

Hunter Development Corporation Annual Report 2014-2015

Hunter Development Corporation

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This annual report can be accessed on the Hunter Development Corporation website www.hdc.nsw.gov.au

31 October 2015

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Letter to the Minister

31 October 2015

The Hon Rob Stokes MP
Minister for Planning
Parliament House
SYDNEY NSW 2000

Dear Minister

Please find enclosed the annual report of the Hunter Development Corporation for the year ended 30 June 2015. 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



David Evans
Chairman

Carolyn McNally
Secretary
Department of Planning and Environment

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 Environment, and as a landowner of strategic property assets, the Corporation is uniquely placed to stimulate, guide, facilitate and deliver 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 and delivering 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 Report

Newcastle and the Hunter looked outward during 2014-15, embracing change and reinvention in order to thrive into the future.

The NSW Government continued to pursue its vision for a revitalised Newcastle city centre, holding fast to a steady, long term course that is already providing a platform for renewal, diversity and prosperity. The 2014-15 financial year saw the new NSW court complex in Hunter Street at Civic drawing nearer to completion. This striking, high quality addition to the streetscape will bolster activity in the Civic precinct. Similarly, the University of Newcastle's city campus project, NewSpace, progressed significantly, attaining development approval, completing mine subsidence grouting works, and proceeding with construction.

A new aspect of the Government's program was the commitment of \$17 million from the Hunter Infrastructure and Investment Fund to tackling mine subsidence in the Newcastle city centre. For too long the city centre has been at a considerable disadvantage to other markets. Recognising the Corporation's experience in this area, the Government entrusted the development and implementation of the new Fund to the Corporation, in conjunction with the Department of Premier and Cabinet and the Mine Subsidence Board. The new Fund is emblematic of the Government's wider renewal strategy for Newcastle in that at its core is the provision of leadership and certainty to address structural challenges. This strategic intervention will produce dividends for many years to come, stimulating economic and social prosperity.

Throughout January 2015 record television audiences around Asia – numbered in scores of millions - tuned into the Asian Cup hosted by Australia. Newcastle and the Hunter were front-and-centre, hosting matches and teams and embracing the opportunity that such an international tournament provides. The Corporation sought to leverage the opportunity by teaming up with the City of Newcastle to stage a summer events program designed to

showcase the city to international audiences and provide a vibrant, festive atmosphere for locals and tourists alike, based around the Honeysuckle precinct. The program also incorporated an "on shore" component at Honeysuckle to celebrate 30 years of the iconic Surfest event, a further example of the region shining on the world stage and promoting its visitor economy.

The Corporation was proud to provide project management services for the construction of Newcastle's newest tourism infrastructure, the Memorial Walk. The project was officially opened in time for the 100th anniversary of ANZAC commemorations on Saturday 25 April 2015. The walk stretches from Strzelecki Lookout to Bar Beach, acting as a memorial to both the Gallipoli landing in 1915 and the commencement of steel making in Newcastle. The 450-metre cliff top walk is a stunning tourist asset for the city and will be enhanced by integrating with Council's Bathers Way project that will ultimately extend the entire length of the beachfront from Merewether to the Harbour.

I take this opportunity to recognise the leadership and service of former HDC Chairman Paul Broad who stepped down from the Board in August. Paul's long term contribution leaves an indelible mark on the city and the region. I also wish to acknowledge the dedication and insight of Gary Kennedy and the Hon Patricia Forsythe each of whom left the HDC Board of Directors during the financial year. Each had given years of service to HDC and the region and their efforts are greatly appreciated. I welcome on behalf of the Board new directors Sean O'Toole and Andrew Jackson as well as the Secretary's delegate Liz Develin. 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.

David Evans
Chairman

General Manager's Overview

Whilst government efforts and focus on the revitalisation of the Newcastle CBD are recognised and significant, the Corporation has taken significant steps to progress other interests across the Hunter region. The task of remediating former BHP lands at Kooragang Island and Mayfield continue. In the wake of the settlement of the lease of the Port of Newcastle, the process to finalise the remediation has increased in pace. At Mayfield the design for the remediation of the 10 hectare Intermodal site was completed and the Corporation has moved to tender the construction works to complete the project. The remaining 52 hectare Intertrade site, which includes the former iconic Administration building, does not form part of the port lease area. Notwithstanding this, the Corporation is progressing the design and early works packages to undertake remediation on behalf of the Government.

Kooragang Island is within the port lease area and the job to complete remediation in an environmentally sensitive yet contaminated area is complex. This requires approval from both Federal and State authorities whilst also having to manoeuvre and program works to suit land use outcomes intended for the Kooragang Island zone. The work program will escalate over the next 12 months.

The Corporation also entered a Project Delivery Agreement with NSW Trains in relation to the undertaking of due diligence and pre-planning for the potential future development of surplus rail lands at Glendale. This 20 hectare strategically located parcel includes the proposed road to link the Stockland Centre to Main Road at Cardiff and is regarded as a potential sub-regional centre within the Lake Macquarie local government area. It is anticipated the due diligence will identify lands capable of being brought to the market for development to complement and support the

existing built forms and planning intentions for this important centre.

The operation and administration of the Hunter Infrastructure and Investment Fund is also an important facet of the Corporation's activity. The completion of the first stage of the Newcastle Airport expansion, the Speers Point Football Facility and a range of road projects across the Hunter were significant achievements in 2014-2015. The capacity and capability of the Hunter Infrastructure and Investment Fund to add to the significant economic and social fabric for the region is now being fully realised. The financial support provided advancement of projects across the region that could otherwise languish on wish lists. This shows the true value of the Fund.

Consultation in relation to the smaller yet significant Newcastle Port Community Contribution, which will provide funds for projects around community amenity and improve land based infrastructure around the Port of Newcastle, was also completed. It is anticipated that in early 2016 the first successful application to the Fund will be announced and we look forward to the contribution this Fund can make to progressing new projects given its annual provision of no less than \$1 million. In time it is likely this will develop a strong community anticipation and purpose given its local context and application.

In August 2015 Paul Broad, Chairman of the Corporation since 2009, stepped down. Paul's dedication and contribution to the advancement of regional interests and activity of the Corporation during his tenure cannot be overstated. History will mark this era as a significant generational watershed and a time when the region and Newcastle matured as a true regional centre to take its place in a global context. HDC played a significant role and Paul's leadership was a hallmark through this time. My personal gratitude and that of the Board and

staff are extended to Paul and his substantial positive legacy is duly noted.

I would like to acknowledge the contribution and support of not only the Board of the Corporation but also the staff. At a time when the Corporation is tasked with a wide variety of new and existing projects, the work program has been accommodated within our existing staff establishment, which speaks volumes for their skill, expertise and adaptability. Our forward

program promises to continue to pose challenges and I look forward to confronting these knowing our efforts are making a significant contribution to the economic growth and wellbeing of the community within the Hunter region.

