



Hunter & Central Coast
Development
Corporation

2020-21 Annual Report

Leagues Club Park Gosford

Winner of National Trust
(NSW) Heritage Awards for:

- * Aboriginal Heritage
- * Judges' Choice Award



**Hunter & Central Coast
Development
Corporation**

Hunter and Central Coast Development Corporation

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This annual report has been produced by Hunter and Central Coast Development Corporation staff. The annual report is a reflection of business activities and financial transactions undertaken in financial year 2020-21. It is available to the public as an electronic report and can be accessed on the Hunter and Central Coast Development Corporation website www.hccdc.nsw.gov.au

30 November 2021

**We acknowledge the Traditional Custodians of the land,
and pay respect to all Elders past, present and future.**

Aboriginal and Torres Strait Islander readers are advised that this document may contain images of people who have passed away.

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Letter to the Minister

31 October 2021

The Hon Rob Stokes MP
Minister for Planning and Public Spaces

Parliament House
52 Martin Place
SYDNEY NSW 2000

Dear Minister

Please find enclosed the annual report of the Hunter and Central Coast Development Corporation (HCCDC) for the year ended 30 June 2021. HCCDC is part of Placemaking NSW charged with delivering great places for the people of NSW.

The report details HCCDC's work, achievements and relevant statutory and financial information. It has been prepared for submission to Parliament under the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2015*.

Following the tabling of this report in Parliament, it will be available for public access from the NSW Government's OpenGov NSW website www.opengov.nsw.gov.au

Yours sincerely



Chief Executive | Placemaking NSW
Hunter and Central Coast Development Corporation



Chair report

Ken Kanofski

The Placemaking NSW Advisory Committee was formed in July 2020 to support the creation of great places for the people of NSW.

To create great places we will focus on enhancing liveability, economic development, great experiences and spaces for people to enjoy. Our achievements will be underpinned by strengthening social and cultural networks.

The time since our formation has been both exciting and challenging. The committee along with inaugural Chief Executive, Anita Mitchell, have been dealing with the impact of COVID-19 on our precincts, businesses and communities, but also on playing our part in the government's response to the pandemic.

With the committee and its governance firmly established we will now focus on a renewed vision for the organisation and for our precincts. This vision will be led by the committee with the involvement of all staff and stakeholders.

I'm proud of the work we have achieved so far and look forward to the next financial year where we can update you on our progress.

Ken Kanofski





Chief Executive report

Anita Mitchell

In June 2020, Placemaking NSW was formed to oversee the operations of Hunter and Central Coast Development Corporation, Sydney Olympic Park Authority and Place Management NSW. Our mandate is to manage and develop high-profile and significant precincts in Greater Sydney, the Hunter and Central Coast.

Placemaking NSW is an entity within the Department of Planning, Industry and Environment (the Department), and sits within the Place, Design and Public Spaces (PDPS) group.

Through its PDPS group, the Department is:

- creating connected and thriving towns and communities through place strategies and infrastructure planning to facilitate jobs, housing, infrastructure, services and good growth
- enabling greener places and public spaces that are shared
- putting place and design at the forefront of development to sustain healthy, thriving towns and communities into the future
- enabling Sydney as a city within a park and designing a sustainable future
- delivering vibrant urban places in key Sydney precincts and regional areas.

The remit of the PDPS group is to influence, enable and deliver great places for the people of NSW, now and for the future.

HCCDC has supported our mandate throughout 2020-21, with extraordinary achievements in construction and the delivery of public places across its regions.

A personal highlight for me was attending the official opening of HCCDC's award-winning Leagues Club Park in Gosford, where Premier Gladys Berejiklian officially unveiled this innovative and Indigenous-inspired regional play space.

In the Hunter, the team has also risen to the challenge of a trying year by commencing — and completing — an impressive list of construction projects in the harbourside Honeysuckle precinct and the restored Station.

HCCDC is also helping Lake Macquarie's Cockle Creek reach its potential by untangling a lengthy land ownership stalemate to fast-track the creation of an exciting commercial, retail and residential hub.

There are no signs of slowing down in 2021-22, with a number of high-profile projects set to create economic and social benefits for the Hunter and Central Coast regions.

Anita Mitchell



Chief Operating Officer report

Valentina Misevska

Throughout 2020-21 we continued to unlock economic and social opportunities across our projects to enhance the lives and lifestyles for the people of the Hunter and Central Coast regions.

In January this year we welcomed our new Chief Executive Anita Mitchell as the head of Placemaking NSW.

Anita brings with her a wealth of national and international experience in urban regeneration, sustainability, social impact and risk management and is committed to delivering on the Minister for Planning and Public Spaces, Rob Stokes', mandate to create great places across the state of NSW.

We also welcomed the addition of a new Placemaking NSW Advisory Committee, which will help guide HCCDC projects, ensuring the best place outcomes are achieved. The Committee comprises influential professionals across the design, architecture and urban transformation industries, providing HCCDC with great opportunities to enhance our projects.

We support Placemaking NSW to continue to deliver on its significant mandate with a focus this year on the construction and delivery of multiple public places across our Hunter and Central Coast regions.

I am very proud of this work and the benefits it brings to the community, especially in a year dominated by unprecedented change and challenges.



As a result of COVID-19, public spaces are increasingly becoming safe spaces for the community to appropriately socially distance and gather with loved ones.

Our work enables these outcomes, and I am delighted with what we have achieved this financial year to make this happen for people across our regions.

This includes the delivery of the award-winning \$10-million transformation at Leagues Club Park, which was officially opened by the Premier of NSW Gladys Berejiklian, Minister Stokes and Parliamentary Secretary for the Central Coast, Adam Crouch.

It also included the delivery of the \$6-million landscaping project at The Station in Newcastle to create an attractive and engaging Piazza area.

In addition to these public domain deliveries, we commenced construction on Honeysuckle Park, a waterfront public domain that will include attractive landscaping, wide promenades, a marine-inspired play space and quality landscaping finishes.

Other works in Honeysuckle also included essential infrastructure upgrades, as part of our \$55-million works package to enable final transformation of the Honeysuckle precinct.

In September, we completed significant seawall works, which replaced decades-old marine infrastructure to pave the way for enviable and attractive waterfront promenades and the emergence of the final waterfront lands within Honeysuckle as a magnetic mixed-use destination. By November, we had also commenced works to re-align Honeysuckle Drive and service those lands. These works wrapped up in March this year, and have provided significantly improved pedestrian, cyclist and vehicular access, safety and amenity.

Importantly, works also continued on the Central Coast, with road, water and sewer construction commencing in August and wrapping up in January 2021, enabling the settlement of land to the Borg Group, unlocking significant potential for jobs growth in the region.



Strategically, HCCDC also focussed on refining the vision and strategy for Mount Penang Parklands. We see this as an important Placemaking NSW project and have been busy working collaboratively with tenants, stakeholders and the community on realising this future state.

We have also worked with the Greater Sydney Commission to help develop their Central Coast Strategy, a plan to drive the region's economic and employment growth.

In the Lake Macquarie region of the Hunter, we continued with our significant works to unlock economic and social opportunities at our Cockle Creek Precinct. This included close collaboration with Lake Macquarie City Council and Transport for NSW to fast-track work and bring forward important outcomes.

Importantly, this included the major announcement on site by Minister for Water, Property and Housing, Melinda Pavey, of successfully attracting the first NSW regional Costco to the site, as well as facilitating the sale of land to the Green Capital Group to deliver 500 homes in the precinct.

This is a significant achievement and I acknowledge the work of the HCCDC team to make this happen, and also drive the essential infrastructure works that will see the new Costco open by the first half of 2021-22.

Finally, at the end of the financial year, Minister Stokes announced funding for a full business case for the Hunter Park project. This was fantastic news welcomed by HCCDC, as we have worked in partnership with Venues NSW to progress this important project for the Hunter Region.

Without a doubt, 2020-21 has been a big year, and as a small team with big projects, I am immensely proud of our achievements and the benefits we have delivered to our communities across the Hunter and Central Coast regions.

2021-22 promises to be another year of significant work and delivery, and I look forward to leading the team alongside our Chief Executive to deliver on Placemaking NSW objectives and those of the NSW Government.

Valentina Misevska

About us

The Hunter and Central Coast Development Corporation is a NSW Government agency with a vision of creating thriving environments, communities and economies in the Hunter and Central Coast regions. We are part of Placemaking NSW, along with Place Management NSW and Sydney Olympic Park Authority.

Placemaking NSW has the role of enhancing the state's most treasured places and spaces while supporting and enabling their transformation.

In the Eastern Harbour of Sydney, The Rocks and Darling Harbour contribute \$3.1 billion per year to the New South Wales economy and current projects in planning or underway on Place Management NSW land are valued in excess of \$5 billion.

Closer to the Central River city of Sydney, Sydney Olympic Park Authority manages \$2.9 billion of assets.

Placemaking NSW's work in the Hunter and Central Coast, through Hunter and Central Coast Development Corporation, is responsible for delivering a program of works of more than \$45 million.

HCCDC is constituted under the *Growth Centres (Development Corporations) Act 1974* with a growth area that encompasses 11 local government areas, including 10 in the Hunter Region and one on the Central Coast.

In addition, we work alongside other government agencies, local councils, key stakeholders and the community, to deliver quality outcomes that benefit and enhance our regions.

HCCDC is a Chief Executive-governed entity, as provided for by the Act. From 30 June 2020, HCCDC became part of Placemaking NSW within the PDPS group of the Department.

HCCDC is subject to the direction of the Minister for Planning and Public Spaces.

Purpose

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

HCCDC's remit is to deliver NSW Government's vision for growing diverse, thriving economies. We enhance economic and community capacity by creating new homes, employment opportunities and vibrant community spaces.

We manage a range of strategic properties in the regions, repurposing them into community-enhancing assets.

HCCDC is typically a self-funded agency and relies on the sale of underutilised and industrial lands to reinvest into the community and fund new projects.

Nature and scope of activities

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

Our focus is on creating great places for the community and outcomes that are people-based and result in quality liveability.

Significant projects for HCCDC include:

- the Honeysuckle Urban Renewal program
- the Revitalising Newcastle program
- the remediation and rehabilitation of former BHP lands at Mayfield and Kooragang Island
- the transformation of Cockle Creek Precinct
- the redevelopment of Leagues Club Park in Gosford
- the care and management of Mount Penang Parklands, including the divestment of lands to create a significant economic catalyst for the Central Coast.

Objectives

Our objectives are to:

- deliver strategic outcomes to grow economic capacity and enhance communities
- drive industry diversification to grow more jobs to attract and retain talent to the regions
- create engaging, sustainable and attractive public spaces, connected to better transport options
- unlock opportunities and realise the full potential of government land and assets
- respect existing character, culture and heritage
- work in collaboration and partnership with community and stakeholders.

Placemaking NSW Advisory Committee

The Placemaking NSW Advisory Committee was established in July 2020 with common membership with the Place Management NSW Board and the Sydney Olympic Park Authority Board. The Placemaking NSW Advisory Committee provides strategic advice and guidance on the work of the Hunter and Central Coast Development Corporation.

Advisory Committee members

The Hon Helen Coonan BA LLB

Appointed July 2020 – resigned February 2021

Helen Coonan has had an extensive professional career in leadership positions that spans service to the Australian Parliament as Senator for New South Wales from 1996 to 2011, practise of the law and experience as a company director and adviser in a number of corporate roles.

Helen holds Bachelor of Arts and Bachelor of Laws degrees from the University of Sydney. Prior to entering Parliament, she worked as a lawyer including as principal of her own legal firm, as a partner in law firm Gadens, as a commercial Barrister in Australia and as an Attorney in New York.

In Parliament, Helen served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority. She is the recipient of a Centenary Medal for service to the Australian Parliament.

During the reporting period Helen was Chair of Crown Resorts Limited, Crown Resorts Foundation, the Australian Financial Complaints Authority, Minerals Council of Australia, Supervised Investments Australia Limited and GRACosway (a subsidiary of the Clemenger Group). She is also a member of the J.P. Morgan Advisory Council.

Ken Kanofski

Chair | Appointed June 2021

Ken Kanofski is an experienced and successful Chief Executive, Board Director, Chair and Advisor. In addition to his role at Placemaking NSW, he is a director at Tellus Holdings and Jerrara Power and Chair of Infrastructure Partnerships Australia's Transport Taskforce. Ken brings a wealth of experience in infrastructure, transport, utilities, property, venue management and environmental services.

Previously, Ken has served as Chief Executive Officer of NSW Roads and Maritime Services, the NSW Land and Housing Corporation, Government Property NSW and WSN Environmental Solutions. He has served as a board member and chair on national policy bodies, statutory authorities, industry bodies and community organisations and he has contributed significantly to policy at a state, national and international level in transport, infrastructure, waste and energy. Ken also served as Australia's first delegate to the World Road Association.

David Borger

Member | Appointed July 2020

Appointed Acting Chair February 2021 – June 2021

David Borger is the Executive Director of Business Western Sydney. A passionate advocate for the growth of Western Sydney, David has been at the forefront of many high-profile advocacy efforts dedicated to bringing jobs to the region, keeping Western Sydney a competitive market for business, and championing the cultural, amenity and infrastructure investments required to provide our residents with a world-class place to work, live and entertain.

Prior to this, David served as the Minister for Western Sydney, Minister for Housing, Minister for Roads, and Minister assisting the Minister for Transport and Roads in NSW Labor Governments.

In the 2019 Queens Birthday Awards, David was awarded the Medal of the Order of Australia (OAM) for his services to local government and the NSW parliament. He currently serves on several boards including NRMA, Evolve Housing, and the Museum of Applied Arts and Sciences.

Romilly Madew AO FTSE

Member | Appointed July 2020

Romilly Madew was appointed Chief Executive Officer, Infrastructure Australia, in early 2019 and is responsible for overseeing Infrastructure Australia's critical role in helping governments prioritise projects and reforms that best serve our communities.

Before joining Infrastructure Australia, Romilly was CEO of Green Building Council of Australia (GBCA) for 13 years. In acknowledgment of her contribution to Australia's sustainable building movement, Romilly was awarded an Order of Australia in 2019.

She is currently Independent Chair of the Currawong State Park Advisory Board (NSW). Romilly was recently on the Expert Advisory Panel for the CSIRO Report on Climate and Disaster Resilience and a Commissioner for the Northern Territory Economic Reconstruction Commission. She has held Board positions with the Australian Sustainable Built Environment Council and Sydney Olympic Park Authority. She has sat on numerous Federal Government panels including the Cities Reference Group, National Sustainability Council, Climate Futures Independent Expert Group and the National Urban Policy Forum.

Romilly is a Fellow of the Australian Academy of Science and Technology, Honorary Fellow, Planning Institute of Australia and Life Fellow GBCA. She is an active member of Bilgola Surf Life Saving Club as well as being involved in programs at both a State and National level for surf lifesaving. She is a Founder and Board member of Minerva Network, supporting our elite female athletes, which includes Romilly mentoring a member of Australia's Olympic Team.

Tony McCormick

Member | Appointed July 2020

Tony McCormick is a landscape architect with over 40 years' experience. Formerly an owner of one of Australia's foremost international multidisciplinary design practices, where he led the landscape and urban design team for many years. He was responsible for tourism, hospitality, mixed use, commercial, transport, waterfront, metropolitan park and city making projects throughout Australia and Asia.

Tony has particular expertise in the management of multidisciplinary planning and design teams on large, complex development projects on sensitive sites. These have included major parks in Sydney, and river rehabilitation for the Swan, Parramatta and Torrens rivers. He has been responsible for the preparation of strategies, manuals and design guidelines for parks, waterways, residential development, highways and the urban public realm. His projects have won numerous industry and profession awards including the Australian Urban Design Award.

Bridget Smyth

Member | Appointed July 2020

For the past 30 years Bridget Smyth has pursued a career in urban design/architecture on major public domain and infrastructure projects in Australia and the USA.

Currently, Bridget is City Architect/Design Director for the City of Sydney and manages a range of urban design, strategic and special projects, including the Sustainable Sydney 2030 vision and its implementation. She directs the City's Public Art Program and manages the City's Design Advisory Panel and Public Art Advisory Committee.

From 1996-2001, she was Director Design for the Sydney 2000 Olympic Games (OCA) and led the public domain, architecture, landscape architecture, and public art. From 1990-1996 she was Senior Urban Designer on the Central Artery Tunnel Project (the 'Big Dig') in Boston, Massachusetts USA. Prior to this, Bridget worked in private practice in Melbourne (Wood Marsh Architecture and Hassell).

