

HUNTER DEVELOPMENT CORPORATION



ANNUAL REPORT 2011/2012



Hunter
Development
Corporation





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TO THE MINISTER

31 October 2012

The Hon. Bradley Hazzard MP
Minister for Planning and Infrastructure
Minister Assisting the Premier on Infrastructure NSW
Parliament House
SYDNEY NSW 2000

Dear Minister,

Please find enclosed the annual report of the Hunter Development Corporation for the year ended 30 June 2012. The report details the work, achievements and relevant statutory and financial information of this statutory body. The report is for submission to Parliament under the *Annual Reports (Statutory Bodies) Regulation 2010* and the applicable provisions of the *Public Finance and Audit Act 1983*.

Yours sincerely,



Paul Broad
Chairman



Sam Haddad
Director General
Department of Planning and Infrastructure

ABOUT THE HUNTER DEVELOPMENT CORPORATION



The Hunter Development Corporation (HDC) is constituted under the Growth Centres (Development Corporations) Act 1974 and operates in accordance with its provisions.

VISION

To facilitate growth, investment and renewal in the Hunter region. In doing so, the Corporation strives to facilitate private sector investment in projects which contribute to economic growth, employment, residential, commercial and industrial opportunities in the Hunter.

NATURE & SCOPE OF ACTIVITIES

As a State Government agency charged with control of key strategic state owned lands, the Hunter Development Corporation facilitates private sector investment on lands that would otherwise remain under-utilised or closed to the public. The Corporation continues to add value to the process of development by removing or addressing constraints that prevent development or redevelopment of important landholdings. By creating new opportunities for private sector investment, it creates new opportunities for growth in employment, residential, industrial and commercial development. This includes the former BHP landholdings at Mayfield and West Wallsend, industrial and employment landholdings at Tomago and Kooragang Island and the Honeysuckle urban renewal project.



The Corporation has a role in the resourcing and facilitation of infrastructure planning in the Hunter, working collaboratively with several other agencies across a number of infrastructure and planning initiatives. These include supporting the work of the Hunter Infrastructure and Investment Fund Advisory Board in drawing up a 20-year regional infrastructure plan and evaluating economic and social infrastructure projects for potential funding. It also works closely with the Department of Planning and Infrastructure on broader land-use and infrastructure planning in the Hunter, particularly with reference to the review of the Lower Hunter Regional Strategy. The Corporation is also leading the work to develop a Strategic Infrastructure Plan for the Hunter region under the auspices of Hunter Councils Inc.

Asset and property management of key public domain lands and employment lands is another responsibility. This includes overseeing significant remediation and environmental programs on industrial lands at Mayfield and Kooragang Island.

The Corporation strives to ensure development projects on lands under its control achieve the best possible outcomes for the community. This means ensuring good urban design, sound environmental and sustainability outcomes, social outcomes and excellent public domain and recreation spaces and facilities for wider public benefit. The Corporation's Growth Centre encompasses the eleven local government areas which constitute the Hunter region, namely, Cessnock, Dungog, Gloucester, Great Lakes, Lake Macquarie, Maitland, Muswellbrook, Newcastle, Port Stephens, Singleton and Upper Hunter.

CHAIRMAN'S OVERVIEW



The year 2012 saw two very important symbolic events occur in Newcastle. The first was the 20th anniversary of the Honeysuckle urban renewal project and the second was the completion of stage two of the clean up on the former BHP Steelworks at Mayfield. In their own ways, each represents seismic shifts in the economic and social fabric of the region.

Over the past 20 years the Honeysuckle project has generated some \$2.05 billion in economic activity and 7,323 jobs. The great success of the project has been that a small amount of public funding has leveraged a huge investment from the private sector. Since 1992, \$267.7 million in public sector investment has attracted some \$767.7 million in private sector investment in development projects in Newcastle. This investment has generated \$1.016 billion in flow-on investment in the regional economy.

The Honeysuckle project has created much more than just a popular dining and recreation precinct. It has also delivered residential precincts, a marina and a wide range of community works and essential infrastructure such as roads and bridges, power, telecommunications and drainage.

Honeysuckle's contribution to the city will continue in 2013 with two new commercial developments soon to commence: the 20,000 square metre Honeysuckle Central commercial office project and the new corporate headquarters for The Greater Building Society next to the Hunter Water building. Beyond this, our aim is to continue to refine our planning for the next major land releases at Cottage Creek and Throsby Wharf. Earmarked for tourism related uses and potentially a convention, exhibition and entertainment centre surrounded by quality open spaces, these parcels of land will make an enormous contribution to the Newcastle of the future. They will link to Wickham and Newcastle West, the parts of the inner city with the greatest capacity for growth for decades to come.

At the former steelworks site at Mayfield, the Corporation's work will bring the city's biggest land-based remediation challenge to a close within the target date of the end of 2012. In 2011-12 the Corporation tackled 38 hectares of remediation, bringing the total area remediated by the Corporation to 90 hectares, an area equivalent to 150 football fields. The clean-up is essential to secure the site's future as a



regionally important industrial hub. The NSW Government's decision not to proceed with a detailed assessment of Hunter Ports Ltd's proposal for a large scale coal loading facility at the former BHP Steelworks site at Mayfield was the correct one for the city because it recognises the ongoing need for diversification of the port. As a consequence the Corporation continues to work with the Buildev Intertrade Consortium to progress its plans for a general industrial subdivision on the site which will support diversified industrial employment growth for many years to come.

The recent announcement of a partnership between Urbangrowth NSW (formerly Landcom) and the GPT Group to redevelop a substantial part of GPT's Newcastle Mall landholdings is another significant step forward for the city. The expertise of Urbangrowth NSW in delivering residential housing and GPT in delivering high-end retail is a perfect fit for this part of Newcastle. The NSW Government also commenced works on a new court house in the Civic precinct, a project identified by the Corporation as another significant catalyst for the city.

The Corporation has been heavily involved in planning work being done across several different realms, including through the Hunter Infrastructure and Investment Fund which is putting together a 20-year regional infrastructure plan. In this way the Corporation has been instrumental in laying the groundwork for judicious investment in infrastructure by both private and public sectors for maximum economic and social benefit.

I thank HDC General Manager Bob Hawes and his team for their commitment and hard work throughout the year and note Bob's contribution to the property industry was recognised in 2012 with the awarding of life membership of the NSW division of the Property Council of Australia.

Paul Broad
Chairman

GENERAL MANAGER'S REPORT



The 20 year anniversary of the Honeysuckle project is an opportunity to reflect on significant past achievements and simultaneously recognise this period in time is somewhat of a redefining period for the Hunter Development Corporation.

Honeysuckle's development came of age for much of the community as the last of the family of heritage buildings, the former railway and wharf-side structures, was utilised for a truly enduring use. The new Newcastle Museum joined Wine Selectors, The Forum, the Maritime Centre and the Honeysuckle Hotel in bringing life to the precinct. These buildings have long been the face of Honeysuckle, the litmus test for the project and a measure of its success. The full activation of each building signifies a major achievement. The excellence of these achievements was recognised with the Newcastle Museum and Honeysuckle featuring in industry awards during the year. The Museum won the Urban Development Institute of Australia Award for Excellence in the heritage category for a NSW regional project. Congratulations must go to the City of Newcastle for such an achievement.

Honeysuckle is not just about the heritage buildings. The year also saw the Greater Building Society announce its intention to establish a new head office on the site to the west of Hunter Water Corporation's building. Meanwhile, Buildev commenced marketing in

earnest the 20,000 square metre Honeysuckle Central project after receiving approval for some amendments to the project plan. Both projects have the capacity to further elevate Honeysuckle's commercial profile and contribute to economic revitalisation in the Newcastle CBD.

The Corporation continues to work with the Department of Planning and Infrastructure and the City of Newcastle to resource the proposed Urban Renewal State Environmental Planning Policy for the city. At a time when the property market is subdued, notwithstanding the apparent regional strength across the resource sector, the Urban Renewal policy presents an opportunity to assist with solving challenges faced by investors and landowners in the city. This ability will be influenced by progress on a number of catalyst projects. Whilst Honeysuckle continues to play a part, the prospect of a GPT/Urbangrowth project, a University city campus alongside the new justice precinct in Civic provide powerful engines for change and further growth in the CBD.

Significantly, this plan will share a space with a number of other strategic initiatives capable of shining a spotlight on the future of the Hunter. The alignment and inter-connectivity of respective land-use, transport, conservation, economic and social infrastructure strategies and plans will be the first time the Hunter



region will have produced such a series of documents with federal, state and local buy-in. The challenges are not to be oversimplified and the opportunity is unique and exciting. The Corporation will continue to play a key role in assisting government and other agencies to bring these initiatives to reality.

