

2024-25 Annual Information Statement

Hunter and Central Coast Development Corporation

November 2025





Acknowledgement of Country

Hunter and Central Coast Development Corporation acknowledges that we stand on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

This artwork created by Raymond Kelly Jnr. celebrates the significant waterways of the Hunter and Central Coast connecting with the region's mangroves, grasslands and mountain ranges.

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hccdc.nsw.gov.au

Hunter and Central Coast Development Corporation Annual Information Statement 2024-25

First published: November 2025

This annual information statement has been produced by Hunter and Central Coast Development Corporation staff. It is a reflection of business activities and financial transactions undertaken in financial year 2024-25. It is available to the public as an electronic report and can be accessed on the hccdc.nsw.gov.au website.

Information in this publication is based on knowledge and understanding at the time of writing, November 2025, and is subject to change. For more information, please visit nsw.gov.au/copyright

The Hon. Paul Scully, MP
Minister for Planning and Public Spaces

Parliament House
52 Martin Place
SYDNEY NSW 2000

Letter of submission

Dear Minister,

I am pleased to submit the Annual Information Statement for the Hunter and Central Coast Development Corporation (HCCDC) for the year ended 30 June 2025, for tabling in Parliament by 30 November 2025.

A self-assessment has been conducted, and HCDDC meets the Group 2 criteria. This report has been prepared in accordance with the annual reporting provisions (Division 7.3) of the Government Sector Finance Act 2018 (GSF Act) and Treasury Policy and Guidelines 25-10 Annual Reporting Requirements (TPG25-10).

Yours sincerely,



Valentina Misevska

Chief Executive
Hunter and Central Coast Development Corporation

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Chief Executive's foreword

Looking back on 2024-25, it's a pleasure to see just how much our team has achieved.

We have continued to enable new opportunities for housing, jobs and education, progressing delivery of fantastic public spaces and driven economic growth in the Hunter and Central Coast.

This year we continued to demonstrate regional leadership through strategic engagement with key stakeholders on the Broadmeadow and high-speed rail projects that will see ongoing economic development of the region for the next 30 years.

We've also continued to play a significant role in stimulating housing in the region.

This annual information statement showcases some of our achievements for the year, and we look forward to continuing our work in delivering region shaping outcomes that will provide long-lasting benefits for the community.

Valentina Misevska

Chief Executive

Hunter and Central Coast Development Corporation

Overview

HCCDC is an agile delivery agency powered to unlock and deliver outcomes that revitalise the Hunter and Central Coast regions.

We sit within the Department of Planning, Housing and Infrastructure's Property, Development and Valuation Group. We work alongside other government agencies, local councils, key stakeholders and the community, to deliver quality outcomes that benefit and enhance our regions.

We are constituted under the Growth Centres (Development Corporations) Act 1974 with a growth area that encompasses 11 local government areas, including 10 in the Hunter Region and 1 on the Central Coast. We are a Chief Executive-governed entity, as provided for by the Act.

Charter

Subject to the Act, we are charged with the responsibility of promoting, coordinating, managing and securing the orderly and economic development of our growth centres.

We deliver NSW Government's vision to shape thriving communities, public spaces, places and economies.

We manage a range of strategic properties in the regions, repurposing them into community-enhancing assets. We are typically a self-funded agency and rely on the sale of underutilised and industrial lands to reinvest into the community and fund new projects.

Aims and objectives

We have long been a leader in region-changing outcomes on behalf of NSW Government. Our key strengths include tackling complex sites or contaminated lands and creating outcomes that facilitate economic stimulation, community benefit, and attractive investment opportunities.

We are a 'go to' regional partner and are sought after to collaborate and advise to unlock and amplify regional opportunities.

Previous and present projects for HCCDC include the cornerstone Honeysuckle Urban Renewal project, Revitalising Newcastle program, repurposing the former Newcastle rail

corridor, remediating and rehabilitating former BHP lands at Mayfield and Kooragang Island, and transforming the Cockle Creek precinct in Lake Macquarie.

On the Central Coast, we own and manage the popular Mount Penang Parklands in Kariong. We are also exploring opportunities to revitalise Gosford’s waterfront space, and are working with University of Newcastle to bring a world-class campus to Gosford.

Strategic priorities

Our priorities are to create better housing options, grow diverse jobs, and deliver vibrant places with great public spaces while attracting innovative talent and enterprises to our regions.

These priorities align with the Department’s vision to shape thriving communities, public spaces, places, and economies.

Senior leadership team

Our leadership team has vast experience in strengthening communities through the delivery of dynamic projects that create economic and community benefit. The team works in partnership with government agencies and local stakeholders to deliver quality projects that transform the Central Coast and Hunter regions.

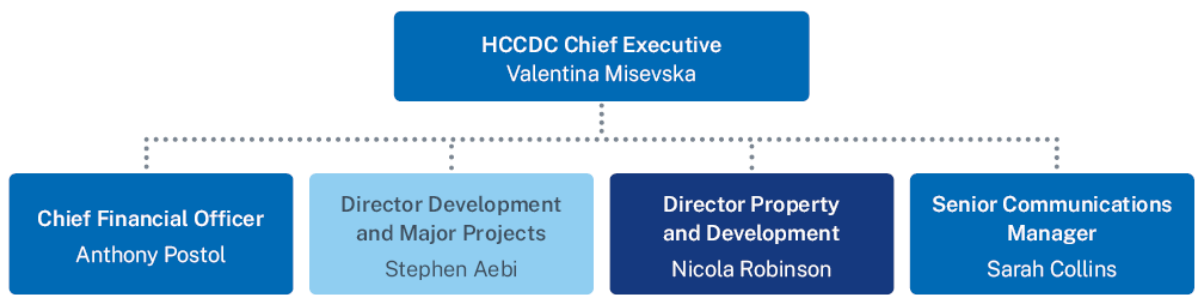


Figure 1: HCCDC senior leadership team structure

Operations and performance

HCCDC continued to play a leading role in creating opportunities for housing, jobs, education and great places in 2024-25. The following provides an overview of our performance across our regions and showcases our achievements over the last 12 months.

Central Coast

Our work on the Central Coast ramped up in 2024-25, including studies to prepare for the future revitalisation of the Gosford Waterfront. We also continued to work with the University of Newcastle (UoN) to deliver the Gosford city campus.

Gosford Waterfront

NSW Government has appointed us to lead the exciting Gosford waterfront project.

In 2024-25, we undertook investigative studies including market sounding and development feasibility, and an activation study capturing pedestrian, cycling and walking movements along the waterfront. We also commenced public domain planning and design of a shared path between Gosford and Point Claire.

The insights from these works will help inform planning and guide locations for new amenity and public space improvements.

University of Newcastle (UoN) Central Coast Campus

We are working with UoN to create a \$67M campus in the Gosford CBD. In an exciting milestone for the project, UoN celebrated the building's 'topping out' in March 2025, marking the completion of the building structure.

We have played an integral role in this project by negotiating a Development Deed, providing the land and funding for the campus. Construction is set to finish by the end of 2025, with the campus opening to students in 2026.

Mount Penang Parklands

In Kariong, we continue to own and manage Mount Penang Parklands -a precinct for tourism, recreation, business and education.

In 2024-25, we completed significant renovation works to several heritage cottages used by Mount Penang tenants. This will preserve these highly significant heritage assets for years to come.

We replaced and enhanced informational and wayfinding signage throughout Mount Penang Gardens, making it easier for visitors to move around the gardens and learn more about the site's stunning flora. We also modernised the popular Waterfall Café with attractive exterior wall wraps that showcase the Parklands' natural beauty.

This year we also completed a feasibility study to extend Festival Drive in the Parklands. This has the potential to unlock employment lands and accelerate future land use to create jobs.

Lake Macquarie

In a major milestone for Lake Macquarie, 2025 saw the announcement that NSW Government would lead a rezoning process for Cockle Creek.

Final plans were also developed to create a safe and inclusive play space in Morisset as part of Government's Safer Cities project.

Cockle Creek

In Lake Macquarie we own and manage land in the Cockle Creek precinct. We are responsible for the site's environmental management and its future development as a commercial, industrial and housing centre.

In May 2025, NSW Government announced that new planning controls will be implemented in Cockle Creek, enabling new homes and jobs as part of a State-led rezoning. The rezoned land will support the region's housing needs and enable future public space, retail and commercial development in the precinct.

West Wallsend

We own and manage more than 1,500 ha of former BHP Steelworks land in West Wallsend, which has been identified as a potential site to create environmental, economic and community benefits.

