



Macquarie Point  
Development Corporation

# Corporate Plan 2014-2015

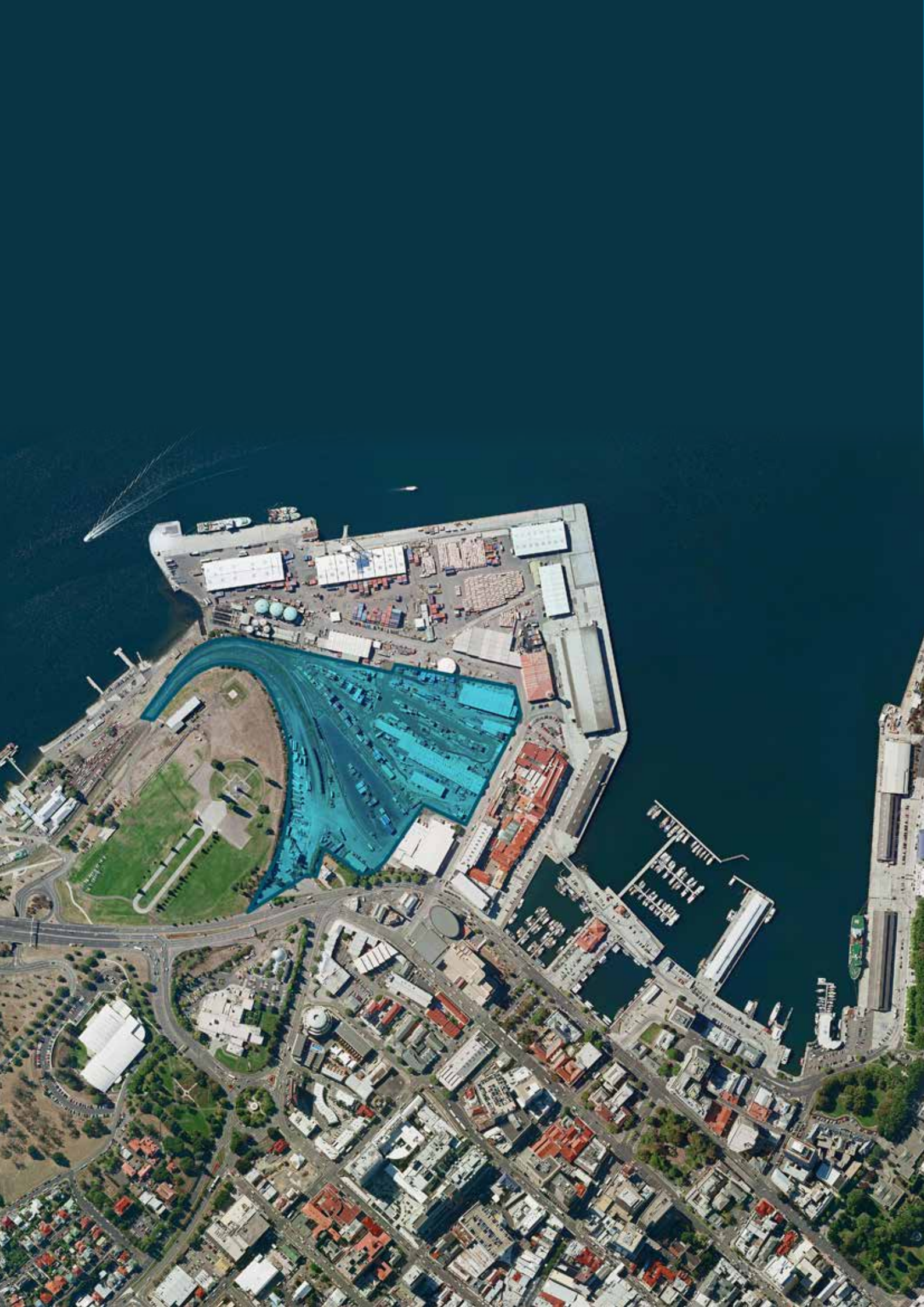




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# Contents

<b>Executive Summary</b>	<b>5</b>
<b>Strategic Summary</b>	<b>8</b>
The Macquarie Point Site (Macquarie Point)	8
Strategic Priorities	8
Our values	9
Key Achievements to Date	9
SWOT Analysis	10
<b>Key Deliverables (or Key Result Areas) for FY2015</b>	<b>13</b>
Remediate the Macquarie Point site	13
Redevelop the Macquarie Point site	13
Facilitate the Brooke Street Pier redevelopment	14
Govern well	14
<b>Financial Summary</b>	<b>16</b>
Projected Statement of Comprehensive Income	17
Projected Statement of Cash Flows	17
Capital Expenditure Plan – 2014-2015	18
<b>Risk Summary</b>	<b>19</b>
<b>Governance</b>	<b>22</b>
Board of Directors	22
Management Team	22
Organisational Structure	23
<b>Project Timelines</b>	<b>24</b>



# Executive Summary

- The Macquarie Point Development Corporation (Corporation) was established on 4 March 2013 pursuant to the *Macquarie Point Development Corporation Act 2012 (Act)*.
- Of the \$50 million provided to the Corporation to achieve its Strategic Priorities, \$5 million is specifically allocated for the redevelopment of the Brooke Street Pier and \$45 million for Macquarie Point.
- The Macquarie Point site currently has no waterfront title (or even direct access); however, it is strategically critical to both gain title and/or direct access to land on the water's edge, and to allow development of infrastructure to support marine activity. This will in turn allow us to optimise important economic, social and environmental outcomes for not only Macquarie Point, but for the State of Tasmania.
- For Macquarie Point, there is also an opportunity for further economic, social and environmental outcomes, with the potential to incorporate the Tasports' cold store land into the site, and use of TasWater's neighbouring wastewater treatment plant as an energy source for future development.
- The Corporation's overarching strategy is to position Macquarie Point as a vibrant, liveable and sustainable place that optimises economic, social and environmental outcomes, complements its surrounds, enhances connectivity and offers a range of opportunities to live, work, invest and play.
- Our Strategic Priorities are:
  - a) to plan, facilitate and manage the remediation of the Macquarie Point land;
  - b) to plan, facilitate and manage the redevelopment of the site so as to ensure the site:
    - i. is redeveloped as a vibrant and active area, with a mix of uses, that connects with and complements adjacent areas within Hobart;
    - ii. encourages inner-city living;
    - iii. is redeveloped so as to deliver sustainable social and economic benefits to Hobart; and
    - iv. is redeveloped in accordance with sound planning, urban design and environmental principals; and
  - c) to make a profit from carrying out our functions.
- One of the Corporation's most significant achievements for FY2014 was the successful negotiation of the complex financial and legal arrangements, and input into important technical studies, to support redevelopment of the public infrastructure at **Brooke Street Pier**. The public infrastructure is expected to be operational by the end of 2014—offering a truly innovative infrastructure solution in Sullivan's Cove and, in construction terms alone, delivering approximately 250 jobs.
- Another major piece of work was the development of a **site database and three-dimensional (3D) modeling tool**, which will provide important background material about site contamination and infrastructure and set the foundation for future site remediation, enabling the Corporation to extract maximum value from the Macquarie Point land in economic, social and environmental terms.