Bridget holds a Masters Degree in Design Studies (Urban Design) from the Graduate School of Design, Harvard University and a Bachelor of Architecture (Hons) and a Bachelor of Planning and Design from the University of Melbourne.

Bridget is the recipient of numerous awards including the 2016 Australian Institute of Architects (AIA) NSW President's Award, the 2014 Marion Mahoney Griffin Award by the AIA. She is member of University of Technology Sydney (UTS) Deans Industry Advisory Board, Faculty of Design, Architecture and Building and holds an Adjunct Professorship at UTS.

Alex O'Mara

**Group Deputy Secretary | Place, Design and Public Spaces
Department of Planning, Industry and Environment**

Member (ex-officio) | Appointed July 2020

Alex O'Mara is the Group Deputy Secretary of the Place Design and Public Spaces Group in the Department of Planning, Industry and Environment. In this role she has responsibility for precincts, place strategies and strategic planning within Greater Sydney, State infrastructure contributions and the delivery of growth infrastructure and community investment programs. She also has responsibility for the Premier's priorities of Greening Our City and Greener Public Spaces, the NSW Government Architect's office, Greater Sydney Parklands, Royal Botanic Gardens and Domain Trust and Placemaking NSW. Prior to this role, she was the Deputy Secretary for Create NSW.

Alex has committed her career to solving problems that face our community and the creation of shared value. From leveraging the planning system to make great places core business, to leading regulatory reform, to delivering growth infrastructure and managing vibrant public spaces across NSW, Alex's work has led to positive outcomes, social licence, improved productivity and sustainability.

Alex is an experienced senior executive who has worked across a range of sectors, including planning, industry, infrastructure, water, environment, building and culture. Alex is a member of the Central Sydney Planning Committee of the City of Sydney and was previously a member of the Australian Building Codes Board and the State Records and Archives Authority. Alex holds a Bachelor of Arts and a Bachelor of Laws from the University of Sydney with First-Class Honours. She also holds a Masters of Administrative Law and Policy. Alex was admitted as a legal practitioner in 1999 and holds a current legal practising certificate. Alex is a graduate of the Australian Institute of Company Directors.

Sam Romaniuk

Chief Executive Officer, Sydney Olympic Park Authority
Chief Executive Officer, Place Management NSW

Member (ex-officio) | Appointed July 2020 – resigned May 2021

Sam has more than 20 years' experience in strategy, portfolio management, corporate development and direct property investment. Sam was the CEO of Sydney Olympic Park Authority from February 2020 and was the CEO of NSW Government's Place Management NSW from December 2015 until May 2021. Place Management NSW is responsible for managing State-significant precincts, including The Rocks and Darling Harbour. Sam was previously the Executive Director for Strategy in the then Government Property NSW and prior to joining government Sam held several senior executive positions at Stockland. Sam holds a Bachelor of Commerce, Bachelor of Laws and is a Chartered Accountant.

Anita Mitchell

Chief Executive, Placemaking NSW

Member (ex-officio) | Appointed January 2021

Anita Mitchell has over 25 years' experience in executive management, sustainability, social impact and corporate assurance spanning energy, water, waste, property and construction in both the public and private sectors. In January 2021, Anita joined the NSW Department of Planning, Industry and Environment as the inaugural Chief Executive of Placemaking NSW and now leads the teams responsible for managing and transforming some of Sydney's most treasured places, including The Rocks, Darling Harbour and Sydney Olympic Park, as well as key locations in the Hunter and Central Coast regions of New South Wales.

From 2010 to 2016, Anita led the environmental and social sustainability strategy for Lendlease's \$6 billion Barangaroo South development in Sydney, delivering world's best practice sustainable design and health and wellness initiatives for Australia's first certified carbon neutral precinct. In July 2016, Anita was appointed Lendlease's Head of Sustainability - Europe. From London, she steered the development of sustainability strategies for over A\$50 billion of development, investment and construction activity in the United Kingdom and Italy. In 2019, Anita returned to Australia to join the corporate assurance team and was responsible for developing Lendlease's Risk Appetite Framework.

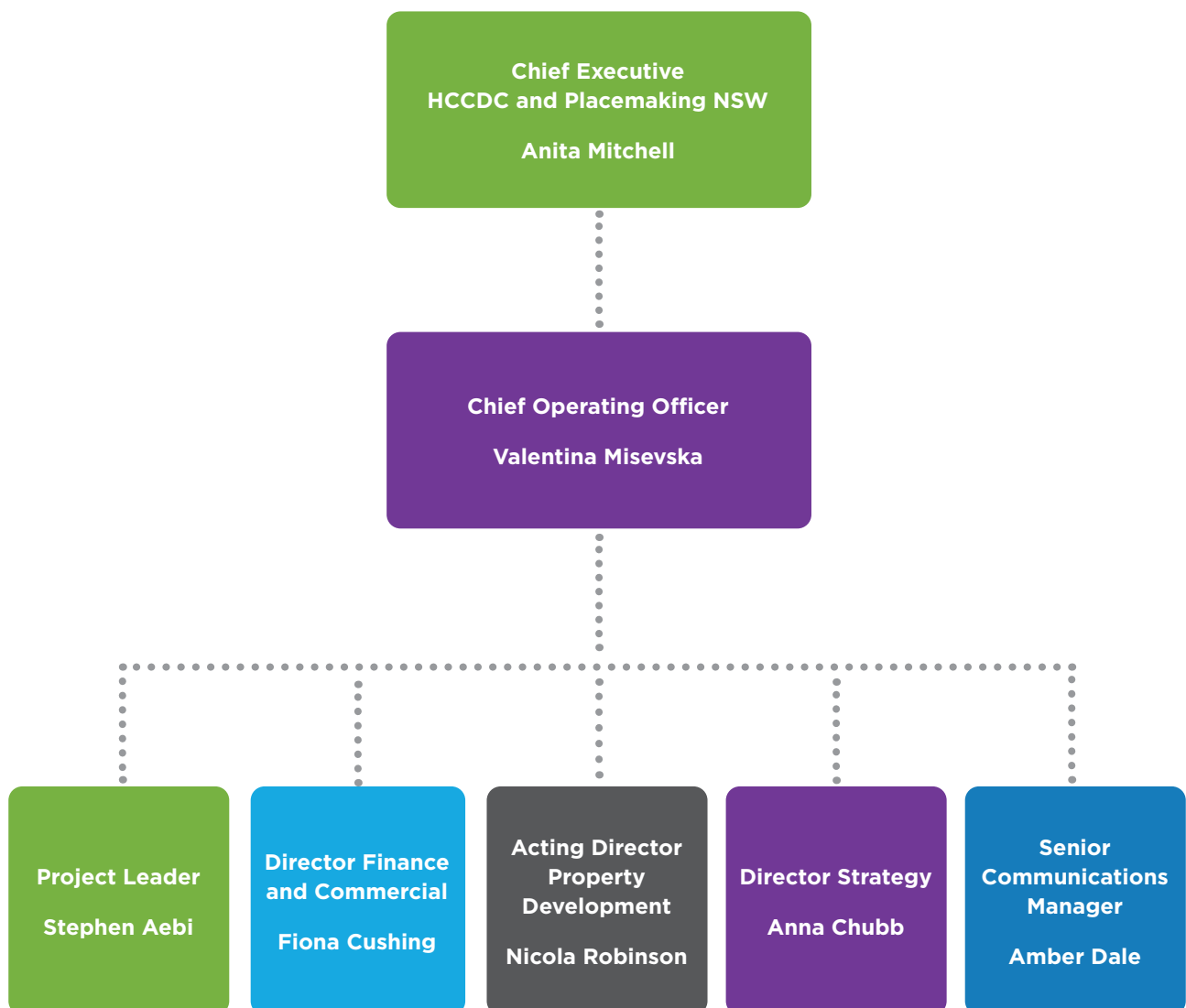
Anita previously managed sustainability and environmental programs for one of Australia's largest energy distributors, as well as the country's largest water authority and waste management network operator. She holds a Bachelor of Environmental Science, a Master of Environmental Management and an MBA – completed under full scholarship as "Australia's top emerging leader and MBA scholar" selected by The University of Sydney and AFR BOSS magazine in 2012.

Senior leadership team

Our HCCDC leadership team has vast experience in strengthening communities through the delivery of dynamic and complex projects and programs that create economic and community benefit.

The team works in partnership with government agencies and local stakeholders to deliver quality projects that transform the Hunter and Central Coast regions.

As at 30 June 2021





Multicultural and inclusive workplaces

HCCDC is committed to creating a diverse and inclusive workforce, both internally and on our projects.

Works contractors are selected not only based on their ability to meet the project objectives, but to provide community initiatives and diverse employment opportunities. This includes Aboriginal participation in both planning and implementation of projects, promoting women in construction and creating mentally healthy workplaces.

HCCDC works with heritage and cultural experts to create public spaces that reflect the culture and history of both the region's original and European inhabitants. Examples include Leagues Club Park and The Station landscaping works, designs for which both benefited input from local Aboriginal groups to incorporate Aboriginal elements into functional furniture and play equipment.

We are also focused on identifying and breaking down barriers which prevent those with a disability enjoying the same opportunities as the rest of the community.



HCCDC adheres to NSW Government's 'Everyone Can Play' guidelines for inclusive public spaces to identify, with projects such as Leagues Club Park and the under-construction Honeysuckle Park creating recreation opportunities for visitors regardless of age or ability.

Providing information to all members of the community, including those with a disability, is important to us. We regularly review access to our online services and resources in line with Web Content Accessibility Guidelines version 2.0 and multimedia material is enhanced with captions and text descriptions where possible.

Governance

Ethics and Integrity

In 2020-21, the Department launched the Ethics Portal which provides an online, centralised and up-to-date resource for all employees to declare and comply with their obligations under the Code of Ethics and Conduct (the Code). In its development the Ethics Branch undertook comprehensive consultation and engagement with all the business units within the Cluster to ensure the Ethics Portal was both accessible and relevant to the compliance needs to all employees across the Department. The Ethics Portal has strengthened reporting capabilities to ensure the Department is committed to the highest standards of ethical conduct and integrity.

The Code underpins the Department's compliance framework, which was supported by:

- the new Ethics Portal which manages declarations concerning conflicts of interest, code of ethics and conduct, senior executive private interests, and gifts, benefits and hospitality, as well as approvals of secondary employment
- the Fraud and Corruption Control Framework and Policy
- the Public Interest Disclosures Policy and Procedure (which includes access to an anonymous reporting tool)
- the Lobbying of Government Officials Policy
- training and resources to assist with the management of ethics related workplace issues.

The Department worked in collaboration with the NSW Ombudsman to ensure a robust framework that supports staff to raise workplace concerns and make reports of wrongdoing.

Public Interest Disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations under this Act. This information for HCCDC is captured in the Department of Planning, Industry and Environment's Annual Report as all Public Interest Disclosures are managed centrally by the Department.

Standing Order 52

During the reporting period, the NSW Legislative Council did not compel HCCDC to produce any documents.



Summary of 2020-21 achievements



HCCDC is focused on delivering significant community-benefiting and city-building projects that unlock social and economic outcomes across our Hunter and Central Coast regions.

As we continue to lead significant urban transformation, milestones are being achieved and progress is being made.

In 2020-21, this included:

- opening quality public spaces
- finalising land settlements to enable further job creation, homes and public spaces
- starting new construction projects
- enabling activation and placemaking
- completing significant remediation works.

**Key achievements
in each region include:**

Newcastle



Completing the \$6-million Station Piazza, a versatile community space that was officially opened to the public by Minister for Planning and Public Spaces Rob Stokes



Completing \$12 million of works to realign and beautify a stretch of Honeysuckle Drive and open the new Cottage Creek bridge

- completing the \$24-million seawalls project in Honeysuckle to pave the way for waterfront promenades and a waterfront mixed use precinct

- dedicating a 1000-metre stretch of Honeysuckle public domain to City of Newcastle
- undertaking the Honeysuckle Ideas community engagement program to guide the future transformation of the precinct



Beginning works on Honeysuckle Park, a \$4.2-million public space for the entire community in the Newcastle CBD

- commencing construction on the next stage of harbourside promenade in Honeysuckle, eventually connecting the city to Wickham
- settling the *Horizon on the Harbour* development in Honeysuckle, comprised of 105 residential apartments and 970 m² retail space
- receiving DA approval for significant repairs to the locally listed Wickham School of Arts building
- maintaining a busy schedule of community events at The Station incorporating COVID-safe processes
- completing 32 ha of capping works on Kooragang Island Area two. These works were made possible following HCCDC's successful extinguishment of an underground fire across the same works footprint
- completing the preparation of detailed design drawings, contract documents, as well as State and Commonwealth approval assessments for the KIWEF Eastern Ponds closure works
- receiving funding approval to commence the Hunter River (South Arm) sand assessment at Stockton Beach.

Central Coast



Extensive community engagement on the Central Coast, including local students contributing to Leagues Club Park designs and working with local Aboriginal groups

- hosting the NSW Premier to officially open the \$10-million Leagues Club Park regional play space in Gosford
- winning the Aboriginal Heritage and Judge's awards for Leagues Club Park at the 2020 National Trust Heritage Awards



Holding a successful community celebration event to showcase our work on Leagues Club Park

- awarding new contracts for security, cleaning, landscaping and facilities management in Mount Penang Parklands

- completing road, sewer and water works to improve amenity and enable future jobs at Mount Penang
- finalising settlement with Borg Group for 19 ha of land in Mount Penang enabling employment outcomes



Installing a new BBQ area at Mount Penang Gardens and re-homing play equipment from Honeysuckle to the Gardens, to create a new play area

- installing new tourism and educational signage at Mount Penang Gardens
- receiving endorsement for Mount Penang Parkland's Conservation Management Plan to guide the conservation, management and interpretation of the precinct's heritage significance
- taking ownership of the Gosford Mitre 10 site for the creation of an education and employment precinct
- ongoing works to improve functionality and safety at Leagues Club Park, including resurfacing the play area with rubber soft-fall.

Lake Macquarie



Announcement by Minister for Water, Property and Housing Melinda Pavey to bring Costco and Green Capital to Cockle Creek Precinct

- setting up a perpetual care fund for the ongoing environmental management of Cockle Creek Precinct



Settling Cockle Creek Precinct land sales with Green Capital and Costco

- starting construction on Cressy Road, the link road to Costco, and enabling the start of works on the retail warehouse and petrol station
- working with Transport for NSW, Lake Macquarie City Council and the community to name Cressy Road in honour of former resident and WWI Private Henry Cressy.

Other projects

- commencing the Hunter Identity and Positioning Strategy, which is a key action in the Greater Newcastle Metropolitan Plan, to attract new investment and talent to Greater Newcastle
- continuing to chair the Catalyst Area Steering Committees for Broadmeadow, East Maitland and North West Lake Macquarie
- continuing to chair the Hunter Urban Development Committee to better align infrastructure to support housing and employment growth
- growing HCCDC social media channels, with an average 260% increase in followers and new record levels of engagement during 2020-21



Providing funding and in-kind support for local events, including The Big Picture Fest, University of Newcastle's 'Biomes' exhibition and Newcastle Fringe Festival.



Newcastle projects

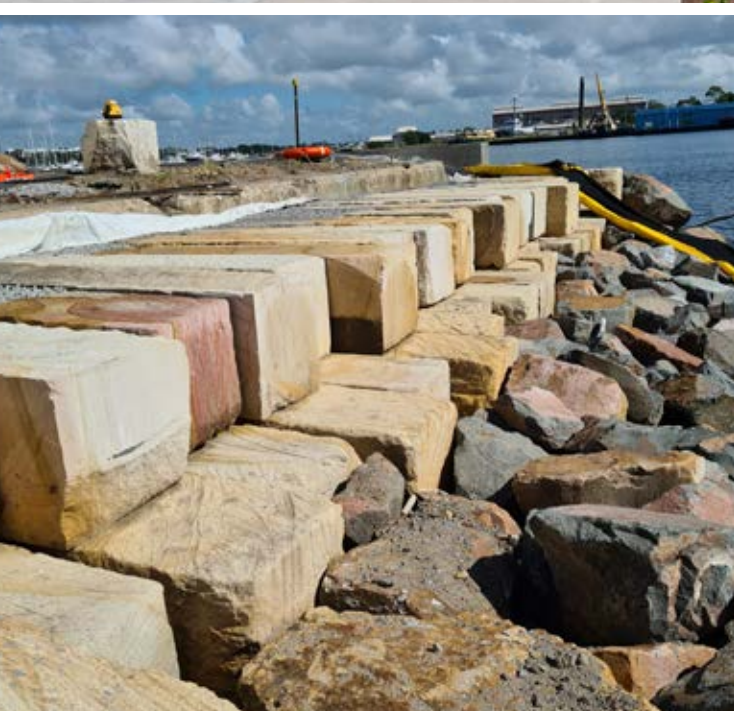
Programs throughout the Newcastle CBD continued to make significant progress across 2020-21. This includes multiple projects within the Honeysuckle precinct, all of which continued through the COVID-19 pandemic, helping to provide job stability to local providers.

