

STATE SPORTING VENUES AUTHORITY

ANNUAL REPORT 2014



Office of
Communities

State Sporting Venues Authority

Annual Report 2013 – 2014

Overview

Charter

The *Sporting Venues Authorities Act 2008* commenced on 11 July 2008, replacing the *Sporting Venues Management Act 2002*. Under this Act, the NSW Government established the State Sporting Venues Authority (the Authority), a statutory authority under the control of the Minister for Sport and Recreation.

The Authority holds vested title to certain lands and has the following principal functions:

- to maintain and improve the Authority's land,
- to establish and manage sporting grounds, sporting facilities and recreational facilities (whether or not on the Authority's land),
- to establish and manage facilities for the purposes of sporting competitions, sports training and sports education (whether or not on the Authority's land),
- to permit the use of the whole or any part of the Authority's land for activities of a sporting, recreational or community nature, including the use of that land for events and general community access,
- to encourage the use and enjoyment of the Authority's land by the public and clubs, associations or other bodies, where appropriate in its opinion,
- to undertake or provide, or facilitate the undertaking or provision of commercial and retail activities and facilities on the Authority's land,
- to make all reasonable attempts to ensure that any new development carried out on the Authority's land accords with best practice environmental and planning standards,
- to ensure that proper asset management plans are in place and are implemented for the Authority's land.

A summary of the land holdings is below:

- Berry Sport and Recreation Centre
- Borambola Sport and Recreation Centre
- Brooklyn Town Lot and Storage Shed
- Jindabyne Sport and Recreation
- Little Wobby Wharf
- Milson Island Sport and Recreation Centre
- Myuna Bay Sport and Recreation Centre
- Ryde Hockey Centre (Keith Thompson Hockey Centre)
- Southern Highlands Regional Shooting Complex
- Sydney Academy of Sport and Recreation

The Act allows the Authority to do all such supplemental, incidental or consequential acts as may be necessary or practical for the exercise of its functions, including entering into any contract or arrangement with any person in connection with the carrying out of its functions.

Summary review of operations

During 2013-14 and prior years, the Authority did not enter into any formal agreements regarding the use or management of its lands. In practice, the functions of the Authority including the management of its lands are undertaken by the Sport and Recreation Division of the Department of Education and Communities. The Department maintains the land and buildings of the Authority and undertakes capital works to upgrade the properties from time to time. In return, the Department receives the right to use the Authority's land and buildings for the conduct of a range of sport and recreation functions. By allowing the Department to conduct these activities on the Authority's land, the Authority passively achieves its aims, as they coincide with those of the Department in relation to sport and recreation functions. As the Authority holds no bank account, this reciprocal arrangement is represented in the Financial Statements of the Authority through the recognition of in-kind transactions.

Management and structure

The Authority has no members, no board members and no staff. The Minister has delegated his responsibility for the day to day management of the Authority's functions to the Executive Director, Sport and Recreation. The Minister acts as the Authority in matters relating to the transfer of land.

Financial Year

Pursuant to section 4(1A) of the *Public Finance and Audit Act 1983*, the Authority's financial year commences on 1 July and ends on the next 30 June.

Legislation

The Minister for Sport and Recreation administers the *Sporting Venues Authorities Act 2008* and the *Sporting Venues Authorities Regulation 2008*.

Internal Audit and Risk Management Policy Attestation

See Appendix A.

Disclosure of controlled entities

The authority has no controlled entities.



INDEPENDENT AUDITOR'S REPORT

State Sporting Venues Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of State Sporting Venues Authority (the Authority), 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 the Authority 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 Executive Director's Responsibility for the Financial Statements

The Executive Director is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act, and for such internal control as the Executive Director 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 Authority'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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Director, 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 the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about 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.



Scott Stanton
Assistant Auditor-General

19 September 2014
SYDNEY

State Sporting Venues Authority

Financial Statements

for the year ended 30 June 2014

**State Sporting Venues Authority
Financial Statements**

For the year ended 30 June 2014

Statement by Executive Director, Sport and Recreation, Department of Education and Communities:

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I declare on behalf of State Sporting Venues Authority (the Authority) that:

- (i) in my opinion the financial statements of the Authority for the year ended 30 June 2014 have been prepared in accordance with applicable Australian Accounting Standards (which includes Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2010 and the Treasurer's Directions.
- (ii) the financial statements exhibit a true and fair view of the financial position as at 30 June 2014 and financial performance for the year then ended.
- (iii) there are no known circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Executive Director
Sport and Recreation
Department of Education and Communities

Date: 17/9/2014

State Sporting Venues Authority
Statement of comprehensive income for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Expenses excluding losses			
Operating expenses	2(a)	6,678	6,701
Depreciation	2(b)	2,362	3,064
Total Expenses excluding losses		<u>9,040</u>	<u>9,765</u>
Revenue			
Contributions	3	9,880	10,081
Total Revenue		<u>9,880</u>	<u>10,081</u>
Gain/(Loss) on disposal	4	<u>(29)</u>	<u>(16)</u>
Net result		<u>811</u>	<u>300</u>
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/ (DEFICIT)		<u>811</u>	<u>300</u>

The accompanying notes form part of these financial statements.

