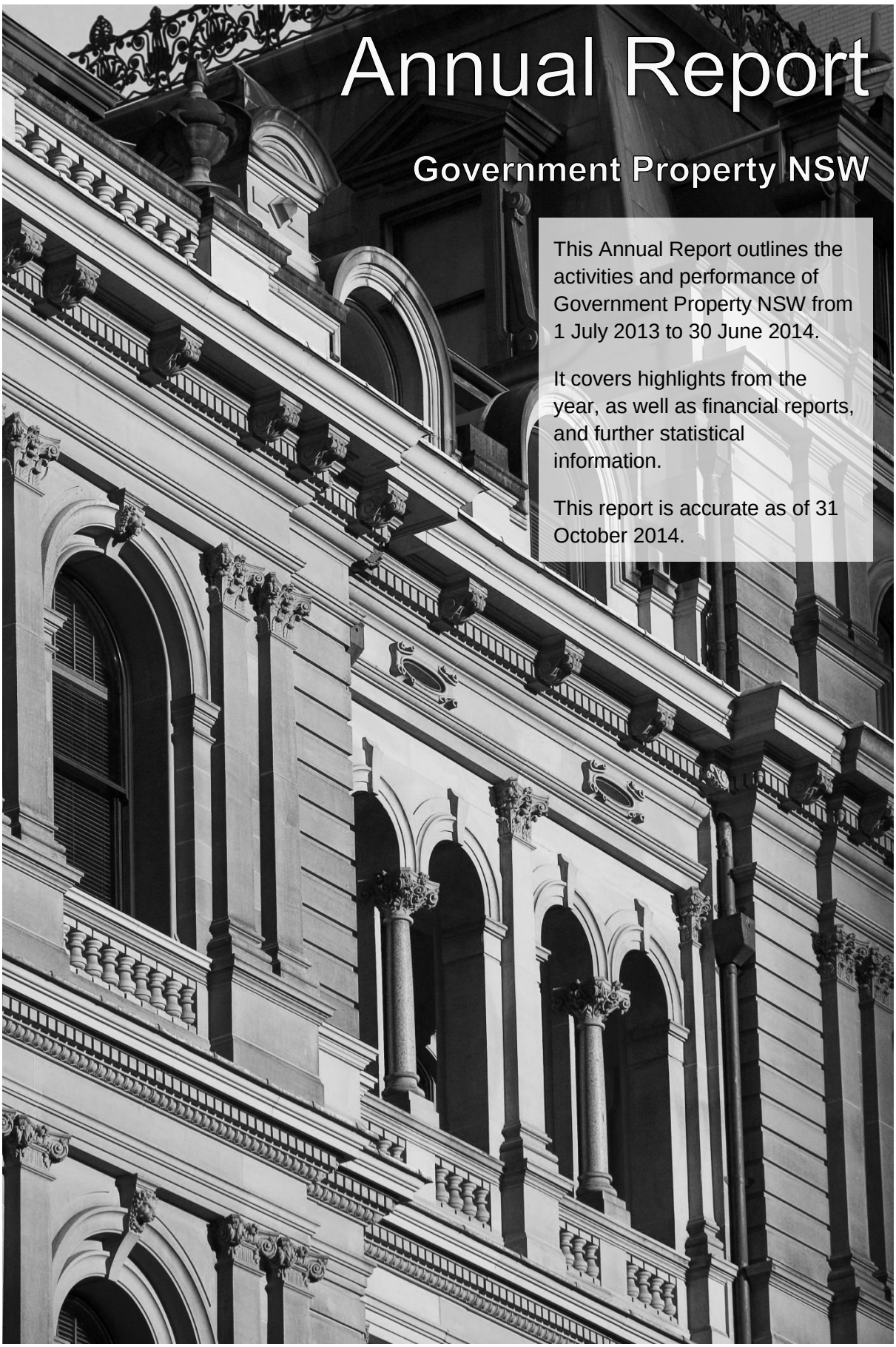
Annual Report

2013-14

Government Property NSW



Annual Report

Government Property NSW

This Annual Report outlines the activities and performance of Government Property NSW from 1 July 2013 to 30 June 2014.

It covers highlights from the year, as well as financial reports, and further statistical information.

This report is accurate as of 31 October 2014.

Letter of Submission

Government Property NSW

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984* I am pleased to submit to you, for presentation to Parliament, a report on the activities and financial affairs of Government Property NSW for the period from 1 July 2013 to 30 June 2014.

Yours sincerely

Brett Newman
Chief Executive Officer
Government Property NSW

John Hubby
A/Chief Executive
Office of Finance and Services

Our Organisation

Our Vision

Leaders in the delivery of excellence and value in property services.

Our Values

Quality	We strive to produce excellence, providing effective solutions and adding value.
Customer Focus	We are committed to understanding our customers and stakeholders to provide best value and service.
Expertise	Experience, training and knowledge lead us to be subject matter experts/specialists.
Innovation	We embrace new ideas and embed creativity.
Integrity	We have the courage to do the right thing; acting honestly, truthfully and respectfully.

Our Charter

Government Property NSW (GPNSW) manages the NSW Government's owned and leased property portfolio. Its focus is on the strategic review, acquisition, divestment and greater utilisation of the Government's real property assets.

Our assets comprise office buildings, significant heritage properties, non-commercial assets and land holdings and many have been vested in GPNSW by other Government agencies.

Our organisation works closely with a range of Government agencies, providing specialist industry knowledge, expertise and understanding of the unique requirements of Government property management.

Our efficient and effective approach to management of Government property generates whole-of-Government savings, economic benefits, and promotes sustainability.

GPNSW has implemented a number of initiatives including:

- strategic review of a number of significant agency real estate portfolios
- increased disposal activity
- increased leasing activity
- establishment of a working capital fund.

GPNSW operates under the following principal legislation:

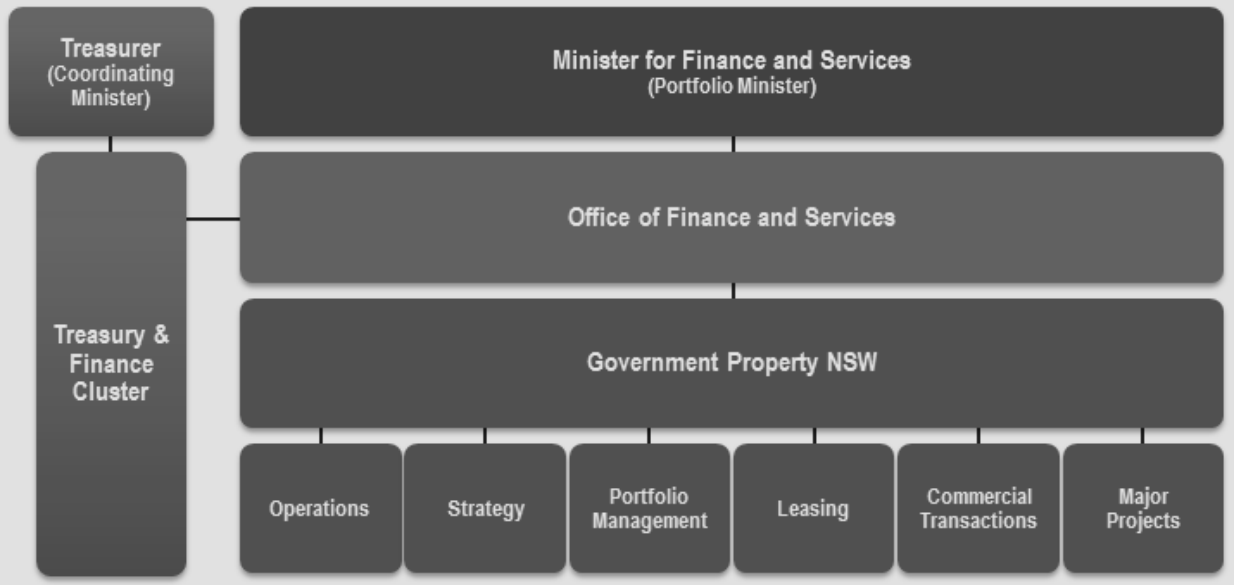
- Government Property NSW Act 2006
- Public Finance and Audit Act 1983

Organisation Structure

GPNSW is an entity of the Office of Finance and Services. As a statutory body representing the Crown, Government Property NSW has the status, privileges and immunities of the Crown and is under the control and direction of the Minister for Finance and Services.

Operationally, GPNSW is managed by a Chief Executive Officer who reports to the Minister for Finance and Services, both directly and via the Chief Executive Office of Finance and Services.

Under the Government Property NSW Act 2006, GPNSW is also required to report to the Treasurer on matters relating to the properties of government agencies, including advice on their efficient utilisation and relevant budgetary measures.



Structure as at 30 June 2014

Our Management Team

Pictured: (left to right) Brett Newman, Riaan Kruger, Anna Welanyk, Michael Henry, Colin West, Sam Romaniuk, Dennis Szabo.

Principal Officers

Brett Newman MBA, LLM, LLB, BEc
Chief Executive Officer

Our Chief Executive Officer, Brett Newman, joined Government Property NSW in April 2013. He has delivered strong results and substantial improvements in the performance of our organisation. He is also the Deputy Secretary for the Land & Housing Group which includes Teachers Housing Authority, Waste Asset Management Corporation and Port Lessors. Providing strategic leadership to the NSW Government's owned and leased property portfolio with revenues of over $500 million per annum. Brett facilitated the successful sale of over $550 million worth of underutilised assets and has established a significant pipeline of properties and portfolios under review.

Brett is the Chair of the Teachers Housing Authority, and the Chair of the Strategic Property Transactions Committee. In addition he participates in a number of government wide strategic steering committees including, Sydney Harbour Foreshore Authority, Crown Lands Review and Service NSW.

Executive Directors

Sam Romaniuk BComm, LLB, CA
Director, Strategy

Anna Welanyk BA
Director, Portfolio Management

Colin West FAPI, CPV, MCR
Director, Leasing

Dennis Szabo BBus, Dip Ap Fin, CA
Director, Commercial Transactions

Michael Henry Dip Bldg, MAIPM
Director, Major Projects

Riaan Kruger Nat Dip Eng
A/Director, Operations

Business Unit Overview

Portfolio Management

Our Portfolio Management group is responsible for the management and maintenance of Government owned and leased property, including capital works, lease management; portfolio services; facility management, and contract administration. Efficiencies have been achieved in the leasing, management and maintenance of the Government's real estate portfolio through the centralisation of these activities and implementation of a proven outsourcing model.

Strategy

Our Strategy group undertakes strategic asset property planning and analysis. It also coordinates the development of accommodation standards, guidelines and property strategies. Through its coordination of the property review program, the group identifies opportunities and develops strategies to achieve efficiencies in asset management through tenancy consolidations, disposals and improved utilisation.

Leasing

Our Leasing group is responsible for the procurement of leased property, including lease negotiation and management. Efficiencies have been achieved in the leasing, management and maintenance of the Government's real estate portfolio through the centralisation of these activities.

Major Projects

Our Major Projects group is responsible for the strategic evaluation, coordination and management of large scale or complex acquisition or divestment transactions including planning amendment and approvals, lease pre-commitment or "whole of government" engagement. Major Projects identifies opportunities, develops strategies, proposals and programs to acquire land and properties to support improvements to Government services and the disposal of surplus properties and manages property development projects outside the scope of individual agencies' capital investment programs.

Commercial Transactions

Our Commercial Transactions group is responsible for evaluation, planning and delivery of property acquisition and disposals on behalf of agencies across wide spectrum of complexity for projects that are not classified as Major Projects. In addition this group provides strategic and expert advice to government and agencies on timing, value maximisation and execution of acquisition and disposal transactions.

Operations

Our Operations group is responsible for providing high quality business and corporate services to the Government Property NSW business units. Operations provide specialist services in human resources, finance, information technology, risk management, work health and safety, and communications.

A message from the Chief Executive Officer

Government Property NSW (GPNSW) is uniquely positioned within the real estate sector to devise and execute strategies to create value for the NSW Government. We do this by harnessing our strengths across our business areas of Strategy, Leasing, Commercial Transactions, Major Projects, and Portfolio Management, all supported by our Operations business unit.

GPNSW holds approximately $672 million of assets, across commercial, value add and estate properties that generate approximately $56 million of gross rent per annum. GPNSW also manages around 1,400 tenancies across almost 1 million sqm NLA, with annual rental payments in excess of $392 million pa. Over 54,000 full time equivalents (FTEs) from the State sector are accommodated in owned and leased properties that are currently managed by GPNSW.

The 2013/14 financial year has been a significant year for GPNSW with the successful identification, review, and sale of over $550 million of underutilised assets in Sydney and regional NSW, as we continue to implement the recommendations of the PAUT report.

Overall GPNSW has delivered significant results for on a number of key projects for our clients, notably the sale of the Ausgrid building in the Sydney CBD for over $150m, sale of the ground lease for the Sir Stamford hotel for $16.9m, the launch of the Miller's Point sales program, and preparations for the sale of the Sandstones buildings in the Sydney CBD.

Further, GPNSW continues to make progress on ensuring the property owned by government best supports core service delivery, through both an efficient use of capital and high quality capital management. Utilisation across the portfolio has improved from 16.5 to 16.1 m^2 per FTE, which translates to a reduction in space of over 13,000 m^2. Significant cost savings that are associated with these reductions are used directly to support and enhance further agency service provision.

Brett Newman

Chief Executive Officer, GPNSW

Government Property NSW Overview

Government Property NSW focuses on strategic asset management and utilisation of the State Government's property portfolio, which allows other Government departments to focus on the delivery of core business services to the people of NSW. GPNSW's business divisions deliver services and outcomes in managing assets including:

- Property and asset management
- Leasing procurement and management
- Asset acquisitions and sales
- Property development, repositioning, and adoptive reuse
- Procurement of construction services
- Commercial and residential property management
- Project management
- Property design and technical services (e.g. surveyor, architect, town planners)
- Business management and support.

Our principal objectives as defined in the Government Property NSW Act (2006) are:

- Improve operational efficiencies in the use of properties of government agencies, particularly generic properties (such as offices, warehouses, depots and car parks);
- Manage properties of Government agencies in a way that supports the service delivery functions of those agencies;
- Provide advice and support within Government on property matters;
- Operate at least as efficiently as any comparable business, consistently with the principles of ecologically sustainable development and social responsibility for the community (including the indigenous community).

As at 30 June 2014 GPNSW held $672 million of assets and manages almost 1,400 leases. Our leased portfolio comprised of 650 properties totaling 943,000 sqm NLA, with annual rental payments in excess of $392 million. Our owned portfolio consisted of 113 commercial properties which provide accommodation to government tenants, 19 estates, and 24 properties with the potential to increase value via strategic or adaptive reuse.

