2022-23 Annual Report

Hunter and Central Coast Development Corporation

Hunter and Central Coast Development Corporation

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30 November 2023

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 2022-23. 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

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

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

On the cover:
Cottage Creek, Honeysuckle

The interpretive artwork unveiled this year at Cottage Creek is a celebration of the Awabakal and Worimi people who cared for this land and shared the resources of the lower Hunter River.

'Layers of Us,' created by First Nations artist Jasmine Craciun, draws on the story of Honeysuckle. It is inspired by the artefacts that have been found in the area and the memory of a flourishing way of life.

Contents

Letter of submission

31 October 2023

The Hon. Paul Scully, MP
Minister for Planning and Public Spaces

Parliament House
52 Martin Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Report for the Hunter and Central Coast Development Corporation (HCCDC) for the year ended 30 June 2023, for tabling in Parliament by 30 November 2023.

This report has been prepared in accordance with the annual reporting provisions (Division 7.3) of the Government Sector Finance Act 2018 (GSF Act) and Treasury Policy and Guidelines 23-10 Annual Reporting Requirements (TPG23-10).

Yours sincerely,

V. Misevska

Valentina Misevska

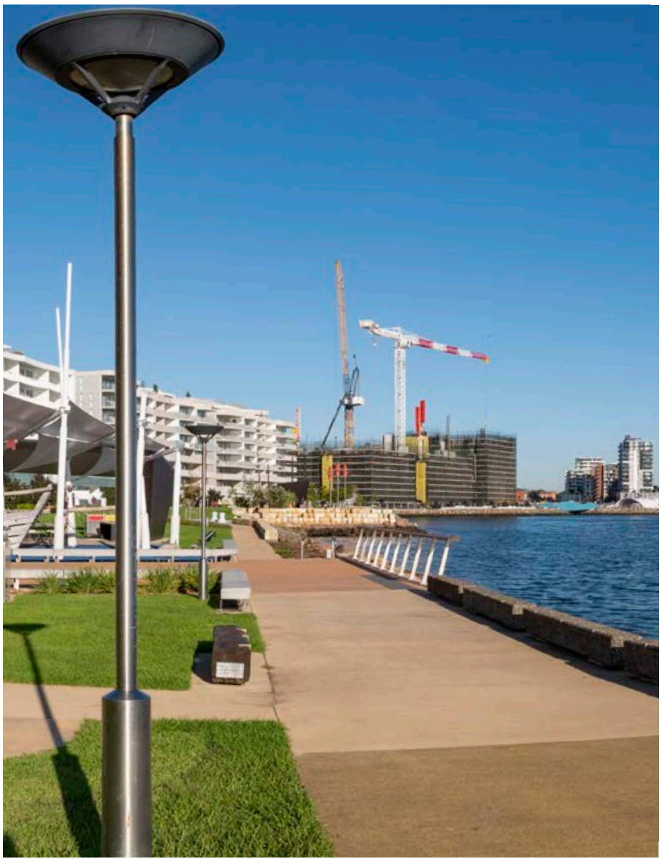
Chief Executive
Hunter and Central Coast Development Corporation

Valentina Misevska
Chief Executive, HCCDC

Chief Executive report

It's always a pleasure to look back on the last 12 months and observe just how much this small but dedicated HCCDC team has achieved.

From generating housing and employment opportunities, to delivering vibrant public spaces and lasting environmental benefits, 2022-23 saw us continue to drive growth in the Hunter and Central Coast communities.



In Newcastle, we progressed planning to transform the final Honeysuckle lands into a magnetic mixed-use destination for everybody to enjoy. With a focus on placemaking and excellence, 'Honeysuckle HQ' will deliver new housing, employment and recreation opportunities. This year we progressed the process to seek a development partner to help deliver the precinct and sought and received more detailed proposals for assessment.

I was also pleased to see HCCDC complete the 13-year remediation and rehabilitation of former BHP Steelworks sites around the Port of Newcastle. This has been a challenging yet rewarding project, the outcomes of which will support the port's economic diversification and open opportunities for a clean energy precinct.

We also reached a major milestone on the Central Coast in March 2023, completing the final stage of $16-million infrastructure works at the Mount Penang Parklands. Over the last 5 years, we've upgraded roads, pedestrian safety and other services, not only improving conditions for visitors but supporting future activity at the Parklands.

December 2022 saw a development deed signed between HCCDC and the University of Newcastle to build a state-of-the-art campus on HCCDC land in Gosford. We have played a key role in this project that will deliver new education opportunities, jobs and services on the Central Coast.

We love opening new public spaces for the community, and in Newcastle's Honeysuckle precinct we unveiled the new-look Cottage Creek and landscaped green space.

We also cut the ribbon on a stunning new footbridge over Cottage Creek in July 2022. Linking 11 km of walkway along our iconic waterfront, the bridge features Aboriginal artwork that tells the story of First Nation People's relationship with the harbour.

We're delivering economic benefits in Lake Macquarie, where we sold 2 sites to be operated as light-industrial tenancies in Cockle Creek. This development is expected to bring 100 new businesses and 500 jobs to the precinct, with potential uses including cafés, micro-breweries, manufacturing, technology start-ups and warehousing.

Looking ahead to 2023-24, HCCDC is set to continue delivering benefits for the people of the Hunter and Central Coast. I look forward to continuing our work to unlock opportunities and deliver region-shaping outcomes.

Valentina Misevska
Chief Executive, HCCDC

Overview

HCCDC is a NSW Government agency that creates thriving environments, communities and economies in the Hunter and Central Coast regions.

We sit within the Department of Planning and Environment'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.

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 drive economic growth in various ways, including repurposing under-utilised government land that will deliver jobs, housing choice and public spaces.

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

Aims and objectives

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 providing housing and employment opportunities, creating great public spaces, and attracting 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 in Lake Macquarie.

On the Central Coast, our projects include working with the University of Newcastle to bring a state-of-the-art campus to Gosford and the care and management of Mount Penang Parklands.

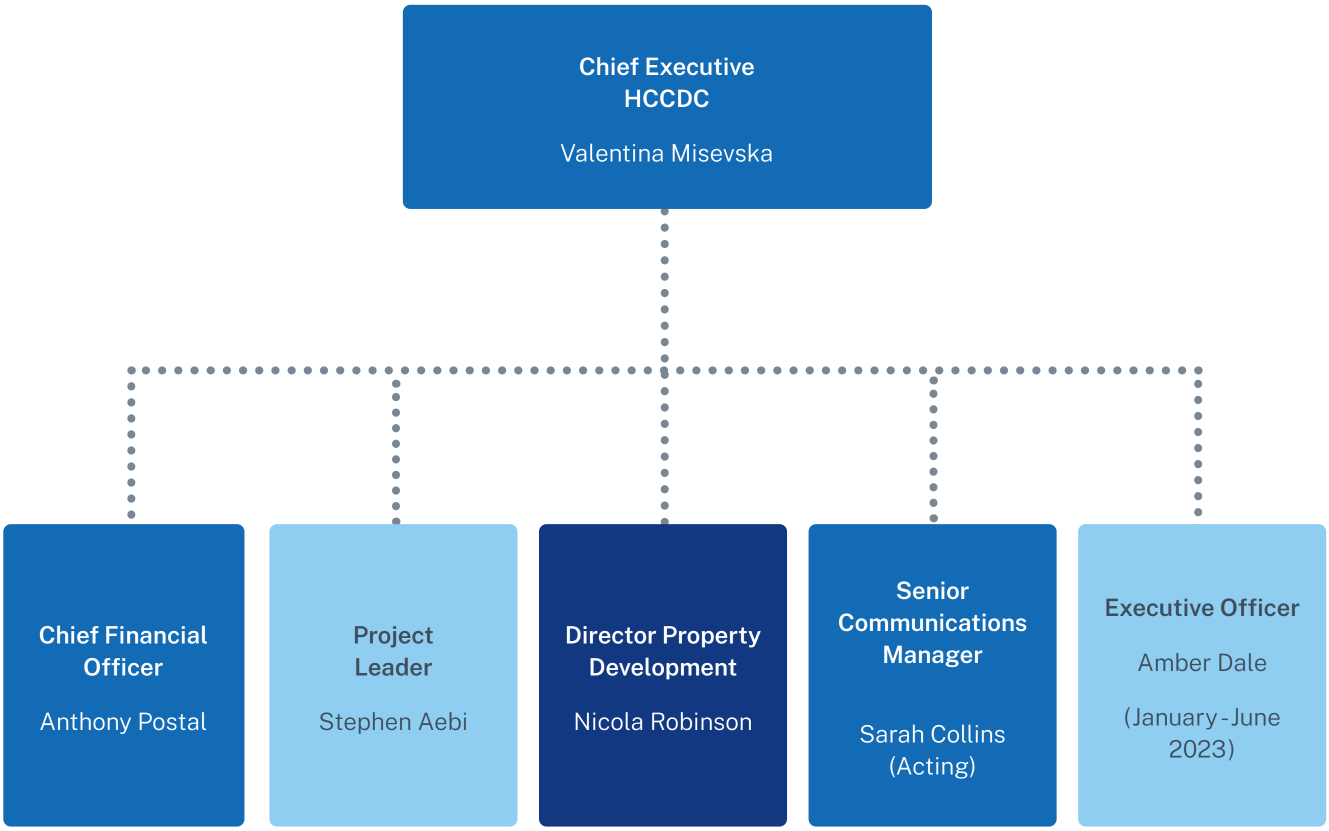
Our objectives are to:

- 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.

