



2021-22 Annual Report

Hunter and Central Coast
Development Corporation





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

This storytelling artwork created by
Awabakal-Dunghutti-Pambilang man
Raymond Kelly Jr celebrates the significant
waterways of the Hunter and Central Coast,
connecting with the regions mangroves,
grasslands and mountain ranges.

It pays tribute to the Aboriginal communities
who occupied the lands alongside the water;
the food sources provided by the ocean,
inland river systems and lakes; traditional
hunting skills; and First Nation's understanding
of science and nature.

Hunter and Central Coast Development Corporation

ABN 94 688 782 063

Newcastle (Head Office)

Office 6 Stewart Avenue
Newcastle West NSW 2302

Post PO Box 813
Newcastle NSW 2300

Phone 02 4904 2750

Hours Monday to Friday , 9am to 5pm

Central Coast

Office Building 22, Carinya Street
Kariong NSW 2250

Post PO Box 7120
Kariong NSW 2250

Phone 02 4345 4450

Hours Monday to Friday , 9am to 5pm

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
2021-22. 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 2022

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 2022

The Hon. Anthony Roberts, MP
Minister for Planning and Minister for Homes

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 2022. HCCDC is part of NSW Department of Planning and Environment's Homes, Property and Development group responsible for 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 opengov.nsw.gov.au and the HCCDC website hccdc.nsw.gov.au.

Yours sincerely,



Valentina Misevska

Chief Executive Officer
Hunter and Central Coast Development Corporation



Chief Executive report

Valentina Misevska

In 2021-22, we continued to deliver our objective to create thriving environments, communities and economies for the people of the Hunter and Central Coast regions.

It's been a particular pleasure to see our team create new vibrant public places, improve our existing spaces, create employment opportunities and deliver better housing options, while attracting innovative talent and enterprises.

This year saw significant organisational changes to HCCDC. On 30 March 2022, we formally left the Department of Planning and Environment's (the department) Placemaking NSW to join the Homes, Property and Development Group, also in the department.

After Placemaking NSW Chief Executive Anita Mitchell resigned in March 2022, I was appointed HCCDC Chief Executive. We now operate independently with support as required from the Deputy Secretary, Homes, Property and Development Group, Leon Walker and governance oversight from the Minister for Planning and Minister for Homes, The Hon. Anthony Roberts, MP.

I am very proud of what we've achieved this year and the benefits we've delivered for the community, especially as we continue to live in a time where change and challenge has become the new normal.

A highlight for me was commencing Honeysuckle's final transformation with registration of interest and expression of interest processes getting underway for Honeysuckle HQ. This will be a city-shaping project and an enduring legacy for Newcastle's last remaining waterfront site.



The team also delivered quality public space, with the \$4.2-million Honeysuckle Park opening with a free community event. Work also started on a new promenade along Honeysuckle foreshore and a pedestrian bridge across a naturalised Cottage Creek.

Elsewhere in the Newcastle region, we reached a milestone in the remediation of Kooragang Island, a legacy BHP site, by beginning works on the final 4 ha Eastern Ponds stage.

It was also exciting to see essential repairs and restoration works on the historic former Wickham School of Arts building, increasing its chances of being retained in future development.



On the Central Coast, we continued to deliver Government's \$16-million infrastructure commitment at Mount Penang Parklands, starting works to improve amenity and safety in the precinct.

Setting a clear direction for the future of Mount Penang has also been a significant focus for us in 2021-22 and has come to life by developing and publishing the Mount Penang Place Vision. We worked with Mount Penang tenants, stakeholders and the community to continue to realise the future of the Parklands.



In Lake Macquarie, we continued our significant works to unlock economic and social opportunities at our Cockle Creek precinct. We completed work on Cressy Road, a vital link road that paved the way for the opening of the region's first Costco warehouse in Cockle Creek.

We also continued to support future investment through the release of 2 light industrial lots in Cockle Creek for expressions of interest.

Also in Cockle Creek, we facilitated up to 500 new homes after settling 55 ha of land for residential development.

Without a doubt, 2021-22 has been a big year. As a small team with big projects, I am immensely proud of our achievements and the benefits we have delivered across the Central Coast and Hunter regions.

2022-23 promises to be another year of significant work and delivery, and I look forward to leading the team to great things with support from our Deputy Secretary and Minister.

Valentina Misevska



About us

HCCDC is a NSW Government agency with a vision of creating thriving environments, communities and economies in the Hunter and Central Coast regions.

We sit within the department's Homes, Property and Development Group.

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.

We are 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. We are a Chief Executive-governed entity, as provided for by the Act.

In March 2022, Anita Mitchell resigned as HCCDC Chief Executive. Valentina Misevska was appointed Chief Executive on 1 April 2022.

Purpose

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

We 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.

We are typically a self-funded agency and rely on the sale of underutilised and industrial lands to reinvest into the community and fund new projects.

Nature and scope of activities

We have long been a leader in region-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 also on creating vibrant places with great spaces, provide more employment opportunities and more housing, and attract innovative talent and enterprises.

Significant projects for HCCDC include the cornerstone Honeysuckle Urban Renewal project, Revitalising Newcastle program, the remediation and rehabilitation of former BHP lands at Kooragang Island, and the transformation of the Cockle Creek precinct.

On the Central Coast, our projects include the redevelopment of Leagues Club Park in Gosford and the care and management of Mount Penang Parklands.

Objectives

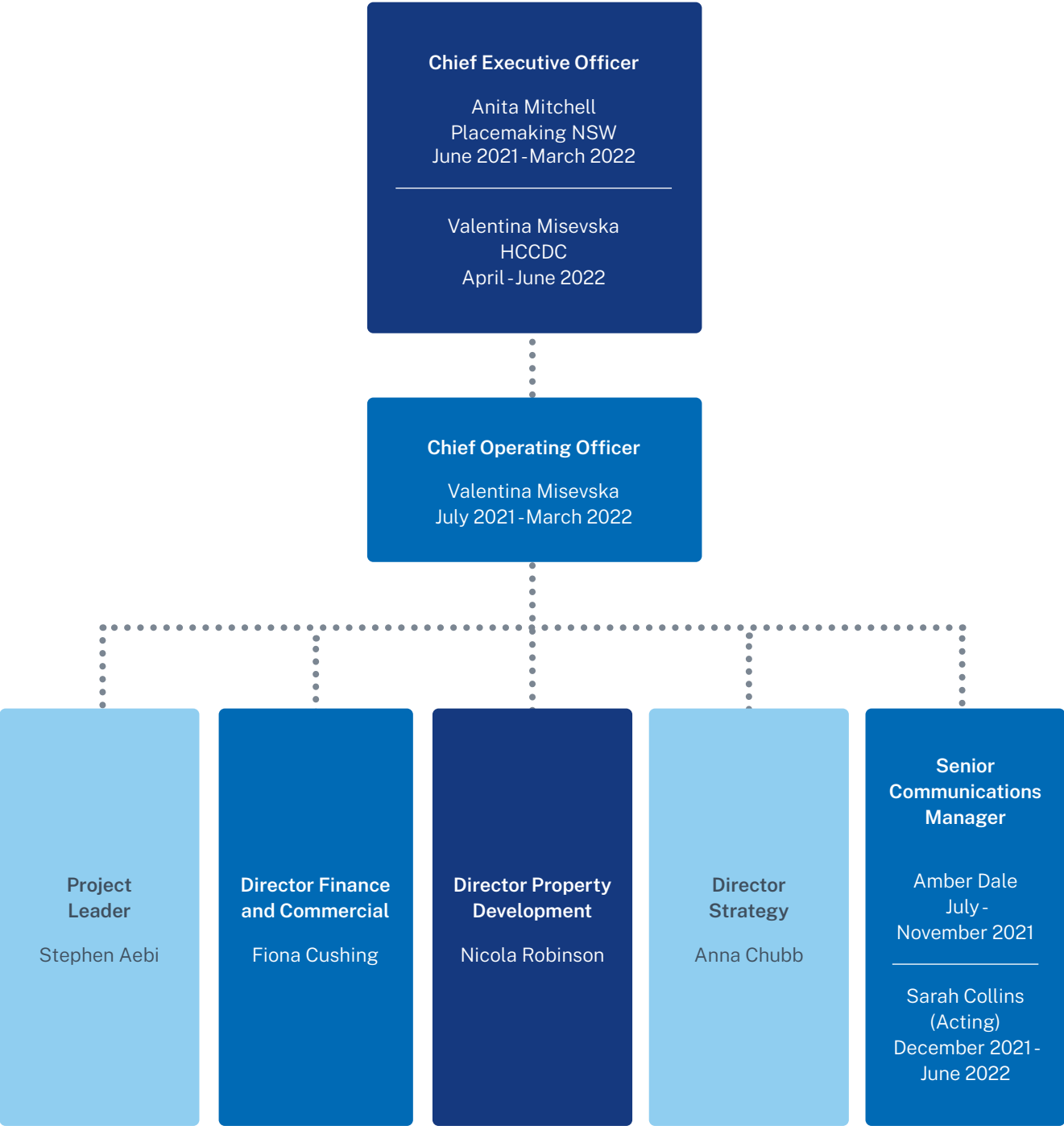
Our objectives are to:

- 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 with community and stakeholders.

Senior leadership team

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

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



HCCDC Leadership Team as of 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 deliver community initiatives and diverse employment opportunities.

This includes Aboriginal participation in both planning and implementation of projects and promoting women in construction. We also encourage mentally healthy workplaces and positive work-life balance with 5-day work weeks.

We work with the Aboriginal community and cultural experts to incorporate Indigenous history into the work we do at HCCDC.

An example of this collaboration is the storytelling artwork created by Raymond Kelly Jr that highlights the cultural significance of the natural landscape and mountain ranges across the Hunter and Central Coast. Raymond's art honours First Nation's connection with Country in our region, illustrating the rich soils that allow for healthy plant and grass growth; as well as the minerals, insect life and tree root systems that create sustainable environments.

We're dedicated to seeing more women in the construction industry and engage contractors who invest in relevant apprenticeships and training, and provide ongoing educational opportunities and flexible working.

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. We adhere to NSW Government's 'Everyone Can Play' guidelines for inclusive public spaces to identify, with projects such as Honeysuckle Park creating recreation opportunities for visitors regardless of age or ability.

Providing information to all members of the community, including those living 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

The department revised its Code of Ethics and Conduct in March 2022. The Code is web-based and provides an accessible and up to date resource for all employees to understand and comply with their integrity related obligations. The revision of the Code followed extensive consultation with employees and community stakeholders. The Code shapes the way we act and work together as an organisation, to deliver outcomes for the NSW's growing and future communities.

Significant Code of Ethics and Conduct developments in the reporting period include:

- **Conflicts of interest requirements relating to the NSW Biodiversity Offset Scheme Protocol -**
The department implemented this protocol and delivered training and awareness across the department. The protocol outlines the mandatory requirements to address integrity risks and establishes rules for the consistent management of BOS conflict of interests.
- **Organisational compliance framework -**
The framework is comprised of a compliance policy, procedure, and register. It ensures departmental compliance with key legislative and regulatory obligations in the performance of its functions.
- **Lobbying of government official's policy -**
The lobbying policy was updated in response to the ICAC's public inquiry into lobbying, access, and influence in New South Wales. The revised policy aligns with the Premier's whole of government response to lobbying reform, which accepted 27 of the ICAC's recommendations to strengthen lobbying integrity measures across the State.
- **Ethics portal -**
The department operates a centralised, automated declaration platform to make it easier for employees to submit their integrity related declarations and applications. Throughout 2021 – 2022, considerable enhancements were made to strengthen safeguards and enable a new range of reporting capabilities.

