



 **HDC** Hunter
Development
Corporation
Annual Report 08/09



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To the Minister

31 October 2009

The Hon. Jodi McKay MP
Minister for the Hunter
Parliament House
SYDNEY NSW 2000

Dear Ms McKay

Please find enclosed the annual report of the Hunter Development Corporation for the year ended 30 June 2009. The report details the work, achievements and relevant statutory and financial information of this statutory body. The report is for submission to Parliament under the *Annual Reports (Statutory Bodies) Act 1984* and the applicable provisions of the *Public Finance and Audit Act 1983*.

Yours sincerely



Paul Broad
Chairman
Hunter Development Corporation



Warwick Watkins
Chief Executive
Land and Property Management Authority

About the Hunter Development Corporation

Vision

To facilitate growth, investment and renewal in the Corporation's Growth Centre. In doing so, the Corporation strives to facilitate private sector investment in projects which contribute to economic growth, employment, residential, commercial and industrial opportunities in the Hunter.

Nature and scope of activities

As a State Government agency charged with control of key strategic state-owned lands, the Hunter Development Corporation is well placed to facilitate private sector investment on lands that would otherwise remain under-utilised or closed to the public. The Corporation can add value to the process of development by removing or ameliorating constraints that prevent development or redevelopment of important landholdings.

By creating new opportunities for private sector investment, new opportunities are created for growth in employment, residential, industrial and commercial development. This includes the former BHP landholdings at Mayfield and West Wallsend, industrial and employment landholdings at Tomago and Kooragang Island and the Honeysuckle urban renewal project.

Creating new opportunities for growth in employment, residential, industrial and commercial development.

Along with its charter to drive renewal of key strategic sites in the Hunter the Corporation aims to facilitate development and renewal of regional centres and renewal corridors identified in the Lower Hunter Regional Strategy. An important way the Corporation can contribute to these goals is by undertaking investigations into, and masterplanning of, potential new renewal sites. This includes Western Lake Macquarie, the Broadmeadow Sports and Entertainment Precinct and Newcastle City Centre.

The Corporation also undertakes asset and property management of key public domain lands and employment lands under its control. This includes overseeing significant remediation and environmental programs on industrial lands at Mayfield and Kooragang Island.

The Corporation strives to ensure that development projects on lands under its control achieve the best possible outcomes for the community. This means ensuring good urban design, sound environmental and sustainability outcomes, social outcomes and excellent public domain and recreation spaces and facilities for wider public benefit. The Corporation's Growth Centre encompasses the local government areas of Cessnock, Dungog, Gloucester, Great Lakes, Lake Macquarie, Maitland, Muswellbrook, Newcastle, Port Stephens, Singleton and Upper Hunter.



WESTERN LAKE MACQUARIE - OPPORTUNITIES FOR FUTURE GROWTH

Chairman's Report

The Hunter is on the cusp of great things. In years to come we'll look back and say that 2008/09 was somewhat of a watershed year. Several projects of potentially great significance began to take early shape and the NSW Government saw fit to establish a taskforce to set up a framework to ensure that when these and other projects were delivered it would be according to a coordinated strategy designed to leverage maximum private sector investment to breathe life into the city centre. It has long been a cause for concern that the state's second biggest city has not been able to match the thriving vitality of the region it serves, a region which after all, is the economic powerhouse of the state and punching well above its weight as a contributor to the national economy. It had become abundantly obvious that Newcastle needed to address a series of questions about its future and seize a once-in-a-generation opportunity to ensure the city centre can grow in a sustainable way to serve the Hunter and its people well into the future.

The Newcastle City Centre Renewal Report provides the blueprint for this to occur. It is a strategy that will generate some 11,000 jobs and \$1.4 billion in economic activity while laying the foundations for the city's future. Perhaps the single most exciting recommendation of the report is the greatly expanded presence for Newcastle University in the Civic precinct through an investment in 60,000m² of campus, bringing thousands

of jobs, 8,000 students and 1,000 staff into the city each day. As urban planning experts have noted, this will act to reverse the long-standing trend of our young people leaving the region to take up opportunities in Sydney, Melbourne, Brisbane or overseas. Local and international students will be drawn to what will no doubt be an internationally renowned regional city campus that has real connections to the business community.

Of course the Corporation's charter and focus is much broader than the Newcastle city centre. Indeed, it takes a broader view of the region and all it has to offer. From this perspective 2008/09 has been an important year for looking ahead and investigating future opportunities for growth in the region more generally. A good example is the Western Lake Macquarie area and the former BHP land at West Wallsend. This important site has the potential to contribute to the growing need for homes and employment identified in the Lower Hunter Regional Strategy. While the large former BHP landholding on the western side of the F3 Freeway has been set aside for conservation, the Corporation has formed a partnering agreement with Landcom to investigate the potential for employment and residential development on the eastern portion. The Corporation sees considerable potential in the Western Lake Macquarie area in terms of its location, resources and lifestyle opportunities. In the medium to long term Western Lake Macquarie could be the focus of innovative, hi-tech industry, generating employment opportunities that take pressure off Sydney and enhance the range of employment opportunities open to the people of the Lower Hunter.

Similarly, the Corporation has entered into a partnering agreement with the Hunter Region Sporting Venues Authority to investigate opportunities to improve the facilities and community utility of the Broadmeadow Sport and Entertainment Precinct. As the precinct includes iconic regional facilities such as EnergyAustralia Stadium, the Newcastle Entertainment Centre, Newcastle Showground and various sporting and recreational facilities leased to their respective tenants, it is an important regional hub for sport and entertainment and contributes greatly to the recreational fabric of our community. It is centrally located and has enormous potential to become Newcastle's version of Sydney Olympic Park and position Newcastle on the national sporting stage. The Corporation hopes to provide strategic direction and coordination for future projects on the site.

Meanwhile the Corporation continues to negotiate with potential proponents to secure investment in industrial projects on strategically important landholdings at Tomago adjacent to the Tomago industrial area. The land is suitable for both light and heavy industry and is ideally situated in close proximity to other industry, the port, Newcastle Airport and good road links. This site has the potential to contribute to the burgeoning diversity of the regional economy by providing more opportunities for companies looking to expand, build new facilities or relocate from more expensive metropolitan locations.

A good example is the planned \$120 million Westrac Caterpillar equipment service facility, training institute and equipment demonstration area on 66 hectares of the site. This will create approximately 300 new jobs, including 100 apprenticeships.

It has been ten years since BHP ceased steelmaking at its Mayfield steelworks and while as a community we remember the spirit and legacy of the steelworkers, we must also recognise that we have succeeded in overcoming this loss and the other challenges thrown at us. We now have a truly diversified economy and a raft of opportunities for the future. I thank the Board, the Executive team and staff of the Corporation for successfully navigating their way through a challenging but vital year for Newcastle and the Hunter and look forward to tackling the challenges that lie ahead.



Paul Broad Chairman



We now have a truly diversified economy
and a raft of opportunities for the future.

General Manager's Overview

The 2008/09 financial year was both a year of great challenge and great success for the Corporation. The challenging global financial environment dampened the private sector's ability to finance large scale projects and this acted rather like a pause button, pushing timelines further out on some projects. However, amidst all the global turmoil, positive signs and investor interest in Newcastle remained ever present. The Corporation made great progress on several major projects such as the next stage in the largest remediation project ever undertaken in the Hunter at the former BHP steelworks in Mayfield. Similarly, the Honeysuckle Urban Renewal project proceeded in leaps and bounds with the completion of significant construction works in Lee Wharf, Cottage Creek and the Marina.

The Lee Wharf residential development increased its presence on the harbour as the Stage Three works were completed. This included completion of the Chifley Serviced apartments building, and 75 harbourside residential apartments with 12 commercial suites and ground floor retail. The Chifley Serviced Apartments add another quality accommodation option in the heart of the city, while the Lee Wharf Stage Three apartments add to the stock of high quality apartments in the city and have been very popular despite a subdued property market. At the same time the Cottage Creek business community came of age as it welcomed

another 650 workers to the newly completed 14,500m² HQ_O commercial building which adds much needed A-grade commercial office space to the city. NIB Health Funds took ownership of one of the towers while international professional services firm GHD took up another significant lease in the building, joined by a new café, childcare centre and travel consultancy.

Meanwhile the Corporation's goal of providing 17 hectares of quality public domain space drew closer to fruition with the progression of construction work on the first half of the 10,000m² Worth Place Park. When complete it will bring the total public open space at Honeysuckle to 11 hectares. The park, at the water's edge at Lee Wharf, features a public art playground which incorporates the maritime, Aboriginal and natural history of the area into a playground for children, surrounded by the extension of the public promenade and grassy areas for residents, visitors and workers to relax. Another new park in Hunter Street was opened by the Minister and a public naming competition produced its name – Kuwumi Place – Awabakal for 'to gather together'. The Corporation continued to support the Livesites program of free cultural events to enliven these new public spaces and a new Heritage Trail consisting of 11 signs was installed at harbourside locations between Carrington and Merewether Wharf as a further point of interest around the harbour. The Glasshouse commercial office space building in the Marina Precinct was completed and a major bank took up a tenancy in the building.

While excellent progress was made across the Honeysuckle project area, there was also significant activity on the former BHP Steelworks site at Mayfield, now known as Intertrade Industrial Park. The Corporation undertook extensive preparations for the next major stage of remediation to begin at on the site. Having completed Stage One over around 30 hectares of the most contaminated land mid-way through 2008, the Corporation has been undertaking the extensive preparatory works required to scope and design the second stage. At the same time preparations were made to award contracts for the provision of vital infrastructure to the site such as water, sewer and rail.