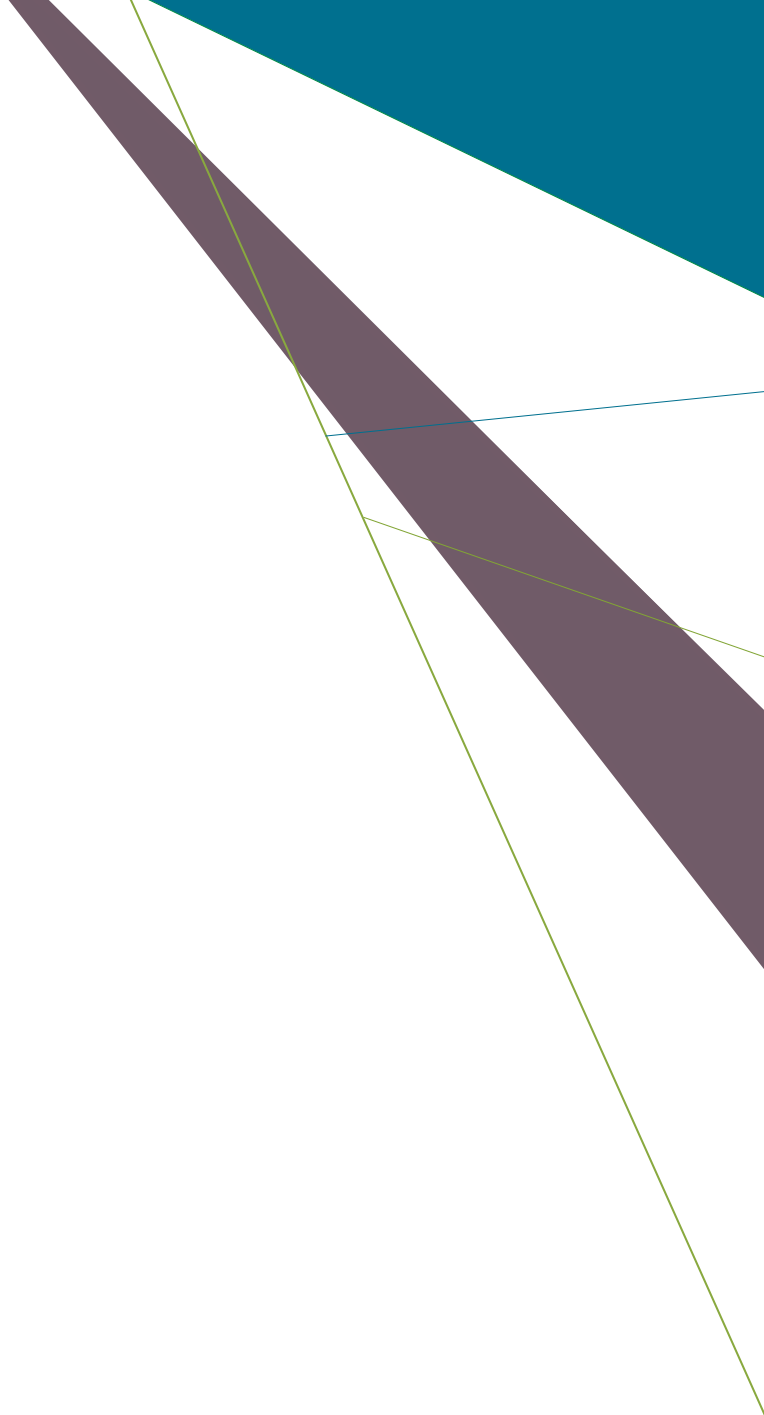
- The Corporation also devoted considerable energy to building the organisation from the ground up; recruiting and appointing staff, developing required policies and procedures, establishing corporate governance and financial management systems, formalising strategic partnerships with key stakeholders and delivering a number of initial priority projects in readiness to take on full responsibility for the entire site.
- Ongoing public and stakeholder consultation undertaken throughout the year has also significantly contributed to the draft **Shared Vision** – due for release in August 2014.
- Completion of the feasibility study with TasWater to mitigate the potential limitations posed by the Macquarie Point Wastewater Treatment Plant.
- Gaining rights to waterfront land (or, at a minimum, waterfront access).
- Gaining certainty on the future of the cold store land as part of Macquarie Point.
- Development of a draft Specific Area Plan in collaboration with the Hobart City Council.
- Continued strong support and advocacy for an accredited environmental auditor system in Tasmania.
- Implementation of a comprehensive communications strategy and media engagement plan to ensure efficient and effective stakeholder engagement and management.
- Active and effective engagement with the State Government to ensure all our important stakeholders have a true connection with Macquarie Point and its journey.

The Corporation is forecasting a small profit of \$7 000 in 2014-2015. By 30 June 2015 cash reserves are expected to be reduced by approximately \$4.35 million, to \$42.23 million. An amount of \$1.75 million will be paid to the Brooke Street Pier redevelopment project, with the balance being spent at Macquarie Point on remediation tasks and redevelopment activities.

**The key areas of focus for FY2015 are as follows:**

- Completion of the Shared Vision and Site Redevelopment Plan for Macquarie Point.
  - Shared Vision—will provide the first real picture of how development on Macquarie Point will evolve.
  - Site Redevelopment Plan—will require the site remediation strategy and area-specific remediation action plans to be fully integrated with the site redevelopment plan.
- Continued collaboration with the Brooke Street Pier developers to complete the successful installation of this important public and private asset by the end of 2014.

Overall, all actions will be directed towards the development of a land release strategy for the site that optimises the economic, social and environmental benefits for Macquarie Point and, ultimately, Tasmania. We will ensure the Corporation is positioned prior to the end of the 2015 calendar year to go to the market and request expressions of interest for Macquarie Point—either the whole or part thereof. Therefore, we will effectively be ‘sale ready’; that is, ‘open for business’ prior to the end of 2015.