Bob Hawes
General Manager

Corporate Governance

The Hunter Development Corporation (the 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 Environment.

The Board sets and oversees the direction of the Corporation. 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, the Secretary of the Department of Planning and Environment and four Board members. Members are appointed by the Governor of NSW.

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 eight Board meetings and four Audit and Risk Committee meetings in the year ended 30 June 2015.

The Board

Chairman

David Evans B.Ec (Hons), FAICD

Appointed Chairman in October 2015

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: 8 of 8

Audit and Risk Committee: 3 of 4

Former Chairman

Mr Paul Broad M.Com

Tenure ended – August 2015

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). Mr Broad has 16 years' experience leading some of Australia's largest energy and water companies such as Energy Australia, Sydney Water and Hunter Water.

He holds a B.Com (Hons) and a M.Com (Econ) from the University of Newcastle.

Meeting attendance:

Board: 7 of 8

Director

Gary Kennedy

Tenure ended October 2014

Mr Kennedy was the Secretary of the Newcastle Trades Hall Council from 2000 until July 2014. He was President of Newcastle Panthers and Cardiff Panthers and a Director of Panthers Entertainment Group. Mr Kennedy is 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: 2 of 3

Director

Karen Howard

Tenure ended September 2014

Ms Howard is a small business proprietor and is a former Independent Director and Chairman of Hunter Primary Care and Director of the NSW Business Chamber.

Other previous Directorships include Nova Credit Union, the Westpac Rescue Helicopter Service, and the Hunter Business Chamber.

Meeting attendance:

Board: 0 of 1

Audit and Risk Committee: 1 of 1

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: 8 of 8

Audit and Risk Committee: 4 of 4

Director
The Hon Patricia Forsythe

Tenure ended February 2015

Patricia Forsythe is the Executive Director of the Sydney Business Chamber, a position she has held since September 2006. She represents the Chamber on a number of NSW government committees including the Minister for Transport's Light Rail Delivery Phase Roundtable and the City of Sydney Retail Advisory Panel and the Sydney Airport Planning Coordination Forum.

In addition to her role at the Sydney Chamber Patricia serves on a number of boards in the Government and NFP sector: Business Events Sydney; Board of Studies, Teaching and Educational Standards NSW; Destination NSW; Council of Macquarie University; Port Authority NSW and Cricket NSW. Prior board appointments have included the Hunter Medical Research Institute.

Ms Forsythe was a Member of the Legislative Council of NSW from 1991 to 2006.

Meeting attendance:
Board: 5 of 5

Director
Carolyn McNally

Ms McNally is the Secretary of the Department of Planning and Environment and is an ex officio Member of the Board. On 1 June 2015, Ms McNally nominated Liz Develin, Deputy Secretary Growth, Design and Programs as a member of the Board.

Meeting attendance:
Board: 7 of 7

Director (Secretary's delegate)
Dr Liz Develin

Dr Develin is Deputy Secretary, Growth, Design & Programs, NSW Department of Planning & Environment. Her experience spans a number of NSW Government agencies, the not-for-profit and academic sector, with much of her career focusing on public health policy.

Meeting attendance:
Board: 1 of 1

Staff

General Manager

Bob Hawes

B.Ec, AAPI, GAICD

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

Executive Assistant

Gillian Foulcher

Operations

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

A/Senior Development Manager, Development

Valentina Misevka

LLB, Dip. Legal Practice, B.Com

Environmental Manager

Mike Bardsley

B. Eng (Civil), MIEA

Project Manager

David Antcliff

B. Construction Management (Hons)

A/Development Manager

David Legg

A/Development Manager

Jeremy Amann

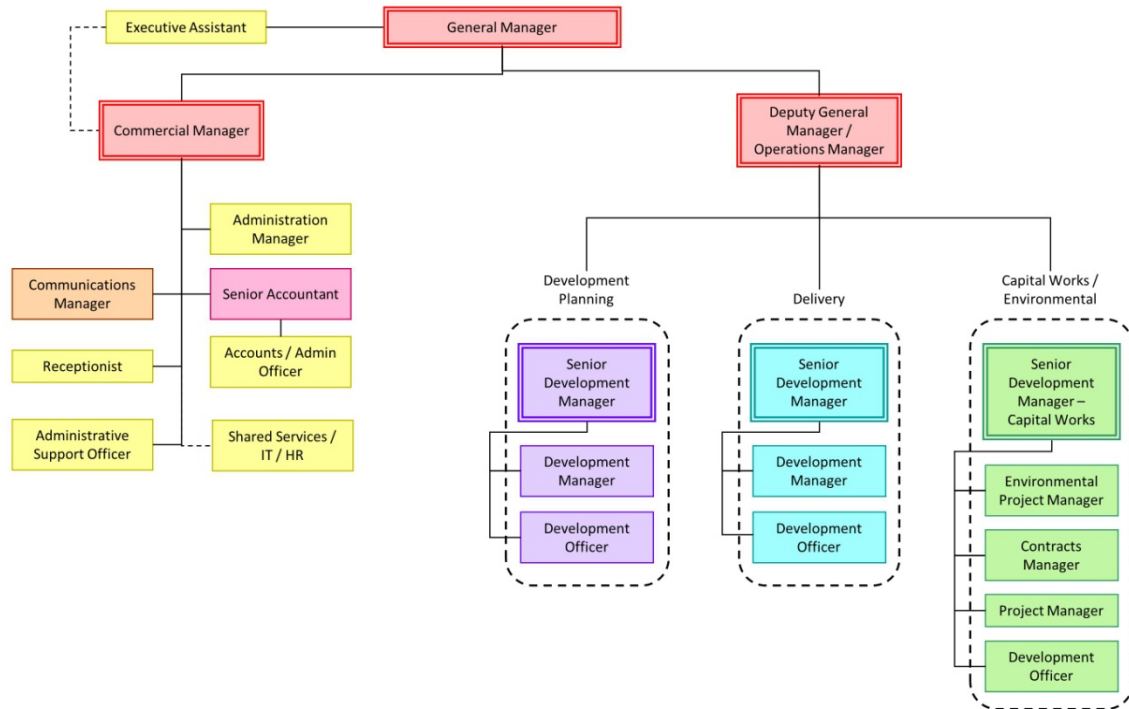
B. Construction Mngt (build), Dip Surveying

Development Officer

Toni Cappiello

A number of positions are currently being covered by contract staff.