The Corporation also came to an agreement with RailCorp to investigate the potential development of 20 hectares of RailCorp land at Glendale which has strong prospects of contributing to this emerging regional centre. This work will take place in 2012-13, after which the site's opportunities and constraints will be better defined. The Corporation is also keen to ensure future development of employment lands in western Lake Macquarie continues to be on the radar by ensuring it is included in the forthcoming review of the Lower Hunter Regional Strategy.

Of course the Corporation continues to occupy itself with a wide range of other projects noted elsewhere in this report. So much of this work is relatively unseen, such as site remediation and waste emplacement closure works at Mayfield and Kooragang Island respectively. Yet the opportunity that follows is regionally, if not nationally, significant. We continue to work with other state agencies such as the Office of Environment and Heritage and Newcastle Port Corporation to realise these projects and bring this important work to conclusion.

The 20 year Honeysuckle project landmark significance has been noted and it also represented a special landmark for two employees of the Corporation. Coral McDonnell started work on Honeysuckle prior to incorporation and has been a part of the entire history of the project. Coral continues to be the backbone of corporate knowledge and the administrative core for HDC and her significant contribution is truly appreciated.

Julie Rich also achieved 20 years and has filled a variety of operations positions with the Corporation. Like Coral, Julie has played a significant role in the growth of the organisation. Her dedication and effort is also recognised and appreciated. I know both Julie and Coral take tremendous pride in their efforts and they will do so for years to come.

I thank the Board for its guidance and contribution during this time of change. I also acknowledge the dedication, interest and commitment of the staff and other agencies we work closely with in achieving specific and broader collaborative goals. I look forward to assisting in delivery on these projects and opportunities in the years to come.

A handwritten signature in black ink, appearing to read 'Bob Hawes'.

Bob Hawes
General Manager

CORPORATE GOVERNANCE

The Hunter Development Corporation is committed to maintaining the highest standards of corporate governance. As a NSW Government organisation, corporate governance is the province of a board of directors which reports to the Minister for Planning and Infrastructure. The Director General of the Department of Planning and Infrastructure is the Chief Executive of the Corporation.

The Board sets and oversees the direction of the Corporation by actively participating in strategic planning. It also provides guidance and oversees the performance of the Corporation's policies, management and operation.

Corporate governance policies and procedures are received by the Board to ensure the organisation's actions conform to legal and other requirements with the goal of ensuring finances and other resources are controlled effectively.

The Board comprises the Chairman and six members. Members are appointed by the Minister for Planning and Infrastructure.

To ensure adequate control systems and processes are in place to safeguard the assets, reputation and sustainability of the Corporation, the Board has established an Audit and Risk Committee.

The Corporation's three-year internal audit plan is reviewed annually and has an emphasis on both financial and operational matters. The Corporation's internal and external auditors also attend Audit and Risk Committee meetings where required.

All recommendations from the internal audit reports have been implemented.

Hunter Development Corporation held nine Board meetings, including one Open Board meeting, four Audit and Risk Committee meetings and one workshop in the year ended 30 June 2012.



THE BOARD



Chairman

Mr Paul Broad M.Comm

Paul Broad is CEO of Infrastructure NSW, established by the NSW Government in mid-2011 to improve the state's capacity to meet infrastructure needs and drive economic growth and social development. Prior to leading Infrastructure NSW, Mr Broad was CEO of telecommunications company AAPT (May 2007-June 2011). He had been Managing Director of PowerTel since November 2004 before it combined with AAPT. Mr Broad has 15 years experience leading some of Australia's largest energy and water companies such as EnergyAustralia, Sydney Water and Hunter Water. He is a director of Community Telco Australia and a non-executive director of iiNet Limited and KUTh Energy Limited. He holds a BCom (Hons) and a MComm (Econ) from the University of Newcastle.

Meeting attendance

Board: 8 of 9

Workshops: 1 of 1



Director

Gary Kennedy

Mr Kennedy is the Secretary of the Newcastle Trades Hall Council. He is President of Newcastle Panthers and Cardiff Panthers and a Director of Panthers Entertainment Group. Mr Kennedy is also a Director of Regional Development Australia (Hunter), Hunter Water Corporation and Industry Development Centre and is Treasurer of Disability Advocacy NSW Inc.

Meeting attendance

Board: 8 of 9

Workshops: 1 of 1



Director

The Hon. Patricia Forsythe

Ms Forsythe is the Executive Director of the Sydney Business Chamber, a member of the Macquarie University Council, a non-executive Director of the Hunter Medical Research Institute; Business Events Sydney; the Anglican Board of Mission and Cricket NSW. Ms Forsythe was a Member of the Legislative Council of NSW from 1991 to 2006.

Meeting attendance

Board: 8 of 9

Workshops: 1 of 1

**Director****Karen Howard**

Ms Howard is currently an Independent Director and also Chairman of GP Access and a current Director of the NSW Business Chamber. Previous Directorships include Nova Credit Union, the Westpac Rescue Helicopter Service and the Hunter Business Chamber where Ms Howard is the Immediate Past President.

Meeting attendance

Board: 9 of 9

Audit & Risk Committee: 4 of 4

Workshops: 1 of 1

**Director****David Evans B.Ec (Hons), FAICD**

Mr Evans is a member of Sydney Catchment Authority, a former Director of Country Energy and was a Director of the former Regional Land Management Corporation. He is a former Managing Director of Sydney Water Corporation (2004-2006), Managing Director of Hunter Water Corporation (1993-2006) and Chairman of the Board of the Hunter Area Health Service (1997-2003).

Meeting attendance

Board: 9 of 9

Audit & Risk Committee: 4 of 4

Workshops: 1 of 1

**Director****Sharon Smith**

Ms Smith is currently an Independent Director with more than 15 years' experience as a Senior Executive including as Chief Financial Officer and General Manager Business Strategy and Communications at Hunter Water Corporation and previously Company Secretary of Hunter Water Corporation, Regional Land Management Corporation and HWA Pty Ltd and a former Director of the State Records Board of NSW.

Meeting attendance

Board: 7 of 9

Audit & Risk Committee: 4 of 4

Workshops: 1 of 1

**Sam Haddad**

(or representative)

Mr Haddad is the Director General of the Department of Planning and Infrastructure. Mr Haddad has had more than 38 years' professional experience, 20 years at senior executive level. He has worked in the private sector in project management and infrastructure development and has held several senior positions with the NSW Department of Planning and its predecessors. He has extensive experience in administering and leading the State's planning system. He has led and implemented significant policy, legislative, organisational and operational reforms.

Meeting attendance

Board: 6 of 9

STAFF

General Manager

Bob Hawes

B.Ec, AAPI

Commercial Manager

Robert Foster

B.Bus (Acc.) CPA

COMMUNICATIONS

Communications Manager

Luke Mellare

B.A. (Comms) M.A (Media. Technology, the Law)

FINANCE AND ADMINISTRATION

Senior Accountant

Renee Foate

B.Com, CPA

Administration Manager

Coral McDonnell

Admin Support Officer

Karen Cooper

Admin Support Officer

Allissa Arnold

Executive Assistant

Gillian Foulcher

OPERATIONS

Senior Development Manager

Jacob Whiting

B.Sc. Construction Mngmt, M.Bld Construction

Senior Development Manager, Capital Works

Geoff Wade

B.Sc. (Architecture), B. Arch (Hons 1)

