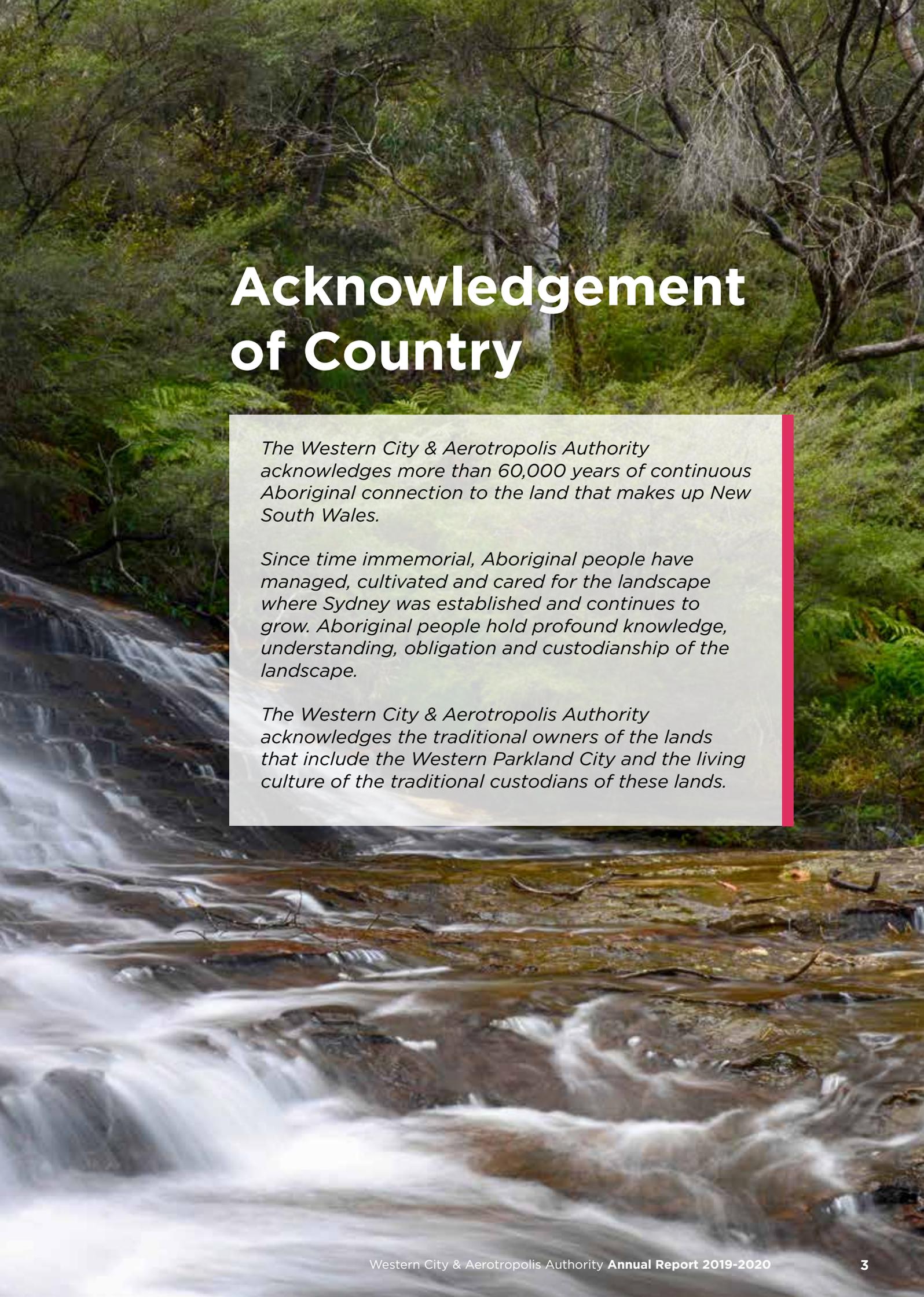


Annual Report 2019-2020



Western City &
Aerotropolis Authority





Acknowledgement of Country

The Western City & Aerotropolis Authority acknowledges more than 60,000 years of continuous Aboriginal connection to the land that makes up New South Wales.

Since time immemorial, Aboriginal people have managed, cultivated and cared for the landscape where Sydney was established and continues to grow. Aboriginal people hold profound knowledge, understanding, obligation and custodianship of the landscape.

The Western City & Aerotropolis Authority acknowledges the traditional owners of the lands that include the Western Parkland City and the living culture of the traditional custodians of these lands.

Letter of Submission

The Hon. Stuart Ayres MP
Minister for Jobs, Investment, Tourism & Western Sydney
GPO Box 5341

Dear Minister,

We are pleased to submit for presentation to Parliament the Annual Report for the Western City & Aerotropolis Authority (the Authority) for the financial year ended 30 June 2020.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2015* and includes the financial statements of the Authority for the period 1 July 2019 to 30 June 2020.

Yours sincerely

Jennifer Westacott AO
Chair of the Board

Sam Sangster
Chief Executive Officer

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From the Chief Executive Officer

From the Blue Mountains, to Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly, the Western Parkland City is a place of incredible diversity, stunning natural assets and a thriving small business sector.

It's a place of tremendous opportunity. An economic powerhouse that generates more than \$56 billion GRP per year through industry sectors including manufacturing, freight and logistics, health, tourism and agribusiness.

Its population is one of the most diverse in NSW, and it's growing: by 2056, more than 2 million people will call the Western Parkland City home. Now is the time to plan for its future.

The trajectory of the Western Parkland City is being transformed by more than \$20 billion investment from government in infrastructure, connectivity and liveability. This includes the Western Sydney International (Nancy-Bird Walton) Airport, Aerotropolis, Sydney Metro - Western Sydney Airport and numerous other projects under the Western Sydney City Deal.

The Authority was established in November 2018 to plan and deliver the Aerotropolis.

The contents of this Annual Report are testament to the professionalism and effectiveness of the team as they worked towards this goal through the 2019-20 financial year.

Adjoining the airport, the Aerotropolis will be Australia's first truly smart city: planned as a hub for aerospace, aviation and defence; agribusiness; freight and logistics; and designed-for-business training, education and research programs. It will be a high skills employment centre and a catalyst for the economic development of Western Sydney, NSW and the nation.

The project is on a trajectory towards success and I want to highlight in particular the team's achievements in investment attraction; master planning in partnership with government and industry; and in paving the way for critical education reform.

Without corporate investment, we cannot succeed. By the end of the financial year, we had added CSIRO, DB Schenker, BAE Systems, Siemens, GE Additive, Sheffield Advanced Manufacturing Research Centre and SUEZ Group to a list of national and global leaders who have agreed to co-design, locate or invest capital in the Aerotropolis.

It is an extraordinary level of industry commitment, underscoring national and global confidence in the potential of the Western Parkland City. These partners bring with them expertise, funding and an incomparable skills and knowledge advantage for local business and industry.

Lockstep with investment attraction has been our focus on working across government and with our industry Foundation Partners to master plan the Aerotropolis and its priority precincts: the Aerotropolis Core and Agribusiness Precinct. The team continues to work closely with the Western Sydney Planning Partnership to complete the Western Sydney Aerotropolis Plan; rezoning over 6,500 hectares for employment, residential and environmental uses.

Industry is helping us to co-design places designed to succeed as centres of business, research and development.

Education is another key focus for the Authority, and a critical enabler to achieve fast-tracked and relevant industry qualifications and retraining.

The team has made significant inroads into planning a new model of high quality, accessible education and training; one that blends traditional and vocational qualifications, and is designed and delivered in partnership with industry.

In writing this foreword, I am doing so in the context of what has been a year of unprecedented challenge and change on a significant scale.

As we begin to look towards the future, we need cities that are resilient and sustainable; advanced yet inclusive of culture, environments and people. Places that harness the energy of local industry, while attracting global investment and knowledge.

Our task is to ensure we are jointly delivering the best possible outcomes in infrastructure, liveability, investment attraction, job growth and sustainability for Western Parkland City businesses and communities.

In this and other ways, we will contribute to sustainable economic and community recovery. Not just locally, but for NSW and the rest of Australia.

Sam Sangster
Chief Executive Officer

About Us

A city built on diversity, culture and innovation, the Western Parkland City has all the right ingredients and the momentum to lead economic recovery and growth locally, in New South Wales and Australia.

Home to more than one million people, the Western Parkland City is the economic powerhouse of Greater Sydney. Across the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly, its small businesses and skilled industry sectors generate more than \$56 billion GRP per year and employ more than 420,000 people.

The region's top five industry sectors include manufacturing, freight and logistics, health, tourism and agribusiness. It boasts incredible cultural diversity, beautiful environments and a booming small business sector with broad-ranging expertise in construction, retail, higher education, arts, recreation and dining.

A city built on diversity, culture and innovation, it has all the right ingredients and the momentum to lead recovery and growth in Western Sydney, New South Wales and Australia. It's why all three levels of government are investing over \$20 billion in its future through the interlocked Western City District Plan, Western Sydney City Deal and the Authority's strategy, *Delivering the Western Parkland City*.

At the heart of it all is the Western Sydney Aerotropolis: a new smart city being planned as a hub for aerospace, aviation and defence; agribusiness; freight and logistics; and designed-for-business training, education and research programs.

Built around the 24/7 Western Sydney International Airport, it will create a unique metropolitan cluster between Liverpool, Penrith and Campbelltown. Connected to the Western Parkland City and beyond by new and renewed roads, trains and metro corridors and supported by sustainable utilities and digital networks.

It's the biggest and most ambitious city build project in Australian history. A once-in-a-generation economic, infrastructure and knowledge boom for the Western Parkland City, and a major driver of growth across the nation.

The Authority has been tasked by the State and Commonwealth governments to work with government, industry and the community in the design and delivery of the Aerotropolis, and the broader infrastructure and development agenda in step with the Western Sydney City Deal (City Deal).

With over 1.5 million people estimated to move west of Parramatta by 2036, now is the time to plan the new benchmark for how we, our children, and our future generations live, work, learn and thrive in the Western Parkland City.





Strategic Context

In its task to plan and deliver the Western Sydney Aerotropolis, the Authority isn't starting from scratch.

With such strong growth expected in the Western Parkland City, employment, infrastructure, transport and utilities are significant priorities for the Authority and its government partners, including the eight local councils.

The Authority's Strategy, *Delivering the Western Parkland City* implements existing government strategies, policies and commitments, including:

- The Western City District Plan
- The Western Sydney City Deal
- The Greater Sydney Region Plan
- Future Transport 2056
- The State Infrastructure Strategy 2018-2038
- NSW 2040 Economic Blueprint
- Western Sydney Aerotropolis Plan
- NSW Space Industry Development Strategy 2020

It's an unprecedented commitment from all three levels of Government and sets an incredibly strong foundation for the Western Parkland City to become a fully realised 22nd century city.

One of the three cities of Greater Sydney, the Western Parkland City will be an epicentre for liveability, growth and advancement.

Over the next 20 to 40 years, we will work with local government partners to build on natural, community and business assets to develop a more contained Western Parkland City. A city with advanced local, national and global industries, a wider range of skilled jobs, training and education, housing types, recreational and cultural facilities.

To deliver the Western Parkland City and achieve the employment target set in the City Deal of 200,000 additional jobs, the Authority will focus on four interconnected focus areas:

1. Creating an Economy & Jobs within the Five Key Precincts;
2. Industry Led National Skills & Training Ecosystem;
3. Great Places within a 30 Minute City, Supporting a 24 Hour Airport; and
4. Mobility, Connectivity & Systems - how people and goods move around the Western Parkland City and beyond.



Aims & Objectives

Under the *Western City and Aerotropolis Act 2018* (WCAA Act), the object of the Authority is to encourage the economic growth and development of the Western Sydney Aerotropolis and the rest of the Western Parkland City, in particular by:

- a. Creating active, vibrant and sustainable communities and locations that support national and global business, and support, and benefit from, the development of the Western Sydney Airport;
- b. Supporting the creation of precincts that are focused on job intensive land uses, and which include knowledge, industrial, educational, commercial, retail and mixed use precincts;
- c. Promoting investment;
- d. Promoting development that accords with best practice environmental and planning standards, is environmentally sustainable and applies innovative environmental building and public domain design;
- e. Facilitating the sharing of financial value arising from, or associated with, the development of the operational area so as to offset the provision of public infrastructure, facilities, places and services;
- f. by promoting the attainment of value for money and efficiency in the delivery of infrastructure; and
- g. by achieving optimal outcomes from the Authority working collaboratively with the Commonwealth and State governments and with local councils in the Western City.

With such strong growth expected in the Western Parkland City, employment, infrastructure, transport and utilities are significant priorities for government.



Charter

The Authority was established as a statutory corporation pursuant to the WCAA Act in November 2018, as a key commitment under the Western Sydney City Deal.

