



Hunter
Development
Corporation

Hunter Development Corporation Annual Report 2012-2013

Hunter Development Corporation

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This annual report can be accessed on the Hunter Development Corporation website
www.hunterdevelopmentcorporation.com.au

31 October 2013

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31 October 2013

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 2013. 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 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 Corporation's Growth Centre. 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 and scope of activities

The Hunter Development Corporation has an important role to play in the ongoing growth of the Hunter region. As a State-Government-owned agency closely aligned with the Department of Planning and Infrastructure, and as a landowner of strategic property assets, the Corporation is uniquely placed to stimulate, guide and facilitate economic growth, investment and urban renewal.

The Corporation adds value to the process of development by removing or addressing constraints that prevent investment by the private sector in the development of strategic sites. The Corporation has been successful in facilitating development on difficult sites that would otherwise remain undeveloped by undertaking remediation, providing essential infrastructure and services, and paving the way for private sector leverage.

Working collaboratively with other agencies and stakeholders, the Corporation has a role in resourcing and facilitating infrastructure planning, broader land-use planning in the Hunter and also planning and delivery of urban renewal in the Newcastle city centre and beyond. These initiatives aim to promote commercial, industrial and residential development, providing jobs and homes and quality public domain for the community to enjoy.

The Corporation also undertakes asset and property management of key public domain lands and employment lands under its control. This includes overseeing significant remediation and environmental programs on industrial lands at Mayfield and Kooragang Island.

The Corporation strives to ensure that 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 that 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 past year was a watershed year for Newcastle and the region more broadly. It was characterised by leadership decisions that will reverberate for years to come. The city now contemplates significant physical changes and a sustained redevelopment phase. Perhaps even more significantly, it now enjoys newfound momentum and the confidence of investors.

The unveiling of the *Newcastle Urban Renewal Strategy* in December 2012, accompanied by the decision to truncate the rail line at a new transport interchange, set in place the framework that will guide the Newcastle city centre down the path of urban renewal. I congratulate staff of the Department of Planning & Infrastructure and the Hunter Development Corporation for all their work in assembling such a comprehensive framework. Both the strategy and the transport decision were warmly welcomed by the business and broader community who had become jaded from years of indecision. Newcastle required the vision to imagine a better future and the courage to embrace change to make it happen. This is precisely what occurred in 2012-13.

The June 2013 announcement of the intention to lease the Port of Newcastle was a further decision of great consequence. It will inject \$340 million in additional funding into the Newcastle City Centre Revitalisation program, in particular for the light rail component. It will take time to complete the necessary detailed analysis required to implement a new transport service in the city centre. This work is progressing under the purview of Transport for NSW. The Hunter Development Corporation will continue to work closely with the City of Newcastle, the Department of Planning and Infrastructure, Transport for NSW and other key agencies to strive for the best urban design outcomes for the city while ensuring good transport outcomes for those traveling from outside the city. The

focus must remain on the overarching goal of sustained urban renewal.

The city can now contemplate a future characterised by growth and prosperity. A city centre truly connected with its waterfront and serviced by an efficient and attractive light rail system will encourage investment across a range of sectors. Indeed, we have already observed an appreciable lift in investor sentiment and a range of new projects, both big and small, announced or commenced in the city centre. You do not have to go far to see tangible evidence of renewal in the city centre. At the larger end of the scale, construction work is well underway on the new law courts complex at Civic. Not far down Hunter Street the future site for the new Newcastle University city campus has been cleared of its dilapidated structures. On the smaller end of the scale, Renew Newcastle, supported by Hunter Development Corporation, has continued to revive numerous shopfronts while Council has enjoyed success with a shop façade improvement program. It all counts.

Urban Growth and the GPT Group are quietly progressing planning for the Hunter Street Mall redevelopment. At the time of writing they were preparing to unveil further detail on this significant catalyst project.

The Corporation's local knowledge and expertise was brought to bear in the wider region as well during the financial year. The Corporation assisted the Hunter Infrastructure & Investment Fund (HIIF) Advisory Board to evaluate new infrastructure projects. This resulted in recommendations for a number of new infrastructure projects in the region. At the end of the 2012-13 financial year \$290 million had been committed to a wide variety of projects across the Hunter. Significant progress was made on many of the projects including the Wine Country Roads upgrade, the Main Road

301 Raymond Terrace to Dungog project, the New England Highway roundabouts upgrade, and locating land for the construction of a new Hunter Valley Hospital. With further infrastructure projects in the pipeline, the HIIF is making a significant investment in the future economic capacity of the region. At the same time the Corporation has taken a leading role in the integration of land-use and infrastructure planning in the region. This work sets a solid foundation for future infrastructure decision making at all levels of both the public and private spheres.

The past year also saw another milestone in the life of the former BHP steelworks site at Mayfield. In the second half of 2012 the Corporation completed the remediation of the 90 hectares of portside lands adjacent to the Hunter River. This involved managing a series of

contracts for remediation works totalling \$80 million. The Corporation is now planning to carry out remediation and site servicing on the remaining 60 hectare portion of the site. The clean-up prepares the way for the site's redevelopment as an employment generator in the years ahead.

On behalf of the Board I thank HDC General Manager Bob Hawes and his team for their hard work and dedication throughout the year and I look forward to another successful year for the Corporation and the region.

Paul Broad
Chairman

General Manager's Report

While market conditions in regional areas throughout 2012-13 generally remained subdued, the Corporation was none-the-less occupied across several spheres of activity. In particular, the Corporation was a key player in the Government's planning for urban renewal in the city centre, infrastructure and land-use planning in the region, planning for the development of the remaining Honeysuckle lands and environmental programs at Mayfield and Kooragang Island.

The work scope of the Corporation has broadened considerably. HDC coordinated and participated in various working groups regarding urban renewal, mine subsidence and infrastructure planning and resourced, administered and coordinated the work of the Hunter Infrastructure and Investment Fund (HIIF) Advisory Board and the Newcastle Renewal Coordination and Delivery Group.