State Sporting Venues Authority
Statement of financial position as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Non-Current Assets			
Property			
- Land, buildings and work in progress	5	161,298	140,464
Total property		<u>161,298</u>	<u>140,464</u>
Total Non-Current Assets		<u>161,298</u>	<u>140,464</u>
Total Assets		<u>161,298</u>	<u>140,464</u>
LIABILITIES			
Current Liabilities			
Total Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>-</u>	<u>-</u>
Net Assets		<u>161,298</u>	<u>140,464</u>
EQUITY			
Reserves		20,023	-
Accumulated funds		141,275	140,464
Total Equity		<u>161,298</u>	<u>140,464</u>

The accompanying notes form part of these financial statements.

State Sporting Venues Authority
Statement of changes in equity for the year ended 30 June 2014

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2013		140,464	-	140,464
		<u>140,464</u>	<u>-</u>	<u>140,464</u>
Net result for the year		811	-	811
Other comprehensive income				
Net increase in property		-	20,023	20,023
Total other comprehensive income		<u>-</u>	<u>20,023</u>	<u>20,023</u>
Total comprehensive income for the year		811	20,023	20,834
Transactions with owners in their capacity as owners		-	-	-
Balance at 30 June 2014		<u>141,275</u>	<u>20,023</u>	<u>161,298</u>
Balance at 1 July 2012		<u>136,474</u>	<u>-</u>	<u>136,474</u>
Net result for the year		300	-	300
Other comprehensive income		-	-	-
Total other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		300	-	300
Transactions with owners in their capacity as owners		-	-	-
Increase in net assets from equity transfers		3,690	-	3,690
Balance at 30 June 2013		<u>140,464</u>	<u>-</u>	<u>140,464</u>

The accompanying notes form part of these financial statements.

State Sporting Venues Authority
Statement of cash flows for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Operating expenses		-	-
Total Payments		-	-
Receipts			
Grants		-	-
Total Receipts		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of land and buildings		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Other		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH		-	-
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

The accompanying notes form part of these statements.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies

(a) Reporting entity

The State Sporting Venues Authority (the 'Authority') is constituted under the *Sporting Venues Authorities Act 2008* under the control of the Minister for Sport and Recreation. It is a statutory authority under Schedule 2 of the *Public Finance and Audit Act 1983* and is thereby required to produce Annual Financial Statements and an Annual Report to Parliament. The Minister is responsible for the State Sporting Venues Authority. The Authority is consolidated as part of the NSW Total State Sector Accounts.

The Authority is a not-for-profit entity (as profit is not its principal objective), it has no other entities under its control and no cash generating units. The Authority is considered a going concern. The Authority cannot employ staff; however services may be employed under Section 21 of the *Government Sector Employment Act 2013*, enabling the Authority to exercise its functions in maintaining and improving the Authority's land, establishing and encouraging the use of sporting facilities (whether or not on the Authority's land) and permitting the use of its land for recreational and community purposes.

There is an informal arrangement between the Authority and the Department of Education and Communities (DEC). The Authority allows DEC to conduct certain aspects of its business, mainly Sport and Recreation centres, on the Authority's land. In return, the Department maintains the Authority's assets and regularly upgrades them. In practice, the Authority achieves its functional outcomes by allowing officers of the Sport and Recreation Division of the Department of Education and Communities (DEC) the use of its properties to conduct a range of sporting and recreational activities. In exchange DEC maintains and upgrades the Authority's land and buildings.