In 2024-25, we conducted studies to inform and explore the site's potential to deliver these benefits. These included ecological assessments and investigations into zoning, heritage, contamination, economic and social requirements, traffic impacts, mine subsidence, bushfire hazards and other technical factors.

Safer Cities program

We are delivering a vibrant and inclusive public space in Lake Macquarie as part of NSW Government's Safer Cities program, which aims to improve feelings of safety for girls and young women in public.

Following a co-design workshop with local teenage girls in 2024, we worked with development partners to plan and design enhancements for Bernie Goodwin Park in Morisset. In line with feedback from the girls, we are adding social seating, hammocks, inlaid trampolines, landscaped gardens and new trees to create a space where everyone can feel safe and welcome.

Work on site commenced in June 2025, with the enhanced space expected to open to the public later in 2025.

Newcastle

It was a year of milestones in Newcastle, where we completed our role in one of the most significant remediation and rehabilitation projects in the city's history.

We also progressed planning for the final stage in Honeysuckle's transformation and continued the process to identify the historic Newcastle Station's long-term use.

Kooragang Island

In September 2024, we completed our role in one of the largest remediation projects in Newcastle's history. This involved remediating former BHP lands in Kooragang Island; a two-decade project that involved a space the size of 290 football fields.

Port of Newcastle is now planning a clean energy precinct at Kooragang Island that will generate jobs and position Newcastle as a leader in clean energy materials.

The site is also delivering major ecological benefits, including new habitat for the protected green and golden bell frog and safeguarding the nearby Hunter Wetlands National Park.

The Station

The Station is one of Newcastle's most treasured heritage sites, and we are working to realise its future as a landmark tourism and hospitality venue. In 2024-25 we undertook a competitive tender process to identify an operator to lead the site's restoration, enhancement and long-term use. We look forward to sharing the outcome later in 2025.

While this is being planned, The Station's 'meanwhile' use as a pop-up shopping, recreation and event space is attracting repeated visitation from both locals and tourists. This past year, the site hosted over 75,000 visitors at 200+ events, including food, wine and music festivals, markets and family days, workshops and wellbeing and fitness events.

Honeysuckle

In July 2024, we unveiled a stunning Aboriginal artwork alongside Cottage Creek. Created by artists Raymond and Tyler Smith, 'Yimaliko Makoro' ('encourage the fish') represents the creek's cultural significance and the recent efforts to encourage sea life back into the waterway.

Plans to transform the remaining undeveloped Honeysuckle land also progressed, as we work with potential proponents to realise our vision of a dynamic, mixed-use waterfront precinct. We expect to announce the successful development partner in late-2025.

Site works also began on UoN's City Campus student accommodation building in late 2024. Built on former HCCDC land, this exciting project is set to bring more than 400 students into the CBD, along with staff facilities, retail and communal space. Construction is expected to begin later in 2025 and open in 2027.

Management and accountability

Human resources

Table 1 shows the number of officers and employees by category as of 19 June 2025, census date of the Workforce Profile Collection for the Premier's Department.

Table 2 and Table 3 show the numbers and remuneration of Senior Executives as of 19 June 2025, census date of the Workforce Profile Collection for the Premier's Department.

Note that for all tables, employees are reported in their substantive position, except award employees who are acting in executive positions greater than three months as of census date and who are reported as substantive in their executive roles.

Table 1. Number of officers and employees by category with previous years comparison as of 19 June 2025

	2024-2025	2023-2024	2022-2023
Ongoing	17	12	14
Temporary	2	8	6
Casual	-	-	-
Executive	4	4	3
TOTAL	23	24	23

Table 2. Numbers and Remuneration of Senior Executives as of 19 June 2025 ¹

	Female	Male	Not Stated	Total
Band 4 Secretary	-	-	-	-
Band 3 Group/Deputy Secretary	-	-	-	-
Band 2 Executive Director	1	0	0	1

	Female	Male	Not Stated	Total
Band 1 Director	1	2	0	3
Total	2	2	0	4

Table 3. Average Remuneration of Senior Executives as of 19 June 2025 ²

	Range (\$)	Average Remuneration (\$)
Band 4 Secretary	-	-
Band 3 Group/Deputy Secretary	-	-
Band 2 Executive Director	\$287,201 - \$361,300	\$295,511
Band 1 Director	\$217,997 - \$285,710	\$244,955

¹ These are Senior Executive statistics as of 19 June 2025. This data is based on senior executives in their substantive role and band level.

² 26.4% of Hunter and Central Coast Development Corporation employee-related expenditure in 2024-25 was related to Senior Executives.

Consultants

No consultants were engaged by HCCDC in 2024-25.

Privacy and Personal Information Protection (PIIP) Act

Under TPG25-10b Annual reporting requirements, HCCDC must provide a statement of its actions to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PIIP Act). It must also provide statistical details of any reviews conducted by or on behalf of the agency, under Part 5 of the PIIP Act.

HCCDC relies upon the Privacy Management Plan for the Department of Planning, Housing and Infrastructure. The Plan outlines how the department and its associated

agencies comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. Officers in the department's Information Access & Privacy unit also provide specialist privacy advice and training to staff.

In 2024-25, HCCDC received no applications for review under Part 5 of the PPIP Act.

Government Information (GIPA) Act

Under Schedule 3 of the Government Information (Public Access) Regulation 2018 (the Regulation), HCCDC is a subsidiary agency for the purposes of the Government Information (Public Access) Act 2009 (the Act). Therefore, all statistical information about access applications required to be included in an annual report regarding HCCDC, in compliance with section 125 of the Act and clause 8 of the Regulation, is included in the annual report for the Department of Planning, Housing and Infrastructure.

Internal audit and risk management policy attestation

Refer to the following page.

Key risks affecting the agency

HCCDC uses a key Business Risk Assessment process which is aligned with the Department's Risk Management Guide. The assessment is reviewed and updated at least annually to address changes in HCCDC's risk environment.

Considered risks relate to:

- funding
- community support
- corporate governance
- legal
- safety
- asset management
- corruption
- climate.

We use several mitigation strategies to manage these risks.

Internal Audit and Risk Management Attestation Statement for the 2024-2025 Financial Year for the Hunter and Central Coast Development Corporation

I, Valentina Misevska, Chief Executive, Hunter and Central Coast Development Corporation, am of the opinion that the Hunter and Central Coast Development Corporation has internal audit and risk management processes in operation that are compliant with the seven Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework

- | | | |
|-----|---|-----------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|-----------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing. | Compliant |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|-----------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'. | Compliant |

Membership

For the FY2024-25 reporting period, the independent Chair and members of the Audit and Risk Committee were:

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Nirmal Hansra	1 July 2023	30 June 2026
Independent Member	Abigail Goldberg	1 July 2023	30 June 2026
Independent Member	Brendan Crotty	30 March 2023	29 March 2026

Shared Arrangements

I, Valentina Misevska, Chief Executive, Hunter and Central Coast Development Corporation, advise that the Hunter and Central Coast Development Corporation has entered into an approved shared arrangement comprising the following agencies:

- Cemeteries and Crematoria NSW
- Hunter and Central Coast Development Corporation
- Luna Park Reserve Trust
- Place Management NSW
- Planning Ministerial Corporation
- Property and Development NSW
- Sydney Olympic Park Authority
- Waste Assets Management Corporation

The resources shared include the Audit and Risk Committee, the Chief Audit Executive, and the internal audit function. The shared Audit and Risk Committee is a collaborative shared arrangement Audit and Risk Committee.



Valentina Misevska
Chief Executive
Hunter and Central Coast Development Corporation
Date: 31 July 2025

Agency Contact:
Virginia Tinson
Director Audit
0400 835 279

Sustainability

Modern Slavery Act 2018

Significant operational issues

There were no issues raised in relation to HCCDC by the NSW Anti-slavery Commissioner in the 2024-25 reporting period.

Reasonable steps

During the 2024–2025 reporting period, HCCDC undertook efforts to align with the NSW Office of the Anti-Slavery Commissioner’s (OASC) Guidance on Reasonable Steps, recognising the importance of strengthening our approach to identifying and managing modern slavery risks.

Reasonable steps undertaken during the reporting year are summarised in the table below:

Reasonable step	Actions
Commit	<ul style="list-style-type: none">• Adoption of a Modern Slavery Policy (once finalised and approved by the Department).• Adoption of a Modern Slavery Risk Management Plan (once finalised).• Sought advice from the portfolio department (Legal, Procurement, Governance) and/or OASC on modern slavery implementation.
Plan	<ul style="list-style-type: none">• Use of a procurement system and procurement strategy embedded with Modern Slavery information and a risk assessment.
Source	<ul style="list-style-type: none">• Use of customer agreement templates with Modern Slavery contract clauses included.• Use of suppliers registered on NSW Supplier Hub.• Active evaluation/consideration of modern slavery in any high-risk procurements undertaken.

