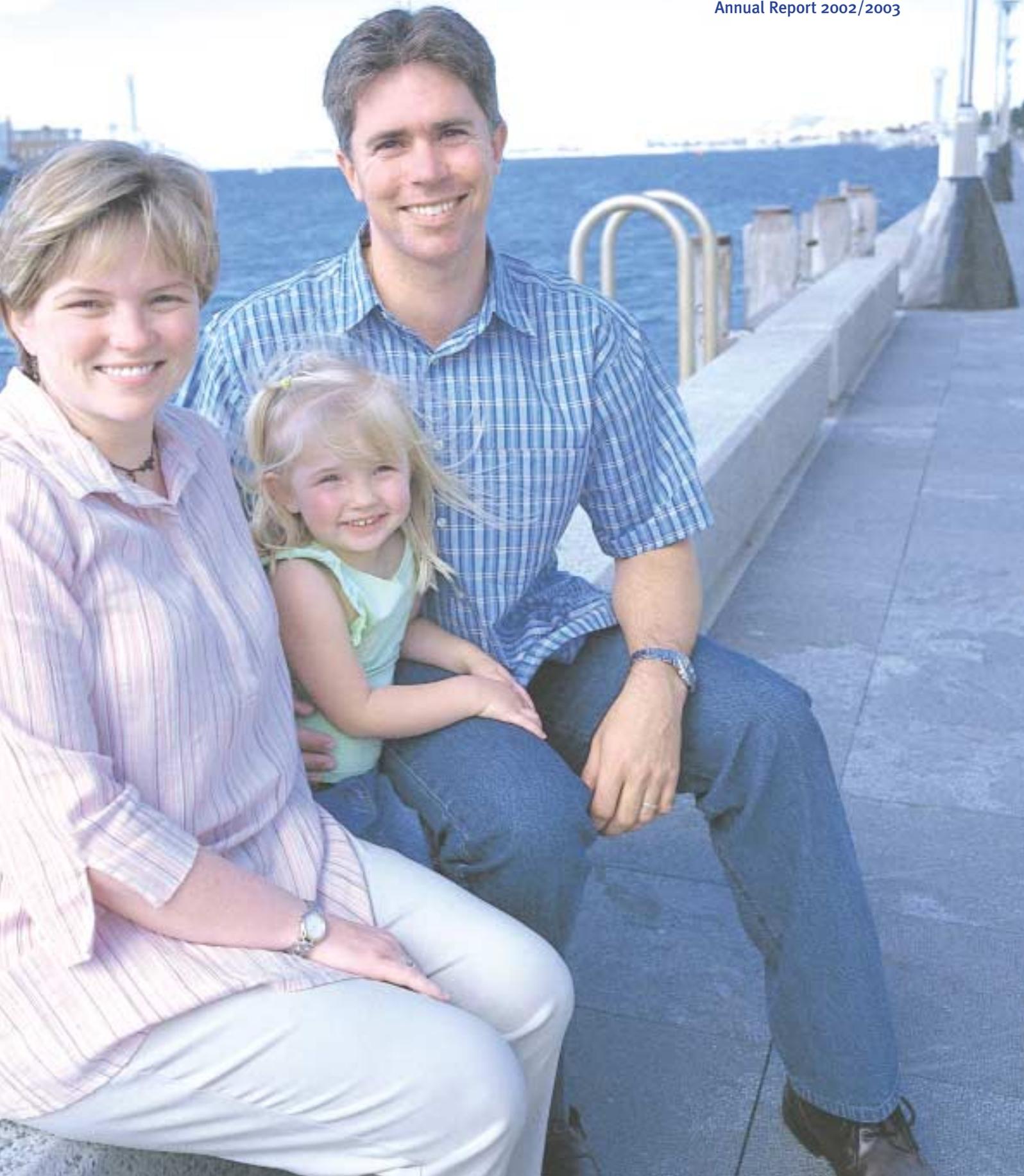




HoneySuckle Development
Corporation
Annual Report 2002/2003



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

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

To the Minister

31 October 2003

The Hon. Craig Knowles MP
Minister for Infrastructure and Planning
Parliament House
SYDNEY NSW 2000

Dear Mr Knowles

We have pleasure in presenting the annual report of the Honeysuckle Development Corporation for the year ended 30 June 2003.

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

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

Yours sincerely



David Le Marchant
Chairman
Honeysuckle Development Corporation



Jennifer Westacott
Managing Director
Honeysuckle Development Corporation

Cover: David and Terri-Anne Smith with daughter Miranda

A walk along Merewether Wharf Foreshore Promenade has now become an enjoyable activity for many Novocastrians.

The Smith family of Carrington love the sights and sounds of the harbour and think the new Foreshore Promenade is great!

Merewether Wharf Foreshore Promenade
Honeysuckle Precinct

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The Honeysuckle Project

Charter

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

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

2003 is the Honeysuckle Project's eleventh year and it is expected to take, in total, up to 20 years to complete.

Mission and Vision

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

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

Objectives

The Corporation's key objectives are to:

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

Stakeholders

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

Legislation

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

In December 2002 an order in pursuance of section 5 of the Act extended the boundaries of the Honeysuckle Growth Centre. This was to enable the Corporation to take on a new role to assist the Hunter International Sports Centre Trust lease and develop a key site for sports facilities. The Honeysuckle Growth Centre was extended to include the Sports Centre site.



Honeysuckle Precinct 1994



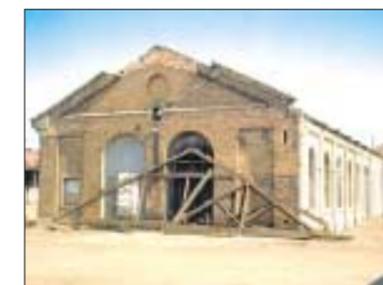
Cottage Creek Precinct 1994



Marina Precinct 1994



Linwood Precinct 1994



Railway workshop buildings 1993

Chairman's Report

The Honeysuckle project was initiated to contribute to the revitalisation of the City of Newcastle and is one of the most successful urban renewal projects under way in Australia.

The Corporation started with around \$100 million of government funding in 1992. To date, the Hunter Valley Research Foundation estimates that from this initial investment the project has generated \$772.6 million and 3,380 jobs. The project is having an economic and social impact not only in the City of Newcastle but in the Hunter Region.

A diverse range of development projects have been facilitated. This year a number of major commercial and residential projects were completed, including Newcastle's first 4½ star hotel, Stage 1 of a major commercial office building and 43 harbour front apartments and 70 townhouses.

The Crowne Plaza Newcastle attracts around 600 overnight guests a week, Honeysuckle House Stage 1 is the workplace for over 200 people while around 234 residents moved into the Breakwater Apartments and Linwood Stage 2 this year and are enjoying living by the waterfront so close to the CBD. Honeysuckle is now home to 674 residents.

The Corporation continued to fund and manage projects which become community assets; \$4.1 million was invested this year. The first section of the Foreshore Promenade at Merewether Wharf was completed and for the first time in decades, this area of the harbour is accessible for the community to enjoy. In addition, another four units were transferred to the Affordable Rental Housing Program for eligible people on low-to-medium incomes. This makes a total of 163 units funded to date.

Another significant achievement was the participation agreement for the sale and development of a four-hectare site. This represents a \$300 million development project which will create around 740 jobs and become an active part of the city which opens to the harbour.

The Corporation is transforming what was once derelict harbourside land into a vibrant place for people to work, live and relax. The challenge for the year ahead is to make the transition from managing development and community projects to managing Honeysuckle as a place for people.

In recognising this challenge I record, on behalf of the Board, the dedication and enthusiasm of the management team and staff in achieving significant progress this year.

I acknowledge with gratitude the contribution of my fellow directors and commend two members who resigned this year: Sue Holliday, Director-General of the Department of Urban and Transport Planning and David Papps, Alternate Director. I welcome Jennifer Westacott, Director-General and Andrew Cappie-Wood as Alternate Director.



David Le Marchant

David Le Marchant – Chairman

As the first all-weather port north of Sydney, a marina with maintenance facilities is a vital addition to Newcastle Harbour.

After 25 years leading the yacht repair industry, Noakes Boatyard has outgrown its Sydney base. With Newcastle Cruising Yacht Club's excellent facilities and local availability of skilled and dedicated trades persons, expansion to Newcastle was a logical choice.

Newcastle Cruising Yacht Club Marina now offers state-of-the-art service facilities, which are drawing maintenance and repair work to Newcastle.

Pictured: Joe DeKock – Manager
Noakes Boatyard

NCYC Marina
Marina Precinct

Noakes
Boatyard



The Boardwalk is a mixed-use development. It consists of 3,000m² of prestige office space, 33 residential apartments, 9 commercial suites overlooking the harbour and 11 retail outlets; these will include cafés and restaurants opening onto Harbour Square and the Promenade.

