

Honeysuckle Development Corporation  
Annual Report 2004/2005

*Always  
Happening*

 HONEYSUCKLE

# To the Minister

31 October 2005

The Hon. Mr Frank Sartor MP  
Minister for Planning  
Parliament House  
SYDNEY NSW 2000

Dear Mr Sartor

Please find enclosed the annual report of the Honeysuckle Development Corporation for the year ended 30 June 2005.

The report details the work, achievements and relevant statutory and financial information of this statutory body.

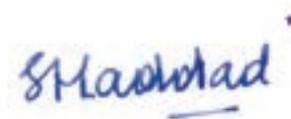
The report is for submission to Parliament under the *Annual Reports (Statutory Bodies) Act 1984*.

Yours sincerely



**David Le Marchant**

Chairman  
Honeysuckle Development Corporation



**Sam Haddad**

Acting Managing Director  
Honeysuckle Development Corporation

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## The Honeysuckle Project

### Charter

Honeysuckle Development Corporation's charter is to coordinate the redevelopment of surplus government railway and port related land covering some 50 hectares along four kilometres of harbour front adjacent to Newcastle's Central Business District (CBD).

Seven distinct precincts have been identified: Honeysuckle, Cottage Creek, Wickham, Marina, Linwood, Carrington and Hunter Street. The Carrington and Wickham precincts are now complete. There are major projects complete or underway in all other precincts including hotels, a diverse mix of offices, shops and restaurants, commercial office buildings, townhouses and apartments, a foreshore promenade and parkland.

2005 is the Honeysuckle Project's thirteenth year and it is expected to take, in total, up to 20 years to complete.

### Mission and Vision

The Corporation's mission is to create at Honeysuckle a quality residential, commercial and recreational waterfront area as part of the process to revitalise the City of Newcastle.

The vision is to provide lifestyle, economic and environmental benefits for the community as a result of Honeysuckle being a vibrant, friendly place for people.

### Objectives

The Corporation's key objectives are to:

- prepare and market the Honeysuckle site (formerly surplus government land) for private sector development
- provide new and improve old infrastructure to encourage private sector development of the Honeysuckle site
- stimulate development in adjacent areas
- ensure the community has access to the harbour foreshore
- create publicly owned and accessible places on the Honeysuckle site
- make Newcastle's CBD an even more attractive place to live, work and visit.

### Stakeholders

The Corporation's stakeholders include government, the local and regional community, business, investors and developers.

### Legislation

The principal legislation under which the Corporation operates is the *Growth Centres (Development Corporations) Act 1974*.



## Chairman's Report

Honeysuckle Development Corporation entered an exciting phase this year with new public space being opened to the community, together with vibrant restaurants and cafés and the development of the Live Sites program.

Honeysuckle also became home to another 220 people following the completion of Linwood Shores and Stage 1 of Regatta Quays in the Linwood Precinct, making a community of over 1,000 people at Honeysuckle.



In the Cottage Creek Precinct, construction started on the new Hunter Water Corporation headquarters, which is being built to allow the business to relocate in one cost-effective and efficient location.

The winning proposal for a commercial site was submitted by a consortium made up of international architecture firm Crone Partners, specialist property group Tuscan Corporation and major wealth management company AMP Capital Investors' Select Property Portfolio, with a conditional contract signed to develop an office building.

The joint venture represents a significant commercial project that demonstrates how Honeysuckle is putting Newcastle well and truly on the national radar for investment and design opportunities.

The commitment to facilitating excellence in urban design was acknowledged this year with the Boardwalk, designed by Crone Partners and developed by The Stronach Group, receiving a 2004 NSW Urban Development Taskforce Commendation and the Newcastle and National MBA Excellence in Building Award for Commercial Projects over \$10 million. Harbour Square also won a 2004 Lower Hunter Design Award.

Harbour Square is part of the 17 hectares of publicly accessible space that will be created at Honeysuckle and it is a proportion of the \$88.65 million the Corporation has invested in community works since 1992.

Construction began on stages one and two of the Lee Wharf project, which will allow for the extension of the promenade around the harbour.

All are valuable capital projects for Newcastle, bringing jobs and investment to the city. The Hunter Valley Research Foundation estimates the Honeysuckle project has created 4,425 jobs and generated \$1.1 billion in the regional economy.

Once derelict and inaccessible, our unique harbour has now become a place for people to live, work and play.

I thank my fellow Directors for their commitment and also the management team for their invaluable assistance in making the Honeysuckle vision a reality. I would also like to take this opportunity to farewell William Kirkby-Jones, who has been a valued Honeysuckle board member since 1998.

**David Le Marchant**

Chairman



## General Manager's Overview

Once again the Honeysuckle Development Corporation has had a tremendous year, with some major milestones reached and great strides taken towards the achievement of other major goals.

In the Linwood Precinct, the completion of Linwood Shores represents the successful implementation of the multi-builder strategy we have adopted to ensure architectural diversity. The Corporation required the development of mews apartments – one-bedroom units to be built on top of townhouse garages. This was a first for Newcastle and the resulting demand was high, with mews being bought as single homes or kept as an extension of the townhouse.

This year the Corporation collaborated with Newcastle City Council and 25 other local organisations in planning the creation of leading-edge energy efficiency guidelines for the development of the Cottage Creek Precinct.

The Corporation also committed to relocating to the PricewaterhouseCoopers building along with the Department of Infrastructure, Planning and Natural Resources and other government agencies, in order to be based in the centre of the project, share resources and facilitate greater communication between agencies.

In line with the objective to release land strategically to the market, a national campaign was conducted this year to secure proposals to develop a commercial office building. The standard of the proposals lodged was high and the management team looks forward to seeing another building with great urban style take its place along Honeysuckle Drive.

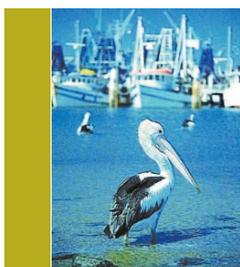
The Corporation's strategic plan was to secure a long-term use for the railway workshops when the adjacent promenade and public space, hotel, café and restaurants, offices and apartments were complete. This year proposals were called for which respectfully adapted the buildings with a cultural or educational use and increased the number of people being drawn to this area.

Newcastle City Council's proposal to develop a new exhibition, museum and technology centre with a community venue impressed the Corporation and we look forward to negotiating with council to secure a long-term lease for this exciting project.

This year the city's public spaces came alive with events coordinated by Newcastle Live Sites. This unique collaboration between the Corporation, Newcastle City Council, Newcastle Alliance and Ministry for the Arts has seen thousands of people enjoy and explore Harbour Square, the railway workshops, Carrington and other public spaces in Newcastle's CBD.

I encourage you to visit Honeysuckle; explore Newcastle's fascinating harbour, walk the promenade, hire a bike, learn to sail, or meet with friends for a delicious meal or a coffee.

**Angus Dawson**  
General Manager



## Corporate Governance

Honeysuckle Development Corporation is committed to maintaining the highest standards of corporate governance. As a NSW State Government organisation, corporate governance is the province of a board of directors which reports to the Minister for Infrastructure and Planning. The Director-General of the Department of Infrastructure, Planning and Natural Resources is the Managing Director of the Corporation.

At the time of printing this annual report the Minister was formally established as the Minister for Planning on 3 August 2005 and the Department was formally established as the Department of Planning on 29 August 2005.

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

The Board constantly reviews its corporate governance and is committed to ensuring that the organisation's actions conform to legal and other requirements and that finances and other resources are well controlled.

The Board comprises the Chairman and 10 members. Current Board members were appointed on 27 February 2004 for a term of three years. Board meetings are held once a month.

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 Committee.

The Corporation's three year internal audit plan is reviewed annually. The plan has a financial and an operational emphasis. The Corporation's internal and external auditors also attend each meeting.

All recommendations from the internal audit reports have been implemented.