The Authority was established for the primary objective of encouraging the economic growth and development of the Western Sydney Aerotropolis and the rest of the Western Parkland City. Functions of the Authority include investment attraction, master planning and development functions.

The responsible Minister for the Authority is the Hon. Stuart Ayres MP, Minister for Jobs, Investment, Tourism and Western Sydney. The Authority adopted a Charter in accordance with section 14 of the WCAA Act, which sets the Authority's priorities in the areas of Investment Attraction, Infrastructure Coordination, Master planning and Development.

Management & Structure

The WCAA Act provides for the establishment of a Board of the Authority (the Board) and the appointment of a Chief Executive Officer (the CEO).

While the Authority is a NSW entity, the appointment of the Chair and three of the Board members is subject to consultation with the Hon. Alan Tudge MP, Commonwealth Minister for Population, Cities and Urban Infrastructure. The Board consists of a person appointed as the Chairperson of the Board, three persons nominated by the Hon. Stuart Ayres MP, Minister for Jobs, Investment, Tourism and Western Sydney and three persons nominated by the Commonwealth Minister.

Mr Sam Sangster was appointed as the inaugural CEO of the Authority in late 2018 and commenced as the Authority's first employee on 3 December 2018. Information on the members of the Board, and the leadership team of the Authority, are set out in the tables below.

THE BOARD

NAME	QUALIFICATION	METHOD OF APPOINTMENT	TERM	MEETING ATTENDANCE
Jennifer Westacott AO	<ul style="list-style-type: none"> BA (Honours), FAICD, G.C.B, FIPAA, FANZSOG CEO, Business Council of Australia (8 years) Board Director Wesfarmers (6 years) Adjunct Professor at the City Futures Research Centre of the University of New South Wales Chair of the Mental Health Council of Australia Chair of the Western City & Aerotropolis Authority (since Feb 2019) Co-chair of the Australia-Canada Economic Leadership Forum Organising Committee (since Feb 2019) Member of the Prime Minister's Cyber Security Review Panel (concluded April 2016) Board Member of the Cyber Security Research Centre Ltd (since Feb 2018) Co-Patron of Pride in Diversity (since Nov 2017) Patron of The Pinnacle Foundation (since March 2019) 	Ministerial	3 Years (Expires 24/02/2022)	9
Geoff Roberts AM	<ul style="list-style-type: none"> B Nat Res (Honours) Resource Management M App Sc, Environmental Science FAICD 25 years' experience in strategic environmental planning in Australia and overseas Deputy Chair of the Western City & Aerotropolis Authority Chief Commissioner, Greater Sydney Commission [April 2020 - present] Global Head of Relationships, NSW Treasury [November 2019 - present] Chief Coordinator of the Western Sydney City Deal [end November 2019] Deputy Chief Commissioner, Greater Sydney Commission [end 31 March 2020] Economic Commissioner, Greater Sydney Commission [end 31 March 2020] 	Ministerial	3 Years (Expires 24/02/2022)	9

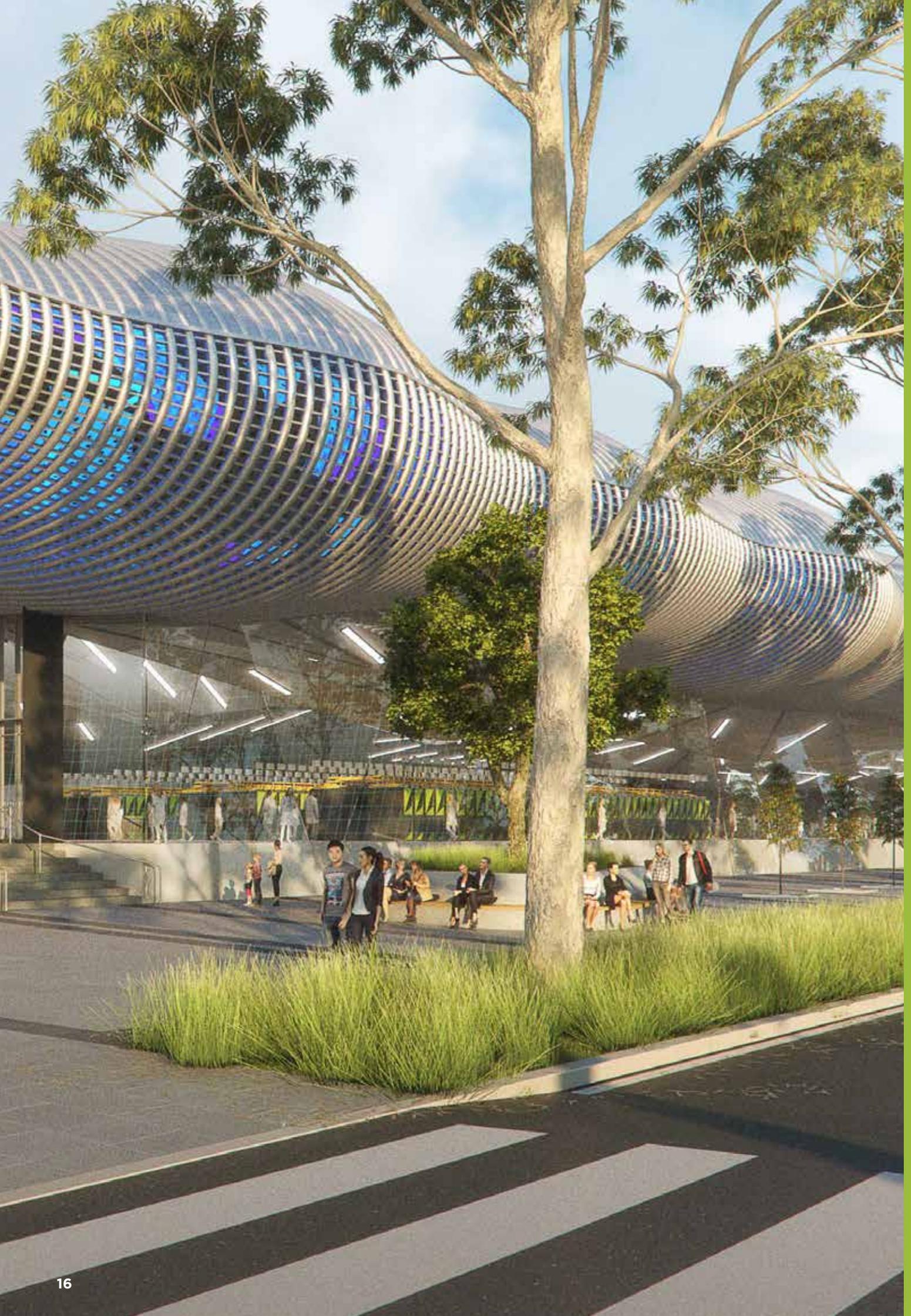
THE BOARD CONT.

NAME	QUALIFICATION	METHOD OF APPOINTMENT	TERM	MEETING ATTENDANCE
Alan Stoneham	<ul style="list-style-type: none"> Chartered Planner Diploma of Environmental Science Associate Diploma Local Government Management MAICD General Manager of Penrith City Council 2008 - September 2018 Deputy General Manager of Penrith City Council 2003 - 2008 	Ministerial	3 Years (Expires 24/02/2022)	9
Elizabeth Montano	<ul style="list-style-type: none"> BA and LLB Admitted Solicitor of the Supreme Court of NSW and the High Court FAICD Principal of Advisory Practice in program and project delivery, assurance, risk, strategic and corporate planning, performance and ICT governance Not for profit governance including membership of a board of a large independent school and the Executive of a NSW Rural Fire Service Brigade Former non-executive Chair, Director and Commissioner in human services (Centrelink), scientific research (Australian Institute of Marine Science) and natural resource management (Australian Fisheries Management Authority) Former CEO of AUSTRAC Former consultant to King & Wood Mallesons 	Ministerial	3 Years (Expires 06/05/2022)	7
Gabrielle Trainor AO	<ul style="list-style-type: none"> Barrister and Solicitor, Supreme Court of Victoria LLB M Arts in Cultural and Creative Practice FAICD Co-owner, joint CEO John Connolly & Partners (1992 - 2011) Current directorships include: the Australian Football League; Infrastructure Australia; Australian Sports Commission; Western Sydney University; Victorian Major Projects Infrastructure Authority and Zurich Australia 	Ministerial	3 Years (Expires 24/02/2022)	8
Mark Binskin AC	<ul style="list-style-type: none"> Air Chief Marshal (ret'd) GAICD Grad. Dip. Management Studies Chief of the Australian Defence Force (June 2014 - July 2018) Vice Chief of the Australian Defence Force (2011 - 2014) Chief of the Australian Air Force (2008 - 2011) 	Ministerial	3 Years (Expires 24/02/2022)	6* *Member seconded as the Commissioner to the Royal Commission into National Natural Disaster Arrangements, est. Feb 2020
Vince Graham AM	<ul style="list-style-type: none"> BE (Civil) Sydney University Post Grad Dip of Management Churchill Fellow 1982 Fellow Australian Institute of Company Directors Current directorships include Australian Rail Track Corporation, NSW Public Service Commission, Sydney University Senate People and Culture Committee, Catholic Schools, and Western Sydney Airport Chief Executive Ausgrid, Endeavour Energy & Essential Energy (Networks NSW) 2012-2015 CEO Endeavour Energy 2008-2012, CEO Railcorp NSW 2003-2008; CEO National Rail Corporation 1992-2002 	Ministerial	3 Years (Expires 06/05/2022)	8