The Stronach team say it's a great location to work at, they get to drop a line in the harbour during their lunch break and enjoy the best harbour views around.

**Pictured: Brian Boswell – Foreman (left)
Tony Jukes – Leading Hand (right)
Stronach Group**

**The Boardwalk Project
Honeysuckle Precinct**

General Manager's Overview

This year the Corporation focused on managing development and community projects to ensure they were completed on time, to budget and were of high quality.

For example, the Crowne Plaza Newcastle and Breakwater Apartments were completed by the developer and the Corporation completed the adjacent Foreshore Promenade and road works. This Foreshore Promenade represents the first step in creating an urban edge along the harbour and the interpretive components are an exciting indication of what will be an active public harbourside area. The community is enjoying the Promenade and I look forward to increasing awareness and use of this new public asset.

The Corporation finalised the participation agreement with Lee Wharf Developments for the sale and development of the four-hectare Worth Place site. The \$300 million project will create around 740 jobs and a vibrant, active new precinct in Newcastle. The Corporation liaised with the consortium to enable it to prepare and lodge development applications for Stage 1 & 2. This project will be completed over the next seven years and demonstrates the success of the Corporation in facilitating major development projects for Newcastle.

The Corporation's commercial operations resulted in sound commercial performance with a \$2.6 million profit. The Corporation funded over 1½ times this amount, \$4.1 million, in community projects which remain in public ownership, such as the Foreshore Promenade, parkland and community housing.

Site preparation is still an integral part of the Corporation's operations. Preliminary testing was completed and three sites were remediated this year so that the planned development could proceed.

Working closely with key stakeholders such as Newcastle City Council and the main consent authority, the Department of Urban and Transport Planning, is essential to the Corporation's success. The Corporation contributed substantially to the Council's review of its planning guidelines which govern development at Honeysuckle. The Corporation also worked with Council to review an

agreement on Section 94 (developer's contributions) which will assist the Corporation to continue to facilitate development projects and fund the adjacent public domain.

This year, the Corporation secured the purchase and construction of seven units for the Affordable Housing Program. The design of Harbour Square, a new area of public space, was finalised and construction of the Promenade in front of the marina started.

The Corporation began the transition from being a development facilitator to a place activator. As Honeysuckle increasingly becomes a place for people, a program of events and activities which builds a sense of community and ensures it is a vibrant place for people is required. The Corporation worked with consultants, Council and other stakeholders to establish the place activation work required.

The ongoing support of the community, Newcastle City Council, government authorities, the business sector and the media is valued by the Corporation. Around 2,600 people attended presentations on the Honeysuckle Project and a range of arts, sports and community events took place at Honeysuckle with the Corporation's support.

Hunter Valley Research Foundation estimates that the Honeysuckle project generated \$226.3 million in the regional economy and 970 jobs this year.

I look forward to walking the next section of the Promenade and enjoying a coffee in Harbour Square along with the people of Newcastle next year.



Angus Dawson – General Manager



Sparke Helmore is one of Australia's oldest law firms, it was founded in Newcastle in 1882. The firm attributes much of its success to these Newcastle foundations. Sparke Helmore has grown significantly in recent years and today employs over 600 staff in 8 offices around Australia.

The firm's move to Honeysuckle will accommodate its continued growth and the technology the firm employs across Australia. The 150 staff in Newcastle now enjoy a functional and modern work environment with great harbour views.

Pictured: John Davis (left) Tony Deegan (right) – Departmental Managing Partners, Sparke Helmore

Honeysuckle House Stage 1: Sparke Helmore Building Cottage Creek Precinct

At a glance

Commercial

Target

The Corporation aimed to facilitate major development projects such as the Lee Wharf Development Proposal and complete adjacent community projects to ensure works were completed on time, to budget and were of high quality.

Results

A development agreement, for the sale and development of the Worth Place site, was finalised which secures the \$300 million commercial and residential project with extensive areas of public domain. The Corporation liaised with Lee Wharf Developments to assist it to prepare and lodge development applications. It consented to the lodgement of the development applications for Newcastle Polyclinic and Riverwalk commercial project and agreed amendments to the Regatta Quays project, ensuring each of these developments progressed.

Site Preparation

Target

The Corporation aimed to complete preliminary testing of sites to assess the level of contamination. It also aimed to investigate seawalls and wharf structures to determine the level of repair and maintenance required to ensure their integrity in the medium-to-long term.

Results

The contamination testing was completed. Three sites were remediated to the level required by the Environmental Protection Authority to enable the stated development to proceed. All seawalls and wharf structures were investigated and a program of repair and maintenance devised.

Planning

Target

This year the Corporation aimed to work closely with the state and local organisations responsible for the planning guidelines that govern the site, particularly with the review of Development Control Plan (DCP) 40 and a Section 94 (developer's contribution) Agreement with Newcastle City Council.

Results

The Corporation worked closely with Newcastle City Council and the Department of Urban and Transport Planning in Council's review of DCP 40. In addition, Newcastle City Council transferred some of the Section 94 contributions paid by developers at Honeysuckle to the Corporation to reimburse some of the cost of the community projects it has provided.

Community Projects

Target

The Corporation funds a range of community projects, on and off the Honeysuckle site, of benefit to the community. This year the Corporation aimed to transfer four units and exchange a contract for the purchase of eight units for the Affordable Rental Housing Program. It also aimed to complete the Foreshore Promenade and start work on Harbour Square in the Honeysuckle Precinct and the Foreshore Promenade in the Marina Precinct.

Results

This year, the Corporation invested \$4.15 million in community projects. Four units were transferred into community ownership as part of the Affordable Rental Housing Program. A commitment for purchase and construction of seven units was secured. The Foreshore Promenade in front of the Crowne Plaza Newcastle and Breakwater Apartments in the Honeysuckle Precinct was completed. Design of Harbour Square, a new area of public space, was finalised. Construction of the Promenade in front of the marina started.

Community Building and Place Activation

Target

As Honeysuckle increasingly becomes a place for people, a program of events and activities which builds a sense of community and ensures it is a vibrant place for to people live, work and relax is required. The Corporation aimed to meet this challenge; to manage the transition from being a development facilitator to a place activator.

Results

This year, the Corporation commissioned a discussion paper and the expert assistance of other government authorities and consultants to ascertain the place activation work required.

Communications

Target

The Corporation aimed to maintain community and stakeholder support for the Honeysuckle Project by providing regular briefings to the Minister, local members of parliament, Newcastle City Council and community groups. It also aimed to provide ongoing advice to the community through newsletters, advertisements, publications and press releases.

Results

Over 83 presentations and briefings were given on the Honeysuckle Project with around 2,600 people attending. Development project, precinct and corporate signs as well as a community brochure and precinct flyers were produced. The Corporation proudly sponsored a number of environmental, education and industry events.



With its village atmosphere, Linwood residents feel part of a growing inner-city community.

Residents of Linwood have the harbour at their doorstep and only a short stroll into the city.

Pictured: Laurie & Jo Plooy – Linwood Residents
Linwood Precinct

Key Performance Indicators

Year	2000/2001	2001/2002	2002/2003	To date (since 1992)	Completion (estimate)
Economic Assessment^a					
Economic Impact					
Dollar value base year 2002/2003	\$27.6 million	\$129.2 million	\$226.3 million	\$772.6 million	\$1.7 billion
Employment Creation^a					
Jobs – construction (one job is for one year)	124	539	970	3,380	7,742
Community Benefit					
Residents at Honeysuckle	0	148	234	674	3,000
Residents in other areas	N/a	28	N/a	176	
Public Domain			0.6 ha	10 ha	16 ha
Community housing (units)	14	0	4	163	187
Community Attitudes^a					
Percentage of community who believe that:				N/a	N/a
→ "Honeysuckle has made a contribution to investor confidence"	75%	82%	71%	N/a	N/a
→ "Honeysuckle has been successful in its task"	85%	88%	78%	N/a	N/a
Community Service Obligations					
Community projects funded by the Corporation	\$3.9 million	\$2.0 million	\$4.2 million	\$78.8 million	\$101.9 million
Development Sites					
Sites Sold	9	11	3	36	50 ⁺
Under Contract	7	1	3	3	N/a
Released/Under Negotiation	2	2	N/a	N/a	N/a
End Value of Projects					
Sites Sold	\$68.6 million	\$100.2 million	\$11.2 million	\$319.3 million	N/a
Under Contract	\$30.4 million	\$0.3 million	\$233.8 million	\$223.8 million	N/a
Released/Under Negotiation	\$32.9 million	\$0.2 million	N/a	N/a	N/a
Financial					
Profit/(Loss)	\$2.3 million	\$4.0 million	(\$1.4 million)	N/a	N/a

^a Source: Hunter Valley Research Foundation

Economic Assessment

- economic impact in Hunter Region from government and private sector spending and flow-on effect.

Employment Creation

- employment impact in Hunter Region from government and private sector spending and flow-on effect. One job is for duration of one year, mainly in the construction sector.