Manage	<ul style="list-style-type: none"> HCCDC contract managers monitor and evaluate supplier performance relating to modern slavery throughout the contract term, in line with the guidance of the NSW Anti-slavery Commissioner and the DPHI procurement framework. Contracts require suppliers to comply with all relevant modern slavery laws, provide information and cooperation as requested, and ensure similar obligations are passed down to subcontractors. HCCDC reserves the right to audit, request information, and terminate contracts for non-compliance with modern slavery requirements.
Remedy & Report	<ul style="list-style-type: none"> Modern slavery addressed in this annual report in accordance with guidance provided by the NSW Anti-slavery Commissioner.
Improve	<ul style="list-style-type: none"> Use of modern slavery resources and training provided by the lead department including Procurement Community of Practice and intranet content.

Workforce diversity

Table 4. Trends in the Representation of Workforce Diversity Groups ^{1,2,3,4}

Workforce Diversity Group	Benchmark	2023	2024	2025
Women	50%	47.8%	50.0%	47.8%
Aboriginal and/or Torres Strait Islander People	3.3%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	23.2%	17.9%	21.3%	16.4%
People with Disability	5.6%	0.0%	0.0%	0.0%

People with Disability Requiring Work-Related Adjustment	N/A	0.0%	0.0%	0.0%
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Table 5. Trends in the Distribution Index for Workforce Diversity Groups ^{5,6}

Workforce Diversity Group	Benchmark	2023	2024	2025
Women	100	N/A	N/A	N/A
Aboriginal and/or Torres Strait Islander People	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

¹ The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

² The NSW Public Sector Aboriginal Employment Strategy 2019–2025 takes a career pathway approach in that it sets an ambitious target of 3% Aboriginal employment at each non-executive grade of the public sector by 2025.

³ A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

⁴ In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to

5.6% by 2027. More information can be found at: *Jobs for People with Disability: A plan for the NSW public sector*. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

⁵ A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

⁶ The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Financial performance

Refer to the following pages.



INDEPENDENT AUDITOR'S REPORT

Hunter and Central Coast Development Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Hunter and Central Coast Development Corporation (the Corporation), which comprise the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of material accounting policy information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

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 Corporation 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).

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

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

Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Corporation's ability 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.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its 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.



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

7 October 2025
SYDNEY

Hunter and Central Coast Development Corporation

Annual Financial Statements

for the year ended 30 June 2025

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Hunter and Central Coast Development Corporation
Statement by the Chief Executive Officer
for the year ended 30 June 2025

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2024 and the Treasurer's directions, and
- present fairly the Hunter and Central Coast Development Corporation's financial position, financial performance and cash flows.



Valentina Misevska
Chief Executive Officer

Date: 1 October 2025

Hunter and Central Coast Development Corporation
Statement of Comprehensive Income
for the year ended 30 June 2025

		Actual	Budget	Actual
		2025	2025	2024
	Notes	\$'000	\$'000	\$'000
Expenses				
Operating expenses				
Personnel services expenses	2(a)	4,363	6,386	4,493
Other operating expenses	2(b)	8,632	20,836	9,764
Depreciation and amortisation	2(c)	2,382	2,144	2,084
Grants and subsidies	2(d)	9,349	12,310	1,820
Finance costs	2(e)	398	200	453
Total expenses		25,124	41,876	18,614
Revenue				
Sale of goods and services from contracts with customers	3(a)	-	1,025	155
Investment revenue	3(b)	3,430	2,476	3,083
Grants and contributions	3(c)	15,785	18,341	3,495
Acceptance by the Crown of employee benefits and other liabilities	3(d)	73	79	184
Other revenue	3(e)	2,395	930	5,628
Total revenue		21,683	22,850	12,545
Operating result		(3,441)	(19,026)	(6,069)
Other gains / (losses)	4	(840)	-	834
Net result		(4,281)	(19,026)	(5,235)
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to net result in subsequent periods</i>				
Net increase in property, plant and equipment revaluation surplus	9	4,599	-	7,643
Total other comprehensive income		4,599	-	7,643
TOTAL COMPREHENSIVE INCOME		318	(19,026)	2,408

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Financial Position
as at 30 June 2025

		Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	5	22,068	10,656	25,645
Receivables	6	1,570	713	392
Inventories	8	14,268	31,075	7,578
Total current assets		37,906	42,444	33,615
Non-current assets				
Inventories	8	55,424	38,347	61,536
Property, plant and equipment			-	
Land and buildings	9	67,857	63,331	64,073
Plant and equipment	9	67	289	89
Infrastructure systems	9	53,131	49,204	52,608
Total property, plant and equipment		121,055	112,824	116,770
Right-of-use assets	10	21	-	-
Total non-current assets		176,500	151,172	178,306
Total assets		214,406	193,616	211,921
LIABILITIES				
Current liabilities				
Payables	13	2,237	1,133	2,635
Contract liabilities	7	2,173	-	882
Provisions	14	493	427	489
Borrowings	15	4	-	-
Other	16	3	90	3
Total current liabilities		4,910	1,650	4,009
Non-current liabilities				
Provisions	14	31,443	32,063	30,195
Borrowings	15	18	8,000	-
Other	16	85	-	85
Total non-current liabilities		31,546	40,063	30,280
Total liabilities		36,456	41,712	34,289
Net assets		177,950	151,904	177,632
EQUITY				
Accumulated funds		113,197	93,847	117,478
Reserves		64,753	58,057	60,154
Total equity		177,950	151,904	177,632

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Changes in Equity
for the year ended 30 June 2025

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2024		117,478	60,154	177,632
Net result for the year		(4,281)	-	(4,281)
Other comprehensive income				
Net revaluation increment in property, plant and equipment	9	-	4,599	4,599
Total comprehensive income for the year		(4,281)	4,599	318
Balance at 30 June 2025		113,197	64,753	177,950

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2023		122,713	52,511	175,224
Net result for the year		(5,235)	-	(5,235)
Other comprehensive income				
Net revaluation increment in property, plant and equipment	9	-	7,643	7,643
Total comprehensive income for the year		(5,235)	7,643	2,408
Balance at 30 June 2024		117,478	60,154	177,632

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Cash Flows
for the year ended 30 June 2025

	Notes	Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies	2(d)	(9,349)	(12,310)	(1,820)
Suppliers and personnel services		(14,129)	(20,608)	(11,257)
Inventories	8	(1,413)	(7,125)	(1,758)
Finance costs	2(e)	(1)	(200)	-
Total payments		(24,892)	(40,243)	(14,835)
Receipts				
Reimbursements from the Crown		-	-	65
Sale of goods and services		5,723	5,141	9,446
Interest received	3(b)	1,039	300	1,093
Grants and other contributions	3(c)	15,785	18,420	3,495
Total receipts		22,547	23,860	14,099
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	(2,345)	(16,383)	(736)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	9	(1,230)	(300)	(441)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,230)	(300)	(441)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from borrowings	15	-	8,000	-
Payment of principal portion of lease liabilities	15	(2)	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2)	8,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,577)	(8,683)	(1,177)
Opening cash and cash equivalents		25,645	19,338	26,822
CLOSING CASH AND CASH EQUIVALENTS	5	22,068	10,656	25,645

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements

for the year ended 30 June 2025

1. Statement of material accounting policy information

(a) Reporting entity

The Hunter and Central Coast Development Corporation ("the Corporation") is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Corporation is established under the *Growth Centres (Development Corporations) Act 1974*. This Act defines the functions and geographic area of the Corporation.

These financial statements for the year ended 30 June 2025 are authorised for issue by the Chief Executive Officer on the date the Statement by the Chief Executive Officer was signed.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and the Government Sector Finance Regulation 2024; and
- Treasurer's Directions issued under the GSF Act.

The financial statements are prepared on a going concern basis.

Property, plant and equipment is measured at fair value. Land inventories (other than those held for distribution) are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost.

Provisions are measured at the net present value of the estimated costs in perpetuity. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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 Corporation's presentation and functional currency.

(c) Statement of compliance

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

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

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except that the:

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- 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 are recoverable from, or payable to, the ATO are classified as operating cash flows.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

1. Summary of material accounting policy information (cont'd)

(e) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous year for all amounts reported in the financial statements. The Corporation restated the below comparative information during 2024-25 as a result of a new general ledger accounting structure following new accounting system integration.