We anticipate that before the end of June 2016 we will be 'development ready'; that is, we will have received expressions of interest for Macquarie Point (either for the whole site or part thereof), be ready to actively progress the sale(s) of land and have commenced some or all remediation (if this is determined to be advantageous to the sale process). This timeframe is in accordance with the overarching *Macquarie Point Railyards Precinct Remediation Project Agreement*, the funding agreement entered into between the Tasmanian and Australian Governments in June 2012.

In the intervening period between the 'sale ready' and 'development ready' periods, the Corporation will be negotiating with prospective developers and ensuring all significant infrastructure issues/opportunities are continuing to be progressed, including addressing limitations/opportunities presented by the wastewater treatment plant, public transport needs, connectivity to and from the site—including vehicular and pedestrian access—and trunk infrastructure requirements.

# Strategic Summary

## The Macquarie Point Site (Macquarie Point)

The 8.6-hectare former Hobart railyards site borders the working port facilities and is adjacent to the Cenotaph and Queens Domain.

Title over the site is held by the Crown and will not be transferred to the Corporation until the current commercial arrangements between the Crown and TasRail—as holders of the head lease—comes to an end. Although this could be as late as December 2016, handover of site responsibility is expected to occur by the end of 2014.

The site currently has no waterfront access and/or title; however, it is strategically critical that the Corporation is able to access and/or hold title to the water to allow us to optimise the economic, social and environmental outcomes for not only Macquarie Point—but for the State of Tasmania.

Macquarie Point also presents an opportunity for increased economic, social and environmental outcomes, with the potential for incorporation of the Tasports cold store land into the site, and use of the TasWater's neighbouring wastewater treatment plant as an energy source for the development.

## Strategy

To position Macquarie Point to be a vibrant, liveable and sustainable place that optimises economic, social and environmental outcomes, complements its surrounds, enhances connectivity and offers a range of opportunities to live, work, invest and play.

## Strategic Priorities

The Macquarie Point Development Corporation (Corporation) was established on 4 March 2013 pursuant to the *Macquarie Point Development Corporation Act 2012* (Act). The Corporation reports to the Minister for State Growth.

The principal objectives (Strategic Priorities) of the Corporation, as stated in the Act, are:

- a) to plan, facilitate and manage the remediation of the Macquarie Point land;
- b) to plan, facilitate and manage the redevelopment of the site so as to ensure the site:
  - i. is redeveloped as a vibrant and active area, with a mix of uses, that connects with and complements adjacent areas within Hobart;
  - ii. encourages inner-city living;
  - iii. is redeveloped so as to deliver sustainable social and economic benefits to Hobart; and
  - iv. is redeveloped in accordance with sound planning, urban design and environmental principals; and
- c) to make a profit from carrying out its functions.

The Corporation has the following functions:

- a) to investigate the remediation requirements and redevelopment opportunities for the site;
- b) to plan the remediation activities so that the site can be redeveloped, and then to ensure that those remediation activities are undertaken;
- c) to consult with the Tasmanian community in relation to options for the redevelopment of the site and then to ensure that the redevelopment is consistent with the Corporation's objectives and any site redevelopment plan; and
- d) to provide financial assistance in connection with the redevelopment of the Brooke Street Pier or its replacement.



## Our values

The Corporation's values are as follows:

### Community

We work with a strong sense of community, both within the organisation and with our stakeholders.

The community's views and engagement are important to the future of the Macquarie Point site.

### Sustainability

We seek to deliver sustainable outcomes at an operational level and for developments on the Macquarie Point site and at the Brooke Street Pier.

This includes a focus on achieving the best long-term results from an economic, social and environmental perspective.

### Connectivity

We will always endeavour to build and maintain strong links and connections across the organisation and with our many stakeholders.

The connectivity of the Macquarie Point site with our neighbours and their land is important to us. This includes the working port, the Queens Domain, Sullivans Cove and the Central Business District.

## Key Achievements to Date

In its first year of operation, the Corporation devoted considerable energy to building the organisation from the ground up. This included recruiting and appointing staff, developing required policies and procedures, establishing corporate governance and financial management systems, formalising strategic partnerships with key stakeholders and delivering a number of initial priority projects in readiness to take on responsibility for the site in 2014-2015.

One of the Corporation's most significant achievements during this time was the successful negotiation of the complex financial and legal arrangements to support redevelopment of the public infrastructure at **Brooke Street Pier**.

This novel construction—the first of its kind in Tasmania—will see an 80-metre long, three-storey floating pier being towed into place at the site of the current pier, at Franklin Wharf, by the end of 2014.

The Corporation's involvement in the project—managing the Australian Government's \$5 million funding contribution to support the development—has ensured that a commercially-secure asset will provide local ferry infrastructure and much-needed public amenities.

The Corporation's role has included working with the Brooke Street Pier developers to ensure appropriate development models and supporting studies—such as engineering design and risk assessments—informed the final design of this innovative construction that will significantly change the face of Sullivan's Cove.

In negotiating arrangements for the project with the proponents, the Corporation has maintained a focus on the opportunities the new pier presents for job creation (both in the short and long term), tourism-related ventures, the creation of exportable skills and the opportunities for showcasing innovation and new technologies. In construction terms alone, the project is likely to provide approximately 250 jobs.

The Brooke Street Pier Redevelopment Loan Agreement will ensure the public has ongoing access to the floating pier at Brooke Street for the next 50 years. The Corporation will continue to work with the proponents until construction is completed at the end of 2014.

In anticipation of assuming responsibility for the Macquarie Point site early in 2014-2015, another major piece of work undertaken by the Corporation has been the development of a site database and **three-dimensional (3D) modeling tool**. The site database provides important background material about site contamination and infrastructure, while the 3D modeling tool will set the foundation for future site remediation, enabling the Corporation to extract maximum value from the Macquarie Point land in economic, social and environmental terms.

Ongoing public and stakeholder consultation has provided the Corporation with significant input into the development of a shared vision for the site, which will set the overall context for development of the site and paint a picture of the 'look and feel' of the development to come. The final Shared Vision will be delivered early in FY2015 and guide the next phase of work—the site redevelopment plan.

## SWOT Analysis

### Strengths

At Macquarie Point we have a 'once in a generation' opportunity—and with this opportunity we are well positioned to provide a significant economic, social and sustainable solution for the state of Tasmania.

The Corporation has a well-defined set of objectives (as detailed in the relevant legislation), strong ethical values and an experienced, dedicated team to manage and deliver the project.

The Directors of the Corporation have been selected for their skills and expertise in the commercial, property, finance and infrastructure fields. They are, therefore, well-placed to effectively guide the Corporation in its dealings with the private sector and with those industries essential to realising the level of investment required to deliver the overall Macquarie Point project.