Honeysuckle Development Corporation held 11 Board meetings, 3 Audit Committee meetings and 2 workshops between 1 July 2004 and 30 June 2005.

### Significant Committees

The Audit Committee meets on a regular basis and the Corporation's Business Manager and internal and external auditors attend these meetings.

The members are:

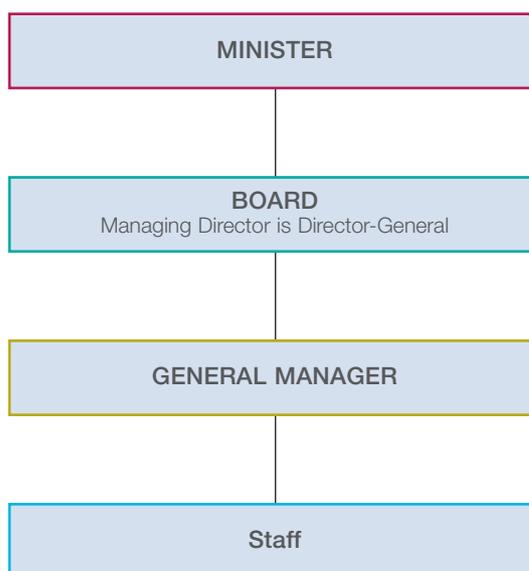
Glenn Thornton, Audit Committee Chairman

David Le Marchant, Chairman of the Board

Megan Maybury, Director

Peter Lucas, representing the Director-General

Honeysuckle Development Corporation's Australian Business Number is 94 688 782 063.



## The Board



CHAIRMAN

### David Le Marchant

Mr Le Marchant is Trustee of the Newcastle Historic Trust. Mr Le Marchant was a Director of Newcastle Grammar School Ltd until May 2005, a former President of Newcastle and Hunter Business Chamber and a former Director of MSB Hunter Ports Authority and Newcastle Regional Art Gallery Foundation.

MEETING ATTENDANCE

Board 11 of 11      Audit Committee 2 of 3  
Workshops 2 of 2



DEPUTY CHAIRMAN

### Neil Bird AM

BArch (Qld), FRAIA, FPIA, FAICD, FAPI

Mr Bird is Deputy Chairman of Landcom Corporation, Chairman of Bringelly South West Group Pty Ltd and a member of the Central Sydney Planning Committee. He is an active member of a number of industry and professional bodies including a term as National President of the Urban Development Institute of Australia.

MEETING ATTENDANCE

Board 10 of 11      Workshops 2 of 2



### Peter Barrack AM

Mr Barrack is the former Secretary of the Newcastle Trades Hall Council. He is a board member of Hunter Water Corporation and Hunter Group Training.

MEETING ATTENDANCE

Board 9 of 11      Workshops 2 of 2



### Gary Kennedy

Mr Kennedy is the Secretary of the Newcastle Trades Hall. He is President of Newcastle Panthers and Cardiff Panthers and a Director of Panthers Entertainment Group. Mr Kennedy is also a Director of the Hunter Economic Development Corporation, Hunter Area Consultative Committee, Hunter Development Board, Industry Development Centre and The Two Bishops Trust.

MEETING ATTENDANCE

Board 9 of 11      Workshops 2 of 2

(NOT PICTURED)

### William Kirkby-Jones AM

FAICD, FAIM, FAMI

Mr Kirkby-Jones holds a number of Board appointments including: Chairman of the Land Development Agency of the ACT, the Landcom Corporation and Oz Design Furniture Pty Ltd. He is also a director of Amber Group Australia Limited and the Australian Housing and Urban Research Institute Limited. He was formerly the founding Managing Director of Defence Housing Authority.

#### MEETING ATTENDANCE

Board 10 of 11 Workshops 2 of 2



### Lynn Mangovski

Ms Mangovski is the Regional Marketing Manager of the Greater Building Society. She is a member of the Australian Institute of Management, Hamilton Chamber of Commerce, Institute of Financial Services, Newcastle and Hunter Business Chamber, Newcastle Business Club and the Rotary Club of Newcastle Sunrise.

#### MEETING ATTENDANCE

Board 11 of 11 Workshops 2 of 2



### Megan Maybury

BCommCA

Ms Maybury is a Director of Prosperity Personal & Corporate Advisors. She is also a former Director and Treasurer of Life Without Barriers. Ms Maybury is a Chartered Accountant with over 15 years experience in providing financial services to a wide range of industries.

#### MEETING ATTENDANCE

Board 10 of 11 Audit Committee 3 of 3  
Workshops 2 of 2



### Suzanne Ryan

BSocStud (Syd) MBA (Newcastle)

Ms Ryan is an academic in the Newcastle Graduate School of Business, The University of Newcastle. Prior to joining the University she worked in and with local, state and federal governments in housing policy and social planning. She has also been a member of a number of Hunter Region organisations and a former board member of the NSW Council of Social Services.

#### MEETING ATTENDANCE

Board 9 of 11 Workshops 2 of 2



### Alice Spizzo

BA (Sydney), LLB (UTS), Grad Dip Urban Estate Mge (UTS), GAICD  
Alternate Director for Director-General

Ms Spizzo is the Executive Director, Office of the Director-General, Department of Infrastructure, Planning and Natural Resources (DIPNR). Ms Spizzo represents the Director-General, DIPNR on the Board. Ms Spizzo is a lawyer and has extensive experience in urban planning, environmental management and public policy. She has worked in all tiers of government and was the National Director for Environment and Planning at ERM Australia.

#### MEETING ATTENDANCE

Board 7 of 11 Workshops 2 of 2



### Councillor John S Tate

Councillor Tate is the Lord Mayor of Newcastle and has served Newcastle City Council as a Councillor for 25 years and as Lord Mayor for the past 6 years. He is a representative on numerous boards and committees such as the Hunter Region Tourism Organisation, Regional Land Management Corporation and is Chair of the Hunter Economic Development Corporation. He also has extensive experience in small business operations.

MEETING ATTENDANCE  
Board 10 of 11 Workshops 2 of 2



### Glenn Thornton

B.Comm, MBA, FCPA, ACIS

Mr Thornton is the Chairman of the Corporation's Audit Committee. He is the Chief Executive Officer of the Hunter Business Chamber. Mr Thornton was the inaugural Chairman of the Lake Macquarie Small Business Centre and is Chairman of the Network for Educational Workplacement for Newcastle and Lake Macquarie. Mr Thornton has also held senior management and/or board positions in the electronic media, travel and tourism, wine, marine and education and training industries.

MEETING ATTENDANCE  
Board 11 of 11 Audit Committee 2 of 3  
Workshops 2 of 2

## Staff

The staff of Honeysuckle Development Corporation is employed by the Department of Infrastructure, Planning and Natural Resources and work under the direction of the Board.

The staff who contributed this year:

### Executive

#### General Manager

Angus Dawson B.App.Sc. (Build), J, MAICD

#### Business Manager

Craig Norman B.Ec., M.Acc. Studies, ASCPA

#### Operations Manager

Bob Hawes B.Ec., AAPI

### Operations

#### Capital Works Manager

Craig Abbs (to 9 February 2005) B. E

#### Development Manager

Peter Bowles B.Com., Grad. Dip. Ed., M.Bus. Admin., Grad. Dip Applied Finance and Investment

### Development Manager

Julie Rich  
B. Ec., Grad.Dip. Bus. (Land Ec.)