The properties controlled by the Authority are:

- Berry Sport and Recreation Centre
- Borambola Sport and Recreation Centre
- Brooklyn Town Lot and Storage Shed
- Jindabyne Sport and Recreation Centre
- Little Wobby Wharf
- Milson Island Sport and Recreation Centre
- Myuna Bay Sport and Recreation Centre
- Ryde Hockey Centre
- Southern Highlands Regional Shooting Centre
- Sydney Academy of Sport and Recreation Centre

The Authority recognises its expenses and revenue on an in-kind basis as the Authority has no bank account and undertakes no cash transactions. As a result the Authority only recognises in its financial statements:

- land and building assets vested in the Authority through legislation
- non-cash transactions associated with these assets
- receipt of in-kind revenue for allowing DEC to use its assets, whereby the value of the revenue is equal to the cost incurred by DEC to maintain and upgrade the Authority's assets
- the maintenance expenses associated with the Authority's assets, which are paid to DEC on an in-kind basis

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Executive Director, Sport and Recreation, Department of Education and Communities on 17/09/2014.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions issued by the Treasurer.

Property is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

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

Income, expenses and assets are recognised net of the amount of GST.

(e) Insurance

The Authority's property is insured by Department of Education and Communities 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 claims experience.

(f) Income recognition

The Authority receives income only on an in-kind basis and this income is measured at the fair value of the consideration or contribution received or receivable.

i) Contributions

In-kind contributions from DEC of maintenance and capital upgrades are recognised as income when the entity obtains control over the assets comprising the contributions.

ii) Rendering of services

In-kind revenue is recognised when the service is provided or by reference to the stage of completion of the service, based on in-kind services rendered to date.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

(g) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

(ii) Capitalisation thresholds

Property costing \$10,000 and above individually is capitalised.

(iii) Revaluation of property

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* and AASB 116 *Property, Plant and Equipment*.

Property 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 is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 5 and Note 6 for further information regarding fair value.

The Authority revalues property at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last full revaluation was completed on 31 March 2014 and was based on an independent assessment. This revaluation was performed by Land and Property Information, a division of the Office of Finance and Services.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

Revaluation increments are credited directly to revaluation surplus, 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 net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the class of assets, they are debited directly to the revaluation surplus.

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

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

(iv) Impairment of property

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property 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

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

The following useful lives have been determined for the assets. The useful lives changed as a result of the revaluation as at 31 March 2014.

Depreciation Rates

Property	Average useful life years
Buildings	
• First 9 months of the year before revaluation	4 - 100 years
• Last 3 months of the year after revaluation	3 - 100 years

The annual impact to the depreciation expense as a result of the change to the useful lives is \$14,000.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

(vi) Fair value hierarchy

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for non-financial assets. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Authority 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 that the Authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs)

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

Refer Note 6 in the Notes to the financial statements for further disclosures regarding fair value measurements of non-financial assets.

(vii) Major inspection costs

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

(viii) Maintenance

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

(h) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Authority's policy on the revaluation of property as discussed in Note 1 (g) (iii).

(ii) Accumulated funds

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

(i) Equity transfers

The transfer of net assets between entities as a result of legislative requirements and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

(j) Comparative information

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

(k) Change in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standard that has been applied for the first time in 2013-14. The impact of this Standard in the period of initial application includes:

AASB 13 Fair Value Measurement (application date 1 Jul 2013); The Authority has reviewed the standard and has determined classification of Property, Plant and Equipment as Level 2 and 3 inputs. There is no financial impact and additional notes disclosures have been included as required in Note 6.

(ii) Issued but not effective

At reporting date a number of accounting standards adopted by the AASB had been issued but are not yet operative. These new Standards/Interpretations have not been early adopted by the Authority.

- *AASB 1031 Materiality* (Application date 1 July 2014).
- *AASB 2013-3 Recoverable amount disclosures for non-financial assets* (Application date 1 July 2014)
- *AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (Application date 1 July 2014)

Management cannot determine the actual impact of these Standards in the Authority's financial statements in the period of their initial application.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

2 Expenses Excluding Losses

	2014 \$'000	2013 \$'000
(a) Operating expenses		
In-kind maintenance expenses	6,653	6,701
In-kind expenses - auditor's remuneration	25	-
	<u>6,678</u>	<u>6,701</u>
(b) Depreciation		
Buildings	2,362	3,064
	<u>2,362</u>	<u>3,064</u>

3 Revenue

In-kind contributions of maintenance	6,653	6,701
In-kind contributions of capital items	3,202	3,380
In-kind contribution of auditor's remuneration	25	-
	<u>9,880</u>	<u>10,081</u>

4 Loss on Disposal

Written down value of assets written off	29	16
	<u>29</u>	<u>16</u>

5 Non-Current Assets - Property

	Land \$'000	Buildings \$'000	Total \$'000
At 1 July 2013 - fair value			
Gross carrying amount	54,850	135,018	189,868
Accumulated depreciation	-	(51,200)	(51,200)
Net carrying amount	<u>54,850</u>	<u>83,818</u>	<u>138,668</u>
At 30 June 2014 - fair value			
Gross carrying amount	58,610	141,339	199,949
Accumulated depreciation	-	(46,923)	(46,923)
Net carrying amount	<u>58,610</u>	<u>94,416</u>	<u>153,026</u>