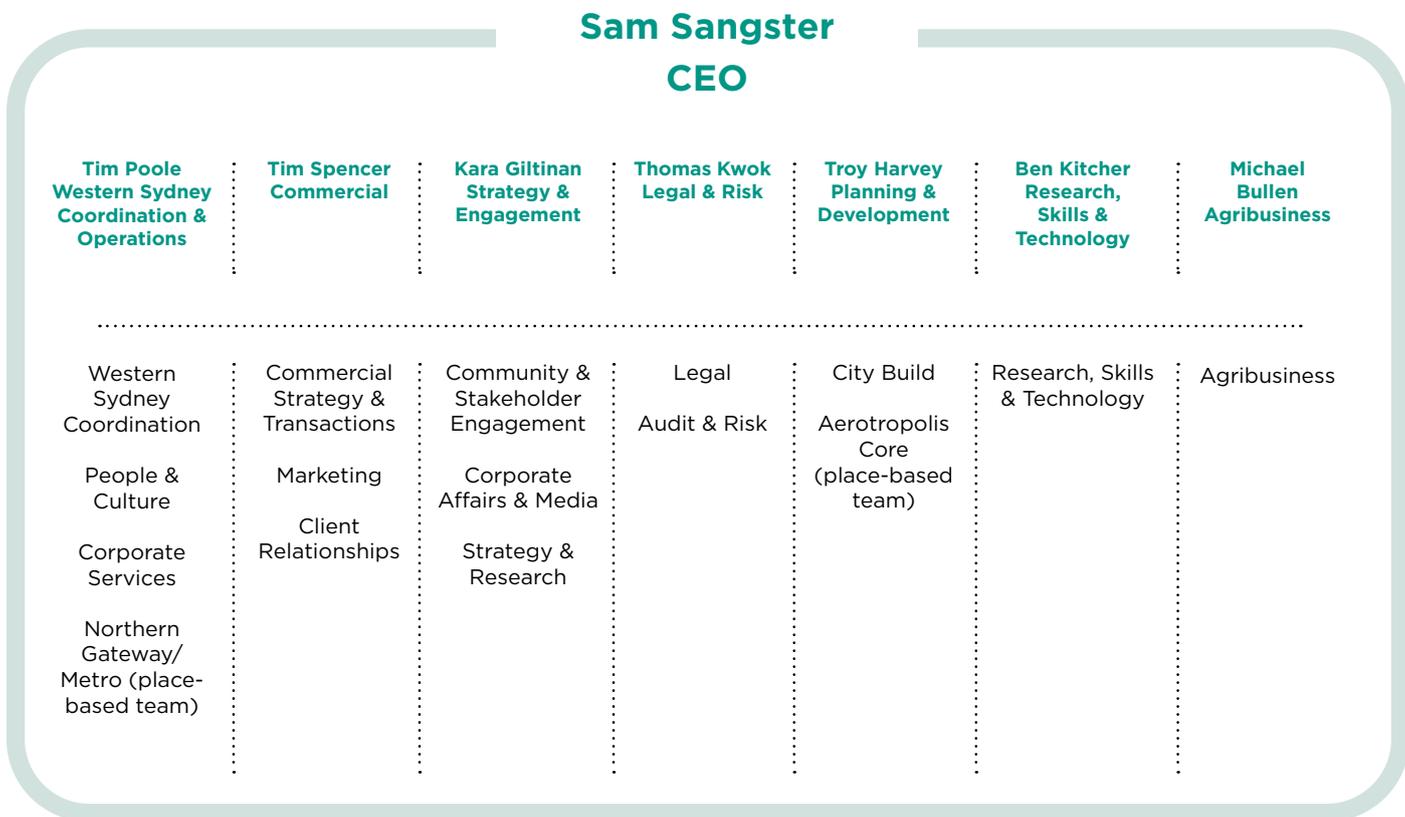


THE LEADERSHIP TEAM, AS AT 30 JUNE 2020

NAME	ROLE	QUALIFICATIONS
Sam Sangster	Chief Executive Officer	<ul style="list-style-type: none"> Bachelor of Science (Mathematics) Bachelor of Laws (Hons) Graduate of the AICD; Certified Practising Accountant and is admitted to legal practice in several jurisdictions. Graduate Diploma Legal Practice
Kara Giltinan	Executive Director, Strategy & Engagement	<ul style="list-style-type: none"> Bachelor of Applied Science Post Graduate Diploma – Journalism
Troy Harvey	Executive Director, Planning & Development	<ul style="list-style-type: none"> Bachelor of Science Bachelor of Architecture
Tim Poole	Chief Operating Officer	<ul style="list-style-type: none"> Bachelor of Civil Engineering
Thomas Kwok	General Counsel	<ul style="list-style-type: none"> Bachelor of Law Bachelor of Asian Studies Graduate Diploma in Legal Practice Diploma in Town Planning Law Society of NSW Practising Certificate Admitted to the NSW Supreme Court and the High Court of Australia
Tim Spencer	Executive Director, Investment Attraction	<ul style="list-style-type: none"> Bachelor of Economics
Michael Bullen	Executive Director, Agribusiness	<ul style="list-style-type: none"> Bachelor of Science – Forestry Master of Business Administration
Ben Kitcher	Executive Director, Research, Skills & Technology	<ul style="list-style-type: none"> Bachelor of Mechanical Engineering
Brooke Black *Left the Authority 16 August 2019	Director People & Culture	<ul style="list-style-type: none"> Bachelor of Science (Psychology) Post Graduate Diploma in Management. Certificate IV Workplace Training & Assessment



Organisational Chart





Already, we have 18 non-legally binding commitments in place from some of the biggest national and global partners to invest capital, co-design and locate in the Aerotropolis.

These partners bring with them funding, expertise and an incomparable skills and knowledge advantage for Western Parkland City business, industry and education sectors.

Performance Highlights

INVESTMENT ATTRACTION INTO THE WESTERN PARKLAND CITY

To deliver against our vision, the Authority's focus has been on attracting investment from local, national and global industry sectors and asset classes.

As at 30 June 2019, the Authority had 12 non-legally binding commitments in place from the following Foundation Partners to either establish a presence or provide input into designing the Aerotropolis.

- Northrop Grumman Australia
- NUW Alliance and Western Sydney University
- Mitsubishi Heavy Industries Ltd
- The Sumitomo Mitsui Banking Corporation
- Sydney Markets Limited
- Hitachi Pty Ltd
- Vitex Pharmaceuticals
- Urban Renaissance Agency
- University of Sydney
- National Space Innovation Hub
- Australian Space Agency
- Samsung SDS

These partners bring with them the expertise, funding and incomparable skills and knowledge to support development of the Western Parkland City.

As at 30 June 2020, this has progressed to 18 non-legally binding commitments, with additional partners including:

- BAE Systems Australia
- DB Schenker
- GE Additive
- Sheffield Advanced Manufacturing Research Centre
- Siemens
- SUEZ Group and Sydney Water

What is extraordinary is that this level of corporate commitment has been achieved in the midst of a global pandemic, underscoring national and global confidence in the potential of the Aerotropolis as a place to base economic recovery and jobs growth for Greater Sydney, NSW, Australia and the region.

The Authority will facilitate connections between industry partners and local government to build capabilities, upskill the workforce and identify enterprise and businesses who can provide value-added industries, activate the supply chains and provide retail and service amenities to the new city.

Over the next 12 months, the Authority will focus on progressing non-legally binding commitments from Foundation Partners identified as priority deals for the Aerotropolis Core, based on their alignment with the priorities of Global NSW, NSW Treasury and the Authority's Strategy.

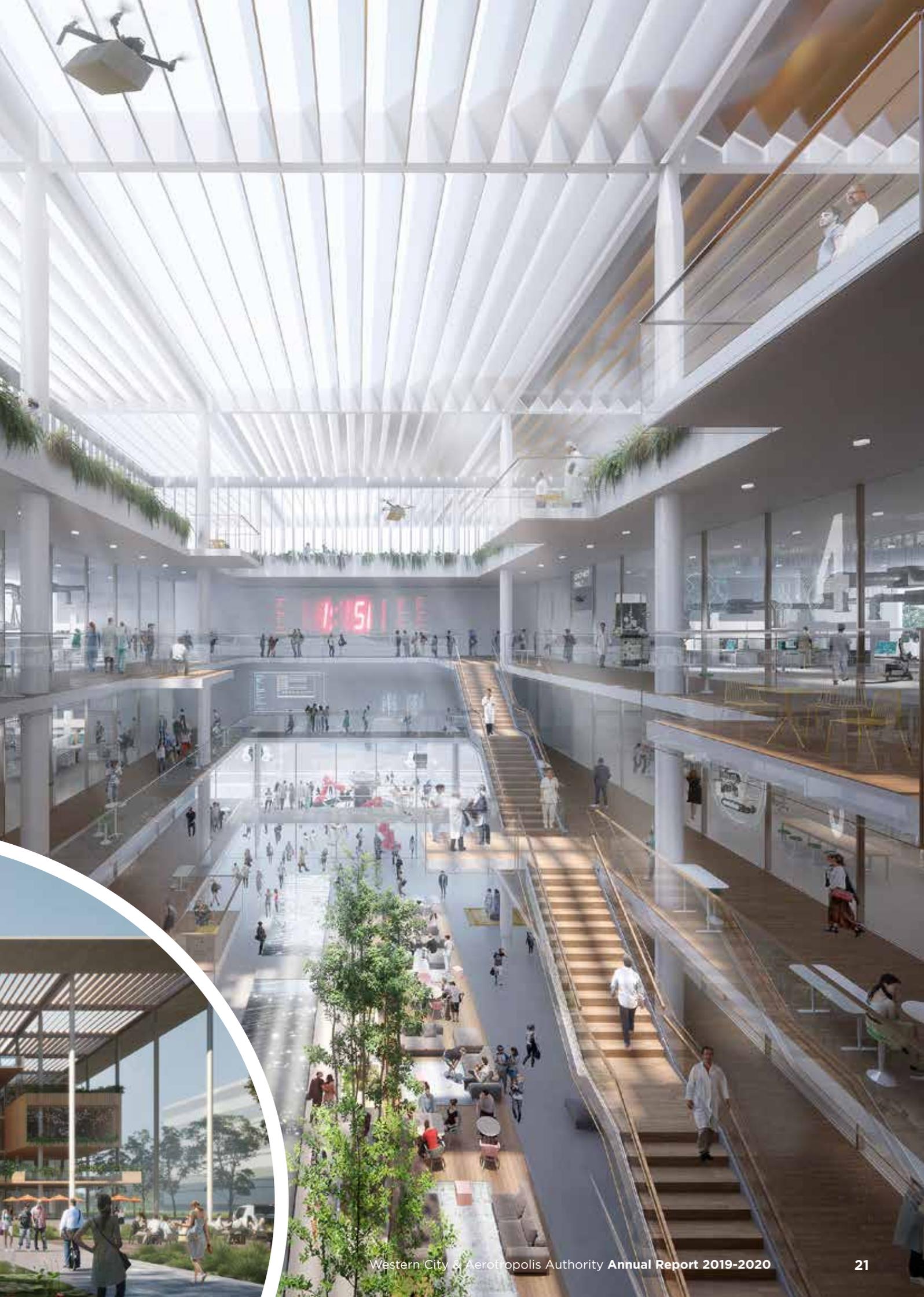
The Authority will also broaden and deepen its investment attraction focus to the core industries of advanced manufacturing, agribusiness, freight and logistics and activating the associated supply chains.

Australia's national science agency - CSIRO - plans to call the Aerotropolis home

This is a huge step towards the vision of the Western Parkland City as Australia's leading hub for science, research and innovation, with CSIRO's physics, material sciences, astronomy, information technology and data research among the disciplines moving to the new purpose-built facility.

CSIRO's new facility will feature state-of-the-art laboratories and workshops for hundreds of its skilled researchers, scientists and workers. By bringing them together for the first time, it will enable collaboration and innovation on an all new scale. Not just within CSIRO, but also with a co-located network of national and global industry leaders.







THE WESTERN PARKLAND CITY AS THE HOME OF ADVANCED MANUFACTURING IN AUSTRALIA

The Aerotropolis will help realise the full potential of advanced manufacturing industries in the Western Parkland City, creating platforms for manufacturers to participate in complex advanced manufacturing supply chain capabilities emerging out of Western Sydney, and attracting research and investment into the sector broadly.

An Advanced Manufacturing and Research Facility (AMRF) will provide the infrastructure for manufacturers to collaborate, innovate and incubate new technologies. The AMRF will house facilities and services businesses can access to test, prototype and rapidly scale advanced manufacturing technologies, including:

- High-tech, industry relevant manufacturing equipment
- Reconfigurable research and manufacturing spaces
- Rapid prototyping facilities- including 3D printing and additive manufacturing
- Virtual and augmented reality equipment

It's an opportunity to establish a flourishing start-up culture in Western Sydney, networked to research precincts, industry and business across the Western Parkland City and NSW.

The Authority is consulting closely with industry, including its Foundation Partners the Australian Space Agency, CSIRO, BAE Systems Australia, Northrop Grumman Australia, Mitsubishi Heavy Industries and Hitachi to build a globally competitive stage in Western Sydney for:

- Space/satellite and componentry manufacturing
- Aircraft manufacturing, repair and overhaul
- Autonomous vehicles and control systems
- Artificial Intelligence and robotics
- Quantum computing applications in sensing and location
- Materials management
- 3D printing and additive manufacturing

This will be underpinned by the colocation of leading national and state-based research and training organisations, and will have a strong focus on education, blending traditional university degrees with vocational education, practical training and STEM education.

FROM THE WESTERN PARKLAND CITY TO THE WORLD, IN LESS THAN 36 HOURS

Planned across 500 hectares just west of the new Airport, the Agribusiness Precinct will realise the full potential of the Western Parkland City's existing sustainable agriculture, urban farming technologies, food and pharmaceutical research. It will transform fresh and value-added food production, marketing and supply chains, making it possible to deliver fresh food from farm gate to international plate within 36 hours.

Central to the precinct is a state-of-the-art Integrated Logistics Hub, which will deliver a multi-modal supply chain solution and provide safe, secure and seamless connectivity to domestic and international markets for inbound and outbound freight. Its digitally enhanced supply chains, systems and platforms will enable rapid distribution.

Complementing this hub will be:

- The Integrated Intensive Production Hub - supporting the production and value-adding of sustainable, high-quality fresh produce and pre-prepared consumer foods, bringing opportunities to existing and new businesses, markets and products.
- The Food and Pharma Hub - delivering a major fresh food distribution point and creating a collaborative, high value-added and integrated sector in high growth areas such as nutraceuticals, complementary medicines, value-added foods and pre-prepared meals.
- The Australian Centre of Excellence in Food Innovation - an industry-led national powerhouse in food science, technology, engineering and mathematics.

Hundreds of stakeholders across industry, academia, community and the three levels of government have collaborated to develop a vision and future direction for the Agribusiness Precinct. Consultation and engagement are ongoing, with highlights including:

- *Integrated Logistics Hub Scoping Study*

More than 100 industry stakeholders engaged from across product supply chains and sectors, industry bodies and associations, government and foundation partners. The final report indicated strong support for an ILH in the Western Parkland City.

- *Digital Supply Chain Project - Stage 1*

More than 50 stakeholders from industry and government engaged in a process to understand the opportunities and barriers to embed and leverage a completely digital supply chain. Creating a digital supply chain capability will be transformative, allowing businesses to prove the provenance of their product and provide better assurance for consumers.

- *Sydney Markets Limited Group Briefings*

Ongoing consultation with Sydney Markets to understand the opportunities and challenges of exporting fresh produce from NSW to the world.

- *Horticulture Market Opportunity & Insights Analysis Project*

More than 50 stakeholders from industry and government engaged in a process to review current market access and biosecurity environment, with a view to enhancing export processes and guiding future focus areas and opportunities.