For all this progress it was timely that the Corporation's discussions with the Commonwealth's Major Cities unit led to the preparation of a case study of the Honeysuckle Urban Renewal Project as a Building Better Cities funded project. The report found the impact of the Honeysuckle project has been dramatic with the original \$100 million leveraging a further \$500 million in private sector funding and 4,844 full-time jobs. The case study shows that Newcastle is a good place to invest and that partnerships between all tiers of government can deliver real outcomes in Newcastle.

Of course 2008/09 was also a year for looking forward for the Corporation as it took on the job of laying out a blueprint for the next phase in the city's renewal. The Corporation engaged both the community and other key stakeholders to build upon the city's previous planning efforts to ensure the best possible

framework was delivered. It was delivered in the form of the Newcastle City Centre Renewal Report, which I believe is the next logical step forward for the city and the region. The entire Hunter stands to benefit from a revitalised regional city that supports growth and jobs rather than an underperforming city with ever-fewer reasons to visit. There is still much to be done to bring Newcastle back to full regional city functionality and I look forward to working with the community, government agencies and Newcastle City Council to ensure those plans are progressed. I would like to thank the Board for its guidance and the commitment of the Hunter Development Corporation team in ensuring another successful year.



Craig Norman General Manager



Amidst all the global turmoil, positive signs and investor interest in Newcastle remained ever present.

Corporate Governance

Hunter Development Corporation is committed to maintaining the highest standards of corporate governance. As a NSW Government organisation, corporate governance is the province of a board of directors which reports to the Minister for the Hunter. The Director General of the Land and Property Management Authority is the Managing Director of the Corporation.

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

The Board constantly reviews its corporate governance policies and procedures and is committed to ensuring that the organisation's actions conform to legal and other requirements with the goal of ensuring that finances and other resources are controlled effectively.

The Board comprises the Chairman and eight members. Current Board members were appointed until 30 June 2009.

Board meetings are held monthly (excluding January).

To ensure that adequate control systems and processes are in place to safeguard the assets, reputation and sustainability of the Corporation, the Board has established an Audit Committee.

The Corporation's three-year internal audit plan is reviewed annually and has an emphasis on both financial and operational matters. The Corporation's internal and external auditors also attend each Audit Committee meeting.

All recommendations from the internal audit reports have been implemented.

Hunter Development Corporation held 12 Board meetings, six Audit Committee meetings and two workshops in the year ended 30 June 2009.

SIGNIFICANT COMMITTEES

Audit Committee

The Corporation's General Manager and Commercial Manager as well as the internal and external auditors attend regular Audit Committee meetings.

The members are:

- Megan Maybury, Audit Committee Chair
- David Evans, Director
- Ron Robson, Director

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

The Board The Board comprises the Chair and eight members.

Chairman Paul Broad

M.Comm

Mr Broad is the CEO of AAPT. Mr Broad was Managing Director of Energy Australia from 1997 to 2004 and was a non-executive director of PowerTel from August 1998 until May 2004. Before this he was Managing Director of Sydney Water from 1993 to 1997 and was also the Managing Director of the Hunter Water Corporation. Mr Broad is currently a Non-Executive Director of KUTh Energy and iiNet Limited and a Director of Community Telco Australia.

MEETING ATTENDANCE:

Board: 11 of 12
Workshops: 2 of 2

Deputy Chairman Neil Bird

AM A. Arch (Qld), FRAIA, FPIA, FAICD, FAPI

Mr Bird is Deputy Chairman of Landcom Corporation and an active member of a number of industry and professional bodies. He served a term as National President of the Urban Development Institute of Australia and in 2000 was made a member of the Order of Australia for services to the urban development industry.

MEETING ATTENDANCE:

Board: 10 of 12
Workshops: 2 of 2

Director Gary Kennedy

Mr Kennedy is the Secretary of the Newcastle Trades Hall Council. He is President of Newcastle Panthers and Cardiff Panthers and a Director of Panthers Entertainment Group. Mr Kennedy is also a Director of Regional Development Australia, Hunter Water Corporation and Industry Development Centre and is Treasurer of Disability Advocacy NSW Inc.

MEETING ATTENDANCE:

Board: 8 of 11
Workshops: 1 of 2



Director Megan Maybury

B.Comm CA

Ms Maybury is a Director of Prosperity Advisers Pty Ltd and is a chartered accountant with over 20 years' experience in providing financial services to a wide range of industries.

MEETING ATTENDANCE:

Board: 11 of 12
Workshops: 2 of 2
Audit Committee: 6 of 6

Director Suzanne Ryan

B. Soc.Stud (Syd) MBA (Newcastle)
MA (Macquarie) PhD (Syd)

Ms Ryan is an academic within the Newcastle Business School, the University of Newcastle. Prior to joining the University she worked in and with local, state and federal governments in housing policy and social planning. She has been a member of a number of Hunter region organisations.

MEETING ATTENDANCE:

Board: 10 of 12
Workshops: 2 of 2

Director Ron Robson

OAM, FAICD, JP

Mr Robson is Chairman of the Hunter Water Corporation, Hunter Water Australia Pty Ltd, and was Chairman of the former Regional Land Management Corporation. He is a Director of Robson Health Care Pty Ltd, Chairman of Banlaw Pty Ltd, Chairman of Cromford Pty Ltd and Chairman of Australian Film and Pipe Pty Ltd and Patron of Newcastle/Hunter Valley Rugby Union.

MEETING ATTENDANCE:

Board: 11 of 12
Workshops: 1 of 2
Audit Committee: 5 of 6



Director Councillor John S Tate

Councillor Tate is the Lord Mayor of the City of Newcastle and has served Newcastle City Council as a Councillor since 1980 and as Lord Mayor since 1999. He is a representative on numerous boards and committees such as Hunter Region Tourism Organisation, was a Director of the former Regional Land Management Corporation and is Deputy Chair of Regional Development Australia. He also has extensive experience in small business operations.

MEETING ATTENDANCE:

Board: 10 of 12
Workshops: 2 of 2

Director David Evans

B.Ec (Hons), FAICD

Mr Evans is a member of Sydney Catchment Authority, a Director of Country Energy and was a Director of the former Regional Land Management Corporation. He is a former Managing Director of Sydney Water Corporation (2004-2006), Managing Director of Hunter Water Corporation (1993-2006) and Chairman of the Board of the Hunter Area Health Service (1997-2003).

MEETING ATTENDANCE:

Board: 10 of 12
Workshops: 2 of 2
Audit Committee: 6 of 6

Director Richard Pearson

Executive Director, Rural and Regional Planning

Richard Pearson was Executive Director of the Department of Planning's Rural and Regional Planning Division from March 2006 until May 2009. In May 2009 he was appointed to the position of Deputy Director General, Development Assessment & Systems Performance.

MEETING ATTENDANCE:

Board: 5 of 12
Workshops: 2 of 2



Staff

Executive

General Manager

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

Commercial Manager

Robert Foster
B.Bus (Acc), CPA

Communications

Communications Manager

Luke Mellare
B.A. (Comms) M.A. (Media,
Technology and the Law)

Operations

Operations Manager

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

Senior Development Manager

Jacob Whiting
B.Sc. Construction Mngmt,
M.Bld Construction

Senior Development Manager, Capital Works

Geoff Wade
B.Sc. (Architecture), B. Arch (Hons 1)

Senior Development Manager, Planning

Scott Anson

Senior Development Manager

Paul Bender

Development Manager

Valentina Misevska
LLB, Dip. Legal Practice, B.Com

Development Manager

Garth Greenaway

Environmental Manager

Mike Bardsley
B. Eng (Civil), MIEA

Project Manager

David Antcliff
B. Construction Management (Hons)

Development Officer

David Legg
B. Construction Management (Build)

Development Officer

Toni Cappiello

Development Officer

Jeremy Amann
B. Construction Mngt (build),
Dip Surveying

Finance and Administration

Senior Accountant

Kim Fatcher
B.Com, CPA

Administration Manager

Coral McDonnell

Admin Support Officer

Karen Cooper

Executive Assistant

Gillian Foulcher



THE BROADMEADOW SPORTS AND ENTERTAINMENT PRECINCT

Highlights

The Newcastle CBD Taskforce was formed to oversee the preparation of a strategy to restore Newcastle to its regional city status by creating the conditions for private sector investment, growth, jobs and prosperity.

Construction on the Lee Wharf Stage Three residential development, featuring two residential buildings, ground floor retail leases, and associated public domain was completed.

The Chifley Serviced Apartments building in the Lee Wharf development was completed and began operation, providing another high quality accommodation option in the city.

The Corporation handed a new 1000m² park in Hunter Street over to the community. The park was named Kuwumi Place, Awabakal for 'to gather together', following a public naming competition.

Following a competition the design for a public art playground at Worth Place Park on the foreshore at Honeysuckle was selected and construction substantially completed.

The Hunter Development Corporation, under the auspices of the Newcastle CBD Taskforce, conducted a series of five workshops and received letters and submissions from groups and individuals as part of the public consultation phase of the CBD Taskforce process.

The HQ_o development, comprising two, seven-storey buildings with 14,500m² of commercial office space, became the new headquarters of NIB Health Funds and the international professional services company GHD. The building also attracted a new café, childcare centre and travel consultancy.

The last of the Corporation's redevelopment sites in Hunter Street West was sold to a consortium to be developed into an office building. When complete the 2,147m² site at 540 Hunter Street Newcastle will attract a professional workforce, reactivating the area to discourage vandalism and antisocial behaviour.



RESTORATION WORKS AT THE HISTORIC LEE WHARF C CARGO SHED



CHIFLEY SERVICED APARTMENTS BUILDING, LEE WHARF

A case study on the Honeysuckle Urban Renewal Project was completed and given to the Commonwealth's Major Cities Unit to inform its review of the Building Better Cities Program.