Planning for infrastructure on a regional scale was an important focus for the Corporation in 2012-13. The Corporation and the Department of Planning and Infrastructure have been at the centre of the Government's work to integrate infrastructure planning with land use plans. The Corporation formed a Project Control Group which has worked throughout the second half of 2012 and 2013, in response to grants provided by the Commonwealth, to investigate economic and strategic infrastructure needs in the region.

This work included extensive agency consultation to identify infrastructure gaps and projected requirements over the next 20 years. The work will resource planning and delivery of infrastructure where it is most needed to support economic and population growth and cater to the need for housing and employment.

In association with the above infrastructure planning work, the Corporation was recognised by the Place Leaders Association in March 2013 with the "Towards Best Practice" industry award for its work in developing a digitally based integrated infrastructure planning tool. The project involved developing a graphical interface for a geographical information system based decision support tool. It is envisaged the tool will assist in the identification of suitable sites for sustainable growth in the Hunter region. The Corporation will continue to work cooperatively with a range of stakeholders and consultants to fine tune the tool.

I congratulate the Department of Planning and Infrastructure for its work in formulating the comprehensive *Newcastle Urban Renewal Strategy* which was the subject of extensive community consultation and feedback during the first half of 2013. The great value of the Department's work lies in bringing together a whole range of considerations specific to the city centre into a single strategic document. The strategy builds on the basic foundations enunciated in the Corporation's 2009 *Newcastle City Centre Renewal Report* and the Newcastle Council's own strategic planning framework. The result is a clear program of initiatives that will transform the city centre over time, providing an environment conducive to growth and diversification. The Corporation looks forward to a continued role in the long term implementation of the strategy on behalf of the NSW Government and the community.

While the Corporation notched up another significant milestone on the former BHP site at Mayfield by completing the remediation of the portside lands, it also took the hard decision to end its agreement with a proponent for the redevelopment of the non-portside lands. The Corporation has undertaken to advance the preparation of the site for future development by planning site servicing and investigating alternative development models. By de-risking the site, the Corporation continues to prepare the way for its redevelopment.

I would like to take this opportunity to thank the Board of directors for its guidance and acknowledge the conscientious efforts of the staff during the year.

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.

The Board constantly reviews its corporate governance policies and procedures and is committed to ensuring that the organisation's actions conform to legal and other requirements with the goal of ensuring that finances and other resources are controlled effectively.

The Board comprises the Chairman and six Board members. Members are appointed by the Minister for Planning and Infrastructure. In November 2012 Paul Broad, David Evans, the Hon. Patricia Forsythe, Karen Howard and Gary Kennedy were re-appointed until October 2014. The term of the remaining director, Sharon Smith, is not due to expire until November 2013.

To ensure that 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 when required.

All recommendations from the internal audit reports have been implemented. Hunter Development Corporation held eleven Board meetings, including one Open Board meeting, and four Audit and Risk Committee meetings in the year ended 30 June 2013.

The Board

Chairman

Mr Paul Broad M.Comm

Paul Broad was appointed Managing Director and CEO of Snowy Hydro Limited in July 2013. Prior to this Mr Broad was the CEO of Infrastructure NSW since its establishment in mid-2011.

Before 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 MCom (Econ) from the University of Newcastle.

Meeting attendance:
Board: 11 of 11

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), Industry Development Centre and is Treasurer of Disability Advocacy NSW Inc. He is a former Director of Hunter Water Corporation.

Meeting attendance:
Board: 7 of 11

Director

Karen Howard

Ms Howard is currently an Independent Director and also Chairman of Hunter Primary Care 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.

Meting attendance:
Board: 8 of 11
Audit and Risk Committee: 3 of 4

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: 10 of 11

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: 7 of 11

Audit and Risk Committee: 4 of 4

Director**Sharon Smith**

Ms Smith is the Chief Executive Officer of the Hunter Valley Training Company. She was previously General Manager Business Services, Hunter Water Corporation and previously Company Secretary of Hunter Water, Regional Land Management Corporation, and HWA Pty Ltd and a former Director, State Records Board of NSW.

Meeting attendance:

Board: 11 of 11

Audit and Risk Committee: 4 of 4

Chief Executive**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 Infrastructure 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: 7 of 11

Staff

General Manager
Bob Hawes
BEc, AAPI, MAICD

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
Kristen McPherson

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

Environmental Manager
Mike Bardsley
B. Eng (Civil), MIEA

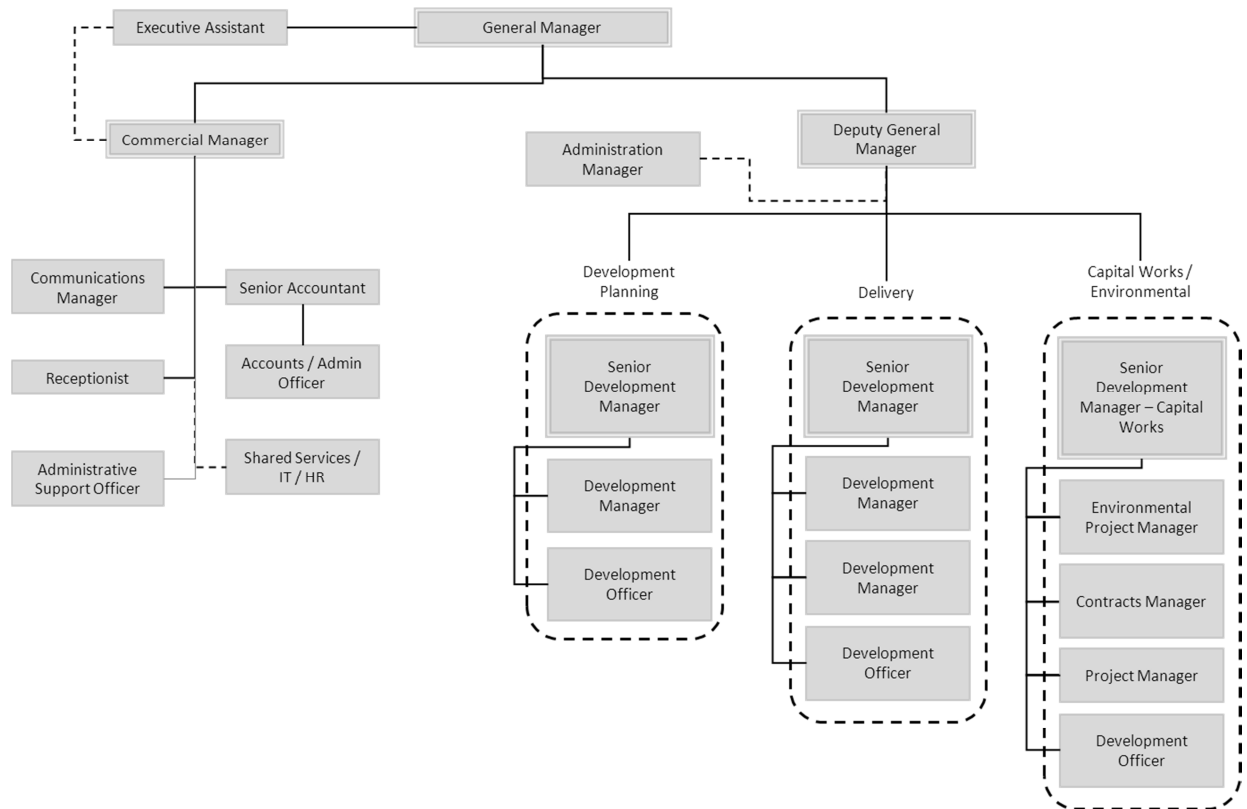
Project Manager
David Antcliff
B. Construction Management (Hons)