Master planning the Aerotropolis & its precincts

Master planning is well underway for the Western Sydney Aerotropolis, including its integration with broader infrastructure, digital, housing, liveability and connectivity programs committed via the Western Sydney City Deal.

This includes, for example, the Western Parkland City Liveability Program, Sydney Metro - Western Sydney Airport, Smart Western City Program, Western City Digital Action Plan and Liverpool Council's Fifteenth Avenue Smart Transit Corridor.

The Western Sydney Planning Partnership is currently progressing the development of the final Western Sydney Aerotropolis Plan, which will include the rezoning of the following initial precincts by the second half of 2020:

- Aerotropolis Core
- Northern Gateway
- Badgerys Creek
- Wianamatta-South Creek.

The Western Sydney Planning Partnership is also progressing the proposed Aerotropolis State Environmental Planning Policy.







AEROSPACE
AGRICULTURE
TECH



EDUCATION, SKILLS & WORKFORCE DEVELOPMENT IN THE WESTERN PARKLAND CITY

Accessible, quality education is critical to the future of the Western Parkland City and the creation of 200,000 new jobs. It's not enough to build a new city and populate it with advanced industries and facilities. We need to ensure that people have access to the right primary, secondary and tertiary education, along with vocational, on-the-job training and career development.

As a commitment under the Western Sydney City Deal, the NSW Government will establish a permanent VET facility in the Aerotropolis with a focus on construction, aviation and aeronautical related engineering. The NSW Government will also deliver a Science, Technology, Engineering and Mathematics Secondary School in the Western Parkland City. The Authority will continue to work with the NSW Education Department to deliver these initiatives.

More broadly, the Authority is focused on education reform as a critical enabler to achieve fast-tracked and relevant industry qualifications and retraining. This is particularly important as we look towards economic recovery from COVID-19, and the development of a local skills base that can share in the success of the Western Parkland City.

This also requires not just a strong focus on STEM based education in the Western Parkland City, but also capacity for blended traditional and vocational qualifications delivered in partnership with industry.

Over the past financial year, the Authority has progressed its development of the proposed education model that will transform delivery and accessibility of tertiary education and enable on-the-job and designed-for-business training, education and research programs.

Reform priorities include:

- Capacity for blended qualifications;
- A focus on training and skills for advanced manufacturing, for example, robotics, artificial intelligence and quantum computing;
- Investigating the potential of micro-credentials that span vocational, higher education and on-the-job learning, as part of an innovative approach to addressing skills gaps in advanced manufacturing and related sectors. These can be taken as a one-off, or stacked into qualifications to get people into the workforce quickly;
- Investigating options for lifelong skills development, training and recognition.

We are working closely with the Multiversity Partnership (NUW Alliance and Western Sydney University) and TAFE NSW on the education and skills ecosystem in the Aerotropolis, including planning for bespoke new training facilities, and development of a Master Research Agreement to guide the establishment of research programs at the Advanced Manufacturing and Research Facility.

Students at the Multiversity will have unparalleled access to the new education and training model, higher education focused on STEM fields, industry research, development and employment opportunities.

Specialised training facilities are critical to ensuring NSW students can receive world-class skills training and be provided the skills of the future.



Review of Operations & Activities

INVESTMENT ATTRACTION

As at 30 June 2020, we have 18 non-legally binding commitments in place from some of the biggest national and global leaders to co-design, locate and invest capital into the Aerotropolis.

Anchor tenants such as CSIRO and Hitachi are creating a sustainable economic nucleus for the city, shoring up its potential and creating agglomeration economies ripe with opportunity for growth.

Over the past financial year, the Investment Attraction team has worked closely with Foundation Partners, leading a deep engagement program to develop a shared vision and future direction for the Aerotropolis and the Western Parkland City.

Highlights include an extensive program of curated workshops with Foundation Partners, government agencies and urban design consultants to inform master planning and design of the Aerotropolis Core and a bespoke Advanced Manufacturing and Research Facility. Together, stakeholders unpacked and explored best practice and critical success factors, industry trends underpinning physical and spatial design and how the precinct can

contribute to employment, growth and development outcomes for local business, industry and community.

Over the coming months, the Authority will focus on progressing commitments with Foundation Partners and will commence planning to broaden its investment attraction activities to associated supply chains.

PLANNING & DEVELOPMENT

If we're to achieve our goal of installing our first tenants by 2026, we need to make sure the Aerotropolis is connected by transport, supported by multi-utilities and digital networks and master planned in collaboration with industry, council and community.

The Planning & Development team is responsible for the nuts, bolts and building blocks of the Aerotropolis. What we do in these early stages will be key to future development, investment attraction and planning of a sustainable smart city, in step with outcomes planned and delivered through the Western Sydney City Deal.



In the past 12 months, considerable work has gone into progressing master planning for the initial stages of the Agribusiness Precinct and Aerotropolis Core. Highlights include:

- Procurement of urban design consultants to support master planning and development strategies, as relevant to the Western Parkland City context;
- Preparation of an initial Development Brief for the Aerotropolis Core, to establish first activation and occupation of the precinct by 2024;
- Developed an early works package, to support the accelerated delivery of the Aerotropolis Core precinct;
- Commenced consultation and research to develop the Place Value Proposition for the Aerotropolis Core, across industry and government;
- Completed an initial Preliminary Functional Brief for the Advanced Manufacturing and Research Precinct;
- Collaboration with government partners active in the Western Parkland City, including Councils, Sydney Metro, Western Sydney Planning Partnership, Greater Sydney Commission, Transport for NSW, Sydney Water and Infrastructure NSW.

STRATEGY & ENGAGEMENT

The Strategy & Engagement team guide the Authority in corporate communications, Ministerial liaison and media management, stakeholder and community engagement and strategy and research.

Across government, industry and the community, the team drives a strong, positive story-telling agenda for the Western Parkland City. We collaborate, listen and engage.

In the past 12 months, our focus has been on working across media, digital channels and events to communicate the work of the Authority and the shared vision for the Western Parkland City.

Highlights include:

- Research, development and publication of the Authority's strategy, *Delivering the Western Parkland City*;
- Development of a Stakeholder Engagement Framework, setting the Authority's open, inclusive principles for connecting with community, industry, business, landowners and government agencies;
- Commenced planning for stakeholder



The Inaugural Western City & Aerotropolis Authority Industry Symposium brought together over 140 representatives from Local, State and Commonwealth government and industry to jointly plan the future of the Western Parkland City.

consultation, in support of the master planning and place-based planning processes, which will include specialist consultation for the integration of arts and culture;

- Placed 15+ articles and feature stories in metro, regional and industry media;
- Launched a digital engagement strategy across web and social media, promoting open communication and multi-platform message delivery;
- Delivered a two-day industry symposium in the Western Parkland City, with 147 attendees from industry, Local, State and Commonwealth government. Through presentations, panels, roundtables and networking opportunities, the event provided a forum for collaboration and relationship-building between industry and government. It also provided a platform for the launch of the Authority's strategy by the Hon. Stuart Ayres MP, Minister for Western Sydney;
- Development and dissemination of a range of collateral to support industry engagement, investment attraction and community education including digital and social media content, printed brochures, an investment prospectus and corporate reports.

CORPORATE SERVICES

The Corporate Services team keeps the organisation functioning through providing an array of services, from finance and records to office space, desks and equipment.

These services had previously been provided by the Department of Premier and Cabinet.

To list them proper, the in-house services now include: financial management, procurement, information and records management support, business administration and facilities management.

A number of these are supported by outsourced service arrangements with GovConnect and NSW Treasury. The team has been hard at work developing and implementing a range of associated policies, procedures and frameworks.

As part of its facilities management, the team is introducing measures to reduce waste, promote recycling and re-use wherever possible. In line with the NSW Government Resource Efficiency Policy, the Authority's goal is to be a sustainable workplace.



PEOPLE & CULTURE

Attracting experienced, innovative, talented and driven professionals was a top priority for the Authority, and we were pleased to recruit and onboard 21 new employees across a range of disciplines. The People & Culture team will continue this focus to and to deliver high quality recruitment and onboarding processes.

We strive for an empowered, inclusive and cohesive team and will continue to work with leaders and employees to promote these outcomes.

This includes leveraging off NSW Treasury's Diversity and Inclusion initiatives throughout the year and collaborating with the NSW Treasury People & Culture team to achieve joint positive outcomes.

The People & Culture team is committed to ensuring employees feel welcomed, safe and included and have rolled out a number of employee initiatives throughout the year, including:

- Regular communications, including a weekly staff newsletter and periodic 'Lunch n Learn' sessions;

- Bespoke staff training programs;
- People & Culture Induction;
- Morning tea with the CEO for new starters;
- Performance Development Plan Framework;
- Capability Development Program;
- Access to e-Learning modules;
- Inclusion Programs (via NSW Treasury eLearning);
- Wellbeing Programs;
- Various Social Events;
- Diversity & Inclusion Events incl. International Women's Day, Harmony Day, Mardi Gras etc.

Response to COVID-19 & leading in a virtual world

Since February 2020, the People & Culture team has been assisting the Authority in its response to the pandemic, with a focus on helping employees and managers adapt to the new ways of working. While the Authority's employees have been working remotely since March, the People & Culture team will continue to work with NSW Treasury to manage a safe and phased approach for a return to office, when appropriate.

The People & Culture team has developed and launched several initiatives and resources to assist managers and employees during this transition including:

- Wellbeing Programs;
- Working from home WHS set-up;
- Leading virtually webinars and resources;
- E-Learning modules focusing on remote working, inclusivity and flexible working;
- Promoting inclusive meeting etiquette and training modules;
- Developing guidelines on working in a virtual world.

Multiculturalism

The Authority's Multiculturalism Strategy is reflected under NSW Treasury and in accordance with the *Multicultural NSW Act 2000*. The Authority has not entered into any agreements with Multicultural NSW.

People with a disability

The Authority has a Disability Inclusion Action plan under NSW Treasury. NSW Treasury's People & Culture team in conjunction with the People & Culture team in the Authority launched a Disability Inclusion Program for employees and managers to undertake to ensure inclusivity across the Treasury Cluster.

NSW Treasury are currently drafting a Disability Inclusion Action Plan for release in late 2020, which will be adopted by the Authority.

Successful delivery of the Western Parkland City requires an unprecedented level of place-based interagency planning, coordination and delivery.



WESTERN PARKLAND CITY COORDINATION FUNCTION

The Western Parkland City Coordinator role was established in May 2018 to oversee the interagency coordination of developing the Western Parkland City, implementing the Western Sydney City Deal and delivering the Aerotropolis.

In October 2019 this function transferred from the Greater Sydney Commission (GSC) to the Authority, with a view to strengthening relationships and deepening engagement with the eight councils of the Western Parkland City.

Together, we will ensure successful delivery of infrastructure, employment, investment and liveability outcomes across the Western Parkland City, through an unprecedented level of place-based interagency planning, coordination and delivery.

The Authority aims to facilitate a single point of coordination and integration of activity across the Western Parkland City and avoid duplication and confusion between the roles of different agencies.

We will provide the opportunity for closer engagement between all three levels of government in delivering outcomes for Western Parkland City residents.

The core functions are:

- Reporting to the Authority Board, the Delivery and Performance Committee of NSW Cabinet (DaPCo) and the GSC's Infrastructure Development Committee on progress and key decisions required to implement the Authority's Strategy and the Western Sydney City Deal;
- Participating in existing Western Sydney City Deal governance, in particular, leading the City Deal Coordination Committee;
- Coordinating agency submissions to DaPCo and the Expenditure Review Committee of Cabinet for the Western Parkland City to ensure "whole of Government" decision making;
- Acting as a point of escalation for unresolved issues;

- Acting as secretariat for the committee responsible for negotiations with the Commonwealth;
- Working with the GSC City Deal Delivery Office to manage and oversee timely delivery of the 38 commitments;
- Providing overview of the NSW governance arrangements for the Western Parkland City to simplify coordination, prioritisation and communication.

The Western Parkland City Coordination function is initially focused on the following five high risk, high profile interface items:

- Land use and transport;
- Commonwealth Government interfaces;
- Industry attraction;
- Delivery of utilities, smart city and green infrastructure; and
- Stage 1 delivery of the Western Sydney Aerotropolis.



Governance

The Authority is a commitment within the Western Sydney City Deal (City Deal).

The City Deal, signed in March 2018, is a historic agreement between the three levels of government to jointly invest in city-building initiatives that will improve the prosperity, sustainability and liveability of Western Sydney.

The City Deal brings resources from State and Commonwealth governments, and the eight Western Parkland City councils together to deliver projects that underpin great cities – connectivity, jobs, investment, environmental sustainability, and liveability.

The Authority and the City Deal Delivery Office facilitates the 3 tiers of governance defined by the City Deal: Coordination Committee, Implementation Board and Leadership Group.