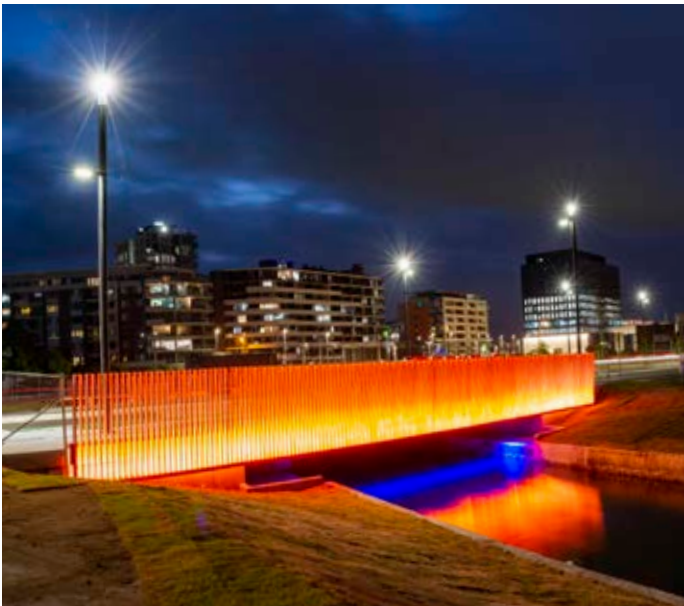


Ongoing construction through the pandemic enabled us to progress with less community and traffic impacts, meaning we were able to bring forward positive outcomes for the community to enjoy.

As part of Placemaking NSW, we are committed to partnering with the community to deliver outcomes that people most want to see. In late 2020 we undertook a community engagement program, Honeysuckle Ideas, to understand the community's ideas for the future use and function for the final Honeysuckle lands.

This engagement provided great insights and allowed the project team to create Honeysuckle Project objectives, which will form part of the final transformation of those remaining lands.





Honeysuckle Drive upgrade

February 2021 saw the completion of the 12-month realignment of a stretch of Newcastle's Honeysuckle Drive.

The \$12-million road upgrade began with the reconfiguration of the Throsby carpark to accommodate a temporary diversion road. This allowed vehicle, pedestrian and cycle traffic to use Honeysuckle Drive while a new bridge was built over Cottage Creek, and the new road was constructed.

The new bridge was completed in early 2021 and significantly improves flood mitigation by opening-up the existing stormwater channel through to the harbour. It is also the designated heavy vehicle route into the city, for City of Newcastle (CN).

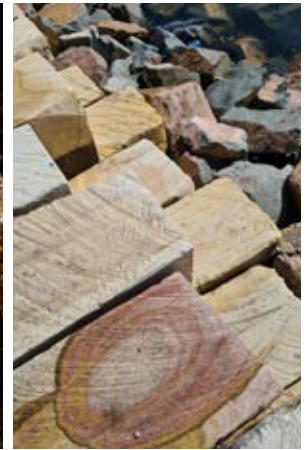
Delivering the road has also enabled the remaining land to be subdivided, creating a new road reserve, public domain lots and development lots. All major utilities were relocated within the road reserve to facilitate this future development. The subdivision was lodged with CN in March 2021, and the registration is expected to be finalised by the end of the year.

Materials were reused onsite as part of the seawall restoration works, supporting the environmental objectives of the project and satisfying the Aboriginal archaeology objectives to keep any artefacts onsite.



HCCDC worked with contractor Robson Civil Projects to increase the rate of female participation (measured by project hours worked) in the delivery of this project.

The female participation rate on this project was around 8%, equal to 2774 hours on the project. This result was achieved by using female workers on site and partnering with subcontractors who employ female workers.



Honeysuckle Park

Honeysuckle Park includes the delivery of over 4750 m² of new public domain along the Newcastle foreshore.

It adds over 300 m of promenade pathways, cycleways and green space as part of Newcastle's coastal walkway. Construction of the park commenced in October 2020 and will be completed in July 2021.

Honeysuckle Park amenity includes sandstone seating at the harbour's edge, bespoke shade structures, BBQ facilities and seating, native plantings and a maritime-themed play space with shade provided by ship's sails.

The park recognises the European heritage of Newcastle's working harbour, with artefacts from the former Newcastle Maritime Museum restored and displayed throughout the site. These include port and starboard marker lanterns, and bollards and plaques from ships that were built in Newcastle's Dyke Point or frequented Newcastle Harbour.



HCCDC was eager to guide and support social initiatives that provide tangible benefits beyond the construction of the park.

These included female participation and mental health initiatives aimed at improving the work/life balance of the people employed in the delivery of the project.

The female participation rate was 8%, or 837 hours. A five-day work week was implemented and Glascott Landscape and Civil hosted Mates in Construction onsite to talk about mental health in the construction industry.

Final transformation of the waterfront

The urban transformation of Honeysuckle continued through 2020-21, with the preparation for future development of the remaining parcels of land at the western end of the city.

The final 3 ha of land has the potential to transform Honeysuckle West into an iconic gateway to the city as the future CBD.

Following the outcome of community engagement, we will continue to work on the strategy for the engagement of a development partner to deliver on the vision and objectives for the precinct.



Honeysuckle Community Engagement

In September and October 2020, HCCDC invited the community to be part of the Honeysuckle Ideas community engagement program. This was to understand community and stakeholder aspirations for the future use and function of the remaining lands at Honeysuckle West.



The community was invited to share ideas that encourage improved social, economic and environmental outcomes. The engagement program was conducted during COVID-19 restrictions and ideas were shared via digital channels, including a web-based 'ideas wall' and surveys.

More than 240 different ideas were collected, which helped develop project themes and objectives.

The project objectives are to:



create a magnetic mixed-use destination – a landmark precinct that attracts people to work, live and play



create a great place that is connected – an enviable destination that links people to transport, place and the waterfront



respect and acknowledge heritage and culture – care for Country and embrace the unique culture and history of Newcastle's waterfront



demonstrate excellence in design and sustainability – quality urban and architectural design incorporating best practice sustainability



focus on people and accessibility – to create a place for the whole community.



Former Wickham School of Arts building

The former Wickham School of Arts building sits within the final Honeysuckle lands earmarked for future transformation.

As the building is listed on the Newcastle Local Environment Plan 2012, as a local heritage item, HCCDC lodged a DA with CN to complete repair works to improve the viability and safety of the building. The DA includes remediation of hazardous materials, renovation works to stabilise the building and replacing the asbestos-containing roof structure.

It also includes removing the non-heritage annex, built in the 1950s, and removing two neighbouring buildings that are not heritage-listed.

The works package has been tendered and construction is estimated to commence in September 2021 and be complete by March 2022.

Undertaking this important work will maintain the heritage integrity of the building and will help provide the best opportunity for the building to be re-purposed as part of a future development as HCCDC progress plans for divestment of the site.



Other Honeysuckle developments

Honeysuckle and the Newcastle city centre continue to change as construction continues across the city. This is creating positive change for the city, including the creation of new homes, more jobs and great public spaces.



University of Newcastle Honeysuckle Campus

The School of Creative Industries and Innovation Hub have a new home in the heart of Honeysuckle. Honeysuckle City Campus, otherwise known as Q Building, houses new facilities for the University's creative disciplines, along with the Future Arts and Science and Technology Lab (FASTLab) and the Integrated Innovation Network Hub (I2N).

Sustainability was front of mind throughout construction. Thermal glass encases the north and west sides of Q Building, which tints according to the intensity of the sun. This feature assists in the building's climate moderation while retaining the design principles of openness and transparency.

In addition to this, a concrete core and a sustainably sourced, cross-laminated timber internal structure further shows a collective commitment to building for the future.

Q Building will open its doors to students from July. The NSW Government is proud to have helped fast-track this project during the height of the COVID-19 pandemic in 2020.



The Store

The former Newcastle and Suburban Co-operative Society Limited site (The Store) was purchased by NSW Government in 2015. This created an opportunity to evolve a legacy development in the West End, into a mixed-use precinct.

We partnered with Doma Group in 2018 to create a twin 90 m complex, with commercial space, public domain and a commitment to build a bus interchange. The bus interchange opened in July 2020 and the commercial building opened in May 2021, welcoming NSW Government and private tenants.



Hope at Honeysuckle

In July 2020, we were pleased to announce that we were delivering Hope at Honeysuckle, local winemaker Hope Estate's new destination in the recently renovated Wharf building.

Showcasing the wine, spirits and craft beer that the Hope family is known for, along with fine food and tasting experiences focused on Hunter produce, local retail goods, and educational events, Hope at Honeysuckle will create an exciting new drawcard for the precinct.



21 Honeysuckle Drive

Delivering on the demand for attractive architecture and high-quality dwellings, Doma Group saw the first residents move into *Lume* at 21 Honeysuckle Drive in July 2020.

With 154 residential units and associated commercial uses, *Lume* integrates with Honeysuckle Park, new public domain being delivered by HCCDC.



35 Honeysuckle Drive

Work commenced in November 2019 on a new residential and retail offering at 35 Honeysuckle Drive. Doma's *Huntington* features 88 apartments and 1500 m² of retail opportunity, with significant and attractive public open space that will integrate with the picturesque Honeysuckle harbour front.

HCCDC is delivering public domain adjacent to Huntington continuing the connection of the harbourside promenade from the city through Honeysuckle to Wickham.



42 Honeysuckle Drive

Doma Group's construction of *The Little National Hotel* at 42 Honeysuckle Drive commenced in November 2018.

Since completing significant ground works, this project has evolved and now proposes to deliver a 187-room boutique hotel with 4880 m² commercial office space and publicly accessible car spaces. Doma Group's development application amendment was approved in January 2021.

The \$44-million project, located at 42 Honeysuckle Drive, will help address the shortage of tourism accommodation in the city.



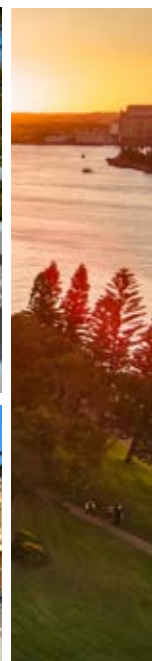
45 Honeysuckle Drive

The *Horizon on the Harbour* development comprises 105 residential dwellings across three towers, with 970 m² activated ground floor retail. After contract award, the design was further improved through the Government Architect's State Design Review Panel prior to development approval being granted 18 June 2020.

Construction commenced in early 2021 and is expected to complete in 2022. To connect the city to Wickham, HCCDC is also delivering new public domain adjacent to Horizon on the Harbour – allowing for the continuation of the harbour side promenade.



Photo by Clifford Wakeham, courtesy of Le Diner en Blanc



The Station landscaping

The final section of landscaping between Market Street Lawn and the former Newcastle bus depot at The Station was completed in November 2020, following a construction period that continued through the COVID-19 pandemic.

The \$6-million landscaping project forms part of the \$650+ million Revitalising Newcastle project designed to create more jobs, homes and quality public spaces for the community to enjoy.

The new piazza delivers casual open space and pathways that seamlessly link the full Station precinct to surrounding attractions.

Landscaping includes raised planter beds with established trees, ground planting, bluestone and granite paving, seating and lighting.

A new picnic lawn provides valuable green space for the community and completes the connection between The Station and Market Street Lawn.

The piazza also features interpretive art elements that pay tribute to the site's past, with a circular bandstand now standing on the site of the former gas holder and inlaid railway station markers mapping out the Hunter Line rail route.



Cleverly designed 'railway tracks' also create an engaging tribute to the site's former use with carefully curated misting sprays and lighting mimicking trains arriving at The Station. This has proved to be a huge hit with children enjoying the mist on hot days, and generally adding an engaging and interesting element to the piazza area.

The space also incorporates Indigenous-inspired themes, including a functional artwork based on a traditional campsite. Stencilled concrete art represents the region's land, shore, and ocean, while a sunken lighting feature is reminiscent of a fire pit. Achieving these outcomes was the result of considerable engagement with local Aboriginal groups, as well as heritage experts.

Minister for Planning and Public Spaces, Rob Stokes formally opened the 8700 m² space in December 2020.



The Station temporary activation

In 2020-21, HCCDC continued to manage the temporary activation of The Station while the site's long-term use is being determined.

Activation included the attraction of tenants to the ground floor spaces, while also working to attract events to the large and inviting platform and new piazza areas.

The COVID-19 crisis had a significant impact on The Station community in 2020-21. Access to the public platform was temporarily closed from March to November 2020 to effectively manage public safety. Tenants elected to temporarily close their shopfronts during this time.

Throughout this period of COVID-hibernation, we continued to allow street access to all retail spaces and supported tenants through rent relief and ongoing business promotion.

The new piazza was unveiled by the Minister for Planning and Public Spaces, Rob Stokes, in late 2020. This event signalled a re-activation of the precinct and the easing of COVID-19 restrictions.

Since then, The Station has seen an unprecedented level of activation with a calendar of high-quality events, demonstrating that high value of quality public spaces for the community.



Photo by Peter Stoop, courtesy of Le Diner en Blanc

Recent events at The Station include:

- Major event coup – Internationally renowned Le Diner en Blanc picnic on the piazza
- Regular monthly/bi-monthly Vegan Markets and Homegrown Markets
- Grapes of Mirth wine and comedy festival
- Channel Seven's Sunrise broadcast of the Tour de Cure
- Street Paws Festival
- Jon Stevens and Thirsty Merc concerts
- School Holiday programs including water park installations
- Friday Night Feasts with food trucks, family games and live entertainment
- Variety 'Spin 4 Kids' fundraiser day
- Pet-friendly Santa photo days
- Pilates classes
- Corporate networking events.



Central Coast projects

In 2020-21, HCCDC continued creating economic and social benefits for the Central Coast community.

We have invested significantly in the region to deliver new landmark public domain, as well as providing more opportunity for economic stimulus with infrastructure works and tourism opportunities.

In 2020-21, HCCDC took ownership of the Gosford Mitre 10 site, which had been earmarked by NSW Government for the creation of an education and employment precinct. We will continue to play an active role in this exciting project.



Leagues Club Park

In 2020-21, Leagues Club Park was transformed from an under-utilised field into an award-winning, innovative, culturally significant community space. The \$10-million project in the heart of Gosford was conceived to support opportunities identified in the NSW Government Architect's Gosford Urban Design Framework.





By working closely with the Gosford community and Central Coast Council, HCCDC created a unique recreation destination that can be enjoyed by all, regardless of age and ability. The transformation of the park has delivered a world class public space including 'wild play' areas, interactive Aboriginal design elements, accessible pathways, and quality green space.

The Darkinjung Local Aboriginal Land Council played an integral part in the park's design. Local Aboriginal culture has been imbued into the site's cultural heart — a circular gathering space created with large timber poles. These are adorned with stunning designs by a local artist and will create a unique space for the community to gather, relax and learn.

Another key feature is the Tidal Terrace, a shallow play area that connects with Brisbane Water to bring in natural water with the flow of the tide. It's the first of its kind for recreational use in Australia and provides a fun drawcard that attracts families from across the Central Coast and beyond.

Park construction continued through the COVID-19 pandemic, creating job security for local contractors and project partners. The pandemic created some supply issues, but these were overcome by purchasing materials from alternate manufacturers to complete the project.

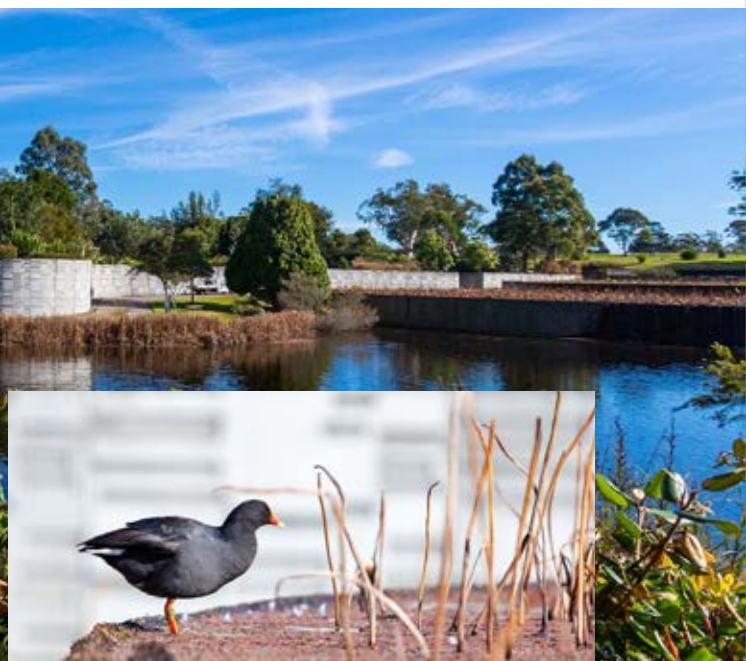
Leagues Club Park was officially opened to the public by the NSW Premier, Minister for Planning and Public Spaces and the Parliamentary Secretary for the Central Coast in February 2021.