Management structure

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 2023

Operations and performance

HCCDC is focused on creating thriving communities, economies and environments in the Hunter and Central Coast regions.

Top 10 achievements 2022-23

Continued work on the precinct-shaping Honeysuckle HQ project by starting work to identify a development partner and seeking and receiving detailed proposals for assessment.

Reached a major milestone by completing the remaining capping works at Kooragang Island Waste Emplacement Facility. This is the culmination of 13 years' work and enables further economic diversification of the port.

Worked with University of Newcastle to enable a state-of-the-art campus to be built on HCCDC land in Gosford. This will attract new education opportunities, jobs and services to the Gosford city centre.

Completed major upgrades to Frank, Parklands and McCabe roads in Mount Penang, improving the visitor experience and supporting future activity.

Settled 2 light-industrial lots in Cockle Creek for employment purposes, expected to bring 100 new businesses and 500 jobs to the region.

Opened an architecturally designed bridge at Cottage Creek, linking 11 km of waterfront walking trail around Newcastle's harbour and beaches. The bridge also features Aboriginal artwork recognising First Nations Peoples' connection to the harbour.

Successful post-COVID reactivation of The Station, with a full building tenancy and regular large-scale community events.

Created landscaped green space at Cottage Creek north-east, featuring native trees, paved areas, feature seating, lighting and a transformed, more natural creek.

Completed the negotiation phase in Mount Penang's leasing Expression of Interest (EOI) process, achieving full occupancy at the parklands, supporting a range of activities and employment opportunities..

Worked with Transport for NSW to confirm the alignment of the Lower hunter Freight Corridor across our West Wallsend lands.

Newcastle projects

Newcastle's urban transformation continued through 2022-23, with several key projects underway or completed during this time.

Work centred on the Honeysuckle precinct, where HCCDC is identifying a development parter to transform the final waterfront lands.

We also delivered more attractive public spaces, including the next stage of the anticipated harbourside promenade and Cottage Creek.

Artist impression

Honeysuckle HQ

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

Artist impression

Artist impression

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.

In October 2022, we commenced the process to identify a development partner to help deliver Honeysuckle HQ, and received more detailed proposals for assessment.

Waterfront promenade and Cottage Creek

In July 2022, we completed the next stage of Honeysuckle's transformed waterfront promenade. Key to the project is a new walkway along the harbour, creating 11 km of uninterrupted pathway between Wickham and Merewether.

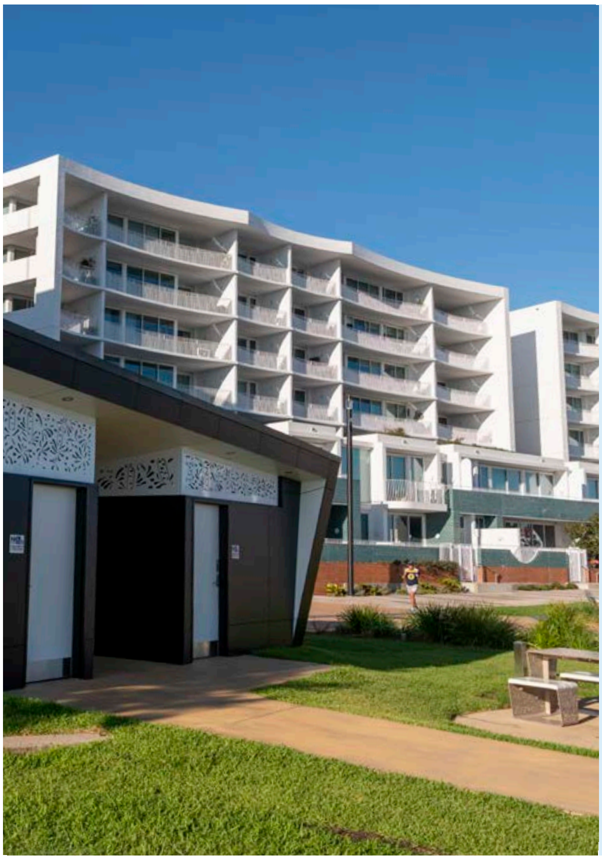
We created a stunning new footbridge, as well as landscaped green space incorporating native trees, paved areas, feature seating, edge barriers, lighting and water bubblers.

Cottage Creek itself was also transformed to look more natural. In an interesting first for the region, Hunter Water installed a collection of 3D printed tiles at the southern end of the creek to create a living seawall and aquatic habitat.

In April 2023, we unveiled interpretive artwork on the footbridge to celebrate the Awabakal and Worimi people who cared for this land and shared the resources of the lower Hunter River. 'Layers of Us,' created by artist Jasmine Craciun, is inspired by the artefacts that have been found in the area and creates a thought-provoking point of interest.

We worked with contractor Daracon Group to increase the rate of Aboriginal participation of the promenade 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.



Honeysuckle Park

In March 2023, we made improvements to Honeysuckle Park, a public space that we unveiled in 2021 and have since dedicated to City of Newcastle.

We worked with Council to deliver much-needed public toilet facilities near the play area, improving community amenity in the popular waterfront site.

Hope at Honeysuckle

We continued to work with Hope Estate in 2022-23 to progress their works at the Lee Wharf A building.

In February 2023, Hope lodged an application to Council to modify their existing development consent to include a steakhouse on the building's mezzanine. Works are expected to start later in 2023 with the venue to open mid-2024.

Hope at Honeysuckle will offer a local produce providore, a cellar door showcasing local wine, spirits and beer, tasting and masterclass experiences and a restaurant serving Angus steak directly from Hope's Hunter properties. The venue is expected to support an estimated 70 full-time equivalent jobs.

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 2022-23 on a range of exciting developments, including the following projects that we helped facilitate.

35 Honeysuckle Drive

Work continued on Doma's Huntington, a mixed-use offering at 35 Honeysuckle Drive.

Huntington will feature 86 residential apartments and a 1500-m^2 commercial floor with retail, restaurants and cafes.

42 Honeysuckle Drive

Doma is also delivering a luxury hotel and adjoining 5500-m^2 commercial office building at 42 Honeysuckle Drive. 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 and the hotel is expected to open its doors in early 2024.

45 Honeysuckle Drive

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

The development is expected to be completed late 2023.

UoN campus: 16 Honeysuckle Drive

University of Newcastle's Q Building marked the start of the University's masterplan for Honeysuckle. In 2022-23, it provided students with specialised spaces and technologies that enhance teaching, learning, and entrepreneurial experiences. It will soon be joined by a proposed student accommodation building on former HCCDC land.

The Station temporary activation

> HCCDC manages the temporary activation of The Station, Newcastle's historic former city railway precinct.

Since the removal of Newcastle's heavy rail line, the site has found new life as a celebrated pop-up community hub for shopping, recreation and events.

While the site's long-term future is being determined, its 'meanwhile' use as a community destination is continuing to grow in popularity. It attracts repeated visits from locals and tourists alike, and reached over 22,000 Facebook and Instagram followers this year.

In 2022-23, the site hosted a variety of events, including markets, fitness classes, family days and festivals. Major highlights included the World Pride dinner party on the platform, a Supercars 500 fan venue, the Sound Station music festival, and New Year's Eve celebrations.

The ground floor retail tenancies reached full capacity in 2022-23, with a mix of offerings including café goods, books, jewellery, homewares, clothing, beach supplies, e-bikes and art. Tenants also offered services such as music tuition, creative workshops and children's story times.

Our sponsorship of the 2022 New Annual Festival delivered a unique offering to The Station, with a Van Gogh-inspired 3D artwork created on the platform; and the 360-degree filming of a short film RADIAL, taking place on The Station's piazza. Sponsorship of Newcastle Afoot's excursions program also continues to attract walking tour groups, introducing new visitors to the site.

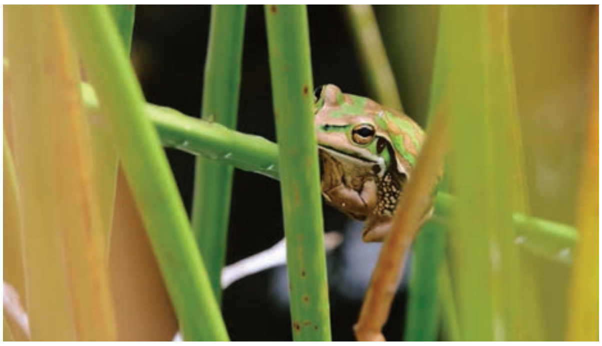
We will continue temporary activation of The Station until a long-term operator is identified to elevate the precinct into a landmark tourism and hospitality destination. We will determine the precinct's long-term use through an Expressions of Interest process in the future.