Community Benefit

- Residents in other areas is defined as the number of residents in homes, located around Hunter Region, which were funded by Honeysuckle.
- A review of the number of residents at Honeysuckle identified 148 residents in 2001/2002 not 30 as estimated in that year's annual report.

- Public domain is defined as: public domain (land which is privately owned but publicly accessible); public space (land which is publicly owned and publicly accessible) and Foreshore Promenade. It does not include roadway/footpaths.

- The land, termed public space, included in this estimate is completed but may not yet be dedicated to public ownership.

Community Attitudes

- 2000/2001: September 2001
- 2001/2002: March 2002
- 2002/2003: March 2003

+ subject to subdivision

N/a: not applicable

Corporate Governance



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

The Department of Urban and Transport Planning was established on 2 April, 2003 to streamline the planning process and integrate all NSW Government planning activities into one agency. It was created by amalgamating parts of several departments after the March 2003 election.

On 29 May, the Hon Craig Knowles, the Minister for Infrastructure and Planning and Minister for Natural Resources announced that, from 1 July 2003, the department would be merged with the Department of Sustainable Natural Resources to become the Department of Infrastructure, Planning and Natural Resources.

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

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

The Board comprises the Chairman and 10 members. Current Board members were appointed on 27 February 2001 for a term of three years. Board meetings are held once a month.

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

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

All recommendations from the internal audit reports have been implemented.

Honeysuckle Development Corporation held 11 Board meetings, 4 Audit Committee meetings and 2 workshops and 9 Sub-committee meetings between 1 July 2002 and 30 June 2003.

Significant Committees

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

The members are:

Glenn Thornton—Audit Committee Chairman

David Le Marchant—Chairman of the Board

Megan Maybury—Director

Angus Dawson—General Manager

Glenn Ball—representing the Director-General (to April 2003)

Warren Dawes—representing the Director-General (from April 2003)

Staff

The staff of Honeysuckle Development Corporation are employed by the Department of Urban and Transport Planning and work under the direction of the Board.

The staff who contributed this year:

Executive

General Manager—Angus Dawson B.App.Sc. (Build), JP

Business Manager—Craig Norman B.Ec., M.Acc. Studies, ASCPA

Operations Manager—Bob Hawes B.Ec., AAPI

Operations

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

Development Manager—Julie Rich B. Ec., Grad.Dip. Bus. (Land Ec.) (January 2003 to June 2003: leave)

Development Manager—Kate Rabbitt Grad. Cert. Urban Estate Mngmt, MBA (from February 2003: secondment from Hunter Water Corporation)

Planning Advisor—Trevor Prior B.A., M.A. (Reg Plan); Dip. Urb & Reg Plan, Dip. Management

Development Officer—Meaghan Elliott B.ConMgt (Build) (to July 2002)

Development Officer—Robert Laidlaw Valuation. Cert., Adv. Real Estate Cert. (from August 2002)

Communications

Communications Officer—Charnelle Mondy B.A. (Comms)

Finance

Accountant—Joe Belavic Assoc. Dip Acctg, Dip. Marketing Mngmt, PNA, JP

Administration

Administration Manager—Coral McDonnell

Executive Assistant—Jennifer McGregor

Administrative Assistant—Jennifer Bryden (to May 2003: temporary)

Administrative Assistant—Linda Blakeney (temporary)

Receptionist—Jodie Hoffmann



Galley restaurant in the Sparke Helmore Building brings a new level of excellence to fine dining in Newcastle. Together with unparalleled service and attention to detail, Galley is a showcase for fresh local produce.

In a relaxed and informal setting by the harbour, Galley is an ideal venue for a quick business lunch or a romantic dinner for two.

Pictured: Kim Milne, Waitress

Galley Restaurant
Cottage Creek Precinct

The Board



Mr David Le Marchant
Chairman

Mr Le Marchant is a Director of Dickens and Carey (Investments) Pty Ltd, a Director of Newcastle Grammar School Ltd, former President of Newcastle and Hunter Business Chamber and a former Director of MSB Hunter Ports Authority and Newcastle Regional Art Gallery Foundation.

Meeting Attendance: 10 of 11
Board: 4 of 4
Audit Committee: 4 of 4
Workshops: 2 of 2
Subcommittee: 1 of 1

Sue Holliday resigned as Managing Director of Honeysuckle Development Corporation on 4 April 2003 and therefore David Papps, Alternate Director, who attended 5 of 10 meetings, also resigned on 4 April 2003.



Peter Barrack AM

Mr Barrack is the former Secretary of the Newcastle Trades Hall Council. He is a board member of Hunter Water Corporation and Hunter Group Training and a committee member of Newcastle Alliance. Mr Barrack is also President of Club Nova Panthers, Newcastle/Cardiff and board member of the Panthers Entertainment Group.

Meeting Attendance:
Board: 9 of 11
Workshops: 1 of 2



Neil Bird, AM

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

Meeting Attendance:
Board: 11 of 11
Workshops: 1 of 2
Subcommittee: 7 of 8



Andrew Cappie-Wood

BA, MTCP, Grad Dip UEM, (Hon) MCIH, MIPAA, MAICD, HAHl
Alternate Director for Director-General
Mr Cappie-Wood was appointed the Deputy Director-General of the Department of Urban and Transport Planning on 12 May 2003. He was formerly head of the Department of Housing for nine years and is the NSW President of the Institute of Public Administration. He also served as a board member of the Honeysuckle Advisory Board from 1989 to 1992.

Meeting Attendance:
Board: 1 of 1
Workshops: 1 of 1



Gary Kennedy

Mr Kennedy is the Secretary of the Newcastle Trades Hall. He is a board member of the Hunter Economic Development Corporation, Hunter Area Consultative Committee, Hunter Development Board, Industry Development Centre, Family Action Centre, Panthers Entertainment Group and The Two Bishops Trust.

Meeting Attendance:
Board: 11 of 11
Workshops: 1 of 2



William Kirkby-Jones AM

FAICD, FAIM, FAMI
Mr William Kirkby-Jones is the Chairman of the Land Development Agency of the ACT, the Landcom Corporation, Amber Group Australia Limited and OZ Design Furniture Pty Ltd. He is also a Director of the Australian Housing and Urban Research Institute Limited. He was formerly the founding Managing Director of Defence Housing Authority.

Meeting Attendance:
Board: 11 of 11
Workshops: 1 of 2
Subcommittee: 1 of 1

The Board – Continued



Lynn Mangovski

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

Meeting Attendance:
Board: 11 of 11
Workshops: 2 of 2



Megan Maybury

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

Meeting Attendance:
Board: 10 of 11
Audit Committee: 2 of 4
Workshops: 2 of 2
Subcommittee: 1 of 1



Suzanne Ryan

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

Meeting Attendance:
Board: 10 of 11
Workshops: 2 of 2
Subcommittee: 1 of 1



Councillor John S Tate

Councillor Tate is the Lord Mayor of Newcastle and has served Newcastle City Council as a Councillor for 23 years and Lord Mayor for the past 4 years. He is a representative on numerous boards and committees such as the Hunter Region Tourism Organisation, Regional Land Management Corporation and the Westpac Rescue Helicopter Board.

Meeting Attendance:
Board: 9 of 11
Workshops: 2 of 2
Subcommittee: 1 of 1



Glenn Thornton

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

Meeting Attendance:
Board: 9 of 11
Audit Committee: 4 of 4
Workshops: 1 of 2

Honeysuckle at Commencement
of Site Works 1994



Carrington Precinct

Linwood Precinct

Wickham Precinct

Marina Precinct

Cottage Creek Precinct

Hunter Street
Precinct

Honeysuckle Precinct

Commercial Development Projects

Jobs, Investment and a Place for People



Breakwater Apartments developed by The Becton Group



Crowne Plaza Newcastle developed by The Becton Group



The Cove Apartments developed by The JML Group/Silsoe

Honeysuckle Precinct

Crowne Plaza Hotel

Newcastle's first 4½ star hotel includes 175 one-bedroom suites, a ballroom, conference area, gym, swimming pool, restaurant, bar, valet parking and harbourfront gardens.

Progress: Completed. Opened in March 2003. Road work and public domain completed.

Construction Jobs: 400

Operational Jobs: 130

Investment: \$46 million

Developer: The Becton Group

Public Domain: Foreshore Promenade

Breakwater Apartments

These prestige apartments have brought around 80 residents to the heart of the CBD.

Progress: Completed. Occupied August 2002.

Road work and public domain completed.

Construction Jobs: 200

Investment: \$35 million

Residents: 80

Developer: The Becton Group

Public Domain: Foreshore Promenade

The Boardwalk

A mix of cafes and restaurants, offices and apartments will provide a new vibrant meeting place for Newcastle.

Progress: Construction ongoing for completion early 2004. Design for public domain started.