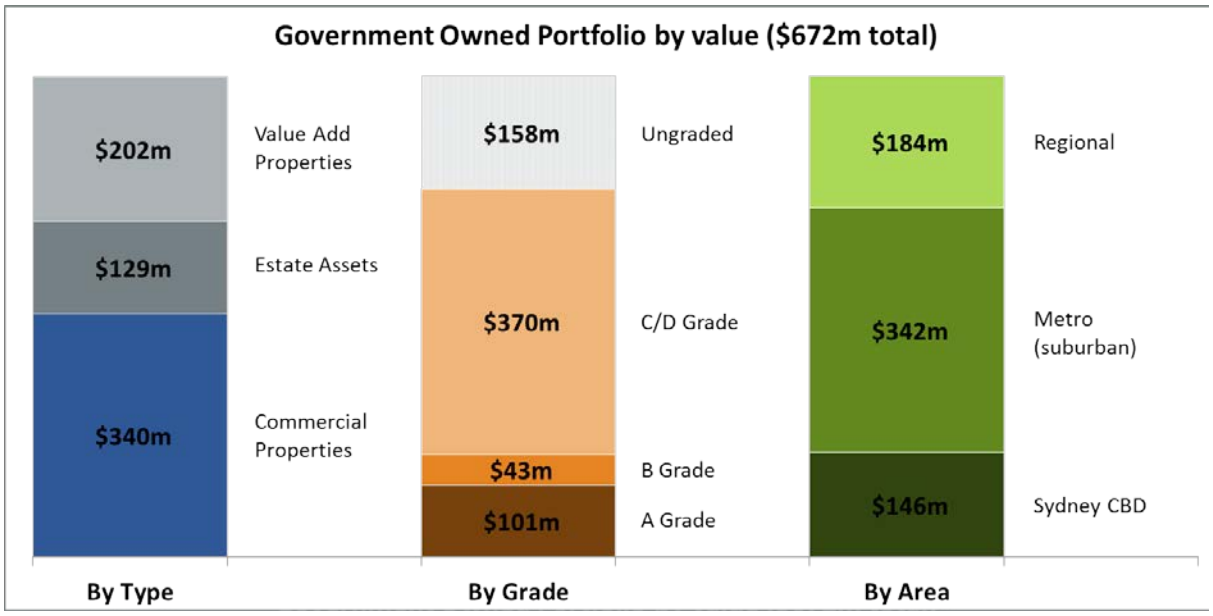
Overview of GPNSW Leased and Owned Portfolio

Government Property NSW (as at 30 June 2014)

- **Holds $672m of assets, earning c.$56m p.a**
- **Manages c.1,400 leases, paying c.$392m rent**

Leased Portfolio	Owned Portfolio		
LEASED PORTFOLIO	**COMMERCIAL PROPERTIES**	**ESTATES**	**VALUE ADD**
650 properties 943,000 sqm NLA **c. 1,400 leases** **$392m annual rental cost**	**112 properties** **c.$340m value** 238 leases c. $33m annual rental cost	**20 properties** **c.$130m value** 21 leases c.$4m rent	**24 properties** **c.$202m value** 24 leases c.$16m rent

Breakdown of Owned Portfolio by Value of total assets



2013-14 Highlights and Work Program

The key highlights for GPNSW in the 2013/14 financial year include:

- The successful identification, review, and sale of over $550 million of underutilised assets in Sydney and regional NSW.
- Resolution of accommodation for central Government, in particular for ministers and their staff, the Department of Premier and Cabinet and NSW Treasury relocating to 52 Martin Place, resulting in anticipated savings of up to $90 million dollars over the next 12 years.
- Continued the implementation of the Government's Decade of Decentralisation policy on office accommodation, to date, 22,000 sqm of office space has been reduced from the CBD, which has resulted in the relocation of 1300 government employees to suburban and metropolitain areas.
- Improvement in utilisation of office space from 16.5m²/FTE to 16.1m²/FTE for the total portfolio under GPNSW management.
- Average rental increase of 3.6% for maintained leases (leases that were held in both 2012-13 and 13-14 providing a like for like comparison) which while slightly higher than CPI inflation, represents a degree of steady control over the rental costs of the portfolio.
- Total returns on the GPNSW Commercial Portfolio have increased in 2013/14 to 7.5%.
- Capex was below the 5 year rolling average ($82/m²) and below the International Property Database benchmark ($94/m²).
- Maintained very low vacancy rates for the owned commercial properties out performing in both the CBD (0% vacancy vs. benchmark[4] of 7.1%), and the Metro areas (1.4% vs. 9.8%).

GPNSW's achievements for 2013-14 have included:

- Sale of the Ausgrid building for over $150 million.
- Sale of the ground lease for the Sir Stamford Hotel for $16.9 million.
- Bringing a number of key government assets to market, including:
    - Appointed to manage the launch of sales process of the Millers Point program.
    - Appointed to manage the launch of sales process for Gosford High School.
    - Review of government land at Macquarie Park with a strategy to uplift the value of site.
    - Launch of the sales, marketing, and consultation process for Peat Island.
    - Commencement of the Sales and Marketing campaign for the Parramatta Justice Precinct.
    - Preparations for launching the Sandstones buildings to market.
- Transition of Port Lessors management to GPNSW.

- Initiated the call for lease program for Penrith and Liverpool government offices.
- Consolidation of the Teacher Housing Authority and Waste Asset Management Corporation as part of the Land and Housing Group.
- The completion of a backfill strategy for vacant Sydney CBD offices resulting in a saving of $3.7 million over 4 years.

2013-14 Performance Overview

Major Projects and Commercial Transactions

One of the key roles of GPNSW is to facilitate the capital recycling of real property assets in order to recognise the benefit of released capital to better support future service delivery. In 2013-14, $550m of assets were successfully reviewed with the proceeds reinvested into further capital expenditure.

Portfolio Management and Leasing

Government Property NSW now manages over $670m of owned property assets and 1,400 leases with an annual rental cost more than $390m. In 2013-14, emphasis was placed on improving internal processes to deal with both standardised issues across the generic portfolio and also the exceptional assets with issues such as heritage and contamination.

Strategy

The strategy division of GPNSW supports a number of other divisions of GPNSW through analysis and strategic planning of their daily operations. Strategy also undertakes a number of initiatives to further improve property utilisation and management across Whole of Government. In particular, ongoing work in 2013-14 was undertaken in both the Decade of Decentralisation initiative, and wider portfolio reviews of various Government agencies.

Decade of Decentralisation (DoD): Work continues with agencies to develop and implement CBD accommodation strategies to achieve DoD reduction targets of 100,000m² by 2021. To date, 22,000m² of government occupancy has been removed from the CBD (through both improved utilisation and also shifts to Metro centres).

Portfolio Reviews: Engagement in the major reform programs of a number of different agencies which include property portfolio reviews and formulating strategic asset management plans.

2013-14 Portfolio Metric Performance

Commercial Portfolio Utilisation

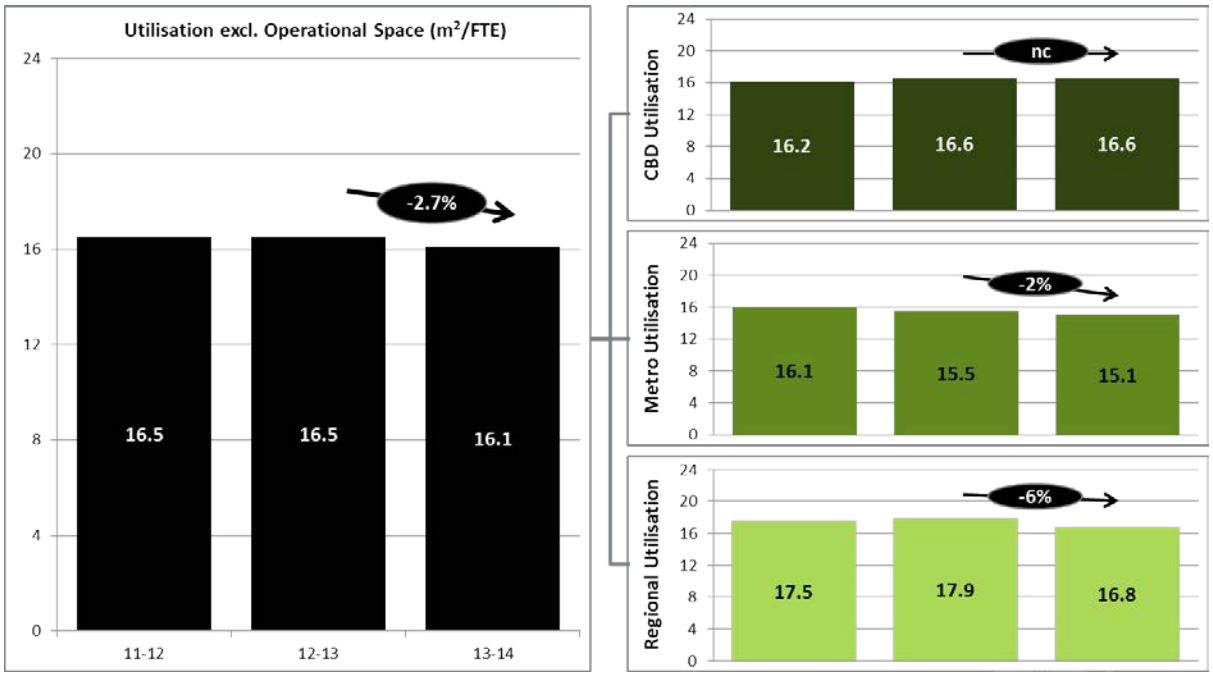
Our primary goal is to ensure that the property that we manage best supports core service delivery of agencies, by:

Ensuring that space is well utilised; and

Minimising rental cost by leveraging the bargaining power of GPNSW.

Utilisation[1]: In 2013-14, the total portfolio under GPNSW management saw an improvement in utilisation[2] of office space from 16.5m²/FTE to 16.1m²/FTE. This covers both owned and leased properties, and is a result of improved GPNSW policies and processes. Through better understanding of agency requirements, we have been able to implement a more robust assessment and approval process of space requirements for renewals and new leases.

The largest improvements have been seen in regional assets, which have seen a decrease of utilised space of 0.9m²/FTE on average. 13m²/FTE is the agreed long-term utilisation target, and the continued downward trend reflects the improved collaborative relationship between GPNSW and agencies to both recognize and deliver on opportunities for improved utilisation.



This improving utilisation has significant ongoing impacts of total rental cost as leases are renewed. Given that there are more than 54,000 FTEs working in properties managed by GPNSW, the 0.4m²/FTE utilisation reduction could represent as much as 22,000m² (over 2% of the leased portfolio) in reduced space. Note that some of these reductions have come through accommodating staff increases into the same space, but regardless, there is a significant future rental cost saving directly resulting from these improved utilisation rates.

[1] GPNSW uses accepted industry standards in calculating utilisation results. It should be noted that temporary vacancies due to lease expiries, building refurbishments, agency downsizing etc., can affect year-on-year figures; and that GPNSW numbers are reliant on the accuracy of agency staff numbers, which are collected annually through an employment survey.

[2] Utilisation target of 13m²/FTE implemented under ERC minute, are exclusive of operational space, and these figures reflect that

Our portfolio continues to perform very well in comparison to industry benchmarks, which include operational space. Total utilised space per FTE (including operational space) has reduced from 18.3m²/FTE to 17.9m²/FTE in 2013-14. In both the CBD (17.6) and Metro (16.4) portfolios, the GPNSW managed portfolio is significantly below benchmark levels (19.7 and 18.0 respectively).

Leased Portfolio Rental Costs: As the size of the leased portfolio grows (through both asset sales and changing Government priorities), managing the average rental costs of commercial leases becomes increasingly important. GPNSW seeks to add value through employing a greater collective bargaining power than individual agencies would have, to deliver both lower and more stable rental costs for Government. The following table shows the change in the average rental cost in the portfolio over the past financial year:

Section of Leased Portfolio	2012-13 Ave. $/m²	2013-14 Ave. $/m²	% Change in Ave. Rent	% of NLA (2013/14)
Maintained Leases	$394	$408	+3.6%	89 %
Relinquished Leases	$347	-	-	-
New Leases	-	$355	-	3 %
Sales and Lease Vesting[3]	-	$492	-	7 %

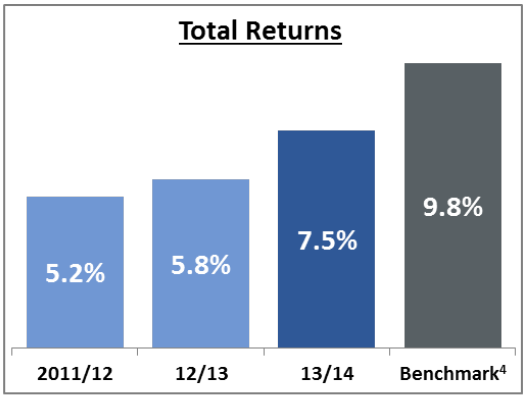
In the past year, average rental cost for the total portfolio has risen by, however this is not a direct comparison of like-for-like properties. The *'Maintained Leases'* classification (89% of total leased space) represents leases that were held in both 2012-13 and 13-14 and hence provides a more direct comparison of changing lease costs. These properties showed an average rental cost increase of 3.6%, which while slightly higher than CPI inflation, represents a degree of steady control over the rental costs of the portfolio.

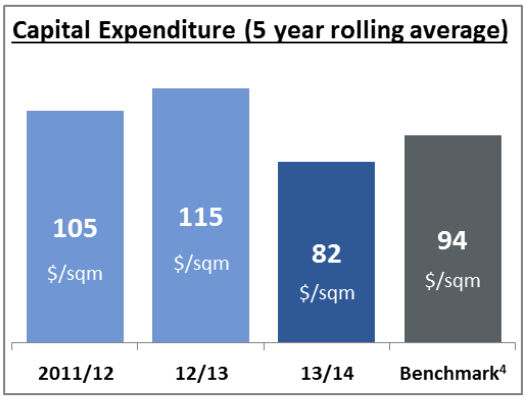
A small part of the portfolio was refreshed in this financial year, with *New Leases* signed in new buildings representing 3% of the total leased space. New leases have been signed as a result of changing agency requirements. It is difficult to directly compare these from year to year, given that the *New Leases* do not correspond directly to the *Relinquished Leases* (those leases not renewed this financial year). It should be noted however that the average rental cost of new leases was well below the average of both maintained leases, and of the total portfolio.

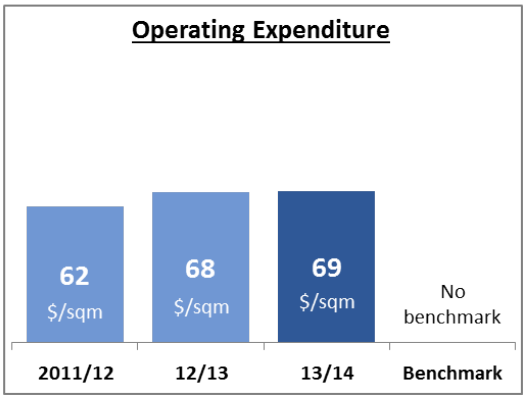
The sale of assets, along with the *Lease Vesting* of a major lease in Orange has contributed to a rise in the average rent cost, due to the nature of these large commercial assets in CBD, Metro and Major Regional areas. The increase however needs to be understood in the wider context of asset sales and competing objectives of managing the property portfolio. While on average GPNSW faces a higher average lease cost as a result of asset sales, this is offset by the wider Whole of Government benefits of asset recycling. These include the ability to direct proceeds to further assets to support service delivery as well as reduction in the opportunity cost of capital required to support these assets.

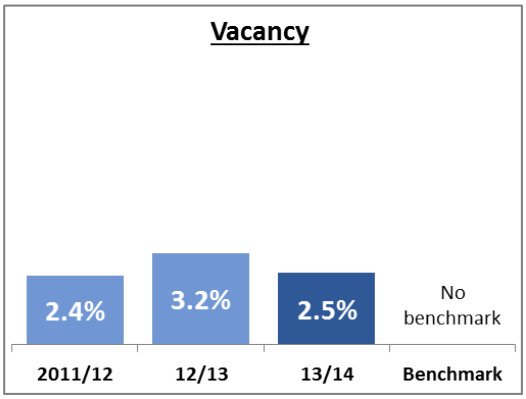
[3] PAUT Sales completed in the current financial year include 4-6 Bligh St (Sydney), 2-24 Rawson Place (Sydney), 2-6 Station St (Penrith), 84 Crown St (Wollongong), 117 Bull St (Newcastle), 11 Farrer Place (Queanbeyan). GPNSW also vested a significant finance lease at 161 Kite St, Orange.

Commercial Portfolio Performance[4]









The core aim of GPNSW in property management is to ensure that this property most effectively supports core service delivery of agencies. This requires a certain level of property ownership, where service delivery is dependent on surety of asset ownership. As such, GPNSW seeks to manage returns and expenditures of capital assets as secondary and supporting goals, rather than seek to optimize portfolio returns at the expense of wider objectives. Note that the asset performance included in this section contains only commercial properties to provide accurate comparisons to benchmarks.

Total returns from the commercial portfolio are difficult to compare year to year given the continual vesting, divesting and classification processes undertaken by GPNSW. Despite this, total returns have been stable over the past three years, even though these remain below the IPD[4] benchmark of 9.8%.

It is important to ensure **capital expenditure** on the held assets is in line with market benchmark to demonstrate effective management of these assets. In 2013-14, the five year rolling average for capex ($82/m²) was below the IPD benchmark ($94/m²) after being above this in the past two years.

Operating expenditure for commercial assets is a further area that GPNSW seeks to control. In 2013-14, the increase in average opex per square metre increased only marginally across the entire portfolio, lower than CPI inflation at only 1.0%, reflecting the strong capabilities of cost control of GPNSW.

A final core competency of GPNSW has been in maintaining very low **vacancy rates** for the owned commercial properties. GPNSW outperforms in both the CBD (0% vacancy vs. benchmark[4] of 7.1%), and the Metro areas (1.4% vs. 9.8%).