New tenants moved into the Lee Wharf development, including a Hog's Breath Café, a pizza and pasta restaurant, a Friendly Grocer and a café.

Development approval was given to a new \$6.5 million boutique hotel and restaurant at Lee Wharf. The Caverstock Group commenced extensive repair works on the substructure of the historic 1910 cargo storage shed to allow its adaptive reuse as a boutique-style pub with mezzanine restaurant, featuring an outdoor deck and an extended public forecourt.

The Honeysuckle Heritage Trail project – featuring a series of signage installations depicting the area's rich heritage – was unveiled at numerous locations around the Honeysuckle foreshore.

The Newcastle City Centre Renewal Report was completed and handed to the NSW Government in March 2009, outlining a comprehensive blueprint for the next phase in the renewal of the second largest city in New South Wales.



KUWUMI PLACE, HUNTER STREET



MINISTER MCKAY UNVEILS THE HONEYSUCKLE HERITAGE TRAIL WITH LOCAL HISTORIANS

Urban Renewal

As a State Government agency charged with control of key strategic state-owned lands, the Hunter Development Corporation facilitates private sector investment on lands that would otherwise remain under-utilised or closed to the public. A key driver of renewal is the removal or amelioration of constraints that prevent development or redevelopment of strategically important landholdings. The Honeysuckle urban renewal project, which is now more than two-thirds complete, is an important example. Its success puts Newcastle in good stead to press ahead with the next phase of renewal in Newcastle.

The Honeysuckle Urban Renewal Project

Since 1992 the Hunter Development Corporation has been working with the people of Newcastle, government organisations, community groups and the private sector to transform a 50 hectare parcel of state-owned redundant industrial land into the dynamic CBD destination it is today. Great progress has been made on the Honeysuckle Urban Renewal Project despite the global downturn in economic conditions. It is now more than two-thirds complete with around 38 hectares of the 50 hectare site redeveloped. This includes 11 hectares of quality public open space. In 2008/09 the first half of a major new harbourside park was constructed at Lee Wharf. Known as Worth Place Park, it promises to be a focal point for local residents, tourists and city workers. It features a public art playground, the extension of the foreshore promenade and turfed family friendly areas.

At present four of the seven Honeysuckle precincts have been completed, and a fifth - Hunter Street Precinct - is all but complete. The last of the Corporation's redevelopment sites in Hunter Street was sold to a consortium to be developed into an office building. When complete the 2,147m² site, at 540 Hunter Street Newcastle, will attract a professional workforce and assist with reactivating the area to discourage vandalism and antisocial behaviour. A six-storey commercial office building is planned and a professional services firm has indicated interest in locating its Newcastle headquarters in the new building. Redevelopment is almost complete in the Honeysuckle Precinct and the Corporation's focus will now turn to the remaining lots in the Cottage Creek Precinct and ensure that the release of remaining lands will pay due regard to the catalyst projects outlined in the Newcastle City Centre Renewal Report.



CARRINGTON AND LINWOOD 1995



CARRINGTON AND LINWOOD 2009

During the year the Corporation was asked by the Commonwealth's Major Cities Unit to conduct a detailed review of the Honeysuckle Urban Renewal Project as a case study of the Building Better Cities Program which provided the initial funding and impetus for the Honeysuckle project. The resultant report - Building Better Cities/Newcastle - a Case Study in Renewal - details the ambitious goals of the Honeysuckle project, its impact on the harbour, the city and nearby suburbs, and details the enormous contribution the project has made to the city's and region's economy in terms of investment, job creation, environmental improvements and the creation of quality, people friendly spaces.

Benefits of the Honeysuckle project

- An overall economic impact of over \$1.335 billion
- Generation of over \$500 million in direct private sector investment
- Generation of 4,844 full-time jobs
- Construction of office accommodation for over 2,500 employees
- Construction of homes for 2,000 people
- Relocation of port activities from Throsby to the Basin contributing to the productivity of the port and enabling the development of a cruise ship industry
- The relocation and expansion of the fisherman's cooperative
- Growth in the inner city housing market and surrounding suburbs
- Provision of essential infrastructure such as roads, bridges, water, power, telecommunications and drainage
- Remediation of contaminated lands and waterways
- Provision of 170 public housing units
- Provision of 11 hectares of quality public open space
- Restoration of important heritage buildings and their adaptive reuse
- Provision of public waterfront access
- Investment in public art and placemaking initiatives such as the LIVESITES program of free public events



HONEYSUCKLE IN 1993



HONEYSUCKLE IN 2008

Newcastle City Centre Renewal

In 2008 the ongoing debate about the need for further renewal of the Newcastle city centre was drawn into sharper focus. The New South Wales Government recognised that there were several projects on the Newcastle drawing board – a feasibility study into a new Justice Precinct, Commonwealth investigations into new court facilities and a \$650 million retail development proposal from General Property Trust – that required a coordinated, strategic planning approach. At the same time a feasibility study on light rail into the CBD concluded that it would not result in better transport outcomes.

In August 2008 the New South Wales Government announced the formation of a Taskforce to oversee the preparation of a strategy to restore Newcastle to its regional city status by creating the conditions for private sector investment, growth, jobs and prosperity. The Taskforce was comprised of the Office of the Coordinator General (chair), Hunter Development Corporation (deputy chair), NSW Treasury, State Property Authority, Attorney General's Department, NSW Police, Department of Planning, and the Ministry of Transport. The aims of the Taskforce were to support and facilitate private sector development in the Newcastle City Centre, identify and review options for development/redevelopment of Government assets and facilitate community consultation on the future city centre public domain with regard to the renewal and investment in the city centre.

The Hunter Development Corporation devoted much time and resources to running the Taskforce process, including facilitating the extensive community consultation process between September and December 2008, coordinating meetings of the Taskforce Project Control Group, receiving and responding to submissions and letters regarding the city's renewal, preparing detailed briefs for the engagement of expert consultants to analyse the ideas put forward by the community and conducting workshops with an Urban Design Reference Panel comprised of eminent urban design professionals. Finally much thought and analysis went into the drafting of the Newcastle City Centre Renewal Report which was submitted to the New South Wales Government at the end of March 2009.

The product of this lengthy and involved process was a 107 page report with three supporting reports outlining a blueprint for the city's revitalisation. Drawing heavily on earlier planning efforts such as the City Centre Plan, the blueprint names several key catalyst projects for the city including:

- The relocation of 60,000m² of Newcastle University campus into the Civic Precinct;
- The relocation of the state's justice facilities to the Civic Precinct along with the Commonwealth's new justice facilities;

- An integrated transport system with a new interchange at Wickham west of Stewart Avenue;
- Retail precinct in the eastern end of town; and
- Commercial precinct

The Minister for the Hunter, the Hon. Jodi McKay MP, subsequently commissioned the Hunter Valley Research Foundation to undertake a survey of community attitudes towards the recommendations in the report across the local government areas of Maitland, Cessnock, Lake Macquarie, Port Stephens and Newcastle. The survey found that 93 percent of respondents wanted action to improve the city centre and overwhelmingly supported the catalyst projects outlined in the report.

The Corporation looks forward to working with all stakeholders to progress these important projects.

Newcastle City Centre strategic overview



- New Business Centre
- Tourist/Residential/Retail/Heritage Precinct
- Cultural/Civic/University Precinct
- Parks
- Squares
- Links
- Bus Link
- Waterfront Promenade
- Cycleways



RAIL CORRIDOR EASTERN PRECINCT



RAIL CORRIDOR EASTERN PRECINCT (PROPOSED)

Residential

Newcastle's newest residential community on the harbour was completed during the year at Lee Wharf, Honeysuckle. Known as Lee Wharf Stage Three, the project comprises two new residential buildings with 75 apartments, 12 office suites, retail suites at ground level and a 10,000m² park to be known as Worth Place Park. This is a key part of the \$300 million Lee Wharf project and will assist in breathing life into this formerly disused and contaminated part of the harbour. Opening up the harbour to the people of Newcastle is what the Honeysuckle Urban Renewal Project is all about. Where derelict cargo sheds and wharves once barred access to the harbour there will be a new vibrant public space.

Retail shops, offices, cafés or restaurants open onto the park and playground, making it a great destination for families. The provision of quality open space including grassed areas, shade trees and the extension of the public promenade along the harbour's edge are key components of the Honeysuckle vision. The design of Worth Park public art playground was the result of a national design competition won by Zenscapes and Milne Stonehouse Artists. The design reflects the geological, maritime and indigenous elements of the site's history while being an inviting 'hands on' experience for children and adults.

While the Honeysuckle project is well advanced, the Corporation also undertook important early investigations into potential future renewal sites that may have residential elements to them.

This includes renewal corridors identified in the Lower Hunter Regional Strategy and other key sites such as Western Lake Macquarie. The Corporation has entered into a partnering agreement with Landcom to investigate future opportunities for residential and employment development within the former BHP landholdings at West Wallsend. This would be a long-term project taking up to 20 years to realise.



LEE WHARF STAGE THREE

Commercial and Retail

Plans for a unique and exciting new boutique hotel and restaurant on the harbour were progressed during the year. The \$6.5 million hotel development, proposed by the Caverstock Group, will involve an adaptive reuse of an historic 1910 cargo storage shed. The development will include a boutique-style pub, mezzanine restaurant, outdoor deck, and an extended public forecourt. It will also involve the extension of the foreshore promenade and footpath area. When complete the new venue will be a lifestyle and entertainment asset for central Newcastle. Importantly, the adaptive reuse of the building enables the preservation of an important example of Newcastle foreshore heritage. Following the receipt of public submissions, conditions were imposed on the approval covering areas such as urban design, public access and residential amenity.