This was followed by a free community day, which was attended by thousands and showcased the versatility of the site, with market stalls, live music, food, kids' activities, and cultural performances.



National Trust (NSW) Heritage Awards Winner

HCCDC's delivery of Leagues Club Park and its significance as a quality public space for the community, has been honoured with top accolades at the 2021 National Trust (NSW) Heritage Awards for Aboriginal Heritage as well as the prestigious Judges' Choice Award.



Mount Penang Gardens

Mount Penang Gardens in Kariong opened in 2003 and is considered a significant contribution to public garden design in Australia.

The gardens span 8 ha of landscaped vistas, divided into 12 themed 'rooms'. The thriving flora – over 70% native to Australia – complements the heritage of the Parklands. A waterway and sandstone sculptures create a picturesque and popular picnic spot.

Throughout the year, Mount Penang Gardens hosted several small to medium events and community gatherings in the amphitheatre and surrounding areas. A new barbeque area was also opened in 2021, providing a picturesque space for birthday parties and other small gatherings.

Mount Penang Gardens remained open to the public throughout 2020-21, while enforcing strict social distancing regulations. Public spaces became more important than ever during the pandemic, with visitor numbers increasing from 2020.



Bluethumb Volunteers

Mount Penang's Bluethumb Volunteers program continued to play a crucial role in ensuring the Gardens remain a beautiful place for the community to enjoy and discover. This was despite some program reductions due to COVID-19 restrictions. Their continued contribution is valued by HCCDC.

Our 2020/21

Bluethumb Volunteers include:

- Joan Harden
- Richard Watts
- Sue Dibley
- Kamil Brozka
- Ross Bennett
- Warren Dibley



Mount Penang Event Park

With a variety of open and intimate spaces, Mount Penang is the ideal location for outdoor events of varying sizes.

In 2020-21, 10 events were held in the event park, with COVID-19 restrictions affecting the potential for community gatherings. These included:

- Mount Penang Parkrun
- Red Hot Summer tour
- GIRRakool Blues Festival & BBQ
- Street Paws Festival
- Aussie Food Markets
- Century Challenge Cycle Ride
- World MS Day Community Picnic
- Chilli Festival
- Food & Wine Festival
- The Christmas Fair.





Mount Penang land use and planning

Economic stimulation

To support HCCDC's objective of driving economic development on the Central Coast, sites within the Mount Penang Parklands precinct were identified as suitable for redevelopment.

The Highway Commercial site, bordered by Central Coast Highway on the south of the Parklands, settled in April 2020. This was joined by the Kangaroo Road Commercial Precinct on the eastern side of the Parklands, which settled in February 2021.

HCCDC supported the sale of these sites by delivering essential infrastructure upgrades, including road, water, sewer and drainage works. These were completed in January 2021.

These combined developments are anticipated to create over 3000 new jobs on the site, supporting local industry to keeping jobs in the region.

Planning for further infrastructure works is underway to support the needs of existing and future users of the Parklands.

Vision and Place Strategy

In 2021, we commenced an exercise to understand the site's constraints and opportunities, and to identify a vision for the Parklands. This included a review of existing strategies, as well as community and industry sentiment surveys. The strategy will be made available to the public by early 2022.

Conservation Management Plan

The Conservation Management Plan was endorsed in December 2020. It provides a guide for the conservation, management and interpretation of the heritage significant of the Parklands.

Mount Penang asset and property management

Following the successful adaptive reuse of the Parklands in 1999, the site now exemplifies a vibrant education, business and recreational hub enjoyed by the local residential and business community alike.

Asset Management

Ongoing asset management is guided by HCCDC's Operational Maintenance Plan and Strategic Asset Management Plan which meets requirements of Asset Management Policy for the NSW Public Sector TPP19-07. In 2020-21, asset management continued to be a key focus.

Tasks included:

- the development of a Strategic Asset Management Plan
- engaging Spotless to provide maintenance and response to emergency repairs
- replacement of sewer pumps
- works to address storm damage
- repairs to heritage buildings.

We continued updating and reviewing compliance throughout 2020-21, with reports undertaken to ensure best practice strategic asset management. Studies and reports completed include a Conservation Management Plan, Emergency Management Plan, bushfire hazard reduction approval, a site safety audit, and tree safety audits.

Property Management

The Parklands was fully tenanted through 2020-21. Rent deferral was offered for tenants during the COVID-19 restrictions in 2020.

Tenants through this period included:

- Central Coast Sports College
- NAISDA Dance College
- Options Disability Support
- Sunnyfield Disability Services
- KU Childrens Services
- Kariong/Somersby Rotary
- Youth Connections
- Waterfall Café
- Occlinks Occupational Therapy
- Travers Bushfire & Ecology
- Parklands Community Preschool.

Coordination of asset and property matters was assisted through engagement of LJ Hooker as commercial property managers and through precinct coordination and emergency management committee meetings that commenced in June 2021.

Mount Penang infrastructure works

HCCDC undertook a range of essential infrastructure works across Mount Penang during 2020-21, including:

- road and stormwater improvements to The Avenue and Festival Drive
- improvements to water, sewer services along these upgraded roads
- inter-allotment drainage
- planning for further essential infrastructure works to improve access and servicing continues.



Lake Macquarie projects



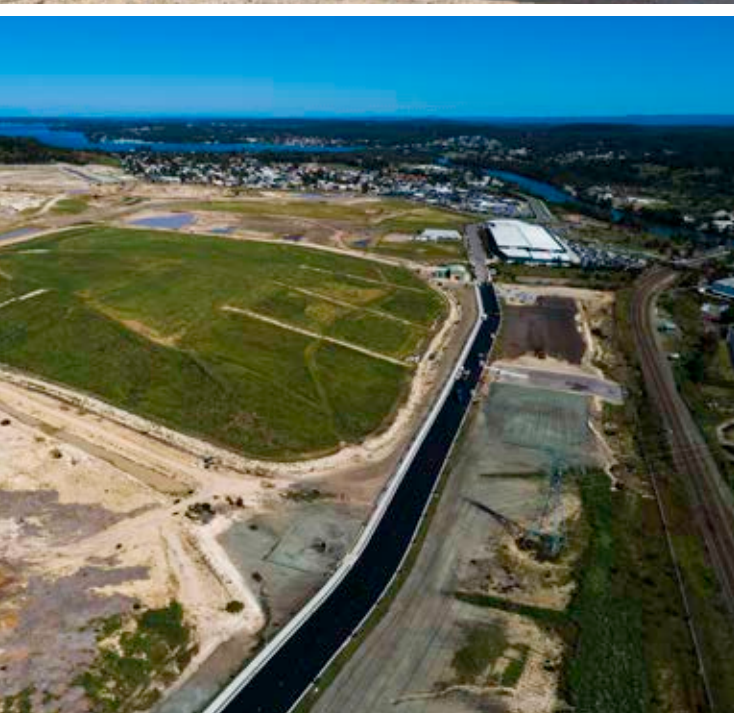
Cockle Creek Precinct

The Cockle Creek Precinct comprises the land formerly occupied by the Pasminco Lead and Zinc Smelter at Boolaroo, in Lake Macquarie.

In 2019, NSW Parliament supported legislation to transfer the precinct into government ownership. The land was transferred to HCCDC in October 2019.

Our role is to ensure the environmental management of the site in perpetuity and manage the development of land for its future as a commercial, light industrial and housing centre, to deliver economic and community outcomes for the region.

HCCDC continues to work with Government's Waste Assets Management Corporation (WAMC) to manage the environmental requirements of the site, while the NSW Environment Protection Authority (EPA) provides regulatory oversight. We are also working closely with Lake Macquarie City Council.





Unlocking opportunities

Since taking ownership of the precinct in 2019, HCCDC has undertaken significant work to sign deals and settle on two key parcels, comprising over 60 ha of land.

In line with the legislation, HCCDC has acted swiftly to realise outcomes with Green Capital Group, which settled 55 ha for residential development to enable more than 500 new homes. Costco Wholesale Australia, purchased 6 ha of this land to bring its first NSW regional operation to the site and the store is expected to open in early 2021-22.

These developments are set to inject more than \$300 million into the economy and create an estimated 225 permanent jobs.

Construction

In 2021, HCCDC began construction works to provide stormwater management and road upgrades, as well as the delivery of the new Cressy Road. This road, named after a former local resident and WWI Private Henry Alfred Cressy, will provide a vital link to the new Costco warehouse.

These works are essential in unlocking the subdivision and development of the site to enable the Costco and Green Capital outcomes.

The project has required close coordination and collaboration with stakeholders including Lake Macquarie City Council, Transport for NSW, Costco and Bunnings.

The total value of our construction works (including design) delivered to the Cockle Creek Precinct to date is \$4.1 million.



Environmental Management

Kooragang Island remediation

BHP began operation of the Kooragang Island Waste Emplacement Facility (KIWEF) in the late 1960s, receiving over 10 million tonnes of general, industrial and hazardous steelworks waste over the years.

The site sits in the State Significant Kooragang Precinct and is surrounded by the internationally recognised Lower Hunter Estuary.

In 1999, KIWEF was returned to NSW Government and HCCDC was tasked with completing essential capping and remediation works. Due to the size and complexity of the site, works have been undertaken in a manageable sequence, specified by the EPA.

In July 2020, HCCDC completed the third stage, bringing the total remediation to 60 ha.

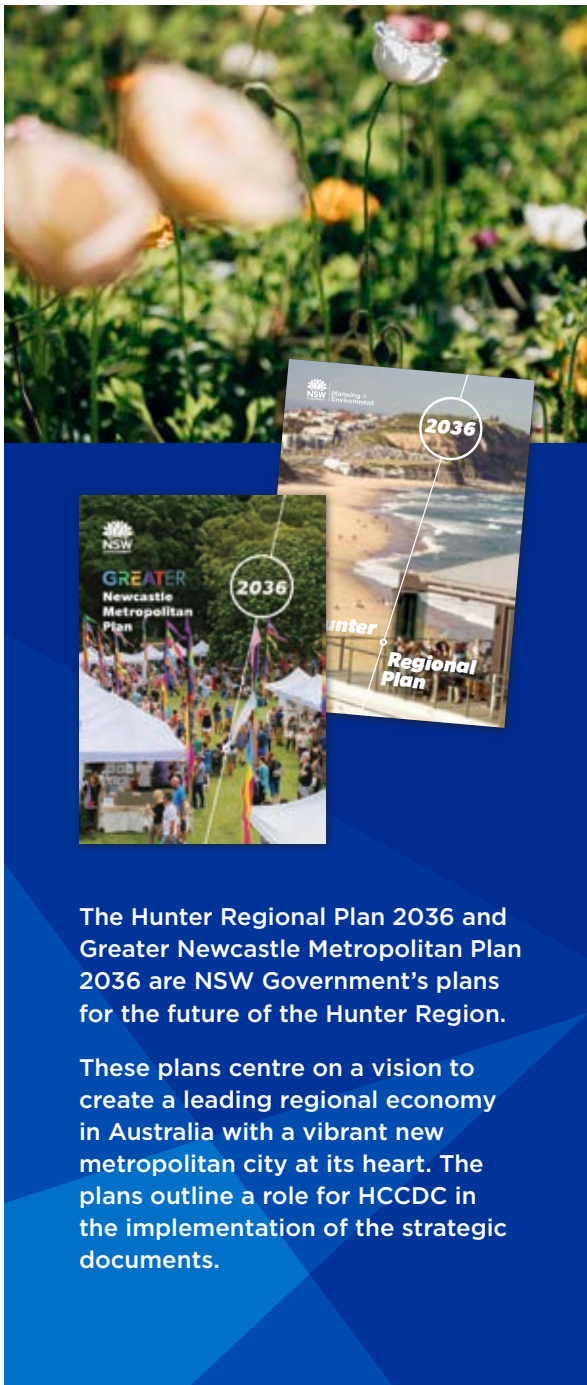
The project has generated over 6 ha of integrated constructed wetlands, habitat and water management features, aimed at maintaining and improving the outlook for a colony of Green and Golden Bell Frogs.

The fourth and final stage of remediation works is progressing, with planning and design recently completed.

In this process, HCCDC has worked with specialists to develop remediation strategies that contain and reduce environmental and health risks, while maximising ecological and sustainability outcomes.

Regional Planning

Hunter Regional Plan and Greater Newcastle Metropolitan Plan



Throughout 2020-21, our focus included:

- facilitating governance across both government and non-government sectors to implement the Metropolitan Plan, including:
 - chairing joint local and NSW Government steering groups to plan for and deliver catalyst areas identified in the Metropolitan Plan, focusing on Broadmeadow, North-West Lake Macquarie and East Maitland
 - supporting the Committee for the Hunter, an independent group designed to play a key role in collaboration between community, industry and government
 - participating in forums to assist councils, agencies and private sector to facilitate economic diversification in the Upper Hunter.
- advancing the Hunter Identity and Positioning Strategy, in collaboration with Department of Regional NSW. This will position the Hunter and Greater Newcastle to become global leaders in the new economy and capture talent and investment
- fostering a collaborative approach with councils and agencies and promoting a place-based infrastructure approach within Greater Newcastle
- chairing the Hunter Urban Development Program. This brings local and NSW Government agencies together with the development industry to identify roadblocks in greenfield and infill residential development, and to advise government on infrastructure priorities
- providing advice to government on priorities for infrastructure investment, including Williamstown Special Activation Precinct and the Sydney to Newcastle Faster Rail Strategy.



Communications

The HCCDC communications team is designed to support every function of the HCCDC business. This includes corporate, ministerial, government relations, project, marketing, site activation and public relations functions.

Brand and tools

In 2020-21, we continued to refine a suite of tools to keep the community informed of our high-impact projects. This included significant updates to the HCCDC website, information brochures, fact sheets and project maps to ensure quality, professional and timely communication.

The communications team continued to focus on a high volume of quality digital content across web and social media channels.



The HCCDC website had 38,023 visitor 'sessions' (an 18% increase over 2019-20) made by 27,319 visitors (15% increase) during 2020-21. Importantly, the number of pages that each visitor viewed, and the amount of time spent on the website, also increased. This demonstrates a high level of community interest in our projects and the importance of providing up-to-date, engaging information.

Our robust Social Media Framework continued to yield results, with an increase in activity across our social channels. Key statistics include:

- a 497% increase in followers on the HCCDC Facebook channel
- sustained growth on project-focused pages (Honeysuckle, Mount Penang Parklands and Gosford Leagues Club Field Facebook)
- active growth in reach across all channels, with HCCDC social content delivered to readers more than 5 million times.

Communication highlights

- Leading activation and place management at The Station, including marketing and events to create a vibrant destination
- Planning, delivery and reporting the Honeysuckle Ideas community engagement program



Major Ministerial press conferences announcing Costco and The Station Piazza opening

- Major Premier and Ministerial press conference announcing the opening of Leagues Club Park
- Planning and delivery of community event celebrating the opening of Leagues Club Park in Gosford
- Engaging video series highlighting the construction and features of The Station landscaping project, Honeysuckle Park and Leagues Club Park, with featurettes focusing on retaining the sites' heritage and the benefits for the community
- Continued implementation of innovative and interesting social campaigns, such as 'built by locals', highlighting local people engaged across our projects in the Hunter and Central Coast.
- Facilitating award nominations and securing key project awards celebrating HCCDC successes.



Announcements

HCCDC Communications announced various project milestones during 2020-21, with 20 media releases distributed.

Major announcements included:

- plans to bring Hope Estate to Honeysuckle's Lee Wharf building
- Costco and Green Capital to deliver significant Cockle Creek developments
- essential infrastructure works at Mount Penang
- the Honeysuckle Ideas community engagement and outcomes
- construction on new Honeysuckle public domain
- the opening of the new Station Piazza to the public
- plans to undertake repair works on the Wickham School of Arts building
- the NSW Premier opening of Leagues Club Park in Gosford
- completion of works on Honeysuckle Drive
- naming a Cockle Creek road after a former resident and WWI veteran
- winning the National Trust Heritage Awards
- business case funding for Hunter Park.