[4] Source data: GPNSW from MRI database as at 30 June 2014.
Benchmark data: Total returns – IPD (2014); Capital expenditure – IPD (2014) based on GPNSW composition of assets; Vacancy – BIS Shrapnel (2014) [CBD], PCA (2014) [Metro]

Financial Performance

FINANCIAL PERFORMANCE SUMMARY	2013-14 ACTUAL $'000	2013-14 BUDGET $'000	VARIANCE TO BUDGET $'000	2014-15 BUDGET $'000
OPERATING RESULT				
Expenses	479,487	488,846	9,359	499,957
Revenues	494,861	503,097	(8,236)	518,961
Other Gains/(Losses)	21,223	18,429	2,794	(300)
NET OPERATING RESULT - SURPLUS/(DEFICIT)	**36,597**	**32,680**	**3,917**	**18,704**
FINANCIAL DISTRIBUTIONS				
Normal Distribution	7,449	8,000	(551)	12,690
Capital Repatriation	55,334	50,950	4,384	763
TOTAL FINANCIAL DISTRIBUTIONS	**62,783**	**58,950**	**3,833**	**13,453**
FINANCIAL POSITION				
Total Assets	1,087,053	986,353	100,700	1,018,431
Total Liabilities	325,728	261,947	(63,781)	303,543
NET ASSETS/EQUITY	**761,325**	**724,406**	**36,919**	**714,888**
CAPITAL PROGRAM				
Property Refurbishment & Other	16,898	21,693	(4,795)	22,185
TOTAL CAPITAL PROGRAM	**16,898**	**21,693**	**(4,795)**	**22,185**

In 2013-14, Government Property NSW (GPNSW) recorded an operating surplus of $36.6 million against a budgeted surplus of $32.7 million. A $3.9 million favourable variance on budget was mainly due to a $2.8 million increase in Other Gains/(Losses). An analysis of GPNSW's operating result, including a summary of the 2014-15 budget, is further outlined in the following sections.

Financial distributions to Government comprised $7.4 million from surplus income on rental operations and $55.3 million from net asset sale proceeds. Total distributions exceeded budget by $3.8 million primarily due to $4.4 million in higher than budgeted asset sale proceeds offset by a $0.6 million reduction in normal distribution returns.

GPNSW retained a healthy balance sheet position at 30 June 2014 with the ratio of total assets to total liabilities standing at 3.3:1 (3.1:1 at 30 June 2013), the ratio of current assets to current liabilities at 1.9:1 (1.6:1 at 30 June 2013) and net assets totaling $761.3 million ($714.6 million at 30 June 2013). Net assets comprised total assets of $1,087.0 million (including $708.0 million in property assets) less total liabilities of $325.7 million. The $36.9 million increase in net assets against the budgeted amount was largely due to the net revaluation increment of property assets at 30 June 2014.

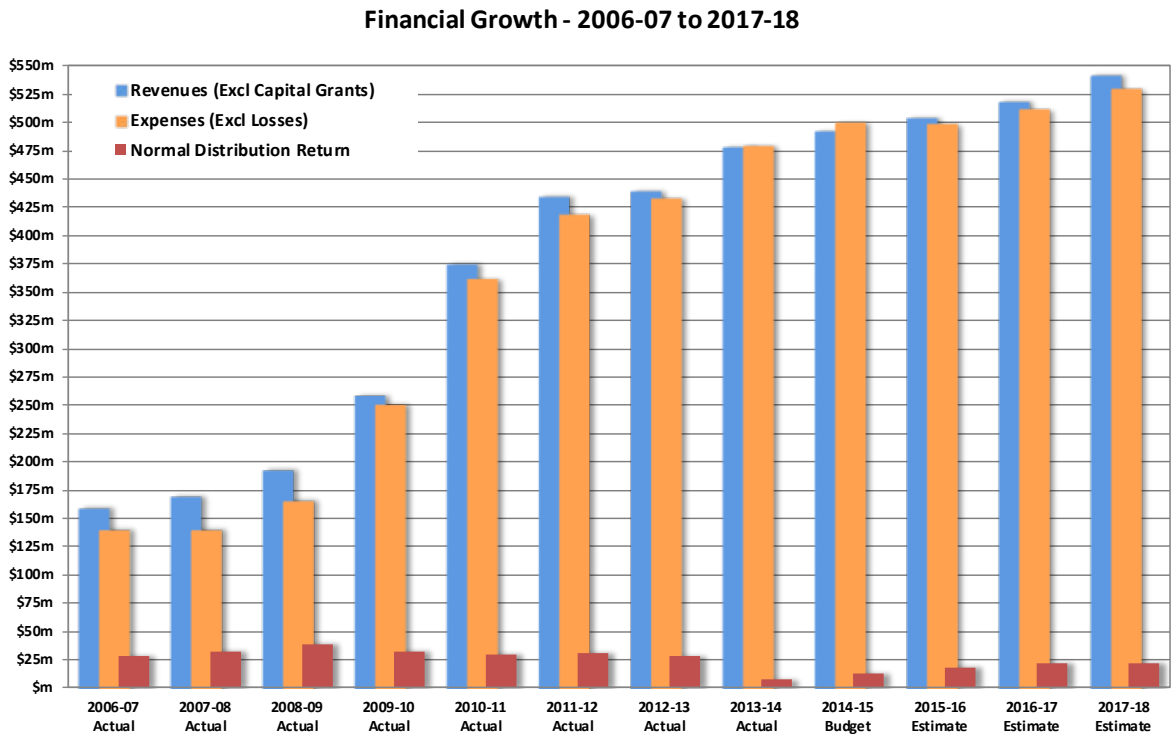
Capital program projects in 2013-14 comprised of works on the renewal and upgrading of owned buildings, works of a regulatory compliance nature, and other minor works on corporate systems and equipment purchases. GPNSW completed the development of Albury Multi Agency Depot during the 2013-14 financial year. Total capital expenditure of $16.9 million for the 2013-14 financial year was $4.8 million below the budget. The underspend resulted mainly from the reassessment of capital expenditure requirements in 2013-14 on owned property assets earmarked for potential divestment in the near future.

Growth in Operating Revenues and Expenses

Since its inception in September 2006, GPNSW's core property management operation has experienced rapid and substantial growth in its financial operations. From the 66 owned properties and 49 leases originally vested from the former Crown Property Portfolio in July 2007, GPNSW's total office accommodation portfolio at 30 June 2014 comprised of more than 160 owned properties and 1,000 active leases throughout regional NSW and the Sydney metropolitan area.

Operating revenues (excluding capital grants) have increased from $160.0 million in 2006-07 to $478.0 million in 2013-14 and are projected to increase to $541.4 million in 2017-18. Similarly, operating expenses have increased from $141.1 million in 2006-07 to $479.5 million in 2013-14 and are expected to increase to $528.9 million in 2017-18.

The following chart illustrates the actual growth in revenues and expenses to 30 June 2014 and the projected growth from 2014-15 to 2017-18 - based on the current property portfolio.



Projections of revenues and expenses for 2014-15 and beyond do not factor in any additional owned or leased property vesting or owned property sales. Although it is likely GPNSW will undertake further vesting and sales transactions in 2014-15 and beyond, the financial impact of this could not be quantified at the time of budget and forward estimate development.

2013-14 Operating Result

OPERATING RESULT	2013-14 ACTUAL $'000	2013-14 BUDGET $'000	VARIANCE TO BUDGET $'000	2014-15 BUDGET $'000
EXPENSES				
Operating Expenses				
Personnel Services Expense	19,804	19,555	(249)	21,324
Other Operating Expenses				
- Property Head Lease Expense	405,774	411,768	5,994	411,122
- Other Property Related Expenses	26,206	24,572	(1,634)	27,870
- Other	4,674	4,730	56	9,677
Grants and Subsidies	-	-	-	4,750
Depreciation and Amortisation	16,562	22,243	5,681	20,928
Finance Costs	6,467	5,978	(489)	4,286
TOTAL EXPENSES	**479,487**	**488,846**	**9,359**	**499,957**
REVENUES				
Sale of Goods and Services				
Property Lease Income	461,592	465,315	(3,723)	474,587
Fees for Services	1,329	2,342	(1,013)	4,078
Leasing Fees	-	-	-	884
Investment Revenue	7,822	8,081	(259)	6,067
Grants and Contributions				
Recurrent	6,770	5,216	1,554	10,660
Capital	16,898	21,693	(4,795)	22,185
Other Revenue	450	450	-	500
TOTAL REVENUES	**494,861**	**503,097**	**(8,236)**	**518,961**
Gains/(Losses) on Disposal of Assets	18,302	18,729	(427)	-
Other Gains/(Losses)	2,921	(300)	3,221	(300)
NET OPERATING RESULT - SURPLUS/(DEFICIT)	**36,597**	**32,680**	**3,917**	**18,704**

In 2013-14, GPNSW recorded an operating surplus of $36.6 million against a budgeted surplus of $32.7 million. A $3.9 million favourable variance on budget was predominantly due to a $3.2 million increase in Other Gains/(Losses) which resulted mainly from a reassessment of the finance lease liability on leased office accommodation space at 52 Martin Place, Sydney.

Other net favourable variances of $1.1 million resulted from an improvement of $9.3 million in Expenses, offset in part by a reduction in budgeted Revenue of $8.2 million.

- Total Expenses of $479.5 million were $9.3 million lower than budget. This decrease resulted mainly from:
  - a $6.0 million reduction in Property Head Lease Expense due mainly to $5.4 million increase in lease incentives on predominantly new GPNSW head leases (note that most of these incentives are passed through to agency tenants and are thereby reflected in Property Lease Income); and
  - a decrease in Depreciation and Amortisation of $5.7 million due to lower building values obtained from the 30 June 2013 capital valuation process and a reassessment of the remaining useful life of the 52 Martin Place finance lease asset.
- Total Revenue of $494.9 million was $8.2 million lower than budget. The decrease is mainly attributed to:

- a decrease in Property Lease Income of $3.7 million which resulted mainly from $5.0 million increase in lease incentives on predominantly new GPNSW head leases (which are passed through to agency tenants). The increase in lease incentives was offset by $1.2 million additional unbudgeted rental income from owned properties; and
- a $4.8 million reduction in the expected capital contribution receipts caused mainly by the reassessment of capital expenditure requirements in 2013-14 on owned property assets earmarked for potential divestment in the near future.

2014-15 Operating Budget Overview

The 2014-15 budget numbers shown in the above tables reflect GPNSW's original budget as published in the State Government's 2014-15 Budget Papers. GPNSW's 2014-15 budget projects an operating surplus of $18.7 million.

Total expenses of $500.0 million are budgeted in 2014-15. The majority of these expenses relate to government agency occupied office accommodation properties and include head lease rental payments of $411.1 million and other property related expenses (including outgoings, utilities, maintenance, finance costs and depreciation) totaling $27.9 million.

Budgeted total revenue of $519.0 million includes $474.6 million in property lease income received from GPNSW's portfolio of owned and leased office accommodation properties. The increase in property lease income over the 2013-14 budgeted amount is mainly due to the vesting of additional owned and leased properties in 2013-14.

Total revenue in 2014-15 will also include $22.2 million in capital contributions received from the State Government which will largely be used to fund GPNSW's government office building refurbishment program. An additional $4.8 million will be received to fund agency CBD relocations and a further $5.9 million in recurrent contributions will also be received to fund the Government Property Register and whole-of-government property policy and review services provided by GPNSW's Strategy Group.

Further vesting is earmarked to occur during 2014-15 however the financial impact of this on GPNSW's total revenues and expenses was not available at the time of budget development.

Surplus cash generated from GPNSW's operating activities is returned to the State Government in the form of a normal financial distribution. Capital repatriations are additional one-off payments which represent capital repayments of the State Government's equity in GPNSW. The 2014-15 budget has targeted normal financial distributions and capital repatriations of $12.7 million and $0.8 million, respectively.

2013-14 Independent Audit Outcome

The above summary and budget information is unaudited financial information. Audited financial information, including the primary financial statements and notes to the financial statements of GPNSW is presented within the Audited Financial Information section of this report.

The independent audit of GPNSW's financial statements was completed by the Audit Office of NSW on 18 September 2014. 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.

Government Property NSW

Financial Statements

For the Year Ended 30 June 2014

INDEPENDENT AUDITOR'S REPORT

Government Property NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Government Property NSW (Government Property), which comprise the statement of financial position as at 30 June 2014, 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of Government Property as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (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 of the financial statements that give a true and fair view 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 financial statements that give a true and fair view and 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 control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 Government Property
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about 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 roles by the possibility of losing clients or income.

M T Spriggins
Director, Financial Audit Services

18 September 2014
SYDNEY

Government Property NSW

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Financial Statements

For the Year Ended 30 June 2014

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 Government Property NSW, I state that in my opinion:

(a) The accompanying financial statements exhibit a true and fair view of the financial position of Government Property NSW as at 30 June 2014 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.

Brett Newman
Chief Executive Officer
Government Property NSW

SYDNEY
17 September 2014

Government Property NSW

Start of Audited Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013* $'000
Expenses Excluding Losses				
Operating Expenses				
Personnel Services Expense	1(q), 2(a)	19,804	19,555	12,907
Other Operating Expenses	2(b)	436,654	441,070	384,052
Depreciation and Amortisation	2(c)	16,562	22,243	28,628
Grants and Subsidies	2(d)	-	-	625
Finance Costs	2(e)	6,467	5,978	6,111
Other Expenses	2(f)	-	-	(8,920)
TOTAL EXPENSES EXCLUDING LOSSES		**479,487**	**488,846**	**423,403**
Revenue				
Sale of Goods and Services	3(a)	462,921	467,657	429,012
Investment Revenue	3(b)	7,822	8,081	9,641
Grants and Contributions	3(c)	23,668	26,909	28,621
Other Revenue	3(d)	450	450	450
Total Revenue		**494,861**	**503,097**	**467,724**
Gain/(Loss) on Disposal	4	18,302	18,729	29,524
Other Gains/(Losses)	5	2,921	(300)	(14,460)
Net Result		**36,597**	**32,680**	**59,385**
Other Comprehensive Income				
Items that will not be Reclassified to Net Result:				
Net Increase/(Decrease) in Property, Plant and Equipment Revaluation Surplus	8(b)	47,460	-	(11,795)
Net Increase/(Decrease) in the Revaluation Surplus Arising from a Change in the Restoration Liability	15(b)	(485)	-	(2,047)
Total Other Comprehensive Income		**46,975**	**-**	**(13,842)**
TOTAL COMPREHENSIVE INCOME		**83,572**	**32,680**	**45,543**

* Certain amounts shown here do not correspond to the 2012-13 financial statements and reflect adjustments made as detailed in Note 1(q).

[The accompanying notes form part of these financial statements]

Government Property NSW

Statement of Financial Position

As At 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013* $'000	Actual 2012* $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6(a)	110,668	52,523	129,141	122,146
Receivables	7	53,901	62,743	47,513	49,857
Non-Current Assets Held For Sale	9	793	-	19,900	-
Total Current Assets		**165,362**	**115,266**	**196,554**	**172,003**
Non-Current Assets					
Receivables	7	213,518	179,429	223,027	213,447
Property, Plant and Equipment	8	701,941	686,625	634,714	921,188
Intangible Assets	10	932	1,183	1,597	1,224
Other	11	5,300	3,850	-	-
Total Non-Current Assets		**921,691**	**871,087**	**859,338**	**1,135,859**
TOTAL ASSETS		**1,087,053**	**986,353**	**1,055,892**	**1,307,862**
LIABILITIES					
Current Liabilities					
Payables	13	30,935	5,857	65,620	19,008
Borrowings	14	989	3,143	2,912	2,698
Provisions	15	50,032	58,201	46,739	61,254
Other Liabilities	16	3,497	3,166	4,847	5,289
Total Current Liabilities		**85,453**	**70,367**	**120,118**	**88,249**
Non-Current Liabilities					
Payables	13	2,455	-	-	-
Borrowings	14	36,338	36,862	40,004	42,916
Provisions	1(q), 15	176,347	127,672	170,153	216,217
Other Liabilities	16	25,135	27,046	10,978	16,370
Total Non-Current Liabilities		**240,275**	**191,580**	**221,135**	**275,503**
TOTAL LIABILITIES		**325,728**	**261,947**	**341,253**	**363,752**
NET ASSETS		**761,325**	**724,406**	**714,639**	**944,110**
EQUITY					
Accumulated Funds	1(q)	708,139	706,705	708,428	924,057
Asset Revaluation Reserve	17(b)	53,186	17,701	6,211	20,053
TOTAL EQUITY		**761,325**	**724,406**	**714,639**	**944,110**

* Certain amounts shown here do not correspond to the 2012-13 financial statements and reflect adjustments made as detailed in Note 1(q).