Construction Jobs: 176

Investment: \$37 million

Residents: 86

Developer: The Stronach Group

Public Domain: Harbour Square and Foreshore Promenade

Honeysuckle Markets and Produce Cafe

Honeysuckle Markets, featuring produce and craft of the Hunter Region, attracts thousands of visitors every Sunday to the restored railway-workshop buildings.

Progress: Many people enjoyed visiting the buildings as they were the venue for a diverse range of events from weddings to science exhibitions. Honeysuckle Markets Theatre operated through a sub-lease with Redgate Farm.

Licensee: Redgate Farm

Operational Jobs: 30

Australian Wine Selectors

One of the restored heritage buildings conceals a thriving high-tech operation; it is the headquarters of Australian Wine Selectors and its Honeysuckle Wine Centre is the venue for functions including wine tourism and education events.

Operational Jobs: 150

Lessee: Australian Wine Selectors

Development Proposal for Worth Place site

Lee Wharf Developments' proposal is the winning development proposal for the four-hectare Worth Place site. Residential, commercial and retail development, a carpark and large areas of public open space is planned.

Progress: Negotiations completed and a participation agreement for the sale and development of the land, subject to development approval, was finalised. Lee Wharf Developments submitted development applications to the Department of Urban and Transport Planning for Stages 1 and 2 of the Lee Wharf Project. The company also submitted a development application to use the Lee Wharf C building as a temporary marketing and display office.

Investment: \$300 million (all stages)
Construction Jobs: 397 (direct) 342 (indirect) (all stages)

Residents: 772 (all stages)

Developer: Lee Wharf Developments

Public Domain: 4,800m²

Highlights and Results

The Corporation facilitates development by preparing and marketing sites for sale and residential and commercial development. The Corporation then manages the project to ensure its obligations under the contract for development are met and completes the adjacent public domain.

To date, 36 sites have been sold and three sites are under contract. To date, over \$680 million worth of projects are completed or under way. Three major projects were completed including the Marina Commercial Centre, Crowne Plaza Newcastle and Honeysuckle House Stage 1: Sparke Helmore Building. The Corporation entered into a participation agreement, for the sale and development of the four-hectare Worth Place site, with Lee Wharf Developments.

Commercial Development Projects – Continued

Jobs, Investment and a Place for People

Cottage Creek Precinct

Honeysuckle House

This landmark development will provide 10,000m² of quality commercial office space and be the workplace of over 400 people.

Progress: Honeysuckle House Stage 1: Sparke Helmore Building completed. Sparke Helmore Solicitors relocated to the building in December 2002. Other tenants include Telstra Countrywide and a number of other businesses including a café. Honeysuckle House Stage 2: construction started for completion in 2004.

Construction Jobs: 160

Investment: \$20 million

Developer: The Buildev Group

Lee 5 South Lot 21

The Corporation entered into an option contract with Hunter Water Corporation (HWC) for the sale of the site for the development of a new HWC head office.

Progress: HWC is undertaking building design and planning to lodge a development application
Developer: Hunter Water Corporation.

Throsby and Lee Wharf berths

The Corporation continued to manage Throsby and Lee Wharf berths and sheds.

Progress: Hunter Towage tugs remained on Lee Wharf pending the completion of permanent berths at Carrington in late 2003. Several cruise and naval ships berthed at the wharfs as part of the Cruise Hunter project.

Marina Precinct

Marina

The marina is a vital addition to Newcastle Harbour. It features state-of-the-art service facilities as well as a ship chandler, yacht broker, café and retail outlets. A clubhouse is planned.

Progress: Maintenance facility completed. Commercial Centre completed and tenanted by a range of marine-related businesses and a café. Construction of public domain started.

Investment: \$10 million

Developer: Newcastle Cruising Yacht Club

Public Domain: Foreshore Promenade

Mariner Apartments

This development will be home to over 80 residents, living in 36 apartments and six townhouses, which will extend demand for goods and services in Newcastle's CBD.

Progress: Construction started for completion in July 2003. Construction of public domain started.

Construction Jobs: 80

Investment: \$20 million

Residents: 84

Developer: The Kingston Group

Public Domain: Foreshore Promenade

Linwood Precinct

Linwood Stage 2

Continuing the creation of a thriving inner-city community, another 69 homes were completed.

Progress: Homes completed. Landscaped view corridors and two pocket parks completed.

Construction Jobs: 112

Investment: \$24.5 million

Residents: 140

Developer: Task Developments, The Kingston Group, Wincrest Homes

Public Domain: Foreshore parkland, Foreshore Promenade, two landscaped view corridors and two pocket parks.

Linwood Stage 3

On the last site in the Linwood Precinct, another 65 innovative-designed homes will be constructed including 16 one-bedroom mews, a first for Newcastle.

Progress: Sites released to market. Wincrest Homes submitted winning development proposal. DA approved. Construction of roadwork and services completed.

Construction Jobs: 77

Investment: \$32 million

Residents: 111

Developer: Wincrest Homes

Public Domain: Two landscaped view corridors and integrated pathways.

Regatta Quays Apartments

A gateway development that features 86 three-bedroom townhouses and apartments ranging from two to four storeys.

Progress: Construction of 43 units (Stage 1) started for completion late 2004.

Construction Jobs: 72 (Stage 1)

Investment: \$15 million (Stage 1)

Residents: 86 (Stage 1)

Developer: The Kingston Group

Public Domain: Foreshore parkland, Foreshore Promenade

Hunter Street Precinct

Ibis Hotel

Ibis Newcastle offers clean, comfortable and value-for-money 3-star accommodation to visitors to Newcastle. Located on the main thoroughfare, Hunter Street, it is evidence of the revitalisation of Newcastle's City-West.

Progress: Completed. Opened in September 2002.

Construction Jobs: 112

Investment: \$22.5 million

Developer: Accor Asia Pacific

The Cove Apartments

A prestige residential tower development in the heart of Newcastle's City-West is attracting residents who will add vitality to this part of the city. The landscaping of the project benefits the city. The Cove Apartments will include access for residents and the public to a well-lit, paved and landscaped area along Cottage Creek.

Progress: Construction ongoing for completion July 2003.

Construction Jobs: 80

Investment: \$18 million

Residents: 120

Developer: The JML Group/Silsoe Developments

The Bellevue Apartments

A new 25 unit residential building will interweave with the refurbished, circa 1880 Bellevue Hotel. The colourful life of this landmark building will continue as prestige commercial and retail space.

Progress: Development application approved.

Construction Jobs: 36

Investment: \$9 million

Residents: 50

Developer: Task Developments

Riverwalk

This major commercial development will provide over 3,000m² of quality, prestige office space. The project features a landscaped path with public access from Hunter Street. This design is for a low-scale three-storey building to complement the residential and tourism activities in Hunter Street.

Progress: Development application approved.

Construction Jobs: 38

Investment: \$8 million

Developer: Hunter Land

Newcastle Polyclinic

A polyclinic will be a great boost to health services in the Newcastle CBD including after-hours general practice, x-ray and pathology services, diabetes, dental, rehabilitation, sexual health, mental health, child and family care and community nursing services.

Progress: Development application approved for construction of polyclinic and commercial space. Site sold.

Investment: \$18 million

Construction Jobs: 239

Developer: Hunter Health

Sports Facilities Zone

Site A, Sports Facilities Zone, International Sports Centre

This year, the Corporation took on a new role to help the Hunter International Sports Centre Trust lease and develop a key site for sports facilities, administration, education and promotion.

The Trust initially approached the Corporation to assist by managing the call for proposals for the lease and development of Site A in its Sports Facilities Zone. This required approval for the extension of the Growth Centre (area of land) in which the Corporation can operate. This was approved because of the expertise of the Corporation to market land for the optimum benefit of the community and that the site would remain in public ownership.

The Corporation was the project manager for the Call for Proposals.

The Hunter International Sports Centre, located in Newcastle, is the region's premier sporting centre. The vision for the Sports Facilities Zone is that it will be a centre for sports facilities, administration, education and promotion. Site A was available for private sector development.

The Call for Proposals closed 28 March 2003 and submissions are being evaluated by the Trust.

*jobs: one job is for duration of one year, mainly in construction sector

*investment: represents current market end-value of project

*residents: estimate of two people per dwelling

Site Preparation



Seawall at Newcastle Cruising Yacht Club Marina



Foreshore Promenade at Mariner Apartments

Highlights and Results

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

This year the Corporation completed preliminary testing to establish the level of contamination. It remediated three sites to meet the development use planned. All seawalls and wharf structures were investigated and a program of repair and maintenance devised to ensure structural integrity in the longer term.

Mine Subsidence

In conjunction with the developers of each site, the Corporation and the Mine Subsidence Board continued to test sites to assess the stability of mine workings using the agreed strategy and methodology for investigation.