The Corporation has consolidated a substantial amount of historical data and information relating to the contamination on the Macquarie Point site, which provides an important starting point for the development of the remediation strategy. The Corporation will now verify the reliability of this data and current information, as well as augmenting it with additional studies before finalising the remediation strategy and detailed remediation action plans.

The Corporation is able to access quality expert input, often in the form of technical experts and specialist contractors, to ensure the best return on its investments. This includes engaging a highly-experienced and skilled property advisor to help develop the masterplan for the site and an effective and well-targeted land release strategy. The success of the redevelopment will be largely dependent on this strategy, combined with successful negotiation with investors and the property industry. The property advisor will provide ongoing advice as the Corporation develops the land release strategy and engages with the investment and property development community.

### Weaknesses

The highly specialised nature of the remediation works, combined with limited Tasmanian experience with large-scale remediation projects, restricts the field of local contractors capable of undertaking the remediation works. When engaging contractors, the Corporation will need to work with the industry to maximise ways in which local members can participate in the project, further developing their skills and capabilities.

A lack of waterfront access will limit the site's potential for future economic activity and overall development, as well as reducing the economic and social benefit of the project. Waterfront access to the eastern and/or northern end of

the current map for Macquarie Point would add significant value to the site. Not only would the economic value and future economic activity of the development increase with water frontage/access; it is also likely that the future economic value of the Tasports infrastructure would increase due to the corporations/industries (such as marine and Antarctic) that would be attracted to Tasmania. The Corporation will seek to gain waterfront access as a priority during FY2015.

The cold storage site on the corner of Davey and Evans Streets is the most logical point of entry to the Macquarie Point site from the CBD. While it is currently owned by Tasports, it has now been decommissioned and is intended for the purpose of dry storage. Its potential to be opened up to ensure Macquarie Point connects well with the rest of Sullivans Cove and the CBD must, however, be explored. Not only would the future economic value of the Macquarie Point development increase with ownership of this access point, but associated social and community activity would be significantly increased with the effective activation of the area.

## Opportunities

The Corporation can take advantage of a range of opportunities that will provide important benefits for the redevelopment of Macquarie Point and the broader environment. Benefits include job generation, future investment and commercial activity and better linkages between Macquarie Point and neighbouring areas, including the Queens Domain, Sullivans Cove and the CBD. Several examples are provided below:

- Redevelopment of Macquarie Point provides an opportunity to integrate with the Hobart City Council's existing strategic planning process, particularly in relation to enhancing connections in and around the city. This is an important

opportunity for the Corporation in opening up the ways by which people can access Macquarie Point.

- The Macquarie Point site is located within an existing framework of established buildings, developed areas and open space that can be incorporated as part of the overall strategic plan for the site. For example, the Hobart Regatta Grounds, the Queens Domain and the Hobart Aquatic Centre provide substantial open and green space, and recreational facilities that can fulfil an important role in the lives and activities of people living in and visiting Macquarie Point. Similarly, the site's proximity to Hunter Street, Victoria Dock and the international cruise ship terminal at Macquarie Wharf No. 2 shed, open up the tourism development opportunities and potential of Macquarie Point.
- Hobart is recognised as an international gateway to the Antarctic. Establishing Macquarie Point as an operational base for other East Antarctic programs will not only be an important investment opportunity, but also presents the Corporation with an opportunity to begin to develop a unique identity for the Macquarie Point site.
- Macquarie Point presents an opportunity for active community engagement and interaction well before redevelopment commences. Interim uses such as farmers' markets, indoor and open air events and small-scale pop-up retail opportunities could be supported to help raise needed revenue for the Corporation, as well as encouraging early community engagement with the site.

## Threats

A wastewater treatment facility, owned by TasWater, is located adjacent to the Macquarie Point site. The scale and nature of this facility

and its current mode of operation require a 400-metre attenuation distance for sensitive land uses and has the potential to severely limit the nature and scale of land-use development on the Macquarie Point site. The Corporation is working with TasWater to develop an agreed strategy to address the future operations of the facility, while also enabling future development to occur on the site.

Macquarie Point is also situated adjacent to the working Hobart port. It is important that development on the site does not prejudice the current 24-hour, seven-day-per-week port operations. Because of this, future strategic planning for the port will be an important consideration for the Corporation as part of its overall site planning.

A major limitation to date has been the Corporation's restricted access to the site due to ongoing transport operations at Macquarie Point. It is expected that in the second half of 2014, Toll and TasRail operations will cease. Until this occurs, the Corporation will not be able to conduct the archaeological, geological and contaminant studies required to develop a site remediation strategy.

In the meantime, the Corporation has taken advantage of this situation to finalise the negotiations related to Brooke Street Pier and deliver a range of strategic initiatives in preparation for taking over responsibility for the Macquarie Point site.

A total of \$50 million was provided by the Australian Government for site remediation and redevelopment and the Brooke Street Pier redevelopment; however, no operational funds were provided. The Corporation's current operational costs are covered by the interest earned on this funding. While the Corporation will have an investment strategy to establish an

income stream, it is still subject to interest rate changes, which can have a direct impact on the Corporation's revenue.

There is currently no facility to manage more hazardous wastes in Tasmania. This presents an issue for the Corporation as it will have hazardous waste that will require management and disposal/temporary containment. A category C-Cell waste facility has been approved by Sorell Council at Copping, south-east of Hobart; however, if this facility is not available when remediation works commence, the Corporation will need to consider alternatives, which are known to be cost prohibitive.

Unlike other states, Tasmania has no accredited auditor system in relation to contaminated sites. This can have a significant impact on the decisions of developers to invest, the perception being that the financial risks are much higher in relation to residual contamination and liability where no formal system of 'sign off' on remediation works exists. In FY2015 the Corporation will be exploring options to address this risk.

Investigations have been undertaken into the potential impact of climate change at Macquarie Point. As a site that includes a large area of reclaimed land, sea-level rise and storm surge must be taken into account, particularly as they may limit basement development on a large area of the site.

# Key Deliverables (or Key Result Areas) for FY2015

The Act clearly establishes the principal objectives of the Corporation. The success of the Corporation will therefore be measured by the timely achievement of those objectives. Annual corporate plans will contain detailed priority strategies to achieve the following key deliverables:

- the successful remediation of Macquarie Point;
- the successful redevelopment of Macquarie Point;
- the provision of financial assistance to enable the redevelopment of the Brooke Street Pier; and
- a well-governed and profitable organisation.

## Remediate the Macquarie Point site

Since 1804, the Macquarie Point site has been used for farming, housing, and barracks for the nearby Royal Engineers building, stock and slaughter yards, gasworks and, from the 1870s, railway operations. The gasworks closed in the 1970s and the last passenger train ran into Hobart in 1978. Since then, the site has been used predominantly as a transport hub. In addition, a substantial component of the site incorporates reclaimed land, with infill having been added progressively over the last 200 years.