[The accompanying notes form part of these financial statements]

Government Property NSW

Statement of Changes in Equity

For the Year Ended 30 June 2014

	Note	Accumulated Funds 2014 $'000	Asset Revaluation Reserve 2014 $'000	Total Equity 2014 $'000	Accumulated Funds 2013* $'000	Asset Revaluation Reserve 2013 $'000	Total Equity 2013* $'000
Opening Balance		708,428	6,211	**714,639**	927,279	20,053	**947,332**
Changes in Accounting Policy	1(q)	-	-	**-**	(3,222)	-	**(3,222)**
Restated Opening Balance		708,428	6,211	**714,639**	924,057	20,053	**944,110**
Net Result for the Year		36,597	-	**36,597**	59,385	-	**59,385**
Other Comprehensive Income:							
Net Increase/(Decrease) in Property, Plant and Equipment Revaluation Surplus	8(b)	-	47,460	**47,460**	-	(11,795)	**(11,795)**
Net Increase/(Decrease) in the Revaluation Surplus Arising from a Change in the Restoration Liability	15(b)	-	(485)	**(485)**	-	(2,047)	**(2,047)**
Total Other Comprehensive Income		-	46,975	**46,975**	-	(13,842)	**(13,842)**
Total Comprehensive Income for the Year		36,597	46,975	**83,572**	59,385	(13,842)	**45,543**
Transactions with Owners as Owners							
Financial Distributions	17(a)	(62,783)	-	**(62,783)**	(297,810)	-	**(297,810)**
Net Increase/(Decrease) in Net Assets from Equity Transfers	17(c)	25,897	-	**25,897**	22,796	-	**22,796**
Total Transactions with Owners as Owners		(36,886)	-	**(36,886)**	(275,014)	-	**(275,014)**
Transfers between Equity Components							
Transfer of Asset Revaluation Reserve on Derecognised Assets		-	-	**-**	-	-	**-**
Total Transfers between Equity Components		-	-	**-**	-	-	**-**
Closing Balance		708,139	53,186	**761,325**	708,428	6,211	**714,639**

* Certain amounts shown here do not correspond to the 2012-13 financial statements and reflect adjustments made as detailed in Note 1(q).

[The accompanying notes form part of these financial statements]

Government Property NSW

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services		(20,602)	(19,555)	(16,486)
Finance Costs		(5,093)	(3,092)	(3,306)
Other		(481,986)	(500,566)	(443,702)
Total Payments		**(507,681)**	**(523,213)**	**(463,494)**
Receipts				
Sale of Goods and Services		468,470	452,639	487,550
Interest Received		8,342	8,575	2,741
Grants and Contributions		26,239	26,909	29,500
Total Receipts		**503,051**	**488,123**	**519,791**
NET CASH FLOWS FROM OPERATING ACTIVITIES	6(b)	**(4,630)**	**(35,090)**	**56,297**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property, Plant and Equipment		(20,934)	(22,309)	(21,368)
Proceeds from Sale of Property, Plant and Equipment		70,784	64,358	269,876
NET CASH FLOWS FROM INVESTING ACTIVITIES		**49,850**	**42,049**	**248,508**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings and advances		(910)	(2,911)	-
Financial Distributions to the State Government	1(l)	(62,783)	(58,950)	(297,810)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(63,693)**	**(61,861)**	**(297,810)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(18,473)**	**(54,902)**	**6,995**
Opening Cash and Cash Equivalents		129,141	107,425	122,146
CLOSING CASH AND CASH EQUIVALENTS	6(a)	**110,668**	**52,523**	**129,141**

[The accompanying notes form part of these financial statements]

Government Property NSW

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Government Property NSW (GPNSW) was established under the *Government Property NSW Act 2006* (the Act) to improve the management of the NSW Government's owned and leased real property portfolio and to become a new central agency with a whole-of-government focus on the acquisition, disposition and better utilisation of real property assets. GPNSW 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. GPNSW is a not-for-profit entity as profit is not its principal objective and it has no cash generating units. GPNSW is consolidated as part of the NSW Total State Sector Accounts.

Under the Act, GPNSW is unable to employ staff. However, to enable it to exercise its functions, GPNSW can obtain personnel services from Government agencies who are able to engage staff under Part 4 of the *Government Sector Employment Act 2013*. During 2013-14, personnel services were provided by the Office of Finance and Services (OFS) (formerly Department of Finance and Services). The OFS, an executive agency of the Treasury, is a separate reporting entity and does not control GPNSW for financial reporting purposes.

These financial statements have been authorised for issue by GPNSW's Chief Executive Officer on 17 September 2014.

(b) Basis of Preparation

GPNSW's financial statements are general-purpose financial statements which have been prepared on a "going concern" basis and in accordance with:

(i) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
(ii) the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*; and
(iii) the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

The financial statements have been prepared on an historical cost basis, except for property, plant and equipment and other non-current asset 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.

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

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

(c) Statement of Compliance

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

(d) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

(e) Insurance

GPNSW's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

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

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

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

(i) the amount of GST incurred by GPNSW 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; and

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

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

(g) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Operating Lease Income

Operating lease income is recognised in accordance with AASB 117 "Leases". Lease income from operating leases where GPNSW 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 GPNSW 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 GPNSW’s net investment in the lease.

The estimated unguaranteed residual value used in computing GPNSW'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 Rendered

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 GPNSW obtains control over the assets comprising the grant or contribution, it is probable that the economic benefits will flow to GPNSW, and the amount of the grant or contribution can be measured reliably. Control is normally obtained upon the receipt of cash.

(vi) Emerging Asset Revenue

In accordance with TPP 06-08 "Accounting for Privately Financed Projects", the Opera House Car Park is an emerging asset which GPNSW 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".

(h) Assets

(i) Acquisitions of Assets

Acquisition of assets is recognised when the risks and rewards of the asset have passed to the buyer. On property asset, 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 GPNSW. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer (Note 1(m))).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

(ii) Capitalisation Thresholds

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 GPNSW is capitalised. The general threshold for property expenditure capitalisation is $30,000.

(iii) Revaluation of Property, Plant and Equipment

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

GPNSW revalues each class of property, plant and equipment on annual basis to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date (Note 8(b)(i) and 8(b)(ii)).

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

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

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

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

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

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

(iv) Impairment of Property, Plant and Equipment

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

(v) Depreciation of Property, Plant and Equipment

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 GPNSW. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

GPNSW'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 GPNSW.

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

	2014 Years	2013 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. Finance Lease Assets are amortised over the period of the lease. 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 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.

(vi) Restoration Costs

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

(vii) 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.

(viii) Leased Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

(a) 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 Finance Lease Liabilities under Borrowings (Note 14). 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 GPNSW to the lessee, are classified in the Statement of Financial Position as Finance Lease Receivables under Receivables (Note 7(b)). 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 GPNSW as repayment of principal and finance income over the lease term to reimburse and reward GPNSW'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.

(b) Operating Leases

Operating lease payments are recognised in the Net Result 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 Result 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 Result over the lease term (Notes 16(a) and 2(b)).

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 GPNSW owned premises is dictated in the Memorandum of Understanding (MoU) between GPNSW 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 GPNSW.

(ix) Intangible Assets

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

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

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for GPNSW's intangible assets, the assets are carried at cost less any accumulated amortisation.

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

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(x) 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.

(xi) 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 Result 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.

(xii) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that GPNSW will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Net Result for the year.

Any reversals of impairment losses are reversed through the Net Result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if GPNSW transfers the financial asset:
- where substantially all the risks and rewards have been transferred; or
- where GPNSW has not transferred substantially all the risks and rewards, if GPNSW has not retained control.

Where GPNSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of GPNSW's continuing involvement in the asset.

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

(xiv) Non-Current Assets Held for Sale

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

(xv) Other Assets

Other assets are recognised on a cost basis.

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to GPNSW 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.

(ii) Borrowings

GPNSW's borrowings represent finance lease liabilities. The finance lease liabilities are determined in accordance with AASB 117 "Leases".

(iii) Provisions

(a) Personnel Services Provision

GPNSW receives personnel services from the Office of Finance and Services (OFS). The OFS is not a Special Purpose Service Entity and does not control GPNSW under this arrangement (Note 1(a)). As GPNSW is not an employer, the disclosure requirements of AASB 119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, a Personnel Services Provision is disclosed in the notes to the financial statements where the substance of the underlying liability effectively represents employee benefits (Note 15(a)).

(b) Land Remediation Provision

Where GPNSW 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 GPNSW's remediation obligations (Note 15(b)). At the same time, where GPNSW 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 Result 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 Result 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 Result 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.

(c) Other Provisions

Other provisions are recognised when GPNSW 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.

(j) Fair Value Hierarchy

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

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

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

(k) Equity and Reserves

(i) Accumulated Funds

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

(ii) Asset Revaluation Reserve

The total asset revaluation reserve is used to record increments and decrements on the revaluation of non-current property plant and equipment and finance leases. This accords with GPNSW's policy on the Revaluation of Property, Plant and Equipment (Note 1(h)(iii)). No financial distributions are made from the Asset Revaluation Reserve.

(l) Financial Distributions

As a Government business, GPNSW 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 GPNSW'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 14-04 "Financial Distribution Policy for Government Businesses". The distributions made by GPNSW include normal distribution payments from cash operating surpluses and 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 are additional one-off payments which represent capital repayments of the State Government's equity in GPNSW. In GPNSW's case, capital repatriation payments represent the full return of the net proceeds (ie. total proceeds less costs) of all GPNSW-owned property sales (Note 17(a)).

(m) 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.

(n) Budgeted Amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(o) Comparative Information

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

(p) New Australian Accounting Standards Issued But Not Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

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 2014. 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 GPNSW.

(q) Changes in Accounting Policy

There were no changes in accounting policy during 2013-14 except for the changes described below.

AASB 13 "Fair Value Measurement"

GPNSW has applied AASB 13 "Fair Value Measurement" for the first time in 2013-14. The standard requires disclosures of assets measured at fair value into three different levels of fair value hierarchy. There is no financial impact in the period of initial application.

AASB 119 "Employee Benefits" and AASB 2011-10 "Amendments to Australian Accounting Standards arising from AASB 119"

The Office of Finance and Services (OFS), which provides personnel services to GPNSW, has adopted the revised AASB 119 "Employee Benefits" which has an application date of 1 July 2013.

The main changes to accounting policy as a result of changes to AASB 119 "Employee Benefits" are:

- The interest income component has replaced the expected return on assets. Interest income is calculated using a different discount rate to that used in calculating the expected return on assets.
- The standard does not allow investment credits to be netted off against the superannuation contributions tax.

As a result of the above, the Personnel Services Provision in GPNSW's Statement of Financial Position has been restated for prior year. This adjustment reflects a change in the value of the Personnel Services Provision as result of retrospective changes to accounting for defined benefit plans under AASB 119 "Employee Benefits" (applicable from 1 July 2013) by OFS. The impact of the restatement of prior year Personnel Services Provision and Personnel Services Expense, as well as the impact of the change in the current year is summarised below.

Government Property NSW

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2014

(i) Impact on the Statement of Comprehensive Income for the year ended 30 June 2013 as a result of AASB 119	Previous 2013 $'000	Adjustment 2013 $'000	Restated 2013 $'000
Expenses			
Personnel Services Expense	13,618	(711)	12,907
Total Expenses	**13,618**	**(711)**	**12,907**
Net Result	**13,618**	**(711)**	**12,907**
Total Comprehensive Income	**13,618**	**(711)**	**12,907**

(ii) Impact on the Statement of Comprehensive Income for the year ended 30 June 2014 as a result of AASB 119	Adjustment 2014 $'000
Expenses	
Personnel Services Expense	98
Total Expenses	**98**
Net Result	**98**
Total Comprehensive Income	**98**

(iii) Impact on the Statement of Financial Position as at 1 July 2012 as a result of AASB 119	Previous 2012 $'000	Adjustment 2012 $'000	Restated 2012 $'000
Non-Current Liabilities			
Provisions	212,995	3,222	216,217
Total Liabilities	**212,995**	**3,222**	**216,217**
Equity			
Accumulated Funds	927,279	(3,222)	924,057
Total Equity	**927,279**	**(3,222)**	**924,057**

(iv) Impact on the Statement of Financial Position as at 30 June 2013 as a result of AASB 119	Previous 2013 $'000	Adjustment 2013 $'000	Restated 2013 $'000
Non-Current Liabilities			
Provisions	167,642	2,511	170,153
Total Liabilities	**167,642**	**2,511**	**170,153**
Equity			
Accumulated Funds	710,939	(2,511)	708,428
Total Equity	**710,939**	**(2,511)**	**708,428**

(v) Impact on the Statement of Financial Position as at 30 June 2014 as a result of AASB 119	Adjustment 2014 $'000
Non-Current Liabilities	
Provisions	2,609
Total Liabilities	**2,609**
Equity	
Accumulated Funds	(2,609)
Total Equity	**(2,609)**

2. EXPENSES EXCLUDING LOSSES

	2014 $'000	2013 $'000
(a) Personnel Services Expense (i)		
Salaries and Wages (Including Recreation Leave)	13,708	12,668
Contractors	3,029	2,719
Superannuation (Defined Benefit Plans) (ii)	1,066	(4,524)
Superannuation (Defined Contribution Plans)	909	851
Long Service Leave	144	314
Worker's Compensation Insurance	111	104
Payroll Tax and Fringe Benefits Tax	837	775
	19,804	**12,907**

(i) The Personnel Services Expense is the expense incurred by GPNSW on personnel services provided to it by the Office of Finance and Services. Under the *Government Property NSW Act 2006* , GPNSW is unable to employ staff (Note 1(a)).

(ii) The Superannuation (Defined Benefits Plans) expense includes a net increase of $0.6 million in the unfunded liability at 30 June 2014 ($4.9m decrease at 30 June 2013) in respect of personnel who are members of these Plans (Note 15(a)(ii)). This increase includes superannuation net actuarial losses of $0.3 million in 2013-14 ($5.5m gains in 2012-13) which are recognised directly in the Net Result under Personnel Services Expense.

(b) Other Operating Expenses	2014 $'000	2013 $'000
Property Head Lease Expense (i)	405,774	347,562
Other Property Related Expenses (ii)	26,206	32,657
Other Operating Expenses (iii)	4,674	3,833
	436,654	**384,052**

(i) Property Head Lease Expense	2014 $'000	2013 $'000
Minimum Lease Payments (a)	323,135	282,299
Rental Expenses Arising from Sub-Leases (b)	65,814	50,654
Contingent Rentals (c)	23,851	18,284
	412,800	**351,237**
Less Amortisation of Lessor Lease Incentives (Note 16(a))	(7,026)	(3,675)
	405,774	**347,562**

(a) The majority of head leased office accommodation property is sub-leased to government agencies. The terms of the operating head leases generally range from 3 to 15 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 2012-13 has resulted mainly from GPNSW's program of vesting leased properties from other government agencies during 2013-14, pursuant to Premier's Memorandum M2012-20 "Government Property NSW (previously State Property Authority) and Government Property Principles" and the lease back of six major owned office accommodation properties which were sold under a sale and leaseback arrangement on 11 June 2013.

(b) Expenditure for recurrent outgoings on property leased by GPNSW as lessee includes maintenance, electricity, cleaning and expenses for common areas and public risk. This is recovered from sub-lessees.

(c) Contingent rentals are variations due to market rental 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.

(ii) Other Property Related Expenses

	2014 $'000	2013 $'000
Management Fees	7,227	7,143
Gas and Electricity	3,818	6,137
Maintenance (a)	5,118	5,827
Cleaning	2,475	4,013
Rates and Levies	1,773	1,982
Security	710	1,515
Valuations	255	538
Bad Debts	59	(129)
Other (b)	4,771	5,631
	26,206	**32,657**

(a) Maintenance expenses relate to owned properties and includes ad-hoc and scheduled maintenance services on lifts, air conditioning units, fire protection systems, plumbing, electrical and other areas. There was no personnel services maintenance expense in 2013-14 (nil in 2012-13).

(b) Items classified as Other include telephone, fire safety, legal, building manager costs, gardening and sundry charges incurred on properties owned by GPNSW.

(iii) Other Operating Expenses

	2014 $'000	2013 $'000
Audit Fees (Audit of Financial Statements)	189	185
Legal Fees	16	24
Consultants	192	200
Office Accommodation Expenses	1,429	161
Corporate Service Fees	909	1,004
Other (a)	1,939	2,259
	4,674	**3,833**

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

(c) Depreciation and Amortisation

	2014 $'000	2013 $'000
Depreciation of Property, Plant and Equipment (Note 8(b))	13,468	22,186
Amortisation of Finance Lease Assets (Note 8(b))	2,361	5,838
Amortisation of Intangible Assets (Note 10(b))	733	604
	16,562	**28,628**

(d) Grants and Subsidies

	2014 $'000	2013 $'000
Grants to Local Government (i)	-	625
	-	**625**

(i) Grants of $0.6 million in 2012-13 represent payments made to North Sydney Council under agreement for works completed on land previously transferred to them.