Senior Development Manager, Planning

Scott Anson

BA, Grad.Dip.Urb.Reg.Plan, Grad.Dip.Urb.Des, MPIA, CPP

Development Manager

Valentina Misevska

LLB, Dip. Legal Practice, B.Com

Development Manager

Garth Greenaway

Environmental Manager

Mike Bardsley

B. Eng (Civil), MIEA

Project Manager

David Antcliff

B. Construction Management (Hons)

Development Officer

David Legg

Development Officer

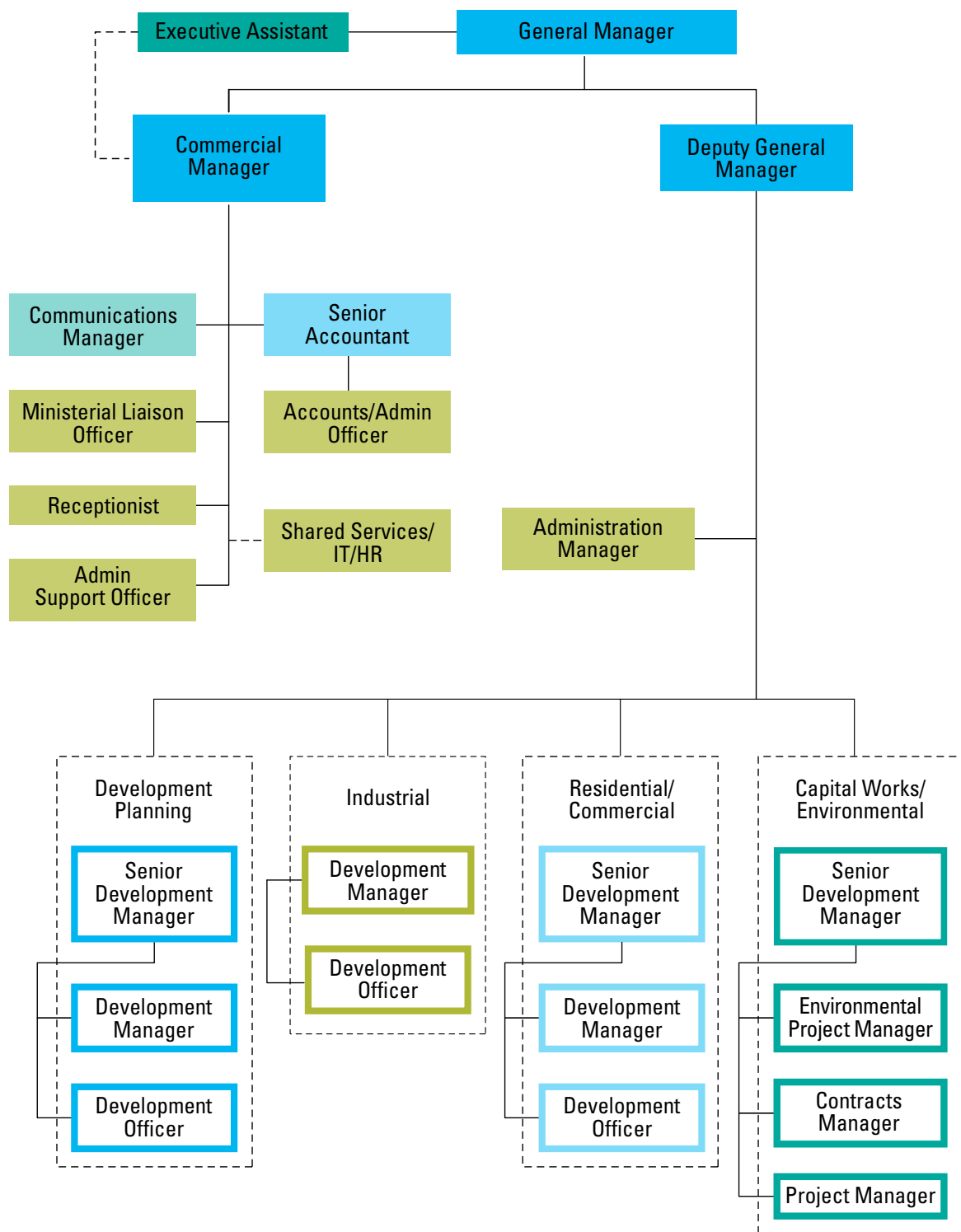
Toni Cappiello

Development Officer

Jeremy Amann

B. Construction Mngt (build), Dip Surveying

HUNTER DEVELOPMENT CORPORATION ORGANISATION CHART



HIGHLIGHTS & KEY OUTCOMES FOR 2011-12



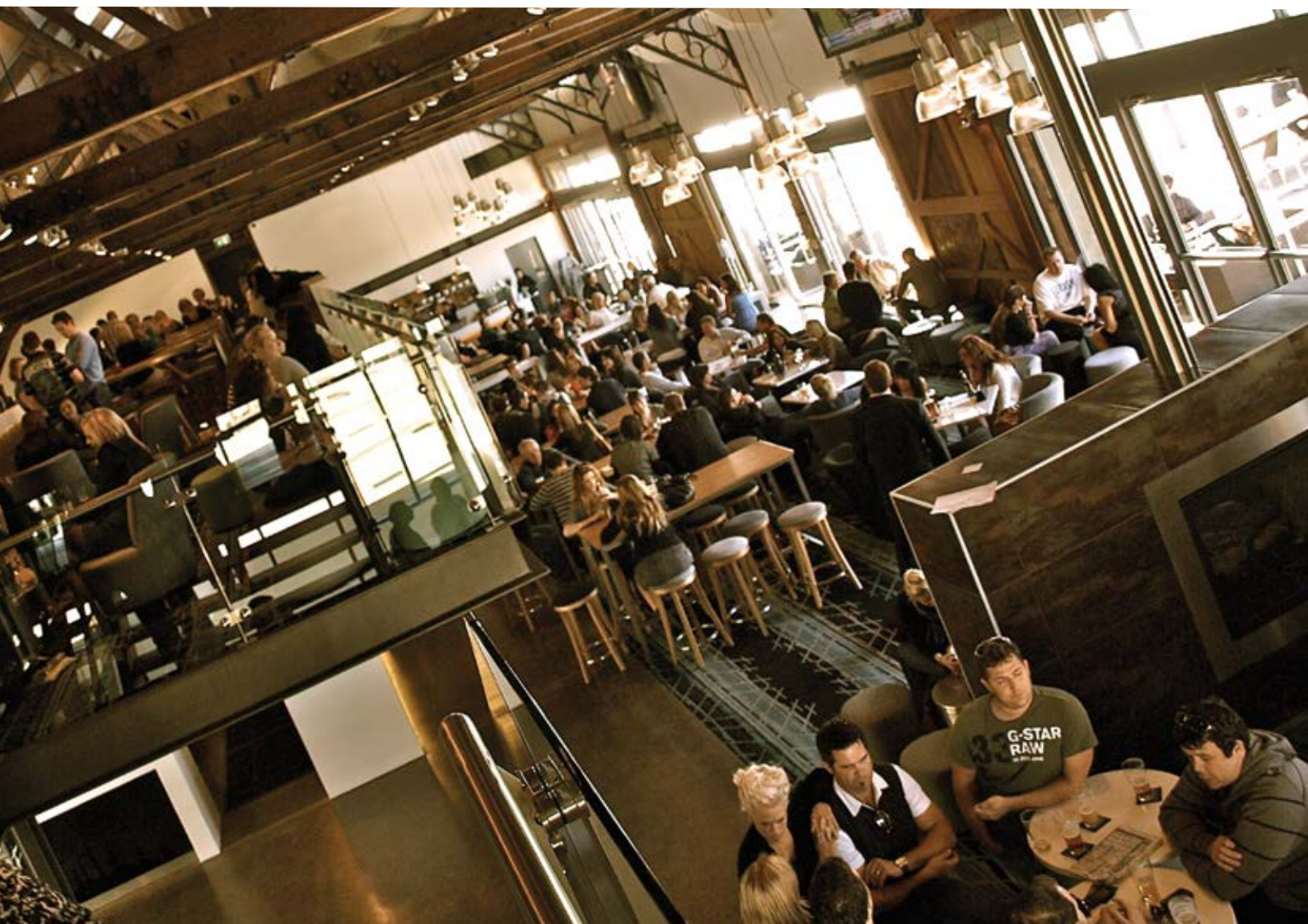
/ Celebrated the 20th anniversary of the Honeysuckle urban renewal project – one of the most significant urban renewal projects in NSW which has generated more than \$2 billion in economic activity in the Hunter economy

/ The Honeysuckle Hotel and Newcastle Museum were named finalists in the 2012 Urban Development Institute of Australia Awards for Excellence. The Museum was “commended” in the heritage category and won the NSW regional category

/ Exchanged contracts for the sale of land at Honeysuckle to enable the construction of a new corporate headquarters for The Greater Building Society

/ By the end of the reporting period, on track to finalise Stage Two of the remediation of the former BHP Steelworks site at Mayfield, Newcastle, on time, bringing the total area remediated to 90 hectares or the equivalent of 150 football fields

/ Continued to work with a proponent to progress plans for an industrial subdivision on the former BHP Steelworks site at Mayfield, Newcastle, known as Intertrade



- / Established the Hunter Infrastructure and Investment Fund (HIIF) and provided ongoing resourcing for the Fund
- / Commenced work on producing a 20-year infrastructure plan for the Hunter region
- / Opened a 257-space car park to support economic and social activity in the Honeysuckle precinct
- / Marketing commenced by the proponent of a new commercial office development in Honeysuckle which will bring 20,000 square metres of much needed A-grade office space to the market
- / Sold a 242 hectare parcel of land at Tomago, north of Newcastle, for environmental offset purposes, ensuring the land is protected and preserved for environmental conservation
- / Entered into an agreement with RailCorp to commence investigations into the potential development of 20 hectares of Railcorp land at Glendale
- / The Corporation's work since 1992 in restoring and preparing for the adaptive re-use of the Honeysuckle precinct's nine heritage buildings was recognised with the Award for Excellence in Urban Design at the 2012 Landcom Lower Hunter Urban Design Awards

URBAN RENEWAL THE HONEYSUCKLE PROJECT



In 2012 the Corporation marked the 20th anniversary of the Honeysuckle urban renewal project. The anniversary, which occurred on 29 May 2012, marked the establishment of the Honeysuckle Development Corporation in 1992 and the commencement of the 50 hectare urban renewal project on Newcastle Harbour.