Sponsorship

We support local initiatives that celebrate our regions and align with our objectives of growing economic capacity and enhancing communities.



Sponsorships approved in 2020-21 included the following:



The Big Picture Fest Newcastle

In October 2020, we were the official event partner and platinum sponsor of the internationally recognised street art festival The Big Picture Fest Newcastle. The three-day event brought Newcastle's creative community together to work alongside an all-star line-up of world-class professional contemporary artists, seeing 12 large-scale murals painted during the live event. This aligns with our commitment to support the community and revitalise Newcastle's public spaces, and we're excited to see the new energy it's bringing to the city.



Newcastle Fringe Festival

We were proud to sponsor Newcastle Fringe, a five-day live performance and art festival in March 2021.

Despite some Fringe events at The Station being cancelled due to extreme weather, we were able to support a creative mix of open access events across the city that attracted families, locals and visitors to our region, and loved seeing the city come alive with the quirky personality and gritty fun that Fringe events are known for.



University of Newcastle Biomes

We partnered with the University of Newcastle for Biomes 2020, an innovative virtual art exhibition that brings the science of conservation out of the lab and into the community.

Biomes shared local biodiversity stories and celebrated conservation successes, including our remediation of Kooragang Island and our successful protection of the endangered Green and Golden Bell Frog habitat.



Newy with Kids Scavenger Hunt Maps

In June 2021, we granted sponsorship to support the production of two scavenger hunt maps focused on two great public domain precincts that we have created, The Station and Museum Park.

The engaging and educational maps are available online and on site and provide an accessible and free outdoor activity for the entire community.

Membership

HCCDC considers membership with organisations that provide opportunities to work closely with industry bodies and groups, in areas representative of our strategic objectives, and provide opportunities for staff to engage on relevant and topical matters.

In 2020-21, we were a member of the following organisations:

- Property Council of NSW (Hunter Chapter)
- Hunter Business Chamber – Hunter Firsts
- Urban Development Institute of Australia
- Committee for The Hunter
- National Trust of Australia.

Funds management

In 2020-21, HCCDC continued to oversee the administration of the Newcastle Mines Grouting Fund on behalf of NSW Government, aimed at encouraging development and investment in the Newcastle CBD.

The fund was established in 2015 to address the issue of mine subsidence and its impact on property development in the city centre. Remediation, involving pumping grout underground, is often required to stabilise the sites before buildings over three storeys can be built, guarding against potential future subsidence.

The fund acts like an insurance policy that applies after the cost of grouting exceeds a certain threshold. This reduces uncertainty and risk associated with building in the city centre mine subsidence zone and encourages new multi-storey housing and commercial development.

There were no applications made to the fund in 2020-21 and it is due to undergo a review at the end of 2022.



Financials

Hunter and Central Coast Development Corporation

Annual Financial Statements

for the year ended 30 June 2021



INDEPENDENT AUDITOR'S REPORT

Hunter and Central Coast Development Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Hunter and Central Coast Development Corporation (the Corporation), which comprise the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The Chief Executive Officer's responsibility also includes such internal control

as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

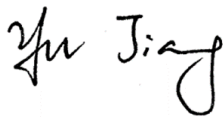
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

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



Reiky Jiang
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

5 October 2021
SYDNEY

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Hunter and Central Coast Development Corporation
Statement by the Chief Executive Officer
for the year ended 30 June 2021

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

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- present fairly the Hunter and Central Coast Development Corporation's financial position, financial performance and cash flows.



Anita Mitchell
Chief Executive Officer

Date: 30 September 2021

Hunter and Central Coast Development Corporation
Statement of comprehensive income
for the year ended 30 June 2021

		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
	Notes			
Expenses				
Operating expenses				
Personnel services expenses	2(a)	3,930	5,045	4,291
Other operating expenses	2(b)	65,682	37,445	55,371
Depreciation and amortisation	2(c)	1,466	1,241	1,013
Grants and subsidies	2(d)	2,632	6,450	543
Finance costs	2(e)	2,947	15	4
Total expenses		76,657	50,196	61,222
Revenue				
Sale of goods and services from contracts with customers	3(a)	57,872	34,787	10,880
Investment revenue	3(b)	1,830	246	2,400
Grants and contributions	3(c)	12,962	8,362	14,174
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	69	98	113
Other revenue	3(e)	6,005	1,971	15,573
Total revenue		78,738	45,464	43,140
Operating result		2,081	(4,732)	(18,082)
Gains / (losses) on disposal	4	(29)	-	-
Net result		2,052	(4,732)	(18,082)
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to net result in subsequent periods</i>				
Net increase in property, plant and equipment revaluation surplus	10	8,747	-	30,895
Total other comprehensive income		8,747	-	30,895
TOTAL COMPREHENSIVE INCOME		10,799	(4,732)	12,813

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of financial position
as at 30 June 2021

		Actual 2021 \$'000	Budget 2021 \$'000	Restated 2020* \$'000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	5	80,816	35,609	22,578
Receivables	6	2,598	2,736	1,433
Inventories	8	40,666	33,292	39,882
Other financial assets	9	-	-	30,000
Total current assets		124,080	71,637	93,893
Non-current assets				
Inventories	8	29,483	16,242	48,746
Property, plant and equipment				
Land and buildings	10	52,726	53,686	50,347
Plant and equipment	10	40	259	45
Infrastructure systems	10	41,710	42,291	36,238
Total property, plant and equipment		94,476	96,236	86,630
Right-of-use assets	11	6	1,509	148
Total non-current assets		123,965	113,987	135,524
Total assets		248,045	185,624	229,417
LIABILITIES				
Current liabilities				
Payables	14	4,962	9,457	5,128
Contract liabilities	7	-	712	712
Provisions	15	464	2,059	2,090
Borrowings	16	4	123	147
Other	17	7	-	-
Total current liabilities		5,437	12,351	8,077
Non-current liabilities				
Provisions	15	66,999	11,351	64,053
Borrowings	16	2	1,873	6
Other	17	86	59	59
Total non-current liabilities		67,087	13,283	64,118
Total liabilities		72,524	25,634	72,195
Net assets		175,521	159,990	157,222
EQUITY				
Accumulated funds		135,879	129,095	126,327
Reserves		39,642	30,895	30,895
Total equity		175,521	159,990	157,222

The accompanying notes form part of these financial statements.

*The prior year comparative has been restated. Refer to Note 25 for further details.

Hunter and Central Coast Development Corporation
Statement of changes in equity
for the year ended 30 June 2021

	Notes	Accumulated funds \$'000	Asset revaluation surplus	Total \$'000
Balance at 1 July 2020		126,327	30,895	157,222
Net result for the year		2,052	-	2,052
Other comprehensive income				
Net increase in property, plant and equipment	10	-	8,747	8,747
Total other comprehensive income		-	8,747	8,747
Total comprehensive income for the year		2,052	8,747	10,799
Transfers to accumulated funds		-	-	-
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	18	7,500	-	7,500
Balance at 30 June 2021		135,879	39,642	175,521

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2019		144,409	-	144,409
Net result for the year		(18,082)	-	(18,082)
Other comprehensive income				
Net increase in property, plant and equipment	10	-	30,895	30,895
Total other comprehensive income		-	30,895	30,895
Total comprehensive income for the year		(18,082)	30,895	12,813
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers		-	-	-
Balance at 30 June 2020		126,327	30,895	157,222

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of cash flows
for the year ended 30 June 2021

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		(799)	(6,450)	(543)
Suppliers and personnel services		(25,192)	(5,045)	(43,106)
Inventories		(21,715)	(42,362)	(5,198)
Finance costs		(1)	(15)	(4)
Total payments		(47,707)	(53,872)	(48,851)
Receipts				
Reimbursements from the Crown Entity		69	-	113
Sale of goods and services		66,196	36,110	13,718
Interest received		77	246	539
Grants and other contributions		15,633	8,460	27,538
Total receipts		81,975	44,816	41,908
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	34,268	(9,056)	(6,943)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	10	(5,882)	(7,786)	(19,343)
Redemption of investments	9	30,000	30,000	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		24,118	22,214	(19,343)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of principal portion of lease liabilities		(148)	(127)	(150)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(148)	(127)	(150)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		58,238	13,031	(26,436)
Opening cash and cash equivalents		22,578	22,578	49,014
CLOSING CASH AND CASH EQUIVALENTS	5	80,816	35,609	22,578

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation

Notes to the financial statements

for the year ended 30 June 2021

1. Summary of significant accounting policies

(a) Reporting entity

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

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

These financial statements for the year ended 30 June 2021 are authorised for issue by the Chief Executive Officer on the date the Statement by the Chief Executive Officer was signed.

(b) Basis of preparation

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

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

Property, plant and equipment is measured at fair value. Land inventories (other than those held for distribution) are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost. 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. The financial statements are prepared on a going concern basis.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation's presentation and functional currency.

(c) Statement of compliance

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

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

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

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

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

1. Summary of significant accounting policies (cont'd)

(e) Equity transfer

The transfer of net assets between entities as a result of a government decision to adjust the Corporation's equity is designated as a contribution by owners and recognised as adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and Australian Interpretation 1038 and in accordance with TPP 21-08 Accounting Policy: *Contributions by owners made to wholly owned Public Sector Entities*. These transfers are recognised at fair value.

(f) Comparative information

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

The Corporation restated the below comparative information during 2020-21 following a review in accordance with TPP 20-09 Accounting Policy: Financial reporting codes for NSW general government sector entities.

- Grossing up of land inventory and the offsetting long term maintenance provision by \$52.732 million which were presented as a net provision of \$11.321 million in 2019-20. Refer Note 25.
- The 2019-20 comparative details in note 10 relating to the disclosure of assets leased out has been updated to reflect further analysis undertaken during the 2020-21 financial year. There is no impact on the total property, plant and equipment, total assets, total net result and equity position for the 2019-20 financial year. Refer Note 10.

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

(i) Effective for the first time in 2020-21

The Corporation applied AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Corporation.

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 is effective for the entity from 1 July 2020. At the same time NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The Corporation has no service concession arrangements and the adoption of this standard has nil impact on the Statement of comprehensive income for the year ended 30 June 2021 or the Statement of financial position as at 30 June 2021.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

1. Summary of significant accounting policies (cont'd)

(g) Changes in accounting policy, including new or revised Australian Accounting standards (cont'd)

(ii) Issued but not yet effective

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

NSW Treasury TC 20-08 *Mandates of options and major policy decisions under Australian Accounting Standards* provides a list of accounting standards / interpretations that agencies must not early adopt.

These standards / interpretations have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The estimates of impacts where relevant are provided under each standard / interpretation.

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

The following have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. None of the standards listed below are likely to have any material impact:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (effective from 1 July 2021)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2022)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* (effective from 1 January 2022)
- AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts* (effective from 1 January 2021)
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective from 1 January 2021)
- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures* (effective from 1 January 2021)
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (effective from 1 January 2021)

(h) Impact of COVID-19 on financial reporting for 2020-21

COVID-19 pandemic caused a decrease in the Corporation's parking and rental revenue in the first half of 2020-21. However, the decrease in revenue was partially compensated by an additional grant income of \$0.2 million from the State Government.

The Corporation assessed a separate credit risk for the deferred rental tenants. Each tenant has been assessed with current status of business activity and categorised into either low or higher risk for their repayment capability. The impact of the expected credit losses is shown in Note 6.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

2. Expenses

(a) Personnel services expenses

	2021	2020
	\$'000	\$'000
Salaries and wages (including annual leave)	3,409	3,604
Redundancy	-	99
Long service leave	52	100
Superannuation - defined contribution plans	284	266
Superannuation - defined benefit plans	-	4
Payroll tax and Fringe benefits tax	185	218
	3,930	4,291

Employee costs for the period were recognised as Personnel Services provided by the Department of Planning, Industry and Environment (DPIE). These personnel services are expensed when incurred.

(b) Other operating expenses

	2021	2020
	\$'000	\$'000
External audit of the financial statements	86	75
Cost of sales*	45,819	12,759
Public infrastructure expenditure	8,906	7,384
Asset management	3,182	3,177
Remediation expenditure - Note 3(e)	2,353	12,388
Fees for services	1,449	1,604
Cockle Creek containment cell maintenance - Note 15	1,282	11,321
Revitalisation project costs - Note 3(c)	854	4,973
Contractors	564	16
Community information / liaison and promotion	425	230
Insurance	204	145
Site disposal costs	119	843
Other occupancy expenses	31	-
Expenses related to leases of low-value assets	3	3
Expenses relating to short-term leases	3	3
Other	402	450
	65,682	55,371

*Refer to Note 8 for details of net inventory decrement for 2020-21 of \$3.255 million (2019-20: Nil) included in Cost of sales.

Recognition and measurement

Cost of sales

The Corporation holds the majority of its land as inventory and as such, the value of any inventory sold during the year is recorded in the Statement of comprehensive income as cost of goods sold. Any other costs related to the sale of the inventory including legal fees and marketing are recorded as site disposal costs. While the cost of sales is variable each year depending on the sites sold, cost of sales in 2021 is higher than 2020 due to inventory of \$32 million at Cockle Creek being sold during 2021 (the first two sales at that site).

Remediation expenditure

The level of remediation expenditure decreased in 2021 due to major construction work being undertaken on Kooragang Island in 2020. The next phase of work on Kooragang Island was scheduled to commence early in 2020-21 but was delayed until late in the year due to environmental constraints.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

2. Expenses (cont'd)

(b) Other operating expenses (cont'd)

Recognition and measurement (cont'd)

Cockle Creek containment cell maintenance expense

For 2021, the expense related to Cockle Creek maintenance reflects the costs incurred to maintain the containment cell on the site. In 2020 this expense related to the initial recognition of the inventory assets on acquisition of the site and the provision required to reflect the costs of managing the containment cell in perpetuity.

Public infrastructure expenditure

Public infrastructure costs are broadly consistent in 2021 compared to 2020 with the majority of expenditure in both years incurred for the creation of a major new public space (Leagues Club Park) on the Central Coast on Crown land. With some other costs in each year related to sites in the Honeysuckle precinct in Newcastle that had been dedicated to the City of Newcastle.

Revitalisation project costs

In 2020, construction works were underway on a major landscaping project at the former Station as part of the Revitalise Newcastle project. These works were undertaken while the site was classified as inventory and as such they were expensed as public infrastructure costs. In June 2020 the site was re-classified as property, plant and equipment and so the remaining landscaping works were capitalised. Costs expensed on the Revitalise Newcastle project in 2021 relate to maintenance and event management costs related to the Station site.

Asset management expense

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

Insurance

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

Lease expense

The Corporation recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

2. Expenses (cont'd)

(c) Depreciation and amortisation expense

	2021 \$'000	2020 \$'000
Depreciation:		
Buildings	683	366
Infrastructure systems	526	356
Plant and equipment	114	136
Right of use assets	143	155
Total depreciation	1,466	1,013

Refer to Note 10 for recognition and measurement policies on depreciation and amortisation.

(d) Grants and subsidies

	2021 \$'000	2020 \$'000
Asset transfers to Local Government	1,833	-
Newcastle Mines Grouting Fund (NMGF)	349	2
Newcastle Port Community Contribution Fund (NPCC)	450	541
	2,632	543

(e) Finance costs

	2021 \$'000	2020 \$'000
Effect of changes in discount rate on provisions - Note 15*	2,946	-
Interest expense from lease liabilities	1	4
	2,947	4

*The effect of changes in discount rate on provisions, \$2.946 million (2020: Nil) is related to the provision for Cockle Creek containment cell maintenance. Refer to Note 15 for further details.

Recognition and measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

3. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Sale of goods and services

	2021 \$'000	2020 \$'000
Sale of goods - inventories	57,872	10,880
	57,872	10,880

Recognition and measurement

The revenue recognised for the sale of inventories in 2021 is higher compared to 2020 due to a number of sites being settled in 2021 compared to 2020. This includes \$33.5 million of revenue related to settlement of two sites at Cockle Creek.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

3. Revenue (cont'd)

(a) Sale of goods and services (cont'd)

Recognition and measurement (cont'd)

Sale of goods

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

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

(b) Investment revenue

	2021	2020
	\$'000	\$'000
Interest revenue from financial assets not at fair value through profit or loss	77	539
Rental income	1,753	1,861
	<u>1,830</u>	<u>2,400</u>

Recognition and measurement

Interest income

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income

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

(c) Grants and contributions

	2021	2020
	\$'000	\$'000
Grants received from principal department	11,600	-
Grants received from State Government for NMGF	345	-
Grants received - Revitalisation project - refer Note 2(b)	-	12,997
Grants received from Crown Entity - NPCC	450	547
Grants other	567	630
	<u>12,962</u>	<u>14,174</u>

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

3. Revenue (cont'd)

(c) Grants and contributions (cont'd)

Recognition and measurement

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

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

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

Income from funding without sufficiently specific performance obligations is recognised when the Corporation obtains control over the granted assets (i.e. cash received). Where the total funding amount in a contract is not allocated to distinct milestones/performance obligations and specifies purpose only, revenue is recognised when the Corporation obtains control over the funds i.e. cash received). The \$11.6 million of grants received from DPIE in 2020-21 relate to funding being provided for infrastructure works at Mount Penang.