### Assistant Development Manager

Kate Rabbitt Grad. Cert. Urban Estate Mngmt, M.Bus. Admin

### Development Officer

Jacob Whiting (from 13 October 2004)  
B Sc. Construction Mngmt, M.Bld Construction and Bus Admin

David Legg (from 17 January 2005)  
B. Construction Mngt (Build)

### Communications Officer

Charnelle Mondy B.A. (Comms)

### Accountant

Joe Belavic  
Assoc. Dip Acctg, Dip. Marketing Mngmt, PNA, JP Administration

### Administration Manager

Coral McDonnell

### Executive Assistant

Jennifer McGregor

### Administrative Assistant

Kerrie Rowsell (to 15 December 2004)

Salli Ward (from 31 May 2005) Dip. Bus. Mngmt

### Receptionist

Jodie Hoffmann  
Barbara Campbell (temporary)



## Cottage Creek Precinct

### Temporary Promenade

Construction of a temporary public path along the harbour which links the Marina and Honeysuckle precincts was completed; providing the community with a complete path around the harbour to Nobbys Headland.

### Throsby and Lee Wharf Berths

The Corporation continued to manage Throsby and Lee Wharf berths and has supported Cruise Hunter to establish the Hunter as a destination for cruise, military and super yachts.



### Throsby Wharf Transit Sheds

Fort Scratchley Historical Society, Newcastle Regional Maritime Museum and Newcastle Rowing Club used the wharf sheds without cost while a berth was provided for the replica steamship William IV.

### Honeysuckle House

Construction was ongoing for Honeysuckle House Stage 2 by developer the APN Group. The building will provide around 5000m<sup>2</sup> of quality commercial space. The major tenant was announced with the building initially being named the KPMG building then the PricewaterhouseCoopers Centre. Other confirmed tenants include Honeysuckle Development Corporation, the Department of Infrastructure, Planning and Natural Resources and Premier's Department.

### Hunter Water Corporation Headquarters

Hunter Water Corporation's development application to develop a new head office in this convenient and cost effective location was approved and construction started.

### Lot 231

The winning proposal to develop a commercial office building was submitted by a consortium in a joint venture – Crone Partners, Tuscan Corporation and AMP Capital Investors' Select Property Portfolio – and a conditional contract was signed to purchase and develop the site.

Central to the Honeysuckle site and providing 14,451m<sup>2</sup> of new A-grade office space, the proposed building can accommodate a permanent workforce of around 400 people.



## Honeysuckle Precinct

### Harbour Square

Harbour Square was completed and officially opened to the community on 8 October 2004 by The Hon. Mr Kerry Hickey, Member for Cessnock and Minister for Mineral Resources representing The Hon. Mr Robert Carr, Premier.

The community joined in the celebration which continued all weekend with entertainment provided by Live Sites.

Harbour Square won the 2004 Lower Hunter Design Awards in the Urban and Landscape Design category.

### The Boardwalk

The Boardwalk became a hub of activity as a range of restaurants and a bike hire and tourism booking operation opened. Seven of the 11 ground-floor commercial spaces were occupied while three others are nearing completion.

The Boardwalk, developed by The Stronach Group and designed by Crone Partners Architecture Studios, won the 2004 NSW Urban Taskforce Development Excellence Award in Residential Development and both the Newcastle and National Master Builders Association Award for Commercial Projects over \$10 million.

### Maritime Centre

The Corporation worked with Newcastle Regional Maritime Museum to progress the creation of a Maritime Centre in the heritage building, Lee Wharf A. The development application for the first stage of the Centre was approved by the Minister for Infrastructure and Planning.

The double-track railway line in front of Lee Wharf A was removed and inspected and repaired so that it can be laid again as a feature of the public space on the harbour.

### Railway Workshop Buildings

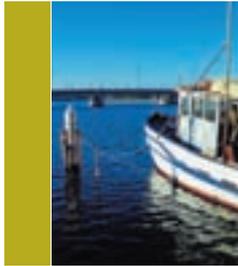
The Corporation assisted community events such as the Hunter Medical Research Institute Ball and Student Engineering Challenge by providing the Boiler Shop and New Erecting Shop as a venue. The workshops were also regularly used for Live Sites events such as Newcastle's first Street Performers Festival.

Honeysuckle Markets operated every Sunday in the Blacksmiths and Wheel Shop through the short-term lease with Redgate Farm.

A call for proposals to lease the three buildings on a long-term basis resulted in the Corporation entering into negotiations with Newcastle City Council to create a new cultural facility – including a new exhibition, museum and technology centre with a community venue.

### Lee Wharf

Construction started on Stage 1 and 2 of Lee Wharf Developments' project including residential, commercial and retail development with large areas of public open space. The consortium is preparing a development application for the buildings in Stage 3.



## Marina Precinct

### Marina

A development application submitted by Newcastle Cruising Yacht Club for a clubhouse incorporating a restaurant, bar and offices is being assessed by the Department of Infrastructure, Planning and Natural Resources.



## Linwood Precinct

### A Drop in the Ocean Public Art Playground

Public art in the form of a playground is now a feature on the shores of Throsby Creek at Linwood. The artwork was created by artist Braddon Snape and commissioned by Newcastle City Council with a contribution from Kingston Properties, the developer of Regatta Quays.

It will be extended with artwork designed as seating which has been commissioned by the Corporation to implement the first priority in the public art strategy.

### The Beacon

The Corporation collaborated with Newcastle City Council to provide lighting for The Beacon public artwork to provide a feature at night and day.

### Source Café

The negotiations to operate a café in the Linwood neighbourhood were successfully completed and Source Café opened, bringing a café and corner store to this new residential area.

### Community Housing Units

Through the Building Better Cities Program, the Corporation has funded 167 affordable rental, demonstration, community and special needs housing units across the Hunter Region since 1992. A total of 187 units will be provided.

This year, construction was completed on an additional three units in Linwood Stage 3 which will be transferred to the Office of Community Housing for management in late 2005. The homes are part of an Affordable Rental Housing Program which makes rental accommodation affordable for eligible people on low and medium incomes.

### Linwood Stage 3

On the last site in the Linwood Precinct, another 65 innovative-designed homes were completed by Wincrest Homes, including 16 one-bedroom mews, a first for Newcastle. The public domain at Linwood Shores reflects the native vegetation that once grew along Newcastle Harbour, including a coastal Banksia, known as a Honeysuckle Tree.

### Regatta Quays Apartments

Residents moved into the completed Stage 1 (26 apartments and 12 townhouses) of the gateway development by the Kingston Group. Construction began on Stage 2, and once complete, the development will feature 86 three-bedroom townhouses and apartments.