(e) Finance Costs

	2014 $'000	2013 $'000
Finance Lease Interest Charges (Note 14(a))	5,093	3,306
Unwinding of Discount Rate on Make Good Provision	8	-
Unwinding of Discount Rate on Land Remediation Provision (Note 15(b))	1,366	2,805
	6,467	**6,111**

(f) Other Expenses	2014 $'000	2013 $'000
Decrease in Land Remediation Provision from Revised Estimate of Liability Remaining on Divested Land (Note 15(b))	-	(8,920)
	-	**(8,920)**

3. REVENUE

(a) Sale of Goods and Services	2014 $'000	2013 $'000
Property Rental Income - Operating Lease Income (i)	461,592	427,467
Fees for Services Rendered	1,329	1,545
	462,921	**429,012**

(i) Property Rental Income - Operating Lease Income	2014 $'000	2013 $'000
Owned Property Income	53,472	73,149
Leased Property Income	414,596	357,443
Less: Amortisation of Lessee Lease Incentives (Note 7(c))	(6,476)	(3,125)
	461,592	**427,467**

The net increase in rental income over 2012-13 has resulted mainly from GPNSW's program of vesting owned and leased properties from other government agencies during 2013-14 pursuant to Premier's Memorandum M2012-20 "Government Property NSW (previously State Property Authority) and Government Property Principles".

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

Receivable within one year	51,651	43,280
Receivable later than 1 year but not later than 5 years	26,832	26,786
Receivable later than 5 years	1,091	8,516
Total Including GST	**79,574**	**78,582**

The above represents future minimum lease receipts on GPNSW's owned properties. Future minimum lease receipts as at 30 June 2014 include GST payable of $7.2 million ($7.1m at 30 June 2013).

(b) Investment Revenue	2014 $'000	2013 $'000
Property Finance Lease Income ((i) and Note 7(b))	6,815	7,482
Interest Earned (ii)	1,007	2,159
	7,822	**9,641**

(i) Income from finance leases as lessor includes contingent rent of $0.7 million in 2013-14 ($1.4m in 2012-13). 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.

(ii) 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 GPNSW bank account within the NSW Treasury Banking System. The significant decrease in the interest earned has resulted mainly from the transfer of $32.3 million cash in July 2013 to the Crown Finance Entity (CFE) (Note 15(b)(i)(a)).

(c) Grants and Contributions	2014 $'000	2013 $'000
State Government - Recurrent Contribution (i)	6,770	5,503
State Government - Capital Contribution (ii)	16,898	22,959
Capital Contributions from Other Government Agencies (iii)	-	159
	23,668	**28,621**

(i) GPNSW 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. In 2013-14, GPNSW also received a contribution of $0.2 million for Government Property Register staff who were transferred from Land and Property Information in March 2014.

(ii) GPNSW'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 GPNSW's Property Refurbishment Program.

(iii) In 2012-13, GPNSW received capital contributions from other Government agencies towards minor property development and refurbishment works on GPNSW owned properties. No contributions were received in 2013-14.

(d) Other Revenue	2014 $'000	2013 $'000
Emerging Asset Revenue ((i) and Note 11)	450	450
	450	**450**

(i) In accordance with TPP 06-08 "Accounting for Privately Financed Projects", the Opera House Car Park is an emerging asset which GPNSW 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 (Note 11).

4. GAIN/(LOSS) ON DISPOSAL	2014 $'000	2013 $'000
Net Proceeds from Disposal of Property, Plant and Equipment	58,629	270,455
Written Down Value	(40,327)	(240,931)
Net Gain/(Loss) on Disposal	**18,302**	**29,524**

5. OTHER GAINS/(LOSSES)	2014 $'000	2013 $'000
Net Loss on Revaluation of Property, Plant and Equipment ((i) and Note 8(b))	(736)	(11,094)
Net Gain on Reassessment of Finance Lease Liability ((ii) and Note 14(a))	4,679	-
Net Loss on Residual Value Reassessments of Finance Lease Receivables (Note 7(b))	-	(202)
Impairment Loss on Work in Progress - Project Costs Recoverable (Note 7)	(993)	(1,742)
Impairment Loss on Work in Progress - Property, Plant and Equipment (Note 8(b))	(29)	(1,422)
Other Gains/(Losses)	**2,921**	**(14,460)**

(i) A net loss on revaluation of Property, Plant and Equipment of $0.7 million ($11.1m in 2012-13) was recognised in the Net Result as there was no existing balance in the Asset Revaluation Reserve of the same class of asset at the reporting date.

(ii) A net gain on reassessment of Finance Lease Liability of $4.7 million (nil in 2012-13) was recognised in relation to the lease on part of the 52 Martin Place building, Sydney which commenced on 1 January 1986. Due to the landlord undertaking a major building refurbishment program over the entire building, GPNSW has reassessed the estimated lease term from 40 years to 124.25 years from the commencement date. The change in the estimated lease term has resulted in a significant increase in the Finance Lease Commitments (Note 18(c)) and estimated useful life of the 52 Martin Place building. As a result of the increase in the estimated useful life, Finance Lease Assets (Note 8(b)(ii)) and Asset Revaluation Reserve (Note 17(b)) were increased significantly in 2013-14. It is impracticable to estimate the amount of the effect on future periods from the increase in the estimated useful life.

6. CASH AND CASH EQUIVALENTS	**2014 $'000**	**2013 $'000**
(a) Reconciliation of Cash and Cash Equivalents		
Cash at Bank and On Hand		
Operating Funds	69,919	50,294
Restricted Cash:		
Land Remediation Funds (i)	39,392	70,465
Agency Property Transaction Monies (ii)	1,357	8,382
Total Cash at Bank and On Hand	**110,668**	**129,141**
Represented in the Statement of Financial Position as:		
Current Assets - Cash and Cash Equivalents	**110,668**	**129,141**

(i) A total of $39.4 million ($70.5m at 30 June 2013) is set aside and can only be used for remediation on Newcastle lands acquired by the Crown from BHP Billiton in 2002. The significant decrease in the land remediation funds has resulted mainly from the transfer of $32.3 million cash in July 2013 to the Crown Finance Entity (CFE) which released GPNSW's obligations on previously divested Newcastle lands (Note 15(b)(i)(a)).

(ii) A total of $1.4 million ($8.4m at 30 June 2013) was held "on trust" on behalf of other government agencies and can only be used for property acquisition and divestment transactions in progress, negotiations for which were being undertaken by GPNSW under formal agreement with those agencies (Note 13).

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and "restricted cash". Refer to Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

(b) Reconciliation of Net Result to Net Cash Flows from Operating Activities	**2014 $'000**	**2013 $'000**
Net Result for the Year	**36,597**	**59,385**
Non Cash Expenses/(Revenues):		
Emerging Asset Decrement/(Increment) (Note 3(d))	(450)	(450)
Depreciation and Amortisation (Note 2(c))	16,562	28,628
Gain on Disposal of Non-Current Assets (Note 4)	(18,302)	(29,524)
Other Losses/(Gains) (Note 5)	(2,921)	14,460
Changes in Operating Assets and Liabilities:		
Decrease/(Increase) in Receivables	(6,482)	(3,210)
Increase/(Decrease) in Payables	(32,018)	8,283
Increase/(Decrease) in Provisions	2,389	(18,605)
Increase/(Decrease) in Other Operating Liabilities	(5)	(2,670)
Net Cash Flow From Operating Activities	**(4,630)**	**56,297**

7. RECEIVABLES

	2014 $'000	2013 $'000
Current		
Trade Receivables:		
Property Rental	2,729	4,101
Fees for Services Rendered	370	372
Less: Impairment Allowance (a)	(540)	(518)
	2,559	3,955
Other Receivables:		
Work in Progress - Net Project Costs Recoverable	2,286	2,233
Goods and Services Tax Recoverable	779	1,530
Makegood Costs Recoverable (Note 15(c))	30,066	26,336
Finance Lease Receivables (b)	4,035	5,293
Lessee Lease Incentives (c)	3,222	2,891
Fitout Incentive Receivable (Note 13)	5,288	-
Other	5,666	5,275
Total Current Receivables	**53,901**	**47,513**

Non-Current	2014 $'000	2013 $'000
Other Receivables:		
Makegood Costs Recoverable (Note 15(c))	125,056	121,694
Deferred Land Sale Proceeds	-	12,155
Finance Lease Receivables (b)	60,872	78,475
Lessee Lease Incentives (c)	25,135	10,703
Receivable from Lessees	2,455	-
Total Non-Current Receivables	**213,518**	**223,027**

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

(a) Impairment Allowance

	2014 $'000	2013 $'000
Movement:		
Balance at 1 July	518	609
Amount Recovered	-	(195)
Increase/(Decrease) in Allowance	22	104
Balance at 30 June	**540**	**518**

The impairment allowance at 30 June 2014 includes an accumulated allowance of $nil ($nil at 30 June 2013) for uncollectible minimum finance lease payments receivable.

(b) Finance Lease Receivables

	2014 $'000	2013 $'000
Movement:		
Balance at 1 July	83,768	83,164
Reclassification to Land (Note 8(b))	(19,704)	-
Net Gain/(Loss) on Residual Value Reassessments (Note 5)	-	(202)
Lease Payments Received	(5,972)	(6,676)
Property Finance Lease Income (Note 3(b))	6,815	7,482
Balance at 30 June	**64,907**	**83,768**

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

Gross Investment in Finance Leases as Lessor	313,694	405,668
Less: Unearned Finance Income	(248,787)	(321,900)
Present Value of the Minimum Lease Payments Receivable	**64,907**	**83,768**

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

Not later than one year	4,035	5,293
Later than one year and not later than five years	16,141	21,173
Later than five years.	293,518	379,202
Gross Investment in Finance Leases as Lessor	**313,694**	**405,668**

(iii) Aged Reconciliation of the Present Value of the Minimum Lease Payments Receivable	**2014 $'000**	**2013 $'000**
Not later than one year	4,035	5,293
Later than one year and not later than five years	13,313	17,451
Later than five years.	47,559	61,024
Present Value of the Minimum Lease Payments Receivable	**64,907**	**83,768**

(iv) The unguaranteed residual value of all finance leases as lessor accruing to the benefit of GPNSW as at 30 June 2014 is $15.5 million ($19.0m at 30 June 2013).

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

(c) Lessee Lease Incentives	**2014 $'000**	**2013 $'000**
Movement:		
Balance at 1 July (i)	13,594	16,628
Add Lease Incentives Provided	21,239	91
Less Current Year Amortisation (Note 3(a)(i))	(6,476)	(3,125)
Balance at 30 June	**28,357**	**13,594**
Current Asset	3,222	2,891
Non-Current Asset	25,135	10,703
Total Asset at 30 June	**28,357**	**13,594**

(i) Lessee lease incentives provided relate to incentives given to GPNSW under head lease agreements which GPNSW 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 under Sale of Goods and Services in the Statement of Comprehensive Income (Note 3(a)(i)). The addition in the lessee lease incentives in 2013-14 mainly represents incentives from a new 12 year lease on part of the 52 Martin Place building, Sydney which commenced on 1 October 2013 for the relocation of central government agency offices.

8. PROPERTY, PLANT AND EQUIPMENT

	2014 $'000	2013 $'000
(a) Carrying Amount at 30 June		
Non-Current		
Land and Buildings		
At Fair Value	457,391	429,560
Carrying Amount at 30 June	**457,391**	**429,560**
Land		
At Fair Value	127,990	128,378
Carrying Amount at 30 June	**127,990**	**128,378**
Plant and Equipment		
At Fair Value	7,363	7,383
Less Accumulated Depreciation	(2,247)	(1,663)
Carrying Amount at 30 June	**5,116**	**5,720**
Finance Lease Assets		
At Fair Value	110,990	63,744
Carrying Amount at 30 June	**110,990**	**63,744**
Emerging Asset		
At Fair Value	-	3,750
Carrying Amount at 30 June	**-**	**3,750**
Works in Progress	**454**	**3,562**
Total Non-Current Property, Plant and Equipment at 30 June	**701,941**	**634,714**
Total at Cost or Fair Value	704,188	636,377
Total Accumulated Depreciation and Amortisation	(2,247)	(1,663)
Total Non-Current Property, Plant and Equipment at 30 June	**701,941**	**634,714**

(b) Reconciliation of Opening and Closing Carrying Amounts	2014 $'000	2013 $'000
Land and Buildings (i)		
Carrying Amount at 1 July	429,560	706,270
Disposals (Note 8(b)(iv))	(722)	(239,742)
Transfer from Works in Progress	16,848	18,824
Transfers from other Government Agencies (Note 17(c))	25,630	3,345
Reclassification to Non-Current Asset Held For Sale (Note 9(b))	(293)	(19,900)
Transfer from/(to) Land	355	(9,309)
Net Revaluation Reserve Increment/(Decrement)	(1,100)	(350)
Net Revaluation Increment/(Decrement) Recognised in the Net Result (Note 5)	(121)	(8,590)
Depreciation Expense	(12,766)	(20,988)
Carrying Amount at 30 June	**457,391**	**429,560**

Government Property NSW

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2014

Reconciliation of Opening and Closing Carrying Amounts	**2014 $'000**	**2013 $'000**
Land (i)		
Carrying Amount at 1 July	128,378	133,296
Reclassification from Finance Lease Receivable (Note 7(b))	19,704	-
Disposals (Note 8(b)(iv))	(19,704)	-
Transfer from Works in Progress	330	339
Transfer from/(to) Land and Buildings	(355)	9,309
Transfers from other Government Agencies (Note 17(c))	267	655
Reclassification to Non-Current Asset Held For Sale (Note 9(b))	(500)	-
Net Revaluation Reserve Increment/(Decrement)	485	(12,717)
Net Revaluation Increment/(Decrement) Recognised in the Net Result (Note 5)	(615)	(2,504)
Carrying Amount at 30 June	**127,990**	**128,378**

Reconciliation of Opening and Closing Carrying Amounts	**2014 $'000**	**2013 $'000**
Plant and Equipment		
Carrying Amount at 1 July	5,720	7,704
Additions	98	395
Disposals	-	(1,181)
Depreciation Expense	(702)	(1,198)
Carrying Amount at 30 June	**5,116**	**5,720**

Reconciliation of Opening and Closing Carrying Amounts	**2014 $'000**	**2013 $'000**
Finance Lease Assets (ii)		
Carrying Amount at 1 July	63,744	67,740
Transfer from Works in Progress	2,632	920
Net Revaluation Reserve Increment	46,975	922
Amortisation Expense	(2,361)	(5,838)
Carrying Amount at 30 June	**110,990**	**63,744**

Reconciliation of Opening and Closing Carrying Amounts	**2014 $'000**	**2013 $'000**
Emerging Asset		
Carrying Amount at 1 July	3,750	2,950
Transfer to Other Asset (Note 11)	(3,750)	-
Net Revaluation Reserve Increment	-	350
Amortisation Expense	-	450
Carrying Amount at 30 June	**-**	**3,750**

Reconciliation of Opening and Closing Carrying Amounts	**2014 $'000**	**2013 $'000**
Works in Progress (iii)		
Opening Balance at 1 July	3,562	3,228
Additions	16,731	21,839
Transfer to Land and Buildings	(16,848)	(18,824)
Transfer to Land	(330)	(339)
Transfer to Finance Lease Assets	(2,632)	(920)
Impairment Loss (Note 5)	(29)	(1,422)
Closing Balance at 30 June	**454**	**3,562**

(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 2014. Qualified valuers, AssetVal Pty Ltd, Savills Valuation, Knight Frank, and CBRE were engaged to provide GPNSW 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 2013 as well as the previous valuation reports.

(ii) Finance Lease Assets

Finance lease assets as at 30 June 2014 relate to Noel Park House, Marius Street, Tamworth and a part of the 52 Martin Place building, Sydney. Noel Park House and 52 Martin Place building are being amortised over the life of the lease. Noel Park House and 52 Martin Place building were independently revalued on 30 June 2014 by qualified valuer, Knight Frank who has recent experience in comparable markets and the category of the finance lease asset being valued. The significant increase was mainly due to the change in the estimated remaining life of the 52 Martin Place building (Note 5).

(iii) Works in Progress

Expenditure capitalised during the year and recorded under works in progress as at 30 June 2014 relates to refurbishment works in various office buildings totalling $0.5 million ($3.6m at 30 June 2013 of which $3.5m was transferred to Land and Buildings and $0.1m was transferred to Land in 2013-14).

(iv) Disposals and Transfers

As directed and approved by the Minister, the following properties were sold through direct negotiation between GPNSW and the purchasers which were the existing long-term leaseholders of the land.