Development Officer
David Legg

Development Officer
Toni Cappiello

Development Officer
Jeremy Amann
B. Construction Mngt (build), Dip Surveying

HUNTER DEVELOPMENT CORPORATION ORGANISATION CHART



The Corporation also provides administrative and secretariat support and operational services to the Hunter Infrastructure & Investment Fund and Advisory Board and the Newcastle Renewal Coordination and Delivery Group. The Corporation's General Manager is ex-officio member on both groups.

Highlights and Key Outcomes

- The NSW Department of Planning and Infrastructure releases the Newcastle Urban Renewal Strategy 2012
- The NSW Government announces \$120 million in funding for the Newcastle Urban Renewal Strategy and the truncation of the Newcastle rail spur line at a new transport interchange at Wickham
- The Hunter Development Corporation establishes the Newcastle Renewal Coordination and Delivery Group to facilitate and progress urban renewal and transport initiatives.
- The NSW Government announces the intention to lease the Port of Newcastle and direct \$340 million towards the implementation of initiatives under the urban renewal strategy
- The NSW Government announces a feasibility study would be conducted into the possible extension of the light rail system to other parts of the city
- By 30 June 2013 \$290 million had been committed to funding infrastructure projects across the region from the Hunter Infrastructure and Investment Fund
- Hunter Development Corporation wins Place Leaders' Association industry award for development of a Geographical Information System land-use and infrastructure planning tool
- Completion of remediation of 90 hectares of port-side land on the former BHP Steelworks site, Mayfield

Urban Renewal

Newcastle Urban Renewal Strategy 2012

The 2012-13 financial year will be remembered as an historic year for Newcastle. In December 2012 the Department of Planning and Infrastructure's draft Newcastle Urban Renewal Strategy 2012 was unveiled by the Minister for Planning and Infrastructure, the Hon Brad Hazzard, MP.

The Strategy put forward an integrated package of place-based, economic and transport related initiatives to drive the long term revitalisation of the city centre, including:

- An amended planning framework that promotes growth, activity, development and well-located land uses
- A place-making approach to the future development of the city
- Physical improvements to the city's key public domain areas
- Enhanced physical and visual connections between the city centre and the waterfront
- Economic initiatives to support renewal
- A strategy to promote transport, access and connectivity to and within the city centre

The Strategy reinforces the three key activity nodes of East End, Civic and West End reflected in the Corporation's 2009 *Newcastle City Centre Renewal Report* and the City of Newcastle's 2010 *Hunter Street Revitalisation Masterplan*. Following earlier significant urban renewal developments such as the commencement of the \$94 million Newcastle court complex construction at Civic, and the Urban Growth/GPT partnership to redevelop the Newcastle mall, the pace of urban renewal gained momentum in 2012-13. A significant number of new development projects in the city centre were announced or commenced during the year, including:

- The \$95 million University of Newcastle city campus project attracted \$30 million in Commonwealth funding to add to the \$25 million State Commitment and \$40 million University contribution
- The \$9 million redevelopment of the former Newcastle Regional Museum site into serviced apartments
- The \$5.5 million redevelopment of the former Star Hotel site into units and commercial space
- The \$5 million Lawler Partners commercial office development near the corner of Hunter and Darby Streets
- The \$6 million redevelopment of the former Lucky Country Hotel into a 50-room hotel.

Transport

While releasing the draft Newcastle Urban Renewal Strategy, the Minister for Planning and Infrastructure announced the truncation of the heavy rail line at Wickham to open up eight new connections between the harbour and the city centre for pedestrians, cyclists and vehicles. The announcement included funding of \$120 million towards the project. The Strategy was exhibited from 14 December 2012 to 19 April 2013 and received more than 400 submissions.

The Corporation established and resourced a Newcastle Renewal Coordination and Delivery Group, chaired by Hunter Development Corporation Chairman Paul Broad, with representatives from Planning and Infrastructure, Transport for NSW, and the business and general community to advance the initiatives enunciated in the strategy. The Corporation's General Manager is also an ex-officio member of the Coordination and Delivery Group.

In June 2013 the Government announced plans to expand and accelerate its city centre revitalisation program, by committing to provide an additional \$340 million in funding, contingent on the successful lease of the Port of Newcastle. The additional funds would be put towards providing a light rail service in the city centre to replace the heavy rail service that has separated Hunter Street and the city centre from Honeysuckle and the harbour. It would also include investigation of the feasibility of extending the light rail service more broadly.