## Hunter Street Precinct

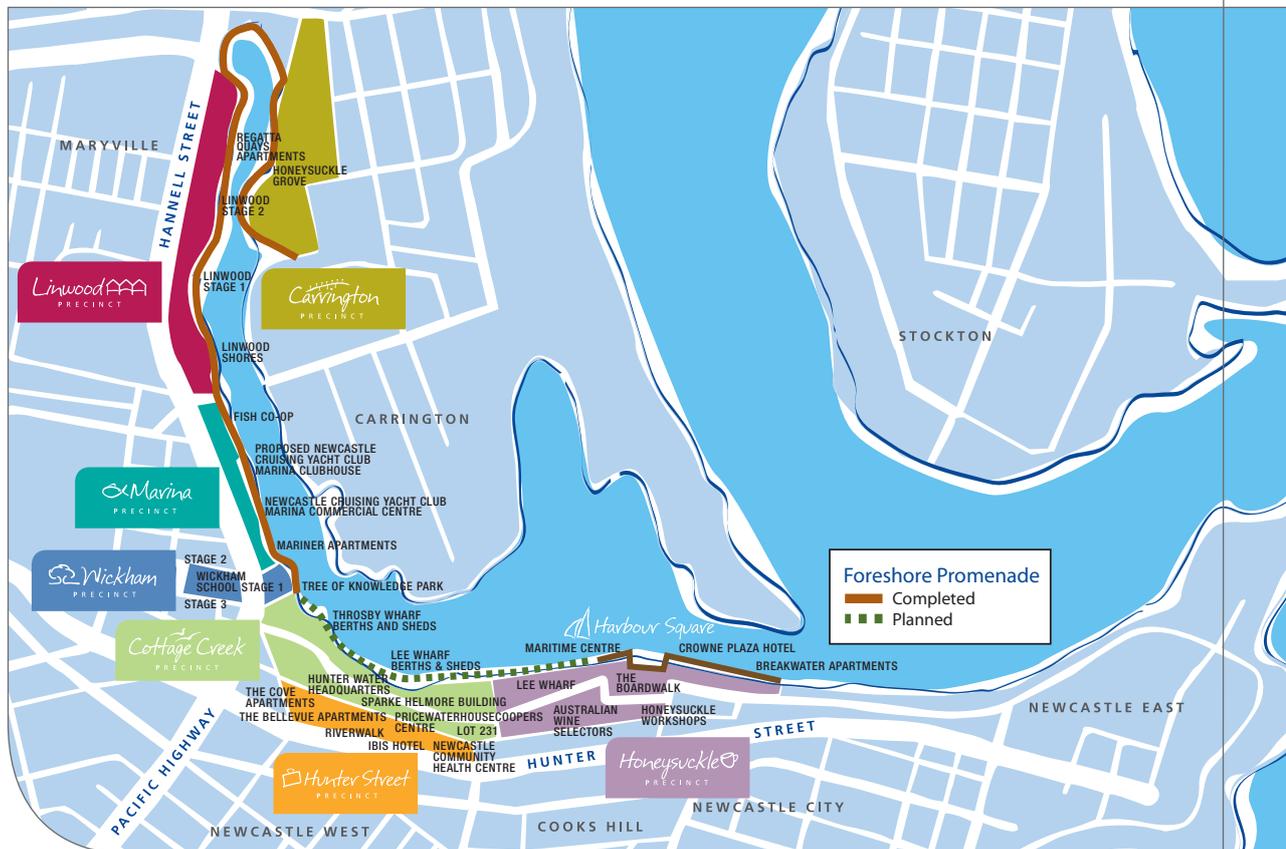
### Riverwalk

New commercial space in the centre of Hunter Street became available in the Riverwalk building as construction was completed by Hunter Land. It features a landscaped pathway along Cottage Creek providing a visual link between Hunter Street and the harbour as well as pedestrian access along the creek for the first time in decades.

### Newcastle Community Health Centre

Austcorp/Abigroup was selected as the preferred tenderer by Hunter New England Health to construct the Newcastle Community Health Centre (formerly known as the Newcastle Polyclinic project).

A five-storey, 11,500m<sup>2</sup> facility will be built on the site, providing a new, modern home for community-based services relocating from the Royal Newcastle Hospital and Newcastle Health Centre.





## Achieving Place Management

### Live Sites

This year Newcastle Live Sites developed and implemented a dynamic cultural events program for public places in Newcastle's city centre.

The objective is to make Newcastle's city centre an even more active and vibrant place for people to relax, shop, live and work — seven days a week.

Honeysuckle Development Corporation, Newcastle Alliance, Newcastle City Council and the Ministry for the Arts are collaborating on the programme.

This year a business plan was created to define the objectives for event programming, marketing and financial sustainability, including identifying and securing alternative sources of income.

The Corporation also provided the railway workshops as rehearsal, production and storage space as well as a venue. This enabled Live Sites to mentor local artists and arts organisations to increase their skills and opportunities for performance.

At Honeysuckle, events ranging from concerts, street performances and fire displays took place in Harbour Square, the railway workshops and at Carrington.

## In Touch With the Community

Informing the community about places to visit at Honeysuckle was a priority in the communication strategy for 2004/2005.

Through the predominant mediums of television and press, the Corporation encouraged people to experience the many facets of Honeysuckle. The precincts were allocated icons and colours to enable easy navigation around the site.

The strap line of "Always Happening" encapsulated the vibrancy of Honeysuckle as well the excitement to come as work is completed on Newcastle's new waterfront community.

### Presentations

More than 65 presentations and briefings were given on the Honeysuckle Project this year with approximately 2,170 people attending.

Students from 14 schools in the Hunter Region studied Honeysuckle as a case study as part of the geography curriculum's focus on urban renewal projects.





### **Publications, Advertising and Site Signage**

Precinct flyers and a community brochure were distributed. Advertisements appeared in local and national newspapers and the community was advised of the progress of Honeysuckle Project through extensive media coverage throughout the year.

### **Sponsorship**

As part of its commitment to creating a place for people by the harbour the Corporation proudly supported several community events which took place at Honeysuckle including Newcastle Rowing Club's Honeysuckle Regatta and the Sparke Helmore NBN Triathlon.

Other community activities supported included the Hunter Valley Research Foundation and the Hunter Institute of Technology Faculty Medal-Construction Industry and the Hunter Institute of Technology Foundation.

It continued to be a major sponsor of Hunter Economic Development Corporation which attracts investment to the Hunter Region and targets business to relocate to and expand in the region.

### **Research**

The community's views were also sought in a systematic way through the Hunter Valley Research Foundation's Omnibus survey in September 2004 and March 2005.

In March 2005, 82% of respondents indicated that the Corporation had been successful in its task to regenerate Newcastle. Almost six in 10 respondents (57%), agreed or strongly agreed that the development of Honeysuckle has had a positive impact on the Newcastle community while less than 10% disagreed.

### **Business Involvement**

The Hunter Chapter of the Property Council of Australia, the NSW Divisional Council of the Property Council of Australia and the Hunter Chapter and NSW Urban Development Institute of Australia are the industry-specific organisations that the Corporation is actively involved in.

The Corporation participated in a variety of committees that contribute to the revitalisation and growth of Newcastle and the Hunter Region. The committees include: Newcastle Alliance; Newcastle and Hunter Business Chamber Regional Infrastructure Committee; and Newcastle City Council's 355 BBC Housing Management and Development Committee and its Development Reference Group.

## **Site Preparation**

An integral part of the Corporation's operations is bringing the Honeysuckle site to a state where private sector investment is viable. The former use of the land has required considerable work including demolition, clearance, testing and decontamination.

### **Mine Subsidence**

Lee Wharf Developments finalised the strategy with the Mine Subsidence Board to develop all stages of the Lee Wharf project. Construction commenced on Stage 1 and 2.

### **Contamination and Remediation**

Four sites were remediated while two are now in the process. Of the remediated soil material, around 3,100 tonnes were reused as fill while approximately 11,000 tonnes were disposed of.



### **Sea Wall Ownership and Maintenance**

The sea wall between Lee Wharf A and Lee Wharf C buildings was repaired or replaced by implementing the strategy prepared with engineering specialists and Newcastle City Council. As expected, the work was complicated by access, heritage and contamination issues and was very costly. The issue of ownership of the sea walls that support or are adjacent to public domain was not resolved.

Over the years, the Honeysuckle masterplan has adjusted to changes in planning guidelines and contamination and environmental regulations.

### **Car Parking**

The Corporation continued to work with developers and with Newcastle City Council to ensure adequate car parking is provided.

A temporary car park with 373 spaces at Throsby Wharf, providing all day parking for \$3, began operating in April 2005 and will be leased in August 2005 to Newcastle City Council for operation.

### **Consent Authority**

Newcastle City Council is the consent authority in the Linwood, Hunter Street, Wickham and Carrington precincts. The Minister for Infrastructure and Planning is the consent authority for the Marina, Cottage Creek and Honeysuckle precincts.

### **Development Application Process**

The Corporation met on a regular basis with developers, individuals, Newcastle City Council and Department of Infrastructure, Planning and Natural Resources officers prior to and after lodgement of development applications. This was to ensure development projects complied with the Corporation's strategies and contracts as well as the timeframe for completion.



## **Planning**

In master planning the Honeysuckle site the Corporation balances both commercial and community needs.

Development projects are governed by State and local government planning guidelines including land-use requirements, urban design principles and sustainable development standards.