The Authority has a range of processes and policies in place to ensure its continued commitment to good governance and accountability. The Authority has developed policies to assist our employees to be aware and understand compliance matters and obligations, and to allow the Authority to carry out its functions in accordance with the core values of the government sector.

The Authority continues to ensure fit for purpose governance practices underpin the way we work and form the foundation as to how we engage with our stakeholders. During this reporting period, the Authority refined its governance practices to increase its organisational governance capability by developing and implementing a suite of policies, procedures, plans, frameworks and/or registers in the following areas:

- Code of Ethics and Conduct
- Finance
- Procurement
- Risk Management
- Business Continuity and Emergency and Crisis Management
- Compliance
- Internal Controls
- Fraud and Corruption
- People & Culture
- Records and Information management

As part of its governance practices, the Authority ensured that all formal Committees had either a Charter or Terms of Reference in place.

The Authority's formal compliance framework outlines the processes adopted by the Authority to ensure compliance with the legislative and policy obligations that apply to the Authority's day-to-day operations.

The framework is the totality of the systems, structures, policies, processes and people within the Authority's business operations that identify, assess and manage compliance obligations.

The Audit and Risk Committee has also been firmly established and embedded in the Authority, with the Charter endorsed by the Board and scheduled meetings taking place.

The Authority's Board and Audit & Risk Committee receive ongoing reporting on risk and internal audit actions and the Leadership Team actively participates in the monitoring process to ensure the adequacy of the plans and policies, both directly and through its Committees.

The Authority's compliance processes include but are not limited to:

- The review and maintenance of plans and policies required by NSW legislation or NSW Government Central Agencies for public sector agencies;
- The review and maintenance of its compliance obligation register that identifies the Authority's legislative, policy and contractual obligations;
- Attestations by employees of compliance with the compliance obligations register and the reporting of results to the Authority's Risk Committee, Audit & Risk Committee and the Secretary of NSW Treasury;
- The conduct of internal audits of compliance with relevant plans and policies.

Workplace Health & Safety

The Authority's work, health and safety commitment was implemented and updated this year.

CLAIMS & REPORTS

No incidents reported.

Compensation claims as at 30 June 2019

YEAR	PREMIUMS PAID (\$)	CLAIMS LODGED	OPEN CLAIMS
2019-2020	0*	0	0

*The Authority, due to being a new entity, did not pay a premium during the reporting period.

Accidents and incidents reported

CAUSE TYPE	COUNT
Slip/trip/fall (at work)	0
Slip/trip (journey/recess)	0
Lifting	0
Cuts/burns	0
Driving/car related	0
Psychological	0
Ergonomic	0
Other*	0
Total	0

* The 'Other' category includes a range of general accidents and incidents that cannot be readily defined by the preceding identified cause types. Examples include minor near misses, reports by external visitors, and other undefined general incidents or illnesses.

Industrial Relations

EXCEPTIONAL MOVEMENTS IN WAGES, SALARIES OR ALLOWANCES

None to report.

PERSONNEL POLICIES & PRACTICES

As at June 2020 all Human Resources policies and practices have been adopted and the Authority has its own relevant HR Policies and Practices.

INDUSTRIAL RELATIONS POLICIES & PRACTICES

There were no industrial relations (IR) issues reported in 2019/2020. Additionally, all IR policies and practices adopted followed NSW Treasury's IR practice.

Financial Statements



Budget

	BUDGET FY 2019-2020 \$'000			BUDGET FY 2020-2021 \$'000		
	OPEX	CAPEX	Total	OPEX	CAPEX	Total
Expenditure						
Board Expenses	730		730	675		675
Staff Related Costs	10,184		10,184	11,000	3,266	14,266
Consultancy and Professional Services Fees	6,486		6,486	6,190	5,559	11,749
Accommodation	308		308	364		364
Other Admin & IT Expenses	2,292		2,292	1,771	175	1,946
TOTAL EXPENDITURE	20,000	0	20,000	20,000	9,000	29,000



Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Western City and Aerotropolis Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Western City and Aerotropolis Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2020, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

The Authority's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Board of the Authority are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certification of the Financial Statements.

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

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

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

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the ability of the Authority and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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



Scott Stanton
Acting Deputy Auditor-General

Delegate of the Auditor-General for New South Wales

13 October 2020
SYDNEY

Audited Financial Statements

Financial Statements of the Western City & Aerotropolis Authority

(ABN 84 369 219 084)

For the year ended 30 June 2020

**Western City and Aerotropolis Authority
Certification of the Financial Statements
for the year ended 30 June 2020**

We state, pursuant to *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Western City and Aerotropolis Authority for the year ended 30 June 2020 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Western City and Aerotropolis Authority; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Jennifer Westacott AO
Chair
12 October 2020



Geoff Roberts AM
Deputy Chair
9 October 2020

	Notes	Consolidated			Authority	
		Budget	Actual	Actual	Actual	Actual
		June 2020	June 2020	9 Nov 2018 to 30 Jun 2019	June 2020	9 Nov 2018 to 30 Jun 2019
		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Employee-related	2(a)	-	7,340	-	-	-
Personnel services	2(b)	-	-	2,100	7,340	2,100
Operating expenses	2(c)	-	10,869	966	10,869	966
Depreciation and amortisation	2(d)	-	221	-	221	-
Finance costs	2(e)	-	7	-	7	-
Grants and subsidies	2(f)	-	200	-	200	-
Total expenses excluding losses		-	18,637	3,066	18,637	3,066
Revenue						
Grants and other contributions	3(a)	-	20,000	2,807	20,000	2,807
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	-	1,552	-	-	-
Other revenue	3(c)	-	106	-	1,658	-
Total revenue		-	21,658	2,807	21,658	2,807
Operating result		-	3,021	(259)	3,021	(259)
Other gains/(losses)	4	-	(98)	-	(98)	-
Net result		-	2,923	(259)	2,923	(259)
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		-	2,923	(259)	2,923	(259)

The accompanying notes form part of these financial statements.

	Notes	Consolidated			Authority	
		Budget	Actual	Actual	Actual	Actual
		June 2020 \$'000	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	5	96	2,405	859	2,304	859
Receivables	6	-	274	44	337	44
Total current assets		96	2,679	903	2,641	903
Non-current assets						
Property, plant and equipment						
Land and buildings		-	3,651	-	3,651	-
Plant and equipment		-	272	8	272	8
Total property, plant and equipment	7	-	3,923	8	3,923	8
Right-of-use assets	8	-	565	-	565	-
Total non-current assets		-	4,488	8	4,488	8
Total assets		96	7,167	911	7,129	911
LIABILITIES						
Current liabilities						
Payables	9	96	3,081	1,170	3,043	1,170
Provisions	11	-	731	-	731	-
Borrowings	10	-	333	-	333	-
Total current liabilities		96	4,145	1,170	4,107	1,170
Non-current liabilities						
Provisions	11	-	19	-	19	-
Borrowings	10	-	339	-	339	-
Total non-current liabilities		-	358	-	358	-
Total liabilities		96	4,503	1,170	4,465	1,170
Net Assets		-	2,664	(259)	2,664	(259)
EQUITY						
Accumulated funds/(deficit)		-	2,664	(259)	2,664	(259)
Total equity		-	2,664	(259)	2,664	(259)

The accompanying notes form part of these financial statements.

	Consolidated		Authority	
	Accumulated Funds	Total	Accumulated Funds	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	(259)	(259)	(259)	(259)
Net result for the year	2,923	2,923	2,923	2,923
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	2,923	2,923	2,923	2,923
Balance at 30 June 2020	2,664	2,664	2,664	2,664
Balance at 9 November 2018	-	-	-	-
Net result for the year	(259)	(259)	(259)	(259)
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	(259)	(259)	(259)	(259)
Balance at 30 June 2019	(259)	(259)	(259)	(259)

The accompanying notes form part of these financial statements.

Western City and Aerotropolis Authority
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	Consolidated			Authority		
		Budget	Actual	Actual	Actual	Actual	
		June 2020	June 2020	9 Nov 2018 to 30 Jun 2019	June 2020	9 Nov 2018 to 30 Jun 2019	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		-	(4,972)	-	-	-	-
Personnel services		-	-	-	(4,972)	-	-
Suppliers for goods and services		-	(9,255)	-	(9,356)	-	-
Grants and subsidies		-	(200)	-	(200)	-	-
Finance Costs		-	(7)	-	(7)	-	-
Other		-	-	(23)	-	(23)	-
Total payments		-	(14,434)	(23)	(14,535)	(23)	(23)
Receipts							
Grants and other contributions		-	20,000	882	20,000	882	-
Other		-	106	-	106	-	-
Total receipts		-	20,106	882	20,106	882	882
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	-	5,672	859	5,571	859	859
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of property, plant and equipment		-	(3,930)	-	(3,930)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	(3,930)	-	(3,930)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES							
Payment of principal portion of lease liabilities		-	(196)	-	(196)	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	(196)	-	(196)	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT		-	1,546	859	1,445	859	859
Opening cash and cash equivalents		96	859	-	859	-	-
CLOSING CASH AND CASH EQUIVALENTS	5	96	2,405	859	2,304	859	859

The accompanying notes form part of these financial statements.

1 Statement of Significant Accounting Policies

(a) Reporting entity

The Western City and Aerotropolis Authority (the Authority) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent.

Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2019 came into effect 1 July 2019, transferring the Authority from the Department of Premier and Cabinet to the NSW Treasury cluster.

The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. It commenced trading 9 November 2018 as a result of the *Western City and Aerotropolis Authority Act 2018 No 53*.

The Authority as a reporting entity, comprises all the entities under its control, namely The Western City and Aerotropolis Authority and The Western City and Aerotropolis Authority Staff Agency (Staff Agency). The Staff Agency's sole objective is to provide personnel services to the Authority - it provided personnel services to the Authority for the year ended 30 June 2020, however was dormant for the period to 30 June 2019. The Department of Premier and Cabinet provided personnel services to the Authority for the period to 30 June 2019.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2020 have been authorised for issue by the Authority's Board on 30 September 2020.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 (the Act)* and *Public Finance and Audit Regulation 2015* and
- Treasurer's Directions issued under the Act.

The Authority's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Authority held cash on hand and at bank as at 30 June 2020 of \$2.4m. The Authority receives annual grants from the NSW Government which are sufficient to fund its ongoing operations.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention, except as otherwise specified.

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, which is the Authority's presentation and functional currency.

The comparative amounts are not comparable as the lengths of the current and prior annual reporting period differ. As the Authority commenced trading during the comparative period, the financial statements represent the current annual reporting period of 12 months (from 1 July 2019 to 30 June 2020), and the prior annual reporting period from 9 November 2018 to 30 June 2019.

(c) Statement of compliance

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

(d) Insurance

The Authority'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 claims experience.

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

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

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

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

(f) Comparative information

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

(g) Changes in accounting policies, including new or revised AAS

(i) Effective for the first time in FY 2019-20

The Authority applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in FY2019-20, but do not have an impact on the financial statements of the Authority.

AASB 15 Revenue from Contracts with Customers

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

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

On the date of initial application, the Authority did not have any contracts with customers. There was no impact on the financial statements as a result of adopting AASB 15 for the financial year.

AASB 1058 Income of Not-for-Profit Entities

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

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

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

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

In accordance with the transition provisions in AASB 1058, the entity has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The entity has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, are not restated to their fair value.

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

AASB 16 Leases

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

Lessor accounting

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

Lessee accounting

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

The Authority did not have any operating leases as at 30 June 2019, and no operating lease commitments were disclosed in the prior year financial statements.

As such, the adoption of AASB 16 for the first time on 1 July 2019 did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Cash Flows for the financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise. The following new AAS have not been applied and are not yet effective, in accordance with the NSW Treasury mandate (TC 20-01).

- *AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059*
- *AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*
- *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- *AASB 2019-7 Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*

The Western City and Aerotropolis Authority anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

2. EXPENSES EXCLUDING LOSSES

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	5,061	-	-	-
Redundancy	149	-	-	-
Superannuation - defined benefits plans	4	-	-	-
Superannuation - defined contributions plans	233	-	-	-
Long service leave	1,548	-	-	-
Payroll tax and fringe benefits tax	345	-	-	-
	7,340	-	-	-

Employee related expenses in the current financial year relates to the provision of personnel services by the Staff Agency to the Authority. This is the first year that the Staff Agency has been in operation, and was dormant up to 30 June 2019. There were no employee related expenses for the comparative period as the Department of Premier and Cabinet provided personnel services to the Authority for the period to 30 June 2019 - refer to Note 2(b).

\$0.1m (2019: \$0.0m) of employee related costs have been capitalised to land and buildings and are therefore excluded from the above.