- Reclassified 2024 comparative 'revitalisation project costs' of \$0.723 million to 'fees for services' in Note 2(b) Other operating expenses
- Reclassified 2024 comparative 'site disposal costs' of \$0.381 million to 'fees for services' in Note 2(b) Other operating expenses

In accordance with AASB 1055 BC20, the Corporation has reclassified certain budgetary line items in the Statement of Comprehensive Income and also Statement of Cash Flows to more accurately reflect variances against actual results. These reclassifications were minor and maintained the total budget approved by Treasury.

(f) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2024-25

The accounting policies applied in 2024-25 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards (AAS) that have been applied for the first time in 2024-25. There is no material impact from the application of these new standards.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2024)*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (effective from 1 January 2024)*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (effective from 1 January 2024)*
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (effective from 1 January 2024)*
- AASB 2024-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements Mandate agencies not to early adopt any of the new Standards/Interpretations (effective from 1 January 2024)*

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 17 *Insurance Contracts (effective from 1 January 2026)*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture (effective from 1 January 2028)*
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector (effective from 1 July 2026)*
- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability (effective from 1 January 2025)*
- AASB 18 *Presentation and Disclosure in Financial Statements (Appendix D) [for not-for-profit and superannuation entities] (effective from 1 January 2028)*
- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments (effective from 1 January 2026)*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11 (effective from 1 January 2026)*

The Corporation has assessed any potential impact on the financial statements due to these new accounting standards or interpretations and found that there will be no material financial impact when implemented.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

2. Expenses

(a) Personnel services expenses

	2025	2024
	\$'000	\$'000
Salaries and wages (including annual leave)	3,586	3,667
Long service leave	84	190
Superannuation - defined contribution plans	426	387
Workers' compensation insurance	35	24
Payroll tax and Fringe benefits tax	232	225
	4,363	4,493

Employee costs for the year were recognised as Personnel Services provided by the Department of Planning, Housing and Infrastructure (DPHI). These personnel services are expensed when incurred.

(b) Other operating expenses

	2025	2024
	\$'000	\$'000
External audit of the financial statements	102	95
Cost of inventory sales	-	152
Cost of inventory distribution	-	3,263
Fees for services	4,272	3,103
Asset management	2,155	1,522
Cockle Creek containment cell maintenance - Note 14	732	729
Insurance	296	293
Remediation expenditure	-	301
Contractors	434	202
Public infrastructure expenditure	278	22
Expected credit loss provision	178	-
Expenses relating to short-term leases	3	3
Other	182	79
	8,632	9,764

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

2. Expenses (cont'd)

(b) Other operating expenses (cont'd)

Recognition and measurement

Cost of inventory sales and cost of inventory distribution

The Corporation holds the majority of its land as inventory and as such the value of any inventory sold during the year is recorded in the Statement of comprehensive income as cost of sales. Any other costs related to the sale of the inventory including legal fees and marketing are recorded as fees for service. The cost of sales varies each year depending on the carrying value of assets disposed and the number of sites sold or dedicated. There has been no (\$nil) cost of inventory sales in 2024-25. Only one asset was disposed of in 2023-24. There is no cost of inventory distribution in 2024-25 compared to 2023-24 as a number of assets were dedicated to councils during the year.

Fees for service

The Corporation engages service providers to support operations and project delivery activities. These include engagements for site corporate service support and management activities, event management and activation costs along with project expenditure on contractors, legal fees, site disposal costs and revitalisation activities. These activities are best outsourced to specialist service providers.

Remediation expenditure

There was no expenditure in 2024-25 for the Kooragang Island remediation project as the project was completed. No further expenditure is expected as the site has now been handed over to the property owner.

Asset management

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 then depreciated.

Public infrastructure expenditure

Public infrastructure expenditure refers to the infrastructure works delivered on the public sites not owned by the Corporation. The 2024-25 costs are higher than in 2024 due to a Safer Cities project starting delivery during the year compared to less works delivered on the public sites during the 2023-24 financial year.

Cockle Creek containment cell maintenance expense

The expense relates to maintenance costs incurred by the Waste Assets Management Corporation to maintain the containment cell on the site.

Insurance

The Corporation'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.

Lease expense

The Corporation recognises the lease payments associated with the following types of 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 are 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.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

2. Expenses (cont'd)

(c) Depreciation and amortisation expense

	2025 \$'000	2024 \$'000
Depreciation:		
Buildings	973	890
Infrastructure systems	1,384	1,164
Plant and equipment	22	30
Right-of-use assets	3	-
Total depreciation	2,382	2,084

Refer to Note 9 for recognition and measurement policies on depreciation and amortisation and Note 10 for right of use assets depreciation policies.

(d) Grants and subsidies

	2025 \$'000	2024 \$'000
Newcastle Mines Grouting Fund	949	1,820
University of Newcastle Gosford Campus Grant	8,400	-
	9,349	1,820

(e) Finance costs

	2025 \$'000	2024 \$'000
Unwinding of discount rate on provision - Note 14	397	453
Interest expense from lease liabilities - Note 15	1	-
	398	453

Recognition and measurement

Finance Costs

Finance costs include borrowing costs. AASB 137 Provisions, Contingent Liabilities and Contingent Assets provides that the increase in a provision resulting from the unwinding of the discount rate must be recognised as a borrowing cost.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

3. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), 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) Sale of goods and services

	2025	2024
	\$'000	\$'000
Sale of goods - inventories	-	155
	-	155

Recognition and measurement

There is no revenue recognised for the sale of inventories in 2024-25 as no sales have occurred. In 2024-23-24, a smaller parcel of land at Cockle Creek was disposed.

Sale of goods

Revenue from sale of goods is recognised when the Corporation satisfies a performance obligation by transferring the promised goods. The nature of the goods that the Corporation has promised to transfer is mainly in relation to inventories (Note 8). The Corporation typically satisfies its performance obligations when the control of the good is transferred to the customer. The control of land is considered transferred once a land title is legally transferred. The payments are typically settled at the time of the title transfer.

Revenue from sale of other goods is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

(b) Investment revenue

	2025	2024
	\$'000	\$'000
Interest income from financial assets at amortised cost	1,039	1,093
Rental income	2,391	1,990
	3,430	3,083

Recognition and measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e., after deducting the loss allowance for expected credit losses).

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

3. Revenue (cont'd)

(c) Grants and contributions

	2025 \$'000	2024 \$'000
<i>Grants with sufficiently specific performance obligations / milestones</i>		
Mt Penang Festival Road study	-	243
Safer Cities Grant	375	92
Newcastle Port Community Contribution	90	60
<i>Grants without sufficiently specific performance obligations / milestones</i>		
Newcastle Mines Grouting Fund	3,900	2,100
University of Newcastle Gosford Campus Grant	8,400	-
Gosford Waterfront Election Commitment	1,500	1,000
Other Grants	1,520	-
	15,785	3,495

Recognition and measurement

Grants are received by the Corporation to support its service delivery objectives and the funding agreements typically specify the purpose of the grants. Some funding agreements have well defined milestones and funding is received by the Corporation upon completion of those milestones.

Revenue from grants to acquire/construct a recognisable non-financial asset to be controlled by the Corporation is recognised when the Corporation satisfies its obligations under the agreement. The Corporation satisfies performance obligations under the transfer to construct non-financial assets over time. Unless specified in the underlying funding agreement, grant revenue recognised by the Corporation equals cost incurred, because this reflects progress to completion based on cost recovery arrangements.

Revenue from grants with sufficiently specific milestones/performance obligations and agreed funding against each milestone is recognised as when the Corporation satisfies its performance obligation by transferring promised goods/achieving milestones.

Income from funding without sufficiently specific performance obligations is recognised when the Corporation obtains control over the granted assets (i.e., cash received).

Grants with sufficiently specific performance obligations / milestones include \$0.38 million for Safer Cities project from the Transport for NSW and \$0.09 million received from the Department of Regional NSW as part of the Newcastle Port Community Contribution Fund following a milestone completion for a Honeysuckle public domain project.

Grants without sufficiently specific performance obligations / milestones include \$8.4 million recognised for the contribution the Corporation then provided to the University of Newcastle for a milestone completion in relation to the construction of a campus building at Gosford. \$3.9 million was received for the Newcastle mines grouting fund whilst \$1.5 million was received as part of the Gosford waterfront election commitment the Corporation has been tasked with delivering. The other grants of \$1.52 million is made up of \$0.95 million funding from the Department for Mount Penang cottage remediation and other works completed for strategic planning, monitoring and waste disposal activities across some land holdings for illegal rubbish dumping.