Under the Honeysuckle project a wide range of community works and essential infrastructure such as roads and bridges, telecommunications, power and drainage have been delivered. Forty-three of the 50 hectares have been cleaned up from industrial contamination and extensive repairs carried out to several kilometres of seawalls. The remaining unremediated lands will be remediated as they are developed in the future.

Since 1992, some 38 hectares have been developed, producing 893 residential dwellings, 69,000 square metres of commercial and retail floor space and 13 hectares of open space. Honeysuckle is now home to an estimated residential population of 2,200 people, and to a working population of some 2,500 workers.

Honeysuckle's ability to act as a springboard to tourism was enhanced in 2011 with the opening of the Newcastle Museum in the restored railway workshop buildings, with the facility attracting more than 100,000 visitors in its first six months of operation. Harbour and whale watching tours continued to operate from the Lee Wharf Pontoon and Harbour Square Boat Dock.

The Corporation teamed up with the City of Newcastle to enter the Newcastle Museum in the Urban Development Institute of Australia Awards for Excellence 2012 under the category of Urban Renewal. The Museum was "commended" in that category and won the NSW regional award.

In 2011-12, work continued on the Honeysuckle project in a variety of areas. Two new commercial developments were preparing to commence: the 20,000 square metre Honeysuckle Central project and the new corporate headquarters for The Greater Building Society next to the Hunter Water building. The Greater Building Society undertook planning work during the year and is expected to submit a development application by June 2013. This development will add some 14,900 square metres of office space to the city. It is anticipated the building will be under construction in the second half of 2014, with completion due in 2015. Three new retailers established businesses in the Lee Wharf area, the most recently completed part of the Honeysuckle project.

The Corporation's work to refine its masterplanning of the undeveloped lands at Cottage Creek was effectively placed on hold during 2011-12 as a taskforce convened by the NSW Government investigated possible sites in Newcastle, including Cottage Creek, to host a future international expo. When the recommendations of the taskforce are known the Corporation will be in a position to advance its work on the site.

URBAN RENEWAL NEWCASTLE CITY CENTRE



There were many positive developments during the year which will contribute in meaningful ways to the ongoing renewal of the Newcastle city centre.

In June 2012 the Member for Newcastle, Tim Owen, announced that Landcom, now known as Urbangrowth NSW, had purchased two thirds of GPT's Newcastle city centre landholdings and entered into a project delivery agreement for the renewal of four city blocks including Hunter Street. The key urban renewal project will act as a catalyst for further renewal in surrounding areas. It followed the NSW Government's announcement in the 2012 State Budget of the creation of Urbangrowth NSW through the integration and refocusing of Landcom and the Sydney Metropolitan Development Authority to act as a key driver of housing delivery in the state.

Following extensive work by a group of stakeholders through a Mine Subsidence Working Group chaired by the Department of Premier and Cabinet, and including the Hunter Development Corporation, the Mine Subsidence Board released a map plotting the known mine subsidence affected parts of the city. The map provides a greater level of certainty for investors looking to build in the city centre. This initiative puts long sought-after information into the public domain.

Work began on the new Newcastle Courthouse development on a site at Civic bounded by Hunter and Burwood Streets. Mine subsidence grouting works were undertaken and plans for the complex approved by the Joint Regional Planning Panel. The new Newcastle Courthouse development will replace the existing court facilities with a modern and functional facility to meet Newcastle's growing Local, District and Supreme court needs.



The new courthouse will provide 10 courts and two tribunal rooms in a proposed 11,000 square metre, seven-storey building. The Newcastle Courthouse development is expected to be completed in late 2014 at an estimated cost of \$94 million.

Progress on another of the Corporation's landholdings, Lot 230 on Honeysuckle Drive, is linked to an application from the University of Newcastle to the Commonwealth Government's Education Infrastructure Fund for funding to construct a new city campus. While this application was not tied to Lot 230 specifically, the NSW Government had offered the site to the University pending finalisation of its planning and funding arrangements.

The Department of Planning and Infrastructure undertook studies and analysis of a range of issues affecting the renewal of the city centre as part of its work to develop an urban renewal study

for the city centre, under State Environmental Planning Policy (Urban Renewal) 2010.

Another city centre urban renewal issue that was the subject of considerable debate during the year was the proposal to construct a new rail/bus interchange at Wickham as foreshadowed in the 2009 Newcastle City Centre Renewal Report. The NSW Government's consideration of this issue will be closely tied to the work being done to formulate the urban renewal study.



OTHER MAJOR PROJECTS



Glendale

In June 2012 the Corporation reached an agreement with RailCorp to conduct investigations into the development potential of 20 hectares of surplus RailCorp land at Glendale, fronting Main Road. The investigations will focus on the constraints and opportunities of the land to better understand how it might be developed. The site has the potential to deliver exciting economic and social outcomes consistent with the Glendale Regional Centre Masterplan, which envisages a mixture of commercial and residential development. Glendale is also identified in the Lower Hunter Regional Strategy as an emerging regional centre and is on the cusp of transitioning from a suburban to an urban centre. The Corporation is a participant on the Glendale Regional Centre Reference Panel

chaired by Lake Macquarie City Council. Should the investigations prove promising, the Corporation would aim to apply its masterplanning experience and ability to tackle challenges such as remediation and mine subsidence to attract investment on the site. The area would be enhanced by the construction of the proposed Pennant Street rail overbridge. Lake Macquarie Council recently secured funding from both the Federal and State Governments to construct the vehicular overpass connecting Cardiff and Glendale which will directly service the site being investigated.



Mayfield

Along with its large scale remediation program on the former BHP Steelworks site at Mayfield the Corporation is providing lead-in infrastructure to facilitate its long term redevelopment. These works include the provision of a new freight rail line and a sewer pump station. The new 1.7km freight rail line which crosses the site was completed on time and within budget in late 2011. This involved the remediation of lands under the old rail line and its realignment to better suit future industrial use of the site. The line has been handed over to its long term owner Newcastle Port Corporation but during the remainder of 2012 the Corporation will oversee the remaining defect liability and maintenance periods associated with the construction work. The new sewer pump station will allow the site to shut down the old existing onsite sewer treatment facility and connect to the Hunter Water Corporation system which will service the whole site. The facility is currently anticipated to be operational in mid-2014.

Kooragang Island

On behalf of the NSW Government the Corporation is planning and coordinating works to fulfill the State's environmental responsibilities on Kooragang Island. The landfill site was used for many years by BHP during its Newcastle steelworks operations. The project scope involves bringing approximately 60 hectares up to an environmental standard set by the Office of Environment and Heritage. The design and documentation of the required closure works on the former landfill site has progressed pending all necessary approvals from State and Federal authorities before construction work can commence.

HDC has taken the leading role in working through a range of complexities with a variety of stakeholders to ensure that when implemented the works will be environmentally sound and mindful of future potential uses of the site such as the proposed Port Waratah Coal Services T4 Coal Terminal on part of the site.

PUBLIC SPACES & PLACE MAKING



The Corporation hosted a three-day workshop for around sixty members of the Place Leaders Association in May 2012. The Association's membership is comprised of local councils and state government agencies from around Australia and New Zealand responsible for urban renewal projects and building and managing public spaces. The Corporation hired the conference facilities at the Newcastle Museum, conducted a tour of Newcastle and put on a program of excellent speakers around the theme of "innovation".

Support for the Renew Newcastle initiative continued during the year with a \$50,000 contribution designed to assist the group with its work to bring vacant retail spaces in the Newcastle city centre to life with creative and innovative start-up businesses and artistic ventures.

A review of the Corporation's Public Art and Placemaking Strategy was commissioned. From this, planning was commenced for the delivery of public amenity improvements in the public spaces at Honeysuckle. These included the provision of new shade structures and drinking water fountains, sculptural play equipment, interactive design works and temporary art sculptures. It also involved collaborating with organisations looking to stage public events in

Honeysuckle public spaces such as Bikefest and This is Not Art. As part of this work the Corporation funded a program to bring an ephemeral lighting project to Newcastle from the Vivid Sydney Festival of Light.

The Corporation expanded its online presence by developing a Facebook page in addition to other online assets such as the Hunter Development Corporation and Honeysuckle websites, Twitter feed @HoneysuckleNSW, its mobile phone optimised website Honeysuckle Dining and its HarbourLife e-newsletter and e-news bulletins.