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000
(b) Personnel Services				
Personnel Services	-	2,100	7,340	2,100
	-	2,100	7,340	2,100

\$0.1m (2019: \$0.0m) of personnel services costs have been capitalised to land and buildings and are therefore excluded from the above.

(c) Other operating expenses include the following:

Auditors remuneration				
- Audit of the financial statements ¹	59	-	59	-
- Internal audit	52	-	52	-
Fees for services rendered	3,688	99	3,688	99
Board remuneration and expenses	662	52	662	52
Legal fees	580	301	580	301
Consultancy Costs ²	1,315	183	1,315	183
Contractors	3,388	-	3,388	-
Corporate services	402	54	402	54
Printing	39	14	39	14
Maintenance expenses	25	11	25	11
Occupancy costs	129	92	129	92
Telephone and communication costs	37	5	37	5
Computer Costs	158	2	158	2
Minor equipment purchases	26	3	26	3
Training and conferences	106	39	106	39
Travelling	113	79	113	79
Other operating expenses	90	32	90	32
	10,869	966	10,869	966

¹The audit fees for the year ending 30 June 2020 reflect audit work performed to date. The fee for the audit of the 2020 financial statements is \$59k (excluding GST).

²The consultancy costs have been incurred by the Authority to meet its commitments in delivering project goals around the aerotropolis. This specifically relates to the portion of consultancy

	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000
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Reconciliation - Total maintenance expense

Maintenance expense - contracted labour and other (non-employee related), as above

Total maintenance expenses included in Note 2(a) + 2(b)

Recognition and Measurement

Maintenance expense

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

Insurance

The Authority'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 claims experience.

Occupancy Costs

In FY2019-20, the Authority leased the office premises through PNSW - refer to Note 8 Leases. The occupancy costs included in Note 2(c) represents non-rental expenses (service related) such as cleaning and management fees.

Lease expense (up to 30 June 2019)

The Authority did not have any operating leases in FY2018-19. During that period, the Authority operated from premises leased by the Department of Premier and Cabinet.

Lease expense (from 1 July 2019)

From 1 July 2019, the Authority recognises the lease payments associated with the following types leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

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

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000

(d) Depreciation and amortisation

Depreciation - right-of-use assets	206	-	206	-
Depreciation - plant and equipment	15	-	15	-
Total depreciation and amortisation	221	-	221	-

Refer to Note 7 and 8 for recognition and measurement policies on depreciation.

(e) Finance costs

Interest expense from lease liabilities	7	-	7	-
Total interest expense	7	-	7	-

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's direction to not-for-profit NSW GGS entities.

(f) Grants and subsidies

Local government	200	-	200	-
Total grants and subsidies	200	-	200	-

The grant paid was paid to support the coordination of the Western Parkland Councils, \$0.1m was paid on behalf of the Commonwealth Government which was reimbursed

3. REVENUE

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000

Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 1004 *Contributions*. From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Grants and contributions

Grants without sufficiently specific performance obligations	20,000	2,807	20,000	2,807
	20,000	2,807	20,000	2,807

Recognition and Measurement

Until 30 June 2019

Income from grants (other than contribution by owners) is recognised when the Authority obtains control over the contribution. The Authority is deemed to have assumed control when the grant is received or receivable. Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

From 1 July 2019

Income from grants without sufficiently specific performance obligations is recognised when the Authority obtains control over the granted assets (e.g. cash).

The Authority receives its grant funding from NSW Treasury which receives appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. Due to COVID-19, the State Budget and related 2020-21 Appropriation Bill has been delayed until November/December 2020. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from the Consolidated Fund. This authorisation is current from 1 July 2020 until the release of the 2020-21 Budget or the Appropriation Bill.

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000

(b) Acceptance by the Crown Entity of employee

Benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

Long service leave	1,548	-	-	-
Superannuation - defined benefit	4	-	-	-
	1,552	-	-	-

(c) Other revenue

Other	106	-	1,658	-
	106	-	1,658	-

	Consolidated		Authority	
	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000	June 2020 \$'000	9 Nov 2018 to 30 Jun 2019 \$'000
Impairment loss on right-of-use assets	98	-	98	-
	98	-	98	-

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Leases – Note 8

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Authority	
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
Cash at bank and on hand	2,405	859	2,304	859
	2,405	859	2,304	859

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	2,405	859	2,304	859
Closing cash and cash equivalents (per Statement of Cash Flows)	2,405	859	2,304	859

Refer to Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT ASSETS - RECEIVABLES

	Consolidated		Authority	
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
GST receivables	205	44	205	44
Grants	-	-	-	-
Other	6	-	69	-
Prepayment	63	-	63	-
Total current assets - receivables	274	44	337	44

Recognition and Measurement

GST receivable represents the net amount of GST recoverable from the ATO.

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

a) Total property, plant and equipment

	Consolidated and Authority		
	Land and buildings ¹ \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2019 - fair value			
Gross carrying amount	-	8	8
Accumulated depreciation and impairment	-	-	-
Net carrying amount	-	8	8
At 30 June 2020 - fair value			
Gross carrying amount	3,651	287	3,938
Accumulated depreciation and impairment	-	(15)	(15)
Net carrying amount	3,651	272	3,923

¹All amounts under land and buildings as at 30 June 2020 are related to work in progress. These amounts are costs that have been incurred and capitalised in relation to the development of the aerotropolis.

Reconciliation

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

	Consolidated and Authority		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2020			
Net carrying amount at beginning of year	-	8	8
Additions	3,651	279	3,930
Disposals	-	-	-
Reclassification to assets held for sale	-	-	-
Acquisitions through administrative restructures	-	-	-
Depreciation expense	-	(15)	(15)
Other movements	-	-	-
Net carrying amount at end of year	3,651	272	3,923

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, that is effective from that date. Further information on right-of-use assets is at Note 8.

Consolidated and Authority			
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2018 - fair value			
Gross carrying amount	-	-	-
Accumulated depreciation and impairment	-	-	-
Net carrying amount	-	-	-
At 30 June 2019 - fair value			
Gross carrying amount	-	8	8
Accumulated depreciation and impairment	-	-	-
Net carrying amount	-	8	8

Reconciliation

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

Consolidated and Authority			
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Period ended 30 June 2019			
Net carrying amount at beginning of year	-	-	-
Additions	-	8	8
Depreciation expense	-	-	-
Other movements	-	-	-
Net carrying amount at end of year	-	8	8

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

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

Capitalisation thresholds

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

Work in progress

Costs relating to property, plant and equipment that are under construction, or are otherwise incomplete, are disclosed in Note 7 as work in progress and are not depreciated until the assets are brought into service.

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis 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 depreciation rates have been applied in 2019/20:

Category of Assets	Depreciation Rates
Depreciation	
Office furniture and fittings	10%
Computer equipment	25%
General plant and equipment	14% - 33%

Right-of-Use Assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The entity has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained at Note 8.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 *Investment Property*.

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

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

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

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

The net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition, except for the leases that have significantly below-market terms and conditions. The Authority's right-of-use assets represent leases that have terms of three years or less, and thus comprehensive revaluations are not required.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result. Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

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

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

8. LEASES

The Authority has two leases, which represent the office space occupied on Level 2, 2-10 Valentine Street Parramatta. The arrangements are made through Property NSW, for fixed periods of 2 -3 years. Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Authority does not provide residual value guarantees in relation to the leases.

There are no extension options included in both leases. During the financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options is nil. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In the financial year 2018-19, the Authority did not have any operating leases where it was the lessee. The Authority's office premises at 2-10 Valentine Ave Parramatta was leased by the Department of Premier and Cabinet. As at 1 July 2019, one lease representing the office space occupied on Level 2, 2-10 Valentine Street Parramatta was transferred over from the Department of Premier and Cabinet to the Authority due to Machinery of Government changes.

If applicable, the Authority has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new. The Authority has determined that it does not have any short-term leases or low value leases.

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

	Consolidated and Authority		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2019	-	-	-
Additions	869	-	869
Depreciation expense	(206)	-	(206)
Impairment loss	(98)	-	(98)
Balance at 30 June 2020	565	-	565

Lease liabilities

The following table presents liabilities under leases, including leases in respect of investment properties.

	Lease liabilities
Balance at 1 July 2019	-
Additions	869
Interest expenses	7
Payments	(203)
Balance at 30 June 2020	673

The following amounts were recognised in the statement of comprehensive income for the period ended 30 June 2020 in respect of leases where the Authority is the lessee:

Depreciation expense of right-of-use assets	(206)
Interest expense on lease liabilities	(7)
Impairment loss on right-of-use assets	(98)
Expense relating to short-term leases	-
Expense relating to leases of low-value assets	-
Variable lease payments, not included in the measurement of lease liabilities	-
Income from subleasing right-of-use assets	-
Gains or losses from sale and leaseback transactions	-
Total amount recognised in the statement of comprehensive income	(311)

The Authority had total cash outflows for leases of \$196k in FY2019-20.

The Authority did not have any non-cancellable leases as at **30 June 2019**.

The Authority does not have any leases at significantly below-market terms and conditions principally to enable the Authority to further its objectives.

Recognition and measurement (under AASB 16 from 1 July 2019)

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The Authority has applied AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not for-Profit Entities. The Authority's right-of-use assets are measured using the cost model and are subject to an impairment assessment.

i. Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 2 to 3 years

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Authority; and
- payments of penalties for terminating the lease, if the lease term reflects the Authority exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Authority's leases, the lessee's incremental borrowing rate is used, being the rate that the Authority would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Authority's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

Recognition and measurement (until 30 June 2019)

The Authority did not have any operating leases in FY2018-19.

9. CURRENT LIABILITIES - PAYABLES

	Consolidated		Authority	
	June 2020	June 2019	June 2020	June 2019
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on costs	65	-	-	-
Payable for personnel services	-	-	65	-
Creditors	3,016	1,170	2,978	1,170
Total current liabilities - payables	3,081	1,170	3,043	1,170

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 17.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

10. CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated		Authority	
	June 2020	June 2019	June 2020	June 2019
	\$'000	\$'000	\$'000	\$'000
Current Lease liability (see note 8)	333	-	333	-
Non-Current Lease liability (see note 8)	339	-	339	-
	672	-	672	-

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 17.

Recognition and measurement

Financial liabilities at amortised cost

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

Finance lease liabilities are determined in accordance with AASB 117 until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

Changes in liabilities arising from financing activities

	Leases \$'000	Total liabilities from financing activities \$'000
1 July 2018		
<i>Cash flows</i>		
New leases	-	-
30 June 2019	-	-
Recognised on adoption of AASB 16	-	-
1 July 2019	-	-
<i>Cash flows</i>		
New leases	(7)	(7)
30 June 2020	(7)	(7)

11. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated		Authority	
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
Employee benefits and related on-costs - current				
Annual leave	515	-	-	-
Long service leave	216	-	-	-
Provision for personnel services	-	-	731	-
Total current employee provisions	731	-	731	-
Employee benefits and related on-costs - non-current				
Long service leave	19	-	-	-
Provision for personnel services	-	-	19	-
Total non-current employee provisions	19	-	19	-
Aggregate employee benefits and related on-costs				
Provisions - current	731	-	-	-
Provisions - non-current	19	-	-	-
Provision for personnel services - current	-	-	731	-
Provision for personnel services - non-current	-	-	19	-
Accrued salaries, wages and on-costs (Note 9)	65	-	-	-
Payable for personnel services (Note 9)	-	-	65	-
	815	-	815	-

Annual leave

The liability at 30 June 2020 was \$0.5m. This was based on leave entitlements at 30 June 2020. The value of annual leave expected to be taken within 12 months is \$0.4m and \$0.1m after 12 months.

Employee benefits and related on-costs

Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

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

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

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Authority has assessed the actuarial advice based on the Authority's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Authority does not expect to settle the liability within 12 months as the Authority does not have an unconditional right to defer settlement.

Long service leave and superannuation

The Authority's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Authority accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

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

Recognition and measurement

Accumulated Funds

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

13. COMMITMENTS

	Consolidated		Authority	
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date and not provided for:

Within one year	1,912	-	1,912	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	1,912	-	1,912	-

14. CONTINGENT ASSETS/LIABILITIES

The Authority is not aware of any significant or material contingent assets or contingent liabilities in existence at or which have emerged subsequent to this date, which may materially impact on the financial position of the as shown in the financial statements.

15. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result

The Authority did not have an approved budget as per Budget Paper 3 for the year ended 30 June 2020. Its budget was determined as part of the NSW Treasury cluster budget.

Compared to the prior year, total expenditure has increased by \$15.6m as the Authority transitioned into becoming a stand alone entity. As a result, this has increased overall activity requiring the Authority to hire more staff and contractors and also engage consultants to meet its objectives around delivering a new aerotropolis.