The last of the Corporation's redevelopment sites in Hunter Street was sold to a consortium to be developed into an office building. When complete the 2,147m² site, at 540 Hunter Street Newcastle, will attract a professional workforce and assist with reactivating the area to discourage vandalism and antisocial behaviour. A six-storey commercial office building is planned and a professional services firm has confirmed it is interested in locating its Newcastle headquarters in the new building.

In the Marina Precinct, the National Australia Bank took up a major tenancy in the newly completed Glasshouse commercial office building. The redevelopment of the site included landscaped public open space adjacent to the new 1,000m² commercial building which was designed to achieve a 4.5 star AGBR energy rating. The works included the extension of the public promenade.

In May the Lee Wharf Pontoon and Harbour Square Boat Dock were the launching points for the 2009 whale watching season with two operators - "N' Joy" Whale Watching and Nova Cruises - conducting tours of the harbour. An excellent number of sightings of humpbacks on their northerly migration were reported. Lee Wharf Pontoon and the Harbour Square Boat Dock were completed by the Corporation as part of the Honeysuckle project in 2006 and 2008 respectively to replace the dilapidated finger wharves and open up the harbour to the people of Newcastle. Nova Cruises began whale watching tours direct from Newcastle in 2007, and was joined by Care Cat in 2008. The operators have established Honeysuckle as one of the best whale watching venues on the East Coast.



THE GLASSHOUSE, MARINA PRECINCT



PHOTO FROM "N'JOY" WHALE WATCHING, NEWCASTLE HARBOUR/FORESHORE

Industrial and Employment

Since BHP ceased steelmaking at Mayfield in 1999 and completed demolition of the buildings and structures on site in 2004, the NSW Government has been working hard to get it ready for redevelopment. The Corporation completed Stage One of the enormous \$110 million remediation project in July 2008 including \$27 million of new drains and surfacing 30 hectares of land most affected by steelmaking operations. Detailed design and documentation works for Stage Two of the remediation have begun in earnest. A contract was awarded for the provision of detailed design and documentation of final landform, bulk earthworks, decommissioning and or relocation of services, major drainage design, capping and the preparation of early works and main civil work tender documentation. Physical remediation works on site are expected to begin in early 2010 and be completed in advance of the target deadline of December 2012.

In addition to the second stage of the remediation works, the Corporation has progressed vital infrastructure projects on the site, including rail and sewer works. These works are currently under documentation, and expected to commence construction towards the end of 2009. At the same time the Corporation continues to work with regulatory authorities and agencies to ensure the BHP Billiton River Sediment Remediation project proceeds according to best practice. The remediation of the former BHP steelworks site will be a substantial environmental improvement for the area. This work and the associated infrastructure projects will generate redevelopment opportunities of regional significance.

Following the international expression of interest process for Intertrade Industrial Park which commenced in 2007, the Corporation was able to reduce the field of proponents down to two and then in December 2008, selected the Buildev Intertrade Consortium to redevelop over a third of the 150 hectare site, which

has been unused since BHP ceased steelmaking in 1999. Buildev Group partnered with logistics company Toll to form the successful consortium which would provide general and freight-related industry on the site. The project would bring \$120 million of new investment and up to 3000 jobs into Newcastle, with industry expected on site from as early as 2011. The consortium would develop 62 hectares of the site: 10 hectares in the Intermodal Zone which would be capable of supporting port-related industry, and 52 hectares in the General Industry Zone. The proposal envisages a range of businesses to set up on site, including light industry, warehousing and logistics. After the Buildev-Toll Consortium secures the relevant approvals, it would undertake further remediation of the site, which would save the State in the order of \$24 million. The Corporation has continued to progress talks with the private sector regarding the redevelopment of industrial/employment lands at Tomago and Kooragang Island.



FORMER BHP STEELWORKS, MAYFIELD

Public Spaces and Community

Place activation

The Corporation continued its support as a major funding partner of the L!vesites program of cultural events along with Newcastle City Council and Arts NSW. Over the year to 30 June 2009 the L!vesites program included 47 days of events and activities attracting attendances of over 31,000. The program employed artists, most of whom were from the Hunter region, generating over 300 days of work. Production and technical crew were engaged for over 180 days' work with all personnel from the Hunter region. At Honeysuckle, events ranging from concerts, outdoor performances, children's holiday workshops and Christmas celebration shows took place at Harbour Square,

Honeysuckle promenade and the Honeysuckle Workshops. The funding partners also provided one of the Honeysuckle railway workshop buildings as a rehearsal, production and storage space as well as a venue. This enabled L!vesites to mentor local artists and arts organisations to increase their skills and opportunities. Importantly this year L!vesites, under a new memorandum of understanding, has become a service within Newcastle City Council where it has a secure operational base and access to all of the resources and experience of Council's Civic Precinct live performance venues.

During the year the Corporation supported a variety of community events and causes, including the sponsorship of a category of the TAFE Hunter Institute Awards, the Newcastle Rowing Club's Throsby Creek Challenge and the 2009 Lower Hunter Urban Design Awards. This year the Corporation also joined forces with the University of Newcastle to apply for an Australian Research Council Grant which, if awarded, would enable two students to complete a PHD in research into practical strategies for sustainable growth in regional cities such as Newcastle. As well as continuing to sponsor the Hunter Valley Research Foundation, the Corporation engaged the HVRF to conduct a survey on the level of community awareness of the Hunter Development Corporation which found that 56 percent of respondents were aware of the Corporation despite it only coming into being in February 2008.



L!VESITES - ROCKERS AND REVHEADS



CAMEL RIDES AT HONEYSUCKLE



LIVESITES ANNUAL STREET PERFORMERS' FESTIVAL, HONEYSUCKLE photography by Victoria Coffey

Community liaison

The Hunter Development Corporation Board continued its program of quarterly Open Sessions as a vehicle to enable the community to be better informed, through the media, about the Corporation's developments and initiatives. The Corporation conducted events to mark official milestones such as the opening of Kuwumi Place in Hunter Street, as well as unveiling the Honeysuckle Heritage Trail signage installations. A new monthly electronic newsletter - Harbour Life - commenced, replacing the hard copy version of three editions per year, to improve the timeliness of information distribution and to help promote place activation, local tenant initiatives and activities. It features recipes and matching wine notes from Honeysuckle restaurants as well as news on whale watching and harbour cruises, and specials on accommodation and dining, and has proved a popular publication.

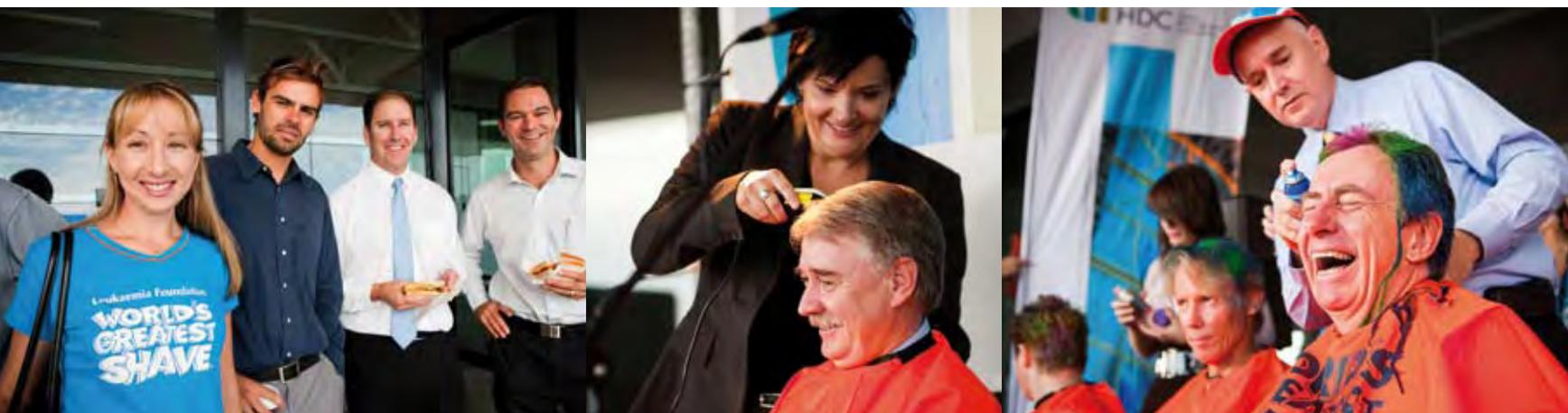
The Corporation continued to distribute z-card maps of the city to the Tourism Information Centre, and also to the city's volunteer tour guides, produced updated corporate brochures and provided presentations and guided tours to schools, community groups and organisations of the Honeysuckle Urban Renewal Project.

Under the auspices of the Newcastle CBD Taskforce, the Corporation conducted a series of five workshops and received letters and submissions from groups and individuals as part of the public consultation phase of the CBD Taskforce process. Several hundred Novocastrians attended the workshops and hundreds of letters and submissions were received and collated into reports and placed on the Corporation's website.

The Corporation's two websites continued to be important sources of information for the community, with the new Hunter Development Corporation site attracting 7,314 unique visitors over the year. There was a dramatic spike in the number of people accessing the Hunter Development

Corporation site immediately after the release of the Newcastle City Centre Renewal Report in May 2009. The Honeysuckle website attracted a total of 23,292 unique visitors over the year. Once again, the Dining Out page was the most popular page, reflecting the popularity of Honeysuckle's vibrant restaurant, café and bar scene.