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# Independent Audit Report

## HONEYSUCKLE DEVELOPMENT CORPORATION



To Members of the New South Wales Parliament

### Audit Opinion

In my opinion, the financial report of the Honeysuckle Development Corporation:

- (a) presents fairly the Corporation's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

### The Board's Role

The financial report is the responsibility of the members of the Board of the Honeysuckle Development Corporation. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements.

The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor General, and
- 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 are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'David Jones'.

**David Jones, FCA**

Director, Financial Audit Services

SYDNEY

20 October 2005

## Statement by the Board

**Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2005.**

**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 Honeysuckle 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 Honeysuckle Development Corporation as at 30 June 2005 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, 2000, 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 Le Marchant**

Chairman  
Honeysuckle Development Corporation



**Glenn Thornton**

Director  
Honeysuckle Development Corporation

# Statement of Financial Performance

for the Year Ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>REVENUE</b>			
Gross Proceeds from Sale of Properties		5,394	6,135
Less: Net Book Value of Properties Disposed		(2,930)	(3,498)
<b>Net Proceeds from Sale of Properties</b>		<b>2,464</b>	<b>2,637</b>
Rental Income		270	281
Interest Income		155	372
Revaluation of Inventory	10	841	–
Other Income	4	1,427	317
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>5,157</b>	<b>3,607</b>
<b>EXPENSES</b>			
General Administration	5	751	834
Property Costs		397	283
Revaluation of Inventory	10	–	834
Borrowing Costs		–	9
Community Information / Liaison and Promotion		553	308
Community Works	2(i)/6	3,901	5,981
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>5,602</b>	<b>8,249</b>
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE RELATED INCOME TAX EQUIVALENT EXPENSE</b>		<b>(445)</b>	<b>(4,642)</b>
<b>INCOME TAX EQUIVALENT EXPENSE RELATING TO ORDINARY ACTIVITIES</b>	2(n)	–	–
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES</b>		<b>(445)</b>	<b>(4,642)</b>
<b>Total Changes in Equity Other than those resulting from transactions with Owners as Owners</b>	7	<b>(445)</b>	<b>(4,642)</b>

The above Statement of Financial Performance should be read in conjunction with the accompanying Notes.

# Statement of Financial Position

as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Current Assets</b>			
Cash Assets	8	4,997	5,353
Receivables	9	202	273
Inventory	10	2,982	2,574
Non-commercial property	11	939	–
Prepayments		225	209
<b>Total Current Assets</b>		<b>9,345</b>	<b>8,409</b>
<b>Non Current Assets</b>			
Plant & Equipment	2 (f)/13	90	39
Inventory	10	13,326	14,887
Non-commercial property	11	800	1,640
<b>Total Non Current Assets</b>		<b>14,216</b>	<b>16,566</b>
<b>Total Assets</b>		<b>23,561</b>	<b>24,975</b>
<b>Current Liabilities</b>			
Payables	14	2,937	2,894
Prepaid Revenue	16	1,108	168
Provisions	2(e)/15	1,206	3,054
<b>Total Current Liabilities</b>		<b>5,251</b>	<b>6,116</b>
<b>Non Current Liabilities</b>			
Prepaid Revenue	16	1,738	1,842
<b>Total Non Current Liabilities</b>		<b>1,738</b>	<b>1,842</b>
<b>Total Liabilities</b>		<b>6,989</b>	<b>7,958</b>
<b>Net Assets</b>		<b>16,572</b>	<b>17,017</b>
<b>Equity</b>			
<b>Accumulated Funds</b>	7	<b>16,572</b>	<b>17,017</b>

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

# Statement of Cash Flows

for the Year Ended 30 June 2005

	Notes	2005 \$'000 Inflows (Outflows)	2004 \$'000 Inflows (Outflows)
<b>Cash Flow from Operating Activities</b>			
<b>Receipts</b>			
Sales Receipts		5,933	6,135
Rental Receipts		285	281
Prepaid Income		836	1,000
Interest Received		155	372
Trust Funds – inc. Maritime Museum		147	220
Other Income/Receipts		1,731	317
<b>Payments</b>			
Suppliers and Employees		(1,871)	(1,781)
Payments for Inventories		(1,908)	(3,651)
Borrowing Costs		(9)	7
Grants to Other Organisations		(5,591)	(4,159)
<b>Net Cash used in Operating Activities</b>	<b>17</b>	<b>(292)</b>	<b>(1,259)</b>
<b>Cash Flow from Financing Activities</b>			
Raising / Repayment of Borrowings		–	–
<b>Net Cash provided from Financing Activities</b>		<b>–</b>	<b>–</b>
<b>Cash Flow from Investing Activities</b>			
Proceeds from the sale of Plant and Equipment		3	–
Purchases of Plant and Equipment		(67)	(13)
<b>Net Cash used in Investing Activities</b>		<b>(64)</b>	<b>(13)</b>
<b>Net Decrease in Cash Held</b>		<b>(356)</b>	<b>(1,272)</b>
<b>Cash held at start of the Financial Year</b>		<b>5,353</b>	<b>6,625</b>
<b>Cash held at end of the Financial Year</b>	<b>17</b>	<b>4,997</b>	<b>5,353</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 1. Statement of Principal Activity

The Honeysuckle Development Corporation's ("the Corporation") main activity is to act as a catalyst in the regeneration of the City of Newcastle by encouraging the redevelopment of surplus Government land on behalf of the New South Wales State Government.

The Corporation was gazetted on 29 May 1992 as being established under the Growth Centres (Development Corporations) Act 1974.

This Act defines the areas of the Corporation's activities.

### 2. Summary of Significant Accounting Policies and Practice

The following are the principal accounting policies adopted in the preparation of the financial statements.

#### (a) Basis of Preparation of the Financial Statements

These Financial Statements are a General Purpose Financial Report and, except where otherwise stated, have been prepared on an accrual basis using Historical Cost in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Consensus Views, the requirements of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation, 2000 and the Financial Reporting Directions issued by the Treasurer under Section 9 (2) (n) of the Act. The Corporation's Accounting Policies are consistent with the previous years.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

All amounts are rounded to the nearest one thousand dollars, unless appropriate to disclose full dollars, and are expressed in Australian currency.

#### (b) Inventory

All property is held for development and eventual sale, long term lease, or dedication to public sector entities. Inventory has been recorded at the lower of cost or Net Realisable Value. Long term development costs are capitalised at cost where such capitalisation costs do not exceed the Net Realisable Value for assets for sale or until dedication takes place. Where costs exceed the Net Realisable Value the costs are expensed in the period incurred.

Property holdings have been classified into current and non-current assets based on sales forecasts for the next financial year. Inventory is classified as either Property under Development or Developed Property based on whether the particular site has had all works undertaken prior to being ready for sale / lease or transfer.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### **(c) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### **Land Sales**

Income from land sales is recognised on contract settlement.

#### **Rental Income**

Income is recognised as it accrues in accordance with the terms and conditions of the particular lease or licence.

#### **Interest and Other Income**

Interest and miscellaneous income is recognised as it accrues.

### **(d) Administration Expenses**

All Administration Expenses are met by the Corporation with the exception of long service leave and superannuation liabilities, which are met by the State.

Administration expenses include all employee-related payments of staff that are employed by the Department of Infrastructure, Planning and Natural Resources and attached to the Corporation (Refer to Note 5).

### **(e) Employee Benefits**

Liabilities for Employee Benefits to annual leave are accrued at nominal amounts calculated on the basis of current salary rates including on costs.

Sick Leave is non-vesting and, as Sick Leave taken is less than Sick Leave accruing in any reporting period, no liability is recognised.

The Provisions for Long Service Leave and Superannuation are not shown in the Corporation's books as staff are employed by the Department of Infrastructure, Planning and Natural Resources. The unfunded liability of these has been transferred to the State in accordance with Treasury Guidelines.