HUNTER DEVELOPMENT CORPORATION ORGANISATION CHART



The Corporation also provides administrative and secretariat support and operational services to the Hunter Infrastructure & Investment Fund (HIIF) Advisory Board. The Corporation's General Manager is an ex-officio member on the HIIF Board.

Highlights in the Region

- New planning controls for the Newcastle City Centre are approved, setting the framework for the city's ongoing revitalisation.
- Premier Mike Baird announces that City of Newcastle will have a lead role in determining any future development applications concerning rail corridor lands.
- The Corporation announces it will continue to sponsor Renew Newcastle, contributing \$30,000 per annum over three years subject to annual review.
- Leveraging off the 2015 Asian Cup, the Corporation teams up with Newcastle City Council to deliver a summer events program in the city centre.
- Planning approval is granted for the University of Newcastle's \$95 million city campus designed by leading Melbourne firm Lyons Architecture and Newcastle architects EJE Architecture. The State Government through the Hunter Infrastructure and Investment Fund is providing \$25 million to the project. Hansen Yunken is awarded the construction contract for the University of Newcastle's new city campus.
- By June 2015, almost \$400 million is committed to infrastructure projects across the region from the Hunter Infrastructure and Investment Fund, administered by Hunter Development Corporation.
- The Corporation completes the construction of closure works covering 20 hectares of the former BHP Steelworks waste emplacement facility on Kooragang Island, and progresses procurement planning for the remaining 40 hectares.
- The Corporation tenders the construction contract for the remediation of the 10 hectare "Intermodal" area on the former BHP Steelworks site at Mayfield in readiness for work to be completed during the 2015-16 financial year.
- The NSW Government announces \$17 million will be allocated to a Mine Subsidence Remediation Fund for the Newcastle city centre. The Corporation is leading the initiative in conjunction with the Department of Premier and Cabinet and the Department of Planning and Environment.
- Planning approval is granted for the construction of a commercial and residential development at 18 Honeysuckle Drive by the Doma Group. The development will provide around 7,500 square metres of A-grade office space and 71 residential units.
- The Corporation commissions mine subsidence grouting at Honeysuckle in preparation for the construction of the commercial and residential development at 18 Honeysuckle Drive.
- The Corporation progresses remediation planning for the 52 hectare "Intertrade" area on the former BHP Steelworks site at Mayfield in collaboration with the land owner Government Property NSW.
- UrbanGrowth NSW and the City of Newcastle sign a Memorandum of Understanding to guide a partnership approach to the revitalisation of the city centre. The Corporation joins the Urban Transformation Steering Committee.
- A landmark tourism facility, the Memorial Walk, is completed in time for Anzac Day 2015. The Corporation provided project management services for the project.

- The Corporation is commissioned by Venues NSW to undertake a review of the Hunter Stadium Sports and Entertainment Precinct Master Plan which relates to NSW Government land situated within the Broadmeadow precinct. The study area focusses on regional sporting and entertainment venues and facilities such as the Hunter Stadium, Newcastle Entertainment Centre and Show Ground site and surrounds.

Urban Renewal and Development

During the year significant milestones were achieved in the long term urban renewal of the region's capital. It is gratifying that many of the key catalyst projects identified and advocated by the Corporation in its seminal *Newcastle City Centre Renewal Report* (2009) have become a reality. In addition, the City of Newcastle and the NSW Government formalised an agreement to progress the program cooperatively, setting the initiative up for continued success.

Newcastle City Centre

The NSW Government's urban renewal and transport program progressed on several fronts during 2014-15.

A Review of Environmental Factors (REF) for the planned Wickham Transport Interchange commenced in July 2014, at the same time as the Government announced that train services between Wickham and Newcastle East would cease on 26 December 2014. The contract for the design and construction of the new transport interchange at Wickham was awarded to Lang O'Rourke.

By February 2015 five new links between Hunter Street and the waterfront had been opened up across the disused rail corridor. These consisted of pedestrian links at Steele Street, Kuwumi Place, Worth Place, Wolfe Street and Perkins Street.

Significant progress was made on the construction of the \$94 million Newcastle court complex construction at Civic which was nearing completion at the end of the 2014-15 financial year.

Planning approval was granted to the \$95 million University of Newcastle city campus – to be known as "NeW Space". The 10-storey "vertical campus" building was designed by Melbourne firm Lyons Architecture and Newcastle architects EJE Architecture. To be built on the corner of Hunter and Auckland Streets, the contract for the construction was awarded to Hansen Yunken. The facility is expected to complete in time for the start of the 2017 academic year.

In March 2015 the NSW Government announced that the Corporation would lead the implementation of a \$17 million Mine Subsidence Remediation Fund to unlock development potential in the Newcastle City Centre currently subject to potential mine subsidence constraints. The Corporation is working with the Mine Subsidence Board and the Department of Premier and Cabinet to establish the governance and operational framework for the Fund.

Empire Hotel site

Negotiations concerning the proposal for a 100-plus apartment building incorporating affordable housing units on the former Empire Site in Hunter Street West could not be progressed to a satisfactory conclusion. Accordingly the Corporation rescinded the "preferred proponent" status conferred on Newcastle First and announced the site would be brought back to market as soon as possible. While it was regrettable that the Newcastle First proposal was not able to proceed, a high level of interest was anticipated to be forthcoming in future campaigns. The Corporation still intends to deliver additional affordable housing units at other locations.

Honeysuckle

The Corporation continues to progress the redevelopment of the remaining undeveloped land in the Cottage Creek precinct and Lee Wharf. This includes consideration of challenges including seawalls, mine subsidence, contamination and funding for the delivery of future public domain.

The Corporation is also carefully considering the interface between the Honeysuckle landholdings and the Newcastle Urban Renewal and Transport program, in particular the new transport interchange at Wickham and light rail. The NSW Government is determined to ensure the as-yet undeveloped lands in the Honeysuckle precinct integrate with the wider urban renewal of the Newcastle city centre. HDC, UrbanGrowth, the City of Newcastle and all other relevant stakeholders will be continuing to work closely together to ensure this is the case.

Lot 22

In March 2014 the Corporation responded to market interest in Lot 22, next to the Hunter Water Building on Honeysuckle Drive, by making the land available to the Australian Taxation Office's expression of interest for new premises in Newcastle. However, in early 2015 the ATO advised it would not be proceeding with the process.

Subsequently, the site was offered for the consideration of Government Property NSW for the potential construction of 7,000 to 10,000 square metres of office space. This process is continuing.

Lot 230

The Corporation called for expressions of interest for the development of another Honeysuckle site next to the NIB building, known as Lot 230 or 18 Honeysuckle Drive.