No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and terms specified in the contract. Refer to Note 7 for the transaction price allocated to performance obligations that have not been satisfied at the end of the reporting period and when it is expected to be recognised as revenue.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

3. Revenue (cont'd)

(d) Acceptance by the Crown of personnel services benefits and other liabilities

	2025 \$'000	2024 \$'000
The following liabilities and expenses have been assumed by the Crown:		
Long service leave	73	184
	<u>73</u>	<u>184</u>

(e) Other revenue

	2025 \$'000	2024 \$'000
Remediation revenue – Crown - refer Note 2(b)	-	1,201
Other income*	2,395	4,427
	<u>2,395</u>	<u>5,628</u>

* Other income includes developer contributions, sundry reimbursements, insurance recoveries and car park and associated fine revenue.

Recognition and measurement

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*. Other income is recognised when the Corporation satisfies a performance obligation by transferring the promised goods or services. Refer to Note 7 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

(f) Deemed appropriations

The *Appropriation Act 2024 (Appropriations Act)*, (and the subsequent variations, if applicable) appropriates the sum of \$2.3 billion to the Minister for Planning and Public Spaces out of the Consolidated Fund for the services of the Department of Planning, Housing and infrastructure (DPHI) for the year 2024–25. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the DPHI and entities that it is administratively responsible for, including the Corporation.

The lead Minister for the Corporation, being the Minister for Planning and Public Spaces, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Corporation receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Corporation. These deemed appropriations are taken to have been given for the services of the DPHI.

A summary of compliance is disclosed in the financial statements of the Annual Report of the DPHI. It has been prepared by aggregating the spending authorities of the Minister for Planning and Public Spaces for the services of the DPHI. It reflects the status at the point in time this disclosure statement is being made. The Corporation's spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for 2024-25 and 2023-24, authorising officers of the Corporation to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Corporation. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the DPHI to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the DPHI.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

4. Other gains / (losses)

	2025	2024
	\$'000	\$'000
(Increase) / Decrease of containment cell maintenance provision - Note 14	(840)	834
	(840)	834

Recognition and measurement

Impairment losses on inventories assets

Impairment losses may arise on inventory 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 the inventory impairment losses are disclosed in the Note 8.

Gain or loss on remeasurement of containment cell maintenance provision

The containment cell maintenance provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the costs to maintain the cell in perpetuity.

5. Current assets – cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at bank and on hand*	22,068	25,645
	22,068	25,645

* 2024-25 Cash at bank includes a restricted cash balance of \$6.628 million (2023-24 restricted cash balance was \$7.728 million). Refer to Note 12 for details.

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash at bank, cash on hand and short-term deposits with original maturities of three months or less.

Total cash and cash equivalents (as per the Statement of Cash Flows) totals the closing at bank balance as per this note.

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

6. Current assets – receivables

	2025	2024
	\$'000	\$'000
Trade receivables	1,244	26
Allowance for expected credit losses*	(178)	(1)
Goods and Services Tax recoverable	383	227
Accrued income	121	140
	<u>1,570</u>	<u>392</u>

*Movements in the allowance for expected credit losses:

Balance at the beginning of the year	1	2
Increase / (decrease) in allowance recognised in net results	177	(1)
Balance at the end of the year	<u>178</u>	<u>1</u>

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and measurement

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Corporation holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Corporation recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Corporation expects to receive, discounted at the original effective interest rate. For trade receivables, the Corporation applies a simplified approach in calculating ECLs. The Corporation recognises a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivables.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

7. Contract assets and liabilities

	2025 \$'000	2024 \$'000
Contract receivables (included in Note 6)	<u>1,244</u>	<u>26</u>
Contract liabilities - current	<u>2,173</u>	<u>882</u>

Recognition and measurement

The balance of contract liabilities at reporting date included funding received in advance adjusted for revenues recognised upon satisfaction of performance obligations such as when the related funding expenditure is incurred. Any balance at the reporting date represents the current year funding received in advance less the revenue recognised.

	2025 \$'000	2024 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>882</u>	<u>626</u>
Revenue recognised from performance obligations satisfied in previous periods	<u>409</u>	<u>910</u>
Transaction price allocated to the remaining performance obligations from contracts with customers	<u>2,173</u>	<u>882</u>

The transaction price allocated to the remaining performance obligations at reporting date relates to the Safer Cities program. The program is expected to be completed in 2025-26.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

8. Current / non-current assets – inventories

	2025 \$'000	2024 \$'000
Current inventories		
Held for distribution - at cost	14,262	7,572
Held for sale - at cost	6	6
	14,268	7,578
Non-current inventories		
Held for distribution - at cost	3,981	11,500
Held for sale - at cost	51,443	50,036
	55,424	61,536
Total inventories	69,692	69,114

Details of inventories:

	Held for sale Current \$'000	Held for sale Non-current \$'000	Held for distribution Current \$'000	Held for distribution Non-current \$'000	Total \$'000
Year ended 30 June 2025					
Net carrying amount at beginning of year	6	50,036	7,572	11,500	69,114
Additions - development costs	-	1,407	6	-	1,413
Reclassification between inventories	-	-	7,519	(7,519)	-
Reclassification from / (to) PP&E	-	-	(835)	-	(835)
Net carrying amount at end of year	6	51,443	14,262	3,981	69,692

	Held for sale Current \$'000	Held for sale Non-current \$'000	Held for distribution Current \$'000	Held for distribution Non-current \$'000	Total \$'000
Year ended 30 June 2024					
Net carrying amount at beginning of year	6,852	44,042	5,138	14,739	70,771
Additions - development costs	-	931	574	253	1,758
Disposals	(152)	-	(3,263)	-	(3,415)
Reclassification between inventories	(6,694)	5,063	5,123	(3,492)	-
Net carrying amount at end of year	6	50,036	7,572	11,500	69,114

Recognition and measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount, or any loss of operating capacity due to obsolescence.

Land inventories (other than those held for distribution) are reported at the lower of cost and net realisable value. Cost includes acquisition and development cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Land inventories have been classified as current and non-current based on the forecast timing of sales.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

8. Current / non-current assets – inventories (cont'd)

Recognition and measurement (cont'd)

Inventories classified as held for distribution include assets whose ownership will transfer to another entity (for example, local government) at nil or nominal value. Inventories held for distribution have been reported at cost where cost is the original value recorded for these assets on acquisition by the Corporation plus the development cost. This cost is believed to be comparable to current replacement cost due to the limited revenue generating potential of the assets. Although these assets are held at cost, upon transfer to a local government entity, the Corporation will write these assets down to nil value.

Environmental Property Services (EPS) undertook a revaluation of land inventories at 31 March 2025 balance date. The valuer issued an updated and final report for the financial year as at 30 June 2025. The revaluation assessment has resulted no impairment at the balance date.

9. Non-current assets – property, plant and equipment

(a) Total property, plant and equipment

	Land and buildings \$'000	Infrastructure systems \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value				
Gross carrying amount	79,748	59,838	165	139,751
Accumulated depreciation and impairment	(18,319)	(10,616)	(46)	(28,981)
Net carrying amount	61,429	49,222	119	110,770
Year ended 30 June 2024				
Net carrying amount at beginning of year	61,429	49,222	119	110,770
Additions	300	141	-	441
Net revaluation increment	3,234	4,409	-	7,643
Depreciation expense - assets owned	(890)	(1,164)	(30)	(2,084)
Net carrying amount at end of year	64,073	52,608	89	116,770
At 1 July 2024 - fair value				
Gross carrying amount	85,146	67,056	165	152,367
Accumulated depreciation and impairment	(21,073)	(14,448)	(76)	(35,597)
Net carrying amount	64,073	52,608	89	116,770
Year ended 30 June 2025				
Net carrying amount at beginning of year	64,073	52,608	89	116,770
Additions	1,230	-	-	1,230
Reclassification from inventories	835	-	-	835
Net revaluation increment	2,692	1,907	-	4,599
Depreciation expense - assets owned	(973)	(1,384)	(22)	(2,379)
Net carrying amount at balance date	67,857	53,131	67	121,055
At 30 June 2025 - fair value				
Gross carrying amount	89,262	69,702	165	159,129
Accumulated depreciation and impairment	(21,405)	(16,571)	(98)	(38,074)
Net carrying amount	67,857	53,131	67	121,055