Contamination and Remediation

This year the Corporation completed preliminary testing on the remaining sites to establish the level of contamination. All sites will be subject to further testing to establish the full extent and nature of remediation required, once the intended end use is confirmed. For example, sites planned for residential development or parkland require more intensive remediation than sites planned for commercial development.

Therefore, the Corporation continued its policy to remediate each site to meet its development purpose. Three sites were remediated this year: Lee 5 South Lot 21 (the site proposed for Hunter Water Corporation head office); road reserve to enable the extension of Honeysuckle Drive; and Wright Lane which will become part of Lee Wharf Development site. The remediation methods included site farming, bioremediation, removal to regulated disposal sites and groundwater monitoring and cleansing.

Three site audit certificates, to enable the stated development to proceed, were issued by site auditors accredited by the Environmental Protection Authority.

Seawall Ownership and Maintenance

All seawalls and wharf structures were investigated. The Corporation is now aware of the extent of works required to bring the structures up to standard and to maintain them. Where necessary, seawalls are being reconstructed to coincide with construction of adjacent public domain.

Planning



Highlights and Results

In master-planning the Honeysuckle site the Corporation balances both commercial and community needs. Development projects are governed by state and local government planning guidelines including land-use requirements, urban design principles and sustainable development standards.

Over the years, the Honeysuckle masterplan has adjusted to changes in planning guidelines and contamination and environmental regulations. This year, Newcastle City Council and the Corporation agreed on the reimbursement of Section 94 Contributions in recognition of the value of community projects provided by the Corporation.

Review of Development Control Plan (DCP) 40

The Corporation contributed substantially to Council's review of DCP 40, the planning guidelines which apply to development at Honeysuckle. As a result, DCP changes were agreed which will help to maintain overall development yields despite likely impacts in the Honeysuckle Precinct due to mine subsidence.

Section 94 Agreement

The Corporation thoroughly assessed Newcastle City Council's Section 94 (developer's contribution) plan as it applies to Honeysuckle. The Council has collected significant contributions from developers at Honeysuckle. As a result, Council transferred the Corporation the Section 94 funds in reimbursement for the community projects provided by the Corporation. Both organisations are working on a new agreement to acknowledge the Corporation's contribution by recovering costs for additional open space and Foreshore Promenade the Corporation plans to provide.

Linking the City to the Harbour

The Corporation is committed to increasing the connectivity—pedestrian and car access—between the CBD and the Honeysuckle site. The rail line terminates in Newcastle's CBD at Newcastle Station. A proposal to remove or replace a section of this rail line has been the subject of community debate for some time.

The Corporation met with the working group established by the Hon. Mr Michael Costa, Minister for Transport Services and Minister for the Hunter. The working group is assessing the current Newcastle to Woodville Junction rail line and considering alternatives.

Carparking

The Corporation continued to work with developers and with Newcastle City Council to ensure adequate car parking is provided as part of each development and to resolve the long-term plan to provide carparking at Honeysuckle. The Corporation submitted a development application for a temporary carpark with 370 spaces at Throsby Wharf. Consideration is also being given to extending the public carpark off Wright Lane through a joint venture with Newcastle City Council.

Development Application Processes

Newcastle City Council is the consent authority—assesses and grants approval for development—in the Linwood and Hunter Street precincts. The Minister for Infrastructure and Planning is the consent authority for the remainder of the precincts.

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

Community Projects



Merewether Wharf Foreshore Promenade



Merewether Wharf Foreshore Promenade



Construction of Marina Foreshore Promenade

Highlights and Results

Since the Building Better Cities Program funding ceased in 1997 the Corporation has continued to invest in a range of community projects which become community assets for the people of Newcastle.

These projects include designing and providing land for open space, construction of roads and services and construction of community housing. The term given to these community projects is Community Service Obligations (CSOs). This year, the Corporation invested \$4.15 million in these projects, making a total of \$78.77 million spent to date.

Community Projects 2002/2003 Investment

Merewether Wharf Public Domain Landscaping	\$1,940,000
The Boardwalk Public Domain Landscaping	\$72,000
Lee Wharf A Public Domain Landscaping and Seawall Investigations (Maritime Centre)	\$14,000
Seawall Investigations	\$8,000
Marina Public Domain Landscaping	\$436,000
Linwood Public Domain.....	\$338,000
Affordable Rental Housing Units (Linwood)	\$223,000
Administration expenses for CSOs ...	\$1,115,000
TOTAL	\$4,146,000

Honeysuckle Precinct

Merewether Wharf Public Domain Landscaping

Foreshore Promenade

The Merewether Wharf Foreshore Promenade, in front of Breakwater Apartments and Crowne Plaza Newcastle, was completed. It was officially opened by the Hon. Mr Michael Costa, Minister for the Hunter, on 14 April 2003.

The Promenade has been designed to reflect the harbour's rich heritage while projecting a thoroughly contemporary feeling. The pavement is constructed from a non-slip concrete surface with a granite banding that reflects the city's industrial heritage. Stencilled into the pavement is a design that evokes the ghost of the tall ships that once moored alongside the wharf. The stainless steel light poles rise like ships' masts and their bases are anchored in a plinth of black granite, a material which brings to mind coal that used to be loaded from the wharf. Stainless steel tree guards, in the shape of tall ships' sails, protect the trees which include a fig tree that will grow with the city to become a major feature of this area.

The Boardwalk Public Domain Landscaping

Harbour Square

The Foreshore Promenade is being continued and will soon meet Newcastle's newest venue, Harbour Square, a bustling plaza for people to meet, to eat, to drink and take in the views.

The designs for the construction of Harbour Square between Crowne Plaza and The Boardwalk project were finalised and project managers appointed for the works.

Lee Wharf A Public Domain Landscaping and Seawall Investigations

Maritime Centre

Newcastle Maritime Museum proposes to create a new maritime centre in the restored heritage building, Lee Wharf A. The Corporation supported Newcastle Maritime Museum in its efforts to seek funding and it was granted \$1 million from the NSW Ministry for the Arts. A development application for the Maritime Centre is in the final stages with lodgement, by the Museum, due in September 2003. The Corporation is also investigating the seawall around the Lee Wharf A building to ensure the necessary repair is completed prior to being occupied by the Maritime Centre. It also progressed design of the public land between the Maritime Centre and the site of the Lee Wharf Development Proposal to ensure integration of the design.

Seawall Investigations

The Corporation intends commissioning detailed investigations of the seawall on the site of the Lee Wharf Development Proposal to scope any necessary repairs required as part of the development agreement.

Temporary Foreshore Pathway

The Corporation began planning a temporary public path along the harbour between The Boardwalk Project and the marina.

Cottage Creek Precinct

Throsby Wharf Transit Shed

The Corporation allowed Fort Scratchley Historical Society, Newcastle Rowing Club and Waratah Brass Band to use the wharf sheds free of charge.

Newcastle Rowing Club continued to use Throsby Wharf Transit Shed as a temporary home, while the Corporation supported its efforts to prepare its successful development application for a new clubhouse at Carrington.

The Corporation continued to assist the Newcastle and Port Stephens Councils' Joint Management Committee of William IV by enabling the replica steamship William IV to berth temporarily at Throsby Wharf and to use the wharf sheds.

The Throsby Wharf facilities continued to be available for the Cruise Hunter Project as part of its three-year trial period (until end 2005). The project is establishing the Hunter as an international and domestic destination of choice on cruise, military and super yacht itineraries, by marketing the region and its facilities to industry decision makers and coordinating the port of calls. The Corporation provided berth services including security, hire equipment and traffic control. The project coordinated the visit of two cruise ships, The Europa and The World Residensea and several naval vessels.

Lee Wharf 5 Amenities Building

The Corporation continued to provide office accommodation at Lee Wharf 5 Amenities Building, free of charge, to Newcastle and Hunter Events Corporation, until December 2002.

Marina Precinct

Marina Public Domain Landscaping

Marina Foreshore Promenade

The Foreshore Promenade will be constructed in front of the marina and Mariner Apartments. This year the design was finalised and construction began for completion in late 2003.

Tree of Knowledge Park

The Promenade will continue in front of the park around the Tree of Knowledge in Wickham which will also be extended. The design was finalised and a contractor engaged.

Linwood Precinct

Linwood Public Domain Landscaping

The Corporation completed the construction and landscaping of the footpaths and planting of grass, trees, and flowerbeds in the pocket parks, view corridors and along Lime Kiln Place, Seafarers Way, Potters Way, The Lane, Linwood Street and The Walk in Linwood Stage 2.

Community Housing Units

Since 1992 the Corporation, through the Building Better Cities Program, has funded 163 affordable rental, demonstration, community and special needs housing units, across the Hunter Region. A total of 187 units will be provided.

This year, four townhouses completed in Linwood Stage 2 were transferred to the Office of Community Housing for management. The homes are part of an Affordable Rental Housing Program which makes rental accommodation affordable for eligible people on low and medium incomes.

Construction progressed on four units in The Cove Apartments. Contracts to purchase a further three units in Linwood Stage 3 and four units in Regatta Quays Apartments were exchanged.