### **(f) Plant and Equipment**

Plant and Equipment is brought to account at cost. The market value of assets equates to their written down value. Items of Plant and Equipment with a value in excess of \$500 are brought to account as assets.

### **(g) Insurance**

All properties owned or managed by the Corporation are insured for their replacement value under the Treasury Managed Fund administered by GIO General Ltd.

The Corporation carries a comprehensive range of insurances through the Treasury Managed Fund covering property, public liability, Directors' liability and other contingencies.

These insurance covers are current and are reviewed periodically to ensure that they are adequate.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### **(h) Depreciation**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount over the expected useful life to the Corporation.

#### **Depreciation Rates**

Information Technology	24% per annum
Furniture & Fittings	9% per annum
Plant & Equipment	12% per annum

### **(i) Community Works**

The Corporation undertakes certain Non-Commercial works such as roads, open space, housing and other infrastructure works. Costs for works are expensed as incurred. Open space property, not yet dedicated to Council, is disclosed as Non-Commercial Property (Refer to Notes 2b and 11). A portion of administration costs is allocated to Community Works (refer to Notes 5 and 6).

### **(j) Doubtful Debts**

Debts are reviewed on a regular basis. A provision for doubtful debts is raised when doubt as to collection exists. (Refer to Note 9).

### **(k) Interest Bearing Liabilities**

Borrowings are carried at current capital value which is equal to their face value after deducting any unamortised discount or adding any unamortised premium. Any discount or premium is deferred and amortised over the term of the borrowing.

### **(l) Accounting for the Goods and Services Tax (GST)**

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

- (i) The amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of the expense item.
- (ii) Receivables and payables are stated with the amount of GST included.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### **(m) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (AEIFRS)**

The Corporation will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

A strategy to manage the transition to AEIFRS is in place and to date, the following phases have been undertaken:

- o Identification of key issues
- o Modification of reporting systems
- o Modification of control and risk management systems
- o Incorporation into business systems and planning
- o Training and education of staff

The Corporation has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the Corporation's equity and profit / loss. The Corporation does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG Interpretations and / or emerging accepted practice in their interpretation and application. The Corporation's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### (i) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:

	30 June 2005**	1 July 2004*
	\$'000	\$'000
<b>Total equity under AGAAP</b>	<b>16,572</b>	<b>17,017</b>
Effect of discounting long-term annual leave	1	3
<b>Adjustments to reserves</b>	<b>n/a</b>	<b>n/a</b>
<b>Total equity under AEIFRS</b>	<b>16,573</b>	<b>17,020</b>

\* = adjustments as at the date of transition

\*\* = cumulative adjustments as at date of transition plus the year ended 30 June 2005

Reconciliation of surplus / (deficit) under AGAAP to surplus under AEIFRS:

Year ended 30 June 2005

	\$'000
<b>Surplus / (deficit) under AGAAP</b>	<b>(445)</b>
Long term annual leave	1
<b>Surplus / (deficit) under AEIFRS</b>	<b>(444)</b>

### (ii) Financial Instruments

In accordance with NSW Treasury's indicative mandates, Honeysuckle Development Corporation will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. These Standards will apply from 1 July 2005.

None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, there may be impacts on retained earnings (on first adoption) and the amount and volatility of profit / loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### (n) Income Tax Equivalent Payments

From 1 July 2003, the Corporation pays tax equivalents in accordance with NSW Treasury Policy Paper (TP 03-4) "Tax Equivalent Regime for Government Businesses". Tax payable is determined by applying the company income tax rate to the Corporation's profit from Ordinary Activities. In accordance with this policy, the Corporation does not practice tax effect accounting.

### 3. Change in Accounting Policy

Except as note in Note 2(m) there have been no changes to Accounting Policy during the year.

### 4. Other Income

Included in Other Income is an amount of \$1.373m (\$0.123m 2004) which represents reimbursements, through Section 94 contributions received by Newcastle City Council, for community facilities and open space works previously undertaken on the Honeysuckle site.

### 5. General Administration

General Administration expenses comprise:

	2005 \$'000	2004 \$'000
Employee Payments	1,387	1,257
Superannuation	111	71
Directors' Remuneration	173	166
General Administration	708	647
Consultancies	33	34
Depreciation/Amortisation	13	18
Audit Fee - External: for the audit of the financial reports	30	29
Audit Fee - Internal	25	26
Less: Expenses allocated to Community Works (Refer Notes 2(i) & 6)	(1,729)	(1,414)
	751	834

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 6. Community Works - Housing, Public Domain, Other Infrastructure and Grants to Other Organisations

Costs associated with the provision of Housing projects and similar Community Contributions are expensed as they are incurred. These costs represent works undertaken at the Corporation's cost that have been, or will be transferred to the community, free of charge, through either Council or other organisations.

These community works do not add any commercial value to Honeysuckle's land holdings.

	2005 \$'000	2004 \$'000
Public Domain Landscaping and seawall repairs	1,342	3,619
Housing Projects at Linwood	–	807
Other Services / Community groups	524	141
Community Activation	306	–
Administration expenses allocated to Community Works (refer to Notes 2(i), 5 & 6)	1,729	1,414
	3,901	5,981

The purchase of seven (7) additional Affordable Housing Units in Linwood was finalised in 2005 the costs of which had previously been provided for.

### 7. Changes in Equity

	2005 \$'000	2004 \$'000
Total Equity at the beginning of the reporting period	17,017	21,659
Total changes in Equity recognised in the Statement of Financial Performance	(445)	(4,642)
Transactions with owners as owners	–	–
Contributions of Equity	–	–
Total Equity at the reporting date	16,572	17,017

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 8. Cash Assets

Cash Assets comprise:

	2005 \$'000	2004 \$'000
Cash at Bank	4,993	5,349
Cash at Hand	4	4
	4,997	5,353

Cash at Bank is invested with NSW Treasury Corporation's Hour-Glass Facility in accordance with HDC's Investment powers and includes \$1.371m invested in Trust for the Newcastle Maritime Museum.

### 9. Receivables

Receivables comprise:

	2005 \$'000	2004 \$'000
Net Rental Debtors	28	16
Other Debtors	174	257
	202	273

Refer Note 2(j)

All trade debtors are recognised as amounts receivable at balance date. Debts are reviewed on an ongoing basis and those which are known to be uncollectible, are written off. A provision for doubtful debts is raised when doubt as to collection exists. The credit risk is the carrying amount, net of any provision for doubtful debts. No interest is earned on trade debtors. The carrying amount approximates net fair value. The rental invoices are payable in accordance with the underlying lease/licence agreement otherwise 7 days from the date of the invoice. All other accounts are on 30-day terms.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 10. Inventory

Inventory comprises sites that have been developed or that are still under development and are planned to be sold in the coming year, which are classified as Current Inventory. Property holdings that are being developed in order for sale in years beyond the next financial year are classified as Non-Current Inventory. Valuation is on the basis of the intended uses in accordance with the Master plan and Development Control Plans 37,39 and 40. The valuation is undertaken by an independent Registered Valuer on a yearly basis. The valuation process for 2004-05 has resulted in an increase in the carrying value of inventory of \$846,036 for Commercial inventory and a write-down of \$5,533 for Non-Commercial inventory. A total increase of \$840,503 (write-down of \$833,519 2004).

	2005 \$'000	2004 \$'000
<b>Current Inventory Property under Development</b>		
At Cost	1,113	1,106
At Valuation	1,869	-
<b>Developed Property</b>		
At Valuation	-	1,468
Total Current Inventory	2,982	2,574
<b>Non-Current Inventory Property under Development</b>		
At Cost	10,347	7,461
At Valuation	2,608	7,426
<b>Developed Property</b>		
At Cost	371	-
Total Non-Current Inventory	13,326	14,887
Total Inventory	16,308	17,461

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 11. Non-Commercial Property

Non-Commercial property comprises sites and buildings that have been identified for potential future Non-Commercial uses. The uses identified will not generate commercial returns.