As with many historical railyards and industrial sites, parts of the area are heavily contaminated, requiring significant remediation works before any future development can be undertaken. The associated costs are significant and, as such, are prohibitive for most commercial land development proposals.

### Strategic Priorities

- understand the nature and extent of contamination on-site (site investigations)
- understand the required level of remediation activity
- undertake area-specific remediation action plans within agreed timeframes.

### Actions

- develop and implement a site management plan
- complete and maintain an asset management plan
- investigate site archaeology and heritage features
- investigate and understand soil contamination, groundwater movement, contamination and geological conditions
- investigate and understand all contaminated land disposal and treatment options for the site
- update groundwater modelling
- develop a remediation strategy
- undertake pilot-trial remediation (if required)
- develop area-specific remediation action plans
- maintain the site database.

## Redevelop the Macquarie Point site

As a once-in-a-generation development opportunity, it will be critical that the overall concept allows for creativity and innovation, providing the property and investment community with sufficient capacity to develop attractive, innovative and commercially viable development proposals.

### Strategic Priorities

- maximise economic value and social benefit from the ultimate use of the site
- re-engage the people of Hobart with the Macquarie Point site
- maximise employment opportunities both during the construction phase and post-construction with job creation.

### Actions

- complete the Shared Vision for the site
- engage with the property and investment sectors, government, key stakeholders, the community and the media under a well-developed communications strategy and media engagement plan

- complete initial study on TasWater's wastewater treatment plant
- confirm ownership of/access to waterfront land
- gain certainty on the future of Tasports' cold store
- formulate a site redevelopment plan that articulates the scale, nature and scope of future developments on the site
- integrate the remediation strategy with the site redevelopment plan
- advocate for the establishment of an accredited environmental auditor system in Tasmania
- work with the Hobart City Council to develop a draft Specific Area Plan for Macquarie Point;
- complete the heritage management plan and a draft heritage agreement
- establish an infrastructure development strategy
- develop a land release strategy.

## Facilitate the Brooke Street Pier redevelopment

In accordance with the Act and the agreement between the Australian and Tasmanian Governments, the Corporation is responsible for facilitating the redevelopment of the Brooke Street Pier. From the \$50 million funding the Corporation received, \$5 million must be used to assist with the construction of the new Brooke Street Pier.

The Corporation's continued involvement in the project will ensure that a commercially secure asset will provide local ferry infrastructure and much-needed public amenities for at least the next 50 years, while offering opportunities for short and long-term job creation, tourism-related ventures, the creation of exportable skills and the opportunities for showcasing innovation and new technologies.

### Strategic Priority

- facilitate the redevelopment of the Brooke Street Pier.

### Action

- continue to collaborate with the Brooke Street Pier developers to complete the successful installation of this important public and private asset by the end of 2014.

### Govern well

The establishment of a separate corporate entity was required by the Australian Government as the most effective vehicle to deliver the remediation and redevelopment of the site. Accordingly, the Macquarie Point Development Corporation was established and directors appointed in March 2013. Employees were engaged progressively through the remainder of that year and early 2014.

### Strategic Priorities

- meet relevant legislative and policy requirements
- manage effectively and efficiently
- build sustainability and viability.

### Actions

- implement risk management strategies, policies and procedures
- implement an investment strategy to maximise returns on investment funds
- embed a work health and safety management system
- refine the Corporation's financial management framework
- review the legislation and advise government accordingly on any required amendments
- develop and implement an interim site usage strategy
- maintain a commercially-focused, fit-for-purpose board of directors.

Right: 1914 construction of the electrically driven turntable, 'the largest in the Commonwealth' (Tasmanian Archive and Heritage Office, *The Weekly Courier*, 28 May 1914, p.18)



# Financial Summary

The net result for the four months to June 2013 was a profit of \$50.62 million. This was due to receipt of the \$50 million grant funds during the period.

Operations at the Macquarie Point site returned a surplus of \$198 000; however, the net result for the year to June 2014 will be a loss of \$4.62 million. This was largely as a result of contributions to the Brooke Street Pier redevelopment, which totalled \$4.82 million.

At 30 June 2014 the Corporation held \$46.59 million in cash reserves.

The Corporation's first full year of operation saw the contribution of funds towards the development of the Brooke Street Pier, employment of the full complement of staff members, the move into refurbished accommodation on site and the engagement of specialists to assist with early site investigations and contract negotiations.

The Corporation is forecasting a small profit of \$7 000 in 2014-2015.

Cash reserves will be reduced by approximately \$4.35 million to \$42.23 million at 30 June 2015, with \$1.75 million being contributed to the Brooke Street Pier redevelopment and the remainder being spent at Macquarie Point. Of this, \$2.76 million will be spent on early remediation and redevelopment activities.

The following general assumptions have been made in preparing the financial forecasts contained in this corporate plan:

- Salary and associated employee benefits costs are forecast to remain consistent with the Tasmanian State Service Award, and existing staffing levels will be maintained. Other expenses are forecast to increase at 2.5 per cent per annum.
- The Brooke Street Pier redevelopment will be completed and loan funds remitted during 2014.
- The majority of the Corporation's operations are focused on the design and implementation of the remediation and redevelopment works at Macquarie Point. The capitalisation policy, adopted by the Board in 2013, will continue to provide guidance about those activities and expenditures that can be accounted for as capital expenditure, in keeping with the relevant Australian Accounting Standards.
- Interest income has been based on conservative bank interest rates.



## Projected Statement of Comprehensive Income

	\$'000 FY13	Actual	\$'000 FY14*	Estimate \$'000 FY15
<b>Revenue</b>				
Grants – project revenue	50,130		–	–
Interest	1,611		1,600	1,380
<b>Total revenue</b>	<b>51,741</b>		<b>1,600</b>	<b>1,380</b>
<b>Expenses</b>				
Employee benefits	605		913	895
Depreciation	–		19	108
Supplies and consumables	326		329	91
Grants and subsidies	178		156	–
Contributions provided	–		4,666	–
Other	12		141	279
<b>Total expenses</b>	<b>1,121</b>		<b>6,224</b>	<b>1,373</b>
<b>Net Result</b>	<b>50,620</b>		<b>(4,624)</b>	<b>7</b>
<b>Comprising</b>				
Result – Brooke Street Pier Project	4,822		(4,822)	–
Result – Macquarie Point Project	45,798		198	7
	<b>50,620</b>		<b>(4,624)</b>	<b>7</b>