Mine subsidence

With mine subsidence identified as a constraint to development in the Newcastle city centre due to historical mine workings around the harbour, the Corporation participated in the Mine Subsidence Taskforce coordinated by the NSW Department of Premier and Cabinet. The Corporation had already developed a mine subsidence strategy for the entire Honeysuckle precinct and, in doing so, contributed greatly to the overall picture of mine subsidence in the city centre and how it might be tackled in the future. The Mine Subsidence Board has published maps of the city centre documenting the extent of mine subsidence to provide a greater level of certainty to investors contemplating development in the city centre. Further ways of reducing the impact of mine subsidence on city centre investment are being considered.

Empire Hotel site

In 2013 the Corporation began working with the City of Newcastle and Compass Housing with a view to proposing an affordable housing initiative on the former Empire Hotel site in Hunter Street West. It was envisaged the Corporation would conduct an expression of interest process to partner with the private sector to deliver a number of affordable housing units on the site as part of a larger development. Council would contribute funds it currently holds in trust for the purposes of delivering affordable housing units. The redevelopment of this large site in Hunter Street will contribute to the NSW Government's wider plans for urban renewal in the city centre.

Renew Newcastle

Support for the Renew Newcastle initiative continued in 2012-13 with the Corporation making a \$50,000 contribution 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.

Throughout the period July 2012 to June 2013 Renew Newcastle enlivened the city centre through the addition of 31 new creative projects and activating 4 new otherwise vacant properties. In total during the period Renew Newcastle supported 68 arts, creative and community projects to take place in the city, and kept 29 properties clean and activated.

The Corporation's sponsorship was critical to the activation of the ground floor of the former David Jones department store in Hunter Street Mall. The property sat empty since David Jones departed in January 2011. However, in October 2012 Renew Newcastle was granted permission to temporarily occupy the ground level. Renew Newcastle established The Emporium, where local artists, designers and craftspeople took advantage of excellent exposure in the large street level windows.

Urban Renewal - Honeysuckle

After marking the 20th anniversary of the Honeysuckle urban renewal project on 29 May 2012, the Corporation continued to prepare for the redevelopment of the remaining eight hectares of undeveloped land in the Cottage Creek precinct and Lee Wharf.

During 2012-13 the redevelopment of the Cottage Creek lands was on hold pending investigations into the feasibility of an International Expo Bid for Newcastle in 2022, with Cottage Creek identified as a potential location. After further investigations the Government determined that such a bid would not be competitive and would therefore not be pursued. An inter-departmental committee comprising representatives from NSW Trade & Investment, NSW Treasury, Destination NSW and the Hunter Development Corporation explored all aspects of the potential bid. The committee concluded that none of the available sites would suit the needs of the Expo and the most desirable site at Cottage Creek was too small.

Investigations into a permanent multi-purpose centre in the Hunter Region will be a key task for the Corporation along with other stakeholders. Cottage Creek is again considered an ideal location. It was considered that such a facility would achieve the same high level social benefits as well as physical and economic legacies for the city as an international expo. This potential use will be taken into consideration in any future development of the site and site release strategies whereby the Corporation can engage with the private sector to assist in delivering such a facility.

In December 2012 the Corporation terminated the site purchase agreement for land known as Honeysuckle Central. The Corporation is preparing to bring the site back to the market to seek fresh expressions of interest for its development. The site has the advantage of having a development application for a commercial office development already approved. The Corporation also continued negotiations with The Greater Building Society regarding the Lot 22 site next to the Hunter Water Building, which the financial institution had identified as a potential site for a new corporate headquarters.

Another Honeysuckle site next to the NIB building, known as Lot 230 or 18 Honeysuckle Drive, was being held for consideration and potential development as part of the University of Newcastle's planned city campus. This site will be released to the market by the Corporation following the progression of the University's plans to build the new campus on a site in Hunter Street.

Major Capital Works Projects

Kooragang Island

The Corporation has progressed the planning of the necessary works to meet the State's environmental responsibilities on Kooragang Island. BHP used the former landfill site during its Newcastle steelworks operations, and the overall closure works scope requires about 60 hectares to be brought up to an environmental standard set by the NSW Environment Protection Authority. The documentation has progressed and is subject to obtaining all necessary approvals from the State and Federal authorities before the construction phase can commence. The Corporation continues to play a key role in working through a range of complexities with a variety of stakeholders to ensure the works will be environmentally sound and appropriately coordinated with other potential uses of the site, such as the proposed Port Waratah Coal Services T4 Coal Terminal on part of the site.

Glendale development

Work to investigate the feasibility of the development potential of 20 hectares of NSW Trains (formerly RailCorp) land at Glendale was undertaken with a view to delivering a mixture of commercial and residential development. Ongoing liaison with NSW Trains and Lake Macquarie City Council on this long term project will refine potential development opportunities on the site, which is located in an emerging regional centre.

Place Making and Communications

Place-making

The Corporation developed a public art and place making program called “Honeysuckle Alive” to deliver a series of unique temporary and permanent projects to activate and interact with public spaces in the Honeysuckle precinct. The program draws together elements of art, creativity, culture, music, leisure, functionality, fun and play. The program emphasises projects that are incremental or temporary in nature, ensuring the experience had by people that live work and play in the precinct evolves with their needs. The program relies on participation from the Honeysuckle community, businesses and residents and fosters a sense of community and ownership over the public domain.

For the first initiative under the “Honeysuckle Alive” banner, the Corporation brought one of the popular *Vivid Sydney* lighting sculptures home to Newcastle as part of the *This is Not Art* festival. The roving art installation, “Follow the Current”, featured Australian-built transport vehicles called “peda pods” wrapped in glowing costumes made from recycled materials in the likeness of deep-sea fish. The installation, created by Newcastle artists Cassandra Stronach, Alex Dircks and Haidee Ireland, was an extremely popular night-time spectacle on the Honeysuckle promenade.