This site was previously being held for consideration and potential development as part of the University of Newcastle's planned city campus. This site was 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. The expression of interest process led to the selection of the ACT-based Doma Group as preferred proponent to build a commercial office building and also a residential building on the site. The \$38 million development would consist of two seven storey buildings with 7,500m² of office space, approximately 71 residential units, ground floor retail and a café. The development will cater to around 750 workers and 100 residents.

Glendale development

In collaboration with Sydney Trains, the Corporation commenced initial investigations to identify the development potential of 20 hectares of surplus rail land at Glendale. The land is situated within the emerging regional centre identified in the regional planning strategy. Investigations are examining the various site constraints including ecological, archaeological, flooding, land contamination and mine subsidence issues. Ongoing liaison with Lake Macquarie City Council will assist to identify a preferred development pathway for this long term project.

Major Capital Works Projects

Since the early 2000s, the Corporation and its predecessor, the Regional Land Management Corporation, has been the state's agent responsible for carrying out important remediation activities across former BHP landholdings around the Port of Newcastle at the former BHP Steelworks site at Mayfield and the former BHP Waste Emplacement Facility at Kooragang Island. The Corporation has methodically completed complex, large scale remediation works progressively, with accompanying monitoring and verification programs to ensure adherence to environmental standards. This important work will ensure the sites are fit for re-use in the future to support the regional economy.

Mayfield

The Corporation has successfully remediated 90 hectares of land on the former BHP Steelworks site at Mayfield, an area equal to around 150 football fields.

Recently the Corporation completed the design of the remediation works for the 10 hectare Intermodal Area on the Mayfield site, and has tendered the construction contract in readiness for work to proceed early in the 2015-16 financial year.

The Intermodal Area is a strategic parcel of land within the port lease footprint and as part of the lease conditions the Corporation has been engaged to implement the State's remediation obligations for the area. The remediation construction works for the Intermodal site are now largely scoped in readiness for delivery during 2015-16 to meet the State's remediation obligations.

The procurement planning for the remaining phases of work on the former BHP Steelworks site at Mayfield, involving landforming and capping to the 52 hectare Intertrade Site, has been developed in collaboration with the land owner, Government Property NSW, in readiness for delivery during 2015-16.

Kooragang Island

The Corporation is arranging the delivery of the closure works to the former Kooragang Island Waste Emplacement Facility.

BHP used this former landfill site during its Newcastle steelworks operations. 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 Corporation has completed the first construction phase of the work, with Georgiou Group Pty Ltd completing about 20 hectares of land forming and capping.

The Corporation is progressing the procurement of the remaining 40 hectares and continuing to work through a range of complex issues and stakeholder requirements to ensure the works will be environmentally sound, meet authority requirements and appropriately coordinated with site needs.

Place Making and Communications

Place-making

The Corporation has continued its partnership with Newcastle Now to provide a program of place-making initiatives. The program comprises elements of art, culture, music, cooperation, fun and functionality and aims to make Honeysuckle a better place to live, work and play. The program has continued to include free public events, public artworks and small interventions as well as communication initiatives comprising interactive websites and social media platforms - www.newcastlenow.org.au.

This interest extends to various charity and fundraising events, festivals and sporting events, which all draw new people into the precinct. The most significant partnership was the one with the City of Newcastle whereby the agencies partnered to deliver the IT's ON Newcastle events program throughout the Honeysuckle precinct. The program was diverse and included a New Year's Eve celebration, the Asian Cup and Surfest fan zones, Australia Day celebrations and a Chinese New Year Lantern Parade.

Public Art

The Corporation delivered the significant Ship to Shore public art sculpture outside the Maritime Centre on the Honeysuckle promenade. Award winning artist Matthew Harding was commissioned to produce the work which comprise of rope formations that are interactive both during the day and night.

Amenity improvements

Following on from the extension of Worth Place Park at Lee Wharf in early 2014, the Corporation commenced work to connect it with the existing Honeysuckle foreshore promenade at the Marina. This project was completed in December 2014. This meant that for the first

time pedestrians and cyclists have uninterrupted access to the foreshore all the way from Tighes Hill and Carrington to Nobbys Headland. Pedestrians and cyclists can now follow the water's edge for the entire seven kilometres between Tighes Hill TAFE and Nobbys Headland.

A key goal of the Honeysuckle urban renewal project has always been to connect the city with the harbour and this is a key element. In coming years when the undeveloped parts of Honeysuckle are developed, the promenade will be upgraded with a more permanent treatment.

The project was completed in time for a summer of activities in and around Honeysuckle, including New Year's Eve, the Asian Cup, Australia Day and Surfest evening activities. The Corporation and the City of Newcastle teamed up to deliver a program of events in the city centre, centred on Honeysuckle, leveraging off the 2015 Asian Cup.

A professional event management company was appointed to deliver a diverse program of events in Newcastle between New Year's Eve and February 2015. The initiative was designed to leverage the enormous boost the Asian Cup brought to the Newcastle visitor economy.

Communications

In order to ensure effective communication with stakeholders, the Corporation continued to utilise a wide variety of communications and marketing tools throughout the year.

A Honeysuckle reference group continued to meet on a regular basis to discuss the future direction of the precinct. The Corporation also continued to provide free Wi-Fi and the use of its social media and online platforms to help people stay informed and connected with events and initiatives in the precinct.

The Corporation continued to publish the popular monthly e-newsletter *HarbourLife* during the year, with subscription continuing to grow. At the end of June 2015 subscribers exceeded 1,900.

The Corporation also maintained the Honeysuckle dining mobile optimised website www.dine.honeysuckle.net featuring updated information on the many eateries in the Honeysuckle precinct to make choosing and booking a restaurant as easy as possible. The site features thirty restaurants, cafes, bars and pubs in the Honeysuckle area.

The Corporation participated in the Hunter Research Foundation's March 2015 Hunter Omnibus Survey. This survey continues to show the community's positive response to the Honeysuckle project. The 2015 survey showed that 58% of respondents had visited the Honeysuckle precinct in the last six months and 57% of this cohort visited more than four times. This underscores the emergence of the precinct as a genuine regional resource.

There was a high level of agreement with the statement *Honeysuckle is good for Newcastle* with 74% of respondents either agreeing or strongly agreeing with the statement. Approximately seven-in-ten respondents either agreed or strongly agreed *Honeysuckle is a good place to visit*.

Sponsorship

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. The Corporation's support for Renew Newcastle complements the NSW Government's comprehensive urban renewal program.

In 2014-15 the Corporation made a \$30,000 contribution to assist the group with its work to bring vacant retail and commercial office spaces in the Newcastle city centre to life with creative

and innovative start-up businesses and artistic ventures.

Renew Newcastle continued to make significant progress in activating otherwise vacant spaces with an enviable record which is attracting national and international interest.

www.renewnewcastle.org

The Corporation continued its sponsorship of the Hunter Research Foundation (HRF) which undertook a major campaign to launch a new image and name during 2014-15.