- Lot 1 and 3, DP701512 and Lot 22, DP879582, Moriah College School site, Queens Park
- Lot 1, DP839564, Sir Stamford Hotel site, 93-97 Macquarie Street, Sydney

The following properties were sold by GPNSW under public auction or tender arrangements during 2013-14:

- Lot 1, DP653776, 178-180 Katoomba Street, Katoomba
- Lot 1, DP104452, Lot 2, DP214122 and Lot 4, DP510295, 9-25 Commonwealth Street, Sydney

(v) Heritage Assets

The following properties had restrictions due to being heritage listed. 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
- Lands Building, 23-33 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
- Parramatta Correctional Centre, O'Connell Street, Parramatta

9. NON-CURRENT ASSETS HELD FOR SALE	2014 $'000	2013 $'000
(a) Carrying Amount at 30 June		
Land and Buildings		
At Fair Value	793	19,900
Carrying Amount at 30 June	**793**	**19,900**

(b) Reconciliation of Opening and Closing Carrying Amounts	2014 $'000	2013 $'000
Non-Current Assets Held for Sale		
Carrying Amount at 1 July	19,900	-
Additions (Note 8(b))	793	19,900
Disposals	(19,900)	-
Carrying Amount at 30 June	**793**	**19,900**

10. INTANGIBLE ASSETS	2014 $'000	2013 $'000
(a) Carrying Amount at 30 June		
Computer Software		
Gross Carrying Amount	3,299	3,231
Less Accumulated Amortisation	(2,367)	(1,634)
Carrying Amount at 30 June	**932**	**1,597**

(b) Reconciliation of Opening and Closing Carrying Amounts	2014 $'000	2013 $'000
Intangible Assets		
Carrying Amount at 1 July	1,597	1,224
Additions/Acquisitions	94	985
Disposals	(26)	(8)
Amortisation Expense	(733)	(604)
Carrying Amount at 30 June	**932**	**1,597**

11. OTHER	2014 $'000	2013 $'000
Emerging Asset (i)		
Carrying Amount at 1 July	-	-
Transfer from Property, Plant and Equipment (Note 8(b))	3,750	-
Net Revaluation Reserve Increment	1,100	-
Emerging Asset Increment (Note 3(d))	450	-
Carrying Amount at 30 June	**5,300**	**-**

(i) An emerging asset in relation to the Sydney Opera House Car Park is recognised under Non-Current Assets - Other. 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 GPNSW has the right to receive the car park.

The emerging value of the car park is $5.3 million at 30 June 2014 ($3.8m at 30 June 2013). The emerging value is being allocated to revenue and Non-Current Assets - Other 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 2014.

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(a) Fair Value Hierarchy

2014	Level 1	Level 2	Level 3	Total Fair Value
	$'000	$'000	$'000	$'000
Property, Plant and Equipment (Note 8)				
Land and Buildings	-	457,391	-	457,391
Land	-	127,990	-	127,990
Finance Lease Assets	-	110,990	-	110,990
Other Asset (Note 11)				
Emerging Asset	-	5,300	-	5,300
	-	**701,671**	**-**	**701,671**

There were no transfers between Level 1 or 2 during 2013-14. The 'Total Fair Value' above includes assets measured at fair value and will not reconcile to the total Property, Plant and Equipment recognised in the Statement of Financial Position as this includes assets which are measured at depreciated historical cost, as a surrogate for fair value.

(b) Valuation Techniques, Input and Processes

GPNSW's Property, Plant and Equipment and Other Asset are not traded in active markets. The fair values of these assets are estimated using valuation techniques that maximise the use of observable market inputs, e.g. market sale, market rent and interest rates. If all significant inputs required to fair value an asset are observable, the asset is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3. The valuation process is managed by GPNSW's Strategy Group who engages external independent valuers to perform the valuations of property assets required for financial reporting purposes. The valuation reports are subsequently reviewed by relevant Portfolio Management Group Asset Managers and another external independent valuer.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

13. PAYABLES

	2014	2013
	$'000	$'000
Current		
Sundry Creditors and Accruals	22,487	21,118
Fitout Construction Payable (Note 7)	5,288	-
Land Remediation Expense Accrual	-	381
Land Remediation Funds Payable to Crown Finance Entity (Notes 6(a)(i) and 15(b)(i)(a))	-	32,282
Agency Property Transaction Monies (Note 6(a)(ii))	1,357	8,382
Payable to Personnel Services Provider (Note 1(a))	1,803	3,457
Total Current Payables	**30,935**	**65,620**
Non-Current		
Payable to Lessor	2,455	-
Total Non-Current Payables	**2,455**	**-**

14. BORROWINGS

	2014	2013
	$'000	$'000
Current		
Finance Lease Liabilities (a)	989	2,912
Total Current Borrowings	**989**	**2,912**
Non-Current		
Finance Lease Liabilities (a)	36,338	40,004
Total Non-Current Borrowings	**36,338**	**40,004**

(a) Finance Lease Liabilities	2014 $'000	2013 $'000
Movement:		
Balance at 1 July	42,916	45,613
Net Gain on Reassessment of Finance Lease Liability (Note 5)	(4,679)	-
Minimum Lease Payments	(6,003)	(6,003)
Finance Lease Interest Charges (Note 2(e))	5,093	3,306
Balance at 30 June (Note 18(c))	**37,327**	**42,916**

15. PROVISIONS	2014 $'000	2013 $'000
Current		
Land Remediation (b)	19,809	20,223
Makegood Restoration (c)	30,066	26,336
Legal Settlement (d)	157	180
Total Current Provisions	**50,032**	**46,739**
Non-Current		
Personnel Services (a)	18,207	17,570
Land Remediation (b)	32,863	30,676
Makegood Restoration (c)	125,277	121,907
Total Non-Current Provisions	**176,347**	**170,153**

(a) Personnel Services	2014 $'000	2013 $'000
Movement:		
Carrying Amount at 1 July	17,570	24,167
Transfer to Payables (i)	-	(1,711)
Net Increase/(Decrease) in Liability to Personnel Services Provider	637	(4,886)
Carrying Amount at 30 June	**18,207**	**17,570**
Non-Current Liability	18,207	17,570
Total Liability at 30 June	**18,207**	**17,570**

Aggregate Personnel Services Liability - Dissection	2014 $'000	2013 $'000
Unfunded Superannuation (Defined Benefits Schemes) (ii)	18,207	17,570
Total Liability at 30 June	**18,207**	**17,570**

GPNSW receives personnel services from the Office of Finance and Services (OFS). The OFS is not a Special Purpose Service Entity and does not control GPNSW under this arrangement (Note 1(a)). As GPNSW is not an employer, the disclosure requirements of AASB 119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, a Personnel Services Provision is disclosed where the substance of the underlying liability recognised effectively represents employee benefits.

(i) Annual Leave and Long Service Leave On-costs

From 1 July 2012, under revised processing arrangements agreed between GPNSW and OFS, all net movements in employee related liabilities associated with annual leave and long service leave were paid to OFS as part of the monthly Personnel Services Expense reimbursement process. Agreement was also reached between GPNSW and OFS for the $1.7 million balance of these liabilities as at 30 June 2013 to be settled by cash payment to OFS. As a result of these revised arrangements, no provision for Annual Leave and Long Service Leave On-costs was recognised at 30 June 2014 and 30 June 2013.

(ii) Unfunded Superannuation (Defined Benefits Schemes)

The superannuation schemes for the personnel provided to GPNSW by OFS 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 increased by $0.6 million at 30 June 2014 ($4.9m decrease at 30 June 2013) and included net actuarial losses of $0.3 million in 2013-14 ($5.5m gains in 2012-13) which are recognised directly in the Net Result (Note 2(a)). The minor increase in the provision is mainly due to a decrease in the discount rate used to determine the present value of the defined benefit obligations. The discount rate decreased from 3.80% at 30 June 2013 to 3.57% at 30 June 2014.

(b) Land Remediation	**2014 $'000**	**2013 $'000**
Movement:		
Carrying Amount at 1 July	50,899	113,420
Decrease in Provision from Payments	(78)	(7,375)
Increase in Provision from Unwinding of Discount Rate (Note 2(e))	1,366	2,805
Increase/(Decrease) in Provision from Revised Estimate of Liability Recognised as a Revaluation Increment/(Decrement) in Other Comprehensive Income	485	2,047
Increase/(Decrease) in Provision from Revised Estimate of Liability Remaining on Divested Land (i)(a)	-	(8,920)
Transfer of Provision to the Crown Finance Entity (i)(a)	-	(51,078)
Carrying Amount at 30 June	**52,672**	**50,899**
Current Liability	19,809	20,223
Non-Current Liability	32,863	30,676
Total Liability at 30 June	**52,672**	**50,899**

Land Remediation - Dissection	**2014 $'000**	**2013 $'000**
Newcastle Landholdings (i)	40,291	38,822
Hunter's Hill Landholdings (ii)	12,381	12,077
Total Liability at 30 June	**52,672**	**50,899**

(i) Newcastle Landholdings

In June 2002, the Crown acquired the former BHP main steel works site at Mayfield and the Kooragang Islands waste emplacement sites in the Newcastle ports area. These sites required remediation to remove various contaminants associated with steel making. As part of the acquisition, the Crown negotiated for BHP Billiton to pay an amount to compensate for the total estimated cost of the land remediation and other works. In February 2007, the landholdings, remaining remediation liability and cash balance were transferred to GPNSW.

The Hunter Development Corporation (HDC) is the agency assigned by Government to undertake the remediation works. Under arrangement, GPNSW periodically reimburses the HDC for works undertaken and each year, the HDC provides GPNSW with a revised estimate of costs remaining to complete the works. Calculation of this 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.

(a) Transfer to the Crown Finance Entity of Remediation Liability on Divested Newcastle Lands

In July 2009, management control for two parcels of the unremediated land at Mayfield and the Kooragang Island site were transferred to the Newcastle Port Corporation (NPC). As part of the 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, GPNSW continued to control and recognise the full remediation liability on these lands up until 30 June 2013.

Pursuant to the "2002 Environmental Deed: Amendment and Acknowledgment Deed" (executed by the Treasurer in January 2013), and following final title transfer of the land parcels to the NPC in February 2013, GPNSW and the Crown Finance Entity (CFE) agreed to transfer the remaining remediation liability of $51.1 million and associated cash of $32.3 million to the CFE through equity transfer as at 30 June 2013. As the cash was paid in July 2013, an equivalent amount owing to the CFE has been recognised within Payables (Note 13). Accordingly, the equity transfer reflects an increase in Payables of $32.3 million, a reduction in Provisions of $51.1 million and an increase in Net Assets of $18.8 million at 30 June 2013 (Note 17(c)).

(b) Remediation Liability Remaining on Newcastle Lands

At 30 June 2014, GPNSW retained ownership of the remaining parcel of the former steel works site at Mayfield (known as Mayfield Lot 1). From revised estimates provided by the HDC in February 2014, GPNSW has recognised a remaining remediation liability of $40.3 million as at 30 June 2014 ($38.8m at 30 June 2013). A discount rate of 2.53% was used at 30 June 2014 (2.75% at 30 June 2013).

(ii) Hunter's Hill Landholdings

In June 2009, GPNSW 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 GPNSW the responsibility to remediate the contaminated land.

GPNSW has estimated and recognised a total remediation liability of $12.4 million as at 30 June 2014 ($12.1m at 30 June 2013) for all three lots. This estimate has been determined using contract and tender details available as at 30 June 2014. Minor works were undertaken in 2013-14, however the remaining remediation will be undertaken and completed in 2015-16. A discount rate of 2.53% was used at 30 June 2014 (2.47% at 30 June 2013).

(c) Makegood Restoration	**2014 $'000**	**2013 $'000**
Movement:		
Carrying Amount at 1 July	148,243	139,704
Increase in Provision from Unwinding of Discount Rate	4,151	3,716
Increase in Provision from Revised Estimate of Liability	5,759	5,248
Decrease in Provision from Payments	(2,810)	(425)
Carrying Amount at 30 June	**155,343**	**148,243**
Current Liability	30,066	26,336
Non-Current Liability	125,277	121,907
Total Liability at 30 June	**155,343**	**148,243**

The makegood restoration liability is calculated on all leased properties, where GPNSW 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 except for GPNSW self occupied premises which totalled $0.2 million at 30 June 2014 ($0.2m at 30 June 2013). An average discount rate of 2.62% was used at 30 June 2014 (2.80% as at 30 June 2013) and the level of the provision is reviewed at the end of each year. Any movement in the Makegood Restoration Provision is also reflected in Makegood Costs Recoverable within Receivables (Note 7) except for GPNSW self occupied premises.

(d) Legal Settlement	2014 $'000	2013 $'000
Movement:		
Carrying Amount at 1 July (i)	180	180
Decrease in Provision from Payments	(23)	-
Carrying Amount at 30 June	**157**	**180**
Current Liability	157	180
Total Liability at 30 June	**157**	**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 settlement is expected to be finalised in 2014-15.

16. OTHER LIABILITIES	2014 $'000	2013 $'000
Current		
Lessor Lease Incentives (a)	3,497	3,441
Prepaid Rental on Contract Exchange (b)	-	1,406
Total Current Liability at 30 June	**3,497**	**4,847**
Non-Current		
Lessor Lease Incentives (a)	25,135	10,978
Total Non-Current Liability at 30 June	**25,135**	**10,978**

(a) Lessor Lease Incentives	2014 $'000	2013 $'000
Movement:		
Carrying Amount at 1 July (i)	14,419	18,003
Additional Lease Incentives	21,239	91
Less Current Year Amortisation (Note 2(b)(i))	(7,026)	(3,675)
Carrying Amount at 30 June	**28,632**	**14,419**
Current Liability	3,497	3,441
Non-Current Liability	25,135	10,978
Total Liability at 30 June	**28,632**	**14,419**

(i) Lessor lease incentives received relate to incentives given to GPNSW 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 under Other Operating Expenses in the Statement of Comprehensive Income (Note 2(b)(i)). The addition in the lessor lease incentives in 2013-14 mainly represents incentives from a new 12 year lease on part of the 52 Martin Place building, Sydney which commenced on 1 October 2013 for the relocation of central government agency offices.

(b) Prepaid Rental on Contract Exchange	2014 $'000	2013 $'000
Movement:		
Carrying Amount at 1 July (i)	1,406	3,656
Less Current Year Amortisation	(1,406)	(2,250)
Carrying Amount at 30 June	**-**	**1,406**
Current Liability	-	1,406
Total Liability at 30 June	**-**	**1,406**

(i) On 15 February 2011, GPNSW and Trustees of the Moriah College Building Fund exchanged contracts for the sale of land. On exchange, a deposit of $6.8 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 was being amortised over the term of the settlement period and was recognised as lease payments received within Finance Lease Receivables under Receivables (Note 7(b)).

17. NOTE TO STATEMENT OF CHANGES IN EQUITY

	2014 $'000	2013 $'000
(a) Financial Distributions		
Normal Distributions from Surplus on Rental Operations (Paid to the State Government) (Note 1(l))	7,449	28,000
Capital Repatriations from the Net Proceeds of Asset Sales (Paid to the State Government) (Note 1(l))	55,334	269,810
	62,783	**297,810**

(b) Asset Revaluation Reserve Dissection	2014 $'000	2013 $'000
Asset Class:		
Land	-	-
Finance Leased Assets	50,427	3,452
Fine Arts & Heritage Assets	2,759	2,759
Total Asset Revaluation Reserve at 30 June	**53,186**	**6,211**

The total Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-Current Property, Plant and Equipment. This accords with GPNSW's policy on the Revaluation of Property, Plant and Equipment (Note 1(h)(iii)). All movements are recorded directly through Other Comprehensive Income and are recognised in the Statement of Financial Position. No distributions are made from the Asset Revaluation Reserve. The significant increase was mainly due to the change in the estimated remaining life of the 52 Martin Place building (Note 5).

(c) Net Increase/(Decrease) in Net Assets from Equity Transfers	2014 $'000	2013 $'000
Transfer of Properties from other Government Agencies (Note 8(b))	25,897	4,000
Transfer of Land Remediation Administration Function (Note 15(b)(i)(a))	-	18,796
Total Net Increase/(Decrease) in Net Assets from Equity Transfers	**25,897**	**22,796**

18. COMMITMENTS FOR EXPENDITURE

	2014 $'000	2013 $'000
(a) Capital Expenditure Commitments		
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	4,242	3,923
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-
Total Capital Expenditure Commitments (Incl GST)	**4,242**	**3,923**

Total capital expenditure commitments relate to contracted refurbishment works on various owned buildings. Capital expenditure commitments at 30 June 2014 include GST recoverable input tax credits of $0.4 million ($0.4m at 30 June 2013) that are expected to be recoverable from the Australian Taxation Office.