The Department continues to work in collaboration with central agencies, such as the NSW Ombudsman, the Audit Office of New South Wales, the Independent Commission Against Corruption, NSW Procurement, NSW Transport and NSW Treasury, to ensure leading practice guidance is continually revised, developed, and implemented.

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 and Environment Annual Report as all Public Interest Disclosures are managed centrally by the department.

There were no public interest disclosures made by HCCDC officials for the period 1 July 2021 to 30 June 2022.

Standing Order 52

Under Standing Order 52, the Parliament of NSW can order the production of Executive Government papers to the House.

In the 2021–22 financial year, there were no orders passed by the Legislative Council that required the HCCDC to produce documents.

Summary of 2021-22 achievements

HCCDC is focused on creating thriving communities, economies and environments in the Hunter and Central Coast regions. Key achievements in each region are listed below.

Newcastle

- Progressing the final transformation of Honeysuckle with registration of interest (ROI) and expression of interest (EOI) processes commencing for Honeysuckle HQ.



Delivering more quality public space by opening the \$4.2-million Honeysuckle Park and play space.



Completing work on a new public promenade in Honeysuckle and installing a pedestrian bridge across a naturalised Cottage Creek.

- Taking a major step towards the remediation of Kooragang Island by beginning works on the final 4 ha Eastern Ponds stage.



Completing essential repairs on the former Wickham School of Arts building, increasing chances for retention in future development.

- Setting the long-term direction of the Newcastle Mines Grouting Fund by commencing a review of the program.
- Facilitating a much-needed city COVID-19 testing station for the community in the Throsby car park.
- Maintaining a popular destination at The Station with a schedule of community events including markets, free children's activities, concerts and comedy.



Further establishing The Station as a family destination by creating a nature-inspired kids' play space.



Quality community spaces delivered



New pedestrian and road infrastructure



Retail and employment opportunities created

Central Coast

- Working across government to facilitate a new university presence in the Gosford CBD.
- Helping improve visitor amenity and encouraging future investment in Mount Penang with the start of major infrastructure upgrades to Baxter Track.



Setting a clear direction for the future of Mount Penang by developing and publishing the Mount Penang Place Vision.



Completing upgrades to Leagues Club Park's tidal terrace to improve the visitor experience.

- Enhancing management and interpretation of Mount Penang's heritage significance with a new Conservation Management Plan.
- Creating better certainty for Mount Penang tenants by commencing a program of lease rationalisation and renewal.

Lake Macquarie



Delivering a vital link in the Cockle Creek precinct by opening Cressy Road to the public and dedicating to Lake Macquarie City Council.

- Creating new retail and employment opportunities in Lake Macquarie by bringing the region's first Costco warehouse to Cockle Creek.
- Supporting future investment by releasing 2 light industrial lots in Cockle Creek for expressions of interest.
- Facilitating up to 500 new homes by settling Cockle Creek land for residential development.

Other projects

- Ensuring effective management of government assets by developing and implementing a strategic asset management plan.



Supporting local community events, including Newcastle Afoot, Newy with Kids, as well as the upcoming Big Picture Fest and New Annual Festival by providing funding and in-kind support.

- Contributing to the improvement options for Stockton Beach by undertaking a sand feasibility assessment on behalf of the City of Newcastle.
- Attracting new investment and talent to Greater Newcastle by commencing the Hunter Identity and Positioning Strategy.
- Keeping our community and stakeholders informed by growing our social channels and web traffic.



Newcastle projects

Newcastle's urban transformation continued through 2021-2022, with key projects underway or completed during this time. Work centred on the Honeysuckle precinct, where planning for the development of final lands gained momentum.

We also delivered more attractive public spaces in 2021-22, including the next stage of the anticipated harbourside promenade.



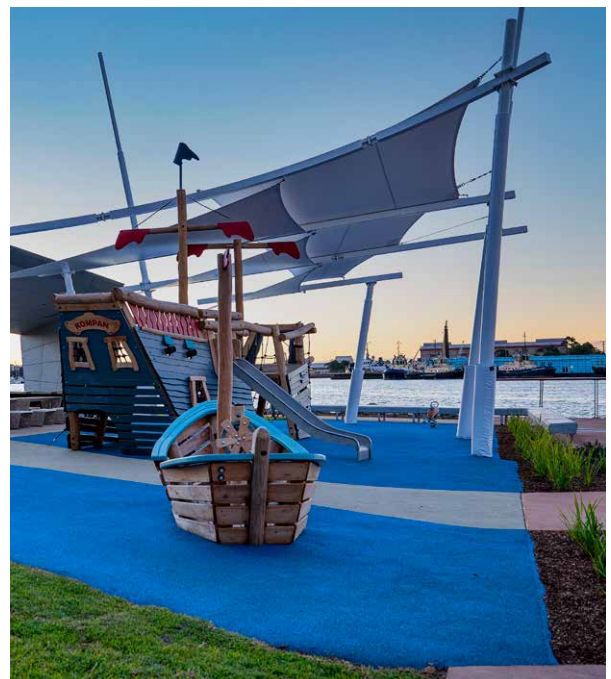
Honeysuckle Park

In July 2021, we opened the \$4.2-million Honeysuckle Park, a significant milestone in the Honeysuckle foreshore's continued revitalisation.

Honeysuckle Park delivers over 4,750 m² of new public domain, featuring connected shared pathways, native trees, green lawns, harbourside sandstone seating, covered seating and barbecue facilities.

The centrepiece of the space is a shaded maritime-themed playground which has become a popular attraction for families.

We dedicated Honeysuckle Park to City of Newcastle in 2021. We're now working together to deliver permanent public amenities at the park to better cater for everyone at this popular destination.





Artist impression

Introducing Honeysuckle HQ

In the second half of 2021, we commenced a process to attract a development partner to transform the final Honeysuckle lands into an enviable and vibrant precinct.

Named Honeysuckle HQ, our goal for the site is to create a magnetic destination that focuses on community, new economy and excellence, while enhancing the site's natural environment and local heritage. This follows extensive community engagement in 2020.

Honeysuckle HQ includes 2 parcels of land; Honeysuckle Quays (2.14 ha) located on the waterfront and Honeysuckle Quarter (1.14 ha) which is next to the Newcastle light rail.

In September 2021, we launched a ROI program to gauge market interest and to allow the market to provide feedback on the sales process. Following strong interest, an EOI campaign commenced in April 2022.

We will engage with the local Aboriginal community to learn how Aboriginal culture and heritage can be included in Honeysuckle HQ. This information will guide shortlisted developers when preparing their detailed proposals.



Artist impression

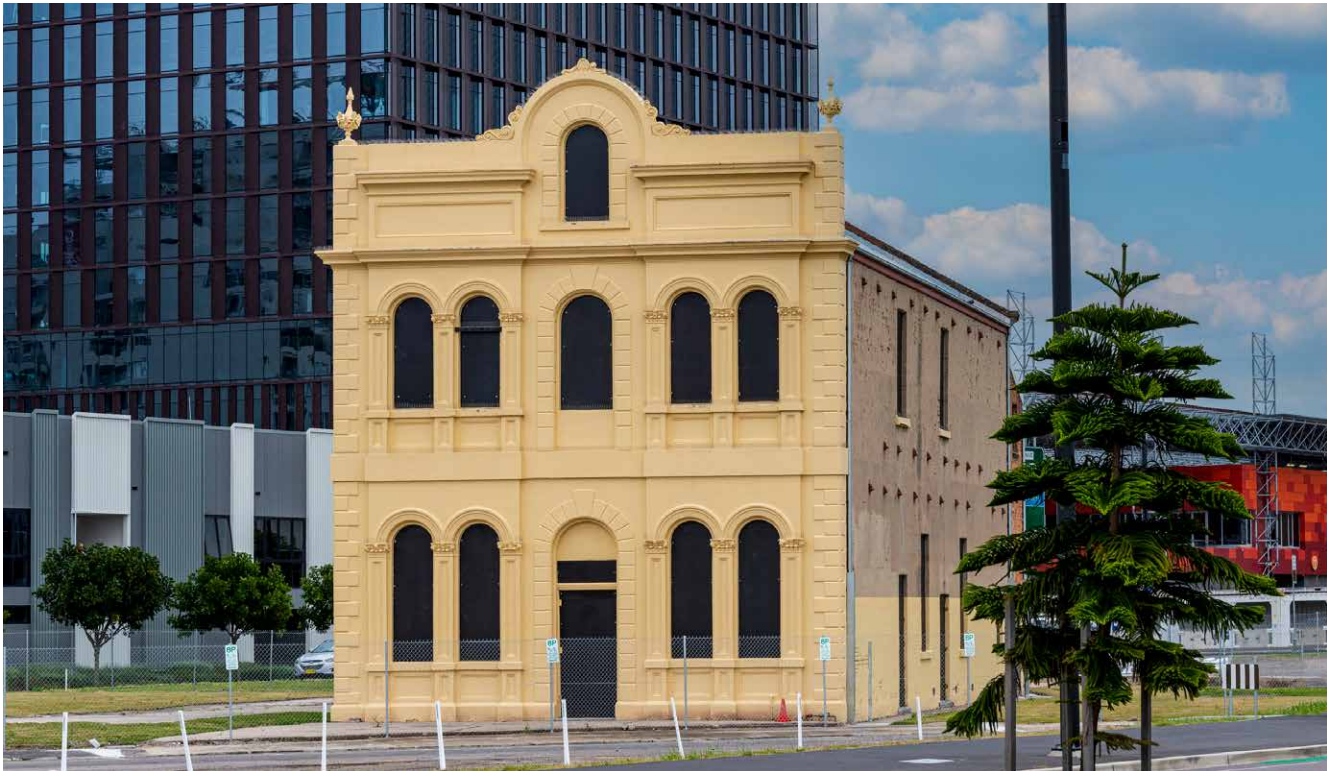


Awards

Honeysuckle Ideas
community engagement
The Urban Developer Awards
Award for Industry Excellence
(finalist)



Artist impression



Wickham School of Arts building

The former Wickham School of Arts building has undergone significant repair works to maintain its heritage integrity and give it the best opportunity to be repurposed as part of the future Honeysuckle HQ development.

Works completed between September 2021 and May 2022 include:

- replacing the old roof and installing new drainage
- minor repairs to the building facade
- removing hazardous materials
- removing the non-heritage annex and 2 neighbouring buildings.



Social initiative

As part of our commitment to increasing Aboriginal participation in the construction industry, we are partnering with Aboriginal-owned businesses and engaging suppliers with high levels of Indigenous employment.

The former Wickham School of Arts repair works package was awarded to Pacific Services Group Holdings, a 100% Indigenous-owned and Supply Nation certified business.



Waterfront promenade and Cottage Creek

In June 2022, we completed the next stage of Honeysuckle's waterfront promenade, including a 300 m shared path and a new pedestrian and cycle bridge over Cottage Creek.

The new promenade links Honeysuckle Park to a more natural-looking creek and incorporates native trees, paved areas, feature seating, edge barriers, new lighting and water bubblers.

The pathway that extends further west to Wickham Marina has also been reinstated, connecting 11 km of uninterrupted coastal pathways from the marina through to Merewether Beach in the east.