The Corporation welcomed around 650 new staff to the Cottage Creek Business precinct by hosting a free breakfast. The event recognised that Honeysuckle has become an important commercial hub for the city, with a total of around 2,500 people working in the precinct each day. The Corporation's Cottage Creek neighbour, Hunter Water, used the event to stage its Leukemia Foundation Shave for a Cure fundraiser.



MINISTER MCKAY AT THE HONEYSUCKLE WORKERS' BREAKFAST AND SHAVE FOR A CURE EVENT

By hosting the breakfast the Corporation was able to promote the Leukemia Foundation cause with workers from Hunter Water, Hunter Development Corporation, NIB, GHD, Sparke Helmore and PricewaterhouseCoopers getting involved by having their head shaved or sponsoring their colleagues to get their heads shaved or hair dyed. The event was a great way to welcome new staff to the Honeysuckle community and showed the urban renewal project was coming of age. More than \$13,000 was raised for the charity.

Public domain and recreation

During the year the Corporation completed the remediation of a section of harbour foreshore at Lee Wharf to enable the landscaping of a new 10,000m² park. Called Worth Place Park, the first half is now complete, featuring a public art playground designed by Zenscapes and Milne Stonehouse Artists. The Corporation also submitted a development application to Newcastle City Council to remediate a section of land on the Wickham waterfront in preparation for the landscaping of the second stage of Fig Tree Park which, when complete, will offer 10,000m² of quality public open space.

The Corporation entered into a partnering agreement with the Hunter Region Sporting Venues Authority to investigate opportunities to improve the facilities and community utility of the Broadmeadow Sport and Entertainment Precinct. As the precinct includes iconic regional facilities such as EnergyAustralia Stadium, the Newcastle Entertainment Centre, Newcastle Showground and various sporting and recreational facilities leased to their respective tenants, it is an important regional hub for sport and entertainment and contributes greatly to the recreational fabric of our community. It is centrally located and has enormous potential to become Newcastle's version of Sydney Olympic Park and position Newcastle on the national sporting stage. The Corporation hopes to provide strategic direction and coordination for future projects on the site.



ARTIST IMPRESSION OF WORTH PLACE PARK



FIG TREE PARK, WICKHAM

Environment and Heritage

Mayfield remediation

Great progress has been made in preparing the way for the second major stage of the \$110 million remediation of the former BHP Steelworks site at Mayfield, the largest remediation project ever undertaken in the Hunter. The remediation strategy is being undertaken in liaison with the relevant authorities, including the NSW Department of Environment and Climate Change under a voluntary remediation agreement. Having completed Stage One covering around 30 hectares of the most contaminated land mid-way through 2008, the Corporation has been undertaking the extensive preparatory works required to scope and design the second stage. The Stage 2 works will involve the provision of low permeability capping, land shaping and surface drainage and

other works to most of the remaining areas of the 150 hectare site. A contract was awarded for the provision of detailed design and documentation services for the design of final landform, bulk earthworks, decommissioning and or relocation of services, major drainage design, capping and other remediation works and the preparation of early works and main civil work tender documentation. Physical remediation works on site are expected to begin in early 2010 and are expected to be completed in advance of our target deadline of December 2012. The Corporation also contributed to a city-wide air monitoring network maintained by Newcastle City Council. The Corporation provided air quality information from monitoring stations at Mayfield through the Environmental Protection and Pollution Advisory Committee.

Kooragang Island

The Corporation has played an important role in preparations for the remediation of the former BHP Steel Kooragang Island Waste Emplacement Facility. Surface capping and drainage improvements are required to permanently close the landfill in accordance with appropriate regulations. In recognition of the site's importance to the Green and Golden Bellfrog (*Litoria aurea*), which is classified as 'Endangered' in New South Wales under the *Threatened Species Conservation Act 1995* and in consideration of the habitats of local and migratory shorebirds, the Corporation prepared a Flora and Fauna Assessment in relation to the proposed landfill closure works. In this study, a series of detailed field surveys were undertaken to ascertain the extent of *Litoria aurea* populations on site. The study has been critical in garnering a better understanding of various important habitats scattered across the site and informing the landfill closure strategy to minimise environmental impacts associated with proposed environmental improvement works.



KOORAGANG ISLAND

Honeysuckle

During the year the Corporation lodged a development application for the remediation of 5,350m² of contaminated land on the harbour foreshore between the Marina and Throsby Wharf. Contaminated by decades of heavy industry, the land requires remediation to pave the way for the development of the second stage of Fig Tree Park. When complete, Fig Tree Park will be a 10,000m² high quality public open space with something for everyone - large turfed areas, children's playground, public promenade, basketball courts and large concrete stairs leading down to the water's edge.

Remediation work was also undertaken on 2,800m² of contaminated harbourside land to prepare for landscaping works at Worth Place Park at Lee Wharf. When complete, Worth Place Park will be around 10,000m² of high quality open space with a public art playground, promenade and turfed areas for residents, tourists and workers to relax. It will also be an ideal location for small scale performances such as those conducted under the auspices of the Livesites program.

The Glasshouse and the HQ₀ commercial buildings were both constructed to achieve a 4.5 star AGBR energy rating, and sandstone blocks and timbers from the dilapidated wharf structures made available for landscaping works in other parts of the Honeysuckle project, such as the Glasshouse building in the Marina Precinct.

Preparations for the adaptive re-use of the Lee Wharf C cargo shed got underway in 2008/09. Important substructure restoration works were undertaken on the historic 1910 cargo storage shed at Honeysuckle. Dilapidated timber piles and important structural timbers were replaced to enable a new outdoor deck to be constructed over the harbour. Meanwhile the building was given an external makeover in preparation for its fitout as a boutique hotel and restaurant.



ARTIST IMPRESSION OF FIG TREE PARK



WORTH PLACE PARK, HONEYSUCKLE,
UNDER CONSTRUCTION



HONEYSUCKLE

Independent Audit Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Hunter Development Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Hunter Development Corporation (the Corporation), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial report.

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

My opinion does not provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

James Sugumar
Director, Financial Audit Services

29 October 2009
SYDNEY

Statement by the Board

**Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2009.
Certificate Under Section 41C of the *Public Finance and Audit Act 1983*.**

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

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Hunter Development Corporation as at 30 June 2009 and transactions for the year then ended.
- 2) The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Paul Broad
Chairman
Hunter Development Corporation



David Evans
Director
Hunter Development Corporation

28 October 2009

Income Statement

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Income			
Sales		151	2,490
Less: Cost of Sales		(150)	(840)
Gross Profit			
		1	1,650
Grants & Contributions	2(s)	3,269	7,927
Rental Income		3,145	473
Interest Income		8	99
Other Income	3	1,254	1,370
Total			
		7,677	11,519
Expenses			
General Administration	4	1,783	692
Property Costs		2,622	1,949
Borrowing Costs		861	442
Community Information / Liaison and Promotion		352	438
Remediation Works	2(s)	842	6,047
Community Works	2(h)/5	1,950	3,991
Total Expenses from Ordinary Activities			
		8,410	13,559
Surplus/(Defecit) from Ordinary Activities			
		(733)	(2,040)

The above statement should be read in conjunction with the accompanying Notes.

Balance Sheet

as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Current Assets			
Cash and Cash Equivalents	6	126	89
Trade and Other Receivables	7	1,818	2,909
Inventory	8	4,575	3,438
Total Current Assets		6,519	6,436
Non Current Assets			
Trade and Other Receivables	7	-	966
Plant & Equipment	2(e)/10	243	249
Inventory	8	65,865	12,115
Total Non Current Assets		66,108	13,330
Total Assets		72,627	19,766

	Notes	2009 \$'000	2008 \$'000
Current Liabilities			
Trade and Other Payables	11	2,096	2,405
Other	13	1,879	1,489
Provisions	2(p)/12	1	31
Borrowings	16(b)	2,249	3,271
Total Current Liabilities		6,225	7,196
Non Current Liabilities			
Provisions	2(p)/12	40	40
Other	13	-	-
Total Non Current Liabilities		40	40
Total Liabilities		6,265	7,236
Net Assets			
Equity			
Accumulated Funds		4,577	5,310
Contributed Equity	14/15	61,785	7,220
Total Equity		66,362	12,530

The above statement should be read in conjunction with the accompanying Notes.

Cash Flow Statement

for the year ended 30 June 2009

	Notes	2009 \$'000 Inflows (Outflows)	2008 \$'000 Inflows (Outflows)
Cash Flow from Operating Activities			
Receipts			
Sales Receipts		166	2,739
Rental Receipts		3,584	418
Prepaid Income		80	(113)
Interest Received		8	99
Other Income/Receipts		7,145	7,516
Payments			
Suppliers and Personnel Services		(8,708)	(9,361)
Payments for Inventories		(595)	(1,720)
Borrowing Costs		(173)	(213)
Grants to Other Organisations		(417)	(4,029)
Net Cash provided from (used in) Operating Activities	16	1,090	(4,664)
Cash Flow from Financing Activities			
Raising / Repayment of Borrowings		(1,022)	3,271
Net Cash provided from (used in) Financing Activities		(1,022)	3,271
Cash Flow from Investing Activities			
Proceeds from the sale of Plant and Equipment		-	-
Purchases of Plant and Equipment		(31)	(9)
Net Cash used in Investing Activities		(31)	(9)
Net Increase/(Decrease) in Cash Held		37	(1,402)
Cash held at start of the Financial Year		89	1,491
Cash held at end of the Financial Years	6	126	89

The above statement should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

for the year ended 30 June 2009

	Accumulated Results \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Balance at 30 June 2007	7,350	7,220	14,570
Deficit	(2,040)	-	(2,040)
Balance at 30 June 2008	5,310	7,220	12,530
(Deficit) Contribution	(733)	54,565	53,832
Balance at 30 June 2009	4,577	61,785	66,362

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2009

1. Reporting Entity

The Hunter Development Corporation ("the Corporation") is a State Government agency established to help facilitate economic growth and investment in the region consistent with the Lower Hunter Regional Strategy through development by the private sector on key State land holdings under its control.