\* subject to audit confirmation

## Projected Statement of Financial Position

	\$'000 FY13	Actual	\$'000 FY14*	Estimate \$'000 FY15
<b>Assets</b>				
<i>Financial assets</i>				
Cash & deposits	50,581		46,585	41,705
Receivables	19		(2)	(2)
<i>Non-financial assets</i>				
Property Plant and Equipment	137		1,491	5,339
Other assets	19		17	19
	<b>50,756</b>		<b>48,091</b>	<b>47,589</b>
<b>Liabilities</b>				
Payables	10		1,772	10
Employee benefits	125		323	361
Other liabilities	1		–	1
	<b>136</b>		<b>2,095</b>	<b>372</b>
<b>Net assets</b>	<b>50,620</b>		<b>45,996</b>	<b>47,217</b>
<b>Equity</b>				
Accumulated funds	1,878		4,855	9,004
Capital	–		–	1,200
Reserves				
Brooke Street Project	4,822		–	–
Macquarie Point Project	43,919		41,141	37,012
	<b>50,620</b>		<b>45,996</b>	<b>47,217</b>

\* subject to audit confirmation

## Projected Statement of Cash Flows

	\$'000 FY13	Actual	\$'000 FY14*	Estimate \$'000 FY15
<b>Cash flows from operating activities</b>				
Brooke Street Pier Project				
Grants revenue	5,000		–	–
Grant expense	(178)		(156)	–
Contributions	–		(2,916)	(1,750)
	<b>4,822</b>		<b>(3,072)</b>	<b>(1,750)</b>
Macquarie Point Project				
Grant revenue	45,111		–	–
Interest received	1,611		1,600	1,380
Suppliers & Employees	(826)		(1,398)	(1,227)
	<b>45,896</b>		<b>202</b>	<b>153</b>
	<b>50,718</b>		<b>(2,870)</b>	<b>(1,597)</b>
<b>Cash flows from investing activities</b>				
Asset acquisitions	(137)		(1,364)	(2,756)
	<b>(137)</b>		<b>(1,364)</b>	<b>(2,756)</b>
<b>Cash flows from financing activities</b>				
	–		–	–
<b>Net increase (decrease) in cash</b>	50,581		(3,996)	(4,353)
Opening cash	–		50,581	46,585
<b>Closing cash</b>	<b>50,581</b>		<b>46,585</b>	<b>42,232</b>

\* subject to audit confirmation

## Capital Expenditure Plan – 2014-2015

	Forecast \$'000
Capitalised salaries and expenses	1,026
<b>Remediate the site</b>	
Complete and maintain an asset management plan	30
Investigate site archaeology, heritage features and heritage management plan	250
Investigate soil contamination, groundwater movement, contamination and geology	200
Update groundwater modeling	70
Develop a remediation strategy and site-specific remediation action plans	290
Pilot-trial remediation (if required)	250
Maintain the site database	40
<b>Remediate the site</b>	
Formulate a site redevelopment plan	250
Draft planning scheme provisions for the site	100
Establish an infrastructure development strategy	50
Develop a land release strategy	200
	<b>2,756</b>

# Risk Summary

The issues cited in the table below are considered by the Corporation to be the top 10 risks faced by the organisation in FY2015.

Risk Issue	Details and Potential Impact	Mitigating Measures	Next Steps
1	<p><b>No waterfront land/infrastructure</b></p> <p>There is a general lack of understanding about the site, including the fact that it is not waterfront land. This lack of water frontage will limit the potential for future economic activity and overall development potential of the site, as well as reducing the economic and social benefit of the project. Waterfront access to the eastern and/or northern end of the current map for Macquarie Point would add significant value to the current site.</p>	<p>It will be critical for the Corporation to work collaboratively with Tasports and the Hobart City Council (HCC) to open up development opportunities that provide waterfront access for Macquarie Point.</p> <p>Tasports has significant water frontage at its disposal to carry on its functions and maintain functionality. Water access is also available at the northern end of our title—through the HCC-owned land below the Regatta grounds, for which the HCC has plans to develop as an active public space.</p> <p>Not only would the economic value and future economic activity of the Macquarie Point development increase with water frontage/access; it is highly likely that the future economic value of Tasports' infrastructure would increase due to the corporations/industries (such as marine and Antarctic) that would be attracted to Tasmania.</p> <p>State Government support will be important to give certainty to the Corporation in pursuing its preferred outcomes with strategic partners and stakeholders.</p>	<p>Gain waterfront land (or at a minimum water access).</p> <p>Timing: FY15</p>
2	<p><b>Macquarie Point Wastewater Treatment Plant (WWTP)</b></p> <p>If the WWTP continues to be configured and operate as it currently does, sensitive land uses will not be possible and there will be a significant detraction of visual amenity on the Macquarie Point site.</p>	<p>The Corporation has commenced a feasibility study with TasWater to determine the design and engineering options to address the odour performance of the WWTP, so that sensitive land uses can be developed on the Macquarie Point site. The feasibility study includes options to address the visual impacts of the WWTP and capacity to recover energy.</p> <p>Achieving a low odour performance is achievable from an engineering perspective. However, it is a matter of the associated costs. The outcomes of the feasibility study have the potential to turn this into an opportunity as opposed to a significant risk, and can be one of the early environmental and sustainability highlights for the Macquarie Point project.</p>	<p>Complete the feasibility study.</p> <p>Timing: FY15</p>
3	<p><b>Planning certainty/lack thereof</b></p> <p>Tasmania currently has a poor reputation in relation to development approvals on major projects. Advice also indicates that without planning certainty, investors are less likely to participate. Planning certainty does not necessarily mean approval 'as of right', but more that developers can have certainty in the process itself.</p>	<p>Early exploration of the most effective approach for future planning provisions for the Macquarie Point site has taken into account the potential/likelihood the project will be made up of a number of developments over a considerable period of time. The Corporation considers that a Specific Area Plan, established within the Sullivans Cove Planning Scheme, is one of the more acceptable approaches.</p> <p>If a Specific Area Plan is established in collaboration with the HCC, this will identify those developments that are permitted or discretionary, as well as establishing the urban design principles that must be met for developments to proceed. The new taskforce established by the Liberal Government is expected to play an important role in the final approach taken in providing planning certainty for this project.</p>	<p>Develop a draft Specific Area Plan.</p> <p>Timing: FY15</p>