We partnered with Hunter Water to deliver improved public open space and a more natural-looking Cottage Creek between the harbour and light rail. The concrete walls were replaced with tiered sandstone and native plantings were added to soften the creek's edge, creating a welcoming community space. NSW Government's Newcastle Port Community Contribution fund partially funded the creek works.

The promenade will officially open in July, followed by a community event.



Social initiatives

We worked with contractor Daracon Group to increase the rate of Aboriginal participation in the delivery of this project. The project achieved a 2% spend towards Aboriginal participation, double the amount required by our procurement policy. This was achieved through direct employment, contractors, or goods and services procured from Aboriginal businesses.

We also worked with Daracon Group to increase the rate of female participation in this project, measured through total project hours worked.

Other Honeysuckle developments

Honeysuckle’s urban renewal has paved the way for private sector investment to deliver new homes, jobs and economic activity. Construction continued throughout 2021-22 on a range of exciting developments, including the following projects that we helped facilitate.



University of Newcastle Honeysuckle Campus

The first stage of the University of Newcastle’s Honeysuckle campus opened its doors in July 2021. Known as the Q Building, the creative and entrepreneurial hub became the first building in regional NSW to achieve a world-leading 6 Star ‘Design and As Built’ certified rating in early 2022.



35 Honeysuckle Drive

In 2021-22, work continued on the new mixed-use offering at 35 Honeysuckle Drive. Doma’s Huntington will feature 86 residential apartments and a 1500 m² commercial floor with retail, restaurants and cafes.



42 Honeysuckle Drive

Doma is also delivering luxury hotel and adjoining 5500 m² commercial office building. The Little National Hotel will feature 181 rooms, a bar, gym, lounge and library facilities. The office building is targeting a 6 Star Green Star rating and a 5.5 Star NABERS rating.

Construction works recommenced in 2022. The hotel is expected to open its doors in late 2023.



45 Honeysuckle Drive

Construction continued on the Horizon on the Harbour development, which will feature 110 residential dwellings across 3 towers, 970 m² of ground floor retail space and 2 levels of basement car parking.

We will deliver the remaining public domain adjacent to Horizon on the Harbour in late 2022 and the development is expected to be completed in mid to late 2023.



The Station temporary activation

HCCDC continues to manage the temporary activation of Newcastle's revitalised former city railway station until the site's long-term use is determined.

Through 2021-22, The Station served as a popular destination for shopping, recreation and pop-up events. The community piazza provides the ideal outdoor community space as the COVID-19 pandemic continued and complemented the precinct's existing creative mix of ground floor retail and gallery spaces.

Our physical updates this year included creating a wildlife-inspired 'kids' corner' play area and updating the existing scooter track. We welcomed new tenants to the ground floor retail spaces and curated a calendar of high-quality events.

We sponsored a large storytelling mural on The Station's platform, becoming the home base for local tourism operator Newcastle Afoot's educational walking tours.

The Station's social media channels were followed by over 18,000 people and were focused on encouraging event attendance and attracting 'every day' visitation to The Station's piazza and retail spaces.



2021-22 events at The Station included:

- Homegrown Markets
- Friday Night Feasts
- Jon Stevens' Noiseworks INXS concert
- Easter Family Fun Day
- Newcastle Chilli Festival
- Street Paws festival
- World Thai Chi and Qigong Day
- Awaken Newy wellness festival
- Art exhibitions and workshops
- Multicultural Neighbourhood Expo
- Pilates, aerobics and 'twerkshop' classes.



In 2021, The Station was recognised as the **'Great Place' winner** at the Planning Institute of Australia's NSW Awards for Planning Excellence.

This award acknowledges the successful transition of the historic space to a pulsing community hub.



Newcastle asset management

Asset management is guided by our Strategic Asset Management Plan, Asset Management Plan, lifecycle costing audits and operational management plans.

These plans meet the requirements of NSW Treasury Asset Management Policy for the NSW Public Sector TPP19-07.

Covid Testing Site

In September 2021, we facilitated the licensing establishment of a Histopath COVID-19 testing facility in the Throsby car park. This provided a much-needed CBD testing location and is still operating.

Wickham School of Arts

In 2021-22, we implemented an asset management strategy to ensure the heritage and visual amenity aspects of the building are maintained.

The Station

In 2021-22, we:

- aligned the Leasing Strategy with the Activation Strategy for the site
- undertook major repairs to the Station building roof to minimise ongoing water damage
- implemented substantial pigeon mitigation measures
- reviewed and updates the scope of facilities management requirements to ensure the visual amenity and historical significance of the site is maintained.



Environmental management

Kooragang Island remediation

Since the early 2000s, HCCDC has worked on behalf of NSW Government to remediate and rehabilitate former BHP sites around the Port of Newcastle.

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 we were 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 NSW Environmental Protection Authority.

The fourth and final stage of remediation works commenced in January 2022. This 4 ha stage is the most complex due to its geographical context as a low-lying, densely vegetated area. The area is also occupied by the protected Green and Gold Bell Frog and several migratory bird species, meaning all works had to be designed sympathetically to the local environment.



Prolonged heavy rainfall throughout early 2022 further complicated the works, however the construction delivery continues to carefully manage the multiple risks present to satisfy the remediation objectives.

As part of this process, we have worked with specialists to develop remediation strategies that contain and reduce environmental and health risks while maximising ecological and sustainability outcomes.

We also undertook a carefully managed program to reuse materials where possible, creating millions of dollars in savings.

On completion, the site will be handed to Port of Newcastle for future use.

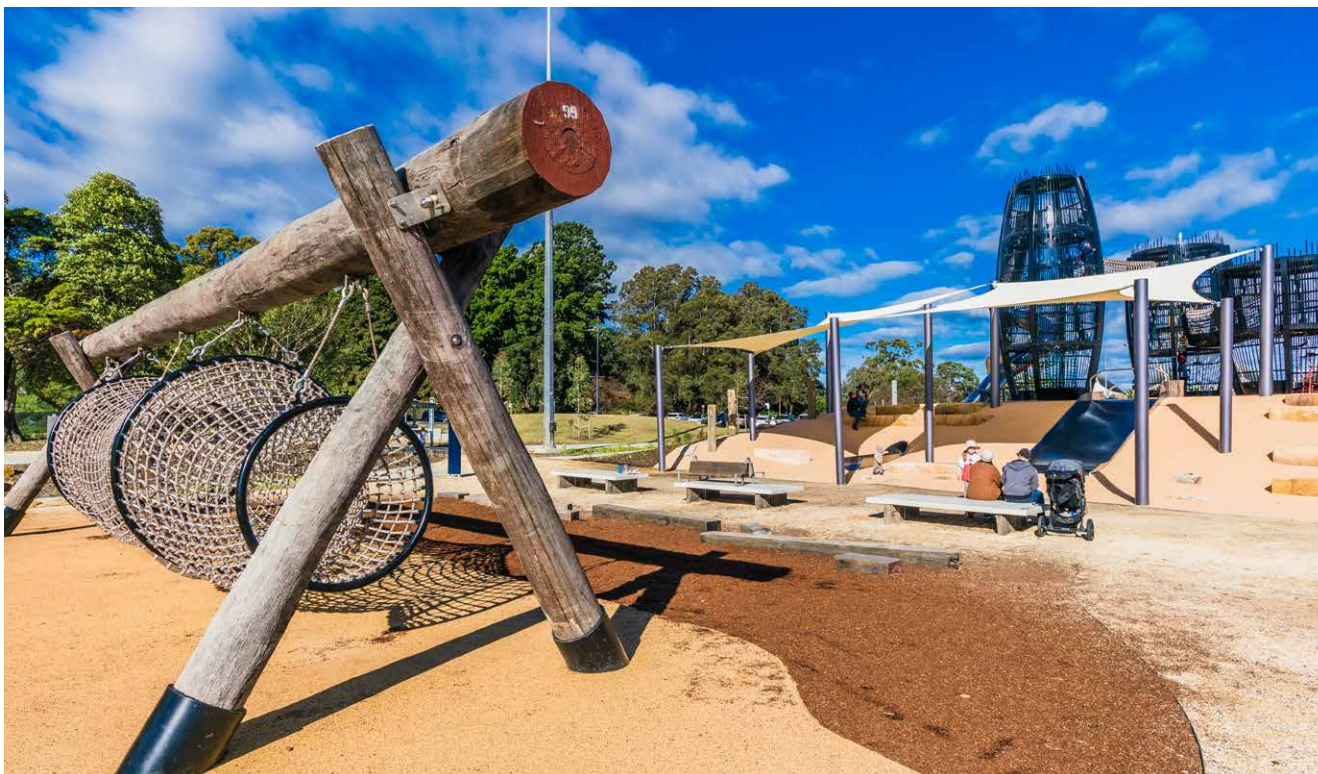


Central Coast projects

In 2021-22, 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 Gosford, we continued to take care of the former Mitre 10 site, which has been earmarked by NSW Government as the site of an education and employment precinct. We will continue to work across government to facilitate this exciting project.



Leagues Club Park

Gosford's Leagues Club Park opened in February 2021 and has become a popular and vibrant recreation destination for the whole community.



We continued our post-completion maintenance of the park until 1 April 2022, when we handed management of the space to Central Coast Council. During this time, we also upgraded aspects of the park to improve the visitor experience.



Awards

Leagues Club Park continued its awards success in 2022-21, with HCCDC and/or our partners receiving the following accolades during this period:

- **Sustainable Building Awards**
Public, Urban and Landscape (finalist)
- **Sydney Design Awards**
Landscape Design (silver award)
- **Good Design Australia**
Indigenous Design Award (winner)
- **NSW Premier's Awards**
Well Connected Communities with Quality Local Environments (finalist)
- **Place Leaders Asia Pacific Awards**
Large Scale Project (finalist)
- **Urban Development Institute of Australia, Awards for Excellence in Urban Development**
Social and Community Infrastructure (winner)
Submitted by ADW Johnson
- **Australian Institute of Landscape Architects**
Play Spaces (winner)
Submitted by Turf Design



Mount Penang Parklands

Mount Penang Gardens and Event Park

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.

The site remained popular with the public in 2021-22, providing the perfect spot for much-needed outdoor recreation while allowing social distancing.



Mount Penang Events

While COVID-19 restrictions limited the potential for large gatherings in 2021-22, the Gardens still hosted several small-to-medium events and community gatherings in the amphitheatre and surrounding areas. These included:

- Mount Penang Parkrun
- Mount Penang Christmas Fair
- Red Hot Summer tour
- Food & Wine Festival.



Land use and planning

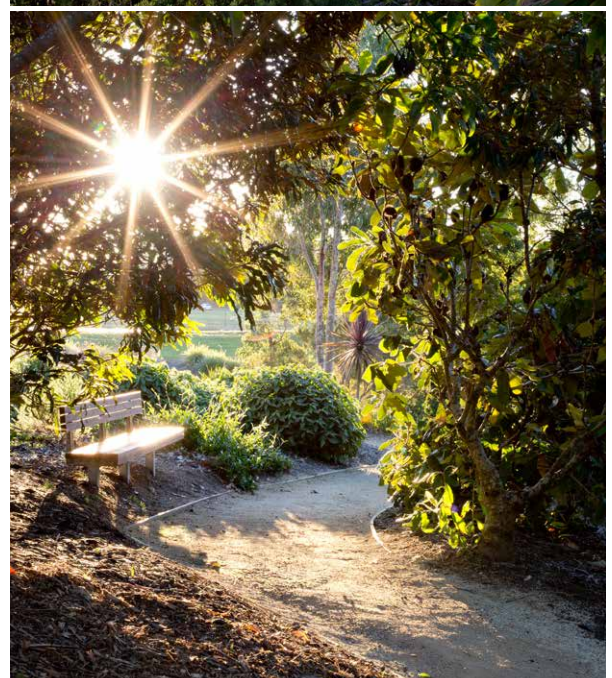
Vision and Place Strategy

In 2021-22, we began an exercise to understand the precinct'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.