Assets under construction or work-in-progress at 30 June 2025 was nil (2024: nil)

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

9. Non-current assets – property, plant and equipment (cont'd)

(b) Property, plant and equipment held and used by the entity

	Land and buildings \$'000	Infrastructure systems \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value				
Gross carrying amount	17,266	59,838	165	77,269
Accumulated depreciation and impairment	(730)	(10,616)	(46)	(11,392)
*Net carrying amount	16,536	49,222	119	65,877
Year ended 30 June 2024				
Net carrying amount at beginning of year	16,536	49,222	119	65,877
Additions	-	141	-	141
Net revaluation increment	921	4,409	-	5,330
Depreciation expense - assets owned	(113)	(1,164)	(30)	(1,307)
*Net carrying amount at end of year	17,344	52,608	89	70,041
At 1 July 2024 - fair value				
Gross carrying amount	18,169	67,056	165	85,390
Accumulated depreciation and impairment	(825)	(14,448)	(76)	(15,349)
Net carrying amount	17,344	52,608	89	70,041
Year ended 30 June 2025				
Net carrying amount at beginning of year	17,344	52,608	89	70,041
Additions	-	-	-	-
Net revaluation increment	650	1,907	-	2,557
Depreciation expense - assets owned	(123)	(1,384)	(22)	(1,529)
Net carrying amount at balance date	17,871	53,131	67	71,069
At 30 June 2025 - fair value				
Gross carrying amount	18,855	69,702	165	88,722
Accumulated depreciation and impairment	(983)	(16,571)	(98)	(17,652)
Net carrying amount	17,872	53,131	67	71,070

*Reclassified 2023-24 comparative 'Land and buildings' of \$9.556 million to include land assets under operating leases from Note 9(b) to Note 9(c)

Hunter and Central Coast Development Corporation
Notes to the Financial Statements (cont'd)
for the year ended 30 June 2025

9. Non-current assets – property, plant and equipment (cont'd)

(c) Property, plant and equipment where entity is lessor under operating lease

	Land and buildings \$'000	Total \$'000
At 1 July 2023 - fair value		
Gross carrying amount	62,482	62,482
Accumulated depreciation and impairment	(17,589)	(17,589)
*Net carrying amount	44,893	44,893
Year ended 30 June 2024		
Net carrying amount at beginning of year	44,893	44,893
Additions	300	300
Net revaluation increment	2,313	2,313
Depreciation expense	(777)	(777)
*Net carrying amount at end of year	46,729	46,729
At 1 July 2024 - fair value		
Gross carrying amount	66,977	66,977
Accumulated depreciation and impairment	(20,248)	(20,248)
Net carrying amount	46,729	46,729
Year ended 30 June 2025		
Net carrying amount at beginning of year	46,729	46,729
Additions	1,230	1,230
Net revaluation increment	2,042	2,042
Depreciation expense	(850)	(850)
Net carrying amount at balance date	49,151	49,151
At 30 June 2025 - fair value		
Gross carrying amount	70,407	70,407
Accumulated depreciation and impairment	(20,422)	(20,422)
Net carrying amount	49,985	49,985

*Reclassified 2023-24 comparative 'Land and buildings' of \$9.556 million to include land assets under operating leases from Note 9(b) to Note 9(c)

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

9. Non-current assets – property, plant and equipment (cont'd)

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 Australian Accounting Standards.

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.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Category	Depreciation rate / useful lives
Buildings	1% - 2%
Infrastructure	2%
General plant and equipment	14% - 25%
Office furniture and fittings	10%
Leasehold improvements	Over the period of the lease

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

9. Non-current assets – property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Right-of-Use Assets acquired by lessees

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

Further information on leases is contained at Note 10.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). TD21-05 and TPP 21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment*, AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

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 must 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.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (AASB 2022-10) applies to annual periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* (AASB 13). For non-financial assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, there is a rebuttable assumption that current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable the asset will be used for an alternative purpose to its current use (AASB 13.Aus29.1 and Aus29.2).

Fair value of property, plant and equipment is based on market participants perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 11 for further information regarding fair value.

Revaluations shall be 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 Corporation conducts a comprehensive revaluation at least every three years for its land and buildings and at least every five years for other classes of property, plant and equipment.

The last comprehensive revaluation was completed on 30 June 2024 and was based on an independent assessment. The next comprehensive revaluation is scheduled for year end 30 June 2027.

Land, buildings and infrastructure were revalued on an interim basis by Environmental Property Services (EPS) at 31 March 2025 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated final report as at 30 June 2025. The revaluation assessment has resulted an additional increment of land and buildings by \$0.16 million at the balance date.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

9. Non-current assets – property, plant and equipment (cont'd)

Revaluation of property, plant and equipment (cont'd)

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from the carrying value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Corporation 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.

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 Corporation, 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 Corporation with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Corporation 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 Corporation 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.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13 *Fair Value Measurement*.

As a not-for-profit Corporation, 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 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.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

10. Leases

A. Leases as a lessee

The Corporation leases motor vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Corporation does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Corporation and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). 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.

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Corporation 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.

(a) Right-of-use assets under leases

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

	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2024	-	-
Additions	24	24
Depreciation expense	(3)	(3)
Balance at 30 June 2025	21	21

(b) Lease liabilities

The following table presents liabilities under leases.

	2025 \$'000	2024 \$'000
Balance at 1 July	-	-
Additions	24	-
Interest expenses	1	-
Payments (principle and interest)	(3)	-
Balance at end of the year	22	-

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

10. Leases (cont'd)

A. Leases as a lessee (cont'd)

(c) Right-of-use expenses under leases

The following amounts were recognised in the Statement of comprehensive income for the current and prior periods:

	2025	2024
	\$'000	\$'000
Depreciation expense of right-of-use assets	3	-
Interest expense on lease liabilities	1	-
Expense relating to short-term leases	3	3
Total amount recognised in the Statement of comprehensive income	7	3

The Corporation had total cash outflows for leases of \$0.004 million in 2025 (2024: \$0.003 million).

Recognition and measurement

The Corporation 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 Corporation 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.

Right-of-use assets

The Corporation 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.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles 5 years

If ownership of the leased asset transfers to the Corporation 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.

Lease liabilities

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

Short-term leases and leases of low-value assets

The Corporation 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. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

10. Leases (cont'd)

B. Leases as a lessor

Some of the Corporation's properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at the balance date are as follows:

	2025 \$'000	2024 \$'000
Future minimum lease receipts under non-cancellable operating leases as lessor:		
Within one year	1,892	1,785
One to two years	1,745	813
Two to three years	1,716	813
Three to four years	1,250	774
Four to five years	874	449
Later than five years	7,841	9,163
Total (excluding GST)	15,318	13,797

Recognition and measurement – lessor for operating lease

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

11. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the 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.

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

(a) Fair value hierarchy

2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 9)				
Land and buildings	-	-	67,857	67,857
Infrastructure systems	-	-	53,131	53,131
	-	-	120,988	120,988
2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 9)				
Land and buildings*	-	-	64,073	64,073
Infrastructure systems	-	-	52,608	52,608
	-	-	116,681	116,681

*2023-24 comparatives were changed from level 2 to level 3 to reflect the revised classification of land assets (\$26.56 million) as having all level 3 inputs to align to the classification adopted in the fair value hierarchy for 2024-25.

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

(b) Valuation inputs, techniques and processes

Land, buildings and infrastructure had an interim revaluation completed by expert external valuer Environmental Property Services (EPS) at 31 March 2025 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated final report as at 30 June 2025. The revaluation assessment has resulted an additional increment of land and buildings by \$0.16 million at the balance date.

The valuation is compliant with the relevant requirements as set out in Treasury Policy paper TPP 21-09, Treasury Direction TD21-05 and Australian Accounting Standards AASB13, AASB116 and AASB 2022-10. The fair value hierarchy for these assets is considered to be at Level 2 for lands and Level 3 for buildings and infrastructure.

Method of valuation: current replacement cost approach

This valuation method applies to buildings and infrastructure systems based on replacement costs. These assets are held at current replacement cost less accumulated depreciation i.e., based on the amount required to replace the service potential of an asset (often referred to as current replacement cost), that is the cost to acquire or construct a similar asset, adjusted for physical deterioration and all forms of obsolescence.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

11. Fair value measurement of non-financial assets (cont'd)

Method of valuation: current replacement cost approach (cont'd)

The following inputs have been considered in this valuation process. These include:

- Property attributes e.g., location, construction type, condition, age, building areas;
- Price per square metre for the building derived from Rawlinsons Construction Handbook and research of actual costs for comparable assets;
- Quoted prices for similar assets or liabilities in active and non-active markets;
- Market trends and economic outlook; and
- Total and remaining economic life.