Risk Issue	Details and Potential Impact	Mitigating Measures	Next Steps
4	<p><b>Market risk</b></p> <p>In order for the project to be successful, it must be attractive to the investment community.</p>	<p>The Shared Vision and the Site Redevelopment Plan will play pivotal roles in capturing the development community's interest and in presenting an attractive investment opportunity. It will be critical to have the Site Redevelopment Plan tested before it is put to the market for investors to consider. This will involve direct engagement with a wide section of the property and investment community to better understand whether the proposal will attract wider national/international interest.</p> <p>The development of the land release strategy will be vital for the Corporation to be able to place the site onto the market with confidence. This is not only to encourage a high degree of interest, but also to put in place the mechanisms needed to ensure development proceeds over the life of the project.</p>	<p>Complete the Shared Vision and the Site Redevelopment Plan.</p> <p>Timing: FY15</p>
5	<p><b>Lack of an accredited environmental auditor process in Tasmania</b></p> <p>This has the potential to severely discourage investors due to the lack of a formal and credible sign-off procedure. It also places the government, as the landowner, in a difficult position in relation to future liability for contamination once the land has been sold for redevelopment. It is important to note that Tasmania is now the only state/territory in Australia without a legislated accredited auditor system.</p>	<p>The Corporation intends to engage with the Environmental Management and Pollution Control Board, with a view to developing a legislated accredited auditor system in Tasmania. It is expected that this will take approximately 12 months to establish and, as such, there is a need for a sense of urgency in relation to the matter.</p> <p>In the event that an accredited auditor system is established, investors and developers will have much greater confidence in participating in the project. If a weaker model is adopted (such as a non-statutory process), this could have significant negative implications for the project.</p>	<p>Continue advocacy and support for the process.</p> <p>Timing: FY15.</p>
6	<p><b>Government does not play an active role</b></p> <p>Delivering the project will need the Tasmanian Government to play a direct and important role. This is to ensure that relevant Government agencies place a high priority on the project. If they do not provide active support, this has the potential to lead to significant project hurdles holding back the development. The government must also positively engage with the property and investment community, especially given Tasmania's current reputation in property development.</p>	<p>The Corporation has worked cooperatively with stakeholders including local, State and Federal Government agencies and politicians, as government support is needed for the redevelopment. It may be that a 'whole of government' approach is required to ensure the project is not stalled by bureaucratic red-tape or lack of support.</p> <p>With roadblocks removed and the government truly backing this as a significant project, not only can development issues be resolved but the community will also become more engaged.</p> <p>Minister-to-minister discussions, or even Premier-to-minister discussions may be required to ensure issues are resolved quickly. The Chair will be a critical factor in this.</p>	<p>Undertake requisite testing.</p> <p>Timing: FY15</p>
7	<p><b>Level of contamination</b></p> <p>Albeit there has been previous testing undertaken for some of the Macquarie Point site, some significant gaps in our knowledge remain. Until further testing has been undertaken, the full extent of contamination remains unknown.</p>	<p>The Corporation is reviewing all previous reports and studies from previous testing to verify and validate this information, and early in FY15 we will begin further testing to ensure current knowledge gaps are filled.</p> <p>Regardless of the extent of sampling and analysis that is carried out, unknown site and contamination issues can always arise. In future, in addition to further testing, another important mitigating measure will be the way in which contracts for the remediation works are formulated.</p>	<p>Undertake requisite testing.</p> <p>Timing: FY15</p>

Risk Issue	Details and Potential Impact	Mitigating Measures	Next Steps
8	<p><b>Contaminant disposal and treatment options restricted</b></p> <p>Part of remediating the site may require the utilisation of the proposed Copping Waste Transfer Facility C Cell for its more highly contaminated waste. If the Copping facility does not proceed, the disposal options could be severely limited and other viable options significantly more costly.</p>	<p>The Corporation is maintaining discussions with Southern Waste Solutions (SWS) to provide it with timeframes and provisional quantities the Corporation expects to transfer to the Copping C Cell.</p> <p>Until we know the level and quantity of contamination that may need to be dealt with by SWS, it is difficult to understand the magnitude of the issue. Testing for contaminants has, however, commenced.</p> <p>Ultimately, the development may involve partnering with developer(s) and investor(s), which will have implications for the approach taken with future remediation and redevelopment of the site.</p> <p>The Corporation should have a much better understanding of its requirements well before June 2015.</p>	<p>Finalise disposal and treatment options.</p> <p>Timing: FY15.</p>
9	<p><b>Stakeholder engagement and management</b></p> <p>Poor stakeholder engagement and management has a significant potential to impact on the economic, social, community and environmental outcomes of the project. There is also a high level of expectation within the broader community about the project proceeding in the short term.</p>	<p>As with similar projects around Australia and overseas, the overall development of Macquarie Point will have a long lead time and will involve the remediation and redevelopment of a highly complex site.</p> <p>For the Corporation, the focus is to ensure we are at the point of being 'development ready'; that is, we will have received and assessed expressions of interest for Macquarie Point (either for the whole site or part thereof), be ready to actively progress the sale(s) of land and have commenced some or all remediation of the site.</p> <p>Overall, all actions will be directed towards the development of a land release strategy for the site that optimises the economic, social and environmental benefits for Macquarie point and, ultimately, Tasmania. We will ensure the Corporation is positioned prior to the end of the 2015 calendar year to go to the market and request expressions of interest for Macquarie Point – either the whole or part thereof.</p> <p>For this reason it is important the Corporation has a highly effective communications strategy and media engagement plan that can be put into effect early in FY15.</p>	<p>Implement a comprehensive communications strategy and media engagement plan.</p> <p>Timing: FY15</p>
10	<p><b>No cold store land/infrastructure</b></p> <p>The cold storage site on the corner of Davey and Evans Streets is the most logical point of entry to the Macquarie Point site from the CBD. While it is currently owned by Tasports, its potential to be opened up to ensure Macquarie Point connects well with the rest of Sullivans Cove and the CBD must be explored.</p>	<p>The cold store has recently been decommissioned and is now intended to be used for the purpose of dry storage. Not only would the future economic value of the Macquarie Point development increase with ownership of this access point, but associated social and community activity would be significantly increased with effective activation of the area.</p> <p>Including the cold store land as part of the development will require the support of the Tasmanian Government. It will be important for the relevant conversations to be held at the most senior levels within and outside to provide the Corporation with certainty.</p>	<p>Gain certainty on future of the cold store land as part of the site.</p> <p>Timing: FY15</p>

# Governance

## Board of Directors

The Corporation is overseen by a Board of between five and eight directors, one of whom is the Chief Executive Officer (CEO). The directors at the date of this plan are: Mark Ryan (Chair), Elizabeth Jack (CEO), John Gilbert, Kerry Adby, Heather Rose and Hadley Sides.

The Audit, Risk and Compliance Committee, chaired by Kerry Adby, is responsible for advising the Board in relation to reporting, risk, control and compliance framework and external accountabilities.