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

The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

This financial report for the year ended 30 June 2009 has been authorised for release by the Directors on 28 October 2009.

2. Summary of Significant Accounting Policies

The financial statements are a general purpose financial report, which have been prepared in accordance with:

- Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS)
- Growth Centres Development Corporations Act 1974
- Public Finance and Audit Act, 1983 and Regulations 2005.

The following is a summary of the material accounting policies adopted by the Corporation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Inventory and Capital Works in Progress

Inventory has been recorded at the lower of cost and net realisable value. Long term development costs are capitalised at cost where such capitalisation costs do not exceed the net realisable value. Inventory acquisitions are recognised on settlement.

Property holdings have been classified into current and non-current assets based on sales forecasts for the proceeding financial year.

(b) Revenue Recognition

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

- **Land Sales**
Income from land sales is recognised on contract settlement.
- **Rental Income**
Income is recognised as it accrues in accordance with the terms and conditions of the particular lease or licence.
- **Interest and Other Income**
Interest revenue is recognised using the effective interest method.

- **Section 94 Contributions**

Income is recognised as it accrues in accordance with a deed of agreement between the Corporation and Newcastle City Council.

(c) Administration Expenses

All administration expenses are met by the Corporation and include all employee-related payments of staff that are employed by the Department of Planning and associated with the Corporation (Refer to Note 4).

(d) Personnel Services Cost

The Corporation's liabilities contain provision for employee benefits arising from services rendered by employees up to financial year end's balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the net present value of estimated future outflows to be made for those benefits.

Sick leave is non-vesting and, it is expected that sick leave taken will be less than sick leave accrued in any future reporting period, therefore no liability is recognised.

The provisions for long service leave and superannuation are not reported in the Corporation's accounts as personnel are employed by the Department of Planning. The unfunded liability of these entitlements has been transferred to the State in accordance with Treasury Guidelines.

(e) Plant and Equipment

Plant and equipment is recorded at cost on acquisition and reported at fair value. Plant and equipment with a value less than \$5000 are expensed in the year of acquisition.

(f) Insurance

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

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

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

(g) Depreciation

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

Depreciation Rates

Information Technology	25% per annum
Furniture & Fittings	10% per annum
Leasehold Improvements	life of the lease
Plant & Equipment	12.5% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(h) Community Works

The Corporation undertakes certain non-commercial works such as roads, open space, housing and other infrastructure works. Costs for works are expensed as incurred. A portion of administration costs is allocated to community works (refer to Notes 4 and 5).

(i) Financial Instruments

Recognition

Financial instruments are initially recognised at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade and Other Receivables

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

Non-current receivables are held at fair value. The fair values are based on cashflows discounted using the current cost of capital of 4.12% (2008 10.8%). The effects of this are shown in the Income Statement.

(m) Income Tax Equivalent Payments

The Corporation has approval for exemption from the Tax Equivalent Regime.

(n) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Capital Risk Management

The Corporation monitors debt levels through the use of rolling ten year forecasts so as to ensure that adequate liquidity is maintained and that the approved debt limit of \$17.5m is not exceeded.

	Notes	2009 \$'000	2008 \$'000
Total borrowings	16(b)	2,249	3,271
Less: cash and cash equivalents	6	(126)	(89)
Net debt		2,123	3,182
Total equity		66,362	12,530
Total capital		66,362	12,530
Gearing ratio		3.2%	25.4%

(p) Provisions

Provisions are recognised when the Corporation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In the current year no changes to comparative figures have been required.

(r) Rounding of Amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars or, in certain cases, the nearest dollar.

(s) Former RLMC Income and Expenditure

Following the merger of the Honeysuckle Development Corporation and the Regional Land Management Corporation ("RLMC") in 2008, the Corporation assumed responsibility for the expenditure relating to the maintenance of the sites formerly managed by RLMC. In addition the Corporation has undertaken to act as the agent for the Crown in remediating these sites. Grants and Contributions are received from the New South Wales Government in relation to these expenditures.

(t) New Accounting Standards and Interpretations

The Corporation did not early adopt any new accounting standards that are not yet effective.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

- a) AASB 8 Operating Segments (1 January 2009) & 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (1 January 2009)
- b) AASB 123 Borrowing Costs (1 January 2009) & 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
- c) Revised AASB 101 Presentation of Financial Statements (1 January 2009) & 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (1 January 2009)
- d) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (1 January 2009)
- e) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (1 July 2009)

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

(u) Equity Transfer

The transfer of assets between NSW public sector agencies are designated as a contribution by owners and recognised as an adjustment to Contributed Equity. This treatment is in accordance with Treasury Policy and Guidelines Paper Contributions by Owners Made to Wholly-Owned Public Sector Entities (TPP 09-03). This policy applies AASB 1004 Contributions and Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

3. Other Income

Included in Other Income is an amount of \$0.813m (\$0.896m 2008) which represents reimbursements, through Section 94 contributions received by Newcastle City Council, for community facilities and open space works previously undertaken on the Honeysuckle site. The balance of other income relates to sundry reimbursements.

4. General Administration

General Administration expenses comprise:

	2009 \$'000	2008 \$'000
Personnel Services	1,980	1,406
Superannuation	133	128
Directors' Remuneration	140	141
General Administration	560	666
Consultancies	208	-
Depreciation/ Amortisation	37	43
Audit Fee - External: for the audit of the financial reports	52	46
Audit Fee - Internal	27	21
Less: Expenses allocated to Community Works (Refer Notes 2(h) & 5)	(1,354)	(1,759)
	1,783	692

5. Community Works – Public Domain, Other Infrastructure and Grants to Other Organisations

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

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

	2009 \$'000	2008 \$'000
Public Domain Landscaping and seawall repairs	356	1,743
Other Services / Community groups	23	264
Community Activation	217	225
Administration expenses allocated to Community Works (refer to Notes 2(h) & 4)	1,354	1,759
	1,950	3,991

6. Cash and Cash Equivalents

	2009 \$'000	2008 \$'000
Cash at Bank	118	81
Cash on Hand	8	8
	126	89

The Corporation's exposure to interest rate risk is discussed in note 18.

7. Trade and Other Receivables

	2009 \$'000	2008 \$'000
Current Trade and Other Receivables		
Trade Receivables	723	2,907
Provision for impairment of receivables (note(a))	-	-
Prepayments	1,095	2
Total Current Trade and Other Receivables	1,818	2,909
Non-Current Trade and Other Receivables		
Deposits	-	966
Total Non-Current Trade and Other Receivables	-	966
Total Trade and Other Receivables	1,818	3,875

(a) Past due but not impaired

As of 30 June 2009, trade receivables of \$40,337 (2008 - \$97,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009 \$'000	2008 \$'000
Up to 3 months	18	70
Over 3 months	22	27
	40	97

As at 30 June 2009 there were no impaired trade receivables (2008 - nil)

(b) Fair value and credit risk

Due to the short-term nature of the trade receivables, their carrying amount is assumed to approximate their fair value. The credit risk is the carrying amount, net of any provision for doubtful debts.

The fair value of the deposits are based upon the cash flows discounted using the current cost of capital of 4.12% (2008 10.8%).

8. Inventory

Current inventory is comprised of sites that have been developed or that are still under development and are planned to be sold in the coming year. Property holdings that are being developed in order for sale in years beyond the next financial year are classified as non-current inventory.

Valuation is on the basis of the intended use in accordance with the Newcastle City Centre Local Environment Plan 2008. The valuation is undertaken by an independent registered valuer on a yearly basis with valuations at the lower of cost or net realisable value. The valuation process for 2008-09 has resulted in no changes to the carrying value of inventory (2008 nil).

	2009 \$'000	2008 \$'000
Current Inventory		
At Cost	4,575	3,438
At Valuation	-	-
Total Current Inventory	4,575	3,438
Non-Current Inventory		
At Cost	65,666	11,917
At Valuation	199	198
Total Non-Current Inventory	65,865	12,115
Total Inventory	70,440	15,553

9. Contingent Assets

The Corporation has bank guarantees in its favour for \$0.970m (\$0.982m 2008) covering the defects liability period for civil construction contracts. As well the Corporation has Water Amplification credits with Hunter Water Corporation.

10. Plant and Equipment

	2009 \$'000	2008 \$'000
IT Equipment		
Gross Fair Value	42	38
Accumulated Depreciation	(42)	(36)
Carrying Amount	-	2
Furniture & Fittings		
Gross Fair Value	81	81
Accumulated Depreciation	(43)	(39)
Carrying Amount	38	42
Leasehold Improvements		
Gross Fair Value	206	244
Accumulated Depreciation	(18)	(48)
Carrying Amount	188	196
Plant & Equipment		
Gross Fair Value	27	16
Accumulated Depreciation	(10)	(7)
Carrying Amount	17	9
Total Net Carrying Amount	243	249

Reconciliation of Plant and Equipment

	2009 \$'000	2008 \$'000
IT Equipment		
Opening Balance	2	2
Additions	3	9
Depreciation	(5)	(9)
Closing Balance	-	2
Furniture & Fittings		
Opening Balance	42	102
Additions	-	-
Disposals	-	(49)
Depreciation	(4)	(11)
Closing Balance	38	42
Leasehold Improvements		
Opening Balance	196	218
Additions	17	-
Disposals	-	-
Depreciation	(25)	(22)
Closing Balance	188	196
Plant & Equipment		
Opening Balance	9	10
Additions	11	-
Disposals	-	-
Depreciation	(3)	(1)
Closing Balance	17	9
Total Plant and Equipment	243	249

11. Trade and Other Payables

	2009 \$'000	2008 \$'000
Current		
Trade Payables - Work in Progress	-	49
Trade and Other Payables	1,788	2,167
Security Deposits	35	35
Other Payables - Employee leave and on-costs	273	154
Total Trade and Other Payables	2,096	2,405

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in the Treasurer's Directions 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There was no such rate applied during the year.

