87.6**	**108.8**

**As at 30 June 2011. Excludes permanent employees of other agencies seconded to the State Property Authority, contractors and consultants.*

SES PROFILE

	2009-10		2010-11	
LEVEL	MALE	FEMALE	MALE	FEMALE
SES 6 (By allowance)		1*		
SES 5			1***	
SES 3	3		3	
SES 2		1**		
Total	**3**		**4**	

** CEO position deleted and replaced by General Manager (SES Level 5) in 2009-10.*
*** Position deleted January 2009.*
****Permanent appointment in 2009-10.*

PERSONNEL POLICIES AND PRACTICES

The Authority's personnel policies and practices are currently being reviewed following the abolition of the Land and Property Management Authority (LPMA) in April 2011 and the Authority's realignment with the Department of Finance and Services. For the majority of the reporting period, the Authority was governed by the policies and procedures of the former LPMA. No new personnel policies and procedures were developed during 2010-11.

During the reporting period the Authority continued to enforce its Code of Conduct and also achieved the following outcomes:

- implementation of the LPMA flexible working arrangements to provide consistency in time and attendance management
- improvement of structural, functional and staffing arrangements in the Portfolio Management Group to better manage increased workloads associated with the property vesting program
- completion of the inaugural graduate employment policy and program with the two graduates appointed to promotional positions
- application of the Purchased Leave policy and procedures under the *Crown Employees (Public Service Conditions of Employment) Award 2009*
- application of the Commonwealth Paid Parental Leave Scheme for employees on maternity leave
- application of improved advertising and selection practices using e-recruitment from the Department of Premier and Cabinet in partnership with ServiceFirst
- introduction of part-time work for older staff to facilitate phased retirement and knowledge retention
- provision of educational assistance for staff undertaking tertiary study programs.

The current review of personnel policies and procedures will facilitate the standardisation of the personnel function across the broader Department of Finance and Services.

INDUSTRIAL RELATIONS POLICIES AND PRACTICES

As part of the former Land and Property Management Authority (LPMA) until April 2011, the Authority participated in the broader LPMA Joint Consultative Committee as the peak industrial consultation forum. There were no industrial disputes or industrial lost time for the Authority during the reporting period.

Following the realignment of the State Property Authority with the Department of Finance and Services, planning has commenced for the development and implementation of industrial relations consultative frameworks, committee structures and processes over the wider department.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

During 2010-11 the Authority continued to ensure the provision of a safe and healthy working environment for its staff. There were four work-related injuries during the period and no prosecutions under the *Occupational Health and Safety Act 2000*.

Specific OH&S initiatives during 2010-11 included:

- referrals to the outsourced provider of the Authority's Employee Assistance Program as part of its workplace injury management process
- continued implementation of a corporate influenza vaccination program for all Authority staff and contractors.
- maintenance of effective workplace injury management processes with ServiceFirst and the Department of Finance and Services
- maintenance of accredited First Aid Officers and payment of first aid allowances.

DISABILITY PLANS

During the reporting period the following outcomes were achieved in respect of disability planning:

- Inclusion of reasonable adjustment practices for the disabled in all capital constructions, building upgrades and refurbishments of office space.
- Upgrading of lifts to incorporate Braille call/floor buttons and voice announcements in the McKell Building in the Sydney CBD.
- Installation of disabled access ramps in the Albury and Dubbo Government Office buildings to ensure compliance with the Commonwealth Disability Discrimination Act 1992.
- Installation of tactile finish in McKell Building in Sydney CBD and the Moree Government Office Building to improve access.
- Installation of tactile finish on the entrance ramp to the Deniliquin Government-owned building.
- Upgrade of signage incorporating Braille at the Mudgee Government Office Building.
- Upgrade of toilet facilities in the Armidale, Bathurst, Blacktown, Broken Hill, Deniliquin, Grafton, Inverell, Moree, Mudgee and Parkes Government Office Buildings to ensure compliance with the Commonwealth Disability Discrimination Act 1992.

PRINCIPAL GOVERNING LEGISLATION

The State Property Authority operates under the following principal legislation:

- *State Property Authority Act 2006*
- *Public Finance and Audit Act 1983.*

CHANGES IN LEGISLATION

Three State Property Authority Orders were published with commencement dates in 2010-11, which vested 26 land parcels and 347 lease and licence interests into the Authority.

State Property Authority Order 2010 commenced in part on 6 August 2010 and, in part, on 1 October 2010. This Order amended Schedule 1 of the *State Property Authority Act 2006*, transferring 15 land parcels and 272 lease and licence interests to the Authority which were previously owned or administered by the following former agencies: Communities NSW; the Department of Education and Training; the Department of Environment; the Department of Environment Climate Change and Water; the Department of Human Services; the Department of Industry and Investment; the Department of Justice and Attorney General; the Department of Planning; Police and Emergency Services NSW; the Department of Premier and Cabinet; the Department of Services, Technology and Administration; NSW Transport and NSW Treasury.