We completed this Place Vision and made it available to the public in June 2022.

Conservation Management Plan

We originally endorsed the Mount Penang Conservation Management Plan in December 2020 and updated it in July 2021. The Plan provides a guide for the conserving, managing and interpreting the heritage significance of the Parklands and is available on the HCCDC website.





Asset and property management

After the successful adaptive reuse of the Parklands in 1999, Mount Penang Parklands now exemplifies an active and sustainable place for recreation, education and work.

Asset management

Asset management is guided by our Strategic Asset Management Plan, Asset Management Plan, lifecycle costing audits and operational management plans. These plans meet the requirements of NSW Treasury *Asset Management Policy for the NSW Public Sector TPP19-07*. In 2021-22, asset management continued to be a key focus.

Tasks in 2021-22 included:

- developing the Strategic Asset Management Plan
- developing the Asset Management Plan
- developing asset registers
- conducting lifecycle costing audits across the whole portfolio
- implementing programmed maintenance plans
- reviewing contractor engagements
- engaging Public Works Advisory to oversee facilities maintenance contracts
- improving financial accountability, management and reporting
- achieving 85% compliance with 2024 target of Implementation Plan objectives
- reviewing and upgrading existing operational and emergency management plans.

Property management

In 2021-22, we offered rent deferral for tenants during the continuing COVID-19 restrictions.

Tenants during 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.

In 2021-22, we engaged LG Hooker as commercial property managers, helping us to coordinate asset and property matters.



Mount Penang infrastructure works

In 2021-22, we progressed the 2019 election commitment to unlock the potential of Mount Penang Parklands.



These infrastructure works built on upgrades to The Avenue and Festival Drive (Stage 1) which were completed in early 2021.

Stage 2 commenced in April 2022 and involves transforming Baxter Track from a dirt path into a sealed public road. Once complete, this will link with Kangaroo Road to create a new north entry and exit point for Department of Communities and Justice staff, easing traffic congestion during peak times.

We are planting more than 50 native trees as part of these works, and a shared pedestrian/cyclist pathway will encourage more forms of active transport.

This stage of works will continue until October 2022.

Stage 3 is expected to begin in October 2022 and will see Parklands Road upgraded and extended to link with Baxter Track – opening the new access point to all Parklands users. We are also beautifying the streetscape, planting new trees, creating additional off-street parking spaces and building shared paths.

When combined with the Baxter Track upgrades, these works will improve emergency access, traffic flow and user amenity, and enable subdivision and some additional development.



Lake Macquarie projects

West Wallsend

In West Wallsend, we own land that has been earmarked for the Lower Hunter Freight Corridor.

We will continue to work with Transport for NSW and other stakeholders to ensure that future government infrastructure and conservation requirements can be achieved.



Cockle Creek Precinct

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

We are continuing to work with government's Waste Assets Management Corporation to manage the environmental requirements of the site, while the NSW Environment Protection Authority provides regulatory oversight.



Unlocking opportunities

Since taking ownership of the precinct in 2019, we have undertaken significant work to sign deals and settle on 2 key parcels, comprising over 60 ha of land.

The Green Capital Group, which settled 55 ha, is currently undertaking subdivision works to enable more than 500 new homes. Costco Wholesale Australia purchased 6 ha of this land and opened their first NSW regional operation in September 2021.

We are continuing investigations to determine the future of the final parcel of land at Cockle Creek, working closely with Lake Macquarie City Council.

Construction

In 2021, we undertook construction works to provide stormwater management and road upgrades, as well as the delivery of the new Cressy Road. The road was named in honour of WW1 private and former local resident Henry 'Harry' Cressy, with his family joining us for the road's dedication.

The completion of these works in late 2021 enabled the opening of the new Costco store. The total value of our construction works (including design) delivered to the Cockle Creek Precinct to date is \$4.1 million.

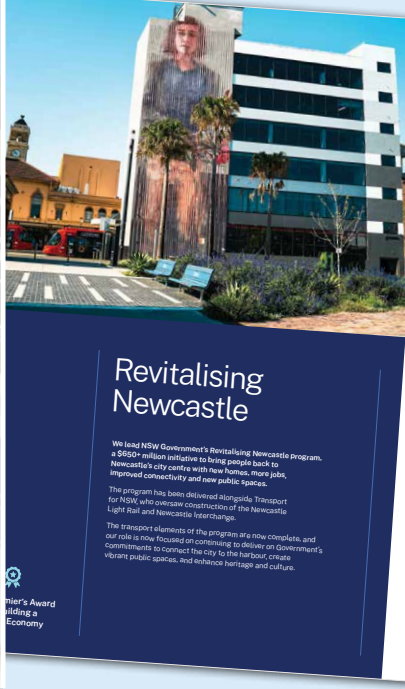
Regional planning

Hunter Regional Plan and Greater Newcastle Metropolitan Plan



Throughout 2021-22, 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 the 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

HCCDC's communication's team supports every function of the business, including internal, corporate and marketing communications, as well as government, ministerial, media and public relations.

Brands and tools

In 2021-22, our communications team continued to implement and administer a suite of tools to keep the community informed of our projects and initiatives.

Physical channels included signage, brochures, fact sheets and project maps. Digital tools were also used effectively across platforms including the HCCDC website, 7 social channels and electronic newsletters.



55K

website visitor sessions

44%

website visitor increase

39%

increase in webpage views

13%

increase in the duration of visits

Engagement

Website:

In 2021, we made significant upgrades to the HCCDC website to enhance usability, with several quality-of-life improvements making it easier than ever to navigate and find relevant information.

The website had almost 55,000 visitor sessions in 2021-22; an impressive 44% increase over the previous year. Importantly, the number of pages viewed and the visit duration also increased by 39% and 13% respectively.



367

individual social posts

1.7M+

social media reach

Social media:

In 2021-22 we saw active growth across all social media channels, particularly project-focused channels such as Honeysuckle and Leagues Club Park.

Social media engagement included 367 individual social posts, with total social reach of more than 1.7 million.

Communication highlights

In 2021-22, HCCDC delivered the following outcomes:



Created a vibrant destination at The Station, through activation, place management and facilitating a program of events.



Encouraged Aboriginal participation in construction, women in construction and mental health awareness through the implementation of social media campaigns



An informed community through the creation and distribution of 11 engaging videos to showcase HCCDC and our projects, including Leagues Club Park, Honeysuckle works and Cockle Creek.



The Honeysuckle HQ ROI and EOI campaigns commenced.



Major announcements included:

- the opening of Honeysuckle Park
- ROI and EOIs campaigns to promote Honeysuckle HQ
- repairs starting on the former Wickham School of Arts building
- roadworks commencing on Baxter Track at Mount Penang
- local sponsorships.

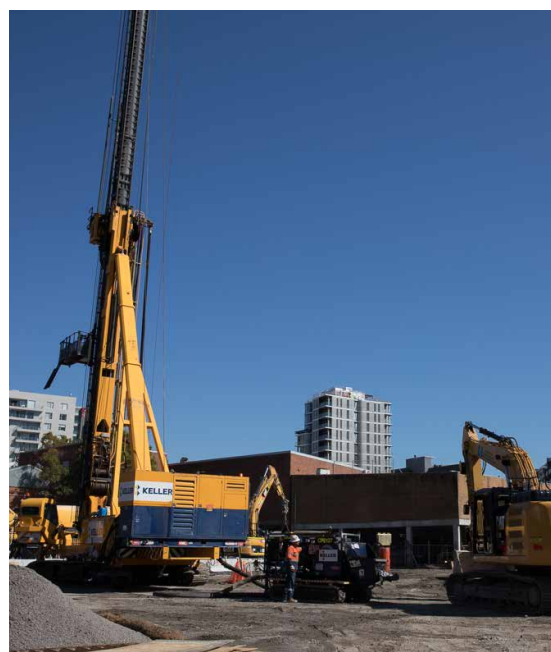
Membership

HCCDC maintains memberships with key organisations, allowing us to work closely with industry bodies and other stakeholders.

Memberships are chosen to support our strategic objectives and provide opportunities for staff to engage on relevant and topical matters.

In 2021-22, we were a member of the following organisations:

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



Funds management

In 2021-22, 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 3 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 2021-22. The scheme is undergoing a review with the findings to be released towards the end of 2022.

Sponsorship

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

All sponsorships must align with our Sponsorship Policy. Those approved in 2021-22 included the following:



Newcastle Afoot excursions

We were proud to sponsor Newcastle Afoot's Educational Excursions Program which celebrates Newcastle through informative and fun exploration. Sponsorship supported walking tours focused on heritage, revitalisation and creative placemaking.

The sponsorship included recruitment of an Excursion Program Coordinator, creation of educational packs and marketing collateral, and a beautiful storytelling mural painted on The Station's platform.



Newy With Kids scavenger hunts

In 2021-22, we provided sponsorship support to Newy With Kids for the production of 2 scavenger hunt maps focused on our revitalised Museum Park and The Station precincts.

The scavenger hunts encourage exploration of the community spaces where participants can uncover clues and solve mystery phrases, while learning about the unique history of the former railway precincts.



The Big Picture Fest Newcastle

In June 2022, we partnered with the Festival of Place team to become the official event sponsor of The Big Picture Fest Newcastle for their second event being delivered in Spring 2022.

By contributing to the city's rich street art legacy, the internationally recognised Big Picture Fest brings stunning murals to Newcastle's streets, leaving behind a street art trail that locals and visitors can explore for years to come.



New Annual Festival

In June 2022, we granted sponsorship to New Annual; the City of Newcastle's flagship cultural arts festival.

The 10-day community festival, set to take place in Spring 2022, will bring a mix of contemporary art, culture and creativity to the centre of Newcastle. It offers immersive and interactive experiences of visual art, contemporary dance, First Nations music and workshops, as well as theatre and comedy.

Financials



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 2022, the Statement of Financial Position as at 30 June 2022, 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 Regulation 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:

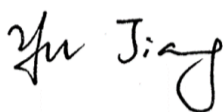
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

18 October 2022
SYDNEY

Hunter and Central Coast Development Corporation

Annual Financial Statements

for the year ended 30 June 2022

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Hunter and Central Coast Development Corporation
Statement by the Chief Executive Officer
for the year ended 30 June 2022

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.