Community Building & Place Activation



The 'Faces of Honeysuckle' community event



Visit of luxury cruise ship, The World

Highlights and Results

The Corporation entered its next phase which is ensuring Honeysuckle is a vibrant place for people. It is making the transition from management of development and community projects to managing Honeysuckle as a vibrant place for people. This year, expert assistance was obtained to begin the development of a place activation strategy.

As Honeysuckle increasingly becomes a place for people, a program of events and activities which builds a sense of community and ensures it is a vibrant place for to people live, work and relax is required. This is the Corporation's next challenge; to manage the transition from being a development facilitator to a place activator.

This year the Corporation commissioned a discussion paper and the assistance of government authorities and consultants to ascertain the place activation work required.

This strategy will need to be planned and implemented with the support of all stakeholders including Newcastle City Council, residents and businesses at Honeysuckle.

This year the Corporation assisted and attended several community events which took place at Honeysuckle including Newcastle Rowing Club's 10 Year Anniversary Celebration, Mater Hospital's fundraising event SWIG and Carrington Community Fair, Newcastle Rowing Club's Honeysuckle Regatta and the second Linwood Gift, a unique rowing marathon, which attracted rowing clubs from all over New South Wales was held with the Corporation's support.

Communications



Throsby Creek Mangrove Clean-up launch



Official opening of Merewether Wharf Foreshore Promenade



Official opening of Merewether Wharf Foreshore Promenade

Highlights and Results

The Corporation maintains close communication with the community, Newcastle City Council, government authorities, the business sector and the media.

Around 2,600 people attended presentations on the Honeysuckle Project and a range of environmental, education and industry events took place with the Corporation's support.

78% per cent of March 2003 survey respondents indicated that the Corporation had been successful in its task to regenerate Newcastle.

Presentations

Over 83 presentations and briefings were given on the Honeysuckle Project this year with around 2,600 people attending. The Corporation presented to local community groups, interstate government officials, an international conference on property development and overseas delegations. Students from 15 schools in the Hunter Region studied Honeysuckle as a case study as part of the geography curriculum's focus on urban renewal projects.

Publications, advertising and site signage

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

Development project and precinct signs were installed. Merewether Wharf Foreshore Promenade and Harbour Square signage was prepared. A series of corporate signs were installed which featured the photographs of several people who work, live or play at Honeysuckle such as members of Newcastle Rowing Club, Sparke Helmore employees, residents of Linwood and Carrington children. A community event was held to thank these people and celebrate their connection with Honeysuckle.

Sponsorship

As part of its commitment to creating 'Newcastle's home by the harbour' the Corporation proudly sponsored several community events and activities.

A collaborative project between the community, government and business to enhance Throsby Creek was started this year. The Corporation sponsored a two-year project to clean the rubbish out of the mangroves at Throsby Creek to improve aesthetic values, increase the quality of habitat for species such as crabs, fish and birds and to add to the recreational, housing and tourism values of the area. The project manager is Hunter Catchment Management Trust and it is also sponsored by developers at Linwood: Wincrest Homes, the Kingston Group and Task Developments.

Other community events sponsored included 48 Hours to World Peace and the Faculty Medal-Construction Industry at the Hunter Institute of Technology Awards, and Newcastle Art Gallery. It made charitable donations to Rotary Club of Newcastle North and Special Children's Christmas Party.

The Corporation participated in industry events including sponsoring the Urban Development Institute of Australia (UDIA) NSW State Conference. It also sponsored the UDIA NSW Awards for Excellence. It conducted a site inspection for around 35 delegates to the Property Council of Australia's Cities Conference. It was the major sponsor of Hunter Economic Development Corporation's Marketing Program which attracts investment to the Hunter Region and targets business to relocate to and expand in the region.

Research

The community's views were also sought in a systematic way through the Hunter Valley Research Foundation's Omnibus survey in September 2002 and March 2003. In March 2003, 71% of respondents believed the work done by the Corporation had made a significant contribution to investor confidence while 78% of respondents indicated that the Corporation had been successful in its task to regenerate Newcastle.

Business Involvement

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

The Corporation participated in a variety of committees that contribute to the revitalisation and growth of Newcastle and the Hunter Region. The committees include: Newcastle Alliance; Hunter Economic Development Corporation Marketing Committee; Newcastle and Hunter Business Chamber Regional Infrastructure Committee; Hunter Beyond 2000 Group; and Newcastle City Council's 355 BBC Housing Management and Development Committee and its Development Reference Group.

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When Blue Water Sea Kayaking was looking to expand its operations, the newly completed Newcastle Cruising Yacht Club's Marina Commercial Centre presented an ideal location. The Marina Commercial Centre is the ideal starting point to enjoy a leisurely guided sea kayak tour of Newcastle Harbour.

Pictured: David Smith – Manager
Blue Water Sea Kayaking

NCYC Marina Commercial Centre
Marina Precinct

Independent Audit Report



GPO BOX 12
SYDNEY NSW 2001

Honeysuckle Development Corporation

To Members of the New South Wales Parliament

Audit Opinion

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

- (a) presents fairly the Corporation's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

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

The Auditor's Role and the Audit Scope

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

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

S R Stanton CPA
Assistant Director of Audit

SYDNEY
24 September 2003

Statement by the Board

Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2003.

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 Managing Director of Honeysuckle Development Corporation, we declare that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Honeysuckle Development Corporation as at 30 June 2003 and transactions for the year then ended.
- 2) The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation, 2000, and Treasurer's Directions.

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

David Le Marchant
Chairman
Honeysuckle Development Corporation

Glenn Thornton
Director
Honeysuckle Development Corporation

Financial Statements

Honeysuckle Development Corporation

Statement of Financial Performance for the Year Ended 30 June 2003

	NOTES	2003 \$'000	2002 \$'000
Revenue			
Gross Proceeds from Sale of Properties		2,740	9,860
Less: Net Book Value of Properties Disposed		(1,417)	(6,603)
Net Proceeds from Sale of Properties		1,323	3,257
Rental Income		382	308
Interest Income		496	409
Community Service Obligations Funding		-	4,967
Revaluation of Inventory	10	1,720	-
Other Income	4	214	538
Total Revenue from Ordinary Activities		4,135	9,479
Expenses			
General Administration	5	968	1,815
Property Costs		174	156
Revaluation of Inventory	10	-	120
Borrowing Costs		162	1,096
Advertising, Promotion and Marketing		224	231
Community Service Obligations	2(f)/6	4,146	1,976
Total Expenses from Ordinary Activities		5,674	5,394
Profit/(Loss) from Ordinary Activities		(1,539)	4,085
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners			
	7	(1,539)	4,085

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

Honeysuckle Development Corporation

Statement of Financial Position for the Year Ended 30 June 2003

	NOTES	2003 \$'000	2002 \$'000
Current Assets			
Cash Assets	8	6,625	12,377
Receivables	9	306	31
Inventory	10	3,784	7,320
Non-Commercial Property	11	180	180
Other Financial Assets		213	584
Total Current Assets		11,108	20,492
Non Current Assets			
Plant & Equipment	2 (f)/13	44	30
Inventory	10	15,029	9,297
Non-Commercial Property	11	820	1,195
Total Non Current Assets		15,893	10,522
Total Assets		27,001	31,014
Current Liabilities			
Payables	14	2,868	1,431
Borrowings — NSW Treasury Corporation	2(k)/15	-	2,313
Provisions	2(e)/16/17	1,464	114
Total Current Liabilities		4,332	3,858
Non Current Liabilities			
Borrowings — NSW Treasury Corporation	2(k)/15	-	8,995
Prepaid Revenue	18	1,010	-
Provisions	2(e)/16/17	-	2,183
Total Non Current Liabilities		1,010	11,178
Total Liabilities		5,342	15,036
Net Assets		21,659	15,978
Equity			
Accumulated Funds	7	21,659	15,978

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

Honeysuckle Development Corporation

Statement of Cash Flows for the Year ended 30 June 2003

	2003	2002
	\$'000	\$'000
	Inflows	Inflows
NOTES	(Outflows)	(Outflows)
Cash Flow from Operating Activities		
Receipts		
Sales Receipts	3,052	9,618
Rental Receipts	382	308
Prepaid Income	1,010	-
Interest Received	496	409
Community Service Obligations Reimbursement	-	4,967
Trust Funds — Maritime Museum	1,004	-
Other Income/Receipts	797	1,360
Payments		
Suppliers/Employees	(1,641)	(1,701)
Borrowing Costs	(839)	(1,319)
Community Service Obligations	(4,996)	(1,976)
Net Cash provided from Operating Activities	19	11,666
Cash Flow from Investing Activities		
Purchases of Computer Hardware and Office Equipment	(33)	(9)
Payments for Inventories	(1,025)	(2,070)
Net Cash (used in) Investing Activities	(1,058)	(2,079)
Cash Flow from Financing Activities		
Repayment of Borrowings	(3,959)	-
Net Cash provided from Financing Activities	(3,959)	-
Net Increase/(Decrease) in Cash Held	(5,752)	9,587
Cash held at start of the Financial Year	12,377	2,790
Cash held at end of the Financial Year	19	12,377

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

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2003

1. Statement of Principal Activity

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

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

2. Summary of Significant Accounting Policies and Practice

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

(a) Basis of Preparation of the Financial Statements

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

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

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(b) Inventory

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

Property holdings have been classified into current and non-current assets based on sales forecasts for the Financial Year 2003/04. Inventory is classified as either Property under Development or Developed Property based on whether the particular site has had all works undertaken prior to being ready for sale or lease or transfer.