Assets and liabilities

The Authority also did not have an approved budget for assets or liabilities for the year ended 30 June 2020 as per Budget Paper 3. As per above this was also determined as part of the NSW Treasury cluster budget.

The increased cash and cash equivalents, receivables and associated payables balances are due to the funding received and expenditure incurred as a result of an increase in activity compared to last year. The Authority also recognised a right-of-use asset and corresponding lease liability in line with adoption of AASB 16 during the year in relation to the premises at Parramatta (L), 2-10 Valentine Avenue. A total of \$3.9m was also capitalised during the year, \$3.6m in relation to land and buildings and \$0.3m for IT equipment and fit-outs.

Cash flows

The Authority's cash flow results can mainly be attributed to increased outgoings due to increased activity levels and responsibilities since becoming a stand-alone entity. As a result, the Authority has received a higher amount of grant revenue from NSW Treasury and has similarly incurred a larger amount of operating and capital expenditure. As per above, outgoings of \$3.3m on investing related activities relates to the capitalisation of costs around land and buildings, IT equipment and fit-outs.

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

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated		Authority	
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
Net cash used on operating activities	5,672	859	5,571	859
Net adjustment for non-cash transfers	-	8	-	8
Allowance for impairment	(98)	-	(98)	-
Depreciation and amortisation	(221)	-	(221)	-
Decrease/(increase) in provisions	(731)	-	(731)	-
Increase/(decrease) in receivables and other assets	230	44	293	44
Decrease/(increase) in payables	(1,910)	(1,170)	(1,872)	(1,170)
Net result	2,942	(259)	2,942	(259)

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

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

The Board and Chief Executive Officer have overall responsibility for the establishment and oversight of risk management and reviews and agreeing policies for managing each of these risks. Risk management policies have been established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. In September 2019, the Authority established its own Audit and Risk Committee in line with TPP 15-03 'Internal Audit and Risk Management Policy for the NSW Public Sector', and outsourced the Internal Audit Function to an external provider. In the previous period, these services were provided by the Department of Premier and Cabinet under a shared service arrangement in accordance with TPP 16-02 'Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees'.

(a) Financial instrument categories

			Consolidated		Authority	
			June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000
Class	Note	Category	Carrying Amount		Carrying Amount	
Financial assets						
Cash and cash equivalents	5	N/A	2,405	859	2,304	859
Receivables ¹	6	Amortised cost	69	-	132	-
Financial liabilities						
Payables ²	9	Financial liabilities measured at amortised cost	3,044	1,170	3,043	1,170
Borrowings	10	Financial liabilities measured at amortised cost	672	-	672	-

Notes:

1. Excludes statutory receivables and prepayments (not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

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

(b) Derecognition of financial assets and financial liabilities

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

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

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

(c) Offsetting financial instruments

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

(d) Financial risks

i. Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Authority, including cash and receivables. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held within NSW TCorp are guaranteed by the State.

The Authority considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Authority may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority.

a) Cash and cash equivalents

Cash comprises of cash on hand and bank balances.

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

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

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristic and the days past due. There are no expected credit losses for receivables as they were not overdue as at 30 June 2020, and they relate to other NSW Government entities and have subsequently been received. As a result, the Authority is not exposed to credit risk as at 30 June 2020.

Liquidity risk

Liquidity risk is the risk the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows from contributions receivable from NSW Treasury via the principle Department.

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

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from the 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.

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

	Weighted Average Effective Interest Rate %	Interest Rate Exposure				Maturity dates		
		Nominal Amount ¹ \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000
2020								
Payables								
Accrued salaries, wages and on costs	-	65	-	-	65	65	-	-
Creditors	-	2,979	-	-	2,979	2,979	-	-
		3,044	-	-	3,044	3,044	-	-
Borrowings								
Lease liabilities	1.41%	672	-	672	-	333	339	-
		672	-	672	-	333	339	-
TOTAL		3,716	-	672	3,044	3,377	339	-
2019								
Payables								
Accrued salaries, wages and on costs	-	-	-	-	-	-	-	-
Creditors	-	1,170	-	-	1,170	1,170	-	-
		1,170	-	-	1,170	1,170	-	-
Borrowings								
Lease liabilities	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
TOTAL		1,170	-	-	1,170	1,170	-	-

Market risk

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Authority's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

Consolidated	2020 \$'000		2019 \$'000	
	-1%	+1%	-1%	+1%
Net result	-17	17	-9	9
Equity	-17	17	-9	9

(e) Fair value measurement

i. Fair value compared to carrying amount

measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The following table details the financial instruments, by class, where the fair value differs from the carrying amount:

	2020		2019	
	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000
Financial assets				
Cash and cash equivalents	2405	2405	859	859
Receivables	69	69	-	-
Financial liabilities				
Payables	3044	3044	1170	1170
Borrowings	672	672	-	-

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

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 (unadjusted) prices in active markets for identical assets / liabilities 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.

18. RELATED PARTY DISCLOSURES

The Authority's key management personnel's compensation is as follows:

Short term employee benefits:	2020	2019
	\$'000	\$'000
Salaries and Wages	1,349	607

During the year, the Authority entered into transactions with NSW Government related entities that are controlled, jointly controlled or significantly influenced by NSW Government. These transactions are all at arm's length and in the ordinary course of the business of the Authority.

These transactions include:

- Long Service Leave assumed by the Crown
- Payment for Payroll Tax
- Payment for the audit of our financial statements
- Grants and contributions

19. EVENTS AFTER THE REPORTING PERIOD

One matter has arisen since 30 June 2020 that may significantly affect the Authority's operations. A decision has been made by the NSW Government to widen the Authority's operational area to cover the entire Western Parkland City aligning with the boundaries defined in the Western Sydney City Deal, including the Aerotropolis. The NSW Government has also decided to rename the Western City and Aerotropolis Authority as the Western Parkland City Authority. The name change will take effect pending updates to the legislation. Currently, an estimate of the financial impacts of these changes cannot be made.

End of audited financial statements.

- END OF AUDITED FINANCIAL STATEMENTS -



Administration

GOVERNMENT INFORMATION (PUBLIC ACCESS)

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

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

The Authority proactively released information about strategies and initiatives and listed policy documents for public access freely on its website.

The Authority did not receive any formal access applications pursuant to the GIPA Act in this reporting period.

PUBLIC INTEREST DISCLOSURES

All Authority employees have a responsibility to report suspected wrongdoing, including corruption; maladministration; serious and substantial waste of public money; and breaches of the GIPA Act. The *Public Interest Disclosures Act 1994* (PID Act) is aimed at encouraging and facilitating the disclosure, in the public interest, of wrongdoing in the public sector. The Authority is committed to protecting staff that make public interest disclosures.

The Authority ensured that staff are aware of their responsibilities under the PID Act by hosting training covering PID, how and to whom disclosures can be made, it also adopts the material on Treasury's intranet providing staff with guidance material and links to additional external and internal PID resources and ongoing training and the provision of online training e-courses for new staff as part of the new starter induction program.

The Authority has its own guidelines for PID and also a PID Internal Reporting Policy available to all Authority staff.

The PID Act, section 31, requires each public authority to report on its obligations under the Act. In accordance with section 31 of the Act and clause 4 of the *Public Interest Disclosures Regulation 2011*, the Authority confirms that there were NIL public interest disclosures for the reporting period 1 July 2019 to 30 June 2020.

PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998

As a NSW Government agency, the Authority is committed to compliance with the requirements of the *Privacy and Personal Information Protection Act 1998* (PIIP Act). Clause 8 of the *Annual Reports (Statutory Bodies) Regulation 2015* requires a statement of the action taken complying with the PPIP Act, and any statistical details of any review conducted by or on behalf of the Authority under Part 5 of that Act.

In compliance with the provisions of the PPIP Act, the Authority has a published Privacy Management Plan.

The Authority reports that no internal reviews were conducted by or on behalf of the Authority under the PPIP Act during this financial reporting year period.

CONSUMER RESPONSE & COMPLAINTS

The Authority is not aware of any complaints lodged. The Authority responds to correspondence from the public if received.

RESEARCH & DEVELOPMENT

Research and development is not a core function of the Authority for the purposes of annual reporting. However, research and development activities may form part of investigative studies the Authority undertakes in carrying out its functions.

CYBER SECURITY POLICY ATTESTATIONS - THE AUTHORITY & NSW TREASURY

During the reporting period, NSW Treasury and its outsourced service provider GovConnect, provided information technology services to the Authority, which included cyber security processes, procedures, controls and oversight. In agreement with Cyber Security NSW, NSW Treasury's Attestation on the NSW Cyber Security core requirements forms the basis of the Authority's Attestation. See Attachments A and B.

CONSULTANCIES

Consultancies of value less than \$50,000

NATURE OF SERVICES	NUMBER OF ENGAGEMENTS	COST (\$)
-	0	0

Consultancies of value equal or more than \$50,000

CONSULTANT	NATURE OF SERVICES	COST (\$)
Deloitte Touche Tohmatsu	Integrated Logistics Hub Feasibility Study & Airport Concept Study	601,577
Nous Group Pty Ltd	Development of high skills training model	234,300
PwC	Aviation, Space and Defence Strategy	523,613

OVERSEAS VISITS

DATE	OFFICER	DESTINATION	PURPOSE
10-18 Aug 2019	Geoff Roberts AM Deputy Chair	Germany and the United Kingdom	The Premier and Minister for Jobs, Investment, Tourism and Western Sydney led a delegation to the UK and Germany, to execute agreements with additional Foundation Partners of the Western Sydney Aerotropolis.
31 Aug 2019 - 8 Sep 2019	Sam Sangster Chief Executive Officer	Japan and South Korea	To meet with senior executives from the Japanese and Korean Foundation Partners.
14 Oct - 17 Oct 2019	Jennifer Westacott Board Chair	Japan	To meet with senior executives from the Japanese Foundation Partners.
14 Oct - 18 Oct 2019	Sam Sangster Chief Executive Officer	Japan	To meet with senior executives from the Japanese Foundation Partners.

Risk Management, Audit & Insurance

The Authority's Chief Executive Officer is required to provide an annual statement attesting to compliance with the eight core requirements of TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector. The Authority is compliant with all eight of the Core requirements. See Attachment C.

The Authority established its own Audit & Risk Committee (ARC) on 24 September 2019 when the committee members were appointed, and the first ARC meeting was held on 26 September 2019. During the reporting period four ARC meetings were held, and the ARC Charter was endorsed in the February 2020 ARC meeting.

RISK MANAGEMENT

The Authority has developed a Risk Management Framework and Risk Appetite Statement and related tolerances during the financial year. The Risk Management Framework and the Risk Appetite statement were both endorsed by the ARC in the 10 February 2020 meeting. To ensure the Authority has robust risk management practices in place, which are fully integrated into its operations, the Authority

engaged a Chief Risk Officer to develop the framework, associated tools to assist the business, and to facilitate the embedding of risk management. This process included training all staff in risk management, which includes the identification and analysis of its strategic, operational, and project risks.

During the year, strategic and operational risks were identified and assessed with the Leadership Team. The identified risks have all been endorsed by the ARC and the Board. A Risk Committee was established to assist the CEO in overseeing risks pertaining to the Authority, the processes used to identify, evaluate and manage risks, and to assist in ensuring that the Authority's risk profile is within its adopted risk appetite framework. The Risk Committee first met at the end of November 2019 and has met three times in the financial year.



INTERNAL AUDIT

An outsourced internal audit service provider was engaged during the year, and has performed two audits:

- Procurement Process Review; and
- Financial Controls Health Check.

A three-year Strategic Internal Audit Plan for 2020 through 2022 financial years was endorsed by the ARC in February 2020, and subsequently a three year Strategic Internal Audit Plan for 2021 - 2023 was developed and was formally endorsed by the ARC in the May 2020 meeting.

FRAUD & CORRUPTION CONTROL MANAGEMENT

A Fraud Management Plan, a Fraud Management Framework and Policy, and a Fraud Risk Register have also been developed and implemented. There were no reports of fraud or corrupt conduct at the Authority during the year.

BUSINESS CONTINUITY PLANNING

The Authority has developed a Pandemic Plan, as well as Emergency and Crisis Management Guidelines. Each of the business units has performed Business Impact Assessments and subsequently prepared Business Continuity Plans.

COMPLIANCE MANAGEMENT

An Obligations Register has been established detailing the obligations, responsibility for ensuring compliance with the obligations, and the associated risk ratings of the obligations. A Compliance Framework, and a Compliance Policy have been implemented, and compliance training by all staff has been undertaken. A formal Compliance Attestation Questionnaire has been developed for release to the business in July 2020.

INSURANCE

Insurance coverage was provided by TMF. The Authority's effective management of risk resulted in no insurance claims being made with TMF.