State Property Authority Order (No 2) 2010 commenced on 19 October 2010. This Order amended Schedule 1 of the *State Property Authority Act 2006*, transferring eight land parcels to the Authority which were previously owned or administered by the following former agencies: Communities NSW and the Department of Justice and Attorney General.

State Property Authority Order 2011 commenced, in part, on 25 February 2011 and, in part, on 1 June 2011. This Order amended Schedule 1 of the *State Property Authority Act 2006*, transferring three land parcels and 75 lease and licence interests to the Authority which were previously owned or administered by the following former agencies: the Department of Environment Climate Change and Water; the Department of Health; the Department of Human Services; the Department of Industry and Investment; the Department of Justice and Attorney General; Police and Emergency Services NSW; the Department of Premier and Cabinet; NSW Transport and NSW Treasury.

On 3 April 2011 the *Public Sector Employment and Management (Departments) Order 2011* under the *Public Sector Employment and Management Act 2002* had the effect of transferring State Property Authority staff to the Department of Finance and Services and effectively conferring on the Director-General of the Department of Finance and Services the functions of Chief Executive Officer of the State Property Authority.

PAYMENT OF ACCOUNTS

The table on the next page highlights the Authority's account payment performance for 2010-11. The percentage of invoices paid on time for the year averaged 85.2% (compared to 88.8% in 2009-10 and 83.8% in 2008-09). The marginal reduction in performance over 2009-10 was due mainly to the transitioning of the management and operational processes of numerous owned and leased properties vested from other Government agencies during the year. Although further property vesting is expected to occur in 2011-12, the Authority is progressing with enhancements to its account payment processes and is targeting payment performance in excess of 90% for 2011-12.

During 2010-11 there were no occasions where the late payment of accounts incurred an interest charge to the Authority.

	1ST QTR $'000	2ND QTR $'000	3RD QTR $'000	4TH QTR $'000	TOTAL $'000
Value of invoices paid					
Paid before due	73,928	101,349	99,898	112,777	387,952
<30 days overdue	1,088	1,160	2,296	1,873	6,417
>30<60 days overdue	562	1,057	787	490	2,896
>60<90 days overdue	188	1,098	292	226	1,804
>90 days overdue	314	433	531	776	2,054
Total value of invoices paid	**76,080**	**105,097**	**103,804**	**116,142**	**401,123**

Percentage paid on time					
Number of invoices paid					
Number paid	6,316	8,050	8,512	9,740	32,618
Number paid on time	5,702	6,851	6,740	8,509	27,802
Percentage paid on time	**90.3%**	**85.1%**	**79.2%**	**87.4%**	**85.2%**

CONSULTANTS

The Authority engages consultants to augment existing expertise and resources. During 2010-11 the Authority obtained the following consultancy services:

2010-11 CONSULTANCIES PROJECTS/CATEGORIES	CONSULTANTS	TOTAL COST $
Greater than $50,000: **Project title**	**Consultant name**	
Contract Transition Management (cont. from 2009-10)	Asset Technologies Pacific Pty Ltd	19,709
Business Continuity Planning	MC2 Pacific Pty Ltd	81,000
Less than $50,000: **Category**	**Number of consultants**	
Property	2	42,264
Other	3	54,327
Total consultancies		**197,300**

RISK MANAGEMENT AND INSURANCE

In 2010-11 the Authority was insured with the Treasury Managed Fund which is managed by the NSW Self Insurance Corporation.

The Authority's Audit and Risk Management function operated under the broader Land and Property Management Authority's (LPMA) Audit and Risk Committee until LPMA's abolition on 3 April 2011. The Authority's risk management framework is now overseen by the Department of Finance and Services Audit and Risk Committee.

The Authority's proposed Internal Audit Plan 2011-12 is currently being reviewed to reflect machinery of Government changes announced in April 2011 and in consultation with the Department of Finance and Services' Audit and Risk Committee's review of the audit and risk management governance model across the wider department.

The Authority also has an internal Corporate Risk Management Committee. Under its charter the Corporate Risk Management Committee is responsible for:

- risk management policy and planning
- risk monitoring, including periodic review of corporate and divisional risk registers
- coordination of risk analyses and reporting/monitoring mechanisms
- risk management reporting to the Executive Committee.

CREDIT CARDS

Credit card usage within the Authority is largely limited to claimable work-related travel expenses and expenditure for minor purchases where the use of credit cards is a more efficient means of payment.