(c) Revenue Recognition

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

Land Sales

Income from land sales is recognised on contract settlement.

Prepaid revenue

Revenue received in advance is recognised proportionally over the life of the project.

Rental Income

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

Interest and Other Income

Interest and miscellaneous income is recognised as it accrues.

(d) Administration Expenses

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

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

(e) Employee Entitlements

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

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

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

(f) Plant and Equipment

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

(g) Insurance

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

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

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

(h) Depreciation

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

Depreciation Rates	Rate %
Information Technology	24%
Furniture & Fittings	9%
Plant & Equipment	12%

(i) Contributions to the Community (Community Service Obligations)

The Corporation undertakes certain Non-Commercial works such as roads, open space, social housing and other infrastructure works. Costs for works on non-Corporation property are expensed as incurred. Costs for non-commercial works on Corporation property are capitalised and disclosed as Non-Commercial Property (Refer to Notes 2b and 11). A portion of administration costs is allocated to Community Service Obligations (refer to Notes 3,5 and 6).

(j) Doubtful Debts

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

(k) Interest Bearing Liabilities

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

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

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

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

3. Change in Accounting Policy

Following a review of the capitalisation policy, the policy now requires that a portion of administration costs shall be allocated to Community Service Obligations (refer to Notes 5 & 6).

The impact on this year's accounts is that \$1,115,298 that would have previously been expensed to General Administration has now been expensed to Community Service Obligations.

4. Other Income

Included in Other Income is an amount of \$124,495 from Newcastle City Council for Section 94 credits accrued under a Deed of Agreement.

5. General Administration

General Administration expenses comprise:

	2003 \$'000	2002 \$'000
Employee Payments	1,064	925
Superannuation	58	48
Directors' Remuneration	165	143
General Administration	656	776
Consultancies	69	28
Depreciation/Amortisation	19	20
Audit Fee — External: for the audit of the financial reports	27	30
Audit Fee — Internal	24	23
Less: Expenses capitalised	-	(178)
Less: Expenses allocated to Community Service Obligations (Refer Notes 2(i) & 6)	(1,115)	-
	968	1,815

6. Contributions to the Community — Housing, Public Domain, Other Infrastructure and Grants to Other Organisations

Costs associated with the provision of Housing projects and similar Community Contributions are expensed as they are incurred. These costs represent works undertaken at the Corporation's cost that have been, or will be transferred to the community. They include works on Corporation property and non-Corporation property as well as grants to organisations under the Building Better Cities Program. Works on non-Corporation property are expensed as incurred (refer to Note 5) whilst works on Corporation property that is yet to be transferred are capitalised and disclosed as Non-Commercial Property (Refer to Note 11).

The following social dividend or non-commercial works were for projects both on and off the Honeysuckle site and did not add any commercial value to Honeysuckle's land holdings.

	2003 \$'000	2002 \$'000
Public Domain Landscaping and Seawall Repairs	2,808	239
Social Housing Projects	223	1,737
Administration expenses allocated to Community Service Obligations (refer to Notes 2(i),3,5 & 6)	1,115	
	4,146	1,976

7. Changes in Equity

	2003	2002
	\$'000	\$'000
Total Equity at the beginning of the reporting period	15,978	11,893
Total changes in Equity recognised in the Statement of Financial Performance Transactions		
with owners as owners	(1,539)	4,085
Contributions of Equity	7,220	-
Total Equity at the reporting date	21,659	15,978

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 has undertaken and the resultant impact on the capital structure.

8. Cash Assets

Cash Assets comprise:

	2003	2002
	\$'000	\$'000
Cash at Bank	6,621	12,373
Cash on Hand	4	4
	6,625	12,377

9. Receivables

Receivables comprise:

	2003	2002
	\$'000	\$'000
Net Rental Debtors	133	24
Less: Provision for Doubtful Debts	-	(3)
Other Debtors	173	10
	306	31

Refer Note 2(j)

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

10. Inventory

Inventory comprises sites that have been developed or that are still under development. Those sites planned to be sold in the coming year are classified as Current Inventory. Property holdings that are being developed for sale in years beyond the next financial year are classified as Non-Current Inventory. All sites not under contract or option are valued annually. Valuation is on the basis of the intended uses in accordance with the Master plan. The valuation is undertaken by an independent Registered Valuer on a yearly basis. The valuation process for 2002-03 has resulted in an increase in inventory values of \$1.720m for Commercial inventory.

	2003	2002
	\$'000	\$'000
Current Inventory		
Property under Development		
At Cost	-	1,374
At Valuation	3,500	5,250
Developed Property		
At Cost	-	-
At Valuation	284	696
Total Current Inventory	3,784	7,320
Non-Current Inventory		
Property under Development		
At Cost	5,055	3,547
At Valuation	9,974	5,750
Total Non-Current Inventory	15,029	9,297

11. Non-Commercial Property

Non-Commercial property comprises sites and buildings that have been identified for potential future Non-Commercial uses.

	2003	2002
	\$'000	\$'000
Current		
At Valuation	180	180
Total Current Non-Commercial Works Property	180	180
Non-Current		
At Valuation	820	1,195
Total Non-Current Non-Commercial Works Property	820	1,195
Total Non-Commercial Property	1,000	1,375

12. Contingent Assets

The Corporation has bank guarantees in its favour for \$0.056m (\$0.389m 2002) for construction of public domain works and a rental bond. The Corporation also holds Water Amplification credits with Hunter Water Corporation.

13. Plant and Equipment

	2003	2002
	\$'000	\$'000
IT Equipment		
Acquisition Cost	89	58
Disposals	(31)	
Accumulated Depreciation	(23)	(43)
Net Value	35	15
Furniture & Fittings		
Acquisition Cost	82	81
Accumulated Depreciation	(79)	(75)
Net Value	3	6
Plant & Equipment		
Acquisition Cost	20	19
Accumulated Depreciation	(14)	(10)
Net Value	6	9
Total Plant and Equipment	44	30

Reconciliation of Plant and Equipment

	2003	2002
	\$'000	\$'000
IT Equipment		
Opening Balance	15	21
Additions	32	6
Depreciation	(12)	(12)
Closing Balance	35	15
Furniture & Fittings		
Opening Balance	6	9
Depreciation	(3)	(3)
Closing Balance	3	6
Plant & Equipment		
Opening Balance	9	11
Additions	2	2
Disposals	(1)	-
Depreciation	(4)	(4)
Closing Balance	6	9
Total Plant and Equipment	44	30

14. Payables

Payables comprise:

	2003	2002
	\$'000	\$'000
Current		
Trade Payables — Work in Progress	555	61
Trade Payables	827	1,072
Accrued Interest	-	127
Trust Funds/Security Deposits	1,486	171
	2,868	1,431

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

The Corporation holds \$1m in trust from the NSW Ministry of Arts for the redevelopment of Lee Wharf A building into the Regional Maritime Museum. The Corporation also holds, deposit monies for site sales totalling \$0.301m (\$0.221m for 2002).

15. Interest Bearing Liabilities

	2003	2002
	\$'000	\$'000
Current		
Face Value of Borrowings from NSW Treasury Corporation	-	2,313
Premium	-	-
Total Current Borrowings at Capital Value — NSW Treasury Corporation	-	2,313
Non-Current		
Face Value of Borrowings from NSW Treasury Corporation	-	8,868
Premium	-	127
Total Non-Current Borrowings at Capital Value — NSW Treasury Corporation	-	8,995
Total Borrowings at Capital Value — NSW Treasury Corporation	-	11,308

Debt Schedule in respect of borrowings from the NSW Treasury Corporation

	2003	2002
	\$'000	\$'000
Payable not later than one year	-	9,477
Payable later than one year but not later than five years	-	1,831
Payable later than five years	-	-
	-	11,308

The movement in the Premium on borrowings during the year was as follows:

	2003	2002
	\$'000	\$'000
Non Current		
Premium on Loan		
Opening Balance	127	200
Amortised	(127)	(73)
Premium/(Discount) on loans raised during the year	-	-
Closing Balance	-	127

The Corporation received loans through the NSW Treasury Corporation. The weighted average interest rate, including the Loan Guarantee Fee, on borrowings during the year was 9.39% (11.67% for 2002).