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 property 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 sponsored the Australian Institute of Architects 2014 Lower Hunter Urban Design Awards Student Concept Prize.

The sponsorship provided a \$2,000 cash prize to Frank Verevakabau who submitted a conceptual design for the Branxton CBD set by Cessnock City Council as one of two areas designated for revitalisation in the near future. The concept designs included a children's playground, skate-park, walk ways, picnic areas, and undercover casual seating for spending time in the outdoors.

Regional Planning and Infrastructure

Hunter Infrastructure and Investment Fund

The Corporation's work in administering the Hunter Infrastructure and Investment Fund (HIIF) continued in 2014-15.

Through the HIIF the NSW Government has funded projects across the Hunter worth almost \$400 million to date. The Fund also provides the portal for the Government's commitment of \$340 million from the lease of the Port towards the revitalisation of Newcastle.

Prior to the 2015 State Election the Premier announced \$18 million would be allocated to stages two and three of the expansion of the Neonatal Intensive Care Unit at the John Hunter Hospital Newcastle, \$7 million for Singleton Hospital improvements and \$25 million to start early works on the new Lower Hunter hospital at Metford.

The Government also announced \$17 million from the Fund would be allocated to tackle mine subsidence in the Newcastle city centre. At the end of June 2015 the Corporation had done much work, in conjunction with the Department of Premier and Cabinet, the Mine Subsidence Board, and other stakeholders to finalise the governance and operational aspects of the Fund.

The Premier also announced that the remaining \$50 million in the Fund, sourced from Restart NSW, would be opened up to "expressions of interest" for potential projects for funding. The Corporation, in collaboration with Infrastructure NSW, assisted the HIIF Board to prepare for this process with Minister for Planning opening the expression of interest on 31 July 2015.

To date significant progress has been made on a wide variety of projects supported by the Fund. Several projects are now complete, including:

- The \$45 million Nelson Bay Road upgrade between Bob's Farm and Anna Bay;
- The \$11.3 million Lake Macquarie Football Facility (\$7.3 million from the HIIF).
- The \$2 million refurbishment of the Cessnock Emergency Department;
- The \$2 million Maitland Mental Health Unit carer's room and courtyard;
- Stage One of the \$11.1 million Newcastle Airport Expansion;
- The \$20 million Wine Region Roads upgrade at Pokolbin; and
- The \$0.5 million equipment upgrade at the Wansey Dialysis Centre, Charlestown.

Many other projects are well advanced, including;

- The \$20 million Raymond Terrace to Dungog road upgrade;
- The \$44 million New England Highway upgrade at Maitland; and
- The \$95 million University of Newcastle City Campus (\$25 million of which is funded through the HIIF).

Other projects are in advanced stages of planning or have commenced, including:

- The \$7 million Stage One refurbishment and expansion of the neonatal intensive care unit at the John Hunter Children's Hospital, Newcastle;
- The Newcastle City Centre urban renewal and light rail project to which the fund is directly contributing \$60 million;
- The new Hunter Valley Hospital to be built at Metford;
- \$5.3 million towards the \$20 million overhaul of the Hunter Sports High School at Gateshead;
- The \$5.9 million Singleton Gym and Swim project; and
- The \$2 million refurbishment of the Campbell's Corner building as the Upper Hunter Conservatorium of Music, Muswellbrook.

These infrastructure projects will bring a wide range of benefits to the Hunter community.

Infrastructure Planning

In the 2013-14 year the Corporation developed the Integrated Infrastructure Planning Tool (IIPT) under the auspices of the HIIF and the Hunter Strategic Infrastructure Plan. The IIPT is an evidence based decision support tool which has been developed to better understand infrastructure capacity, costs and capability in the region to facilitate growth. The tool specifically focusses on green-field development.

In 2014-15 the Corporation and the NSW Office of Environment and Heritage entered into a strategic partnering agreement to support the further development of the ecological sensitivity layer of the tool.

The tool will help the Corporation to identify the right infrastructure, in the right place, at the right time. An animated video explaining how the tool works can be accessed at <http://www.hunterinfrastructureplan.com.au/plan/>

Financial Statements Contents

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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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and 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 an 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which 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 other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



Weini Liao
Director, Financial Audit Services

22 October 2015
SYDNEY

DIRECTORS STATEMENT

Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2015.

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

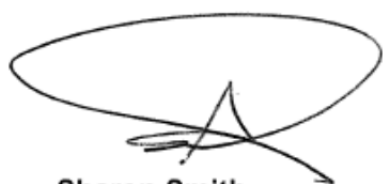
Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Director of Hunter Development Corporation, we declare that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Hunter Development Corporation as at 30 June 2015 and transactions for the year then ended.
- 2) The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* 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.



David Evans
CHAIRMAN
HUNTER DEVELOPMENT CORPORATION



Sharon Smith
DIRECTOR
HUNTER DEVELOPMENT CORPORATION

22 OCTOBER 2015

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Expenses Excluding Losses				
Operating expenses				
Personnel services expense	2(a)	2,488	2,986	2,489
Other operating expenses	2(b)	2,159	5,327	17,165
Depreciation and amortisation	2(c)	38	40	39
Grants and subsidies	2(d)	73,683	67,833	10,732
Finance costs	2(e)	-	-	-
Other expenses	2(f)	8,714	36,060	767
Total Expenses Excluding Losses		87,082	112,246	31,192
Revenue				
Sale of goods and services	3(a)	1,706	930	9,192
Investment revenue	3(b)	1,131	805	1,745
Grants and contributions	3(c)	73,538	67,797	10,859
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	116	82	129
Other revenue	3(e)	10,110	37,034	2,136
Total Revenue		86,601	106,648	24,061
Gain / (loss) on disposal		-	-	-
Other gains / (losses)		-	-	-
Net result		(481)	(5,598)	(7,131)
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		(481)	(5,598)	(7,131)

The accompanying notes form part of these financial statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	5,993	882	7,945
Receivables	5	1,111	124	996
Inventories	6	1,651	5,129	-
Total Current Assets		8,755	6,135	8,941
Non-Current Assets				
Inventories	6	36,043	31,717	35,971
Plant and equipment	7	20	18	58
Total Non-Current Assets		36,063	31,735	36,029
TOTAL ASSETS		44,818	37,870	44,970
LIABILITIES				
Current Liabilities				
Payables	8	1,201	236	874
Borrowings	9	-	-	-
Provisions	10	317	188	324
Other	11	538	613	538
Total Current Liabilities		2,056	1,037	1,736
Non-Current Liabilities				
Provisions	10	30	28	31
Other	11	45	35	35
Total Non-Current Liabilities		75	63	66
TOTAL LIABILITIES		2,131	1,100	1,802
NET ASSETS		42,687	36,770	43,168
EQUITY				
Accumulated funds		42,687	36,770	43,168
TOTAL EQUITY		42,687	36,770	43,168