(b) Operating Lease Commitments	2014 $'000	2013 $'000
Head lease future minimum lease payments contracted at balance date but not provided for:		
Payable within one year	318,408	337,451
Payable later than one year but not later than five years	558,693	672,406
Payable later than five years	295,250	296,375
Total Operating Lease Commitments (Incl GST)	**1,172,351**	**1,306,232**

The majority of future minimum lease payments will be recouped by GPNSW under sub-leases. Future minimum lease payments and receipts as at 30 June 2014 include GST recoverable input tax credits of $106.6 million ($118.7m at 30 June 2013) and GST payable of $106.6 million ($118.7m at 30 June 2013).

(c) Finance Lease Commitments	2014 $'000	2013 $'000
Minimum Lease Payments:		
Payable within one year	6,003	6,003
Payable later than one year but not later than five years	21,325	22,520
Payable later than five years	435,968	35,663
Total Minimum Lease Payment Commitment	**463,296**	**64,186**
Finance Costs:		
Payable within one year	(5,014)	(3,091)
Payable later than one year but not later than five years	(19,385)	(9,942)
Payable later than five years	(401,570)	(8,237)
Total Finance Costs Commitment	**(425,969)**	**(21,270)**
Present Value of Finance Lease Commitments:		
Payable within one year	989	2,912
Payable later than one year but not later than five years	1,940	12,578
Payable later than five years	34,398	27,426
Total Present Value of Finance Lease Commitments (Note 14(a))	**37,327**	**42,916**

GPNSW's Finance Lease Commitments comprise leases on Noel Park House, Tamworth and on part of the 52 Martin Place 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 8.64% pa. The 52 Martin Place lease liability is being amortised over the lease term, which is 124.25 years and ends in 2110. The discount rate implicit in the lease is 14.91% pa.

The significant increase in the Finance Lease Commitments is due to the reassessment of the lease on part of the 52 Martin Place building, Sydney which commenced on 1 January 1986 (Note 5(ii)).

19. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

There are no known material contingent assets at 30 June 2014.

(b) Contingent Liabilities

There are no known material contingent liabilities at 30 June 2014.

20. FINANCIAL INSTRUMENTS

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

GPNSW’s main risks arising from financial instruments are outlined below, together with GPNSW’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 GPNSW, to set risk limits and controls and to monitor risks. Risk management reporting and compliance with policies is reviewed on a regular basis by GPNSW's Audit and Risk Committee.

Government Property NSW

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2014

(a) Financial Instrument Categories

			2014 $'000	2013 $'000
Financial Assets - Carrying Amounts				
Class	**Category**	**Notes**		
Cash and Cash Equivalents	n/a	1(h)(x), 6	110,668	129,141
Receivables (i)	Loans and Receivables (at Amortised Cost)	1(h)(xi), 7	264,900	267,217
Financial Liabilities - Carrying Amounts				
Class		**Notes**		
Payables (ii)	Financial Liabilities (at Amortised Cost)	1(i)(i), 13	29,967	60,811
Borrowings	Financial Liabilities (at Amortised Cost)	1(i)(ii), 14	37,327	42,916

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

(b) Credit Risk

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

All of GPNSW'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 GPNSW'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 GPNSW 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.

GPNSW 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 $1.8 million ($2.6m at 30 June 2013) are not considered impaired and these represent 57.1% (58.7% at 30 June 2013) of the total trade debtors. Most of GPNSW'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 - 2014			**Overdue**		**Total**
	<1 Mth	**>1 <2 Mths**	**>2 <3 Mths**	**>3 Mths**	**2014**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:					
Past Due But Not Impaired	161	457	68	104	790
Considered Impaired	-	-	54	486	540
Total Credit Risk	**161**	**457**	**122**	**590**	**1,330**

Credit Risk - 2013			**Overdue**		**Total**
	<1 Mth	**>1 <2 Mths**	**>2 <3 Mths**	**>3 Mths**	**2013**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables:					
Past Due But Not Impaired	82	197	401	515	1,195
Considered Impaired	-	3	8	507	518
Total Credit Risk	**82**	**200**	**409**	**1,022**	**1,713**

(i) Each row in the above table reports "gross receivables".

(ii) The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the Total Credit Risk line will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) Liquidity Risk

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of GPNSW (or a person appointed by the Head of GPNSW) may automatically pay the supplier simple interest. The rate of interest applied by GPNSW accords with the current rate applicable under section 22 of the *Taxation Administration Act 1996* .

GPNSW's financial liabilities, as listed at (a) above, are all non-interest bearing. Payables are all payable within 12 months (Note 13). Payable items which are out of the scope of AASB 7 "Financial Instruments: Disclosures" have been excluded from the carrying amount shown in the Statement of Financial Position. These items are GST payable and revenue in advance.

A maturity profile analysis of GPNSW's Finance Lease liabilities is presented at Note 18(c).

(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. GPNSW's exposure to market risk is primarily through interest rate risk on GPNSW's BHP Remediation interest earning bank balance held within the NSW Treasury Banking System. GPNSW 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 GPNSW 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 2014. The analysis assumes that all other variables remain constant.

(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. GPNSW's exposure to interest rate risk is set out below.

Interest Rate Risk - 2014	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	39,392	(394)	(394)	394	394

Interest Rate Risk - 2013	**Carrying**	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	70,465	(705)	(705)	705	705

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 GPNSW is not exposed to such foreign exchange fluctuations.

(e) Fair Value

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

21. BUDGET REVIEW

(a) Net Result

The Net Result of $36.6 million was $3.9 million greater than budget. This resulted mainly from:

- a $9.4 million decrease in Total Expenses Excluding Losses due largely to:
  - a $4.4 million reduction in Other Operating Expenses as a result of unbudgeted lease incentives on various head leases; and
  - a $5.7 million reduction in Depreciation and Amortisation due mainly to lower building values obtained from the 30 June 2013 capital revaluation process and a reassessment of the remaining useful life of the 52 Martin Place finance lease asset.
- an $8.2 million decrease in Total Revenue due largely to:
  - a $4.7 million reduction in Sale of Goods and Services due mainly to unbudgeted lease incentives on various head leases which are passed through to agency tenants; and
  - a $3.2 million reduction in Grants and Contributions due mainly to lower capital expenditure in the Building Refurbishment Program.
- a $3.2 million increase in Other Gains mainly as a result of the reassessment of the 52 Martin Place finance lease liability.

(b) Assets and Liabilities

Total Assets of $1.1 billion were $100.7 million greater than budget. This resulted primarily from:

- a $58.1 million increase in Cash and Cash Equivalents (Note 21(c)).
- a $25.2 million increase in Receivables due mainly to increase in makegood costs recoverable and lessee lease incentives in relation to a new 12 year lease on part of the 52 Martin Place building, Sydney for the relocation of central government agency offices; and
- a $15.3 million increase in Property, Plant and Equipment due mainly to the vesting of properties during 2013-14.

Total Liabilities of $325.7 million were $63.8 million greater than budget primarily due to:

- a $27.5 million increase in Payables due mainly to increases in accrued capital works and sundry creditors; and
- a $38.9 million net increase in Provisions and Other Liabilities due mainly to increases in makegood restoration liabilities, deferral of land remediation works at Newcastle and Hunter's Hill and an increase in lessor lease incentives in relation to a new 12 year lease on part of the 52 Martin Place building, Sydney for the relocation of central government agency offices.

(c) Cash Flows

Closing Cash and Cash Equivalents was $58.1 million greater than budget. This resulted mainly from:

- a $21.7 million increase in opening cash due to Newcastle land remediation payments in 2012-13 being lower than the initial estimates provided by Hunter Development Corporation during the finalisation of the 2013-14 budget;
- a $12.1 million increase due to budgeted land remediation works at Hunter's Hill being deferred until 2015-16;
- a $12.0 million increase in working capital cash retained under GPNSW's new funding model arrangements;
- $6.8 million in funds held for scheduled base building works at the 52 Martin Place building, Sydney (including $4.2 million received from the landlord in advance); and
- $5.1 million in Government capital contributions received during 2013-14 over-and-above capital expenditure requirements as at 30 June 2014 (to be repaid to the Office of Finance and Services in 2014-15).

22. 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 GPNSW as at 30 June 2014.

(b) Non-Adjusting Events

Owned and Leased Office Accommodation Property Vesting and Property Divestments – Pursuant to the recommendations of the Government's Property Asset Utilisation Taskforce and subsequent Premier’s Memorandum M2012-20, further divestments of various GPNSW owned properties, in addition to the ongoing vesting of Government agency owned and leased properties is likely to occur in separate tranches during 2014-15. As the identification and validation of these properties was still in progress at the reporting date, estimates of the financial impact on GPNSW's accounts in 2014-15 are not available.

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

End of Audited Financial Statements

Statutory and Statistical Information

Human Resources

Following is a summary of the workforce profile and other information.

Workforce Profile 2013-14*

Category	2010-11	2011-12	2012-13	2013-14
Senior Executive Service	4.0	4.0	4.0	7.0
Corporate Management	15.8	15.8	8	4.0
Property Management	89.0	104.0	100.62	104.18
TOTAL	**108.8**	**123.8**	**112.62**	**115.18**

*As at 30 June 2014. Excludes permanent employees of other agencies seconded to GPNSW, contractors and consultants.

Senior Executive Staff

SES Profile	2010-11		2011-12		2012-13*		2013-14	
	Male	Female	Male	Female	Male	Female	Male	Female
SES 7					1		1	0
SES 5	1		1		1		0	0
SES 3	3		3		3		6	2
Total	4		4		4		7	2

*One SES Level 5 position to April 26 2013. One SES Level 7 position from 29 April 2013.

**Two SES Level 3 positions, one to 23 August 2013, one to 31 January 2014

The average total remuneration package of senior executives at the end of the 2013-14 reporting period was: $262,900.

The percentage of total employee-related expenditure in the reporting year that relates to senior executives is 12.2%.

Exceptional Movements in Wages, Salaries, or Allowances

The Crown Employees (Public Sector – 2008) Award was varied on 23 August 2013 to provide for salary increases of 2.27%, effective from the first full pay period commencing on or after 1 July 2013.

The Statutory and Other Office Remuneration Tribunal (SOORT) awarded a 2.5 % increase to the remuneration packages of Chief Executive (CES) and Senior Executive Service (SES) effective 1 October 2013.

Personnel Policies and Practices

No new personnel policies and procedures were developed during 2013-14.

During the reporting period, Government Property NSW was governed by the policies and procedures of the Office of Finance and Services (OFS).

Broader OFS policies are being adopted by GPNSW as they are standardised and rolled out department-wide.

In 2013-14, the Human Resources functions of Recruitment, Induction, Training and Development, and Payroll were managed by OFS, to reflect the centralised corporate services model under the agency cluster.

Industrial Relations Policies and Practices

During the financial year, GPNSW was represented on the Department of Finance and Services' Consultative Committee by a representative of the Housing and Property Group. The PSA and APSEMA are also members of the committee. Meetings were held every two months during the reporting period. In 2013-14 there were no related industrial disputes or industrial lost time.

GPNSW is currently in the process of setting up terms of reference to establish a Joint Consultative Committee with the PSA

Disability Plans

Government Property NSW is a part of the Office of Finance and Services Disability Action Plan.

Multicultural Policies and Services Program

Government Property NSW is covered by the Department of Finance and Services Multicultural Policies and Services Program Plan 2010-2014, which ensures that the DFS delivers services to clients and staff from culturally and linguistically diverse (CALD) backgrounds and is compliant with the NSW Government's Multicultural Planning Framework.

GPNSW also ensures that international symbols and signs are applied whenever government buildings are occupied or upgraded.

Principal Governing Legislation

Government Property NSW operates under the following principal legislation:

- Government Property NSW Act 2006
- Public Finance and Audit Act 1983

Changes in Legislation

Four Orders under the GPNSW Act were notified in the 2013-14 Financial Year to transfer a total of 42 land parcels and 8 leases from government agencies to GPNSW in accordance with Premier's Memoranda 2008-06 and 2012-20. The property transfers were effected from the following agencies for the purposes of on-going management or to facilitate disposal.

- Minister for Corrective Services
- Lake Illawarra Authority
- Residual Business Management Corporation
- Department of Trade and Investment, Regional Infrastructure and Services
- Roads and Maritime Services
- Crown Lands Office

Public Interest Disclosure

As staff are employees of OFS, GPNSW has adopted and adhered to the OFS Fraud and Corruption Internal Reporting Policy. All staff are advised of this policy by means of the Code of Conduct and intranet access. Changes within the Treasury and Finance cluster in 2014 require changes to be made to OFS public interest disclosure processes and policies. Revised information and education and training of staff, senior management and nominated disclosure officers is planned to be undertaken during 2014/15.

Public interest disclosures made by GPNSW officials for the period 1 July 2013 to 30 June 2014

	(1) Public interest disclosures made by public officials in performing their day to day functions	(2) Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	(3) All other public interest disclosures
Number of public officials who made PIDs	0	0	1
Number of PIDs received	0	0	1
Of PIDs received, number primarily about:			
Corrupt Conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	1
Government information contravention	0	0	0

Local government pecuniary interest contravention	0	0	0
Number of PIDs finalised	0	0	0

Credit Cards

In 2013-14 credit card usage within GPNSW was mainly 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 GPNSW during the reporting period was in accordance with relevant Government policy, Premier's Memoranda and Treasurer's Directions. GPNSW has in place a corporate credit card policy that meets NSW Treasury guidelines.

Land Disposals

There were two land disposals greater than $5M disposed through direct negotiation in 2013-14. Please see Note 8(b)(iv) of Financial Statements.

Consumer Response

GPNSW does not deliver front line services to the community. However, mechanisms are in place for its client government agencies to provide feedback via the GPNSW Helpdesk facility as well as online at gpnswservicecentre@property.nsw.gov.au.

In 2013-14 the Helpdesk continued as the central service point for agency property management issues. GPNSW has ensured that property management issues through this facility are dealt with appropriately and with a high degree of client satisfaction.

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

Privacy Management

GPNSW's principal clients are other Government agencies. The information collected and retained by GPNSW generally does not come within the definition of personal information under the *Privacy and Personal Information Protection Act 1998 (PPIP Act*). In 2013-14 GPNSW did not receive any applications for Internal Review under the PPIP Act. The Privacy Statement, Privacy Policy and information on the lodgment of complaints are available on the GPNSW website at www.property.nsw.gov.au.

External Impacts on Performance

GPNSW carefully monitors prevailing market conditions to maximise rental incentives and savings, and improve lease terms and conditions, to assist agencies in reducing overall cost and risk in their securing their office accommodation.

Payment of Accounts

The table below highlights GPNSW's account payment performance for 2013-14.

ACCOUNT PAYMENT PERFORMANCE 2013-14	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
ALL SUPPLIERS					
Value of Invoices Paid ($'000)					
Paid Before Due Date	130,073	135,238	133,671	140,837	**539,819**
<30 Days Past Due Date	2,357	1,490	1,609	1,529	**6,985**
>30<60 Days Past Due Date	411	591	98	151	**1,251**
>60<90 Days Past Due Date	123	582	27	21	**753**
>90 Days Past Due Date	49	94	51	68	**262**
Total Value of Invoices Paid ($'000)	**133,013**	**137,995**	**135,456**	**142,606**	**549,070**
% Paid on Time - By Value	**98%**	**98%**	**99%**	**99%**	**98%**
Number of Invoices Paid					
Paid Before Due Date	8,474	8,228	8,228	8,843	**33,773**
Paid Past Due Date	245	333	333	307	**1,218**
Total Number of Invoices Paid	**8,719**	**8,561**	**8,561**	**9,150**	**34,991**
% Paid on Time - By Number	**97%**	**96%**	**96%**	**97%**	**97%**
Interest Paid (i)					
Number of Payments for Interest on Overdue Invoices	8	5	11	17	**41**
Interest Paid on Overdue Invoices	-	-	-	1	**1**
SMALL BUSINESS SUPPLIERS					
Value of Invoices Paid ($'000)					
Paid Before Due Date	247	217	121	90	**675**
<30 Days Past Due Date	5	79	4	-	**88**
>30<60 Days Past Due Date	-	13	-	1	**14**
>60<90 Days Past Due Date	-	-	-	-	**-**
>90 Days Past Due Date	-	-	-	-	**-**
Total Value of Invoices Paid ($'000)	**252**	**309**	**125**	**91**	**777**
% Paid on Time - By Value	**98%**	**70%**	**97%**	**99%**	**87%**
Number of Invoices Paid					
Paid Before Due Date	84	84	63	79	**310**
Paid Past Due Date	3	5	3	2	**13**
Total Number of Invoices Paid	**87**	**89**	**66**	**81**	**323**
% Paid on Time - By Number	**97%**	**94%**	**95%**	**98%**	**96%**
Interest Paid (i)					
Number of Payments for Interest on Overdue Invoices	1	1	-	-	**2**
Interest Paid on Overdue Invoices	-	-	-	-	**-**

(i) In accordance with the Government's revised Payment of Accounts policy (NSW TC 11/12 Payment of Accounts), interest totalling $477.35 was paid in 2013-14 in respect of 2 Small Business Supplier invoices and $1,470.66 was paid in respect of 41 General Suppliers invoices which were paid past their due date.