Events at The Station 2022-23 included:

- Homegrown markets
- Friday Night Feasts
- New Years Eve and Supercars family zones
- World Pride dinner party
- Oktoberfest
- Sound Station music festival
- Bastille French food markets
- New Annual festival
- a 3x3 Basketball Tournament
- Festival of Sweets and Treats
- Wedding expo
- Christmas and Easter family fun days
- Lego workshops, kids crafts and story times
- music workshops and busking
- Street Paws and Dogs in the Park festivals
- art exhibitions and workshops
- Distinguished Gentleman's Ride
- Spin for Kids fundraiser
- pilates, bootcamp, baby ballet and aerobics.

Environmental management
Kooragang Island remediation

Through innovation and efficiency, HCCDC completed the rehabilitation and remediation of two former BHP Steelworks sites around the Port of Newcastle, marking a major milestone in the city's transformation.



Since the early 2000s, we have worked on behalf of NSW Government to remediate and rehabilitate former BHP sites around the Port of Newcastle. These include the former BHP Steelworks at Mayfield and the former Kooragang Island Waste Emplacement Facility (KIWEF), both of which were impacted by the legacy of the steelworks.

Our first objective was to reduce the risk of harm to human health and the environment. This was primarily achieved via a sequence of capping and remediation works to isolate and contain waste materials, protect receptors and protect the environment.

In late-2022, we reached a major milestone by completing the remaining capping works. This culminated a carefully planned and executed sequence of works spanning 13 years and conducted over 5 stages, to cap the landfill to the satisfaction of the EPA.

The final stage of works at KIWEF was particularly challenging, given the presence of contaminated materials, swamps and related ecological and hydrological constraints.

Using innovative methods and efficient processes, we delivered the final stage on time and on budget, exceeding environmental objectives.

The combined effect of these remediation works has been remarkable, resulting in the capping and management of over 210 ha of previously unusable land. The milestone at KIWEF represents a major step for Newcastle and enables further economic diversification of the Port, such as the planned Deep Water Container Terminal at Mayfield and Green Energy Precinct at KIWEF.

The work completed in the current reporting period was formally recognised when HCCDC's contractor, Daracon Group was awarded the 2023 Civil Contractors Federation NSW (CCF NSW) Earth Award.

Central Coast projects

HCCDC continued to support the Central Coast in 2022-23, with several projects underway that are set to create significant community benefits.

In Mount Penang Parklands, we completed the final stages of $16 million in major infrastructure works, improving the visitor experience and supporting future activity.

We're also creating benefits in Gosford, where we entered into a development deed with University of Newcastle to build a state-of-the-art campus on HCCDC land, supporting the local workforce and creating local jobs.

Artist impression

Gosford CBD
University of Newcastle, Gosford Campus

HCCDC is helping to create a state-of-the-art university development on the Central Coast.

In December 2022, HCCDC and University of Newcastle (UoN) entered a development deed for a new campus to be built on the HCCDC-owned 305 Mann Street in Gosford city centre. Funding support was obtained from NSW Government, Commonwealth Government and UoN.

The planned campus is a 4-storey building close to Gosford Station and bus terminal, and includes a small retail area, café and accessible open space for the community.

The new campus marks a major step in the revitalisation of Gosford. As well as providing more study opportunities for local students, the campus will provide a catalyst for innovation, employment and services in the region.

Work is expected to commence in late-2023, with classes starting in 2025.

Artist impression

Mount Penang Parklands

Mount Penang Gardens

HCCDC owns and manages Mount Penang Gardens in Kariong. Opened in 2003, it 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 2022-23, providing an ideal location for much-needed outdoor recreation. Infrastructure works in the Parklands enhanced the visitor experience, with improved roads and extra parking making it easier than ever to access the gardens.

Mount Penang Events

Infrastructure works in the Parklands limited the site's availability for special events in 2022-23. Access for visitors was maintained during the works, however, with the community continuing to use the site on a casual basis. Smaller events such as Mount Penang Parkrun also continued their activities on site, with the group recommencing their weekly run in February 2023.

Land use and planning

Biodiversity mapping

In 2022-23, we worked with the NSW Biodiversity Conservation Trust to understand the biodiversity value of the 75-ha bushland precinct. This work is the first step in a more detailed assessment of the conservation significance of this bushland precinct which will assist in its future conservation and management.

Mount Penang infrastructure works

In March 2023, we completed major road upgrades in Mount Penang, marking the final stage of $16-million infrastructure improvements.

As well as improving the precinct's visual amenity, these works also created safety benefits, reduced traffic congestion and will support future activity.

In December 2022, Frank Road (formerly Baxter Track) was opened to public traffic. We transformed this dirt track into a sealed public road, complete with new drainage, lighting, footpaths and trees, enhancing access to the Corrections facilities neighbouring the Parklands.

Improvements to Parklands Road were completed in March 2023, with the major thoroughfare also receiving a new surface, shared paths, drainage, lighting and roadside gardens. The road was extended to Frank Road to provide a through-site link and creating a much-needed second entrance to the precinct, helping to improve traffic flow and emergency access. New parking and landscaping was also installed near the gardens.

As part of our tender process, we require contractors to implement policies, recruitment practices and training activities to increase workforce diversity. Work on Frank and Parklands roads was undertaken by Bolte Civil, a Central Coast company with a focus on providing opportunities for Aboriginal workers and supporting women in construction.

Through targeted recruitment, Bolte achieved more than 1,600 hours worked by female crew members and more than 1,500 by Indigenous workers.

One local worker was employed by Bolte on previous Mount Penang works as part of a 3-year Aboriginal-targeted apprenticeship. The young worker returned to the site for this round of works and is well on his way to completing his Cert III in Civil Construction.

Lake Macquarie projects

West Wallsend

HCCDC owns 1,528 ha of land west of Newcastle which formerly belonged to BHP Steelworks.

This site comprises 38 lots on both sides of the M1 Motorway and forms part of the North-West Regionally Significant Growth Area as identified in the Hunter Regional Plan 2041.

Sections of this land will be acquired by Transport for NSW (TfNSW) to create the Lower Hunter Freight Corridor which was gazetted in December 2022. We commenced discussions with TfNSW in early 2023 and have established ongoing consultation to review the impact and timing of the acquisition.

In line with the *Hunter Regional Plan 2041*, we have commenced investigations into future development options for the site. Any long-term land use will align with government objectives such as creating housing, jobs, culture, heritage and environmental protection.

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, we have signed deals and settled on 4 key parcels and several minor sites, totalling almost 70 ha of land.

In 2022-23, 2 industrial sites comprising over 6 ha were sold to be operated as light industrial tenancies. Use of these sites could include micro-industries, research and development, and sales to the public, pending development applications.

Once completed, these projects, as well as those already completed and underway on the site, will have provided over 500 new homes, over 725 new jobs and over $300 million in capital investment in the local economy.

We also commenced planning the future zoning and development of the final 12-ha parcel of land at Cockle Creek, working closely with Council.

Construction

In 2022-23 we also undertook minor works to complete the construction of roads and drainage on the site. We have continued involvement in site maintenance works in conjunction with the Waste Asset Management Corporation, Council, and other key stakeholders and utilities providers such as Hunter Water and NSW Rural Fire Service.

Asset management

HCCDC owns a series of non-current assets that require both long and short-term ongoing responsibilities and programmed maintenance activities.

These assets include land, public parklands, bushland, seawalls, buildings and car parking spaces.

In 2022-23, we continued to review our asset management to ensure effective operation and a focus on development outcomes rather than long term asset management.

Our 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.

Communications

HCCDC communication 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 2022-23, we continued to deliver a suite of professional communication tools to keep the community, government and stakeholders informed about our projects and initiatives.

This included brochures, fact sheets, project maps and signage, along with digital tools including the HCCDC website, 7 social media channels, electronic newsletters and video content.

Website

As HCCDC's flagship communication channel, the HCCDC website is a key component of our strategy to inform and engage the community.

Throughout the year the website saw more than 66,000 visitor sessions; an impressive 30% increase from the previous year. The number of users also increased this period, improving on 2021-22 by 33%.

Social media

In 2022-23, we saw active growth across all social media channels, particularly corporate channels such as the HCCDC LinkedIn page. Social media engagement included 475 individual social posts, with total social reach of more than 1.3 million.

HCCDC distributed 8 media releases in 2022-23. Major announcements included:

- the completion of the Honeysuckle Promenade and reimagined Cottage Creek
- a Central Coast company awarded the tender to undertake infrastructure works at Mount Penang
- the delivery of election commitment to complete Mount Penang roadworks in early 2023
- local sponsorships.