Reconciliation

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

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

5 Cont. Non-Current Assets - Property

	Land \$'000	Buildings \$'000	Total \$'000
Year ended 30 June 2014			
Net carrying amount at start of year	54,850	83,818	138,668
Additions	-	3,526	3,526
Disposals	-	(29)	(29)
Transfer to Work in Progress	-	(6,800)	(6,800)
Net revaluation increment	3,760	16,263	20,023
Depreciation expenses	-	(2,362)	(2,362)
Net carrying amount at end of year	<u>58,610</u>	<u>94,416</u>	<u>153,026</u>

	Land \$'000	Buildings \$'000	Total \$'000
At 1 July 2012 - fair value			
Gross carrying amount	52,100	123,970	176,070
Accumulated depreciation	-	(47,912)	(47,912)
Net carrying amount	<u>52,100</u>	<u>76,058</u>	<u>128,158</u>

At 30 June 2013 - fair value			
Gross carrying amount	54,850	135,018	189,868
Accumulated depreciation	-	(51,200)	(51,200)
Net carrying amount	<u>54,850</u>	<u>83,818</u>	<u>138,668</u>

Reconciliation

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

	Land \$'000	Buildings \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at start of year	52,100	76,058	128,158
Additions	2,750	10,840	13,590
Disposal	-	(16)	(16)
Depreciation expenses	-	(3,064)	(3,064)
Net carrying amount at end of year	<u>54,850</u>	<u>83,818</u>	<u>138,668</u>

	2014 \$'000	2013 \$'000
Work-in-Progress (Buildings)		
Net carrying amount at start of year	1,796	8,316
Additions	3,202	3,380
Transfer from Buildings	6,800	-
Capitalised during the year	(3,526)	(9,900)
Net carrying amount at end of year	<u>8,272</u>	<u>1,796</u>

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

6 Fair value measurement of non-financial assets

(a) Fair value hierarchy

2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property (Note 5)				
Land	-	58,610	-	58,610
Buildings	-	-	94,416	94,416
	-	58,610	94,416	153,026

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

(b) Valuation techniques, inputs and processes

The following table shows the valuation techniques used in measuring the fair value of land for Level 2 fair values.

Level 2 Land

Market value: Qualified valuers from Land and Property Information were engaged to carry out the valuation of land as at 31 March 2014. The values for the lands are determined by using market evidence based on the zoning and restrictions, condition, location and comparability of the asset. The valuers did not make significant adjustments to the land values. A range of sales evidence was used but a discount factor was not used to go from an unimpaired value (highest and best use) to an impaired value (existing use). Hence the most appropriate method to value land is via the Direct Comparison Approach, which is the "market approach". In this approach the relative merits of the subject property and each of the sales are analysed and compared, having regard to matters such as zoning, location, aspect, topography, size of land, shape of land, size and current market sentiment. Ultimately valuers make a judgement call when comparing sales to the subject property. Sales evidence is considered as observable inputs. In the case of specialised assets such as the Authority's lands, the valuers consider the current use of the land. They also work on the basis the current use is in fact the highest and best use given there is no other feasible alternate use. In short, fair value is measured having regard to the highest and best use of an asset.

Fair value per square meter is in the range \$1/sqm - \$220/sqm (weighted average \$3.37/sqm). Total area of land is 17,362,080 sqm.

The following table shows the valuation techniques used in measuring the fair value of buildings, as well as the significant unobservable inputs used for Level 3 fair values.

State Sporting Venues Authority
Notes to the financial statements for the year ended 30 June 2014