The accompanying notes form part of these financial statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

	Notes	Accumulated Funds \$'000
Balance at 1 July 2014		43,168
Changes in accounting policy		-
Correction of errors		-
Restated total equity at 1 July 2014		43,168
Net result for the year		(481)
Other comprehensive income:		
Net increase / (decrease) in plant and equipment		-
Total other comprehensive income		-
Total comprehensive income for the year		(481)
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers		-
Balance at 30 June 2015		42,687
Balance at 1 July 2013		56,524
Changes in accounting policy		-
Correction of errors		-
Restated total equity at 1 July 2013		56,524
Net result for the year		(7,131)
Other comprehensive income:		
Net increase / (decrease) in plant and equipment		-
Total other comprehensive income		-
Total comprehensive income for the year		(7,131)
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers		(6,225)
Balance at 30 June 2014		43,168

The accompanying notes form part of these statements

HUNTER DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		75,551	67,833	11,805
Finance costs		-	-	-
Suppliers and personnel services		12,278	44,298	6,968
Inventories		540	1,113	27
Total Payments		88,369	113,244	18,800
Receipts				
Reimbursements from the Crown Entity (Transfers to the Crown Entity)		116	-	129
Sale of goods and services		2,068	1,538	12,183
Interest received		483	155	195
Grants and contributions		83,750	104,831	13,347
Total Receipts		86,417	106,524	25,854
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	(1,952)	(6,720)	7,054
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	-	-
Purchases of plant and equipment		-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	-	-
Repayment of borrowings		-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-
NET INCREASE / (DECREASE) IN CASH		(1,952)	(6,720)	7,054
Opening cash and cash equivalents		7,945	7,602	891
CLOSING CASH AND CASH EQUIVALENTS	4	5,993	882	7,945

The accompanying notes form part of these statements

Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2015

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 2015 as it is not applicable to its operations.

These financial statements for the year ended 30 June 2015 have been authorised for release by the Directors on 22 October 2015.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 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.

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

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

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

(c) Statement of compliance

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

(d) Borrowing costs

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

(e) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

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

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

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

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

(g) Income recognition

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

(i) Sale of goods

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

(ii) Investment revenue

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

(h) Assets

(i) Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

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

(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 15-01) This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

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

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(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 identifiable components of assets are depreciated separately over their 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 14.29% per annum

(vi) Maintenance

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

(vii) Leased assets

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

The Corporation has no finance lease arrangements.

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

(viii) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the

effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

(ix) Inventories

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

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

(x) Impairment of financial assets

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

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

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

(xi) Derecognition of financial assets and financial liabilities

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

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

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

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

(i) Liabilities

(i) Payables

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

(ii) Borrowings

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

(iii) Financial Guarantees

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

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, 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 2015 and at 30 June 2014.

(iv) Personnel Services Expense

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

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.

(j) Accumulated Funds

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

(k) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities are designated or required by 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.

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual disclosed on the primary financial statements are explained in Note 14.

(m) Comparative information

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

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

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year.

(ii) Issued but not effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective:

- AASB 9, AASB 2010-7, AASB 2014-1 (Part E), AASB 2014-7 (1 January 2018) and AASB 2013-9 (Part C), AASB 2014-8 regarding financial instruments (1 January 2015);
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers (1 January 2017);
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation (1 January 2016);
- AASB 2015-2 (1 January 2016) regarding amendments to AASB 101 disclosure initiatives (1 January 2016);
- AASB 2015-3 regarding materiality (1 July 2015);

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

2. Expenses Excluding Losses

(a) Personnel service expense

	2015 \$'000	2014 \$'000
Salaries and wages (including recreation leave)	2,171	2,168
Superannuation	182	172
Payroll tax and fringe benefits tax	135	149
Worker's compensation insurance	-	-
	2,488	2,489

(b) Other operating expenses include the following

	2015 \$'000	2014 \$'000
Auditor's remuneration - audit of the financial statements	52	51
Internal audit fees	-	55
Cost of sales	(1,183)	14,159
Inventory adjustment to net realisable value	-	-
Operating lease rental expense - minimum lease payments	232	220
Property expenses	2,133	1,795
Insurance	56	57
Other Contractors	124	130
Community information / liaison and promotion	221	254
Board remuneration	94	99
Fees for services	211	83
Hunter Infrastructure and Investment Fund expenses	7	124
Other	212	138
	2,159	17,165

(c) Depreciation and amortisation expense

	2015 \$'000	2014 \$'000
Depreciation - Furniture and Fittings	5	5
Depreciation - Plant and Equipment	2	3
Amortisation - Leasehold Improvements	31	31
	38	39

(d) Grants and subsidies

	2015 \$'000	2014 \$'000
Hunter Infrastructure and Investment Fund Projects	73,023	10,325
Public domain landscaping and seawall repairs	581	277
Community activation	79	130
	73,683	10,732

(e) Finance costs

	2015 \$'000	2014 \$'000
Interest expense TCorp Loan	-	-
Interest government guarantee fee	-	-
	-	-

(f) Other expenses

	2015	2014
	\$'000	\$'000
Remediation expense	8,714	766
Infrastructure expense	-	1
	8,714	767

3. Revenue

(a) Sale of goods and services

	2015	2014
	\$'000	\$'000
Sale of goods	-	7,282
Other Income ¹	1,706	1,910
	1,706	9,192

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

	2015	2014
	\$'000	\$'000
Interest revenue from financial assets not at fair value through profit or loss	432	15
TCorp Hour Glass Facilities designated at fair value through profit or loss	51	180
Rents	648	1,550
	1,131	1,745

(c) Grants and contributions

	2015	2014
	\$'000	\$'000
Grant revenue	73,538	10,859
	73,538	10,859

(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:

	2015	2014
	\$'000	\$'000
Superannuation – defined benefit	19	23
Long service leave	96	105
Payroll tax	1	1
	116	129

(e) Other revenue

	2015	2014
	\$'000	\$'000
Remediation revenue	10,110	2,136
	10,110	2,136

4. Current Assets – Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and on hand	2,993	544
TCorp Hour Glass Facility	-	1,360
Short-term deposits	3,000	6,041
	5,993	7,945

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:

	2015	2014
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	5,993	7,945
Closing cash and cash equivalents (per statement of cash flows)	5,993	7,945