Communication highlights in 2022-23

Providing communications support for large-scale HCCDC projects, including infrastructure works in Mount Penang Parklands, completion of the Honeysuckle Promenade and remediation works in Kooragang Island.

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

Ensuring community awareness of our achievements through the production and distribution of quality video content. Projects showcased included remediation and environmental protection at Kooragang Island, cultural artwork at Cockle Creek, creating a diverse workforce in Mount Penang and highlighting our strengths in a new corporate video.

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

Memberships

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 2022-23, we were a member of the following organisations:

- Property Council of NSW (HPD group membership)
- Hunter Business Chamber – Hunter Firsts
- Urban Development Institute of Australia (DPE group membership)
- Committee for The Hunter.

Funds management

In 2022-23, 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.

In 2022-23, we received 2 applications to the fund, with the contribution amount to be determined on works completions.

Sponsorship

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

New Annual Festival

City of Newcastle's flagship cultural arts festival, New Annual, delivered 10-days of contemporary art, culture and creativity across the centre of Newcastle. Venues across the city activated with immersive experiences of visual art, dance, theatre, comedy, First Nations music and workshops.

The Station's piazza was featured in the festival as a filming destination for RADIAL, a collaborative film-piece between Tantrum Youth Arts and Back-to-back Theatre celebrating Newcastle's neurodiverse community, and an interactive Van Gogh-inspired artwork was created on The Station's platform as part of the festivals 3D Chalk The Walk art trail.

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in 2022-23, 2 key sponsorships from the previous year were delivered:

Newcastle Afoot Education

Newcastle Afoot Education's excursions program delivered its first year of school walking tours focused on heritage, revitalisation and creative placemaking. Close to 1,000 students from 19 schools explored Newcastle through the syllabus-based excursions, and The Station saw a significant uplift in foot traffic as the new walking tour meeting place.

The Big Picture Fest Newcastle

We partnered with the Festival of Place team as official event sponsors of The Big Picture Fest for its second event in Newcastle. The internationally recognised festival coloured Newcastle's streets, with 11 new murals added the festivals legacy street art trail in 2022. The October long-weekend event attracted over 12,000 visitors.

Management and accountability

Department of Planning & Environment

Major Assets - Open Access Disclosures Template

Financial Year 2022-23

Overview

Under the *Government Information (Public Access) Act* section 18(g) and Regulation section 6(2), the Department is subject to financial reporting obligations requiring the publication of:

(a) a list of the Department's major assets, other than land holdings, appropriately classified and highlighting major acquisitions during the previous financial year,

(b) the total number and total value of properties disposed of by the Department during the previous financial year.

The publication must be made as 'open access' on the Department's website.

Under schedule 3 of the GIPA Regulation, in addition to the Department proper, a number of agencies are declared to be part of the Department of Planning & Environment for the purposes of this financial reporting obligation.

For the 2022/23 financial year those agencies are as follows:

Agencies declared to part of DPE 2022-23	
Biodiversity Conservation Trust of New South Wales	New South Wales Land and Housing Corporation
Dumaresq-Barwon Border Rivers Commission	Parramatta Park Trust
Energy Corporation	Property NSW
Environmental Trust	Sydney Olympic Park Authority
Heritage Council of New South Wales	Teacher Housing Authority of New South Wales
Hunter Central Coast Development Corporation	Waste Assets Management Corporation

Process

Using this template, DPE Finance and the financial reporting areas of each agency, are to complete the tables below by providing the information described in the following sections. This process is to be undertaken as part of ordinary 'end of financial year' reporting

The completed template is to be saved in the provided MSTeams folder and confirmation of completion sent to governance.frameworks@dpie.nsw.gov.au

Once all templates are confirmed as completed DPE Governance will consolidate the returns and arrange for publication on the Department's website.

Templates should be confirmed as complete and accurate by **31 October 2023**.

Required Information

(a) Major Assets held by the department as at 30 June 2023

The Department defines 'major assets' as including:

- all individual assets with a current value of $5m or higher; and
- all uniform/commodity like assets with a cumulative class value of $5m or higher (e.g. 'Water Entitlements', 'Licences' or 'River Infrastructure' etc).

In accordance with the regulation this **does not include land holdings**.

For each asset or class meeting the above definition, populate the table below with a description and the carrying value as at 30 June 2023 as recognised in the accounts of the associated Financial Management System.

Major Asset	Value
Plant & Equipment	
Total Plant and Equipment	**$0**
Intangible Assets	
Total Intangible Assets	***$0***
Infrastructure	
Gardens	8,479,874
Honeysuckle Seawalls (Lee4, Lee5 and Throsby)	20,490,906
Newcastle Station Landscape works	6,579,893
Total Infrastructure	***$17,550,763***
Buildings only (no land assets)	
Lee Wharf C - Buildings	5,267,032
Lee Wharf A - Buildings	6,546,728
The Station - Buildings	7,389,673
Total Buildings	***$19,203,433***
Total Major Assets	***$36,754,196***

* These assets were major acquisitions during the 2022 - 2023 Financial Year.

(b) Departmental Property Disposals for the year ended 30 June 2023

The Department defines 'property' as **land only** held by the department.

For each land asset that has been sold, granted, transferred or otherwise disposed of during the 2022-23 financial year, populate the table below with the aggregate number of disposals and the total value of those disposals.

The **value** of the land is defined as the carrying fair value of the land as recorded in the associated financial management system at the time of the disposal. The value should reflect the amount credited from the land asset balance when the disposal transaction is raised.

Other amounts such as market valuations and actual consideration received must not be used.

Disposal Type	Number of Disposals	Value of Disposals
Transferred to external recipients (Title removed from NSW Gov)	4	**$ 12,821,979.77**
Transferred to Other Government Bodies (Title retained by NSW Gov)	0	$ 0
Total Property Disposals	***4***	***$ 12,821,979.77***

Next Steps

The completed template is to be saved in the provided MSTeams folder and confirmation sent to governance.frameworks@dpie.nsw.gov.au that the template is complete and accurate no later than 31 October 2023.

Once all templates are confirmed as completed DPE Governance will consolidate the returns and arrange for publication on the Department's website.

If desired, DPE key contacts are available to meet and discuss the disclosures.

Executive sponsor	**Simonne Daly - DPE Executive Director - Governance**
Key contact	Sally Skyring, Director, Corporate Governance sally.skyring@planning.nsw.gov.au

Cyber Security Annual Attestation for the 2022-2023 Financial Year for

Hunter and Central Coast Development Corporation

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.

The Department of Planning and Environment has a Cyber Security Strategy in place to ensure a constant focus on improving and managing cyber security governance, risk, and resilience. Continuous assessment and management of risks to the Department's information and critical systems is accomplished through our cyber security program and routine operational activities.

Throughout the previous financial year, the Department of Planning and Environment has undertaken independent audits of its Information Security Management System, cyber security controls, and compliance with the NSW Cyber Security Policy. These audits uncovered areas of positive progress as well as potential areas for improvement, all in alignment with the dynamic cyber security threat landscape.

The Department of Planning and Environment regularly updates its cyber security incident response plan and conducts annual testing to ensure its effectiveness.

The Department of Planning and Environment's Digital Information Office successfully 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 Certificate Number: IS 645082).

The Department remains committed to bolstering its technology environments and raising awareness among all employees regarding cyber security and privacy risks.

V. Misevska

Valentina Misevska
Chief Executive
Hunter and Central Coast Development Corporation

Date: 16 October 2023

Internal Audit and Risk Management Attestation Statement for the 2022-2023 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

For the 2022-23 reporting period, the independent Chair and members of the Audit and Risk Committee were:

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Carol Holley	30 March 2020	30 June 2023*
Independent Member	Arthur Butler	30 March 2020	29 March 2023
Independent Member	Nirmal Hansra	30 March 2020	30 June 2023*
Independent Member	Brendan Crotty	30 March 2023	29 March 2026

* Extended term of appointment from 30 March 2023 to 30 June 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.

V. Misevska

Valentina Misevska

Chief Executive
Hunter and Central Coast Development Corporation
Date:

Agency Contact:

Suzette Gay
Director Audit
02 9289 6912

Human resources

Number of officers and employees by category with previous year comparison

	2022-2023	2021-2022	2020-2021
Ongoing	14	17	19
Temporary	6	6	5
Executive	3	4	2
TOTAL	23	**27**	**26**

NB: Headcount data reported at end of reporting period

Numbers and Remuneration of Senior Executives

	2022-2023		
	Female	**Male**	**Total**
Band 4 Secretary	-	-	-
Band 3 Group/Deputy Secretary	-	-	-
Band 2 Executive Director	1	-	1
Band 1 Director	1	1	2
Total	**2**	**1**	**3**

NB: These are Senior Executive statistics as of 22 June 2023. This data is based solely on senior executives in their substantive role and band level.