Valentina Misevska
Chief Executive Officer

Date: 17 October 2022

Hunter and Central Coast Development Corporation
Statement of comprehensive income
for the year ended 30 June 2022

		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
	Notes			
Expenses				
Operating expenses				
Personnel services expenses	2(a)	4,649	5,136	3,959
Other operating expenses	2(b)	22,482	69,270	62,253
Depreciation and amortisation	2(c)	1,801	1,360	1,466
Grants and subsidies	2(d)	176	5,545	2,632
Finance costs	2(e)	-	2	2,947
Total expenses		29,108	81,313	73,257
Revenue				
Sale of goods and services from contracts with customers	3(a)	2,500	40,249	57,872
Investment revenue	3(b)	1,991	2,122	1,830
Grants and contributions	3(c)	378	6,074	12,962
Acceptance by the Crown of employee benefits and other liabilities	3(d)	119	210	69
Other revenue	3(e)	7,446	7,856	6,005
Total revenue		12,434	56,511	78,738
Operating result		(16,674)	(24,802)	5,481
Gains / (losses) on disposal	4	-	-	(29)
Other gains / (losses)	5	13,205	-	(3,400)
Net result		(3,469)	(24,802)	2,052
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	11	8,102	-	8,747
Total other comprehensive income		8,102	-	8,747
TOTAL COMPREHENSIVE INCOME		4,633	(24,802)	10,799

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of financial position
as at 30 June 2022

		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	6	36,529	36,089	80,816
Receivables	7	1,245	4,073	2,598
Inventories	9	20,937	12,550	40,666
Other financial assets	10	-	30,732	-
Total current assets		58,711	83,444	124,080
Non-current assets				
Inventories	9	57,125	24,843	29,483
Property, plant and equipment				
Land and buildings	11	58,523	52,300	52,726
Plant and equipment	11	150	180	40
Infrastructure systems	11	43,048	50,205	41,710
Total property, plant and equipment		101,721	102,685	94,476
Right-of-use assets	12	3	29	6
Total non-current assets		158,849	127,557	123,965
Total assets		217,560	211,001	248,045
LIABILITIES				
Current liabilities				
Payables	15	4,673	5,053	4,962
Contract liabilities	8	703	-	-
Provisions	16	489	432	464
Borrowings	17	3	5	4
Other	18	22	-	7
Total current liabilities		5,890	5,490	5,437
Non-current liabilities				
Provisions	16	31,430	64,030	66,999
Borrowings	17	-	3	2
Other	18	86	-	86
Total non-current liabilities		31,516	64,033	67,087
Total liabilities		37,406	69,523	72,524
Net assets		180,154	141,478	175,521
EQUITY				
Accumulated funds		132,410	101,836	135,879
Reserves		47,744	39,642	39,642
Total equity		180,154	141,478	175,521

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of changes in equity
for the year ended 30 June 2022

	Notes	Accumulated funds \$'000	Asset revaluation surplus	Total \$'000
Balance at 1 July 2021		135,879	39,642	175,521
Net result for the year		(3,469)	-	(3,469)
Other comprehensive income				
Net increase in property, plant and equipment	11	-	8,102	8,102
Total other comprehensive income		-	8,102	8,102
Total comprehensive income for the year		(3,469)	8,102	4,633
Balance at 30 June 2022		132,410	47,744	180,154

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	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	11	-	8,747	8,747
Total other comprehensive income		-	8,747	8,747
Total comprehensive income for the year		2,052	8,747	10,799
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	19	7,500	-	7,500
Balance at 30 June 2021		135,879	39,642	175,521

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 2022

	Notes	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		(176)	(5,545)	(799)
Suppliers and personnel services		(46,245)	(33,092)	(25,192)
Inventories		(13,963)	(8,345)	(21,715)
Finance costs		-	(2)	(1)
Total payments		(60,384)	(46,984)	(47,707)
Receipts				
Reimbursements from the Crown		119	-	69
Sale of goods and services		16,458	46,985	69,317
Interest received		86	30	77
Grants and other contributions		378	6,284	12,512
Total receipts		17,041	53,299	81,975
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	(43,343)	6,315	34,268
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	11	(937)	(8,934)	(5,882)
Redemption of investments	10	-	116	30,000
NET CASH FLOWS FROM INVESTING ACTIVITIES		(937)	(8,818)	24,118
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of principal portion of lease liabilities		(7)	(12)	(148)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(7)	(12)	(148)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(44,287)	(2,515)	58,238
Opening cash and cash equivalents		80,816	38,604	22,578
CLOSING CASH AND CASH EQUIVALENTS	6	36,529	36,089	80,816

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 2022

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 2022 are authorised for issue by the Chief Executive Officer on the date the Statement by the Executive 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.

The financial statements are prepared on a going concern basis.

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.

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 2022

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

(e) 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 2021-22 following a review in accordance with TPG 22-06 NSW Treasury Policy and Guideline: Financial reporting codes for NSW general government sector (NSW GGS) entities.

- Restated 2021 inventory write down of \$3.4m from cost of sales in Note 2(b) Other operating expenses to Note 5 Other gains/(losses)
- Restated 2021 workers' compensation insurance expense of \$0.029m from other expense in Note 2(b) Other operating expenses to Note 2(a) Personnel services expenses
- Restated 2021 cashflow for grants and other contributions cash receipts of \$3.121m to sale of goods and services receipts in the Statement of cash flows to align with corresponding revenue movements in the Statement of comprehensive Income

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

(i) Effective for the first time in 2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year, except as a result of the following new or revised Australian Accounting Standards (AAS) that have been applied for the first time in 2021-22. There is no material impact from the application of these new standards.

- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform –Phase 2*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities*

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2023)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* (effective from 1 January 2022)
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective from 1 January 2022)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (effective from 1 January 2023)

The Corporation has assessed any potential impact on the financial statements due to these new accounting standards or interpretations and found that there will be no financial impact when implemented. However, when AASB 2021-2 is adopted there will be a disclosure amendment due to the change in the presentation of accounting policies as "material accounting policies" instead of "significant accounting policies".

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

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

(g) Impact of COVID-19 on financial reporting for 2021-22

The COVID-19 pandemic caused a decrease in the Corporation's parking revenue as compared to the pre COVID-19 years. An insurance claim has been lodged but as the Newcastle area was only under formal restrictions for a small period of time, only a small proportion of the revenue loss is expected to be recovered from the insurer.

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 7.

As inventory and property, plant and equipment assets were subject to independent valuation processes, any impact of COVID-19 on carrying value has been taken into account in preparing these financial statements.

(h) Superannuation on annual leave loading

The Corporation has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

2. Expenses

(a) Personnel services expenses

	2022	2021
	\$'000	\$'000
Salaries and wages (including annual leave)	3,989	3,409
Long service leave	128	52
Superannuation - defined contribution plans	302	284
Workers' compensation insurance	18	29
Payroll tax and Fringe benefits tax	212	185
	4,649	3,959

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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

2. Expenses (cont'd)

(b) Other operating expenses

	2022	2021
	\$'000	\$'000
External audit of the financial statements	82	86
Cost of sales*	7,686	42,419
Remediation expenditure - Note 3(e)	4,803	2,353
Asset management	2,669	3,182
Revitalisation project costs	1,527	854
Fees for services	1,490	1,449
Public infrastructure expenditure	733	8,906
Cockle Creek containment cell maintenance - Note 16	687	1,282
Site disposal costs	437	119
Community information / liaison and promotion	333	425
Insurance	208	204
Contractors	192	564
Other occupancy expenses	183	31
Expenses related to leases of low-value assets	1	3
Expenses relating to short-term leases	-	3
Other	1,451	373
	22,482	62,253

*2021 inventory written down of \$3.4 million previously disclosed in cost of sales has been restated to Note 5.

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. The cost of sales varies each year depending on the carrying value and the number of sites sold or dedicated. The cost of sales in 2022 is lower than 2021 due to there being only one site dedication in the year as compared to a number of site disposals in 2020-21.

Remediation expenditure

The level of Kooragang Island remediation expenditure in 2022 increased compared to 2021 following a resumption of the delayed works due to environmental constraints.

Asset management

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.

Revitalisation project costs

Revitalisation project costs increased in 2022 compared to 2021 mainly due to a reimbursement of a public domain work completed by a developer. Other costs are primarily related to maintenance and event management and activation costs at the Station site.

Public infrastructure expenditure

Public infrastructure expenditure refers to the infrastructure works delivered on the public sites not owned by the Corporation. The 2022 costs are lower than in 2021 with only minor project completion costs being incurred in 2022 for Honeysuckle Park and Leagues Club Park. In 2021 this cost category included major construction costs for both sites.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

2. Expenses (cont'd)

(b) Other operating expenses (cont'd)

Recognition and measurement (cont'd)

Cockle Creek containment cell maintenance expense

The expense relates to maintenance costs incurred by the Waste Assets Management Corporation to maintain the containment cell on the site.

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.

(c) Depreciation and amortisation expense

	2022 \$'000	2021 \$'000
Depreciation:		
Buildings	783	683
Infrastructure systems	999	526
Plant and equipment	12	114
Right of use assets	7	143
Total depreciation	1,801	1,466

Refer to Note 11 for recognition and measurement policies on depreciation and amortisation and Note 12 for right of use assets depreciation policies.

(d) Grants and subsidies

	2022 \$'000	2021 \$'000
Asset transfers to Local Government	-	1,833
Newcastle Mines Grouting Fund (NMGF)	23	349
Newcastle Port Community Contribution Fund (NPCC)	-	450
Other contributions	153	-
	176	2,632

In 2021 the Corporation dedicated some land to the City of Newcastle. No such transfers occurred in 2022.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

2. Expenses (cont'd)

(e) Finance costs

	2022 \$'000	2021 \$'000
Effect of changes in discount rate on provisions - Note 16*	-	2,946
Interest expense from lease liabilities	-	1
	<u>-</u>	<u>2,947</u>

The 2021 effect of changes in discount rate on provisions is related to the provision for Cockle Creek containment cell maintenance. Refer to Note 16 for 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

	2022 \$'000	2021 \$'000
Sale of goods - inventories	2,500	57,872
	<u>2,500</u>	<u>57,872</u>

Recognition and measurement

The revenue recognised for the sale of inventories in 2022 is lower compared to 2021 due there being only the recognition of a portion of sales revenue on one site disposal in 2022 whereas a number of site sales were settled in 2021 (including \$33.5 million of revenue related to settlement of two sites at Cockle Creek).

Sale of goods

Revenue from sale of goods is recognised 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 (Note 9). The Corporation typically satisfies its performance obligations when the control of the good is transferred to the customer. 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

	2022 \$'000	2021 \$'000
Interest income from financial assets at amortised cost	86	77
Rental income	1,905	1,753
	<u>1,991</u>	<u>1,830</u>

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

3. Revenue (cont'd)

(b) Investment revenue (cont'd)

Recognition and measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e., after deducting the loss allowance for expected credit losses).

Rental income

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

(c) Grants and contributions

	2022	2021
	\$'000	\$'000
Grants without sufficiently specific performance obligations / milestones	378	12,962
	378	12,962

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 \$0.3 million of grants received from DPE in 2021-22 has no specific performance obligation and relate to funding being provided to cover some insurance costs and employee-related items.

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 to Note 8 for the 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 2022, the Corporation did not recognise revenue from volunteer services as the services would not be purchased if not donated.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

3. Revenue (cont'd)

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

	2022 \$'000	2021 \$'000
The following liabilities and expenses have been assumed by the Crown:		
Superannuation - defined benefits	2	4
Long service leave	117	65
	119	69

(e) Other income

	2022 \$'000	2021 \$'000
Remediation revenue – Crown - refer Note 2(b)	5,910	3,121
Other income*	1,536	2,884
	7,446	6,005

* Other income includes contributions received for the public infrastructure works, sundry reimbursements, insurance recoveries and car park and associated fine revenue.