The Corporation’s program included events delivered in partnership with Livesites and Newcastle Now to activate the precinct and engage with the wider community. This year more than 3,000 people enjoyed “Dancing in the Streets”, “Classics on the Boardwalk” and “Waste knot” artwork exhibition. The Corporation also commissioned the installation of a giant Christmas tree and cultural programming including partnering with Oz Harvest to encourage the donation of food to Christmas hampers for the needy. The program also included the “Giant Games” oversized board games and the extremely successful combination of the “Winter Heat” event with the inaugural “Taste of Honeysuckle” festival, drawing large crowds.

In addition, the precinct gained recognition as a great place to promote other events drawing people to the city such the Special Olympics, the British and Irish Lions rugby tour, Bike Fest, the Cancer Council charity day, Ride to Work awareness day and fun runs.

Amenity improvements

At the same time a range of amenity improvements, such as refreshed landscaping, shade structures, new signage, new seating and drinking fountains, were made to the Honeysuckle precinct to provide a more comfortable and inviting place to linger, meet friends and relax. Free parking on weekends in two of the public car parks at Honeysuckle was also implemented to support activation.

Communications

In order to ensure effective communication with stakeholders, the Corporation held a place-making workshop then established a reference group that meets on a regular basis to discuss the future direction of the precinct. In addition, the Corporation established free Wi-Fi and expanded its social media and online platforms to help people stay informed and connected with events and initiatives in the precinct.

These initiatives were supported by a variety of communications and marketing activities, including eleven editions of the popular e-newsletter *HarbourLife* published during the year, with subscription continuing to grow. The Corporation also maintained the Honeysuckle Dining mobile optimised website featuring updated information on the 25 eateries in the Honeysuckle precinct to make choosing and booking a restaurant as easy as possible.

The Corporation continued its partnership with the Property Council of Australia Hunter Chapter as one of several sponsors of its Hunter Luncheon series. The series features prominent speakers on topical subjects in the planning and land development spheres.

Another community initiative supported during the year was the Newcastle Rowing Club's Throsby Creek Regatta, attracting large numbers to compete on Throsby Creek, alongside the Linwood and Carrington residential communities.

The Corporation continued its support of Renew Newcastle as a means of supporting low key yet effective action to activate space in the Newcastle city centre.

Sponsorship

The Corporation continued its sponsorship of the Hunter Valley Research Foundation (HVRF) and also participated in the HVRF Hunter Region Omnibus Surveys to assess various aspects of the Honeysuckle project. The June 2013 survey found that 34.5 per cent of respondents had visited Honeysuckle four or more times in the preceding six months, up from 30.1 per cent of respondents in June 2012. The survey also found that 85 per cent of respondents agreed or strongly agreed with the statement "Honeysuckle is good for Newcastle", up from 75.6 per cent in June 2012.

Regional Planning and Infrastructure

Infrastructure planning and land use

The Hunter Development Corporation and the Department of Planning and Infrastructure have been at the centre of the Government's work to integrate infrastructure planning with land use plans. This has involved participation in the preparation of several distinct but related plans.

Hunter Infrastructure and Investment Fund

The Corporation's work in supporting the Hunter Infrastructure and Investment Fund continued in 2012-13. The Corporation assisted the Board in formulating a 20-year infrastructure plan for the Hunter region. The plan will help to target infrastructure investment in the region.

Secondly, the Corporation assisted the Advisory Board in its evaluation of new infrastructure projects put forward after a public call for projects process. This resulted in recommendations for a number of new infrastructure projects in the region.

At the end of the 2012-13 financial year \$290 million had been committed to a wide variety of projects across the Hunter. Significant progress was made on many of the projects including the Wine Country Roads upgrade, the Main Road 301 Raymond Terrace to Dungog upgrade, community consultation and planning for the New England Highway roundabouts upgrade, and locating land for the construction of a new Hunter Valley Hospital. Through the fund, a \$60 million

allocation was also made to the Newcastle City Centre Revitalisation project.

Hunter Strategic Infrastructure Plan

The Corporation has led this project on behalf of Hunter Councils Inc, in collaboration with Regional Development Australia Hunter, the Department of Planning and Infrastructure and Infrastructure NSW. Funded by a \$500,000 grant from the Commonwealth, It focuses on the Lower Hunter and identifies key nodes, networks, connections and corridors to protect and future-proof the key economic drivers and arteries of the Hunter region. Work has included the commissioning of community surveys, research and studies.

The plan will ensure timely and appropriate provision of infrastructure where it is most needed to support economic and population growth and cater to the need for housing and employment. Now submitted to the Commonwealth Government, the plan will provide Government and the community with a blueprint for well-targeted strategic infrastructure investment in the Lower Hunter over the next 20 years.

Hunter Economic Infrastructure Plan

During the year the Corporation participated in an Infrastructure NSW 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.

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Independent Audit 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 2013, the statement of comprehensive income, statement of changes in equity and statement 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 2013, 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *State Owned Corporations Act 1989* and for such internal control as the directors determine is necessary to enable the preparation of the 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 that are 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 directors, 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 that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and 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.

A handwritten signature in black ink, reading "Marie Spriggins". The signature is fluid and cursive, with the first name "Marie" and the last name "Spriggins" clearly distinguishable.

M T Spriggins
Director, Financial Audit Services

11 September 2013
SYDNEY

Statement by the Board

Directors Statement

Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2013.