Relationship of unobservable inputs to fair value

Unobservable inputs have an impact on the fair value of building assets. The fair value of buildings may increase if construction costs increase. The fair value of buildings will increase if the useful life of the building increases (e.g. due to refurbishment). The fair value of buildings will generally decrease as the building deteriorates in condition.

The replacement cost of each heritage item has been assessed in line with Treasury Policy Accounting Policy TPP21-09 Valuation of Physical Non-Current Assets at Fair Value. The gross replacement cost has been determined using inputs referred to above. The remaining economic life in terms of years for each asset individually based upon the total economic life, condition, upgrades/renovations and other building attributes.

Method of valuation: market approach

This valuation method applies to land based on prices and other relevant information generated by market transactions involving identical or similar assets.

Plant and equipment and leasehold improvements

These assets are not included in the table above because they are measured at depreciated historical cost as an approximation of fair value.

(c) Reconciliation of recurring level 3 fair value measurements

2025

	Land and buildings \$'000	Infrastructure \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2024	64,073	52,608	116,681
Additions	1,230	-	1,230
Reclassification from inventories	835	-	835
Net revaluation increment	2,692	1,907	4,599
Depreciation	(973)	(1,384)	(2,357)
Fair value as at 30 June 2025	67,857	53,131	120,988

	Land and buildings \$'000	Infrastructure \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2023	61,429	49,222	110,651
Additions	300	141	441
Net revaluation increment	3,234	4,409	7,643
Depreciation	(890)	(1,164)	(2,054)
Fair value as at 30 June 2024	64,073	52,608	116,681

*2023-24 comparatives were changed from level 2 to level 3 to reflect the revised classification of land assets (\$26.56 million) as having all level 3 inputs to align to the classification adopted in the fair value hierarchy for 2024-25.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

12. Restricted assets

	2025	2024
	\$'000	\$'000
Lake Macquarie perpetual care fund	6,628	7,728
	<u>6,628</u>	<u>7,728</u>

The Lake Macquarie perpetual care fund is recognised as a restricted cash as there are specific legislative conditions associated with the use of the fund under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. The amount is reported in Note 5 Cash and cash equivalents.

The balance of the fund has decreased since 30 June 2024 for the site expenditure incurred during the year. Expenditure incurred across the site to enable subdivision and development as well as other allowable costs incurred by the Corporation have been reimbursed from the fund.

13. Current liabilities – payables

	2025	2024
	\$'000	\$'000
Personnel services - accrued salaries and wages	120	83
Creditors	1,999	2,421
Goods and Services Tax payable	-	46
Unearned revenue	118	85
	<u>2,237</u>	<u>2,635</u>

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Corporation 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 in the net result when the liabilities are derecognised as well as through the amortisation process.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

14. Current / non-current liabilities – provisions

	2025 \$'000	2024 \$'000
Provisions - current liabilities		
Personnel services - annual leave	272	337
Personnel services - on-costs	217	152
Parental leave provision	4	-
	<u>493</u>	<u>489</u>
Personnel services benefits expected to be settled within 12 months from reporting date		
Annual leave	<u>272</u>	<u>337</u>
	<u>272</u>	<u>337</u>
Other provisions - non-current liabilities		
Provision for Cockle Creek containment cell maintenance	31,432	30,195
Personnel services - on-costs non-current	11	-
Total	<u>31,443</u>	<u>30,195</u>
Total Provisions	<u>31,936</u>	<u>30,684</u>
Aggregate personnel services		
Provisions	504	489
Personnel services - accrued salaries, wages and on-costs (Note 13)	120	83
	<u>624</u>	<u>572</u>

The non-current provision for Cockle Creek containment cell maintenance represents the net present value of the estimated costs in perpetuity to maintain the contamination containment cell on the site as required under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. The provision was reviewed at balance date and adjusted to reflect the current best estimate.

Movement in provisions (other than employee benefits)

Movements in each class of provision during the period, other than employee benefits, are set out below:

	Containment cell maintenance provision \$'000
2025	
Carrying amount at the beginning of the year	30,195
Additional provisions recognised	732
Amounts used	(732)
Provision remeasurement	840
Unwinding of discount rate	397
Carrying amount at the end of the year	<u>31,432</u>

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

14. Current / non-current liabilities - provisions (cont'd)

Movement in provisions (other than employee benefits) (cont'd)

	Containment cell maintenance provision \$'000
2024	
Carrying amount at the beginning of the year	30,576
Additional provisions recognised	729
Amounts used	(729)
Provision remeasurement	(834)
Change in the discount rate	453
Carrying amount at the end of the year	30,195

Recognition and measurement

Personnel services benefits and related on-costs

Salaries and wages, annual leave and sick leave

The Corporation does not employ any staff and receives personnel services from the Department of Planning, Housing and Infrastructure. The cost of personnel services is recognised as expense and provisions.

If annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting in which the employees render the related service, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. All annual leave balance is expected to be settled within 12 months.

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.

Long service leave and superannuation

The Corporation's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. The Corporation 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 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 Aware Super) is calculated as a percentage of the employees' salaries. 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.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

14. Current / non-current liabilities - provisions (cont'd)

Recognition and measurement (cont'd)

Personnel services benefits and related on-costs (cont'd)

Parental leave

A liability for parental leave and associated on-costs is recognised and measured in respect of employees with approved parental leave that have not been taken at the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Other provisions

Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of comprehensive income.

Any provisions for restructuring are recognised only when the Corporation has a detailed formal plan and the Corporation has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

15. Borrowings

	2025 \$'000	2024 \$'000
Current		
Lease liability (see Note 10)	4	-
	<u>4</u>	<u>-</u>
Non-current		
Lease liability (see Note 10)	18	-
	<u>18</u>	<u>-</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 21.

Recognition and measurement

Borrowing represents interest bearing liabilities mainly raised through lease liabilities under AASB 16 *Leases*. The Corporation is required to use the rate implicit in the lease for initial recognition of the lease liability in the first instance. Where this cannot be determined, the incremental borrowing rate (IBR) should be used.

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.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

15. Borrowings (cont'd)

Change in liabilities arising from financing activities

	Leases \$'000	Total liabilities from financing activities \$'000
Balance at 30 June 2024	-	-
Addition - new lease	24	24
Cash flows - repayments (principle and interest)	(3)	(3)
Cash flows - interest additions	1	1
Balance at 30 June 2025	22	22

16. Other liabilities

	2025 \$'000	2024 \$'000
Current		
Security deposits	3	3
	3	3
Non-current		
Security deposits	85	85
	85	85

17. Commitments

The Corporation has no capital expenditure commitments at balance date.

18. Contingent liabilities and contingent assets

The Corporation has no known contingent assets or liabilities at reporting date.

19. 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 are as follows:

	2025 \$'000	2024 \$'000
Net cash used on operating activities	(2,345)	(736)
Depreciation and amortisation	(2,382)	(2,084)
Assets transferred free of charge	-	(3,263)
Increase in inventories	1,413	1,606
Increase/(Decrease) in receivables	1,178	(574)
Decrease/(Increase) in creditors and borrowings	398	(225)
(Increase)/Decrease in provisions	(1,252)	297
(Increase) in contract liabilities	(1,291)	(256)
Net result	(4,281)	(5,235)

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

20. Budget review

Net result

The net result is favourable to budget by \$14.7 million.

- Revenue overall was \$1.2 million less than budget and total expenditure was \$16.8 million lower than budget for the year. Other losses were \$0.8 million and unfavourable for the year due to the remeasurement of the provision for the contamination cell under management at Cockle Creek.
- The largest item impacting the favourable budget result for the year relates to the \$12.2 million budget variance for other operating expenses which included the deferral of \$6.0 million of assets to be dedicated to Central Coast Council from assets constructed at Mt Penang. This non-cash asset transfer will occur in the 2025-26 financial year. There was a budget transfer into future years of \$4.0 million in relation to an election commitment project on the Central Coast which had a change to the project scope and resulted in delays to works being completed until final objectives were determined. There was also a delay of \$1.9 million in relation to other asset disposals for property held on the Central Coast now deferred to future financial years.
- Grant expenditure was \$3.0 million below budget resulting from savings in relation to the now closed Newcastle Mines Grouting Fund. There was also \$2.0 million savings in relation to labour expenditure.
- Revenue from the sale of goods and services is \$1.0 million lower than budget due to the timing of land sales being deferred into future years following a revision in asset sales plan.
- Investment revenue is higher than the budget due to higher bank interest received as a result of higher cash held and also higher interest rates.
- Grants and contribution income is lower than budget due to the delay and budget transfer into future years in relation to an election commitment on the Central Coast. Other income is higher than budget due to higher car parking revenue and higher developer contribution payments during the year.
- Other gains and losses was unfavourable to budget with a change to the provision for long-term maintenance of the contamination containment cell at Cockle Creek as noted above. This was a non-cash transaction.