For all suppliers, the percentage of invoices paid on time for 2013-14 averaged 97% by number and 98% by value (95% and 98% respectively in 2012-13). The majority of payment delays experienced by GPNSW are process related and are mainly due to the logistical difficulties in securing certifications on services provided to properties which are spread across NSW.

During 2013-14, GPNSW implemented a number of system and procedural changes, both internally and with its services providers (5D and DTZ), in an effort to ensure that all invoice payments can be made within the 30 day requirement. For 2014-15, GPNSW is targeting payment performance in excess of 95%.

Out of the total number of invoices paid during 2013-14, 0.92% (or 0.14% by value) was paid to small business suppliers. Of this number, 96% by number and 87% by value was paid on time. The invoice certification delays described above resulted in GPNSW being required to pay $477.35 in penalty interest in respect of one small business supplier during 2013-14.

Consultants

GPNSW engages consultants to augment existing expertise and resources. During 2013-14, GPNSW obtained the following consultancy services:

2013-14 CONSULTANCIES PROJECTS/CATEGORIES	CONSULTANTS	TOTAL COST $
GREATER THAN $50,000:		
Project Title	**Consultant Name**	
GPNSW Risk Management Service	Suncorp Risk Services	61,380
LESS THAN $50,000:		
Category	**Number of Consultants**	
Property	6	108,029
Other	2	22,500
TOTAL CONSULTANCIES		**191,909**

Risk Management and Insurance

Risk Management Framework

GPNSW is currently undertaking a project to develop and implement an Enterprise Risk Management (ERM) framework. In 2014-15, GPNSW will implement its risk management processes and framework to ensure that risk identification, analysis and monitoring is occurring across all lines of business and key projects.

Our risk framework will be aligned to the OFS ERM Framework and will be compliant to NSW Treasury *Internal Audit and Risk Management Policy for the Public Sector* (TPP 09-05) and AS/NZS ISO 31000: Risk management – Principles and guidelines.

The risk framework will consider risks at the strategic and operational levels as well as within programs and projects. Strategic risks and those operational risks deemed to be high risks will be reported to GPNSW Risk Committee and/or possibly escalated to OFS and the Audit and Risk Committee.

Insurance

In the reporting period, Government Property NSW was insured with the Treasury Managed Fund, which is managed by the NSW Self Insurance Corporation.

Audit and Risk Committee (ARC)

During 2013 -14 the department had in place an Audit and Risk Committee (ARC), compliant with NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (TPP09-05).

This committee met five (5) times to oversee financial reporting, internal control systems, risk management, corruption prevention, compliance systems and other regulatory requirements, and the internal and external audit functions.

Administrative support for the ARC was provided by the Office of Finance and Services.

Generally, the ARC discussed the following issues:

- Divestment of properties
- Decade of Decentralisation
- Reviewed and commented on Internal Audit Reports relating to GPNSW (and former State Property Authority – SPA)
- Monitored implementation of internal audit recommendations.
- Remediation costs of contaminated land at Newcastle. Agreement between Treasury and Crown Finance Entity (CFE) that all liability will pass from GPNSW to CFE
- Financial statements – had separate meetings to review soft close and hard close of financial statements and a meeting to approve financial accounts for 2013 – 14
- NSW Audit Office reports and recommendations
- The PAUT Report resulting in GPNSW replacing SPA
- Government Property Register to be managed by GPNSW going forward
- Office of Finance was invited to attend the meeting to brief the Committee on the sale and leaseback transactions on seven properties
- Risk management maturity assessment of GPNSW by SunCorp Risk Services
- Implementation of internal audit recommendations

Internal Audit and Risk Management Statement

I, Brett Newman, am of the opinion that the Audit and Risk Committee for Government Property NSW is constituted and operates in accordance with the independence and governance requirements of the Public Finance and Audit Act (where relevant) and/or Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Jon Isaacs, Independent Chair (period of appointment 31 October 2011 to 31 October 2015)
- Mr Ken Barker, Independent Member (period of appointment 31 October 2011 to 31 October 2014)
- Evelyn Bosak, Independent Member (period of appointment 27 October 2013 to 27 October 2016)

These processes provide a level of assurance that enables the senior management of the Authority to understand, manage and satisfactorily control risk exposures.

Brett Newman

Chief Executive Officer

Government Property NSW

Work Health and Safety

GPNSW is committed to providing a healthy and safe workplace for all workers including contractors, agency staff and visitors.

A number of activities were undertaken in 2013/14 with the aim of a safer workplace, preventing injuries and illnesses and promoting timely, sustainable and early return to work for injured workers. These included:

- Representation at Public Sector Strategy - Expert Practitioners Forum - whole-of-government strategy for work health and safety, injury management and return to work.
- Attendance at and participation to promote communication and information exchange on WHS issues and priorities; consultation; training and development activities:
  - OFS monthly Work, Health & Safety Injury Management (WHISM) community of practice,
  - MIDAS forum – Occupational Health Safety & Injury Management Forum for Mid-Size Agencies
  - meetings with the WorkCover Authority of NSW
- WHS training sessions:
  - Updating and delivery of GPNSW WHS and Bligh House Induction to all Workers – obligations and responsibilities
  - Worker Health & Safety Committee members training
  - Supervisors and Manager WHS obligations and responsibilities
  - Executive WHS obligations and responsibilities – Officer Due Diligence

- Continued meeting of the Worker Health & Safety Committee and the Executive Health & Safety Committee.
- Continued implementation of a corporate influenza vaccination program for all staff and contractors employed by GPNSW.
- Promotion of the outsourced provider employee assistance program to GPNSW staff.
- Maintenance of accredited First Aid Officers with payment of requisite First Aid allowances.

Environment and Sustainability

NSW Government Sustainability Policy

All government office buildings are subject to the NSW Government Sustainability Policy, which requires owned and leased office buildings over 1,000 square meters to achieve and maintain energy and water ratings of at least 4.5 stars, where cost effective, under the National Australian Built Environment Rating System (NABERS).

GPNSW continued to improve the operational efficiency of the owned and leased office portfolios during FY13-14. This has reduced environmental impacts while delivering cost savings for client agencies.

Significant achievements across the **owned office portfolio** this year include:

- Average NABERS energy and water ratings have increased substantially since 2012, now equaling or exceeding the performance of many of the larger private sector institutional office portfolios.

	June 2012	June 2014
NABERS ENERGY	3.96 stars *(21 properties. 90,431 sqm NLA)*	4.38 stars *(13 properties. 61,223 sqm NLA)*
NABERS WATER	3.98 stars *(21 properties. 90,431 sqm NLA)*	4.54 stars *(11 properties. 36,822 sqm NLA)*

Note: The June 2014 figure excludes 6 large properties sold to Cromwell Property Group in July 2013 and a number of smaller office ratings that expired before June 2014.

- Sustainability management practices of outsourced mechanical maintenance and facility management service providers were strengthened to ensure greater focus on monitoring and managing factors of greatest potential impact to operational efficiency and tenant comfort.
- Building management system energy audits were undertaken across seven large owned offices to identify cost effective efficiency improvements.
- Power factor correction units were installed across a number of sites to reduce peak demand.
- Energy efficient LED lighting was trialed within 2 owned properties as an initial step towards adoption as the standard lighting technology across the portfolio.

The **leased office portfolio's** sustainability performance improved during 2013-14:

- Most large leased offices have achieved at least 4 stars NABERS Energy Base Building or Whole Building ratings. Refer to the figure below, which shows the NABERS performance of buildings where NSW Government occupies at least 2,000 sqm NLA. NABERS ratings are generally unavailable for smaller leased properties.

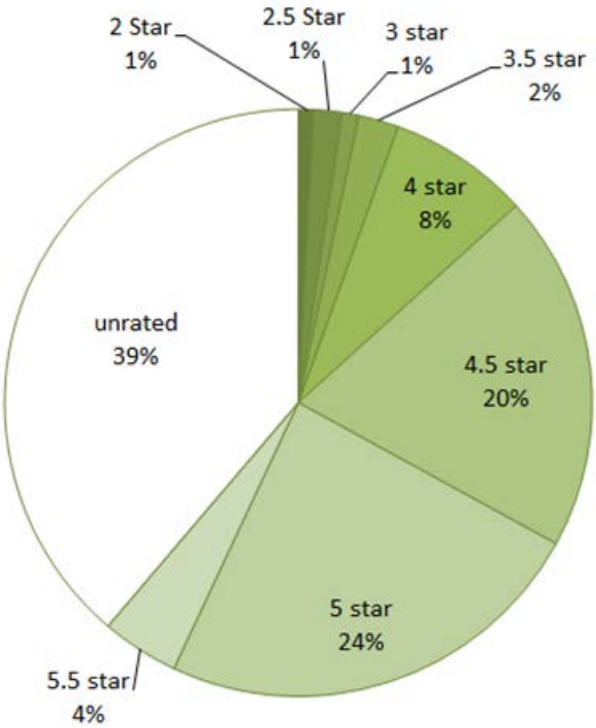

Figure: NABERS Energy Base Building Ratings – Leased properties where NSW Government occupies at least 2,000 sqm NLA (total area: 620,000 sqm NLA at June 2014)

- GPNSW continued to negotiate the inclusion of Green Lease Schedules in accordance with the NSW Sustainability and National Green Lease policies. At end-June, Green Lease Schedules were in place for one quarter of larger leased office spaces (i.e. where NSW Government occupies at least 2,000 sqm NLA).
- GPNSW worked closely with Cromwell Property Group following the sale for 6 large offices mid-2013. Building upgrades and collaborative rollout of Green Lease initiatives delivered a 13.7% reduction in greenhouse gas emissions from FY11-12 levels.

GPNSW has continued to track and benchmark the portfolio's energy and greenhouse performance. Tenant agencies and private landlords hold the majority of energy accounts across the owned and leased office portfolios, so the scope of reporting is presently limited to energy accounts held by GPNSW and the limited data available from tenants and private property owners. The table over page highlights a number of substantial achievements this year:

- 10.1% emissions intensity reduction – from 145 down to 131 kg$CO_{2\text{-}e}$/sqm over two years.
- 18.1% reduction in natural gas consumption since FY11-12.
- 8.8% reduction in average electricity consumption per sqm over the same period.

Total energy use comparison 2011-12 to 2013-14:

MEASURE	FY11-12	FY12-13	FY13-14	% change since FY11-12
Electricity				
Total Electricity (kilowatt-hours)	32,541,935	31,374,642	30,752,774	-5.5%
Total Electricity (gigajoules)	117,151	112,949	110,710	-5.5%
Total Electricity Emissions (kg $CO_{2\text{-}e}$) (includes Green Power purchases)	26,234,388	25,155,484	24,558,940	-6.4%
Electricity – as % of total Emissions	95.9%	95.8%	96.4%	+0.5%
Natural Gas				
Total Natural Gas (gigajoules)	22,071	21,509	18,085	-18.1%
Total Natural Gas Emissions (kg $CO_{2\text{-}e}$)	1,132,970	1,104,137	928,325	-18.1%
Natural Gas – as % of total Emissions	4.1%	4.2%	3.6%	-0.5%
Reported Property Details				
Total Properties Reported	48	48	49	2.1%
Total Floor Area Reported (NLA) (sqm)	188,149	188,149	194,892	3.6%

Total Energy				
Total Energy (gigajoules)	139,222	134,458	128,795	-7.5%
Total Greenhouse Emissions (kg CO_{2-e})	27,367,358	26,259,621	25,487,265	-6.9%
Portfolio Metrics				
Average Electricity Use (kilowatt-hours/sqm/yr)	173	167	158	-8.8%
Average Energy Use (GJ/sqm/yr)	0.74	0.71	0.66	-10.7%
Average Emissions Intensity (kg CO_{2-e}/sqm/yr)	145	140	131	-10.1%

Waste Reduction and Purchasing Policy

GPNSW remains committed to achieving the objectives of the NSW Government Waste Reduction and Purchasing Policy. This includes minimising waste, increasing resource recovery and utilising recycled content materials where cost and performance competitive.

Although GPNSW is a relatively small agency, we play a significant role in reducing the "environmental footprint" of NSW Government office accommodation. We continue to implement and improve resource efficiency measures across the owned and leased portfolios as outlined below:

Owned properties:

- Contractors undertaking refurbishment works must implement and periodically report on waste minimisation and management measures including:
    - Recycling and diverting from landfill surplus soil, rock, and other excavated or demolition materials, wherever practical;
    - Separately collecting and streaming quantities of waste concrete, bricks, blocks, timber, metals, plasterboard, paper and packaging, glass and plastics, and offering them for recycling where practical.
- Client agencies are provided cleaning, waste collection and recycling services such as collection of co-mingled wastes, paper and cardboard wastes. These services assist client agencies to achieve their resource recovery objectives.
- Carpet tiles are routinely used for recarpeting projects. Carpet tiles provide a number of resource efficiency benefits, including: damaged or worn tiles can be replaced individually when needed; product stewardship schemes increasingly facilitate end-of-life reuse and recycling; leading carpet tile manufacturers are making considerable advances in the use of recycled content and low-impact materials.

Leased properties:

- GPNSW continues to negotiate the inclusion of Green Lease Schedules in accordance with the NSW Sustainability and National Green Lease Policies. Although GPNSW does not directly influence cleaning and waste collection practices within leased properties, Green Lease Schedules encourage collaboration between tenants and owners to maximise diversion of wastes from landfill where reasonably practicable.

Government Information (Public Access) (GIPA)

The intention of the Government Information (Public Access) Act 2009 is to make government information more open and available to the general public. As part of the Treasury cluster, Government Property NSW complies with this Act by proactively releasing information on its website www.property.nsw.gov.au and responding to formal applications made to the Right to Information Officer of the Office of Finance and Services. Statistical information about access applications received in relation to Government Property NSW is reported in the Office of Finance and Services' Annual Report.

Exemptions and Nil Reports

Government Property NSW is exempt from reporting on the following matters for the reasons outlined below:

REPORTING REQUIREMENT	REASON FOR EXEMPTION
Funds granted to Non-Government Organisations	GPNSW 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 2013-14
Disclosure of Controlled Entities	GPNSW 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	GPNSW does not control or hold shares in any subsidiaries within the meaning of the Corporations Act 2001 (Cth.)
Agreements with the Community Relations Commission	GPNSW does not have any agreements with the Community Relations Commission under the Community Relations Commission and Principles of Multicultural Act 2000
Investment Performance	All GPNSW 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	GPNSW is not subject to determinations or recommendations of the Independent Pricing and Regulatory Tribunal of NSW.
Promotion	The clients of GPNSW are other NSW Government agencies. No GPNSW staff undertook overseas travel to promote or develop the business.
Workforce Diversity	As per ARDR c15 TC 14/24 as a small agency GPNSW reports diversity on a triennial basis, this was reported in the 2012-13 period.

Digital Information Security Compliance

Government Property NSW

NSW Digital Information Security Policy
Compliance Attestation Statement 2013-1014 Financial Year
Government Property NSW

Core Requirement 5 – Compliance Attestation

I, Brett Newman, Chief Executive Officer, am of the opinion that Government Property NSW put an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Brett Newman, Chief Executive Officer, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of Government Property NSW are adequate for the foreseeable future.

I, Brett Newman, Chief Executive Officer, am of the opinion that all Public Sector Agencies, or part thereof, under the control of Government Property NSW with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the Digital Information Security Policy for the NSW Public Sector.

I, Brett Newman, Chief Executive Officer, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements had been maintained by all or part of Government Property NSW and all or part of any Public Sector Agencies under its control.

Brett Newman
Chief Executive Officer

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Availability of the 2013-14 Annual Report

In keeping with Premier's Memorandum M2013-09 Production Costs of Annual Reports, this annual report has been produced and printed in-house by GPNSW. Printed copies have been kept to a minimum and digital copies have been distributed to relevant agencies.

It is also available on the GPNSW website www.property.nsw.gov.au and a digital copy has been provided to State Records.

External Production Costs

No external costs were incurred in the production of this annual report.

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Index