As part of its work to support the administrative and resourcing requirements of the Hunter Infrastructure and Investment Fund the Corporation constructed a new website for the Fund. The site, hunterinfrastructure.nsw.gov.au, went live on 4 July 2012 to support the Fund's call for applications for infrastructure funding which was launched on that date.

Support of the Livesites program of public events continued and the Corporation was involved in discussions with other stakeholders including the other founding partner, the City of Newcastle and Newcastle NOW regarding the transition to a new business model for Livesites. As part of this process



the Corporation committed to engage L!vesites to produce a calendar of events to support placemaking in the Honeysuckle project area.

In the financial year to 2011/12, L!vesites programmed 208 days of events and activities attracting attendances of more than 121,560. The program created 1,865 paid performance opportunities for artists and 412 days of work for production and technical crews – all from the Hunter region.

Within the Honeysuckle area and the precincts identified as a priority by the Hunter Development Corporation, the L!vesites program presented 84 performance days and attracted an audience of 59,180. L!vesites continued to present signature events such as Winter Heat which remained most popular with 5,400 attendees, Dancing in the Streets, Muloobinba and Rockers and Revheads. Classics on the Boardwalk and Classics on a Barge continued to attract large audiences – 1,200 and 1,000 respectively – to Honeysuckle. Events such as Feathers, Fur and Fins (1,500 audience) and Dancing in the Streets took place on the western side, serving a family market identified by the businesses there. Shakespeare in the Park in partnership with Tantrum Theatre was severely rain affected but activated the Carrington precinct over eight days. L!vesites ceased to operate from within Newcastle City

Council on 30 June 2012 and future projects will be run with continued support from the Corporation through the business improvement association Newcastle NOW.

Other community initiatives supported during the year included the Newcastle Rowing Club's Throsby Creek Challenge and the Hunter Water Corporation's Shave for a Cure event which involved the entire Cottage Creek business community raising funds for the Leukaemia Foundation. HDC's General Manager, Bob Hawes, personally raised funds for the event by having his head shaved along with other prominent business leaders from the Honeysuckle cluster of businesses.

The Corporation continued its sponsorship of the Property Council of Australia (Hunter Chapter) Newcastle Luncheon series featuring prominent speakers on subjects topical in planning and land development and also the Hunter Valley Research Foundation (HVRF). HVRF Hunter Region Omnibus Surveys were used to assess various aspects of the Honeysuckle project. The June 2012 survey found that 30.1 per cent of respondents had visited Honeysuckle four or more times in the preceding six months and 75.6 per cent agreed or strongly agreed with the statement "Honeysuckle is good for Newcastle".

ENVIRONMENT & HERITAGE

Honeysuckle Heritage

The Newcastle Museum in the railway workshop buildings opened in August 2011. This was the last of the nine heritage buildings in the Honeysuckle precinct to be completely restored and adaptively re-used. In recognition of this achievement the Corporation entered the heritage cluster in the 2012 Landcom Lower Hunter Urban Design Awards and took out the top prize of Award for Excellence in Urban Design. This was recognition of the concerted effort to assess the historical significance of all the heritage buildings in the Honeysuckle project area, devise conservation strategies, restore the buildings and prepare them for adaptive re-use.

Tomago

The Corporation was pleased to offer to the market 242 hectares of land at Tomago for environmental offset purposes in December 2011. This resulted in the sale of the land to Port Waratah Coal Services (PWCS) for use as environmental offset for its proposed T4 coal terminal. The PWCS proposal for the site involves restoring and enhancing its biodiversity and landscape features through the restoration of large saltmarsh meadows and wetlands. The transaction included the lodging of a covenant over the land which dictates it must be used for environmental offset purposes even if the T4 proposal does not proceed. This gives greater certainty the land will be enhanced and preserved for environmental purposes in perpetuity. The land is part of the Hunter River floodplain and forms part of the environmental corridor which runs from the Watagan Mountains in the south to the Stockton Bight in the north.



REGIONAL PLANNING & INFRASTRUCTURE



It has been a busy year for the Corporation in the realm of regional planning and infrastructure planning with the Corporation participating in or leading several distinct but related initiatives.

Hunter Infrastructure and Investment Fund

The State Government appointed the Corporation to administer and resource the Hunter Infrastructure and Investment Fund (HIIF) Advisory Board. In the second half of 2011 the Corporation conducted an expression of interest process on behalf of the NSW Government seeking nominations from community representatives to sit on the HIIF Advisory Board. There was a strong response with the nomination of more than 40 individuals. These nominations were assessed by a panel and recommendations made to the Minister for Planning and Infrastructure, with appointments announced on 23 November 2011. The appointments – Robert Monteath, David Evans, Annette Carruthers and Kristen Keegan – joined HIIF Advisory Board chairman Peter Blackmore.

The Corporation then assisted the Advisory Board to prepare documentation for a call for applications process which was launched on 4 July 2012. This process, which closed on 22 August 2012, aims to identify potential infrastructure projects across the region that could commence no later than 2013-14 and could enhance productivity.

20-year Hunter Infrastructure Plan

On behalf of the HIIF, the Corporation has been leading the process to prepare a 20-year Infrastructure Plan for the Hunter region. The plan, which spans economic and social infrastructure, will be aimed at creating a stronger framework for infrastructure decision making for the future and help inform processes around the selection of projects to be funded from the HIIF Fund.



Hunter Strategic Infrastructure Plan

The Corporation has also taken a lead role in resourcing the work to develop a social infrastructure blueprint for the Lower Hunter to better understand the infrastructure capacity of the region and identify areas where it can be enhanced to boost productivity. The Commonwealth provided a grant of \$500,000 to the applicant – Maitland City Council on behalf of Hunter Councils Inc – to enable this work to be undertaken collaboratively by the Corporation, Hunter Councils Inc, Regional Development Australia Hunter and the Department of Planning and Infrastructure. The project involves the development of a geographic information system tool to model infrastructure capacity and capability. The plan will seek to future-proof the key economic drivers and arteries of the Hunter region and ensure investment in infrastructure, both public and private, is targeted to support regional productivity, sustainability and liveability outcomes. An infrastructure blueprint would also help to position the Hunter to take best advantage of nation building investment in the National Broadband Network, port and freight networks and potential future infrastructure projects such as high speed rail.

Hunter Economic Infrastructure Plan

The Corporation has also participated in an Infrastructure NSW (INSW) project control group to undertake a sectoral plan on the Hunter region with a focus on the coal chain – the Hunter Economic Infrastructure Plan. This work involved working closely with INSW, Regional Development Australia – Hunter and other key stakeholders under an independent Chair.

Lower Hunter Regional Strategy

Collaboration with the Department of Planning and Infrastructure has been undertaken to inform the review of the Lower Hunter Regional Strategy to ensure infrastructure elements are considered and connected with land-use and population planning.



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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Hunter Development Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Hunter Development Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does not provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

James Sugumar
Director, Financial Audit Services

11 September 2012
SYDNEY

Statement by the Board

Directors' Statement

Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2012.

Certificate Under Section 41C of the *Public Finance and Audit Act 1983*.

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Director of Hunter Development Corporation, we declare that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Hunter Development Corporation as at 30 June 2012 and transactions for the year then ended.
- 2) The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Paul Broad

Chairman

Hunter Development Corporation



Sharon Smith

Director

Hunter Development Corporation

7 September 2012

Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
Expenses Excluding Losses				
Operating expenses				
Personnel services expense	2(a)	2,858	3,438	2,768
Other operating expenses	2(b)	5,730	9,835	3,829
Depreciation and amortisation	2(c)	66	63	67
Grants and subsidies	2(d)	732	1,773	2,260
Finance costs	2(e)	462	447	448
Other expenses	2(f)	21,047	34,993	10,653
Total Expenses Excluding Losses		30,895	50,549	20,025
Revenue				
Sale of goods and services	3(a)	10,796	13,073	1,521
Investment revenue	3(b)	2,809	1,787	2,069
Grants and contributions	3(c)	810	810	2,000
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	84	-	64
Other revenue	3(e)	22,600	36,171	11,986
Total Revenue		37,099	51,841	17,640
Gain / (loss) on disposal		-	-	-
Other losses		-	-	-
Net result		6,204	1,292	(2,385)
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		6,204	1,292	(2,385)

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	977	-	83
Receivables	5	857	381	997
Inventories	6	2,674	2,298	5,448
Total Current Assets		4,508	2,679	6,528
Non Current Assets				
Plant & equipment	7	147	150	213
Inventories	6	53,527	52,239	53,543
Total Non Current Assets		53,674	52,389	53,756
TOTAL ASSETS		58,182	55,068	60,284
LIABILITIES				
Current Liabilities				
Payables	8	3,013	737	4,618
Borrowings	9	-	4,279	6,673
Provisions	10	241	275	265
Other	11	125	-	127
Total Current Liabilities		3,379	5,291	11,683
Non Current Liabilities				
Provisions	10	34	34	36
Other	11	114	-	114
Total Non Current Liabilities		148	34	150
TOTAL LIABILITIES		3,527	5,325	11,833
NET ASSETS		54,655	49,743	48,451
EQUITY				
Accumulated funds		54,655	49,743	48,451
TOTAL EQUITY		54,655	49,743	48,451

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2012

	Notes	Accumulated Funds \$'000
Balance at 1 July 2011		48,451
Changes in accounting policy		-
Correction of errors		-
Restated total equity at 1 July 2011		48,451
Net result for the year		6,204
Other comprehensive income:		
Net increase / (decrease) in property, plant and equipment		-
Total other comprehensive income		6,204
Total comprehensive income for the year		6,204
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers		-
Balance at 30 June 2012		54,655
Balance at 1 July 2010		50,836
Changes in accounting policy		-
Correction of errors		-
Restated total equity at 1 July 2010		50,836
Net result for the year		(2,385)
Other comprehensive income:		
Net increase / (decrease) in property, plant and equipment		-
Total other comprehensive income		-
Total comprehensive income for the year		(2,385)
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers		-
Balance at 30 June 2011		48,451

The accompanying notes form part of these statements.