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

Pursuant to Section 41C (1B) and 1(C) 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 2013 and transaction 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

6 September 2013

Financial Statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
Expenses Excluding Losses				
Operating expenses				
Personnel services expense	2(a)	2,460	2,925	2,858
Other operating expenses	2(b)	4,479	7,820	5,730
Depreciation and amortisation	2(c)	50	63	66
Grants and subsidies	2(d)	319	1,250	732
Finance costs	2(e)	-	206	462
Other expenses	2(f)	4,800	16,389	21,047
Total Expenses Excluding Losses		12,108	28,653	30,895
Revenue				
Sale of goods and services	3(a)	2,878	8,003	10,796
Investment revenue	3(b)	3,235	2,676	2,809
Grants and contributions	3(c)	1,605	1,305	810
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	81	-	84
Other revenue	3(e)	6,178	17,838	22,600
Total Revenue		13,977	29,822	37,099
Gain / (loss) on disposal		-	-	-
Other losses		-	-	-
Net result		1,869	1,169	6,204
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		1,869	1,169	6,204

The accompanying notes form part of these financial statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	891	547	977
Receivables	5	889	267	857
Inventories	6	1,305	-	2,674
Total Current Assets		3,085	814	4,508
Non Current Assets				
Inventories	6	55,023	66,481	53,527
Plant and equipment	7	97	82	147
Total Non Current Assets		55,120	66,563	53,674
TOTAL ASSETS		58,205	67,377	58,182
LIABILITIES				
Current Liabilities				
Payables	8	1,175	538	3,013
Borrowings	9	-	924	-
Provisions	10	232	259	241
Other	11	127	-	125
Total Current Liabilities		1,534	1,721	3,379
Non Current Liabilities				
Provisions	10	33	34	34
Other	11	114	-	114
Total Non Current Liabilities		147	34	148
TOTAL LIABILITIES		1,681	1,755	3,527
NET ASSETS		56,524	65,622	54,655
EQUITY				
Accumulated funds		56,524	65,622	54,655
TOTAL EQUITY		56,524	65,622	54,655

The accompanying notes form part of these financial statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Accumulated Funds \$'000
Balance at 1 July 2012		54,655
Changes in accounting policy		-
Correction of errors		-
Restated total equity at 1 July 2012		54,655
Net result for the year		1,869
Other comprehensive income:		
Net increase / (decrease) in property, plant and equipment		-
Total other comprehensive income		-
Total comprehensive income for the year		1,869
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers		-
Balance at 30 June 2013		56,524
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		-
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

The accompanying notes form part of these statements.

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		351	1,250	805
Finance costs		196	206	467
Suppliers and personnel services		12,394	25,428	31,899
Inventories		1,035	2,416	140
Total Payments		13,976	29,300	33,311
Receipts				
Reimbursements from the Crown Entity (Transfers to the Crown Entity)		81	-	-
Sale of goods and services		5,349	10,554	15,191
Interest received		59	2	21
Grants and contributions		8,401	19,143	25,670
Total Receipts		13,890	29,699	40,882
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	(86)	399	7,571
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	-	-
Purchases of plant and equipment		-	-	(4)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-	(4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	-	5,368
Repayment of borrowings		-	(363)	(12,041)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	(363)	(6,673)
NET INCREASE / (DECREASE) IN CASH		(86)	36	894
Opening cash and cash equivalents		977	511	83
CLOSING CASH AND CASH EQUIVALENTS	4	891	547	977

The accompanying notes form part of these statements.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2013

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 2013 as it is not applicable to its operations.

These financial statements for the year ended 30 June 2013 have been authorised for release by the Directors on 6 September 2013.

(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.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2013

(d) Statement of compliance

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

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

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) (as amended by NSWTC 12/05 and NSWTC 10/07). 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:

Furniture & Fittings 10% per annum

Leasehold Improvements life of the lease

Plant & Equipment 14.28% per annum

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

(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.

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

(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.

(j) 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 2013 and at 30 June 2012. However, refer Note 13 regarding disclosures on contingent liabilities.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2013

(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.

(k) Accumulated Funds

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

(l) 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 Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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.

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

(m) 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.

(n) 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.

(o) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 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, AASB 2010-7 and AASB 2012-6 regarding financial instruments (1 January 2015);
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement (1 July 2013);
- AASB 1053 and AASB 2010-2 regarding differential reporting (1 July 2013);
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities (1 January 2013);
- AASB 2012-3 regarding offsetting financial assets and financial liabilities (1 January 2014);
- AASB 2012-5 regarding annual improvements 2009-11 cycle (1 January 2013);
- AASB 2012-10 regarding transition guidance and other amendments (1 January 2013)

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.

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

2. Expenses Excluding Losses

(a) Personnel service expense

	2013	2012
	\$'000	\$'000
Salaries and wages (including recreation leave)	2,120	2,498
Superannuation	191	205
Payroll tax and fringe benefits tax	148	155
Worker's compensation insurance	1	-
	2,460	2,858

(b) Other operating expenses include the following

	2013	2012
	\$'000	\$'000
Auditor's remuneration - audit of the financial statements	49	58
Internal audit fees	4	30
Cost of sales	-	2,710
Inventory adjustment to net realisable value	908	220
Operating lease rental expense - minimum lease payments	208	194
Property expenses	1,719	1,717
Insurance	47	40
Other Contractors	75	4
Community information / liaison and promotion	346	270
Board remuneration	115	133
Fees for services	94	94
Hunter Infrastructure and Investment Fund expenses	654	-
Other	260	260
	4,479	5,730

(c) Depreciation and amortisation expense

Depreciation - Furniture and Fittings	5	5
Depreciation - Plant and Equipment	3	3
Amortisation - Leasehold Improvements	42	58
	50	66

(d) Grants and subsidies

Public domain landscaping and seawall repairs	96	100
Other services / community groups	10	482
Community activation	213	150
	319	732

(e) Finance costs

Interest expense TCorp Loan	-	266
Interest government guarantee fee	-	196
	-	462

**Notes to and Forming Part of the financial Statements for the Year Ended
30 June 2013**

(f) Other expenses

Remediation expense	4,789	20,603
Infrastructure expense	11	444
	4,800	21,047

3. Revenue

(a) Sale of goods and services

	2013	2012
	\$'000	\$'000
Sale of goods	-	8,800
Other Income ¹	2,878	1,996
	2,878	10,796

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	8	18
TCorp Hour Glass Facilities designated at fair value through profit or loss	51	3
Rents	3,176	2,788
	3,235	2,809

(c) Grants and contributions

Grant revenue	1,605	810
	1,605	810

(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	18	9
Long service leave	62	75
Payroll tax	1	-
	81	84