In accordance with *Treasurer's Direction 205.01*, credit card usage by officers of the Authority during the reporting period was in accordance with relevant Government policy, Premier's memoranda and Treasurer's directions.

The Authority has in place a corporate credit card policy that meets NSW Treasury guidelines.

LAND DISPOSAL

On 15 February 2011 the State Property Authority exchanged contracts for the sale of Government owned land to Moriah College for $27 million. The land was acquired by the trustees of the Moriah College Building Fund. Terms of the sale included an up-front deposit of $6.75 million with the remainder to be paid three years from the date of contract.

The Government had no requirement to retain the land and Moriah College had a long-term lease with 90 years remaining. The agreed sum represented the present value of the existing lease, plus the value of converting the 90 year tenure to freehold, taking account of the restrictions on title limiting the use of the land to education purposes.

Proceeds from the sale were directed to Consolidated Funds.

Access to documents relating to the disposal of the property may be obtained under the *Government Information (Public Access) Act 2009* by contacting the Authority's Government Information Coordinator on (02) 9273 3940.

CONSUMER RESPONSE

The Authority is not engaged in front line service delivery to the public. However, mechanisms are in place for client agency feedback through its SPA Helpdesk facility and online at spafeedback@spa.nsw.gov.au.

Over the past financial year the Authority's SPA Helpdesk has been the central service point for agency property management issues. The Authority has ensured that property management issues through this channel are dealt with appropriately and with a high degree of client satisfaction.

The Authority also gauges client response to its service delivery through its annual Tenant Satisfaction Survey, aimed at achieving superior customer service.

PRIVACY MANAGEMENT

The Authority's principal clients are other Government agencies. Therefore, little of the information collected and retained by the Authority falls within the definition of personal information in accordance with the *Privacy and Personal Information Protection Act 1998 (PPIA Act)*. During the reporting period the Authority did not receive any applications for Internal Review under the PPIA Act. The Authority's Privacy Statement, Privacy Policy and information on the lodgement of complaints are available on the Authority's website at www.spa.nsw.gov.au.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

REVIEW OF OPEN ACCESS INFORMATION

During the second quarter of 2010-11 the Authority reviewed its program for the release of Government information under Section 7 (3) of the *Government Information (Public Access) Act 2009* to identify the kinds of information it holds that should, in the public interest, be made publicly available without imposing unreasonable additional costs on the Authority.

A full list of publicly available Government information held by the Authority that is freely available and general information regarding the lodgement of applications for access under the *Government Information (Public Access) Act 2009* is available at www.spa.nsw.gov.au .

APPLICATIONS RECEIVED

During 2010-11 the Authority received 11 new applications for access to information under the *Government Information (Public Access) Act 2009*.

APPLICATIONS REFUSED

Of the 11 applications dealt with five were refused, either wholly or in part, because the application was for disclosure of information which there was a conclusive presumption of overriding public interest against disclosure.

STATISTICAL INFORMATION

TABLE A: NUMBER OF APPLICATIONS BY TYPE OF APPLICANT AND OUTCOME

	ACCESS GRANTED IN FULL	ACCESS GRANTED IN PART	ACCESS REFUSED IN FULL	INFORMATION NOT HELD	NFORMATION ALREADY AVAILABLE	REFUSE TO DEAL WITH APPLICATION	REFUSE TO CONFIRM/ DENY WHETHER INFORMATION IS HELD	APPLICATION WITHDRAWN
Media		1						
Members of Parliament	4	1	1					
Private sector business								
Not for profit organisations or community groups								
Members of the public (application by legal representative)		1						
Members of the public (other)	1		1			1		

TABLE B: NUMBER OF APPLICATIONS BY TYPE OF APPLICATION AND OUTCOME

	ACCESS GRANTED IN FULL	ACCESS GRANTED IN PART	ACCESS REFUSED IN FULL	INFORMATION NOT HELD	NFORMATION ALREADY AVAILABLE	REFUSE TO DEAL WITH APPLICATION	REFUSE TO CONFIRM/ DENY WHETHER INFORMATION IS HELD	APPLICATION WITHDRAWN
Personal information applications								
Access applications (other than personal information applications)	5	3	2			1		
Access applications that are partly personal information applications and partly other								

TABLE C: INVALID APPLICATIONS

REASON FOR INVALIDITY	NO OF APPLICATIONS
Application does not comply with formal requirements (section 41 of the Act)	-
Application is for excluded information of the agency (section 43 of the Act)	-
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	**-**
Invalid applications that subsequently became valid applications	**-**