Average Remuneration of Senior Executives

	2022-2023	
	Range ($)	**Average Remuneration ($)**
Band 4 Secretary		
Band 3 Group/Deputy Secretary		
Band 2 Executive Director	-	$295,504
Band 1 Director	$217,997 - $231,159	$224,578

22.1% of HCCDC employee-related expenditure in 2022-23 was related to Senior Executives

Risk management

HCCDC has adopted the DPE Risk Management Framework and the DPE Business Continuity Management Framework. DPE provides services to HCCDC under these Frameworks. For more information, please see the DPE Annual Report.

Privacy and Personal Information Protection Act

Division 7.3 of the Government Sector Finance Act 2018 and relevant annual reporting policies issued by Treasury require an agency to 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 agency, under Part 5 of the PPIP Act.

HCCDC complies with the Privacy Management Plan for the Department of Planning and Environment. The Plan outlines how the department and its associated 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 staff.

In 2022-23, HCCDC received no applications for review under Part 5 of the PPIP Act.

Complaints

If complaints about Hunter and Central Coast Development Corporation 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.

Government Information (Public Access) Act 2009

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

Public Interest Disclosures (PID) reporting obligations

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

Legal changes

The *Growth Centres Act (Development Corporations) 1974*. There were no changes to the legislation affecting HCCDC.

Economic or other factors (affecting achievement of operational objectives)

Global and Australian economic conditions continued to be volatile across the 2022-23 financial year. Escalation in prices (inflation) and supply chain issues have, to this point, had a minimal impact to the operations of the business.

Demand for vacant development land within the area of operations has remained strong and land sale prices have been in-line with expectations. Future sales are expected to remain strong as evidenced by our latest asset valuation assessment.

HCCDC will continue to monitor economic and social events to ensure their impacts are understood and best managed.

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

Consultants

No consultants were engaged by HCCDC in 2022-23.

Promotion

No paid promotional trips or overseas travel was undertaken by HCCDC staff in 2022-23

Sustainability

2023 Annual Report Content – Workforce Diversity Data

HUNTER AND CENTRAL COAST DEVELOPMENT CORPORATION

Trends in the Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2021	2022	2023
Women	**50%**	61.5%	69.2%	47.8%
Aboriginal and/or Torres Strait Islander People	**3.3%**	0.0%	3.8%	0.0%
People whose First Language Spoken as a Child was not English	**23.2%**	0.0%	0.0%	17.9%
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	2021	2022	2023
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.

Work health and safety

There were no Work Health and Safety (WHS) injuries recorded for Hunter and Central Coast Development Corporation (HCCDC) for 2022 – 2023. There were no prosecutions under the *NSW WHS Act 2011*.

Code of Ethics and Conduct

Employees of HCCDC are employed by the Department of Planning and Environment (the department) to enable HCCDC to perform its functions. Employees are obliged to comply with all integrity obligations of the department's Code of Ethics and Conduct (the Code). For further information on the ethical framework, please see the Department of Planning and Environment's Annual report.

Modern Slavery Act 2018

HCCDC operates under the Department of Planning and Environment (the department) procurement framework and the department provides services to HCCDC. All *Modern Slavery Act 2018 (NSW)* requirements are managed through this framework. For further information on please see the Department of Planning and Environment's Annual report.

Financial performance

AUDITOR-GENERAL

NEW SOUTH WALES

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 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 2023, the Statement of Financial Position as at 30 June 2023, 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).

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

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.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

12 October 2023
SYDNEY

Hunter and Central Coast Development Corporation

Annual Financial Statements

for the year ended 30 June 2023

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Hunter and Central Coast Development Corporation
Statement by the Chief Executive Officer
for the period ended 30 June 2023

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: 9 October 2023

Hunter and Central Coast Development Corporation
Statement of Comprehensive Income
for the period ended 30 June 2023

	Notes	Actual 2023 $'000	Budget 2023 $'000	Actual 2022 $'000
Expenses				
Operating expenses				
Personnel services expenses	2(a)	3,777	5,480	4,649
Other operating expenses	2(b)	25,341	32,477	22,482
Depreciation and amortisation	2(c)	1,910	1,829	1,801
Grants and subsidies	2(d)	101	11,065	176
Finance costs		-	2	-
Total expenses		**31,129**	**50,853**	**29,108**
Revenue				
Sale of goods and services from contracts with customers	3(a)	9,614	19,118	2,500
Investment revenue	3(b)	3,117	21	1,991
Grants and contributions	3(c)	124	13,639	378
Acceptance by the Crown of employee benefits and other liabilities	3(d)	105	-	119
Other revenue	3(e)	7,015	1,452	7,446
Total revenue		**19,975**	**34,230**	**12,434**
Operating result		**(11,154)**	**(16,624)**	**(16,674)**
Gains / (losses) on disposal	4	(4)	-	-
Other gains / (losses)	5	1,462	-	13,205
Net result		**(9,696)**	**(16,624)**	**(3,469)**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net result in subsequent periods				
Net increase in property, plant and equipment revaluation surplus	10	4,767	-	8,102
Total other comprehensive income		**4,767**	-	**8,102**
TOTAL COMPREHENSIVE INCOME		**(4,929)**	**(16,624)**	**4,633**

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Financial Position
as at 30 June 2023

	Notes	Actual 2023 $'000	Budget 2023 $'000	Actual 2022 $'000
ASSETS				
Current assets				
Cash and cash equivalents	6	26,822	21,609	36,529
Receivables	7	966	1,487	1,245
Inventories	9	11,990	33,394	20,937
Total current assets		**39,778**	**56,490**	**58,711**
Non-current assets				
Inventories	9	58,781	35,137	57,125
Property, plant and equipment				
Land and buildings	10	61,429	55,072	58,523
Plant and equipment	10	119	426	150
Infrastructure systems	10	49,222	46,929	43,048
Total property, plant and equipment		**110,770**	**102,427**	**101,721**
Right-of-use assets	11	-	-	3
Total non-current assets		**169,551**	**137,564**	**158,849**
Total assets		**209,329**	**194,054**	**217,560**
LIABILITIES				
Current liabilities				
Payables	14	2,388	1,066	4,673
Contract liabilities	8	626	-	703
Provisions	15	405	431	489
Borrowings	16	-	-	3
Other	17	25	-	22
Total current liabilities		**3,444**	**1,497**	**5,890**
Non-current liabilities				
Provisions	15	30,576	37,927	31,430
Other	17	85	-	86
Total non-current liabilities		**30,661**	**37,927**	**31,516**
Total liabilities		**34,105**	**39,424**	**37,406**
Net assets		**175,224**	**154,630**	**180,154**
EQUITY				
Accumulated funds		122,713	111,043	132,410
Reserves		52,511	43,587	47,744
Total equity		**175,224**	**154,630**	**180,154**

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Changes in Equity
for the period ended 30 June 2023

	Notes	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2022		**132,410**	**47,744**	**180,154**
Net result for the year		**(9,696)**	**-**	**(9,696)**
Other comprehensive income				
Net revaluation increment in property, plant and equipment	10	-	4,767	**4,767**
Total other comprehensive income		**-**	**4,767**	**4,767**
Total comprehensive income for the year		**(9,696)**	**4,767**	**(4,929)**
Balance at 30 June 2023		**122,713**	**52,511**	**175,224**

	Notes	Accumulated funds $'000	Asset revaluation surplus $'000	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 revaluation increment in property, plant and equipment	10	-	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**

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Cash Flows
for the period ended 30 June 2023

	Notes	Actual 2023 $'000	Budget 2023 $'000	Actual 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		(101)	(11,065)	(176)
Suppliers and personnel services		(20,693)	(30,931)	(46,245)
Inventories		(6,042)	-	(13,963)
Finance costs		-	(2)	-
Total payments		**(26,836)**	**(41,998)**	**(60,384)**
Receipts				
Reimbursements from the Crown		48	-	119
Sale of goods and services		21,112	20,570	16,458
Interest received		922	21	86
Grants and other contributions		124	13,639	378
Total receipts		**22,206**	**34,230**	**17,041**
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	**(4,630)**	**(7,769)**	**(43,343)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	10	(5,074)	(6,959)	(937)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(5,074)**	**(6,959)**	**(937)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of principal portion of lease liabilities		(3)	-	(7)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(3)**	**-**	**(7)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(9,707)**	(14,728)	**(44,287)**
Opening cash and cash equivalents		36,529	36,336	80,816
CLOSING CASH AND CASH EQUIVALENTS	6	**26,822**	**21,609**	**36,529**

The accompanying notes form part of these financial statements.

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 2023 are authorised for issue by the Chief Executive Officer on the date the Statement by the Chief Executive Officer was signed.

(b) Basis of preparation

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

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

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. Provisions are measured at the net present value of the estimated costs in perpetuity. 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.

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.

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

(i) Effective for the first time in 2022-23

The accounting policies applied in 2022-23 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 2022-23. There is no material impact from the application of these new standards.