(a) Amounts not expected to be settled within the next 12 months

Other payables include accruals for recreation leave. The entire obligation was presented as current, since the Corporation does not have an unconditional right to defer settlement. However based on past experience, the Corporation does not expect all employees to take the full

amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2009 \$'000	2008 \$'000
Recreation leave obligation expected to be settled after 12 months	31	54

12. Provisions

The Corporation's provision balances include those future obligations that are prevalent as a result of past commitments or services that can be measured reliably.

The provision of employee entitlements had been treated as a current payable in the 2008 financial year, however based on past experience, the Corporation does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect the existing obligations that have been provided for.

	2009 \$'000	2008 \$'000
Short-Term Provisions		
Lease Incentive	1	2
Future Works	-	29
Total Short-Term Provisions	1	31

	2009 \$'000	2008 \$'000
Long-Term Provisions		
Leasehold Improvement	31	30
Lease Incentive	9	10
Total Long-Term Provisions	40	40
Total Provisions	41	71

13. Other

	2009 \$'000	2008 \$'000
Current - Prepaid Income	1,879	1,489
Non-Current - Prepaid Income	-	-
	1,879	1,489

14. Contributed Equity

On 2 July 2002 the Treasurer approved the transfer of \$7.22m of the Corporation's debt to the State. This was in recognition of the high level of non-commercial works the Corporation had undertaken and the resultant impact on the capital structure. During the year land with a value of \$54.565m was transferred to the Corporation for nil consideration (refer note 15). This transfer has been treated as an equity contribution.

15. Increase in Inventories from Equity Transfers

As a result of the merger of the Honeysuckle Development Corporation and the Regional Land Management Corporation (RLMC) in 2008, certain portions of land previously managed by RLMC on behalf of the State Property Authority (SPA) have been transferred to the Corporation. The transfer has been made in accordance with Treasury Policy and Guidelines Paper Contributions by Owners Made to Wholly-Owned Public Sector Entities (TPP 09-03) note 2 (u).

The land has been classified as inventory, note 2 (a), with independent valuations being obtained, and agreed with SPA, prior to transfer for each of the sites.

The amount recognised as a result of the transfer to the Corporation is \$54.565m.

16. Cash Flow Information

For the purposes of the statement of cash flows cash includes cash on hand, cash at bank and investments readily convertible to cash within 24 hours.

(a) Reconciliation of Net Cash Provided by Operating Activities to Profit / (Loss)

	2009 \$'000	2008 \$'000
Operating Profit / (Loss) from Ordinary Activities	(733)	(2,040)
Non Cash Items		
Depreciation	37	43
Changes in Assets and Liabilities		
Decrease / (Increase) in Receivables	2,184	(2,641)
Decrease / (Increase) in Inventories	(322)	93
Decrease / (Increase) in Prepayments & Deposits	(127)	(962)
(Decrease) / Increase in Payables	(309)	994
(Decrease) / Increase in Prepaid Revenue	390	(113)
(Decrease) / Increase in Deposits Received	-	(93)
(Decrease) / Increase in Provision for Future Works	(29)	25
(Decrease) / Increase in Personnel Services Provisions	(1)	30
Net Cash Flow from Operating Activities	1,090	(4,664)

(b) Financing Facilities

The Corporation has an approved debt facility with NSW Treasury of \$17.5m face value which was drawn down to the value of \$2.249m at 30 June 2009 (30 June 2008 \$3.271m). The Corporation's exposure to interest rate risk is discussed in note 18.

17. Contingent Liabilities

The Corporation has provided Letters of Undertaking and Guarantee to Newcastle City Council (NCC) totalling \$0.163m (\$0.163m 2008) for the potential provision of traffic lights in Merewether Street, Newcastle (\$0.150m); and the potential provision of a bus shelter at Linwood (\$0.013m). No provision has been made for these liabilities due to the uncertainty in determining future demands.

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

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

18. Financial Instruments

(a) Financial Risk Management

The Corporation is mandated to use TCorp for the provision of financial arrangements and as such utilises TCorp's Hour-Glass investment facilities and Come & Go Facility.

The Corporation holds the following financial instruments:

	2009 \$'000	2008 \$'000
Financial assets		
Cash and cash equivalents	126	89
Trade and other receivables	1,818	3,875
	1,944	3,964
Financial liabilities		
Trade and other payables	2,096	2,405
Borrowings	2,249	3,271
	4,345	5,676

The Corporation does not have any derivative instruments at 30 June 2009.

Financial Risks

The main risks the Corporation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is reviewed by management with the Corporation's interest rate being the rate for the TCorp Come & Go Facility and a Government guarantee fee which is levied on the Corporation and is based on its stand alone credit rating. At 30 June 2009 all instruments were on floating interest rates and any fluctuations in rate changes will be minimal.

ii. Liquidity risk

The Corporation manages liquidity risk by monitoring forecast cash flows, including capital commitments noted in 19 (a) below, and ensuring that adequate unutilised borrowing facilities are maintained. Interest on the TCorp Come & Go Facility is capitalised on a monthly basis.

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Corporation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Corporation. The Corporation actively monitors receivables to ensure compliance with payment terms.

iv. Price risk

The Corporation is not exposed to any material commodity price risk.

(b) Net Fair Values

For all assets and liabilities the net fair value approximates their carrying value.

(c) Sensitivity analysis

The following table summarises the sensitivity of the Corporation's financial assets and liabilities to interest rate risk.

30 June 2009	Carrying amount \$'000	Interest rate risk			
		-75 bps		+75 bps	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	126	(2)	(2)	2	2
Financial Liabilities					
Borrowings	2,249	31	31	(31)	31
Total increase/ (decrease)		29	29	(29)	(29)

30 June 2008	Carrying amount \$'000	Interest rate risk			
		-75 bps		+75 bps	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	89	(11)	(11)	11	11
Financial Liabilities					
Borrowings	3,271	15	15	(15)	(15)
Total increase/ (decrease)		4	4	(4)	(4)

The interest rates used to perform the above sensitivities have been based upon historical volatility information.

Financial instruments

(d) Interest Rate Risk

Financial Instrument	Note	Floating Interest Rate		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 %	2008 %
Financial Assets									
Cash at bank	6	118	81	-	-	118	81	3.0	6.8
Cash on hand	6	-	-	8	8	8	8	n/a	n/a
Receivable for goods and services (gross)	7	-	-	723	2,907	723	2,907	n/a	n/a
Total		118	81	731	2,915	849	2,996		
Total Assets						72,627	19,766		
Financial Liabilities									
Government loans	16(b)	2,249	3,271	-	-	2,249	3,271	4.1	10.8
Trade Creditors	11	-	-	1,788	2,216	1,788	2,216	n/a	n/a
Security Deposits	11	-	-	35	35	35	35	n/a	n/a
Total		2,249	3,271	1,823	2,251	4,072	5,522		
Total Liabilities						6,265	7,236		

19. Expenditure Commitments

(a) Capital Expenditure Commitments

	2009 \$'000	2008 \$'000
Estimated capital expenditure, inclusive of GST, contracted as at 30 June 2009 but not provided for:		
• within 12 months	12,823	1,925
• 12 months to 5 years	-	10,943
• > 5 years	-	-
	12,823	12,868

These Capital Expenditure Commitments represent Contracts for works to be undertaken on sites for delivery to market and the balance due on settlement for the acquisition of sites. As part of its Capital Program there are also planned future works which as yet, are not contractually committed.

(b) Operating Lease Commitments

	2009 \$'000	2008 \$'000
Commitments in relation to non-cancellable operating leases, inclusive of GST, are payable as follows:		
• within 12 months	162	162
• 12 months to 5 years	632	618
• > 5 years	229	391
	1,023	1,171

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

20. Correction of Error and Revision of Estimates

During preparation of the Corporation's financial statements for 2009 an error was discovered in relation to the information presented in the financial statements for the year ended 30 June 2008. The error impacts the profit of the previous financial year and Trade and Other Payables.

	2008 \$'000 Pre-error	2008 \$'000 Adjustment	2008 \$'000 Post-error
Income Statement			
Borrowing costs	212	230	442
Total expenses from ordinary activities	13,329	230	13,559
Surplus/(Deficit)	(1,810)	(230)	(2,040)
Balance Sheet			
Trade and Other Payables	2,175	230	2,405
Total Current Liabilities	6,966	230	7,196
Total Liabilities	7,006	230	7,236
Net Assets	12,760	(230)	12,530
Accumulated Funds	5,540	(230)	5,310
Total Equity	12,760	(230)	12,530
Statement of Changes in Equity			
Deficit for year	(1,810)	(230)	(2,040)
Accumulated funds balance	5,540	(230)	5,310
Total equity balance	12,760	(230)	12,530
Note 11			
Trade and Other Payables	1,937	230	2,167
Total Trade and Other Payables	2,175	230	2,405
Note 16			
Operating Profit / (Loss) from Ordinary Activities	(1,810)	(230)	(2,040)
(Decrease) / Increase in Payables	764	230	994
Note 18			
Trade and Other Payables	2,175	230	2,405
Total Financial Liabilities	5,446	230	5,676

21. Related Party Disclosures

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

There were no reportable related party transactions during the year according to the application of AASB 124 Related Party Disclosures as the Corporation is a non-for-profit entity.