No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and terms specified in the contract.

Refer Note 7 for transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services are measured at fair value. As at 30 June 2021, the Corporation did not recognise revenue from volunteer services as the services won't be purchased if not donated.

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

	2021 \$'000	2020 \$'000
The following liabilities and expenses have been assumed by the Crown Entity:		
Superannuation - defined benefits	4	6
Long service leave	65	107
	<u>69</u>	<u>113</u>

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

3. Revenue (cont'd)

(e) Other income

	2021 \$'000	2020 \$'000
Remediation revenue – Crown Entity - refer Note 2(b)	3,121	13,364
Other income*	2,884	2,209
	6,005	15,573

* Includes a revenue recovery for the Corporation's costs incurred for road works from the City of Newcastle of \$2 million (FY2020: \$Nil). The comparison year amount includes \$7.12 contributions received from the City of Newcastle of \$1.1 million undertaken at Honeysuckle, carpark and associated fine revenue, sundry reimbursements, and insurance recoveries.

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Other income is recognised as when the Corporation satisfies a performance obligation by transferring the promised goods or services.

Refer Note 7 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

(f) Deemed appropriations

	2021 \$'000	2020 \$'000
Movement of Section 4.7 GSF Act - deemed appropriations:		
Cluster grants	12,382	13,497
Total spending authority from parliamentary appropriations, other than deemed appropriations	12,382	13,497
Add:		
Deemed appropriations earned during the year	69,593	28,411
Deemed appropriations balance brought forward from prior years	52,578	49,014
Prior period adjustment*	-	30,000
Total spending authority from parliamentary appropriations	134,553	120,922
Less: total expenditure from parliamentary appropriations	(53,737)	(68,344)
Variance	80,816	52,578
Less:		
The spending authority from appropriations lapsed at 30 June	-	-
Deemed appropriations balance carried forward to following years	80,816	52,578

*Prior year adjustment is a correction to the 2020 opening balance of deemed appropriations balance brought forward from prior years which omitted \$30 million deposit transaction into the TCorp term deposit account during 2018-19.

Recognition and measurement

Section 4.7 of the *Government Sector Finance Act 2018* (GSF) defines deemed appropriation money as government money that the Corporation (a GSF agency) receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that:

- forms part of the Consolidated Fund: and
- is not appropriated under the authority of an Act

All payments and receipts of the Corporation's operations excluding cluster grants, term deposit movements, borrowings and repayments fall under the category of deemed appropriations.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

4. Gains/(losses) on disposal

	2021 \$'000	2020 \$'000
Written down value of assets disposed	(29)	-
	<u>(29)</u>	<u>-</u>

5. Current assets - cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank or on hand	50,079	22,578
Short-term deposits - refer Note 13 restricted assets	30,737	-
	<u>80,816</u>	<u>22,578</u>

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

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

Cash and cash equivalents (per statement of financial position)	80,816	22,578
Closing cash and cash equivalents (per statement of cash flows)	<u>80,816</u>	<u>22,578</u>

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Current assets - receivables

	2021 \$'000	Restated 2020* \$'000
Trade receivables	943	368
Allowance for expected credit losses*	(21)	(30)
Goods and Services Tax recoverable	857	928
Prepayments	6	40
Accrued income	98	127
Sundry receivables	715	-
	<u>2,598</u>	<u>1,433</u>

*Movements in the allowance for expected credit losses:

Balance at the beginning of the year	30	-
Increase / (decrease) in allowance recognised in net results	(9)	30
Balance at the end of the year	<u>21</u>	<u>30</u>

*The prior year comparative has been restated. Refer to Note 25 for further details.

Refer Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and measurement

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

Subsequent measurement

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

6. Current assets - receivables (cont'd)

Impairment

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

7. Contract assets and liabilities

	2021 \$'000	2020 \$'000
Contract liabilities - current	-	712
Contract receivables (included in Note 6)	943	368

Recognition and measurement

There are no contract liabilities at 30 June 2021.

The balance of contract liabilities at 30 June 2020 was the value of remediation funding received in advance adjusted by the remediation revenues recognised once the satisfaction of performance obligations were met when the remediation expenditures were incurred. Any balance at the reporting date represents the current year funding received in advance less the revenue recognised. As at 30 June 2021 there were no funds received in advance and instead, a receivable balance of \$0.5 million is recorded in sundry receivables in note 6 to record the revenue accrued at 30 June 2021 yet to be invoiced.

	2021 \$'000	2020 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	712	6,512
Revenue recognised from performance obligations satisfied in previous periods	2,612	6,852
Transaction price allocated to the remaining performance obligations from contracts with customers	-	712

The transaction price allocated to the remaining performance obligations in 2020 relates to the remediation works at Kooragang Island. All of the balance has been recognised as revenue in the current financial year.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

8. Current / non-current assets – inventories

	2021 \$'000	Restated 2020* \$'000
Current inventories		
Held for distribution - at cost current	7,663	2,104
Held for sale - at cost	33,003	37,778
	40,666	39,882
Non-current inventories		
Held for distribution - at cost	879	661
Held for sale - at cost	28,604	48,085
	29,483	48,746
Total inventories	70,149	88,628

*The prior year comparative has been restated. Refer to Note 25 for further details.

Details of inventories:

	Held for sale Current \$'000	Held for sale Non-current \$'000	Held for distribution Current \$'000	Held for distribution Non-current \$'000	Total \$'000
Year ended 30 June 2021					-
Net carrying amount at beginning of year	7,806	24,128	2,104	661	34,699
Prior period adjustment - refer Note 25	29,972	23,957	-	-	53,929
Additions - equity transfer	-	7,500	-	-	7,500
Additions - development costs	1,570	9,361	4,484	218	15,633
Disposals	(39,155)	-	(2,796)	-	(41,951)
Reclassification between inventories	36,195	(36,472)	277	-	-
Reclassification from / (to) PP&E	-	-	3,594	-	3,594
Revaluation (decrement) / reversal	(3,385)	130	-	-	(3,255)
Net carrying amount at end of year	33,003	28,604	7,663	879	70,149

Recognition and measurement

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

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

Inventories classified as held for distribution include assets whose ownership will transfer to another entity (for example, local government) at nil or nominal value. Inventories held for distribution have been reported at cost where cost is the original value recorded for these assets on acquisition by the Corporation plus the development cost. This cost is believed to be comparable to current replacement cost due to the limited revenue generating potential of the assets. Although these assets are held at cost, upon transfer to a local government entity, the Corporation will write these assets down to nil value. As at 30 June 2021, \$2.8 million was written down for assets transferred to the City of Newcastle.

Preston Rowe Patterson Newcastle and Central Coast Pty Limited undertook a revaluation of land inventory as at 31 March 2021 and has issued an updated revaluation as at 30 June 2021. This revaluation has resulted a decrement of one of the Cockle Creek sites by \$3.4 million and a reversal of prior year decrement of the inventories by \$0.145 million as at June 2021. As such, the net valuation decrement impact of \$3.255 million is included as part of cost of sales reported in Note 2 (b).

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

9. Current / non-current assets – other financial assets

	2021 \$'000	2020 \$'000
Investments - Term Deposits		
Balance at beginning of year	30,000	30,000
Redemptions during the year	(30,000)	-
Balance at end of the year	-	30,000

Recognition and measurement

Purchases or sales of other financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognised and derecognised on a trade date basis.

Other financial assets are initially measured at fair value plus any transaction cost.

Subsequent measurement

Financial assets at amortised cost

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as a separate line item in the Statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses) together with foreign exchange gains and losses.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

(a) Total property, plant and equipment

	Land and buildings \$'000	Infrastructure systems \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2019 - fair value					
Gross carrying amount	22,628	24,297	34	396	47,355
Accumulated depreciation and impairment	(10,635)	(5,527)	(10)	(137)	(16,309)
Net carrying amount	11,993	18,770	24	259	31,046
Year ended 30 June 2020					
Net carrying amount at beginning of year	11,993	18,770	24	259	31,046
Additions	1,492	17,824	27	-	19,343
Reclassification from inventories	6,204	-	-	-	6,204
Reclassification to inventories	-	-	-	-	-
Net revaluation increment	30,895	-	-	-	30,895
Depreciation expense - assets owned	(366)	(356)	(6)	(130)	(858)
Net carrying amount at end of year	50,218	36,238	45	129	86,630
At 1 July 2020 - fair value					
Gross carrying amount	63,691	42,121	61	396	106,269
Accumulated depreciation and impairment	(13,473)	(5,883)	(16)	(267)	(19,639)
Net carrying amount	50,218	36,238	45	129	86,630
Year ended 30 June 2021					
Net carrying amount at beginning of year	50,218	36,238	45	129	86,630
Additions	60	5,811	11	-	5,882
Disposals	-	-	(10)	(21)	(31)
Transfer	-	(1,834)	-	-	(1,834)
Reclassification	(1,477)	1,477	-	-	-
Reclassification from inventories	-	710	-	-	710
Reclassification to inventories	-	(4,305)	-	-	(4,305)
Net revaluation increment	4,608	4,139	-	-	8,747
Depreciation expense - assets owned	(683)	(526)	(6)	(108)	(1,323)
Net carrying amount at end of year	52,726	41,710	40	-	94,476
At 30 June 2021 - fair value					
Gross carrying amount	67,722	49,381	57	-	117,160
Accumulated depreciation and impairment	(14,996)	(7,671)	(17)	-	(22,684)
Net carrying amount	52,726	41,710	40	-	94,476

Hunter and Central Coast Development Corporation
Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

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

	Land and buildings \$'000	Infrastructure systems \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2019 - fair value					
Gross carrying amount	4,500	24,297	34	396	29,227
Accumulated depreciation and impairment	-	(5,527)	(10)	(137)	(5,674)
Net carrying amount	4,500	18,770	24	259	23,553

Year ended 30 June 2020

Net carrying amount at beginning of year	4,500	18,770	24	259	23,553
Prior period adjustment	1,477	-	-	-	1,477
Additions		17,824	27	-	17,851
Reclassification from inventories	2,684	-	-	-	2,684
Reclassification to inventories	-	-	-	-	-
Net revaluation increment	12,865	-	-	-	12,865
Depreciation expense - assets owned	-	(356)	(6)	(130)	(492)
Net carrying amount at end of year	21,526	36,238	45	129	57,938

	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2020 - fair value					
Gross carrying amount	21,526	42,121	61	396	64,104
Accumulated depreciation and impairment	-	(5,883)	(16)	(267)	(6,166)
Net carrying amount	21,526	36,238	45	129	57,938

Year ended 30 June 2021

Net carrying amount at start of year	21,526	36,238	45	129	57,938
Additions	-	5,811	11	-	5,822
Disposals	-	-	(10)	(21)	(31)
Transfer	-	(1,834)	-	-	(1,834)
Reclassification	(1,477)	1,477	-	-	-
Reclassification from inventories	-	710	-	-	710
Reclassification to inventories	-	(4,305)	-	-	(4,305)
Net revaluation increment	956	4,139	-	-	5,095
Depreciation expense - assets owned	-	(526)	(6)	(108)	(640)
Net carrying amount at end of year	21,005	41,710	40	-	62,755

At 30 June 2021 - fair value

Gross carrying amount	21,005	49,381	57	-	70,443
Accumulated depreciation and impairment	-	(7,671)	(17)	-	(7,688)
Net carrying amount	21,005	41,710	40	-	62,755

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

The 2019-20 comparative details below relating to the disclosure of assets leased out has been updated to reflect further analysis undertaken during the 2020-21 financial year. There is no impact on the total property, plant and equipment, total assets, total net result and equity position for the 2019-20 financial year. Refer note 1(f).

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

	Buildings \$'000	Total \$'000
At 1 July 2019 - fair value		
Gross carrying amount	18,129	18,129
Accumulated depreciation and impairment	(10,636)	(10,636)
Net carrying amount	7,493	7,493
Year ended 30 June 2020		
Net carrying amount at beginning of year	7,493	7,493
Additions	15	15
Reclassification from inventories	3,520	3,520
Net revaluation increment	18,030	18,030
Depreciation expense	(366)	(366)
Net carrying amount at end of year	28,692	28,692
At 1 July 2020 - fair value		
Gross carrying amount	42,165	42,165
Accumulated depreciation and impairment	(13,473)	(13,473)
Net carrying amount	28,692	28,692
Year ended 30 June 2021		
Net carrying amount at beginning of year	28,692	28,692
Additions	60	60
Net revaluation	3,652	3,652
Depreciation expense	(683)	(683)
Net carrying amount at end of year	31,721	31,721
At 30 June 2021 - fair value		
Gross carrying amount	46,717	46,717
Accumulated depreciation and impairment	(14,996)	(14,996)
Net carrying amount	31,721	31,721

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation. All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

Category	Depreciation rate / useful lives
Buildings	1% - 2%
Office furniture and fittings	10%
Computers	25% - 27%
General plant and equipment	14% - 25%
Make-good and fit-out	Over the period of the lease
Leasehold improvements	Over the period of the lease
Software	3 – 5 years

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Recognition and measurement (cont'd)

Right-of-Use Assets acquired by lessees

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

Further information on leases is contained at Note 11.

The Corporation has adopted the option to not apply AASB 16 to assets that would be classified as service concession assets in accordance with AASB 1059 *Service Concession Arrangements: Grantors*.

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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and must take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. 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.

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

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Corporation conducts a comprehensive revaluation at least every three years for its land and buildings and at least every five years for other classes of property, plant and equipment. Land, buildings and infrastructure were comprehensively revalued at 31 March 2021. The valuer issued an updated revaluation as at 30 June 2021.

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

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Recognition and measurement (cont'd)

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

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit Corporation, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

As a not-for-profit Corporation with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Corporation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

As a not-for-profit Corporation, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

11. Leases

A. Leases as a lessee

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

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

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

The Corporation has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

(a) Right-of-use assets under leases

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

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2020	133	15	148
Depreciation expense	(133)	(10)	(143)
Other movements - rounding	-	1	1
Balance at 30 June 2021	-	6	6

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2019	191	25	216
Additions	87	-	87
Depreciation expense	(145)	(10)	(155)
Balance at 30 June 2020	133	15	148

(b) Lease liabilities

The following table presents liabilities under leases

	2021	2020
	\$'000	\$'000
Balance at 1 July	153	216
Additions	-	87
Interest expenses	1	4
Payments	(148)	(154)
Balance at end of the year	6	153

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

11. Leases (cont'd)

(c) Right-of-use expenses under leases

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

	2021	2020
	\$'000	\$'000
Depreciation expense of right-of-use assets	143	155
Interest expense on lease liabilities	1	4
Expense relating to short-term leases	3	3
Expense relating to leases of low-value assets	3	3
Total amount recognised in the statement of comprehensive income	150	165

The Corporation had total cash outflows for leases of \$0.155 million in 2020-21 (2019-20: \$0.154 million).

Recognition and measurement

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

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

- Motor vehicles and other equipment 4 to 5 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

11. Leases (cont'd)

Recognition and measurement (cont'd)

i. Right-of-use assets (cont'd)

The right-of-use assets are also subject to impairment. The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

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

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Corporation; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the lessee's incremental borrowing rate is used, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Corporation's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

11. Leases (cont'd)

Recognition and measurement (cont'd)

B. Leases as a lessor

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases for the current and prior periods are as follows:

	2021 \$'000	2020 \$'000
Future minimum lease receipts under non-cancellable operating leases as lessor:		
Not later than one year	949	1,028
Later than one year and not later than five years	2,052	2,899
Later than five years	299	367
Present value of minimum lease payments	3,300	4,294

Recognition and measurement – lessor for operating lease

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

12. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the Corporation can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

(a) Fair value hierarchy

2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 10)				
Land and buildings	-	21,005	31,721	52,726
Infrastructure systems	-	-	41,710	41,710
	-	21,005	73,430	94,435
2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 10)				
Land and buildings	-	20,049	30,169	50,218
Infrastructure systems	-	-	36,238	36,238
	-	20,049	66,407	86,456

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

(b) Valuation inputs, techniques and processes

In March 2021, Preston Rowe Patterson Newcastle and Central Coast Pty Limited undertook a comprehensive revaluation of the land, buildings and infrastructure system assets and has issued an updated revaluation as at 30 June 2021. The valuation is compliant with the relevant requirements as set out in Treasury Policy paper TPP 14-01 and Australian Accounting Standards AASB13 and AASB116. The fair value hierarchy for these assets is considered to be at Level 2 for lands and Level 3 for buildings and infrastructure.