- AASB 2020 -3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020 - 6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

(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 2024)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (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)
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective from 1 January 2023)
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* (effective from 1 January 2024)
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* (effective from 1 January 2024)
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* (effective from 1 January 2023)
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (effective from 1 January 2024)

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".

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

(g) Impact of COVID-19 on financial reporting for 2022-23

The COVID-19 pandemic again caused a minor impact to the business. There was a slight decrease in the Corporation's parking revenue as compared to the revenue received in years prior to COVID-19 with other revenue and expenditure largely unaffected by the pandemic.

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

The Corporation will continue to monitor the impacts of the pandemic in future reporting periods.

2. Expenses

(a) Personnel services expenses

	2023	**2022**
	$'000	**$'000**
Salaries and wages (including annual leave)	3,215	3,989
Long service leave	93	128
Superannuation - defined contribution plans	261	302
Workers' compensation insurance	22	18
Payroll tax and Fringe benefits tax	186	212
	3,777	**4,649**

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.

2. Expenses (cont'd)

(b) Other operating expenses

	2023 $'000	2022 $'000
External audit of the financial statements	87	82
Cost of sales	12,822	7,686
Remediation expenditure	3,589	4,803
Asset management	2,097	2,669
Fees for services	1,649	1,490
Site disposal costs	1,378	437
Public infrastructure expenditure	1,037	733
Revitalisation project costs	989	1,527
Cockle Creek containment cell maintenance - Note 15	657	687
Contractors	438	192
Insurance	266	208
Community information / liaison and promotion	125	333
Other occupancy expenses	-	183
Expenses related to leases of low-value assets	-	1
Other	207	1,451
	25,341	**22,482**

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 sales. 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 of assets disposed and the number of sites sold or dedicated. The cost of sales in 2023 is higher than 2022 due to there being more site disposals compared to the 2022 year.

Remediation expenditure

The level of Kooragang Island remediation expenditure in 2023 decreased compared to 2022 as the project is near completion. Expenditure will remain lower than previous years as hand over to the property owner occurs. Note 3(e) details revenue received in relation to this project.

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 then depreciated.

Revitalisation project costs

Revitalisation project costs decreased in 2023 compared to 2022 mainly due to higher reimbursement of public domain works completed during the 2022 year. Other costs are primarily related to maintenance, 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 2023 costs are slightly higher than in 2022 for the works delivered at Honeysuckle Park.

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.

2. Expenses (cont'd)

(b) Other operating expenses (cont'd)

Recognition and measurement (cont'd)

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

	2023 $'000	2022 $'000
Depreciation:		
Buildings	833	783
Infrastructure systems	1,048	999
Plant and equipment	26	12
Right of use assets	3	7
Total depreciation	**1,910**	**1,801**

Refer to Note 10 for recognition and measurement policies on depreciation and amortisation and Note 11 for right of use assets depreciation policies.

(d) Grants and subsidies

	2023 $'000	2022 $'000
Newcastle Mines Grouting Fund (NMGF)	101	23
Other contributions	-	153
	101	**176**

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

	2023	2022
	$'000	**$'000**
Sale of goods - inventories	9,614	2,500
	9,614	**2,500**

Recognition and measurement

The revenue recognised for the sale of inventories in 2023 is higher compared to 2022 as there were two parcels of land at Cockle Creek disposed in 2023 compared to one property sale settled in 2022.

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

	2023	2022
	$'000	**$'000**
Interest income from financial assets at amortised cost	922	86
Rental income	2,195	1,905
	3,117	**1,991**

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.

3. Revenue (cont'd)

(c) Grants and contributions

	2023 $'000	2022 $'000
Grants with sufficiently specific performance obligations / milestones	124	-
Grants without sufficiently specific performance obligations / milestones	-	378
	124	**378**

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 $0.12 million grant revenue received from the Department of Regional NSW in 2022-23 was as part of the Newcastle Port Community Contribution Fund following a milestone completion for the Honeysuckle public domain project.

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 performance obligations that have not been satisfied at the end of the reporting period 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. At 30 June 2023, the Corporation did not recognise revenue from volunteer services as the services would not be purchased if not donated.

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

	2023 $'000	2022 $'000
The following liabilities and expenses have been assumed by the Crown:		
Superannuation - defined benefits	-	2
Long service leave	105	117
	105	**119**

3. Revenue (cont'd)

(e) Other income

	2023	2022
	$'000	**$'000**
Remediation revenue – Crown - refer Note 2(b)	4,535	5,910
Other income*	2,480	1,536
	7,015	**7,446**

** 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

The *Appropriation Act 2022* (Appropriations Act) and the subsequent variations, if applicable appropriates the sum of $5.3 billion to the Minister for Planning out of the Consolidated Fund for the services of the Department of Planning and Environment (DPE) for the 2022-23 financial year. The spending authority of the Minister under the Appropriations Act has been delegated to the Secretary and subdelegated to DPE Public Service employees for expenditure on the services of the DPE and entities funded from the amount appropriated to that Minister, including the Corporation.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the *Government Sector Finance Act 2018* (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Corporation, being the Minister for Planning (Minister for Planning and Public Spaces from 5 April 2023) is taken to have been given an appropriation out of the Consolidated Fund under the authority of section 4.7 of the GSF Act, at the time the Corporation receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Corporation. These deemed appropriations are taken to have been given for the services of DPE.

In addition, government money that the Corporation receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that has been paid from an amount appropriated from the Consolidated Fund under an annual Appropriation Act, is now capable of being handled and accounted for as deemed appropriation money where the Minister who holds the appropriation from which the payment was made is different to the lead Minister for the Corporation (within the meaning given by section 4.7(8)).

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was made triggering the application of the amendments to section 4.7 of the GSF Act which govern the treatment of inter-agency cross-appropriation payments.

The summary of compliance is disclosed in the financial statements of the Annual Report of DPE. It has been prepared by aggregating the spending authorities of the Minister for Planning / Minister for Planning and Public Spaces for the services of the department and includes that Minister's authority as lead Minister for the Corporation to expend deemed appropriation money received or recovered by the Corporation. It reflects the status at the point in time this disclosure statement is being made.

3. Revenue (cont'd)

(f) Deemed appropriations (cont'd)

The delegation/sub-delegations for the 2022-23 and 2021-22 financial years, authorising officers of the Corporation to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Corporation. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of DPE to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of DPE.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 was delayed until 19 September 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer authorised the Ministers to spend specified amounts from Consolidated Fund. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the annual Appropriation Act for the 2023-24 financial year. The Minister for Climate Change has delegated her appropriation expenditure functions (including authority to expend pursuant to section 4.10 of the GSF Act) to the Secretary effective 1 July 2023 and the Secretary has subdelegated those appropriation expenditure functions to Departmental Public Service employees effective 1 July 2023. The Appropriation Act has now passed for the 2023-24 financial year following budget announcement on 19 September 2023.

4. Gains / (losses) on disposal

	2023	2022
	$'000	$'000
Written down value of assets disposed	(4)	-
	(4)	**-**

5. Other gains / (losses)

	2023	2022
	$'000	$'000
Legal obligations	-	(24,000)
Movement of containment cell maintenance provision - Note 15	854	35,569
Write downs of inventories	-	(478)
Reversal of prior period inventory write downs	608	2,114
	1,462	**13,205**

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 in 2022.

Release of containment cell maintenance provision

The containment cell maintenance provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the costs to maintain the cell in perpetuity.

6. Current assets – cash and cash equivalents

	2023	2022
	$'000	$'000
Cash at bank and on hand - refer Note 13*	26,822	36,529
	26,822	**36,529**

**2023 Cash at bank includes a restricted cash balance of $8.827 million (2022 restricted cash balance was $0.083 million). Refer to Note 13 for details.*

For the purposes of the Statement of cash flows, cash and cash equivalents includes 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)	26,822	36,529
Closing cash and cash equivalents (per statement of cash flows)	**26,822**	**36,529**

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – receivables

	2023	2022
	$'000	$'000
Trade receivables	735	238
Allowance for expected credit losses*	(2)	(5)
Goods and Services Tax recoverable	163	979
Accrued income	70	33
	966	**1,245**
***Movements in the allowance for expected credit losses:**		
Balance at the beginning of the year	5	21
Increase / (decrease) in allowance recognised in net results	(3)	(16)
Balance at the end of the year	**2**	**5**

Refer to Note 22 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.

8. Contract assets and liabilities

	2023 $'000	2022 $'000
Contract receivables (included in Note 7)	735	238
Contract liabilities - current	626	703

Recognition and measurement

The balance of contract liabilities at reporting date included $0.4 million remediation funding received in advance adjusted for remediation revenues recognised upon satisfaction of performance obligations such as when remediation expenditure is incurred. Any balance at the reporting date represents the current year funding received in advance less the revenue recognised.