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 when the Corporation satisfies a performance obligation by transferring the promised goods or services. Refer to Note 8 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

Summary of compliance:

The *Appropriation Act 2021 (Appropriations Act)* appropriated the sum of \$3.9 billion to the Minister for Planning out of the Consolidated Fund for the services of the Department of Planning (department) for the 2021–22 financial year. The spending authority of the Minister from the *Appropriations Act* has been delegated to the Secretary and subdelegated to Departmental Public Service employees, including those engaged to enable Cluster agencies to exercise their functions, such as the Corporation.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the *Government Sector Finance Act*, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister for deemed appropriation money has been delegated to the Secretary and then further sub-delegated to officers of the Corporation for expenditure on their services.

A summary of compliance is disclosed in the financial statements of the Annual Report of the department. It has been prepared on the basis of aggregating the spending authorities of both the Minister for Planning for the services of the department and the responsible Ministers for the services of other Cluster agencies which receive or recover deemed appropriation money. It reflects the status at the point in time this disclosure statement is being made. The Corporation's spending authority and expenditure is included in the summary of compliance.

The delegations for the 2020-21 and 2021-22 financial years authorising officers of the Corporation to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the Corporation. However, as it relates to expenditure in reliance on a sum appropriated through an annual *Appropriations Act*, the delegations are referrable to the overall authority to spend set out in the relevant *Appropriations Act*. The individual transaction limits have been properly observed. The information in relation to the limit from the *Appropriations Act* is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the department.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

4. Gains/(losses) on disposal

	2022	2021
	\$'000	\$'000
Written down value of assets disposed	-	(29)
	<u>-</u>	<u>(29)</u>

5. Other gains / (losses)

	2022	2021
	\$'000	\$'000
Legal obligations	(24,000)	-
Release of containment cell maintenance provision - Note 16	35,569	-
Write downs of inventories	(478)	(3,400)
Reversal of prior period inventory write downs	2,114	-
	<u>13,205</u>	<u>(3,400)</u>

*2021 inventory write down of \$3.4 million has been restated from Note 2(b) cost of sales.

Recognition and measurement

Impairment losses on inventories assets

Impairment losses may arise on inventory assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to the inventory impairment losses are disclosed in the Note 9.

Legal obligations

There was a payment made in relation to legal obligations.

Release of containment cell maintenance provision

The containment cell maintenance provision has been reviewed at the end of the reporting period and adjusted to reflect the current best estimate of the long term costs to maintain the cell.

6. Current assets - cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and on hand - refer Note 14*	36,529	50,079
Short-term deposits - refer Note 14	-	30,737
	<u>36,529</u>	<u>80,816</u>

*2022 Cash at bank includes a restricted cash balance of \$0.083 million for which the original balance transferred from a short-term deposit account upon maturity during the year. Refer to Note 14 for details.

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits with original maturities of three months or less.

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)	36,529	80,816
Closing cash and cash equivalents (per statement of cash flows)	<u>36,529</u>	<u>80,816</u>

Refer to Note 24 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

7. Current assets - receivables

	2022	2021
	\$'000	\$'000
Trade receivables	238	943
Allowance for expected credit losses*	(5)	(21)
Goods and Services Tax recoverable	979	857
Prepayments	-	6
Accrued income	33	98
Sundry receivables	-	715
	1,245	2,598

*Movements in the allowance for expected credit losses:

Balance at the beginning of the year	21	30
Increase / (decrease) in allowance recognised in net results	(16)	(9)
Balance at the end of the year	5	21

Refer to Note 24 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.

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.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

8. Contract assets and liabilities

	2022 \$'000	2021 \$'000
Contract liabilities - current	703	-
	<u>703</u>	<u>-</u>
Contract receivables (included in Note 7)	238	943

Recognition and measurement

The balance of contract liabilities at 30 June 2022 comprised of \$0.49 million 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) and \$0.22 million external contribution received in advance for road works not yet completed. 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 7 for the revenue accrued at 30 June 2021 yet to be invoiced.

	2022 \$'000	2021 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	712
Revenue recognised from performance obligations satisfied in previous periods	5,910	2,612
Transaction price allocated to the remaining performance obligations from contracts with customers	<u>703</u>	<u>-</u>

The transaction price allocated to the remaining performance obligations in 2022 comprised of the remediation works at Kooragang Island and an external contribution towards road works to be completed at Mt. Penang.

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

for the year ended 30 June 2022

9. Current / non-current assets – inventories

	2022	2021
	\$'000	\$'000
Current inventories		
Held for distribution - at cost	3,137	7,663
Held for sale - at cost	6,841	33,003
Held for sale - at net realisable value	10,959	-
	20,937	40,666
Non-current inventories		
Held for distribution - at cost	13,313	879
Held for sale - at cost	43,812	28,604
	57,125	29,483
Total inventories	78,062	70,149

Details of inventories:

	Held for sale	Held for sale	Held for	Held for	
	Current	Non-current	distribution	distribution	
	\$'000	\$'000	Current	Non-current	Total
			\$'000	\$'000	\$'000
Year ended 30 June 2022					
Net carrying amount at beginning of year	33,003	28,604	7,663	879	70,149
Additions - development costs	3,474	2,424	76	7,989	13,963
Disposals	-	(4)	(7,682)	-	(7,686)
Reclassification between inventories	(20,791)	13,266	3,080	4,445	-
Revaluation (decrement) / reversal	2,114	(478)	-	-	1,636
Net carrying amount at end of year	17,800	43,812	3,137	13,313	78,062

	Held for sale	Held for sale	Held for	Held for	
	Current	Non-current	distribution	distribution	
	\$'000	\$'000	Current	Non-current	Total
			\$'000	\$'000	\$'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	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

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

9. Current / non-current assets – inventories (cont'd)

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.

Preston Rowe Patterson Newcastle and Central Coast Pty Limited undertook a revaluation of land inventory as at 31 March 2022 and has issued a confirmation letter stating no revaluation change as at 30 June 2022. This revaluation has resulted in a reversal of prior year decrements by \$2.43 million as at June 2022. Refer Note 5 for details.

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

	2022 \$'000	2021 \$'000
Investments - Term Deposits		
Balance at beginning of year	-	30,000
Redemptions during the year	-	(30,000)
Balance at end of the year	-	-

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 2022

11. 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 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 1 July 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
Year ended 30 June 2022					
Net carrying amount at beginning of year	52,726	41,710	40	-	94,476
Additions	-	815	122	-	937
Net revaluation increment	6,580	1,522	-	-	8,102
Depreciation expense - assets owned	(783)	(999)	(12)	-	(1,794)
Net carrying amount at end of period	58,523	43,048	150	-	101,721
At 30 June 2022 - fair value					
Gross carrying amount	75,123	52,115	178	-	127,416
Accumulated depreciation and impairment	(16,600)	(9,067)	(28)	-	(25,695)
Net carrying amount	58,523	43,048	150	-	101,721

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

for the year ended 30 June 2022

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

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

	Land and buildings \$'000	Infrastructur e systems \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'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 beginning 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 1 July 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
Period ended 30 June 2022					
Net carrying amount at beginning of year	21,005	41,710	40	-	62,755
Additions	-	815	122	-	937
Net revaluation increment	3,945	1,522	-	-	5,467
Depreciation expense - assets owned	-	(999)	(12)	-	(1,011)
Net carrying amount at end of period	24,950	43,048	150	-	68,148
At 30 June 2022 - fair value					
Gross carrying amount	24,950	52,115	178	-	77,243
Accumulated depreciation and impairment	-	(9,067)	(28)	-	(9,095)
Net carrying amount	24,950	43,048	150	-	68,148

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

for the year ended 30 June 2022

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

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

	Buildings \$'000	Total \$'000
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 increment	3,652	3,652
Depreciation expense	(683)	(683)
Net carrying amount at end of year	31,721	31,721
At 1 July 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
Year ended 30 June 2022		
Net carrying amount at beginning of year	31,721	31,721
Net revaluation	2,635	2,635
Depreciation expense	(783)	(783)
Net carrying amount at end of period	33,573	33,573
At 30 June 2022 - fair value		
Gross carrying amount	50,173	50,173
Accumulated depreciation and impairment	(16,600)	(16,600)
Net carrying amount	33,573	33,573

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

11. 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%
General plant and equipment	14% - 25%
Office furniture and fittings	10%
Leasehold improvements	Over the period of the lease

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

11. 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 Corporation has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained at Note 12.

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 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). TD21-05 and TPP 21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and 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 13 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 revalued on interim basis by Preston Rowe Patterson Newcastle and Central Coast Pty Limited as at 31 March 2022. The valuer has issued a confirmation letter stating no changes to the revaluation results as at 30 June 2022.

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 2022

11. 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 2022

12. Leases

A. Leases as a lessee

The Corporation leases 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 the 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 present 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 2021	-	6	6
Additions	-	4	4
Depreciation expense	-	(7)	(7)
Balance at 30 June 2022	-	3	3

	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

(b) Lease liabilities

The following table presents liabilities under leases

	2022	2021
	\$'000	\$'000
Balance at 1 July	6	153
Additions	4	-
Interest expenses	-	1
Payments	(7)	(148)
Balance at end of the year	3	6

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

12. 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:

	2022	2021
	\$'000	\$'000
Depreciation expense of right-of-use assets	7	143
Interest expense on lease liabilities	-	1
Expense relating to short-term leases	-	3
Expense relating to leases of low-value assets	1	3
Total amount recognised in the statement of comprehensive income	8	150

The Corporation had total cash outflows for leases of \$0.01 million in 2022 (2021: \$0.16 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.

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 3 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.

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.

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.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

12. Leases (cont'd)

Recognition and measurement (cont'd)

Lease liabilities (cont'd)

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.

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.

B. Leases as a lessor

Some of the Corporation's properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

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

	2022	2021
	\$'000	\$'000
Future minimum lease receipts under non-cancellable operating leases as lessor:		
Not later than one year	1,258	949
Later than one year and not later than five years	1,670	2,052
Later than five years	202	299
Present value of minimum lease payments	3,130	3,300

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 2022

13. 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

2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 11)				
Land and buildings	-	24,950	33,573	58,523
Infrastructure systems	-	-	43,048	43,048
	-	24,950	76,621	101,571
2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 11)				
Land and buildings	-	21,005	31,721	52,726
Infrastructure systems	-	-	41,710	41,710
	-	21,005	73,431	94,436

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

(b) Valuation inputs, techniques and processes

In March 2022, Preston Rowe Patterson Newcastle and Central Coast Pty Limited undertook an interim revaluation of the land, buildings and infrastructure system assets and has confirmed no changes to the revaluation results as at 30 June 2022.

The valuation is compliant with the relevant requirements as set out in Treasury Policy paper TPP 21-09, Treasury Direction TD21-05 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: current replacement 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.

The following inputs have been considered in this valuation process. These include:

- Property attributes e.g., location, construction type, condition, age, building areas,
- Price per square metre for the building derived from Rawlinsons Construction Handbook and research of actual costs for comparable assets,
- Quoted prices for similar assets or liabilities in active and non-active markets,
- Market trends and economic outlook, and

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

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

Method of valuation: depreciated replacement cost approach (cont'd)

- Total and remaining economic life.

Relationship of unobservable inputs to fair value

Unobservable inputs have an impact on the fair value of building assets. The fair value of buildings may increase if construction costs increase. The fair value of buildings will increase if the useful life of the building increases (e.g. due to refurbishment). The fair value of buildings will generally decrease as the building deteriorates in condition.

The replacement cost of each heritage item has been assessed in line with Treasury Policy Accounting Policy TPP21-09 Valuation of Physical Non-Current Assets at Fair Value. The gross replacement cost has been determined using inputs referred to above. The remaining economic life in terms of years for each asset individually based upon the total economic life, condition, upgrades/renovations and other building attributes.