(e) Other revenue

Remediation revenue	6,178	22,094
Infrastructure revenue	-	506
	6,178	22,600

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

4. Current Assets – Cash and Cash Equivalents

	2013	2012
	\$'000	\$'000
Cash at bank and on hand	258	275
TCorp Hour Glass Facility	633	702
Short-term deposits	-	-
	891	977

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)	891	977
Closing cash and cash equivalents (per statement of cash flows)	891	977

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

5. Current / Non-Current Assets – Receivables

	2013	2012
	\$'000	\$'000
Sale of goods and services	684	747
Less: Allowance for impairment	-	-
Goods and Services Tax recoverable from ATO	124	46
Prepayments	81	64
	889	857

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	-	-

**Notes to and Forming Part of the financial Statements for the Year Ended
30 June 2013**

6. Current / Non-current Assets – Inventories

	2013 \$'000	2012 \$'000
Current		
At Cost	1,305	2,674
At Valuation	-	-
	1,305	2,674
Non-current		
At Cost	37,383	34,979
At Valuation	17,640	18,548
	55,023	53,527
Total	56,328	56,201
Details of inventories		
Acquisition Costs	54,927	54,027
Development Costs	3,658	3,523
Accumulated Inventory Adjustment to Net Realisable Value	(2,257)	(1,349)
	56,328	56,201

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

	Plant and equipment	Leasehold improvements	Furniture and fittings	Total
At 1 July 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
At 30 June 2013 – fair value				
Gross carrying amount	54	281	71	406
Accumulated depreciation and impairment	(46)	(211)	(52)	(309)
Net carrying amount	8	70	19	97

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:

	Plant and equipment	Leasehold improvements	Furniture and fittings	Total
Year ended 30 June 2013				
Net carrying amount at start of year	11	112	24	147
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(3)	(42)	(5)	(50)
Net carrying amount at end of year	8	70	19	97

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

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 prior 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

8. Current Liabilities – Payables

	2013 \$'000	2012 \$'000
Accrued salaries, wages and on-costs	130	121
Creditors	717	1,188
Unearned revenue	328	1,704
	1,175	3,013

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

9. Current / Non-Current Liabilities – Borrowings

	2013 \$'000	2012 \$'000
TCorp borrowings – unsecured	-	-
	-	-

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

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

10. Current / Non-Current Liabilities – Provisions

	2013 \$'000	2012 \$'000
Current		
Recreation Leave ¹	231	240
Lease Incentive ²	1	1
Makegood Restoration ³	-	-
	232	241
	2013	2012
	\$'000	\$'000
Non-Current		
Lease Incentive ²	3	4
Makegood Restoration ³	30	30
	33	34

Notes

1. The expected value of recreation leave to be paid within twelve months is \$205,000 and \$26,000 after twelve months. This forecast reflects the Government policy as set out in M2012-07 Reduction of accrued recreation leave balances.
2. Lease incentive is amortised over the term of the lease and is recognised as a reduction in operating lease rental expense.
3. 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	240	5	30	275
Additional provisions recognised	216	-	-	216
Amounts used	(214)	(1)	-	(215)
Unused amounts reversed	(10)	-	-	(10)
Unwinding / change in the discount rate	(1)	-	-	(1)
Carrying amount at end of financial year	231	4	30	265

11. Current / Non-Current Liabilities – Other

	2013 \$'000	2012 \$'000
Current		
Security deposits	127	125
	127	125
Non-current		
Security deposits	114	114
	114	114

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2013

12. Commitments for Expenditure

(a) Capital

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

	2013 \$'000	2012 \$'000
Not later than one year	100	37
Later than one year and not later than five years	-	31
Later than five years	-	-
Total (including GST)	100	68

(b) Operating Lease Commitments

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

	2013 \$'000	2012 \$'000
Not later than one year	171	171
Later than one year and not later than five years	232	409
Later than five years	-	-
Total (including GST)	403	580

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 2013.

Contingent Assets

There are no contingent assets as at 30 June 2013.

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

14. Budget Review

Net result

The net result is favourable to budget by \$0.7m primarily as a result of:

- Actual investment revenue being greater than budget by \$0.6m due to higher than expected rental revenue;
- Actual personnel service expense being less than budget by \$0.5m due to positions not being filled and secondment of certain staff;
- Actual grants and subsidies expenditure being less than budget by \$0.9m due to deferral of expenditure into 2013/14;
- Actual other operating expenses (\$3.3m lower than budget) and actual sales of goods and services (\$5.1m lower than budget) were impacted by delayed property settlements; and
- Actual other operating expenses (\$11.6m lower than budget) and actual other revenue (\$11.6m lower than budget) were impacted by fewer remediation works.

Assets and liabilities

The Corporation's net cash position was \$1.3m higher than budget primarily as a result of:

- An increase in payables of \$0.6m;
- An increase in receivables of \$0.6m; and
- Deferral of \$1.4m expenditure on inventories.

Cash flows

The net cash flows from operating activities were unfavourable to budget by \$0.5m primarily as a result of:

- An underspend of \$13.0m on suppliers and personnel services which is partially offset by a \$10.7m reduction in grants and reimbursements;
- Deferral of \$5.2m of sales of goods and services due to delayed property sales;
- Deferral of \$1.4m expenditure on inventories; and
- Deferral of \$0.9m expenditure on grants and subsidies.

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

	2013 \$'000	2012 \$'000
Net result	1,869	6,204
Depreciation	50	66
Inventory adjustment to net realisable value	908	220
(Increase) / decrease in receivables	(32)	140
(Increase) / decrease in inventories	(1,035)	2,570
Decrease / (increase) in creditors	(1,837)	(1,602)
(Decrease) / increase in provisions	(11)	(25)
Increase / (decrease) in other liabilities	2	(2)
Net gain / (loss) on sale of plant and equipment	-	-
Net Result	(86)	7,571

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2013

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	Carrying Amount
			2013	2012
			\$'000	\$'000
Class:				
Cash and cash equivalents	4	N/A	891	977
Receivables ¹	5	Loans and receivables (at amortised cost)	684	747
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
			\$'000	\$'000
Class:				
Payables ²	8	Financial liabilities measured at amortised cost	847	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).