Method of valuation: Cost approach

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Method of valuation: Market approach

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

Plant and equipment and leasehold improvements

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

(c) Reconciliation of recurring level 3 fair value measurements

			Total recurring Level 3 fair value
2021	Buildings \$'000	Infrastructure \$'000	\$'000
Fair value as at 1 July 2020	30,169	36,238	66,407
Additions	59	5,811	5,870
Transfer	-	(1,834)	(1,834)
Reclassification	(1,477)	1,477	-
Reclassification from inventories	-	710	710
Reclassification to inventories	-	(4,305)	(4,305)
Net revaluation increment	3,652	4,139	7,791
Depreciation	(683)	(526)	(1,209)
Fair value as at 30 June 2021	31,720	41,710	73,430

			Total recurring Level 3 fair value
2020	Buildings \$'000	Infrastructure \$'000	\$'000
Fair value as at 1 July 2019	7,493	18,770	26,263
Additions	1,492	17,824	19,316
Reclassification from inventories	3,520	-	3,520
Net revaluation increment	18,030	-	18,030
Depreciation	(366)	(356)	(722)
Fair value as at 30 June 2020	30,169	36,238	66,407

13. Restricted assets

	2021 \$'000	2020 \$'000
Lake Macquarie perpetual care fund	30,737	-
	30,737	-

The above amount is recognised as a restricted asset as there are specific legislative conditions associated with the use of the fund under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. The amount is reported in Note 5 Cash and cash equivalents as a short-term deposit as it is held in a financial instrument with one month term.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

14. Current liabilities - payables

	2021 \$'000	2020 \$'000
Personnel services - accrued salaries and wages	51	38
Creditors	4,829	4,845
Goods and Services Tax payable	82	202
Unearned revenue	-	43
	4,962	5,128

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Corporation and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

15. Current / non-current liabilities – provisions

	2021 \$'000	Restated 2020* \$'000
Provisions - current liabilities		
Personnel services - annual leave	250	276
Personnel services - on-costs	125	155
Inventory disposal provision	89	1,629
Make good provision	-	30
	464	2,090
Personnel services benefits expected to be settled within 12 months from reporting date		
Annual leave	250	276
	250	276
Other provisions - non-current liabilities		
Provision for Cockle Creek containment cell maintenance	66,999	64,053
Total	66,999	64,053
Total Provisions	67,463	66,143
Aggregate personnel services		
Provisions - current liabilities	375	431
Personnel services - accrued salaries, wages and on-costs (Note 14)	51	38
	426	469

*The prior year comparative has been restated. Refer to Note 25 for further details.

The current inventory disposal provision relates to remediation work required for the disposed site at Teralba. The work is due to be completed in 2021-22. The non-current provision for Cockle Creek containment cell maintenance represents the net present value of the estimated costs in perpetuity to maintain the contamination containment cell on the site as required under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Movement in provisions (other than employee benefits)

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

	Containment cell maintenance provision \$'000	Inventory disposal provision \$'000	Make good provision \$'000
2021			
Restated carrying amount at the beginning of the year*	64,053	1,629	30
Additional provisions recognised	1,282	-	-
Amounts used	(1,282)	(1,463)	-
Unused amounts reversed	-	(77)	(30)
Change in the discount rate	2,946	-	-
Carrying amount at the end of the year	66,999	89	-

*The Containment cell maintenance provision opening balance has been restated. Refer to Note 25 for further details.

Recognition and measurement

Personnel services benefits and related on-costs

Salaries and wages, annual leave and sick leave

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting

in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

The Corporation's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Corporation accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) are calculated as a percentage of the employees' salaries. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

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

Recognition and measurement (cont'd)

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

Other provisions

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

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

16. Borrowings

	2021 \$'000	2020 \$'000
Current		
Lease liability (see Note 11)	4	147
	4	147
Non-current		
Lease liability (see Note 11)	2	6
	2	6

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 23.

Recognition and measurement

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

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Change in liabilities arising from financing activities

	Leases \$'000	Total liabilities from financing activities \$'000
Balance at 1 July 2019	216	216
Cash flows - repayments	(154)	(154)
Cash flows - interest additions	4	4
Addition - lease extension	87	87
Balance at 30 June 2020	153	153
Cash flows - repayments	(148)	(148)
Cash flows - interest additions	1	1
Balance at 30 June 2021	6	6

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

17. Other liabilities

	2021 \$'000	2020 \$'000
Current		
Security deposits	7	-
	<u>7</u>	<u>-</u>
Non-current		
Security deposits	86	59
	<u>86</u>	<u>59</u>

18. Equity

	2021 \$'000	2020 \$'000
Assets		
Inventories - land	7,500	-
Net assets increased from equity transfers	<u>7,500</u>	<u>-</u>

The above equity transfer relates to a Government decision in August 2020 which approved the transfer of the former Mitre 10 site in Mann St Gosford from the Land and Housing Corporation (LAHC) to HCCDC via a non-cash equity transfer.

Recognition and measurement

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 and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 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.

19. Commitments

	2021 \$'000	Restated 2020* \$'000
Commitments - expenditure		
(a) Capital		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than 1 year	64	10,064
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total (including GST)	<u>64</u>	<u>10,064</u>

*Prior year amount has been restated to exclude the amount which wasn't contractually committed as at 30 June 2020.

20. Contingent liabilities and contingent assets

Prior to 30 June 2021, HCCDC acquired the land known as Cockle Creek as a compulsory acquisition to reactivate the site and provide for the long term management of the environmental needs (including a containment cell) on the site. The compulsory acquisition was made under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. Legal proceedings are currently underway in relation to this acquisition. As such, a contingent liability exists as there is a possible obligation to pay compensation to the former landowner depending on the outcome of the proceedings. The existence of a liability and the value of any obligation will be unknown until the proceedings have been concluded.

There are no other known contingent assets or liabilities.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

21. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of comprehensive income are as follows:

	2021	2020
	\$'000	\$'000
Net cash used on operating activities	34,268	(6,943)
Depreciation and amortisation	(1,466)	(1,013)
Finance costs	-	-
Inventory adjustment to net realisable value	-	(4,138)
Assets transferred free of charge	(2,751)	-
(Decrease) in inventories	(27,491)	(3,423)
(Decrease)/Increase in receivables	(32)	336
Decrease in creditors	132	4,204
(Increase) in provisions	(1,320)	(12,905)
Decrease in contract liabilities	712	5,800
Net result	2,052	(18,082)

22. Budget review

Net result

The net result is favourable to budget by \$6.8 million primarily as a result of:

- Sale of goods and services is higher than the budget by \$23.1 million. Budgeted land sales of \$24.3 million occurred as planned and an additional \$33.5 million for the sale of two sites at Cockle Creek which were unbudgeted. This favourable \$33.5 million is partially offset by remediation revenue of \$8.1 million which was budgeted in this category (and the actual revenue is reported below in other income).
- Grants and contributions are higher than budget by \$4.6 million due to an unbudgeted grant from DPIE of \$11.6 million, which was partially offset by a claim made on the Newcastle Mines Grouting Fund.
- Investment revenue is higher than the budget by \$1.6 million due to lease income being reported as investment revenue but originally budgeted in Sale of goods and services.
- Other income is \$4.0 million higher than budget which is the remediation revenue received (originally budgeted in Sale of goods and services).
- Other operating expenses are \$28.2 million higher than budget due to the actual cost of sales in relation to Cockle Creek land sales being \$31.5 million and the increase in the provision for Cockle Creek of \$2.9 million due to a change in the discount rate. This cost increase has been partially offset by \$5.1 million lower remediation costs due to the delay in construction which was impacted by environmental impacts and \$2.7 million lower asset management expenditure.
- Grants and subsidies expenditure are \$3.8 million lower than budget due mainly to lower level of the Newcastle Mines Grouting Fund claims made offset by the transfer of Merewether Wharf to Newcastle City Council for the value of \$1.8 million.
- Personnel services expenses were below budget by \$1.1 million due to a number of vacant positions.
- Depreciation and amortisation costs were in line with budget

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

22. Budget review (cont'd)

Assets and liabilities

The net asset position is \$15.5 million favourable to the budget primarily due to:

- The cash position being \$45.2 million over budget due to the Cockle Creek land sales \$30.7 million and a DPIE Grant of \$11.6 million which were not budgeted. The \$30.7 million of funds from Cockle Creek are held as restricted cash.
- Property, Plant and Equipment being \$1.8 million lower than budget primarily due to the unbudgeted transfer of seawalls to the City of Newcastle.
- The net inventory position being \$20.6 million higher compared to the budget due to the inclusion of Cockle Creek inventory (unbudgeted), partially offset by an unbudgeted \$3.4 million inventory decrement in relation to Cockle Creek.
- Payables being \$4.5 million lower than budget due to the timing of expenditure and payment runs.
- Provisions increasing by \$54.0 million compared to budget due to recognition of the gross value of the provision for the Cockle Creek site (only the net provision was included in the budget).

Cash flows

Net cash flows from operating activities were \$43.3 million favourable to budget as a result of:

- Cash inflows for the sale of goods and services were higher than budget by \$30.1 million due to the unbudgeted sale of two sites at Cockle Creek as well as this category including the budget for remediation cash inflows but the actual cash inflows being reported in Grants and contributions.
- Revenue from grants and other contributions is higher than budget by \$7.2 million due to remediation cash inflows being reported here partially offset by only one claim being received for the Newcastle Mines Grouting Fund.
- Cash payments for grants and subsidies being lower than budget by \$5.7 million as a result of receiving lower claims for the Newcastle Mines Grouting Fund.
- Higher payments for suppliers and personnel services of \$20.1 million primarily due to the budget incorrectly only providing for payments to employees and no other supplier payments (the budget for all other supplier payments was incorrectly allocated to the inventories cash outflow).
- Lower payments for inventories of \$20.6 million due to the budget misallocation noted above.

Net cash flows from investing activities are \$1.9 million favourable to budget due to there being slightly less cash capital expenditure compared to budget including a budgeted payment for the fit-out of the new office building which was not capitalised.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

23. Financial instruments

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

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

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

(a) Financial instrument categories

Class	Note	Category	Carrying	Carrying
			amount	amount
			2021	2020
			\$'000	\$'000
<u>Financial assets</u>				
Cash and cash equivalents	5	N/A	80,816	22,578
Receivables ¹	6	Amortised cost	1,735	465
Other financial assets	9	Amortised cost	-	30,000
<u>Financial Liabilities</u>				
Payables ²	14	Financial liabilities measured at amortised cost	4,880	4,883
Borrowings	16	Financial liabilities measured at amortised cost	6	153

Notes

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

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

The Corporation determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and liabilities

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

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

Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Corporation's continuing involvement in the asset. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

23. Financial instruments (cont'd)

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to the credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Agency, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees. Credit risk associated with the Corporation's financial assets, other than receivables, is managed thorough the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash and cash equivalents

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

Accounting policy for impairment of trade debtors and other financial assets

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

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

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

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

23. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The loss allowance for trade debtors as at 30 June 2021 and 30 June 2020 was determined as follows:

30 June 2021						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate*	0.00%	2.27%	0.00%	0.00%	5.54%	2.31%
Estimated total gross carrying amount at default	450	132	3	-	325	910
Expected credit loss	-	3	-	-	18	21

30 June 2020						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	-	2.5%	5.0%	10.0%	11%	n/a
Estimated total gross carrying amount at default	73	-	-	-	266	339
Expected credit loss	-	-	-	-	30	30

Notes

*Expected credit loss rate 5.54% applied for >91 days represents a weighted average between normal trade debtors and COVID19 deferred rental tenants. Each tenant has been assessed with current status of business activity and categorised into either low or higher risk for their repayment capability. Actual ECL rates applied are 5% for the low risk and 15% for the higher risk tenants.

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

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020. The Corporation's debtors have a high credit rating.

(ii) Liquidity risk

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

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12 Payment of accounts. 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 Minister may automatically pay the supplier simple interest. No interest penalty was paid during the period 1 July 2020 to 30 June 2021 (2020: nil).

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

23. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective Int. rate	Nominal Amount ¹	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 year	1 - 5 years	> 5 years
30 June 2021								
Trade creditors and accruals	N/A	4,880	-	-	4,880	4,880	-	-
Lease liabilities	N/A	6			6	6		
		4,886	-	-	4,886	4,886	-	-
30 June 2020								
Trade creditors and accruals	N/A	4,883	-	-	4,883	4,883	-	-
Lease liabilities	N/A	153	-	-	153	137	16	-
		5,036	-	-	5,036	5,020	16	

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

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of financial position reporting date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

23. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(iii) Market risk (cont'd)

	Carrying amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
30 June 2021					
<i>Financial assets</i>					
Cash and cash equivalents	80,816	(808)	(808)	808	808
Receivables ¹	1,756	(18)	(18)	18	18
<i>Financial liabilities</i>					
Payables	4,880	49	49	(49)	(49)
Borrowings	6	0	0	(0)	(0)

30 June 2020

<i>Financial assets</i>					
Cash and cash equivalents	22,578	(226)	(226)	226	226
Receivables ¹	495	(5)	(5)	5	5
Other financial assets	30,000	(300)	(300)	300	300
<i>Financial liabilities</i>					
Payables	4,883	49	49	(49)	(49)
Borrowings	153	2	2	(2)	(2)

¹ Excludes statutory receivables, prepayments and accrued income.

(e) Fair value measurement

Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. Given the nature of the financial instruments held by the Corporation, their carrying amounts approximate the fair value.

24. Program group

The Corporation's activities are reported under the program group "Maximise community benefit from government land and property" supporting the State outcome "Create a strong and vibrant NSW".

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

25. Prior period error

During 2019-20, HCCDC recognised \$11.321 million provision for the remediation obligation (being the net present value of costs to maintain the containment cell in perpetuity less the net land value expected to be received on sale) and so only recognised the net liability in the Statement of financial position. This accounting treatment is not allowed per paragraph 51 of AASB 137 'Provisions Contingent Liabilities and Contingent Assets'. AASB 137 states that gains from the expected disposal of assets are not allowed to be taken into account in measuring a provision. The error has been corrected by grossing up land inventory and the long term maintenance provision by \$52.732 million.

The inventory and the provision were created as a result of HCCDC taking ownership of land at Cockle Creek under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. The main purpose of the Act is to legislate a statutory document to provide for the long-term management of certain contaminated land at Lake Macquarie on the site of a former lead smelter to be funded from the sale of the uncontaminated portion of land by the vested entity. The vesting of the former smelter site under the Act is taken to be a compulsory acquisition notice under the Land Acquisition Act. As a result, HCCDC effectively received both a long-term liability and partially offsetting land asset by being named the vested entity under the Act.

Also, the Corporation recognised \$1.197 million receivable amount being the development costs spent on the land inventory by the Corporation during FY2019-20. This balance is also being reclassified as an addition to the inventory. The amount relates to the HCCDC costs spent on developing the site. They would qualify as inventory in accordance with AASB 102.10 as they are representative of costs of converting the land for sale. *"10. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition."*

The errors identified above have been corrected by restating the comparative amounts as below.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		As per audited financials 2020 \$'000	Prior period adjustment 2020 \$'000	Restated 2020 \$'000
	Notes			
ASSETS				
Current assets				
Receivables	6	2,630	(1,197)	1,433
Inventories	8	9,910	29,972	39,882
Total current assets		65,118	28,775	93,893
Non-current assets				
Inventories	8	24,789	23,957	48,746
Total non-current assets		111,567	23,957	135,524
Total assets		176,685	52,732	229,417
Non-current liabilities				
Provisions	15	11,321	52,732	64,053
Total non-current liabilities		11,386	52,732	64,118
Total liabilities		19,463	52,732	72,195

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2021

26. Related party disclosure

(a) Key management personnel compensation

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

	2021	2020
	\$'000	\$'000
Short-term employee benefits	146	325
Post-employment benefits	12	22
Total remuneration	<u>158</u>	<u>347</u>

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

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

(b) Transactions with key management personnel

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

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

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

- Cluster grant funding from Department of Planning, Industry and Environment of \$12.4 million (2020: \$13.5 million)
- Personnel service expenses transacted from the Department of Planning, Industry and Environment of \$3.9 million (2020: \$4.2 million), of these, \$0.05 million (2020: \$0.04 million) is recognised as accrued expense at year end and \$0.4 million (2020: \$0.4 million) recognised as provisions for annual leave and on-costs at year end
- Corporate shared service expense from the Department of Planning, Industry and Environment of \$1.0 million (2020: \$1.0 million)
- Remediation revenue from Crown Finance Entity of \$3.1 million (2020: \$13.4 million), and a receivable of \$0.5 million (2020: \$0.7 million as contract liability)
- An equity transfer of a land inventory from NSW Land and Housing Commission of \$7.5 million
- Contaminated land containment cells maintenance fees charged from Waste Assets Management Corporation of \$1.3 million

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

27. Events after the reporting period

As at 30 June 2021, the Corporation assessed the impact of COVID-19 on the fair value of its physical and financial assets. These assets include land, buildings, inventories, right-of-use-assets and receivables. This was based on historical sales information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 pandemic factor, it is possible that post 30 June 2021 there may be some new evidence that impacts this fair value and impairment assessment materially.