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

5. Current / Non-Current Assets – Receivables

	2015	2014
	\$'000	\$'000
Sale of goods and services	844	488
Less: Allowance for impairment	-	-
Goods and Services Tax recoverable from ATO	253	497
Prepayments	14	11
	1,111	996

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	-	-

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

6. Current / Non-Current Assets – Inventories

	2015 \$'000	2014 \$'000
Current		
At Cost	1,651	-
At Valuation	-	-
	1,651	-
Non-Current		
At Cost	23,713	24,629
At Valuation	12,330	11,342
	36,043	35,971
Total	37,694	35,971
Details of inventories		
Acquisition Costs	33,967	33,967
Development Costs	4,224	3,684
Accumulated Inventory Adjustment to Net Realisable Value	(497)	(1,680)
	37,694	35,971

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Furniture and fittings \$'000	Total \$'000
At 1 July 2014 – fair value				
Gross carrying amount	54	281	62	397
Accumulated depreciation and impairment	(49)	(243)	(47)	(339)
Net carrying amount	5	38	15	58
At 30 June 2015 – fair value				
Gross carrying amount	33	281	60	374
Accumulated depreciation and impairment	(30)	(274)	(50)	(354)
Net carrying amount	3	7	10	20

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 \$'000	Leasehold improvements \$'000	Furniture and fittings \$'000	Total \$'000
Year ended 30 June 2015				
Net carrying amount at start of year	5	38	15	58
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(2)	(31)	(5)	(38)
Net carrying amount at end of year	3	7	10	20

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 2014

Net carrying amount at start of year	8	70	19	97
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(3)	(32)	(4)	(39)
Net carrying amount at end of year	5	38	15	58

8. Current Liabilities – Payables

	2015 \$'000	2014 \$'000
Personnel services - Accrued salaries and wages	65	70
Creditors	1,013	499
Unearned revenue	123	305
	1,201	874

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

	2015 \$'000	2014 \$'000
TCorp borrowings – unsecured	-	-
	-	-

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

10. Current / Non-Current Liabilities – Provisions

	2015 \$'000	2014 \$'000
Current		
Personnel services - Recreation Leave ¹	227	237
Personnel services – On-costs ²	90	86
Lease Incentive ³	-	1
Makegood Restoration ⁴	-	-
	317	324
Non-Current		
Lease Incentive ³	-	1
Makegood Restoration ⁴	30	30
	30	31

Notes

1. The expected value of recreation leave to be paid within twelve months is \$164,000 and \$63,000 after twelve months. This forecast reflects the Government policy as set out in M2012-07 Reduction of accrued recreation leave balances.
2. The on-costs provision reflects an estimate of the on-costs and payroll tax obligations of the Corporation to extinguish the recreation leave (as provided above) and long service leave obligations (as assumed by the Crown).
3. Lease incentive is amortised over the term of the lease and is recognised as a reduction in operating lease rental expense.
4. 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 \$'000	On-costs \$'000	Lease Incentive \$'000	Leasehold Improvement \$'000	Total \$'000
2015					
Carrying amount at the beginning of financial year	237	86	2	30	355
Additional provisions recognised	162	13	-	-	175
Amounts used	(169)	(9)	(2)	-	(180)
Unused amounts reversed	-	-	-	-	-
Unwinding / change in the discount rate	(3)	-	-	-	(3)
Carrying amount at end of financial year	227	90	0	30	347

11. Current / Non-Current Liabilities – Other

	2015 \$'000	2014 \$'000
Current		
Security deposits	538	538
	538	538
Non-current		
Security deposits	45	35
	45	35

12. Commitments for Expenditure

(a) Capital

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

	2015 \$'000	2014 \$'000
Not later than one year	978	10
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	978	10

(b) Operating Lease Commitments

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

	2015 \$'000	2014 \$'000
Not later than one year	200	171
Later than one year and not later than five years	793	62
Later than five years	66	-
Total (including GST)	1,059	233

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

13. Contingent Liabilities and Contingent Assets

Contingent liabilities

There are no contingent liabilities as at 30 June 2015.

Contingent Assets

There are no contingent assets as at 30 June 2015.

14. Budget Review

Net result

The net result is favourable to budget by \$5.1m primarily as a result of:

- Actual investment revenue being higher than budget by \$0.3m due to additional interest received;
- 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 (\$5.8m higher than budget) and actual grants and contributions (\$5.7m higher than budget) were impacted by additional claims for projects funded by the Hunter Infrastructure Investment Fund;
- Actual other operating expenses being \$3.2m lower than budget due to expenditure being deferred or reduced and inventory adjustment.
- Actual sales of goods and services being \$0.8m higher than budget due to higher car parking revenue; and
- Actual other expenses (\$27.3m lower than budget) and actual other revenue (\$26.9m lower than budget) were impacted by fewer remediation works.

Assets and liabilities

The Corporation's net cash position was \$5.1m higher than budget primarily as a result of:

- An increase in payables of \$1.0m;
- An increase in receivables of \$1.0m; and
- The net result being favourable to budget by \$5.1m.

Cash flows

The net cash flows from operating activities were favourable to budget by \$4.8m primarily as a result of:

- An underspend of \$32.0m on suppliers and personnel services which is offset by a \$21.0m reduction in grants and contributions;
- Additional sales of goods and services of \$0.6m due to higher car parking revenue;

- Additional interest received of \$0.3m due to higher cash balances;
- Deferral of \$0.6m expenditure on inventories; and
- Additional expenditure of \$7.7m on grants and subsidies.

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

	2015 \$'000	2014 \$'000
Net result	(481)	(7,131)
Depreciation	38	39
Inventory adjustment to net realisable value	(1,183)	(431)
Equity Transfer	-	(6,225)
(Increase) / decrease in receivables	(115)	(107)
(Increase) / decrease in inventories	(540)	20,788
Decrease / (increase) in creditors	327	(229)
(Decrease) / increase in provisions	(8)	18
Increase / (decrease) in other liabilities	10	332
Net gain / (loss) on sale of plant and equipment	-	-
Net Cash Flows From Operating Activities	(1,952)	7,054

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
			2015	2014
Class:			\$'000	\$'000
Cash and cash equivalents	4	N/A	5,993	7,945
Receivables ¹	5	Loans and receivables (at amortised cost)	844	488

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
Class:			\$'000	\$'000
Payables ²	8	Financial liabilities measured at amortised cost	1,078	569
Borrowings	9	Financial liabilities measured at amortised cost	-	-

Notes

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

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 Corporation 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 (2015: \$278,000; 2014: \$313,000) and less than three months past due (2015: \$114,000; 2014: \$14,000) 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.

	Total ^{1,2}	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2015			
< 3 months overdue	114	114	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2014			
< 3 months overdue	14	14	-
3 months – 6 months overdue	1	1	-
> 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 of 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 (2014: nil).