Directors and Any Director Related Entities

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

- P Broad
- N Bird AM
- D Evans
- S Haddad (alternate R Pearson)
- G Kennedy
- M Maybury
- R Robson
- S Ryan
- J Tate

22. Company Details

The principal place of business of the Corporation is:

Suite B
Level 5, PricewaterhouseCoopers Centre
26 Honeysuckle Drive
NEWCASTLE NSW 2300

23. Subsequent Events

On 27 July 2009 the NSW Government issued Public Sector Employment and Management (Departmental Amalgamations) Order 2009. This order provides for the legal establishment of 13 super departments and the transfer of staff and functions to these entities. At the date of presenting these financial statements any financial impact of the subsequent event was not known.

As at balance date the transfer of part of the former BHP site at Mayfield has not taken place and any financial impact of this event is unknown.

**End of audited
financial statements.**

Appendices

Evaluation and Review

Strategic Business Plan

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

Performance Measures and Indicators

The Corporation's Statement of Business Intent contains performance targets that are agreed between the Minister for Planning and the Treasurer, and the targets are monitored quarterly.

Internal/External Reviews

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

External Changes

Economic and Other Factors Affecting Achievement of Operational Objectives

Global economic conditions, in particular the ability of the private sector to raise finance for large projects, were such that expected milestones on some sites were delayed somewhat. The Corporation has continually reviewed its strategy for future land releases to suit market conditions.

Legal Changes

Some developments previously assessed by the Department of Planning and determined by the Minister as Major Projects under Part 3A of the *Environmental Planning and Assessment Act 1979*, will now be assessed by councils and determined by Regional Panels.

Residential, commercial or retail projects with a Capital Investment Value (CIV) over \$50 million previously could be determined by the Minister as Part 3A projects. Under the new scheme the Minister will now determine residential, commercial or retail projects with a CIV of more than \$100 million. Residential, commercial or retail projects between \$10 million and \$100 million will now be determined by Regional Panels.

Regional Panels will also determine other development proposals that were previously determined by the Minister. These include development in the coastal zone such as subdivision of land in the coastal zone for between 5 - 25 or 100 lots (depending upon the purpose of the subdivision), small mining or extractive industry operations, landfills, tourist and visitor accommodation and buildings or structures over a specified height.

Land Disposal

During the year settlement occurred on one site with the total value of settlements being \$151,000.

Prior to disposing of sites, approval is sought from the Minister for Planning. Proceeds from the sales are utilised in the Corporation's operations as well as delivering community works. The sales occur on commercial terms and, as such, contract documentation is treated as "Commercial in Confidence".

Sponsorships

Organisation	Amount	Purpose
Newcastle Historic Reserve Trust	\$1,364	Opening of the Australian Architecture Association 2008 Newcastle Open House
Hunter Institute Foundation Ltd	\$2,000	2009 Sponsorship and medal sponsorship
Newcastle Rowing Club	\$1,000	2009 Newcastle Throsby Creek Rowing Regatta
Hunter Valley Research Foundation	\$6,000	2008/09 sponsorship
Total	\$10,364	

Management Practices and Policies

The Hunter Development Corporation does not directly employ staff. Staff of the Department of Planning manage the Corporation's affairs on a day-to-day basis on behalf of the Board. Information on the Corporation's compliance with a number of important matters is therefore included in the Department's annual report. These include the following matters:

- Code of Conduct
- Commitment of Service
- Disability Plan
- Energy Management
- Equal Employment Opportunity
- Ethnic Affairs Priority Statement
- Exceptional Wage Movement
- Guarantee of Service

- Human Resources matters which include:
 - Industrial Relations
 - NSW Government Action Plan for Women
 - Occupational Health and Safety
- Privacy Management Plan

Fraud Control Policy

As a government agency, the Corporation is committed to probity and accountability in all its dealings. The Corporation will, at all times, demonstrate honest, ethical and business-like provision of its service to its customers and in its dealings with the public. The Corporation's Fraud Policy states that:

- Fraud and corruption are not tolerated by the Corporation;
- Firm disciplinary action and/or prosecution action will be taken against perpetrators.

Client Response

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

Risk Management and Insurance

The Corporation's risk management process aims to minimise the consequences of events that could adversely affect the Corporation's ability to achieve its objectives. To achieve this the Corporation has developed a Business Risk Assessment. This assessment process is based upon Australian/New Zealand Risk Management Standard AS 4360 - Risk Management.

HDC is a member of the NSW Treasury Managed Fund, which provides all necessary insurance cover for HDC's risk profile, including workers compensation, public and professional liability, property, motor vehicle and miscellaneous covers.

Senior Executive Service

Level	Male	Female	2007/08
1	-	-	-
2	-	-	-
3	-	-	-
4	1	-	1
5	-	-	-
Total	1	-	1

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

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

Waste Reduction and Purchasing Policy

HDC is committed to complying with the NSW Government Waste Reduction and Purchasing Policy (WRAPP) and to maintaining best practice in sustainable procurement and in recycling. During 2008/09 HDC continued to avoid and minimise waste through:

- Using emails rather than sending printed material;
- Optimising use of the DoP Intranet;
- Making electronic versions of documents available on the HDC website;
- Using the NSW Government eTendering website to advertise and to disclose the results of tenders; and
- Using the Objective records management system to electronically store documents rather than printing and filing.

Annual Report 2008/2009

The cost of 2008/2009 Annual Report was \$20,795. The annual report is available at www.hunterdevelopmentcorporation.com.au

Publications

Ongoing

Honeysuckle: "The Scheme"

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

Cottage Creek Precinct: A Public Domain Concept 2008. Prepared by Terras Landscape Architects

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

Hunter Development Corporation website: www.hunterdevelopmentcorporation.com.au

Honeysuckle Development Corporation website: www.honeysuckle.net

Foreshore Promenade Design Manual

Honeysuckle Visitor Map

Honeysuckle Happenings newsletter

Newcastle City Centre Renewal Report

Building Better Cities: Newcastle - A Case Study in Renewal

Freedom of Information

The Hunter Development Corporation received one application for access to documents under the Freedom of Information Act in 2008/2009. No applications were carried over from the previous financial year.

The Annual Report constitutes Hunter Development Corporation's "Statement of Affairs" under the FOI Act. Applications under the FOI Act must be in writing and accompanied by an application fee of \$30.00. A 50% fee reduction applies in certain circumstances. Enquiries or applications should be directed to the Commercial Manager, Hunter Development Corporation. The office business and service hours are Monday—Friday: 8.30am—5.00pm.

Electronic Service Delivery

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

Project Information

Major Assets

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

Disclosure of Controlled Entities

The Hunter Development Corporation has no subsidiary companies.

Consultants

Costs Incurred in the Engagement of Consultants

Consultants less than \$30,000 \$nil

Consultancies equal to or more than \$30,000

During the year 3 consultants were engaged in the following areas:

Urbis – Economic Impact Report	\$76,120
Parsons Brinckerhoff – Integrated Transport Review	\$83,089
Fintraz – Project Management City Centre Renewal Report	\$48,706
Total consultancies over \$30,000	\$207,915
Total consultancies	\$207,915

Cost Overruns

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

Investment Powers

Investments are placed with NSW Treasury Corporation or banks at interest rates equivalent to or greater than the relevant benchmark Hour-Glass Investment Facility.

Overseas Visits

No overseas visits were undertaken.

Research and Development

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

Consumer Response

The intermittent consumer complaints or suggestions received this year were maintenance issues or related to construction noise or inconvenience. In most cases, the Corporation investigated the area requiring maintenance and/or provided additional information about the work being undertaken to resolve the complaint. The Corporation received a large volume of letters regarding the Newcastle City Centre Renewal Report.

Report on Account Payment Performance

The information which follows is provided in accordance with the requirements of the Annual Reports (Statutory Bodies) Regulation 2005.

Quarterly Schedule of Accounts Payable

Aged analysis at the end of each quarter

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September Quarter	17,078	-	-	-	-
December Quarter	127,540	31,338	-	19,876	-
March Quarter	76,758	5,390	-	17,941	-
June Quarter	102,777	5,334	-	-	-

Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid
	Target %	Actual %	\$	\$
September Quarter	90	96	2,549,328	2,569,599
December Quarter	90	96	1,460,356	1,591,797
March Quarter	90	92	1,391,137	1,601,617
June Quarter	90	90	1,620,383	1,931,724

Notes on above table:

Percentage of accounts paid on time is based on SAP Payment Analysis Report, which compares vendor masterfile payment terms, invoice document date and payment document date to determine if payment was made on time, and if not, how many days it was late. The dollar value is the actual dollar value of the documents in each column (ie paid on time, not paid on time), so the percentage is based on documents, not dollar value.

Comments

Initiatives to improve payment performance include:

- Tightened controls to ensure correct data entry of payment terms and invoice dates in SAP.
- Prioritise vouchers as they are received in Financial Operations so invoices due for payment first get processed first.
- Use of extra resources, to ensure smooth workflow during peak periods.
- Improved compliance with the tax system by vendors and Departmental staff.

Procure-to Pay was established in Accounts Payable in November 2006. This is an across government initiative to streamline payment of accounts.

Penalty Interest Paid

There was no penalty interest paid during financial year 2008/09.

Hunter Development Corporation

ABN 94 688 782 063

Telephone +61 2 4904 2750

Facsimile +61 2 4904 2751

www.hunterdevelopmentcorporation.com.au

Suite B, Level 5, PricewaterhouseCoopers Centre

26 Honeysuckle Drive, Newcastle NSW 2300

PO Box 813, Newcastle NSW 2300 Australia