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

End of audited financial statements.

Appendices

Appendix A

Under the *Annual Reports (Statutory Bodies) Act 1984*, the *Annual Reports (Statutory Bodies) Regulation 2015* and various Treasurer's directions and Treasury circulars, HCCDC is required to include in this report information on the following topics:

Topic	Comment / location
Letter of Submission	Page 4
Charter	Page 7
Aims and objectives	Page 7
Access	Inside cover
Management and structure	Pages 9
Summary review of operations	Page 10
Funds granted to non-government community organisations	Appendix B (i)
Legal Changes	The <i>Growth Centres Act (Development Corporations) 1974</i> . There were no changes to the legislation affecting HCCDC.
Economic or other factors	Appendix B (ii)
Research and development	HCCDC 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 HCCDC.
Performance and numbers of executive officers	Appendix B (iii)
Multicultural Plans	Appendix B (iii)
Disability Inclusion Action Plans	Appendix B (iii)
Land Disposal	Appendix B (iv)
Promotion - overseas visits	No overseas travel was undertaken in the year
Consumer Response	Appendix B (v)
Payment of Accounts	Appendix B (vi)
Risk management and Business Continuity	Appendix B (vii)
Internal audit and risk management policy attestation	Appendix B (viii)
Digital Information Security Annual Attestation Statement for the 2020-21 Financial Year for the HCCDC	Appendix B (ix)
Disclosure of Controlled Entities	HCCDC has no controlled entities
Work Health and Safety	No reported incidents
Response to significant issues raised by Auditor-General	Appendix B (x)
Budget	Appendix B (xi)
Investment performance	Appendix B (xii)
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.hccdc.nsw.gov.au
Corporate Governance	Appendix B (xiii)
Public Interest Disclosures	Appendix B (xiv)
Ethics and Integrity	Appendix B (xv)
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	HCCDC's annual reports are available on its website and the NSW Parliament website after tabling in Parliament.

Appendix B

(i) Funds granted to non-government organisations

Sponsorships

Organisation	Amount \$ (ex GST)	Purpose
Property Council of Australia	4,218	Property Council Membership 2020-21
UDIA NSW	3,000	UDIA 12 Month membership 2020-21
Newcastle Afoot	10,000	The Big Picture Fest Sponsorship
Newcastle Fringe Festival	5,000	Newcastle Fringe Festival
Newy With Kids	5,000	Newy With Kids Sponsorship
TOTAL	27,218	

(ii) Economic or Other Factors (affecting achievement of operational objectives)

Global and Australian economic conditions slightly declined during 2019-20 with certain parts of the economy impacted more than others by the continuing impact of COVID-19. Demand for vacant development land within the Newcastle area has remained strong and land sale prices have been in-line with expectations. Future sales are expected to remain strong in Newcastle.

HCCDC has continually reviewed its strategy for future land releases to suit relevant market conditions and will continue to do so

(iii) Human Resources

The Hunter and Central Coast Development Corporation does not directly employ staff. The Department of Planning, Industry and Environment administers the personnel function of HCCDC's affairs on a day-to-day basis on behalf of the CEO. Information on HCCDC's compliance with a number of important matters is therefore included in the Department of Planning, Industry and Environment's annual report. These include the following matters:

Exceptional Wage Movement	Disability Inclusion Action Plan
Personnel Policies and Practices	Multicultural Policies and Services Program
Performance and Numbers of Executive Officers	Work Health and Safety
Industrial Relations Policies and Practices	Privacy Management Plan
Workforce Diversity	Public Interest Disclosures

All staff completed and returned declarations of conflicts interest during the reporting period and Senior Executives completed pecuniary interest declarations for the reporting period.

Key management personnel completed an additional certificate on related party transactions for reporting under AASB 124.

Number of officers and employees by category with previous year comparison

	2020-2021	2019-2020
Ongoing	19	20
Temporary	5	3
Casual	0	0
Executive	2	2
TOTAL	26	25

NB: Headcount data reported at end of reporting period

Numbers and Remuneration of Senior Executives

	2020-21		
	Female	Male	Total
Band 4 Secretary	-	-	-
Band 3 Group/Deputy Secretary	-	-	-
Band 2 Executive Director	1	-	1
Band 1 Director	1	-	1
Total	2	-	2

NB: These are Senior Executive statistics as of 30 June 2021. This data is based solely on senior executives in their substantive role and band level.

Average Remuneration of Senior Executives

	2020-2021	
	Range (\$)	Average Remuneration (\$)
Band 4 Secretary	-	-
Band 3 Group/Deputy Secretary	-	-
Band 2 Executive Director	-	\$282,644
Band 1 Director	-	\$225,500

15% of HCCDC employee-related expenditure in 2020-21 was related to Senior Executives

Exceptional Movements in Remuneration

- Exceptional movements in wages, salaries or allowances
- Nil in 2020-21

Multicultural Plan

All Multicultural Plan initiatives for HCCDC now fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.

Disability Inclusion Action Plans

All Disability Inclusion Action Plans initiatives for HCCDC now fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.

(iv) Land Disposal

During 2020-21, HCCDC had five land disposals: 45 Honeysuckle Drive, Newcastle (March 2021); Lot 1011 DP 1270101 – 1 Cressy Rd, Boolaroo (March 2021); Lot 1006 and 1009 DP 1270101 Main Rd Boolaroo (February 2021); Lot 1021 DP1268228 – Kangoo Rd Precinct (February 2021); and the public domain transfer to Newcastle City council, comprising of Scott Street Lot, Wickham Waterfront Park, Marina Promenade Lot 109, Marina Promenade Lot 110, Worth Place Park, Lee Wharf C Promenade, Honeysuckle Promenade (August 2020).

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

(v) Consumer Response

Communication received from the public in 2020-21 included questions about projects, feedback on announcements and, occasionally, complaints about construction works. Communication is received by phone, email and on social media.

HCCDC welcomes suggestions and feedback from the public. Complaints are logged and responded to quickly and transparently, in consultation with subject matter experts.

(vi) Payment of Accounts Performance

(a) Aged Analysis at the end of each quarter

Quarter	Current (by due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days Overdue	> 90 days Overdue
All Suppliers					
September	11,285,149	41,212	-	-	2,138
December	16,340,383	976	15,910	-	4,453
March	9,276,689	42,663	-	-	19,525
June	11,679,919	16,850	23,090	-	16,200

Small Business Suppliers					
September	7,760	67,373	3,527	-	-
December	77,610	39,275	-	-	-
March	13,214	8,091	-	-	-
June	145,741	3,552	-	-	-

Measure	Sep 2020	Dec 2020	Mar 2021	Jun 2021
All Suppliers				
Number of accounts due for payment	484	480	409	488
Number of accounts paid on time	475	472	405	483
Actual percentage of accounts paid on time (based on number of accounts)	98.1%	98.3%	99%	99%
Dollar amount of accounts due for payment	11,328,499	16,361,723	9,338,877	11,736,059
Dollar amount of accounts paid on time	11,285,149	16,340,383	9,276,689	11,679,919
Actual percentage of accounts paid on time (based on \$)	99.6%	99.9%	99.3%	99.5%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small Business Suppliers				
Number of accounts due for payment to small businesses	15	31	27	30
Number of accounts due to small businesses paid on time	10	25	21	25
Actual percentage of small business accounts paid on time (based on number of accounts)	66.7%	80.6%	77.8%	83.3%
Dollar amount of accounts due for payment to small businesses	78,661	116,885	21,305	149,293
Dollar amount of accounts due to small businesses paid on time	7,760	77,610	13,214	145,741
Actual percentage of small business accounts paid on time (based on \$)	9.9%	66.4%	62%	97.6%
Number of payments to small business for interest on overdue accounts	-	-	-	-
Interest paid to small businesses on overdue accounts	-	-	-	-

(vii) Risk Management and Business Continuity

The Department of Planning, Industry and Environment (the Department) supports the Hunter and Central Coast Development Corporate (HCCDC) to manage risks.

In 2020-21, the Department continued to implement its enterprise-wide risk management framework across its business and the Cluster entities to which it provides risk management services. The framework reflects its commitment to provide a consistent and systematic process to manage risks across the Cluster. It is consistent with international risk management standard (ISO 31000-2018) and the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP20-08). It provides the principles and tools for risk management practice and culture within the Department and Cluster.

In December 2020 the revised Department Risk Management Procedure was published with applicability across the Department and Cluster entities. The Procedure includes a standard risk register template and is supported by the DPIE Risk Management Policy which was approved earlier in 2020. Further to these developments, quarterly risk reporting to the HCCDC Audit and Risk Committee was standardised and alignment enabled with the Department's Enterprise Risk Register.

The Department supports risk management in HCCDC through a business partnering model operated from the Governance Division. Risk reviews at the entity level were conducted quarterly during the year, involving senior management participation. Ad hoc advice and support were also provided as required.

In 2020-21 the Department developed and implemented a uniform Business Continuity Management (BCM) process applicable to all departmental employees and based on ISO22301:2019. The process was rolled-out across entities that make up the Planning, Industry and Environment Cluster who have employees employed in or through the Department.

The process includes a comprehensive document suite to support the preparation for, and response to, incidents and disruptive events that impact the Department's business operations. HCCDC completed their transition to Department's BCM process in 2020-21 and have a current business continuity plan in place.

BCM documentation includes 'preparation' documents, which are required to plan, coordinate, and maintain the BCM process on an ongoing basis, and 'response' documents which are required to activate and guide an appropriate business continuity response when disruption occurs.

(viii) Audit

Internal Audit

During the reporting period, the Hunter and Central Coast Development Corp (HCCDC) had an internal audit function in accordance with the Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08). The internal audit function is governed the Internal Audit Charter approved by the Chief Executive.

The Chief Audit Executive (CAE) and the internal audit function for HCCDC is provided by the DPIE Internal Audit Branch, Governance and Legal Group.

The internal audit function provides independent and objective review and advisory services designed to improve the operations, risk management, controls and governance processes. The FY2020/21 risk based Internal Audit Plan was endorsed by the ARC following consultation with management and approval by the Chief Executive.

Audit and Risk Committee

The Hunter and Central Coast Development Corporation (HCCDC) has an independent Audit and Risk Committee (ARC) established under a collaborative shared Audit and Risk Committee arrangement.

The ARC continued to meet during the reporting period to monitor, review and to provide oversight on the governance processes, risk management, control frameworks and annual financial statements for HCCDC. The Chief Audit Executive reported at each meeting about internal audit activities and the engagement included in the approved FY2020/21 Internal Audit Plan.

The Audit and Risk Committee discharged its' responsibilities under the Charter and met six times during FY2020/21.

Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for the Hunter and Central Coast Development Corporation

I, Anita Mitchell, Chief Executive, Hunter and Central Coast Development Corporation, am of the opinion that the Hunter and Central Coast Development Corporation has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework

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

Internal Audit Function

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

Audit and Risk Committee

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

Membership

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

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Carol Holley	30 March 2020	29 March 2023
Independent Member	Arthur Butler	30 March 2020	29 March 2023
Independent Member	Nirmal Hansra	30 March 2020	29 March 2023

Shared Arrangements

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

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

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



Anita Mitchell
Chief Executive
Hunter and Central Coast Development
Corporation
Date: 23 August 2021

Agency Contact:
Suzette Gay
Director Audit
02 9289 6912

(ix) Digital Information Security Annual Attestation Statement for the 2020-21 Financial Year for the Hunter and Central Coast Development Corporation

I, Anita Mitchell, Chief Executive Officer, am of the opinion that the Hunter and Central Coast Development Corporation have an Information Security Management System in place via Planning Industry and Environment Cluster Corporate Services and have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cyber security maturity and initiatives of Department of Planning, Industry and Environment.

Risks to the information and systems of Department of Planning, Industry and Environment have been assessed and are managed.

There exists a current cyber incident response plan for Department of Planning Industry and Environment which has been tested during the reporting period.

The Department of Planning Industry and Environment Cluster Corporate Services has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party (BSI) during the 2020-21 financial year (Certificate Number IS 645082).

Anita Mitchell

CHIEF EXECUTIVE

Hunter and Central Coast Development Corporation

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

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

(xi) Budget

	2021-22 (\$000) Budget
Expenses Excluding Losses	
Operating Expenses -	
Employee Related	12
Personnel Services Expenses	5,124
Other Operating Expenses	69,270
Grants and Subsidies	5,545
Depreciation and Amortisation	1,360
Finance Costs	2
Total Expenses Excluding Losses	81,313
Revenue	
Cluster Grant Revenue	5,828
Sales of Goods and Services	50,197
Grants and Contributions	456
Investment Revenue	30
Other Revenue	-
Total Revenue	56,511
Other Gains/(Losses)	-
Net Result	(24,802)

(xii) Investment performance

Short-term deposits were held for a one-month term at interest rate of 0.1% through NSW Treasury Corporation. The TCorp Base rate is 0.31%.

(xiii) Corporate Governance

Public Access to Information

Under Schedule 3 of the *Government Information (Public Access) Regulation 2018*, the Hunter and Central Coast Development Corporation is a subsidiary agency for the purposes of the *Government Information (Public Access) Act 2009*. Therefore, all statistical information about access applications required to be included in an annual report regarding Corporation, in compliance with s125 of the *Government Information (Public Access) Act 2009* and Clause 8 of the *Government Information (Public Access) Regulation 2018*, is included in the annual report for the NSW Department of Planning, Industry and Environment.

Privacy

The Hunter and Central Coast Development Corporation must provide a statement of its actions to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act). It must also provide statistical details of any reviews conducted by or on behalf of the Department, under Part 5 of the PPIP Act.

The Corporation complies with the Privacy Management Plan for the Department of Planning, Industry and Environment. The Plan outlines how the Department and its cluster agencies comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. Officers in the Department's Information Access & Privacy unit also provide specialist privacy advice and training to departmental cluster staff. In 2020-21, the Corporation received no applications for review under Part 5 of the PPIP Act.

Standing Order 52

During the reporting period, the NSW Legislative Council did not compel the Hunter and Central Coast Development Corporation to produce any documents.

(xiv) Public Interest Disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations under this Act. This information for Hunter and Central Coast Development Corporation is captured in the Department of Planning, Industry and Environment Annual Report as all Public Interest Disclosures are managed centrally by the Department.

(xv) Ethics and Integrity

In 2020-21, the Department launched the Ethics Portal in which provides an on-line, centralised and up-to-date resource for all employees to declare and comply with their obligations under the Code of Ethics and Conduct (the Code). In its development the Ethics Branch undertook comprehensive consultation and engagement with all the business units within the Cluster to ensure the Ethics Portal was both accessible and relevant to the compliance needs to all employees across the Department. The Ethics Portal has strengthened reporting capabilities to ensure the Department is committed to the highest standards of ethical conduct and

integrity.

The Code underpins the Department's compliance framework, which was supported by:

- The new Ethics Portal which manages declarations concerning conflicts of interest, code of ethics and conduct, senior executive private interests, and gifts, benefits and hospitality, as well as approvals of secondary employment
- the Fraud and Corruption Control Framework and Policy
- the Public Interest Disclosures Policy and Procedure (which includes access to an anonymous reporting tool)
- the Lobbying of Government Officials Policy
- training and resources to assist with the management of ethics related workplace issues.

The Department worked in collaboration with the NSW Ombudsman to ensure a robust framework that supports staff to raise workplace concerns and make reports of wrongdoing.

End of Annual Report 2020-21

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Hunter & Central Coast
Development
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