CONTROLLED ENTITIES

The Authority has the Western City and Aerotropolis Authority Staff Agency as a controlled entity. The staff agency was activated during the reporting period.

SUBSIDIARIES

The Authority has statutory powers to establish subsidiary corporations but has not exercised these powers.

LAND DISPOSAL

The Authority did not dispose of any land during the reporting period.

ACCOUNT PAYMENT PERFORMANCE

Aged analysis at the end of each quarter

All suppliers

Quarter	Current (within due date) (\$)	<30 days overdue (\$)	30-60 days overdue (4)	61-90 days overdue (\$)	90+ days overdue (\$)
Sep-19	0.00	22,917.79	-	-	-
Dec-19	225,741.35	59,061.46	-	-	-
Mar-20	301,088.25	106,878.62	-	-	-
Jun-20	187,830.36	200.00	-	-	-

Accounts due or paid within each quarter

Measure	Total 2019-20	Sep 2019	Dec 2019	Mar 2020	Jun 2020
All suppliers					
Number of accounts due for payment	194	16	76	45	57
Number of accounts paid on time	102	3	43	17	39
Actual % of accounts paid on time (based on number of accounts)	53%	19%	57%	38%	68%
Dollar amount of accounts due for payment	12,349,348	1,561,958	2,340,223	1,894,160	6,553,007
Dollar amount of accounts paid on time	8,251,726	194,035	1,659,287	1,417,976	4,980,426
Actual % of accounts paid on time (based on \$)	67%	12%	71%	75%	76%
Small business suppliers					
Number of accounts due for payment	8	1	1	1	5
Number of accounts paid on time	1	0	1	0	0

ACCOUNT PAYMENT PERFORMANCE CONT.

Accounts due or paid within each quarter					
Measure	Total 2019-20	Sep 2019	Dec 2019	Mar 2020	Jun 2020
Small business suppliers					
Actual % of accounts paid on time (based on number of accounts)	13%	0%	100%	0%	0%
Dollar amount of accounts due for payment	784,498	26,400	16,632	66,985	674,481
Dollar amount of accounts paid on time	174,751	0	16,632	58,711	99,408
Actual % of accounts paid on time (based on \$)	22%	0%	100%	88%	15%
Number of payments for interest on overdue accounts	0	0	0	0	0
Interest paid on overdue accounts	0	0	0	0	0



Human Resources

HUMAN RESOURCES STATISTICS

As of 30 June 2019, the Authority had 29 full time equivalent (FTE) staff, with a headcount of 29. The following tables relates to the Authority's headcount, by gender split.

HEADCOUNT	2018	2019
Female	4	15
Male	4	14
Total	8	29

Public service senior executive

The following tables relate to the Authority's public service senior executive.

Band	2018 - 2019		2019 - 2020	
	Female	Male	Female	Male
Band 4	0	0	0	0
Band 3	0	1	0	1
Band 2	0	1	0	4
Band 1	2	0	5	1
Total	2	2	5	6
		4		11

Band	Current remuneration range (\$)	Average remuneration	
		2018-2019	2019-2020
Band 4	\$487,051 - \$562,650	0	0
Band 3	\$345,551 - \$487,050	\$570,000	\$584,250
Band 2	\$274,701 - \$345,550	\$295,000	\$354,312
Band 1	\$192,600 - \$274,700	\$254,133.5	\$229,863.5

Note: there was one SOORT determination in August 2019 for one Band 3 Senior Executive

For the reporting period 2019-2020 senior executives' monetary remuneration and the value of employment benefits paid represented 54.5% of the Authority's salaries-related expenses. In the previous 2018-19 year this figure was 50.2%.

Trends in the representation of equal employment opportunity (EEO) groups

EEO Group	Benchmark/target	2018*	2019	2020
Women	50%	N/A	N/A	51.7%
Aboriginal & Torres Strait Islander people	2.6%	N/A	N/A	0%
People whose first language spoken as a child was not English	19%	N/A	N/A	15.7%
People with a disability	N/A	N/A	N/A	0%
People with a disability requiring work-related adjustment	1.5%	N/A	N/A	0%

The benchmarks above are determined by the NSW Public Service Commission (PSC). For more detail please refer to the PSC website (www.psc.nsw.gov.au)

* Please note, the Authority was not established for these reporting periods. Note 1: When there were less than 20 employees in the Authority, no EEO information is provided.

Over the coming year the People & Culture team will be partnering with the NSW Treasury HR team to assist in the development and roll out of a number of Diversity & Inclusion Programs, particularly focusing on our EEO statistics and developing ways to increase diversity in our workforce profile.

STAFF PROFILE BY EMPLOYMENT CATEGORY

The following table shows the number of officers and employees the Authority employed by category over four years (excluding casuals, contractors and consultants).

Type	2017*	2018*	2019	2020
Ongoing	0	0	6	11
Temporary grouping	0	0	0	7
Executive	0	0	2	11
Other	0	0	0	0
Total	0	0	8	29

* Please note, the Authority was not established for these reporting periods.



Legal

The Office of General Counsel provides the CEO, Board and operational areas of the Authority with strategic legal advice to assist the Authority fulfilling its statutory mandate. The General Counsel provides legal advice on strategic projects, contractual matters, and provides advice on statutory and other legal issues as required. The General Counsel also oversees the risk and governance functions of the Authority.

LEGISLATION & LEGAL CHANGE

There have been no changes to our establishing legislation (the *Western City and Aerotropolis Authority Act 2018*) nor any new legislation in this financial year.

The *Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2019* came into effect on 1 July 2019, transferring the Authority from the Department of Premier and Cabinet to the

Contacts



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NSW Cyber Security Policy Annual Attestation Statement for the 2019 - 2020 Financial Year for the Western City & Aerotropolis Authority

I, Sam Sangster, am of the opinion that the Western City & Aerotropolis Authority (the Authority) has managed its cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy via the information technology and cyber security services provided to the Authority by NSW Treasury. I base this opinion on reliance of NSW Treasury's attestation.

NSW Treasury's attestation indicates that governance is in place at NSW Treasury to manage the cyber security maturity and initiatives on behalf of the Authority.

Risks to the information and systems of NSW Treasury and the Authority have been assessed and are managed.

NSW Treasury's attestation indicates that there exists a current cyber incident response plan for NSW Treasury, which covers the Authority, and that plan has been tested during the reporting period.

NSW Treasury's attestation indicates that NSW Treasury has an Information Security Management System (ISMS) or Cyber Security Framework (CSF) in place, which extends to the Authority.

NSW Treasury's attestation indicates that NSW Treasury has a Cyber Uplift Strategy in place to ensure continuous improvement and management of cyber security governance and resilience.

This attestation covers the Authority and the systems provided and managed by the NSW Treasury Information Technology Team.



Sam Sangster
CEO
Western City and Aerotropolis Authority

Date: 26 August 2020

ATTACHMENT B

NSW Cyber Security Policy Annual Attestation Statement for the 2019 – 2020 Financial Year for NSW Treasury

I, Michael Pratt, am of the opinion that NSW Treasury has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cyber security maturity and initiatives of NSW Treasury.

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

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

NSW Treasury has an Information Security Management System (ISMS) or Cyber Security Framework (CSF) in place.

NSW Treasury has a Cyber Uplift Strategy in place to ensure continuous improvement and management of cyber security governance and resilience.

This attestation covers NSW Treasury and the systems managed by the Treasury IT Team.



Michael Pratt
Secretary, NSW Treasury

24.8.20

Internal Audit and Risk Management Attestation Statement for the 2019-2020 Financial Year for Western City & Aerotropolis Authority (WCAA)

I, Sam Sangster am of the opinion that the WCAA has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements **For each requirement, please specify whether compliant, non-compliant, or in transition⁵⁰**

Risk Management Framework

- | | | |
|-----|--|-----------|
| 1.1 | The agency head is ultimately responsible and accountable for risk management in the agency | Compliant |
| 1.2 | A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009 | Compliant |

Internal Audit Function

- | | | |
|-----|--|-----------|
| 2.1 | An internal audit function has been established and maintained | Compliant |
| 2.2 | The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing | Compliant |
| 2.3 | The agency has an Internal Audit Charter that is consistent with the content of the 'model charter' | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|-----------|
| 3.1 | An independent Audit and Risk Committee with appropriate expertise has been established | Compliant |
| 3.2 | The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations | Compliant |
| 3.3 | The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter' | Compliant |

Membership

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

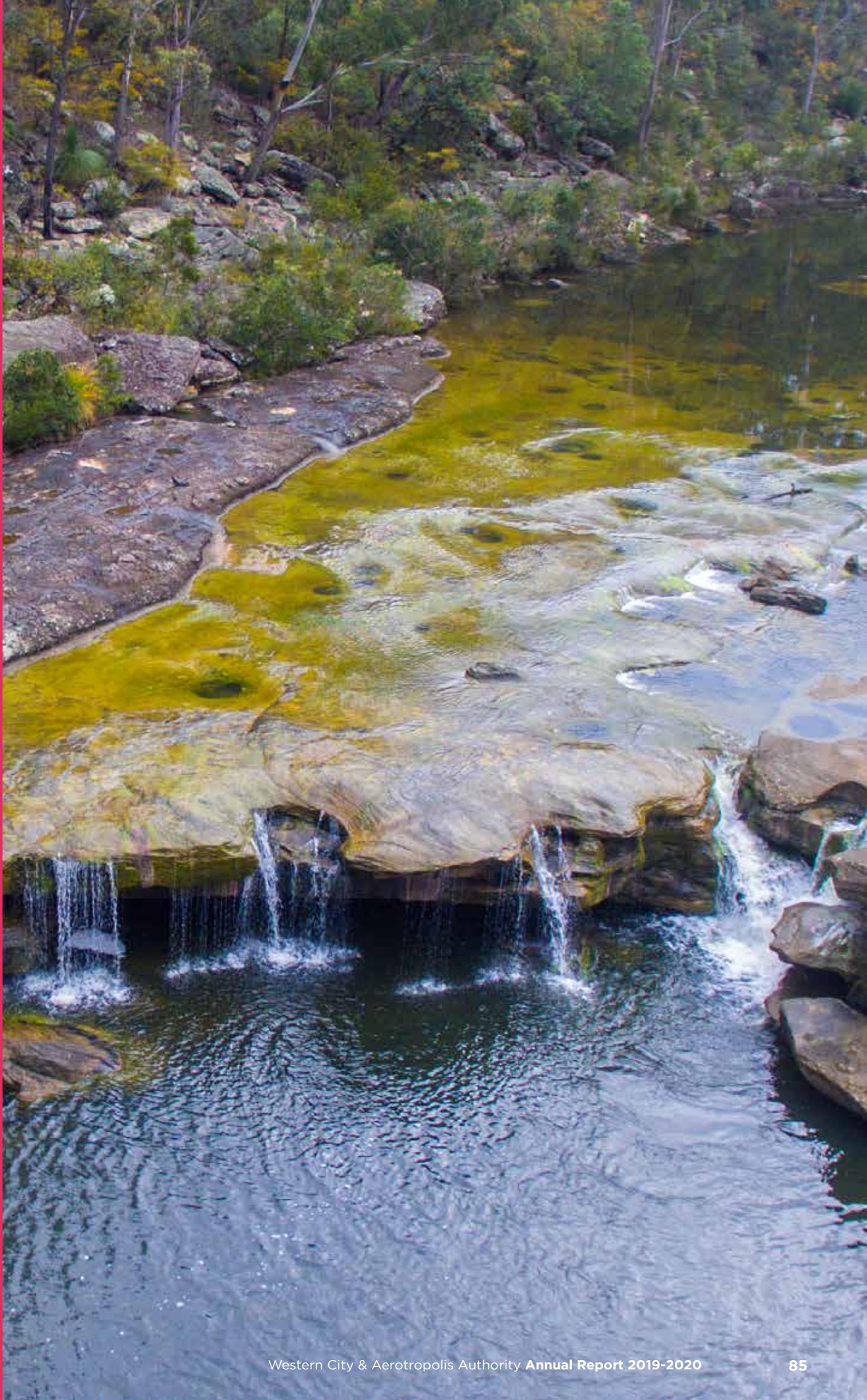
Role	Name	Start term date	Finish term date
Independent Chair	Gabrielle Trainor	24 September 2019	24 September 2022
Independent	Elizabeth Montano	24 September 2019	24 September 2022
Independent	Peter Loxton	24 September 2019	24 September 2023
Independent	Paul Ruiz	24 September 2019	24 September 2024
Independent	Elizabeth Crouch	24 September 2019	24 September 2024



 Sam Sangster
 Chief Executive Officer
 Date: 22 July 2020



 Dean Sinclair
 Principal Risk & Audit Officer
dean.sinclair@wcaa.sydney
 Date: 22 July 2020



Western City & Aerotropolis Authority
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