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
2022	Buildings \$'000	Infrastructure \$'000	\$'000
Fair value as at 1 July 2021	31,721	41,710	73,431
Additions	-	815	815
Net revaluation increment	2,635	1,522	4,157
Depreciation	(783)	(999)	(1,782)
Fair value as at 30 June 2022	33,573	43,048	76,621

			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	(1,834)	(1,833)
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	31,721	41,710	73,431

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

14. Restricted assets

	2022 \$'000	2021 \$'000
Lake Macquarie perpetual care fund	83	30,737
	<u>83</u>	<u>30,737</u>

The Lake Macquarie perpetual care fund is recognised as a restricted cash 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 6 Cash and cash equivalents.

The balance of the fund has decreased since June 2021 due to expenditure incurred across the site for major works to enable subdivision and development as well as other allowable costs incurred by the Corporation that were reimbursed from the fund.

15. Current liabilities - payables

	2022 \$'000	2021 \$'000
Personnel services - accrued salaries and wages	63	51
Creditors	4,320	4,829
Goods and Services Tax payable	290	82
	<u>4,673</u>	<u>4,962</u>

Refer to Note 24 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.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

16. Current / non-current liabilities – provisions

	2022 \$'000	2021 \$'000
Provisions - current liabilities		
Personnel services - annual leave	333	250
Personnel services - on-costs	156	125
Provision for remediation	-	89
	489	464
Personnel services benefits expected to be settled within 12 months from reporting date		
Annual leave	333	250
	333	250
Other provisions - non-current liabilities		
Provision for Cockle Creek containment cell maintenance	31,430	66,999
Total	31,430	66,999
Total Provisions	31,919	67,463
Aggregate personnel services		
Provisions - current liabilities	489	375
Personnel services - accrued salaries, wages and on-costs (Note 15)	63	51
	552	426

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*. The provision was reviewed as at 30 June 2022 and adjusted to reflect the current best estimate.

Movement in provisions (other than employee benefits)

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

	Containment cell maintenance provision \$'000	Remediation provision \$'000
2022		
Carrying amount at the beginning of the year	66,999	89
Additional provisions recognised	687	-
Amounts used	(687)	(89)
Unused amounts reversed	(35,569)	-
Change in the discount rate	-	-
Carrying amount at the end of the period	31,430	-

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

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

Movement in provisions (other than employee benefits) (cont'd)

	Containment cell maintenance provision \$'000	Remediation 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	-

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 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. 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 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 2022

16. 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.

17. Borrowings

	2022 \$'000	2021 \$'000
Current		
Lease liability (see Note 12)	3	4
	3	4
Non-current		
Lease liability (see Note 12)	-	2
	-	2

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 24.

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 2020	153	153
Cash flows - repayments	(148)	(148)
Cash flows - interest additions	1	1
Balance at 30 June 2021	6	6
Cash flows - repayments	(7)	(7)
Cash flows - interest additions	-	-
Addition - lease extension	4	4
Balance at 30 June 2022	3	3

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

18. Other liabilities

	2022 \$'000	2021 \$'000
Current		
Security deposits	22	7
	<u>22</u>	<u>7</u>
Non-current		
Security deposits	86	86
	<u>86</u>	<u>86</u>

19. Equity

	2022 \$'000	2021 \$'000
Assets		
Inventories - land	-	7,500
Net assets increased from equity transfers	<u>-</u>	<u>7,500</u>

The 2021 equity transfer relates to an ERC decision in August 2020 which approved the transfer of the former Mitre 10 site in Mann St Gosford from the Land and Housing Corporation to the Corporation 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.

20. Commitments

	2022 \$'000	2021 \$'000
Commitments - expenditure		
(a) Capital		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than 1 year	434	64
Later than 1 year but not later than 5 years	303	-
Later than 5 years	-	-
Total (including GST)	<u>737</u>	<u>64</u>

21. Contingent liabilities and contingent assets

There are no known contingent assets or liabilities as at the reporting date.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

22. 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:

	2022	2021
	\$'000	\$'000
Net cash used on operating activities	(43,343)	34,268
Depreciation and amortisation	(1,801)	(1,466)
Assets transferred free of charge	(7,682)	(2,751)
Increase/(Decrease) in inventories	15,595	(27,491)
(Decrease) in receivables	(1,353)	(32)
Decrease in creditors	274	132
Decrease/(Increase) in provisions	35,544	(1,320)
(Increase)/Decrease in contract liabilities	(703)	712
Net result	(3,469)	2,052

23. Budget review

Net result

The net result is favourable to budget by \$21.3 million primarily as a result of:

- Sale of goods and services is lower than the budget by \$37.7 million. The budget of \$40.25 million assumed that all remaining sites at Cockle Creek would be sold along with three other sites in Newcastle and on the Central Coast. None of the budgeted site disposals occurred in 2021-22 however contracts were exchanged on three sites which will settle in 2022-23 and the final component of a site disposal from 2020-21 was also received in 2021-22 (\$2.5 million).
- Grants and contributions are lower than budget by \$5.7 million there being no claims paid from the Newcastle Mines Grouting Fund. The only grant funding received in 2021-22 was some funding for insurance payments along with a small amount of cost recovery associated with the review of the Newcastle Mines Grouting Fund.
- Investment revenue is lower than the budget by \$0.13 million which is as a result of slightly lower rental income being received compared to the original budget.
- Other income is \$0.41 million lower than budget which is due to some delays on the remediation works at Kooragang Island (and hence lower revenue recovery) due to wet weather conditions in the latter part of the year. The lower remediation revenue was partially offset by the receipt of an unbudgeted contribution for works undertaken by the Corporation for a third party.
- Other operating expenses are \$46.8 million lower than budget due to the deferral of a number of site disposals to future years (as noted above for sale of goods and services revenue). The deferral means that the associated land value (\$43 million) will be expensed in a future year upon disposal of the sites. There were also some lower costs associated with seawall works (\$5.3 million) and remediation expenditure (\$1.2 million) which were then partially offset by additional land disposal costs (\$0.6 million, associated with land releases and marketing) and additional unbudgeted maintenance costs at the Cockle Creek site (\$0.7 million).
- Grants and subsidies expenditure was \$5.4 million lower than budget due to no claims being made on the Newcastle Mines Grouting Fund.
- Personnel services expenses were below budget by \$0.5 million due to a number of vacant positions in the second half of the year.
- Depreciation and amortisation costs were over budget by \$0.4 million due to asset revaluation increases in 2020-21 and 2021-22 resulting in a higher depreciable asset base partially offset by the reclassification of some operating leases to finance leases.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

23. Budget review (cont'd)

- Other gains and losses were \$13.2 million above budget with a partial reversal of the provision for long term maintenance of the contamination containment cell at Cockle Creek (\$35.6 million) due to changes in maintenance cost estimates and movements in the discount rate as well as the reversal of a prior year inventory decrement (\$2.11 million). The above gains were partially offset by other losses.

Assets and liabilities

The net asset position is \$38.7 million favourable to the budget primarily due to:

- The value of other financial assets was \$30.7 million below budget due to the Cockle Creek containment cell perpetual care fund was budgeted as other financial asset while the actual balance of \$0.083 million is included in the cash balance.
- The net inventory position was \$40.7 million higher than budget which is primarily related to the deferral of land sales to future years (impacting on inventory balances by around \$43 million as noted above in other operating expenses).
- Provisions decreased by \$32.5 million compared to budget due to the recalculation of the net present value of the long term costs to maintain the contamination containment cell at Cockle Creek.

Cash flows

Net cash flows from operating activities were \$49.7 million unfavourable to budget as a result of:

- Cash payments to suppliers were \$13.2 million unfavourable due to higher inventories and other operating expenditures compared to budget
- Cash inflows for the sale of goods and services were unfavourable than budget by \$30.5 million mainly due to the deferral of site sales into future years.
- Other receipts were 6.0 million unfavourable mainly due to recovery deferral for the remediation works delayed.

Net cash flows from investing activities are \$8.0 million favourable to budget due to there being some delays on the main construction works at Mount Penang due to the ongoing inclement weather throughout 2021-22.

Hunter and Central Coast Development Corporation

Notes to the financial statements (cont'd)

for the year ended 30 June 2022

24. 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
			2022	2021
			\$'000	\$'000
<u>Financial assets</u>				
Cash and cash equivalents	6	Amortised cost	36,529	80,816
Receivables ¹	7	Amortised cost	266	1,735
<u>Financial Liabilities</u>				
Payables ²	15	Financial liabilities measured at amortised cost	4,383	4,880
Borrowings	17	Financial liabilities measured at amortised cost	3	6

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 2022

24. 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 2022

24. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The loss allowance for trade debtors as at 30 June 2022 and 30 June 2021 was determined as follows:

30 June 2022						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate*	0.00%	2.50%	0.00%	0.00%	5.31%	1.98%
Estimated total gross carrying amount at default	121	45	-	-	65	231
Expected credit loss	-	1	-	-	3	5

30 June 2021						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate*	0.0%	2.27%	0.0%	0.0%	5.54%	2.31%
Estimated total gross carrying amount at default	450	132	3	-	325	910
Expected credit loss	-	3	-	-	18	21

Notes

*Expected credit loss rate 5.31% 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 7.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2022 and 30 June 2021. 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 2021 to 30 June 2022 (2021: 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 2022

24. 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 2022								
Trade creditors and accruals	N/A	4,383	-	-	4,383	4,383	-	-
Lease liabilities	N/A	3			3	3		
		4,386	-	-	4,386	4,386	-	-
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	-	-

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 2021. 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 2022

24. 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 2022					
<i>Financial assets</i>					
Cash and cash equivalents	36,529	(365)	(365)	365	365
Receivables ¹	266	(3)	(3)	3	3
<i>Financial liabilities</i>					
Payables	4,383	44	44	(44)	(44)
Borrowings	3	0	0	(0)	(0)
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)

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.

25. 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 2022

26. Related party disclosure

(a) Key management personnel compensation

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

	2022	2021
	\$'000	\$'000
Short-term employee benefits	130	146
Post-employment benefits	5	12
Total remuneration	<u>135</u>	<u>158</u>

The above key management personnel compensation excludes the Minister for Planning and Homes. 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 during the period.

(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 period.

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

During the period, 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 and Environment of \$0.3 million (2021: \$12.4 million)
- Personnel service expenses transacted from the Department of Planning and Environment of \$4.6 million (2021: \$3.9 million), of these, \$0.06 million (2021: \$0.05 million) is recognised as accrued expense and \$0.5 million (2021: \$0.4 million) recognised as provisions for annual leave and on-costs at year end
- Corporate shared service expense from the Department of Planning and Environment of \$1.0 million (2021: \$1.0 million)
- Remediation revenue from Crown of \$5.9 million (2021: \$3.1 million), and a contract liability of \$0.5 million (2021: \$0.5 million receivable)
- Contaminated land containment cells maintenance fees charged from Waste Assets Management Corporation of \$0.7 million (2021: \$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 and other NSW government entities.