Assets and liabilities

The net asset position is \$26.0 million higher than the budget primarily due to:

- Cash and cash equivalents being \$11.4 million higher due to higher profit and lower expenditure achieved as compared to budget. Also the cash balance at 1 July 2024 was higher than budget assumptions due to favourable 2024 profit result also leading to a higher cash balance at the end of the reporting period.
- The net inventory position (current and non-current inventory) is broadly in line with budget. Higher non-current inventory is a result of some project delays and disposals now happening later than originally budgeted.
- Property, plant and equipment assets are \$8.3 million above budget. Asset revaluation resulted in an increase to Land and Buildings plus Property, Plant and Equipment following the asset review completed in the financial year as well as at 30 June 2024 which was in addition to budget assumptions.
- Total liabilities are \$5.3 million favourable to budget primarily as a result of not drawing down on any budgeted debt due to a favourable overall cash position for the year off-set by higher payables and contract liabilities due to contracting timing differences at 30 June 2025.

Cash flows

Net cash and cash equivalents at the end of the year was \$11.4 million favourable to budget as a result of:

- The opening cash position at 1 July 2024 was \$6.3 million higher than budget due to the previous financial year budget savings. The Corporation was also not required to access the \$8.0 million budgeted debt facility during the financial year.
- Cash payments to suppliers (including inventory payments) were \$12.2 million favourable due to lower inventory expenditure and lower operating expenditures compared to budget primarily due to delays in projects deferred to future financial years. Some of the expenditure relates to the election commitment that had a change in project scope and has since been deferred to future financial years.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

21. Financial instruments

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

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

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Corporation on a continuous basis.

(a) Financial instrument categories

Class	Note	Category	Carrying	Carrying
			amount	amount
			2025	2024
			\$'000	\$'000
<u>Financial assets</u>				
Cash and cash equivalents	5	Amortised cost	22,068	25,645
Receivables ¹	6	Amortised cost	1,187	165
<u>Financial Liabilities</u>				
Payables ²	13	Financial liabilities measured at amortised cost	2,119	2,504

Notes

1. Excludes statutory receivables and prepayments (i.e., not within scope of AASB 7)

2. Excludes statutory payables, unearned revenue and non-cash works-in-kind received in advance (i.e., not within scope of AASB 7)

The Corporation 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 liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets or if:

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

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

21. Financial instruments (cont'd)

(b) Derecognition of financial assets and liabilities (cont'd)

Where the Corporation 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 Corporation's continuing involvement in the asset. In that case, the Corporation 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 Corporation 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 Corporation 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 that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to the 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 Agency, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees. Credit risk associated with the Corporation's financial assets, other than receivables, is managed thorough the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on the daily bank balance at the monthly TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables - trade debtors

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 Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified Gross Domestic Product (GDP) and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The loss allowance for trade debtors as at 30 June 2025 and 30 June 2024 was determined as follows:

30 June 2025						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate*	0.00%	2.50%	5.00%	10.00%	100.00%	79.46%
Estimated total gross carrying amount at default	-	47	-	-	177	224
Expected credit loss	-	1	-	-	177	178

30 June 2024						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate*	0.00%	0.00%	5.00%	10.00%	25.00%	3.85%
Estimated total gross carrying amount at default	21	2	1	-	2	26
Expected credit loss	-	-	-	-	1	1

Notes

*Expected credit loss rates applied to the aged debtors are 2.5% for <30 days, 5% for 30-60 days, 10% for 61-90 days and 25% for >91 days as per the Corporation's policy.

The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 6.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2025.

(ii) Liquidity risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

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 Treasury TPG25-04 *NSW Government Faster Payment Terms Policy*. For small business suppliers, where terms are not specified, payment is made not later than 5 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For late invoice payments, the Minister may automatically pay the supplier simple interest. No interest penalty was paid during the period 1 July 2024 to 30 June 2025 (2024: nil).

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

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective Int. rate	Nominal Amount ¹	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 year	1 - 5 years	> 5 years
30 June 2025								
Trade creditors and accruals	N/A	2,119	-	-	2,119	2,119	-	-
Lease liabilities	N/A	22	22	-	-	4	18	-
		2,141	22	-	2,119	2,123	18	-
30 June 2024								
Trade creditors and accruals	N/A	2,504	-	-	2,504	2,504	-	-
		2,504	-	-	2,504	2,504	-	-

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of financial position.

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation 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 Corporation 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 2024. 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 Corporation's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp.

The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. 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 Reserve Bank of Australia (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.

Since May 2022 there has been a number of interest rate increases from the RBA and more recently two rate reductions. Financial forecasts vary but general consensus from economic experts suggest more interest rate increases are unlikely with a greater likelihood that rates will decrease gradually over the medium term following the recent peak.

The Corporation's exposure to interest rate risk is set out below.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(iii) Market risk (cont'd)

	Carrying amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
30 June 2025					
<i>Financial assets</i>					
Cash and cash equivalents	22,068	(221)	(221)	221	221
<i>Financial liabilities</i>					
Borrowings	22	-	-	-	-
	Carrying amount \$'000	+1% Profit \$'000	Equity \$'000	-1% Profit \$'000	Equity \$'000
30 June 2024					
<i>Financial assets</i>					
Cash and cash equivalents	25,645	(256)	(256)	256	256
<i>Financial liabilities</i>					
Borrowings	-	-	-	-	-

(e) Fair value measurement

Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the 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. Given the nature of the financial instruments held by the Corporation, their carrying amounts approximate the fair value.

22. Program group

The Corporation's activities are reported under the program group "Better use of government-owned land and property" supporting the State outcome "Maximise community benefit from government land and property".

The Corporation has only one program therefore does not prepare disaggregated disclosure statements.

Hunter and Central Coast Development Corporation

Notes to the Financial Statements (cont'd)

for the year ended 30 June 2025

23. Related party disclosure

(a) Key management personnel compensation

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

	2025	2024
	\$'000	\$'000
Short-term employee benefits	263	268
Post-employment benefits	31	27
Total remuneration	<u>294</u>	<u>295</u>

The above key management personnel compensation excludes the Minister for Planning and Public Spaces. Ministerial compensation is paid by the NSW Legislature, not the Corporation. It also excludes long service leave and defined benefit superannuation amounts, which are assumed by the Crown.

The Corporation did not provide any non-monetary benefits to Cabinet Ministers, their close family members or entities controlled or jointly controlled thereof during the period.

(b) Transactions with key management personnel

The Corporation did not enter into any related party transactions with key management personnel, their close family members or entities controlled or jointly controlled thereof during the period.

(c) Transactions with government related entities during the financial year

During the period, the Corporation entered into the following individually significant arm's-length transactions with other entities that are controlled by the NSW Government:

- Personnel service expenses transacted from the Department of Planning, Housing and Infrastructure of \$4.4 million (2024: \$4.5 million), of these, \$0.12 million (2024: \$0.08 million) is recognised as accrued expense and \$0.5 million (2024: \$0.5 million) recognised as provisions for annual leave and on-costs at the balance date
- Corporate shared service expense from the Department of Planning, Housing and Infrastructure of \$1.1 million (2024: \$1.1 million)
- Contaminated land containment cells maintenance fees charged from Waste Assets Management Corporation of \$0.7 million (2024: \$0.7 million), of these, \$0.1 million is recognised as accrued expense
- Safer Cities grant received from the Transport for NSW of \$1.7 million (2024: \$0.9m), of these, \$0.4 million has been recognised as revenue and remaining has been recognised as part of contract liability of \$2.2 million

The Corporation also entered into other transactions with entities that are controlled by the NSW Government during the year. These transactions are conducted at arm's length and are not individually significant. This includes the Audit Office of NSW, Property NSW, Office of State Revenue, NSW Self Insurance Corporation, Crown and other NSW government entities.

24. Events after the reporting period

There are no other known events that would impact on the state of the Corporation or have a material impact on the financial statements.

End of audited financial statements.