Statement of Cash Flows for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Suppliers and personnel services		(31,899)	(46,090)	(14,905)
Inventories		(140)	(1,836)	(3,305)
Finance costs		(467)	(447)	(696)
Grants and subsidies		(805)	(1,773)	(2,310)
Total Payments		(33,311)	(50,146)	(21,216)
Receipts				
Sale of goods and services		15,191	15,476	4,183
Grants and contributions		25,670	36,981	11,186
Interest received		21	-	27
Total Receipts		40,882	52,457	15,396
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	7,571	2,311	(5,820)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	-	10
Purchases of plant and equipment		(4)	-	(1)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(4)	-	9
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		5,368	-	12,777
Repayment of borrowings		(12,041)	(2,394)	(10,352)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(6,673)	(2,394)	2,425
NET INCREASE / (DECREASE) IN CASH		894	(83)	(3,386)
Opening cash and cash equivalents		83	83	3,469
CLOSING CASH AND CASH EQUIVALENTS	4	977	-	83

The accompanying notes form part of these statements.

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Hunter Development Corporation ("the Corporation"), is a NSW government entity. 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 consolidated as part of the NSW Total State Sector Accounts.

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

The Corporation has not prepared a Service Group Statement for the year ended 30 June 2012 as it is not applicable to its operations.

These financial statements for the year ended 30 June 2012 have been authorised for release by the Directors on 7 September 2012.

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with:

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

The financial report has been prepared on a going concern basis which assumes the Corporation's assets will be realised and liabilities settled in the ordinary course of business. This basis is considered appropriate with reference to the new financing facility as detailed in Note 17

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Borrowing costs

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

(e) Insurance

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 claim experience.

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

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

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense 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 Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

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

(i) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Corporation transfers the significant risks and rewards of ownership of the assets.

(ii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Rental revenue from operating leases is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.

(h) Assets

(i) Acquisition of assets

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

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

(ii) Capitalisation thresholds

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.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 Impairment of Assets effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the Corporation are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation. All material separately identifiable components of assets are depreciated over their shorter useful lives.

The depreciation rates of the various categories of non-current assets are as follows:

Information Technology 25% per annum

Furniture & Fittings 10% per annum

Leasehold Improvements life of the lease

Plant & Equipment 14.29% per annum

(vi) Maintenance

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

(vii) Leased assets

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

The Corporation has no finance lease arrangements.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(viii) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ix) Inventories

Land inventory is reported at the lower of cost and net realisable value. Cost includes acquisition and development costs. Land purchases are recognised on settlement.

Land inventories have been classified as current and non-current in line with forecast sales.

(x) Impairment of financial assets

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

The amount of the impairment loss is recognised in the net result for the year.

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

(xi) Derecognition of financial assets and financial liabilities

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

- where substantially all the risks and rewards have been transferred or
- where the Corporation has not transferred substantially all the risks and rewards, if the Corporation has not retained control.

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

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

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Corporation and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

(iii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

The Corporation has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2012 and at 30 June 2011. However, refer Note 13 regarding disclosures on contingent liabilities.

(iv) Personnel Services Expense

The Corporation does not employ any staff and receives personnel services from the Department of Planning and Infrastructure. The cost of personnel services is recognised as expenses and payables.

The Corporation's liabilities contain provision for recreation leave arising from services rendered by personnel up to balance date. Benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Benefits payable later than one year have been measured at the net present value of estimated future outflows to be made for those benefits.

Sick leave is non-vesting and, it is expected that sick leave taken will be less than sick leave accrued in any future reporting period, therefore no liability is recognised.

The provisions for long service leave and superannuation are not recognised in the Corporation's financial statements. The unfunded liability of these entitlements are transferred to the Crown in accordance with Treasury Guidelines.

(v) Other Provisions

Other provisions exist 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.

Any provisions for restructuring are recognised only when an entity 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.

(j) Accumulated Funds

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

(k) Equity Transfers

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

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(l) Budgeted amounts

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

(m) Comparative information

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

(n) New Australian Accounting Standards issued but not effective

The Corporation did not early adopt any new accounting standards that are not yet effective.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. Those new Accounting Standards and Interpretations relevant to the Corporation which have not yet been adopted and are not yet effective are as follows:

- AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2013);
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (1 January 2013);
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (1 July 2013);
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (1 July 2012).

It is considered that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the Corporation.

2. Expenses Excluding Losses

(a) Personnel service expense

	2012 \$'000	2011 \$'000
Salaries and wages (including recreation leave)	2,498	2,459
Superannuation	205	206
Payroll tax and fringe benefits tax	155	94
Worker's compensation insurance	-	9
	2,858	2,768

(b) Other operating expenses include the following

	2012 \$'000	2011 \$'000
Auditor's remuneration - audit of the financial statements	58	50
Internal audit fees	30	24
Cost of sales	2,710	-
Inventory adjustment to net realisable value	220	960
Operating lease rental expense - minimum lease payments	194	223
Property expenses	1,717	1,761
Insurance	40	39
Community information / liaison and promotion	270	236
Board remuneration	133	88
Fees for services	94	92
Other	264	356
	5,730	3,829

(c) Depreciation and amortisation expense

Depreciation - Furniture & Fittings	5	5
Depreciation - Plant & Equipment	3	4
Amortisation - Leasehold Improvements	58	58
	66	67

(d) Grants and subsidies

Public domain landscaping and seawall repairs	100	1,758
Other services/ community groups	482	343
Community activation	150	159
	732	2,260

(e) Finance costs

Interest expense TCorp Loan	266	247
Interest government guarantee fee	196	201
	462	448

(f) Other expenses

Remediation expense	20,603	6,715
Infrastructure expense	444	3,938
	21,047	10,653

3. Revenue

(a) Sale of goods and services

	2012 \$'000	2011 \$'000
Sale of goods	8,800	-
Other Income ¹	1,996	1,521
	10,796	1,521

Note:

1. Included in Other Income are sundry reimbursements, wharf usage fees and reimbursements, through Section 94 contributions received by Newcastle City Council, for community facilities and open space works previously undertaken on the Honeysuckle site

(b) Investment Revenue

Interest revenue from financial assets not at fair value through profit or loss	18	27
TCorp Hour Glass Facilities designated at fair value through profit or loss	3	-
Rents	2,788	2,042
	2,809	2,069

(c) Grants and contributions

Grant revenue	810	2,000
	810	2,000

(d) Acceptance by the Crown Entity of employee benefits and other liabilities

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

Superannuation – defined benefit	9	11
Long service leave	75	52
Payroll tax	-	1
	84	64

(e) Other revenue

Remediation revenue	22,094	7,799
Infrastructure revenue	506	4,187
	22,600	11,986

4. Current Assets – Cash and Cash Equivalents

	2012 \$'000	2011 \$'000
Cash at bank and on hand	275	83
TCorp Hour Glass Facility	702	-
Short-term deposits	-	-
	977	83

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

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

Cash and cash equivalents (per statement of financial position)	977	83
Closing cash and cash equivalents (per statement of cash flows)	977	83

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. Current / Non-Current Assets – Receivables

	2012 \$'000	2011 \$'000
Sale of goods and services	747	844
Less: Allowance for impairment	-	-
Goods and Services Tax recoverable from ATO	46	153
Prepayments	64	-
	857	997
Movement in the allowance for impairment		
Balance at 1 July	-	-
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June	-	-