	2005 \$'000	2004 \$'000
<b>Current</b>		
At Cost	643	-
At Valuation	296	-
Total Current Non-Commercial Works Property	939	-
<b>Non-Current</b>		
At Cost	-	537
At Valuation	800	1,103
Total Non-Current Non-Commercial Works Property	800	1,640
Total Non-Commercial Property	1,739	1,640

### 12. Contingent Assets

The Corporation has bank guarantees in its favour for \$3.02m (\$1.552m 2004) for construction of roads and public domain works as well as for payment under a participation agreement and a rental bond. As well the Corporation has Water Amplification credits with Hunter Water Corporation.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 13. Plant and Equipment

	2005 \$'000	2004 \$'000
<b>IT Equipment</b>		
Acquisition Cost	61	68
Accumulated Depreciation	(42)	(35)
Net Value	19	33
<b>Furniture &amp; Fittings</b>		
Acquisition Cost	81	82
Acquisitions	68	–
Accumulated Depreciation	(82)	(81)
Net Value	67	1
<b>Plant &amp; Equipment</b>		
Acquisition Cost	23	28
Accumulated Depreciation	(19)	(23)
Net Value	4	5
<b>Total Plant and Equipment</b>	<b>90</b>	<b>39</b>
<b>Reconciliation of Plant and Equipment</b>		
<b>IT Equipment</b>		
Opening Balance	33	35
Additions	–	10
Disposals	(2)	–
Depreciation	(12)	(12)
Closing Balance	19	33
<b>Furniture &amp; Fittings</b>		
Opening Balance	1	3
Additions	67	–
Depreciation	(1)	(2)
Closing Balance	67	1

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

	2005 \$'000	2004 \$'000
<b>Plant &amp; Equipment</b>		
Opening Balance	5	6
Additions	–	3
Disposals	(1)	–
Depreciation	–	(4)
Closing Balance	4	5
<b>Total Plant and Equipment</b>	<b>90</b>	<b>39</b>

### 14. Payables

Payables comprise:

	2005 \$'000	2004 \$'000
<b>Current</b>		
Trade Payables - Work in Progress	362	517
Trade Payables	1,071	1,026
Trust Funds/Security Deposits	1,504	1,351
	<b>2,937</b>	<b>2,894</b>

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 the Treasurer's Directions 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There was no such rate applied during the year.

The Corporation holds \$1.371m in trust from the NSW Ministry of Arts for the redevelopment of Lee Wharf A building into the Regional Maritime Museum (\$1.224m 2004).

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 15. Provisions

	2005 \$'000	2004 \$'000
Employee Benefits		
Opening Balance	153	130
Provision Raised	78	87
Payments	(71)	(64)
Closing Balance	160	153
Future Works		
Future Development Works	720	1,275
Affordable Housing / Community Works	326	1,626
Closing Balance	1,046	2,901
Total Provisions	1,206	3,054

As part of its contractual obligations under certain sale contracts the Corporation is obliged to deliver certain works. In addition the Corporation has an obligation under the Building Better Cities Program to deliver a further 17 Affordable Housing Units.

### 16. Prepaid Income

	2005 \$'000	2004 \$'000
Current – Prepaid Income	1,108	168
Non-Current – Prepaid Income	1,738	1,842
	2,846	2,010

As part of a Participation Agreement entered into in 2002/03 the Corporation received a further \$1.0m payment in 2004/05 (\$1.0m 2004).

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 17. Statement of Cash Flows

For the purposes of the Statement of Cash Flows cash includes cash on hand and in banks, and investments readily convertible to cash within 24 hours.

	2005 \$'000	2004 \$'000
<b>(a) Cash</b>		
Cash is reconciled to the following item in the Statement of Financial Position:		
Cash Assets (Refer to Note 8)	4,997	5,353
	4,997	5,353
<b>(b) Reconciliation of Net Cash Provided by Operating Activities to Profit / (Loss)</b>		
Operating loss	(445)	(4,642)
<b>Non Cash Items</b>		
Depreciation	13	18
<b>Changes in Assets and Liabilities</b>		
Decrease in Receivables	71	33
Decrease in Inventories and Non-commercial Property	1,054	681
Increase in Prepayments	(16)	(4)
Increase / (Decrease) in Payables	(110)	199
Increase in Prepaid Revenue	836	1,000
Increase / (Decrease) in Deposits Received	153	(135)
Increase / (Decrease) in Provision for Future Works	(1,855)	1,568
Increase / (Decrease) in Employee Benefits Provisions	7	23
Net Cash Flow from Operating Activities	(292)	(1,259)

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 18. Financing Facilities

The Corporation has an approved debt facility with NSW Treasury of \$4.5m face value which was not drawn at 30 June 2005.

### 19. Contingent Liabilities

The Corporation has provided Letters of Undertaking and Guarantee to Newcastle City Council (NCC) totalling \$0.473m (\$0.923m 2004) for the potential provision of traffic lights in Merewether Street, Newcastle (\$150,000); the potential provision of a bus shelter at Linwood (\$13,000); and for works on the extension of Steel St, Newcastle West (\$310,000). No provision has been made for these liabilities due to the uncertainty in determining future demands.

Extensive investigative works have been undertaken on mine subsidence and remediation issues that impact the Corporation's land holdings. Whilst these studies can provide broad order cost estimates there remains the possibility that these estimates may be significantly lower than actual costs and therefore impact future profitability.

There are no other significant claims for any damages being negotiated. This does not include matters covered by insurance. At the date of these accounts the Board Members and Management are not aware of any other event or action that could give rise to a contingent liability.

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 20. Expenditure Commitments

#### Capital Expenditure Commitments

	2005 \$'000	2004 \$'000
Estimated capital expenditure, inclusive of GST, contracted as at 30 June 2005 but not provided for:		
- within 12 months	1,270	1,412
- 12 months to 5 years	2,705	-
- > 5 years	-	-
	3,975	1,412

These Capital Expenditure Commitments represent Contracts for works to be undertaken on sites for delivery to market. In addition the Corporation has a commitment to deliver a further 17 Affordable Housing Units. As part of its Capital Program there are also planned future works which as yet, are not contractually committed.

#### Operating Lease Commitments

	2005 \$'000	2004 \$'000
Commitments in relation to non-cancellable operating leases, inclusive of GST, are payable as follows:		
- within 12 months	4	9
- 12 months to 5 years	11	4
- > 5 years	-	-
	15	13

# Notes to and Forming Part of the Financial Statements

## for the Year Ended 30 June 2005

### 21. Related Party Disclosures

Transactions between related parties are on normal commercial conditions no more favourable than those available to other parties unless otherwise stated.

There were no related party transactions during the year.

(a) Directors and Any Director Related Entities

The Directors of Honeysuckle Development Corporation during the financial year were:

D Le Marchant

P Barrack AM

N Bird AM

G Kennedy

W Kirkby-Jones AM (resigned 30 June 2005)

L Mangovski

M Maybury

S Ryan

A Spizzo

J Tate

G Thornton

### 22. Subsequent Events

No event has arisen since the balance date that would materially impact the reported results.

### End of audited financial statements

# Appendices

## Evaluation and Review

### Strategic Business Plan

The Corporation manages its affairs in accordance with a Strategic Business Plan that is updated annually. The plan is approved by the Board and forms the basis of the Statement of Business Intent that is agreed between the Board, the Minister and Treasury. The plan balances commercial targets with community obligations and social dividend activities.

### Performance Measures and Indicators

The Corporation's Statement of Business Intent contains performance targets that are agreed between the Minister for Infrastructure and Planning and the Treasurer, and the targets are monitored quarterly. A Memorandum of Understanding between the Board and the Minister outlines key business issues and is reviewed regularly.

### Internal/External Reviews

Management reviews were conducted as part of the management process, which monitored performance against budget and agreed targets. In line with procedures of the Department of Infrastructure, Planning and Natural Resources, staff members have effected and are part of an internal control process designed to provide reasonable assurance regarding the achievement of the Corporation's objectives.