	2023 $'000	2022 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	703	-
Revenue recognised from performance obligations satisfied in previous periods	3,832	5,910
Transaction price allocated to the remaining performance obligations from contracts with customers	626	703

The transaction price allocated to the remaining performance obligations at reporting date comprises of the remediation works at Kooragang Island ($0.4 million) and Mt Penang ($0.2 million) in relation to studies commissioned in relation to roads to be completed.

9. Current / non-current assets – inventories

	2023 $'000	2022 $'000
Current inventories		
Held for distribution - at cost	5,138	3,137
Held for sale - at cost	6,852	6,841
Held for sale - at net realisable value	-	10,959
	11,990	**20,937**
Non-current inventories		
Held for distribution - at cost	14,739	13,313
Held for sale - at cost	44,042	43,812
	58,781	**57,125**
Total inventories	**70,771**	**78,062**

Details of inventories:

	Held for sale Current $'000	Held for sale Non-current $'000	Held for distribution Current $'000	Held for distribution Non-current $'000	Total $'000
Year ended 30 June 2023					
Net carrying amount at beginning of year	17,800	43,812	3,137	13,313	**78,062**
Additions - development costs	2,201	489	3,011	341	**6,042**
Disposals	(9,614)	-	(3,208)	-	**(12,822)**
Reclassification between inventories	(3,541)	183	2,198	1,160	**-**
Reclassification from / (to) PP&E	6	(1,050)	-	(75)	**(1,119)**
Revaluation (decrement) / reversal	-	608	-	-	**608**
Net carrying amount at end of year	**6,852**	**44,042**	**5,138**	**14,739**	**70,771**

	Held for sale Current $'000	Held for sale Non-current $'000	Held for distribution Current $'000	Held for distribution Non-current $'000	Total $'000
Year ended 30 June 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**

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.

Environmental Property Services (EPS) undertook a revaluation of land inventories at 31 March 2023 balance date. The valuer has issued an updated report as at 30 June 2023 confirming no changes to the revaluation results. The revaluation assessment resulted in a reversal of prior year decrements (prior year impairments) of $0.608 million. Refer to Note 5 for details.

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

(a) Total property, plant and equipment

	Land and buildings $'000	Infrastructure systems $'000	Plant and equipment $'000	Total $'000
At 30 June 2021 - fair value				
Gross carrying amount	67,722	49,381	57	117,160
Accumulated depreciation and impairment	(14,996)	(7,671)	(17)	(22,684)
Net carrying amount	**52,726**	**41,710**	**40**	**94,476**
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 year	**58,523**	**43,048**	**150**	**101,721**
At 1 July 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**
Year ended 30 June 2023				
Net carrying amount at beginning of year	58,523	43,048	150	101,721
Additions	-	5,074	-	5,074
Disposals	-	-	(4)	(4)
Reclassification	1	-	(1)	-
Reclassification from inventories	1,050	75	-	1,125
Reclassification to inventories	(6)	-	-	(6)
Net revaluation increment	2,694	2,073	-	4,767
Depreciation expense - assets owned	(833)	(1,048)	(26)	(1,907)
Net carrying amount at end of year	**61,429**	**49,222**	**119**	**110,770**
At 30 June 2023 - fair value				
Gross carrying amount	79,748	59,838	165	139,751
Accumulated depreciation and impairment	(18,319)	(10,616)	(46)	(28,981)
Net carrying amount	**61,429**	**49,222**	**119**	**110,770**

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

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

	Land and buildings $'000	Infrastructure systems $'000	Plant and equipment $'000	Total $'000
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**
Year 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 year	**24,950**	**43,048**	**150**	**68,148**
At 1 July 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**
Year ended 30 June 2023				
Net carrying amount at beginning of year	24,950	43,048	150	68,148
Additions	-	5,074	-	5,074
Disposals	-	-	(4)	(4)
Reclassification from leased PP&E	306	-	-	306
Reclassification	1	-	(1)	-
Reclassification from inventories	1,050	75	-	1,125
Reclassification to inventories	(6)	-	-	(6)
Net revaluation increment	399	2,073	-	2,472
Depreciation expense - assets owned	(12)	(1,048)	(26)	(1,086)
Net carrying amount at end of year	**26,688**	**49,222**	**119**	**76,029**
At 30 June 2023 - fair value				
Gross carrying amount	27,003	59,838	165	87,006
Accumulated depreciation and impairment	(315)	(10,616)	(46)	(10,977)
Net carrying amount	**26,688**	**49,222**	**119**	**76,029**

10. 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 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 increment	2,635	2,635
Depreciation expense	(783)	(783)
Net carrying amount at end of year	**33,573**	**33,573**
At 1 July 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**
Year ended 30 June 2023		
Net carrying amount at beginning of year	33,573	33,573
Additions	-	-
Reclassification to own use PP&E	(306)	(306)
Net revaluation increment	2,295	2,295
Depreciation expense	(821)	(821)
Net carrying amount at end of year	**34,741**	**34,741**
At 30 June 2023 - fair value		
Gross carrying amount	52,745	52,745
Accumulated depreciation and impairment	(18,004)	(18,004)
Net carrying amount	**34,741**	**34,741**

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

Recognition and measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

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

Category	**Depreciation rate / useful lives**
Buildings	1% - 2%
Infrastructure	2%
General plant and equipment	14% - 25%
Office furniture and fittings	10%
Leasehold improvements	Over the period of the lease

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

Recognition and measurement (cont'd)

Right-of-Use Assets acquired by lessees

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

Further information on leases is contained at Note 11.

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 12 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.

The last comprehensive revaluation was completed on 30 June 2021 and was based on an independent assessment. The next comprehensive revaluation is scheduled for year end 30 June 2024.

Land, buildings and infrastructure were revalued on interim basis by Environmental Property Services (EPS) at 31 March 2023 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated report as at 30 June 2023 confirming no changes to the revaluation results.

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.

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

Recognition and measurement (cont'd)

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

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

11. 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.

	Plant and equipment $'000	**Total $'000**
Balance at 1 July 2022	3	3
Depreciation expense	(3)	(3)
Balance at 30 June 2023	**-**	**-**

	Plant and equipment $'000	**Total $'000**
Balance at 1 July 2021	6	6
Additions	4	4
Depreciation expense	(7)	(7)
Balance at 30 June 2022	**3**	**3**

(b) Lease liabilities

The following table presents liabilities under leases

	2023 $'000	**2022 $'000**
Balance at 1 July	3	6
Additions	-	4
Payments	(3)	(7)
Balance at end of the year	**-**	**3**

11. Leases (cont'd)

(c) Right-of-use expenses under leases

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

	2023 $'000	2022 $'000
Depreciation expense of right-of-use assets	3	7
Expense relating to leases of low-value assets	-	1
Total amount recognised in the statement of comprehensive income	**3**	**8**

The Corporation had total cash outflows for leases of $0.003 million in 2023 (2022: $0.01 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.

11. 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:

	2023 **$'000**	**2022** **$'000**
Future minimum lease receipts under non-cancellable operating leases as lessor:		
Not later than one year	1,799	1,258
Later than one year and not later than five years	3,439	1,670
Later than five years	8,582	202
Present value of minimum lease payments	**13,820**	**3,130**

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.

12. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment (Note 10)				
Land and buildings	-	26,379	35,050	61,429
Infrastructure systems	-	-	49,222	49,222
	-	**26,379**	**84,272**	**110,651**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment (Note 10)				
Land and buildings	-	24,950	33,573	58,523
Infrastructure systems	-	-	43,048	43,048
	-	**24,950**	**76,621**	**101,571**

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

(b) Valuation inputs, techniques and processes

Land, buildings and infrastructure were revalued on interim basis by Environmental Property Services (EPS) at 31 March 2023 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated report as at 30 June 2023 confirming no changes to the revaluation results.

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;

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

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

- Quoted prices for similar assets or liabilities in active and non-active markets;
- Market trends and economic outlook; and
- 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

2023	Buildings $'000	Infrastructure $'000	Total recurring Level 3 fair value $'000
Fair value as at 1 July 2022	33,573	43,048	76,621
Additions	-	5,074	5,074
Reclassification	1	-	1
Reclassification from inventories	-	75	75
Net revaluation increment	2,309	2,073	4,382
Depreciation	(833)	(1,048)	(1,881)
Fair value as at 30 June 2023	**35,050**	**49,222**	**84,272**

2022	Buildings $'000	Infrastructure $'000	Total recurring Level 3 fair value $'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**

13. Restricted assets

	2023	2022
	$'000	**$'000**
Lake Macquarie perpetual care fund	8,827	83
	8,827	**83**

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 increased since 30 June 2022 from the sale of the two industrial lots in December 2022. Expenditure incurred across the site to enable subdivision and development as well as other allowable costs incurred by the Corporation have been reimbursed from the fund.