6. Current / Non-current Assets – Inventories

	2012 \$'000	2011 \$'000
Current		
At Cost	2,674	5,448
At Valuation	-	-
	2,674	5,448
Non-current		
At Cost	34,979	34,826
At Valuation	18,548	18,717
	53,527	53,543
Total	56,201	58,991
Details of inventories		
Acquisition Costs	54,027	56,827
Development Costs	3,523	3,493
Accumulated Inventory Adjustment to Net Realisable Value	(1,349)	(1,329)
	56,201	58,991

7. Non-Current Assets – Property, Plant and Equipment

	Plant and equipment	Leasehold improvements	Furniture and fittings	Total
At 1 July 2011 – fair value				
Gross carrying amount	55	281	71	407
Accumulated depreciation and impairment	(41)	(111)	(42)	(194)
Net carrying amount	14	170	29	213
At 30 June 2012 – fair value				
Gross carrying amount	54	281	71	406
Accumulated depreciation and impairment	(43)	(169)	(47)	(259)
Net carrying amount	11	112	24	147

Reconciliation

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

Year ended 30 June 2012

Net carrying amount at start of year	14	170	29	213
Additions	6	-	-	6
Disposals	(6)	-	-	(6)
Depreciation expense	(3)	(58)	(5)	(66)
Net carrying amount at end of year	11	112	24	147

At 1 July 2010 – fair value

Gross carrying amount	78	280	81	439
Accumulated depreciation and impairment	(53)	(53)	(48)	(154)
Net carrying amount	25	227	33	285

At 30 June 2011 – fair value

Gross carrying amount	55	281	71	407
Accumulated depreciation and impairment	(41)	(111)	(42)	(194)
Net carrying amount	14	170	29	213

Reconciliation

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

Year ended 30 June 2011

Net carrying amount at start of year	25	227	33	285
Additions	-	1	-	1
Disposals	(7)	-	-	(7)
Depreciation expense	(4)	(58)	(4)	(66)
Net carrying amount at end of year	14	170	29	213

8. Current Liabilities – Payables

	2012 \$'000	2011 \$'000
Accrued salaries, wages and on-costs	121	106
Creditors	1,188	2,877
Unearned revenue	1,704	1,635
	3,013	4,618

9. Current / Non-Current Liabilities – Borrowings

	2012 \$'000	2011 \$'000
TCorp borrowings – unsecured	-	6,673
	-	6,673

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in note 16.

10. Current / Non-Current Liabilities – Provisions

	2012 \$'000	2011 \$'000
Current		
Recreation Leave	240	264
Lease Incentive ¹	1	1
Makegood Restoration ²	-	-
	241	265
Non-Current		
Lease Incentive ¹	4	6
Makegood Restoration ²	30	30
	34	36

Notes

1. Lease incentive is amortised over the term of the lease and is recognised as a reduction in operating lease rental expense.
2. Makegood restoration provision reflects an estimate of the cost to makegood the premises to their original condition at the end of the lease term.

Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Recreation Leave	Lease Incentive	Leasehold Improvement	Total
Carrying amount at the beginning of financial year	264	7	30	301
Additional provisions recognised	213	-	-	213
Amounts used	(234)	(2)	-	(236)
Unused amounts reversed	-	-	-	-
Unwinding / change in the discount rate	(3)	-	-	(3)
Carrying amount at end of financial year	240	5	30	275

11. Current / Non-Current Liabilities – Other

	2012 \$'000	2011 \$'000
Current		
Security deposits	125	127
	125	127
Non-current		
Security deposits	114	114
	114	114

12. Commitments for Expenditure

(a) Capital

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

	2012 \$'000	2011 \$'000
Not later than one year	37	55
Later than one year and not later than five years	31	-
Later than five years	-	-
Total (including GST)	68	55

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2012 \$'000	2011 \$'000
Not later than one year	171	161
Later than one year and not later than five years	409	562
Later than five years	-	-
Total (including GST)	580	723

The property lease is a non-cancellable lease with a 10-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 3.25% per annum. An option exists to renew the lease at the end of the 10-year term for an additional term of 5 years. The lease allows for subletting of all lease areas.

13. Contingent Liabilities and Contingent Assets

Contingent liabilities

Extensive investigative works have been undertaken on mine subsidence and remediation issues that impact the Corporation's requirements for remediation works. There is a possibility that actual costs may exceed the estimated cost for remediation works.

Except for that noted above there are no other contingent liabilities as at 30 June 2012.

Contingent Assets

There are no contingent assets as at 30 June 2012.

14. Budget Review

Net result

The net result is favourable to budget by \$4.9m primarily as a result of:

- Actual investment revenue being greater than budget by \$1.1m due to higher than expected rental revenue;
- Actual personnel service expense being less than budget by \$0.6 due to positions not being filled;
- Actual grants and subsidies expenditure being less than budget by \$1.0m due to deferral of expenditure into 2012/13;
- Actual other operating expenses (\$4.1m lower than budget) and actual sales of goods and services (\$2.3m lower than budget) were impacted by delayed property settlements; and
- Actual other operating expenses (\$13.9m lower than budget) and actual other revenue (\$13.6m lower than budget) were impacted by delayed remediation works:

Assets and liabilities

The Corporation's net cash position was \$5.3m higher than budget primarily as a result of:

- An increase in payables of \$2.3m primarily relating to an increase in unearned revenue of \$1.6m due to a delayed property settlement;
- Deferral of \$1.7m expenditure on inventories; and
- Deferral of \$1.0m expenditure on grants and subsidies.

Cash flows

The net cash flows from operating activities were favourable to budget by \$5.3m primarily as a result of:

- an underspend of \$14.2m on suppliers and personnel services which is partial offset by a \$11.3m reduction in grants and reimbursements;
- Deferral of \$1.7m expenditure on inventories; and
- Deferral of \$1.0m expenditure on grants and subsidies.

15. Reconciliation of Cash Flows from Operating Activities to Net Result

	2012 \$'000	2011 \$'000
Net result	6,204	(2,385)
Depreciation	66	67
Inventory adjustment to net realisable value	220	960
(Increase) / decrease in receivables	140	194
(Increase) / decrease in inventories	2,570	(3,005)
Decrease / (increase) in payables	(1,602)	(1,753)
(Decrease) / increase in provisions	(25)	(100)
Increase / (decrease) in other liabilities	(2)	205
Net gain / (loss) on sale of plant and equipment	-	(3)
Net cash used on operating activities	7,571	(5,820)

16. 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 quantitative and qualitative disclosures are included throughout these financial statements.

The Board 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 Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount \$'000
Class:			
Cash and cash equivalents	4	N/A	977
Receivables ¹	5	Loans and receivables (at amortised cost)	747
Financial Liabilities			
Payables ²	8	Financial liabilities measured at amortised cost	1,309
Borrowings	9	Financial liabilities measured at amortised cost	-

Notes

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

(b) Credit Risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash and receivables. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: \$734,000; 2011: \$825,000) and less than three months past due (2012: \$13,000; 2011: \$19,000) are not considered impaired. Together, these represent 100% of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that 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 loans.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Chief Executive Officer may automatically pay the supplier simple interest. No interest penalty was paid for the year (2011: nil).

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
		\$'000	\$'000
2012			
< 3 months overdue	13	13	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2011			
< 3 months overdue	19	19	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table reports 'gross receivables'.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2012

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

	Weighted Average Effective Int. Rate	Nominal Amount'\$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 year	1-5 years	> 5 years
2012								
Trade Creditors and Accruals	-	1,309	-	-	1,309	1,309	-	-
Borrowings:T Corp	-	-	-	-	-	-	-	-
Security Deposits	-	239	-	-	239	125	79	35
2011								
Trade Creditors and Accruals	-	2,983	-	-	2,983	2,983	-	-
Borrowings:T Corp	8.8%	6,673	-	6,673	-	6,673	-	-
Security Deposits	-	241	-	-	241	127	6	108

Notes:

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

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. 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 date. The analysis is performed on the same basis as for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's interest bearing liabilities. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

		-1%		+1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity\$'000
2012					
<i>Financial assets</i>					
Cash and cash equivalents	977	(10)	(10)	10	10
Receivables	747	-	-	-	-
<i>Financial liabilities</i>					
Trade Creditors and Accruals	1,309	-	-	-	-
Borrowings	-	-	-	-	-
2011					
<i>Financial assets</i>					
Cash and cash equivalents	83	(8)	(8)	8	8
Receivables	844	-	-	-	-
<i>Financial liabilities</i>					
Trade Creditors and Accruals	2,983	-	-	-	-
Borrowings	6,673	67	67	(67)	(67)

(e) Fair value compared to carrying amount

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

17. Events After the Reporting Period

The Corporation's existing debt facility expired on 1 July 2012. The Corporation subsequently sought and obtained approval from the Treasurer on 6 September 2012 for a new \$7.0m financing facility. This facility will expire on 31 October 2013.