6 Cont. Fair value measurement of non-financial assets

Level 3 Buildings

Valuation technique	Significant unobservable inputs	Sensitivity of the fair value measurement to changes in unobservable inputs
<p>Depreciated replacement cost: Qualified valuers from Land and Property Information were engaged to carry out the valuation of buildings as at 31 March 2014.</p> <p>Replacement cost of buildings and structures were based on gross floor areas and net lettable areas and the calculation of gross floor areas from drawings or site inspections. These areas and photographs of the buildings were used for the establishment of replacement costs. The replacement costs were used to establish the fair values of all buildings and arriving at the remaining useful life.</p> <p>The completion of the replacement cost valuation also included reference to historical cost information to draw upon cost information provided by the Authority and the valuers' own records of cost information used for the construction of some of the buildings.</p> <p>The methodology used in determining the replacement cost and depreciated replacement cost valuations:</p> <ol style="list-style-type: none"> 1. Using estimated cost of construction comprising site infrastructure, buildings and other specialist equipment. 2. Identify the age of the existing assets. 3. Establish the remaining life for each asset. 	<p>Buildings:</p> <p>Depreciated Replacement cost per square metre for the following assets:</p> <p>Asset and range (weighted average):</p> <p>Dining Hall \$1,406 - \$3,095 (\$2,410) Recreation Hall \$1,063 - \$4,258 (\$2,606) Lodges \$886 - \$1,386 (\$1,073) Conference Centre \$1,430 - \$2,943 (\$2,346) Others \$598 - \$2,824 (\$1,483)</p> <p>Other inputs: Weighted average remaining useful life: 28 years Total Gross floor area: 68,720 sqm</p>	<p>The estimated fair value would increase (decrease) if the replacement cost per square meter for the assets were higher (lower).</p>

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6 Cont. Fair value measurement of non-financial assets

<p>4. Calculate the depreciated replacement cost of these assets based on the current replacement cost and the economic life.</p> <p>The replacement cost valuation takes account of the condition of the assets but does not represent the resale or market value of the assets.</p>		
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(c) Reconciliation of recurring Level 3 fair value measurements 2014

	Buildings	Total Recurring Level 3 Fair value
	\$'000	\$'000
Fair value as at 1 July 2013	83,818	83,818
Additions	3,526	3,526
Disposals	(29)	(29)
Transfer to Work in Progress	(6,800)	(6,800)
Net revaluation increment	16,263	16,263
Depreciation	(2,362)	(2,362)
Fair value as at 30 June 2014	<u>94,416</u>	<u>94,416</u>

7 Contingent Assets and Contingent Liabilities

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

The following claim is considered as a contingent liability as at 30 June 2014.

Native Title Claim:

On 9 October 2013, an application was made under the *Native Title Act (Commonwealth) 1993* over an area of land and water in New South Wales where the Authority has land and buildings. It is not practicable to estimate the potential liability at this stage.

8 Events after the Reporting Period

There are no known post balance date events that may have a material impact on the financial statements. The service provision arrangement between the Authority and the Department of Education and Communities was terminated effective from 1 July 2014. This arrangement is now between the Authority and the newly created Office of Sport within the Department of Premier and Cabinet cluster under the *Administrative Arrangements (Administrative Changes - Miscellaneous Agencies) Order 2014*. Management expects this change would not have a material impact on the financial statements.

End of audited financial statements

Internal Audit and Risk Management Attestation for the 2013 – 2014 Financial Year for the State Sporting Venues Authority

The Executive Director, Sport and Recreation, Office of Communities is of the opinion that the State Sporting Venues Authority has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

The Executive Director, Sport and Recreation is of the opinion that the internal audit and risk management processes for the State Sporting Venues Authority depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) The State Sporting Venues Authority has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none"> Core Requirement 1 	<ul style="list-style-type: none"> The State Sporting Venues Authority does not employ a Chief Audit Executive. The services of the Chief Audit Executive of the Department of Education and Communities were utilised during 2013-14 as the Authority's Chief Audit Executive.
<ul style="list-style-type: none"> Core Requirement 2 	<ul style="list-style-type: none"> The requirement to establish an Audit & Risk Committee as required by the <i>Internal Audit and Risk Management Policy</i> was considered to have a material impact on the State Sporting Venues Authority due to resource constraints. Department of Education and Communities (DEC) has an Audit and Risk Committee (ARC) with compliant membership. The State Sporting Venues Authority entered into a shared ARC arrangement with DEC to oversee, monitor and report on the State Sporting Venues Authority's governance, risk and control issues affecting its operations as a practical measure that achieves a level of assurance equivalent to the requirements of the Policy.
<p>The determination by the Portfolio Minister for the State Sporting Venues Authority in respect of these departures, dated 19 September 2013, is appended to this attestation statement.</p>	

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the State Sporting Venues Authority to understand, manage and satisfactorily control risk exposures.

The Executive Director, Sport and Recreation is of the opinion that the Audit and Risk Committee of the Department of Education and Communities which provided oversight of governance, risk and control arrangements for the State Sporting Venues Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the DEC Audit and Risk Committee are:

- Jim Mitchell - Independent Chair (5 months from February 2014)
- Garry Dinnie - Independent Member 1 (5.5 years from 1 January 2009)
- Christine Feldmanis – Independent Member 2 (4.5 years from 1 April 2010)

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

Paul Doorn

Executive Director, Sport and Recreation