14. Current liabilities – payables

	2023	2022
	$'000	**$'000**
Personnel services - accrued salaries and wages	77	63
Creditors	2,233	4,320
Goods and Services Tax payable	78	290
	2,388	**4,673**

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

Recognition and measurement

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

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

15. Current / non-current liabilities – provisions

	2023	2022
	$'000	**$'000**
Provisions - current liabilities		
Personnel services - annual leave	274	333
Personnel services - on-costs	131	156
	405	**489**
Personnel services benefits expected to be settled within 12 months from reporting date		
Annual leave	274	333
	274	**333**
Other provisions - non-current liabilities		
Provision for Cockle Creek containment cell maintenance	30,576	31,430
Total	**30,576**	**31,430**
Total Provisions	**30,981**	**31,919**
Aggregate personnel services		
Provisions - current liabilities	405	489
Personnel services - accrued salaries, wages and on-costs (Note 14)	77	63
	482	**552**

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 at balance date 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	Remediation provision
	$'000	**$'000**
2023		
Carrying amount at the beginning of the year	31,430	-
Additional provisions recognised	657	-
Amounts used	(657)	-
Provision remeasurement	(854)	-
Carrying amount at the end of the year	**30,576**	**-**

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

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

	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)	-
Carrying amount at the end of the year	**31,430**	**-**

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) is 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.

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

Recognition and measurement (cont'd)

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

Other provisions

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

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

16. Borrowings

	2023 $'000	2022 $'000
Current		
Lease liability (see Note 11)	-	3
	-	**3**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 22.

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 2021	6	6
Cash flows - repayments	(7)	(7)
Cash flows - interest additions	-	-
Addition - lease extension	4	4
Balance at 30 June 2022	**3**	**3**
Cash flows - repayments	(3)	(3)
Balance at 30 June 2023	**-**	**-**

17. Other liabilities

	2023	2022
	$'000	**$'000**
Current		
Security deposits	25	22
	25	**22**
Non-current		
Security deposits	85	86
	85	**86**

18. Commitments

	2023	2022
	$'000	**$'000**
Commitments - expenditure		
(a) Capital		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than 1 year	577	434
Later than 1 year but not later than 5 years	-	303
Later than 5 years	-	-
Total (including GST)	**577**	**737**

19. Contingent liabilities and contingent assets

The Corporation has no known contingent assets or liabilities at reporting date.

20. 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:

	2023	2022
	$'000	**$'000**
Net cash used on operating activities	(4,630)	(43,343)
Depreciation and amortisation	(1,910)	(1,801)
Loss from assets written down	(4)	-
Assets transferred free of charge	(3,208)	(7,682)
(Decrease)/Increase in inventories	(2,964)	15,595
(Decrease) in receivables	(279)	(1,353)
Decrease in creditors and borrowings	2,284	274
Decrease in provisions	938	35,544
Decrease/(Increase) in contract liabilities	77	(703)
Net result	**(9,696)**	**(3,469)**

21. Budget review

Net result

The net result is favourable to budget by $6.9 million.

- Revenue overall was $14.2 million less than budget and total expenditure was $19.8 million lower than budget for the year. The largest item impacting both revenue and expenditure was the deferral into future years of $11 million grant income and expenditure for the Newcastle Mines Grouting Fund which the Corporation administers on behalf of the Government. This $11 million amount is now budgeted in future years. Excluding the impact of the mines grouting fund net revenue was $3.2 million lower than budget and net expenditure was $8.8 million lower than budget.
- Revenue from the sale of goods and services is lower due to the timing of land sales being deferred into future years following a revision in asset sales plan.
- Investment revenue is higher than the budget due to higher rental revenue than budget along with higher bank interest received as a result of higher interest rates.
- Other income is higher than budget partly due to the remediation revenue classification difference between sales of services as well as additional works completed at Kooragang Island to complete the remediation project in the current year.
- Operating expenses are lower than budget due to the deferral of a number of asset disposals to future years (as noted above for sale of goods and services revenue). The deferral means that the associated land value will be expensed in a future year upon disposal of the sites. Other savings included lower personnel services expenditure due to a number of employee vacancies during the year and lower asset management costs with expenditure delayed into future years following a prioritisation review of asset activities.
- Other gains and losses were above budget with a reduction to the provision for long-term maintenance of the contamination containment cell at Cockle Creek due to changes in the discount rate as well as the reversal of a prior year inventory decrement.

Assets and liabilities

The net asset position is $20.6 million higher than the budget primarily due to:

- Cash and cash equivalents being $5.2 million higher due to higher income and lower expenditure achieved as compared to budget.
- The net inventory position was $2.2 million higher than budget which is primarily related to the deferral of land sales to future years partly offset by lower inventory expenditure during the year.
- Provisions decreased by $7.4 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.
- Asset revaluation resulted an increase in the Property, Plant and Equipment.

21. Budget review (cont'd)

Cash flows

Net cash flows from operating activities were $3.1 million favourable to budget as a result of:

- Cash payments to suppliers were $4.2 million favourable due to lower inventories and other operating expenditures compared to budget.
- Cash inflows for the sale of goods and services and interest were favourable than budget by $1.4 million mainly due higher interest earned and favourable cash inflows than the budgeted assumption.
- Grants and contribution net inflow/outflows is $2.5 million unfavourable mainly due to carry forward of the developer contributions.
- Net cash flows from investing activities are $1.9 million favourable due to a budget carry forward of capital expenditure into future years.

22. 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. Compliance with policies is reviewed by the entity on a continuous basis.

(a) Financial instrument categories

Class	Note	Category	Carrying amount 2023 $'000	Carrying amount 2022 $'000
Financial assets				
Cash and cash equivalents	6	Amortised cost	26,822	36,529
Receivables[1]	7	Amortised cost	803	266
Financial Liabilities				
Payables[2]	14	Financial liabilities measured at amortised cost	2,310	4,383
Borrowings	16	Financial liabilities measured at amortised cost	-	3

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.

22. Financial instruments (cont'd)

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

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.

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.

22. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The loss allowance for trade debtors as at 30 June 2023 and 30 June 2022 was determined as follows:

	30 June 2023 $'000					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate*	0.00%	2.50%	5.00%	10.00%	25.00%	1.57%
Estimated total gross carrying amount at default	64	40	1	2	3	110
Expected credit loss	-	1	-	0	1	2

	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

Notes

**Expected credit loss rates applied to the aged debtors are 2.5% for <30 days, 5% for 30-60 days, 10% for 61-90 days and 25% for >91 days as per the Corporation's policy.*

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 2023 and 30 June 2022. 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 2022 to 30 June 2023 (2022: nil).

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

22. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis and interest rate exposure of financial liabilities

			$'000					
	Weighted average effective Int. rate	**Nominal Amount[1]**	**Interest Rate Exposure**			**Maturity Dates**		
			Fixed Interest Rate	**Variable Interest Rate**	**Non-interest bearing**	**< 1 year**	**1 - 5 years**	**> 5 years**
30 June 2023								
Trade creditors and accruals	N/A	2,310	-	-	2,310	2,310	-	-
Lease liabilities	N/A	-			-	-		
		2,310	**-**	**-**	**2,310**	**2,310**	**-**	**-**
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**	**-**	**-**

[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 2022. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 (RBA) 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 recent financial year has been unusual with interest rate increases from the RBA not considered to continue into future financial years with a greater likelihood that rates will decrease gradually over the medium term following a peak in 2023.

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

22. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(iii) Market risk (cont'd)

	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
30 June 2023					
Financial assets					
Cash and cash equivalents	26,822	(268)	(268)	268	268
Financial liabilities					
Borrowings	-	-	-	-	-
30 June 2022					
Financial assets					
Cash and cash equivalents	36,529	(365)	(365)	365	365
Financial liabilities					
Borrowings	3	-	-	-	-

(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.

23. Program group

The Corporation's activities are reported under the program group "Better use of government-owned land and property" supporting the State outcome "Maximise community benefit from government land and property".

The Corporation has only one program therefore does not prepare a state outcome group statement.

24. Related party disclosure

(a) Key management personnel compensation

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

	2023	2022
	$'000	$'000
Short-term employee benefits	268	130
Post-employment benefits	26	5
Total remuneration	**294**	**135**

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

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

- Personnel service expenses transacted from the Department of Planning and Environment of $3.8 million (2022: $4.6 million), of these, $0.08 million (2022: $0.06 million) is recognised as accrued expense and $0.4 million (2022: $0.5 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 (2022: $1.0 million)
- Remediation revenue from Crown of $4.5 million (2022: $5.9 million), and a contract liability of $0.4 million (2022: $0.5 million receivable)
- Contaminated land containment cells maintenance fees charged from Waste Assets Management Corporation of $0.7 million (2022: $0.7 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.

25. 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. In addition, the Corporation monitors impact from the current economic volatility from global events (including inflation and high interest costs) and will continue to do so.

Following the recent State election, a Machinery of Government change has been announced to be implemented from 1 January 2024. Currently no known charges impact the Corporation but this will continue to be monitored. Government policy changes have also been announced following the election and the Corporation is monitoring impacts from these changes.

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.

Hunter and Central Coast
Development Corporation

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