End of audited financial statements

Appendix A

Under the Annual Reports (Statutory Bodies) Act 1984, the Annual Reports (Statutory Bodies) Regulation 2010 and various Treasury circulars, the Corporation is required to include in this report information on the following topics:

Topic	Comment / location
Letter of Submission	Page 1
Charter	Page 2 - 3
Aims and objectives	Page 2 - 3
Access	Inside Back Cover
Management and structure	Pages 8 - 13
Summary review of operations	Page 14 -15
Funds granted to non-government community organisations	Appendix B (i)
Legal Changes	During the 2011/12 financial year there were no amendments to the Growth Centres (Development Corporations) Act 1974.
Economic or other factors	Appendix B (ii)
Research and development	The Corporation did not undertake any research and development activity during the reporting period relating to new knowledge, products, services or processes within the established definition
Human resources	Appendix B (iii)
Consultants	During the year no consultants were engaged by the Corporation
Equal Employment Opportunity	Appendix B (iii)
Disability Plans	Appendix B (iii)
Land Disposal	Appendix B (iv)
Promotion - overseas visits	There were no overseas visits undertaken during the reporting period.
Consumer Response	Appendix B (v)
Payment of Accounts	Appendix B (vi)
Risk management and insurance activities	Appendix B (vii)
Internal audit and risk management policy attestation	Appendix B (viii)
Disclosure of Controlled Entities	We have no controlled entities
Multicultural Policies and Services Program (formerly EAPS)	Appendix B (iii)
Occupational Health and Safety	Appendix B (iii)
Waste	Appendix B (ix)
Response to significant issues raised by Auditor-General	Appendix B (x)
Total external costs incurred in the production of the report.	The cost of the 2011/12 annual report is \$8019.00 for (excluding GST)
Is the report available in non-printed formats	Yes
Is the report available on the internet	Yes at www.hunterdevelopmentcorporation.com.au
Performance and numbers of executive officers	Appendix B (xi)
Government Information (Public Access) Act 2009	Appendix B (xii)
Public Interest Disclosures	Appendix B (xiii)
Credit card certification	In accordance with <i>Treasurer's Direction 205.01</i> , credit card usage during the reporting period was in accordance with relevant Government policy, Premier's memoranda and Treasurer's directions.
Public availability of annual reports	The Corporation's annual reports are available on its website and the NSW Parliament website after tabling in Parliament.

Appendix B

(i) Funds granted to non-government organisations

Sponsorships

Organisation	Amount (Net)	Purpose
Renew Newcastle	\$50,000	Sponsorship 2011/12
Hunter Valley Research Foundation	\$6,000	Sponsorship 2011/12
Newcastle Rowing Club	\$1,000	Club Regatta 2011
Property Council of Australia	\$10,000	Hunter Corporate Partner 2011/12
Total	\$ 67,000	

Donations

Organisation	Amount (Net)	Purpose
The Leukemia Foundation of Australia	\$1,000	World's Greatest Shave 2012
Total	\$1,000	

(ii) Economic or Other Factors (Affecting Achievement of Operational Objectives)

Global economic conditions, in particular the ability of the private sector to raise finance for large projects, were such that expected milestones on some sites were delayed somewhat. The Corporation has continually reviewed its strategy for future land releases to suit market conditions.

(iii) Human Resources

The Hunter Development Corporation does not directly employ staff. The Department of Planning & Infrastructure administers the personnel function of the Corporation's affairs on a day-to-day basis on behalf of the Board. Information on the Corporation's compliance with a number of important matters is therefore included in the Department of Planning & Infrastructure's annual report. These include the following matters:

- Exceptional Wage Movement
- Personnel Policies and Practices
- Industrial Relations Policies and Practices
- Equal Employment Opportunity
- Disability Action Plan
- Multicultural Policies and Services Program
- Occupational Health and Safety
- Privacy Management Plan
- Public Interest Disclosures

(iv) Land Disposal

During the year there were two land sale settlements with the proceeds of the sales amounting to \$8,800,0000.

When a disposal is to occur prior approval is sought from the Minister. Proceeds from the sales are utilised in the Corporation's operations as well as delivering community works. The sales occur on commercial terms and, as such, contract documentation is treated as "Commercial in Confidence". Access to documents relating to the disposal can be obtained under the Government Information (Public Access) Act 2009.

(v) Consumer Response

The intermittent consumer complaints or suggestions received this year were related to public domain areas and general maintenance issues. The Corporation considers all complaints and investigates solutions as required.

The Corporation welcomes suggestions and feedback from clients for improvements and changes. Complaints are handled quickly in consultation with the client. Contact the General Manager, Hunter Development Corporation.

(vi) Payment of Accounts

(a) Aged Analysis at the end of each quarter

Quarter	Current (within due date) \$	< 30 days overdue \$	30 – 60 days overdue \$	61 – 90 days overdue \$	90 + days overdue \$
All Suppliers					
September	123,520	-	-	-	-
December	68,426	-	-	-	-
March	99	-	-	-	-
June	38,384	-	-	-	-
Small Business Suppliers					
September	-	-	-	-	-
December	-	-	-	-	-
March	-	-	-	-	-
June	-	-	-	-	-

(b) Accounts due or paid within each quarter

Measure	Sept	Dec	Mar	Jun
All Suppliers				
Number of accounts due for payment	308	298	224	294
Number of accounts paid on time	308	298	224	294
Actual percentage of accounts paid on time (based on number of accounts)	100.0%	99.7%	97.8%	99.3%
Dollar amount of accounts due for payment	\$8,666,507	\$8,092,188	\$3,752,227	\$7,359,574
Dollar amount of accounts paid on time	\$8,666,507	\$8,091,207	\$3,745,486	\$7,355,223
Actual percentage of accounts paid on time (based on \$)	100.0%	99.9%	99.8%	99.9%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small Business Suppliers				
Number of accounts due for payment	-	-	-	-
Number of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on number of accounts)	0.0%	0.0%	0.0%	0.0%
Dollar amount of accounts due for payment	\$0	\$0	\$0	\$0
Dollar amount of accounts paid on time	\$0	\$0	\$0	\$0
Actual percentage of accounts paid on time (based on \$)	0.0%	0.0%	0.0%	0.0%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

(vii) Risk Management and Insurance

The Corporation's risk management process aims to minimise the consequences of events that could adversely affect the Corporation's ability to achieve its objectives. To achieve this the Corporation has developed a Business Risk Assessment. This assessment process is based upon Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009.

HDC is a member of the NSW Treasury Managed Fund, which provides all necessary insurance cover for HDC's risk profile, including workers compensation, public and professional liability, property, motor vehicle and miscellaneous covers.

(viii) Internal Audit and Risk Management Policy Attestation

I, Paul Broad am of the opinion that Hunter Development Corporation has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I, Paul Broad am of the opinion that the Audit and Risk Committee for the Corporation is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

These processes provide a level of assurance that enables the senior management of the Corporation to understand, manage and satisfactorily control risk exposures. The Chair and Members of the Audit and Risk Committee are:

- S Smith - Independent Chair (term of appointment 3 years)
- K Howard - Independent Member (term of appointment 3 years)
- D Evans – Independent Member (term of appointment 3 years)



Paul Broad

Chairman

Hunter Development Corporation

7 September 2012

(ix) Waste Reduction and Purchasing Policy (WRAPP)

Reducing the generation of waste

The Corporation promotes email as the preferred internal communication tool and encourage staff to print double-sided. We have an electronic record management system that allows staff to access information such as policies, procedures and internal forms – reducing the need for paper copies. Publications are available to download from our website so as to reduce print quantities.

Resource recovery

The Corporation utilises 240 litre bins for secure paper destruction with all other office wastepaper, cardboard, glass, plastic and aluminium being collected for recycling and we participate in a resource recovery program.

Using recycled material

Wherever possible the Corporation uses paper stock that is Forest Stewardship Council certified and contains recycled paper.

(x) Response to Matters Raised by the Auditor General in Outgoing Audit Reports

There were no audit and accounting matters raised by the Auditor General in the Audit Report for the last financial year.

(xi) Performance and numbers of executive officers

Senior Executive Service	2011/12		2010/11	
Level	Male	Female	Male	Female
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	1	-	1	-
Total	1	-	1	-

(xii) Government Information (Public Access) Act 2009

During the reporting period the Corporation received no formal requests and two informal requests under the Act.

Formal access application tables

Table A: Number of applications by type of applicant and outcome*								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act	
	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)	
	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

(xiii) Public Interest Disclosures

Number of public officials who have made a public interest disclosure to the Corporation	0
Number of public interest disclosures received by the Corporation in total	0
Number of public interest disclosures received by the Corporation relating to each of the following:	
• corrupt conduct	0
• maladministration	0
• serious and substantial waste of public money	0
government information contraventions	
Number of public interest disclosures finalised	0

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