The Investment Committee, chaired by John Gilbert, is responsible for advising the Board in relation to the Corporation's investments in cash and/or any other asset.

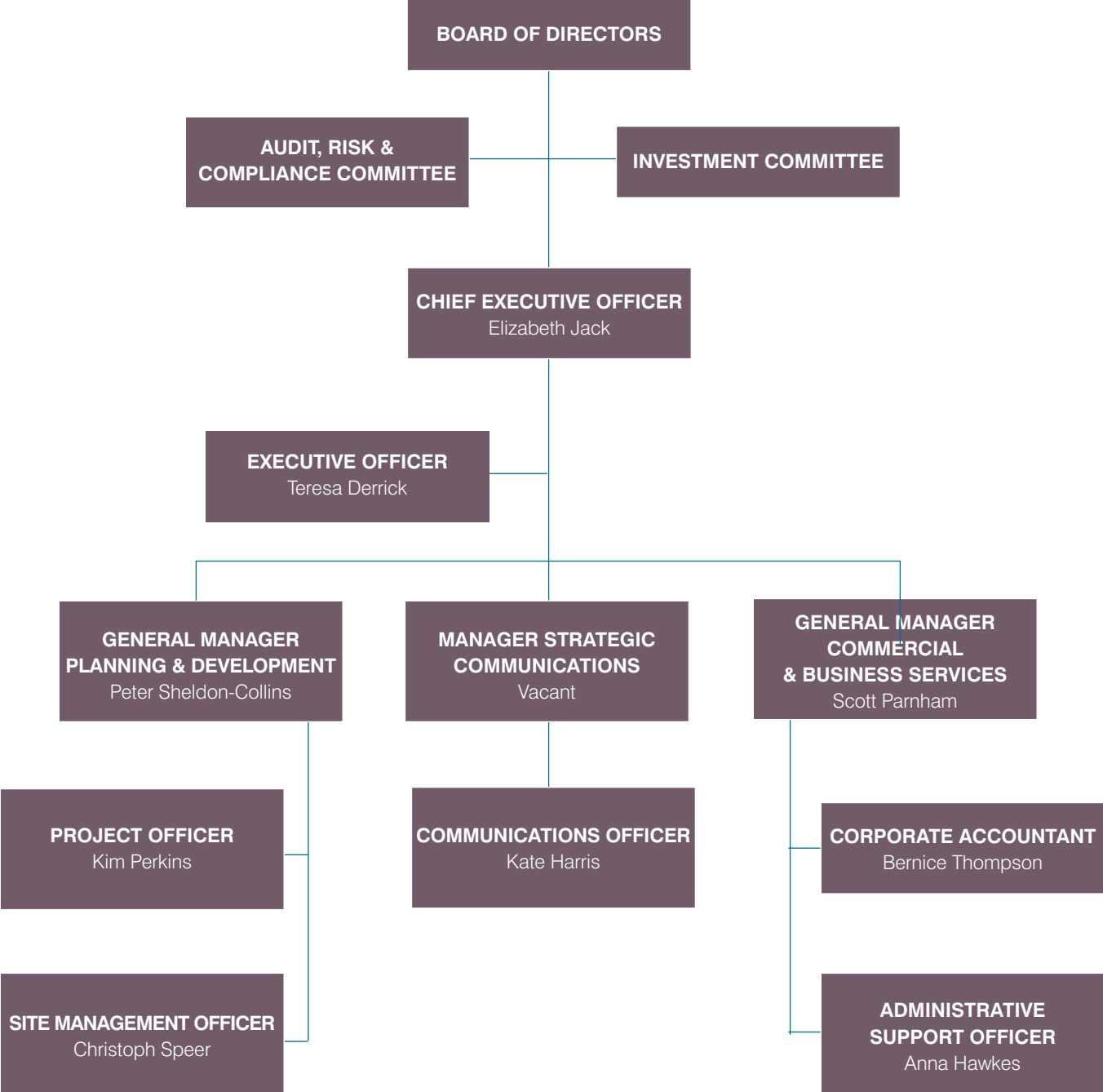
All Directors have been appointed based on their specific, targeted experience and expertise, ensuring the Corporation's small, but fit-for-purpose Board can operate commercially, responsively and flexibly.

## Management Team

The CEO is responsible for the day-to-day management of the Corporation in accordance with the policies, procedures and decisions of the Board. The CEO is supported by the Corporation's management team, which—in addition to the CEO—consists of the General Manager Planning and Development (Peter Sheldon-Collins), the General Manager Commercial and Business Services (Scott Parnham) and the Manager Strategic Communications (position currently vacant).

Members of the management team bring with them a range of skills and experiences, all of which have contributed to—and will continue to contribute to—the overall successful delivery of the Macquarie Point and Brooke Street Pier projects. The management team is supported by a small, but highly capable group of staff, all of whom are committed and capable of sharing roles and exchanging duties in a constantly-changing environment.

# Organisational Structure



# Project Timelines

## Key Phases

### ***Remediate the site***

Develop and implement a site management plan

Complete and maintain asset management plan

Investigate and quantify soil contamination, groundwater movement, contamination and geology

Develop a Remediation Strategy

Maintain the site database

Investigate and quantify site archaeology and heritage features

Update groundwater modelling

Pilot-trial remediation (if required)

Develop area-specific remediation action plans

### ***Redevelop the site***

Implement a comprehensive communications strategy and media engagement plan

Continue engagement with the property and investment sectors

Continue engagement with key stakeholders and the community

Release the Shared Vision for the site

Complete initial study on Wastewater Treatment Plant

Gain certainty on waterfront ownership/access

Gain certainty on future of cold store site

Continue to advocate for accredited environmental auditor process for Tasmania

Develop a Site Redevelopment Plan

Integrate the Remediation Strategy with the Site Redevelopment Plan

Work with HCC to develop a draft Specific Area Plan

Complete the Heritage Management Plan

Draft a Heritage Agreement

Establish an infrastructure development strategy

Develop a land release strategy

### ***Assist with the Brooke Street Pier redevelopment***

Provide funding in accordance with the Brooke Street Pier Redevelopment Loan Agreement

### ***Govern well***

Refine the financial management framework

Implement risk management strategies, policies and procedures

Implement an investment strategy to maximise returns on investment funds

Embed a work health and safety management system and culture

Develop and implement an interim site use strategy













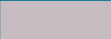




























Maintain a commercially-focussed, fit-for-purpose board of directors

Review the legislation and advise government on any required amendments



Key	
	Planning and Development
	Strategic Communications
	Brooke Street Pier Redevelopment
	Commercial and Business Services

# Indicative Timeline

	2014						2015					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												
												



**Macquarie Point**  
Development Corporation

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