27. Events after the reporting period

The Corporation is regularly assessing 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. Given continued uncertainty of the COVID-19 pandemic factor, it is possible that post 30 June 2022 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
Purpose, scope and objectives	Page 8
Access	Inside cover
Management and structure	Pages 9
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 plan	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	Appendix B (ix)
Disclosure of controlled entities	HCCDC has no controlled entities
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)
Work health and safety	Appendix B (xvi)
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
Committee for the Hunter	10,000	Committee Membership 2021-21
UDIA NSW	3,409	UDIA 12 Month Membership 2021-22
Business Hunter	3,341	Hunter First Silver Membership 2021-22
Newcastle Afoot	36,000	Newcastle Afoot Sponsorship 2021
New Annual Festival	20,000	New Annual Festival 2022 Sponsorship
Big Picture Fest	50,000	Big Picture Festival 2022 Sponsorship
TOTAL	122,750	

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

Global and Australian economic conditions started to improve during the latter part of 2021-22 with certain parts of the economy recovering faster from the 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 as evidenced by our latest valuation.

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
- Personnel Policies and Practices
- Performance and Numbers of Executive Officers
- Industrial Relations Policies and Practices
- Workforce Diversity
- Disability Inclusion Action Plan
- Multicultural Policies and Services Program
- Work Health and Safety
- Privacy Management Plan
- 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

	2021-2022	2020-2021
Ongoing	17	19
Temporary	6	5
Casual	0	0
Executive	4	2
TOTAL	27	26

NB: Headcount data reported at end of reporting period

Numbers and Remuneration of Senior Executives

	2021-22		
	Female	Male	Total
Band 4 Secretary	-	-	-
Band 3 Group/Deputy Secretary	-	-	-
Band 2 Executive Director	1	-	1
Band 1 Director	3	0	3
Total	4	0	4

NB: These are Senior Executive statistics as of 30 June 2022. This data is based solely on senior executives in their substantive role and band level.

Average Remuneration of Senior Executives

	2021-2022	
	Range (\$)	Average Remuneration (\$)
Band 4 Secretary		
Band 3 Group/Deputy Secretary		
Band 2 Executive Director	-	\$289,710
Band 1 Director	\$208,519 - \$231,801	\$223,819

33.1% of HCCDC employee-related expenditure in 2021-22 was related to Senior Executives

Exceptional Movements in Remuneration

- Exceptional movements in wages, salaries or allowances
- Nil in 21-22

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.

Workforce diversity

Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2020	2021	2022
Women	50%	68.0%	61.5%	69.2%
Aboriginal and/or Torres Strait Islander People	3.3%	0.0%	0.0%	3.8%
People whose First Language Spoken as a Child was not English	23.2%	8.0%	0.0%	0.0%
People with Disability	5.6%	0.0%	0.0%	0.0%
People with Disability Requiring Work-Related Adjustment	N/A	0.0%	0.0%	0.0%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Trends in the Distribution Index for Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2020	2021	2022
Women	100	N/A	N/A	N/A
Aboriginal and/or Torres Strait Islander People	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

(iv) Land Disposal

HCCDC had no land disposals during 2021-22.

(v) Consumer Response

If complaints about HCCDC are received through the DPE Feedback Assist platform, they will be managed under the Department's complaint handling process and will be included in the Department's statistical information.

(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	4,962,511	4,222,318	48,298	1,734	69,352
December	3,208,762	936,612	251,711	19,183	98,812
March	4,423,649	1,287,384	249,086	83,564	21,017
June	9,429,990	2,496,551	517,372	117,350	360,386

Small Business Suppliers					
September	9,516	40,271	-	-	-
December	10,008	42,342	8,657	-	1,100
March	21,884	9,607	1,782	-	-
June	22,613	6,535	-	-	-

Measure	Sep 2021	Dec 2021	Mar 2022	Jun 2022
All Suppliers				
Number of accounts due for payment	388	353	297	410
Number of accounts paid on time	285	257	215	270
Actual percentage of accounts paid on time (based on number of accounts)	73.5%	72.8%	72.4%	65.9%
Dollar amount of accounts due for payment	9,304,212	4,515,079	6,064,700	12,921,648
Dollar amount of accounts paid on time	4,962,511	3,208,762	4,423,649	9,429,990
Actual percentage of accounts paid on time (based on \$)	53.3%	71.1%	72.9%	73.0%
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	20	18	12	21
Number of accounts due to small businesses paid on time	8	10	6	14
Actual percentage of small business accounts paid on time (based on number of accounts)	40.0%	55.6%	50.0%	66.7%
Dollar amount of accounts due for payment to small businesses	49,787	62,107	33,273	29,148
Dollar amount of accounts due to small businesses paid on time	9,516	10,008	21,884	22,613
Actual percentage of small business accounts paid on time (based on \$)	19.1%	16.1%	65.8%	77.6%
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 and Environment (the Department) supports the Hunter and Central Coast Development Corporate (HCCDC) to manage risks.

In 2021-22, 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.

During 2021-22 several improvements were made to the framework which flowed to HCCDC. These included conducting a risk maturity assessment, the drafting of a risk appetite statement for the Department, and the commencement of a project to provide an enterprise governance, risk, and compliance system. Further to these developments, quarterly risk reporting to HCCDC Audit and Risk Committee was undertaken 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.

HCCDC utilises the Department of Planning and Environment's Business Continuity Management (BCM) process, which is based on *ISO22301:2019*. The process has been rolled-out across all entities that make up the Planning and Environment Cluster who have employees employed in or through the Department and includes a comprehensive document suite to prepare for and respond to incidents and events that impact critical business operations.

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

In 2021-22, HCCDC utilised the BCM process as part of the Department's response to the challenges posed by the COVID-19 pandemic.

The Department became a Corporate Partner of the Business Continuity Institute (BCI) in 2021. Membership provides the opportunity for staff to become affiliate members of the BCI and access a wide range of business continuity tools and resources. Two HCCDC staff members became affiliate members of the BCI in 2021-22. Membership will help to build business continuity capability in HCCDC. Awareness training to support key staff has also been held.

(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 DPE 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 FY2021/22 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 2021-22 Internal Audit Plan.

The Audit and Risk Committee discharged its responsibilities under the Charter and met seven times during 2021-22.

Internal Audit and Risk Management Attestation Statement for the 2021-2022 Financial Year for the Hunter and Central Coast Development Corporation

I, Valentina Misevska, 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, Valentina Misevska, 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.



Valentina Misevska

Chief Executive
Hunter and Central Coast Development
Corporation

Date: 9 August 2022

Agency contact:
Suzette Gay
Director Audit
9289 6912

(ix) **Digital Information Security Annual Attestation Statement**

I, Valentina Misevska, Chief Executive, am of the opinion that the Hunter and Central Coast Development Corporation have managed cyber security risks via the Department of Planning and Environment in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

During the 2021-2022 financial year, the Department of Planning and Environment has completed independent audits of its Cyber Security Uplift Program, cyber security controls, and the department's maturity against the NSW Cyber Security Policy. These audits identified both positive progress and opportunities for improvement, consistent with the evolving cyber security threat landscape.

The Department of Planning and Environment has a Cyber Security Strategy in place to ensure continuous improvement and management of cyber security governance, risk, and resilience. Risks to the information and systems of DPE are continually assessed and managed through ongoing cyber security projects and business-as-usual initiatives.

The Department of Planning and Environment has a cyber security response plan that has been exercised during the 2021-2022 financial year. The plan will continue to be reviewed and tested to maintain its currency and effectiveness.

The Department of Planning and Environment's Digital Information Office has maintained compliance with the international security standard, *ISO 27001 Information Technology - Security techniques - Information security management systems*, as certified by an Accredited Third Party (BSI) during the 2021/2022 financial year (Certificate Number: IS 645082).

The Department will continue to harden its technology environments and increase awareness of cyber security and privacy risks for all staff.

Valentina Misevska

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**

	2022-23 (\$000)
	Budget
Expenses Excluding Losses	
Operating Expenses -	
Employee Related	-
Personnel Services Expenses	5,480
Other Operating Expenses	32,480
Grants and Subsidies	11,065
Depreciation and Amortisation	1,830
Finance Costs	-
Total Expenses Excluding Losses	50,855
Revenue	
Cluster Grant Revenue	11,065
Sales of Goods and Services	18,621

Grants and Contributions	2,445
Investment Revenue	21
Other Revenue	2,079
Total Revenue	34,230
Other Gains/(Losses)	-
Net Result	(16,624)

(xii) Investment performance

HCCDC held no funds in investments during 2021-22

(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 the 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 and Environment.

Standing Order 52

Under Standing Order 52, the Parliament of NSW can order the production of Executive Government papers to the House.

In the 2021–22 financial year, there were no orders passed by the Legislative Council that required HCCDC to produce documents.

Privacy

Under Clause 6 of the Annual Reports (Departments) Regulation 2010, 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 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 2021-22, the Corporation received no applications for review under Part 5 of the PPIP Act.

(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 HCCDC is captured in the Department of Planning and Environment Annual Report as all Public Interest Disclosures are managed centrally by the department. There were no public interest disclosures made by HCCDC officials for the period 1 July 2021 to 30 June 2022.

(xv) Ethics and Integrity

The department revised its Code of Ethics and Conduct in March 2022. The Code is web-based and provides an accessible and up to date resource for all employees to understand and comply with their integrity related obligations. The revision of the Code followed extensive consultation with employees and community stakeholders. The Code shapes the way we act and work together as an organisation, to deliver outcomes for the NSW's growing and future communities.

Significant Code of Ethics and Conduct developments in the reporting period include:

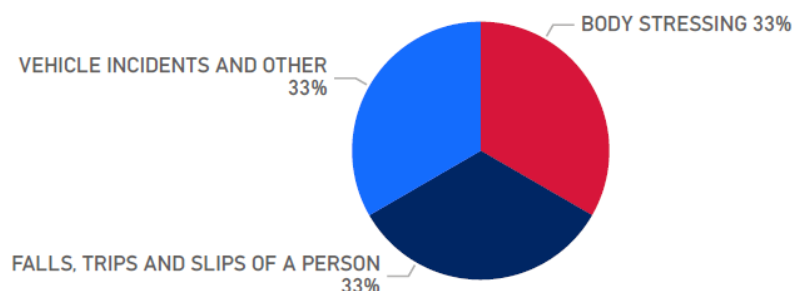
- **Conflicts of interest requirements relating to the NSW Biodiversity Offset Scheme Protocol** - The department implemented this protocol and delivered training and awareness across the department. The protocol outlines the mandatory requirements to address integrity risks and establishes rules for the consistent management of BOS conflict of interests.
- **Organisational compliance framework** – The framework is comprised of a compliance policy, procedure, and register. It ensures departmental compliance with key legislative and regulatory obligations in the performance of its functions.
- **Lobbying of government official's policy** – The lobbying policy was updated in response to the ICAC's public inquiry into lobbying, access, and influence in New South Wales. The revised policy aligns with the Premier's whole of government response to lobbying reform, which accepted 27 of the ICAC's recommendations to strengthen lobbying integrity measures across the State.
- **Ethics portal** – The department operates a centralised, automated declaration platform to make it easier for employees to submit their integrity related declarations and applications. Throughout 2021 – 2022, considerable enhancements were made to strengthen safeguards and enable a new range of reporting capabilities.

The Department continues to work in collaboration with central agencies, such as the NSW Ombudsman, the Audit Office of New South Wales, the Independent Commission Against Corruption, NSW Procurement, NSW Transport and NSW Treasury, to ensure leading practice guidance is continually revised, developed, and implemented.

(xvi) Work Health and Safety

No. of workers compensation claims	1
No. of claims with lost time	0
Mechanism of Injury	Vehicle accident
No. of safety incidents reported	3
No. of hazards reported	1

Mechanism of Safety Incidents reported



End of Annual Report
2021-22

Hunter and Central Coast
Development Corporation



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