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

\$'000

	Weighted Average Effective Int. Rate	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 year	1-5 years	> 5 years
2015								
Trade Creditors and Accruals	-	1,078	-	-	1,078	1,078	-	-
T Corp Borrowings	-	-	-	-	-	-	-	-
Security Deposits	-	583	-	-	583	538	10	35
		1,661	-	-	1,661	1,616	10	35
2014								
Trade Creditors and Accruals	-	569	-	-	569	569	-	-
T Corp Borrowings	-	-	-	-	-	-	-	-
Security Deposits	-	573	-	-	573	538	-	35
		1,142	-	-	1,142	1,107	-	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 Corporation 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 cash and cash equivalents.

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 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's cash and cash equivalents. 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.

	\$ 000's				
	Carrying Amount	Profit	-1% Equity	+1% Profit	Equity
2015					
<i>Financial assets</i>					
Cash and cash equivalents	5,993	(60)	(60)	60	60
Receivables	844	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,078	-	-	-	-
Borrowings	-	-	-	-	-
2014					
<i>Financial assets</i>					
Cash and cash equivalents	7,945	(79)	(79)	79	79
Receivables	488	-	-	-	-
<i>Financial liabilities</i>					
Payables	569	-	-	-	-
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. Restricted Assets

Within cash at bank and on hand (Note 4) is unspent administration funding for the Hunter Infrastructure and Investment Fund (2015: \$32,363; 2014: \$142,000) and unspent Remediation funding for Kooragang Island (2015: \$74,133; 2014: Nil). This funding is included in Current Liabilities – Payables (Note 8) as unearned revenue.

18. Events after the Reporting Period

There are no after balance date events.

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 7-10
Summary review of operations	Page 13
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)
Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for the Hunter Development Corporation	Appendix B(x)
Disclosure of Controlled Entities	HDC has no controlled entities
Multicultural Policies and Services Program (formerly EAPS)	Appendix B (iii)
Work Health and Safety	Appendix B (iii)
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.hdc.nsw.gov.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	30,000	Sponsorship 2014-15
Hunter Research Foundation	8,987	Sponsorship Annual 2014-15
Newcastle Rowing Club	1,000	Club Regatta 2014-15
Property Council of Australia	12,000	Hunter Corporate Partner 2014-15
The Royal Australia Institute	4,773	Annual Awards Sponsorship 2014 and 2015
Total	56,759	

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 and Environment 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 & Environment'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
- Work Health and Safety
- Privacy Management Plan
- Public Interest Disclosures

During the 2014-15 year all Corporation staff completed the following compulsory workplace training modules:

- Workplace Health and Safety Awareness
- Disclosing Interests and Managing Conflicts of Interest
- Privacy and Personal Information Protection (NSW)

All staff completed and returned pecuniary interest declarations during the reporting period.

All staff have participated in Performance Development planning as per the relevant provisions of the Government Sector Employment Act 2013.

(iv) Land Disposal

During the year there were no land disposals.

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

During the year there were no overseas visits.

(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.

(vii) 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	50,236	-	-	-	-
December	48,134	-	-	-	-
March	144,834	-	-	-	-
June	3,051	-	-	-	-
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	228	284	266	292
Number of accounts paid on time	227	276	257	281
Actual percentage of accounts paid on time (based on number of accounts)	99.56%	97.18%	96.62%	96.23%
Dollar amount of accounts due for payment	\$915,722	\$9,635,299	\$13,324,887	\$57,024,842
Dollar amount of accounts paid on time	\$901,335	\$9,614,134	\$13,279,602	\$57,000,493
Actual percentage of accounts paid on time (based on \$)	98.43%	99.78%	99.66%	99.96%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small Business Suppliers				
Number of accounts due for payment	4	8	14	15
Number of accounts paid on time	4	7	14	13
Actual percentage of accounts paid on time (based on number of accounts)	100.00%	87.50%	100.00%	86.67%
Dollar amount of accounts due for payment	\$18,396	\$8,357	\$49,102	\$82,963
Dollar amount of accounts paid on time	\$18,396	\$7,612	\$49,102	\$80,769
Actual percentage of accounts paid on time (based on \$)	100.00%	91.09%	100.00%	97.36%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

(viii) 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.

(ix) Internal Audit and Risk Management Policy Attestation for the 2014-2015 Financial Year for the Hunter Development Corporation

I, David Evans am of the opinion that the Hunter Development Corporation has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements

1. Risk Management Framework

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

2. Internal Audit Function

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

3. Audit and Risk Committee

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

Membership

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

- S Smith Independent Chair
- K Howard Independent Member
- D Evans Non-independent Member

David Evans
CHAIRMAN
Hunter Development Corporation

(x) Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for the Hunter Development Corporation.

I, David Evans, am of the opinion that the Hunter Development Corporation had an Information Security Management System (ISMS) in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Hunter Development Corporation are adequate.

There is no agency under the control of the Hunter Development Corporation which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

David Evans
CHAIRMAN
HUNTER DEVELOPMENT CORPORATION

(xi) 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.

(xii) Performance and numbers of executive officers

Senior Executive Service	2014/15		2013/14	
Level	Male	Female	Male	Female
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	1	-	1	-
Total	1	-	1	-

(xiii) Government Information (Public Access) Act 2009

The Corporation adopts the principle of proactive release of information as described in the GIPA Regulation. That is, the Corporation will seek to proactively release information which is deemed to be in the public interest where there are no overriding reasons against disclosure, and publish such information on its website. Information which would be proactively released is that which is commonly sought after by members of the public as reflected in the number of requests made for such information.

The Corporation will also routinely publish other information which could reasonably be expected to be of public interest based on the experiences and practices of other similar Government agencies or as determined by the Corporation's annual review of this program.

The annual review of this program is conducted by staff with relevant expertise in the operation of the GIPA Act and any recommendations arising from this review will be made to the General Manager on advice from the Administration Manager and Communications Manager.

The review seeks to understand what categories of information were repeatedly asked for, both formally and informally, what types of information have been produced by the Corporation since the last review and what types of information have been proactively released by other similar agencies or other agencies in general.

During the reporting period the Corporation did not receive any formal requests. One informal request was received under the Act and relevant information provided.

Formal access application tables

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

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

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

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

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

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

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

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

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

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

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

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

Table I: Applications transferred to other agencies	
	Number of applications for review
Agency-Initiated Transfers	0
Applicant – Initiated Transfers	0

(xiv) 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: <ul style="list-style-type: none">▪ corrupt conduct▪ maladministration▪ serious and substantial waste of public money government information contraventions	0 0 0
Number of public interest disclosures finalised	0

End of Annual Report 2014-2015