TABLE D: CONCLUSIVE PRESUMPTION OF OVERRIDING PUBLIC INTEREST AGAINST DISCLOSURE

	NUMBER OF TIMES CONSIDERATION USED
Overriding secrecy laws	-
Cabinet information	1
Executive Council information	-
Contempt	-
Legal professional privilege	1
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

TABLE E: OTHER PUBLIC INTEREST CONSIDERATIONS AGAINST DISCLOSURE

	NUMBER OF OCCASIONS WHEN APPLICATION NOT SUCCESSFUL
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

TABLE F: TIMELINESS

	NUMBER OF APPLICATIONS
Decided within the statutory timeframe (20 days plus any extensions)	9
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	-
Total	**10**

TABLE G: NUMBER OF APPLICATIONS REVIEWED UNDER PART 5 OF THE ACT (BY TYPE OF REVIEW AND OUTCOME)

	DECISION VARIED	DECISION UPHELD	TOTAL
Internal review	-	-	-
Review by Information Commissioner	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by ADT	-	-	-
Total	**0**	**0**	**0**

TABLE H: APPLICATIONS FOR REVIEW UNDER PART 5 OF THE ACT (BY TYPE OF APPLICANT)

	NUMBER OF APPLICATIONS FOR REVIEW
Applications by access applicants	-
Applications by persons to whom information the subject of access application relates	-

ACCESS ARRANGEMENTS, PROCEDURES AND POINTS OF CONTACT

Inquiries on matters regarding access to information under the *Government Information (Public Access) Act* 2009 may be directed to:

The Government Information Coordinator
State Property Authority
Level 9, Bligh House
4-6 Bligh Street
SYDNEY NSW 2000

GPO Box 5341, Sydney 2001

Telephone: (02) 9273 3940
Fax: (02) 9273 3911
Email: maryjane.maliphant@spa.nsw.gov.au

Telephone inquiries may be made between the hours of 9:00am and 5:00pm Monday to Friday.

The Authority's policy on access to Government information under the *Government Information (Public Access) Act 2009* is available on the Authority's corporate website at www.spa.nsw.gov.au , which outlines the types of documents available, access arrangements, fee structures and applicants' rights of appeal.

CHARGES FOR ACCESS

NATURE OF APPLICATION	APPLICATION FEE	PROCESSING
Access to information/records – other requests	$30.00*	$30.00 an hour after first hour*
Internal review of a reviewable decision	$40.00	Nil

** A 50 per cent reduction in processing fees may apply if the applicant suffers financial hardship or if there is deemed to be a special public benefit to the public generally. There is no 50 per cent reduction in the application fee. The applicant receives an extra hour of processing before processing fees start.*

EXEMPTIONS

The Authority is exempt from reporting on the following matters for the reasons outlined below:

REPORTING REQUIREMENT	REASON FOR EXEMPTION
Equal Employment Opportunity	Triennial reporting only required. Refer Authority's 2009-10 Annual Report.
Funds granted to non-Government organisations	The Authority did not make any grants to any non-Government community organisations during the reporting period.
Research and development	No research and development activities were undertaken during 2009-10.
Disclosure of controlled entities	The Authority does not control any entities of the kind referred to in section 39 (1A) of the *Public Finance and Audit Act 1983*.
Disclosure of subsidiaries	The Authority does not control or hold shares in any subsidiaries within the meaning of the *Corporations Act 2001 (Cth.)*
Multicultural Policies and Services Program	Triennial reporting only required. Refer Authority's 2009-10 Annual Report.
Agreements with the Community Relations Commission	The Authority does not have any agreements with the Community Relations Commission under the *Community Relations Commission and Principles of Multicultural Act 2000*.
Investment performance	The Authority's investment powers are in accordance with Part 1 of Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987*. However, all cash reserves are held in Treasury Banking System (TBS) bank accounts.
Implementation of price determination	The Authority is not subject to determinations or recommendations of the Independent Pricing and Regulatory Tribunal of NSW.
Overseas trips	The Authority's clients comprise other NSW Government agencies. No Authority staff undertook an overseas visit to promote or develop the business.

AVAILABILITY OF 2010-2011 ANNUAL REPORT

This annual report is available from the State Property Authority in printed format. It is also available on the Authority's web site at www.spa.nsw.gov.au .

AGENCY CONTACTS

POSTAL ADDRESS:

GPO Box 5341, Sydney, NSW 2001

STREET ADDRESS:

Level 9, Bligh House, 4–6 Bligh Street, Sydney 2000

BUSINESS HOURS:

9.00am to 5.00pm Monday to Friday

KEY CONTACT DETAILS:

Switchboard: (02) 9273 3800
Fax: (02) 9273 3911
Email: spafeedback@spa.nsw.gov.au
Government Information Coordinator: (02) 9273 3940

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