## External Changes

### Economic and Other Factors Affecting Achievement of Operational Objectives

The general economic climate was favourable to attaining the Corporation's objectives, including achieving both competitive sales contract as well as contract prices for capital works.

### Legal Changes

During the 2004/2005 financial year no changes were made to the Growth Centres (Development Corporations) Act 1974.

### After Balance Date Events

There have been no after balance date events that will fundamentally affect the operating results of the Corporation.

## Land Disposal

During the year, stage one of a five staged development at Lee Wharf settled as well as a commercial site within the Cottage Creek Precinct, a small parcel of land on Hunter Street and two units in Regatta Quays in the Linwood Precinct. The total value of settlements was \$5,394,000.

Prior to disposing of sites approval is sought from the Minister for Infrastructure and Planning. 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".

## Management Practices and Policies

The Honeysuckle Development Corporation does not directly employ staff. Staff of the Department of Infrastructure, Planning and Natural Resources manages 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's annual report. These include the following matters:

- Code of Conduct
- Commitment of Service
- Disability Plan
- Energy Management
- Equal Employment Opportunity
- Ethnic Affairs Priority Statement
- Exceptional Wage Movement
- Guarantee of Service
- Human Resources matters which include:
  - Industrial Relations
  - NSW Government Action Plan for Women
  - Occupational Health and Safety
- Privacy Management Plan

### Client Response

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

### Risk Management and Insurance

The Honeysuckle Development Corporation moderates risk through a program of internal and external quality reviews. All properties owned or managed by the Corporation are insured for their replacement value under the Treasury Managed Fund. The Corporation has a risk management program assisted by representatives of the Treasury Managed Fund in the analysis of claims, institution of loss control procedures and ongoing analysis of needs and coverage. The greatest strategic risk facing the Corporation is the failure to deliver the required outcomes against the published Business Plan within time constraints and quality requirements. The greatest financial risk facing the Corporation is the inability to secure appropriate funding to continue the orderly redevelopment of the site.

### Response to Matters Raised by the Auditor General in Outgoing Audit Reports

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

### Recycling

The Honeysuckle Development Corporation supports the NSW State Government's commitment to reduce waste going to disposal and has implemented a Waste Reduction Plan. The plan includes the use of electronic material rather than paper copy wherever possible, reducing paper wastage and recycling office materials.

### Annual Report 2004/2005

The cost of 2004/2005 Annual Report was \$14,071.00. The annual report is available on [www.honeysuckle.net](http://www.honeysuckle.net)

### Publications

#### Ongoing

Honeysuckle: "The Scheme"

Concept Masterplan Report 1992. Prepared by Devine Erby & Mazlin and Sutera Architects Snell

Honeysuckle Public Domain Strategy 2000. Prepared by Pittendrigh Shinkfield and Bruce

Honeysuckle Development Corporation website:  
[www.honeysuckle.net](http://www.honeysuckle.net)

Foreshore Promenade Design Manual

Honeysuckle Corporate Flyer

Honeysuckle Visitor Map

#### Freedom of Information

The Honeysuckle Development Corporation received one application for access to documents under the Freedom of Information Act in 2004/2005.

The Annual Report constitutes Honeysuckle Development Corporation's "Statement of Affairs" under the FOI Act. Applications under the FOI Act must be in writing and accompanied by an application fee of \$30.00. A 50% fee reduction applies in certain circumstances. Enquiries or applications should be directed to the Administration Manager, Honeysuckle Development Corporation.

The office business and service hours are Monday—Friday: 8.30am—5.00pm.

#### Electronic Service Delivery

The majority of the Corporation's publications are available on its website, including the annual report and documentation relating to calls for proposals.

### Project Information

#### Major Assets

The Honeysuckle Development Corporation's major assets are land and building holdings.

#### Disclosure of Controlled Entities

The Honeysuckle Development Corporation has no subsidiary companies.

## Consultants and Contractors

### Costs Incurred in the Engagement of Consultants

Consultancies equal to or more than \$30,000 in costs \$ nil

Consultants less than \$30,000

During the year 4 consultants were engaged in the following areas:

Financial and Accounting/Tax	\$7,900
Management Services	25,175
<b>Total consultancies less than \$30,000</b>	<b>\$33,075</b>
<hr/>	
<b>Total consultancies</b>	<b>\$33,075</b>

### Costs Incurred in the Engagement of Contractors

Category: Urban Redevelopment Projects

Number: 33

Amount: \$2,731,613

Average: \$82,776

### Cost Overruns

Annual spending on works is agreed between the Corporation and Treasury in the Statement of Business Intent. There are no overruns to report.

### Major Works in Progress

Major works in progress as at 30 June 2005 were as follows:

Project	Estimated Completion Date	Cost (approx)
Linwood Stage 3 soft landscaping works	2005	\$80,642
Preparation of urban design guidelines on Cottage Creek Precinct	2005	\$20,216
Independent chair for the Lee Wharf Development/Honeysuckle Development Corporation for Project control group meetings	2006	\$17,900

### **Investment Powers**

The Honeysuckle Development Corporation derives its investment powers under the Public Authorities (Financial Arrangements) Act 1987 (PAFA). The Corporation has been declared to have Part 1 investment powers under the Act. During the year under review the Corporation did not have any surplus funds for investment.

### **Liability Management Performance**

The requirements for the reporting on liability management performance (under Treasury Circular G1991/5) are not applicable as the Corporation does not have debt of \$50m or more (nil at June 2005).

### **Overseas Visits**

No overseas visits were undertaken.

### **Community Contributions — Funds Granted to Non-Government Community Organisations**

The Honeysuckle Development Corporation made no funding grants to non-government community organisations in 2004/2005.

### **Research and Development**

The Corporation undertook no research and development activity during the year relating to new knowledge, products, services or processes within the established definition.

### **Consumer Response**

The intermittent consumer complaints or suggestions received this year were from residents and related to the construction and maintenance of the public domain adjacent to their homes. In most cases, the Corporation provided additional information or modified the work being undertaken to resolve the complaint.

### **Report on Account Payment Performance**

The information which follows is provided in accordance with Clause 4(1)(m<sup>2</sup>) of the Annual Report (Statutory Bodies) Regulation 1985.

### **Time for Payment of Accounts**

As the Corporation has no employees, Department of Infrastructure, Planning and Natural Resources maintains its accounts. A sample of invoices revealed that 87 were overdue when paid (compared to 7 in 2003/2004 and 8 in 2002/2003). (See table "Report on Account Payment Performance").

APPENDICES

**Accounts paid on time within each quarter**

Quarter	Total Accounts Paid on Time			Total Amount Paid for Sample
	Target %	Actual %	\$	\$
September	95%	92%	925,620.43	931,016.93
December	95%	90%	212,401.19	234,300.54
March	95%	93%	202,969.22	209,052.40
June	95%	89%	362,062.71	450,569.07
				1,824,938.94

No interest was paid on accounts during the year. Generally non-current accounts relate to normal delays associated with verification of amounts claimed.

Note: Last years sample totalled 100 and this years totalled 558

**Aged analysis at the end of each quarter**

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	649,811.72	5,049.28	9,456.45	--	667.70
December	793,982.50	63,812.15	26,896.12	--	--
March	457,497.26	3,686.76	5,500.00	--	--
June	1,395,869.26	32,222.94	5,209.15	--	--

# Notes







Honeysuckle Development Corporation  
Suite 2, 265 Wharf Road  
Newcastle NSW 2300  
Telephone +61 02 4927 3800  
Facsimile +61 02 4929 1927  
[honeysuckle@dipnr.nsw.gov.au](mailto:honeysuckle@dipnr.nsw.gov.au)  
[www.honeysuckle.net](http://www.honeysuckle.net)