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

(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 (2013: \$449,000; 2012: \$734,000) and less than three months past due (2013: \$235,000; 2012: \$13,000) 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.

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

	Total^{1,2}	Past due but not impaired^{1,2}	Considered impaired^{1,2}
		\$'000	\$'000
2013			
< 3 months overdue	235	235	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2012			
< 3 months overdue	13	13	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table reports 'gross receivables'.
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 (2012: nil).

Notes to and Forming Part of the financial Statements for the Year Ended 30 June 2013

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 ¹ \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 year	1-5 years	> 5 years
2013								
Trade Creditors and Accruals	-	847	-	-	847	847	-	-
T Corp Borrowings	-	-	-	-	-	-	-	-
Security Deposits	-	241	-	-	241	127	79	35
2012								
Trade Creditors and Accruals	-	1,309	-	-	1,309	1,309	-	-
T Corp Borrowings	-	-	-	-	-	-	-	-
Security Deposits	-	239	-	-	239	125	79	35

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 2012. 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.

**Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2013**

			\$ 000's		
	Carrying		-1%	+1%	
	Amount	Profit	Equity	Profit	Equity
2013					
<i>Financial assets</i>					
Cash and cash equivalents	891	(9)	(9)	9	9
Receivables	684	-	-	-	-
<i>Financial liabilities</i>					
Payables	847	-	-	-	-
Borrowings	-	-	-	-	-
2012					
<i>Financial assets</i>					
Cash and cash equivalents	977	(10)	(10)	10	10
Receivables	747	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,309	-	-	-	-
Borrowings	-	-	-	-	-

(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 approved and yet undrawn \$7m debt facility will expire on 31 October 2013. The Corporation forecasts that during the 2013-14 financial year a debt facility will be required. Approval has been sought from the Treasurer to extend this facility for a further 12 months. It is on this basis that the financial statements have been prepared on a going concern basis

End of audited financial statements

Appendices

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
Aims and objectives	Page 2
Access	Inside cover
Management and structure	Pages 8 - 11
Summary review of operations	Page 12
Funds granted to non-government community organisations	Appendix B (i)
Legal Changes	There were no changes to the legislation affecting the Corporation.
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	Appendix B (v)
Consumer Response	Appendix B (vi)
Payment of Accounts	Appendix B (vii)
Risk management and insurance activities	Appendix B (viii)
Internal audit and risk management policy attestation	Appendix B (ix)
Disclosure of Controlled Entities	HDC has no controlled entities
Multicultural Policies and Services Program (formerly EAPS)	Appendix B (iii)
Occupational Health and Safety	Appendix B (iii)
Waste	Appendix B (x)
Response to significant issues raised by Auditor-General	Appendix B (xi)
Total external costs incurred in the production of the report.	Nil
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 (xii)
Government Information (Public Access) Act 2009	Appendix B (xiii)
Public Interest Disclosures	Appendix B (iii) & (xiv)
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

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:

(i) Funds granted to non-government organisations

Sponsorships

Organisation	Amount (Net)	Purpose
Renew Newcastle	\$50,000	Sponsorship 2012/13
Hunter Valley Research Foundation	\$7,425	Sponsorship 2012/13
Newcastle Rowing Club	\$1,000	Club Regatta 2012
Property Council of Australia	\$10,000	Hunter Corporate Partner 2012/13
Urban Development Institute of NSW	3,990	Sponsorship Luncheon 2013
Royal Australian Institute	2,273	Sponsorship Student Prize 2013
Total	\$ 74,688	

Donations

Nil

(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 settlements were either delayed or not brought to fruition. 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 no land sale settlements.

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) Promotion – Overseas Visits

Scott Anson and Garth Greenaway of the Corporation's Development Planning area travelled from Newcastle to Auckland, New Zealand, 16 to 19 March 2013, to attend the Place Leaders Association conference. The Corporation was awarded the *Towards Best Practice Award* for 2013.

(vi) 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.

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	37,200	-	-	-	-
December	880	-	-	-	-
March	71,517	-	-	-	-
June	29,162	-	-	-	-
Quarter	Current (within due date) \$	< 30 days overdue \$	30 – 60 days overdue \$	61 – 90 days overdue \$	90 + days overdue \$
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	260	337	276	333
Number of accounts paid on time	260	337	273	324
Actual percentage of accounts paid on time (based on number of accounts)	100.0%	100.0%	98.9%	97.3%
Dollar amount of accounts due for payment	\$5,259,305	\$4,422,523	\$1,193,766	\$1,338,621
Dollar amount of accounts paid on time	\$5,259,305	\$4,422,523	\$1,178,762	\$1,295,140
Actual percentage of accounts paid on time (based on \$)	100.0%	100.0%	98.7%	96.8%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small Business Suppliers				
Number of accounts due for payment	-	-	1	1
Number of accounts paid on time	-	-	1	1
Actual percentage of accounts paid on time (based on number of accounts)	-	-	100.0%	100.0%
Dollar amount of accounts due for payment	-	-	\$11,673	\$352
Dollar amount of accounts paid on time	-	-	\$11,673	\$352
Actual percentage of accounts paid on time (based on \$)	-	-	100.0%	100.0%
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, Chairman of the Hunter Development Corporation, am of the opinion that the Corporation has internal audit and risk management processes in operation 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. These processes provide a level of assurance that enables the senior management of the Corporation to understand, manage and satisfactorily control risk exposures.

I, Paul Broad, Chairman of the Hunter Development Corporation, 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.

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 – Non-independent Member (term of appointment 3 years)

Paul Broad
Chairman
Hunter Development Corporation
30 August 2013

(ix) Waste Reduction and Purchasing Policy (WRAPP)

Reducing the generation of waste

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

Resource recovery

The Corporation utilises 240 litre bins for secure paper destruction with all other office waste paper, cardboard, glass, plastic and aluminum 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	2012/13		2011/12	
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 two formal requests, one remains current and will appear in the 2013-2014 Annual Report. It received one informal request 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	1
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	1
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)	1
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