The Corporation has an approved debt facility with NSW Treasury of \$4.5m face value. The Corporation held no debt as at 30 June 2003.

16. Provision for Employee Entitlements

	2003	2002
	\$'000	\$'000
Current		
Employee Entitlements		
Opening Balance	114	104
Provision Raised	23	51
Payments	(7)	(41)
Closing Balance	130	114

Refer to Note 2 (e).

17. Provision for Future Works

	2003	2002
	\$'000	\$'000
Future Development Works	1,333	2,183
	1,333	2,183

As part of its contractual obligations under certain sale contracts the Corporation is obliged to deliver capital works. In addition the Corporation has an obligation under the Building Better Cities Program to deliver Affordable Housing. At the 30 June contracts for the delivery of 13 units were in place. The provision raised represents the amounts outstanding at 30 June for these contracts.

18. Prepaid Revenue

	2003	2002
	\$'000	\$'000
Prepaid Revenue	1,010	-

As part of a Participation Agreement the Corporation received a \$1.01m non-refundable payment (Refer to Note 2(c)).

19. Statement of Cash Flows

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

	2003	2002
	\$'000	\$'000
(a) Cash		
Cash is reconciled to the following item in the Statement of Financial Position:		
Cash Assets	6,625	12,377
	6,625	12,377

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

Profit	(1,539)	4,085
Non Cash Items		
Depreciation	19	20
Cost of Sales	1,417	6,603
Amortisation of Loans	(127)	(73)
Revaluation of Inventory	(1,720)	120
Changes in Statement of Financial Position		
(Increase) in Receivables	(275)	(8)
(Increase)/Decrease in Prepayments	371	(351)
Increase/(Decrease) in Payables	(372)	(681)
Increase in Prepaid Revenue	1,010	-
Increase/(Decrease) in Deposits Received	1,315	(242)
Increase/(Decrease) in Provision for Future Works	(850)	2,183
Increase in Employee Entitlements Provisions	16	10
Net Cash Flow from Operating Activities	(735)	11,666

20. Contingent Liabilities

The Corporation has provided Letters of Undertaking and Guarantee to Newcastle City Council (NCC) for: the potential provision of traffic lights in Merewether Street, Newcastle (\$150,000); for the bonding of public landscaping and miscellaneous works required under Development Application 98/139 (\$263,000); for works on the extension of Steel St, Newcastle West (\$310,000); for Stage 3 Linwood subdivision landscaping (\$400,000) and for construction of a pedestrian crossing in Workshop Way (\$50,000). Additionally Hunter Water Corporation has been provided with a letter of undertaking for the bonding of residual works in Merewether Street, Newcastle (\$13,500). No provision has been made for these liabilities due to the uncertainty in determining future demands.

To date the Corporation has undertaken extensive mine subsidence and remediation investigations. The Corporation is conducting further ongoing investigations. At this stage the cost of any potential mine subsidence and remediation works required as a result of these investigations cannot be reliably measured.

21. Expenditure Commitments

Capital Expenditure Commitments

	2003	2002
	\$'000	\$'000
Estimated capital expenditure, inclusive of GST, contracted as at 30 June 2003 but not provided for:		
• within 12 months	1,307	780
• 12 months to 5 years	-	-
• > 5 years	-	-
	1,307	780

These Capital Expenditure Commitments represent Contracts for works to be undertaken on sites for delivery to market. The Corporation has contractual commitments to deliver 11 Affordable Housing Units. In addition there is a commitment to deliver a further 13 units. Commitments are in place to deliver Community assets, principally public domain works, for \$1.630m. As part of its Capital Program there are also planned future works which as yet, are not contractually committed.

Operating Lease Commitments

	2003	2002
	\$'000	\$'000
Commitments in relation to non-cancellable operating leases, inclusive of GST, are payable as follows:		
• within 12 months	84	8
• 12 months to 5 years	9	16
• > 5 years	4	-
	97	24

22. Related Party Disclosures

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

(a) Directors and Any Director Related Entities

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

D Le Marchant	W Kirby-Jones AM
J Westacott (appointed 14/05/03)	L Mangovski
A Cappie-Wood (alternate for J Westacott)	M Maybury
S Holliday (resigned 04/04/03)	D Papps (alternate for S Holliday - resigned 04/04/03)
P Barrack AM	S Ryan
N Bird AM	J Tate
G Kennedy	G Thornton

There were no related party transactions during the year.

End of audited financial statements

Appendices

Evaluation and Review

Strategic Business Plan

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

Performance Measures and Indicators

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

Internal/External Reviews

Management reviews were conducted as part of the management process, which monitored performance against budget for follow-up action. In line with procedures of the Department of Urban and Transport Planning, staff members have effected and are part of an internal control process designed to provide reasonable assurance regarding the achievement of the Department's objectives.

External Changes

Economic and Other Factors Affecting Achievement of Operational Objectives

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

Legal Changes

During the 2002/03 financial year no changes were made to the Growth Centres (Development Corporations) Act 1974. A change was made to subordinate legislation. In December 2002 an order in pursuance of section 5 of the Act extended the boundaries of the Honeysuckle Growth Centre. The Growth Centre was extended to include the area bounded generally by Maitland Road, Hanbury Street, Turton Road, Bridges Road, James Road and Glebe Road. No significant judicial decisions were made affecting the Honeysuckle Development Corporation.

After Balance Date Events

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

Land Disposal

During the year, settlements occurred for the long-term lease of one building in the Honeysuckle Precinct, one for the Liquor Licence in the Hunter Street Precinct and the transfer of the Marina in the Marina Precinct. The total value of the settlements was \$2,740,000.

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

Management Practices and Policies

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

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

Client Response

The Honeysuckle Development Corporation welcomes suggestions and feedback from clients for improvements and changes. Complaints are handled quickly in consultation with the client. Customers who feel their issues have not been resolved during initial consultation can utilise the Department of Urban and Transport Planning's feedback forms. Feedback forms are available from the Department's website www.planning.nsw.gov.au or from:

- Resource Centre
- Ground Floor, 1 Henry Deane Building
- 20 Lee St
- SYDNEY NSW 2000
- Telephone 02 9762 8044

Risk Management and Insurance

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

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

All matters raised by the Auditor General in Audit Reports for the last financial year have been addressed by management.

Recycling

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

Annual Report 2002/2003

The Corporation produced 2,500 copies of the Annual Report 2002/2003 at a unit cost of \$10, including \$25,675 in external services such as copy writing, graphic design, photography and printing. Some photographs included were taken on-site in October 2003. The annual report is available on www.honeysuckle.net

Publications

Ongoing

- Concept Masterplan Report 1992. Prepared by Devine Erby & Mazlin and Suters Architects Snell
- Honeysuckle Public Domain Strategy 2000. Prepared by Pittendrigh Shinkfield and Bruce
- Honeysuckle Development Corporation website: www.honeysuckle.net
- Linwood Village Urban Design Guidelines
- Annual Report 2000/2001
- Honeysuckle Community Brochure 2002
- Foreshore Promenade Design Manual
- Annual Report 2001/2002

Produced 2002/2003

- Honeysuckle Precinct Flyer 2002
- Cottage Creek Precinct Flyer 2002
- Hunter Street Precinct Flyer 2002
- Wickham Precinct Flyer 2002
- Marina Precinct Flyer 2002
- Linwood Precinct Flyer 2002
- Carrington Precinct Flyer 2002
- Honeysuckle Community Brochure – Update 2003

Freedom of Information

The Honeysuckle Development Corporation received no applications for access to documents under the Freedom of Information Act in 2002/03, or for the previous year.

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

- Administration Manager
- Honeysuckle Development Corporation
- Suite 2, 265 Wharf Road
- NEWCASTLE NSW 2300
- Telephone 02 4927 3800
- Facsimile 02 4929 1927
- Office business and service hours:
- Monday—Friday: 8.30am—5.00pm

Electronic Service Delivery

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

Project Information

Major Assets

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

Disclosure of Controlled Entities

The Honeysuckle Development Corporation has no subsidiary companies.

Consultants and Contractors

Costs Incurred in the Engagement of Consultants

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

Consultants less than \$30,000 – during the year 10 consultants were engaged in the following areas:

Engineering	\$42,363
Financial and Accounting/Tax	\$10,504
Management Services	\$16,361
Total consultancies less than \$30,000	\$69,227
Total consultancies	\$69,227

Costs Incurred in the Engagement of Contractors

Category	Urban Redevelopment Projects
Number	46
Amount	\$1,501,966
Average	\$32,651

Cost Overruns

Annual spending on works is agreed between the Corporation and Treasury in the Statement of Business Intent.

There are no overruns to report.

Major Works in Progress

Major works in progress as at 30 June 2003 were as follows:

Project	Estimated Completion Date	Cost (approx) \$
Construction of Roads & Services at Linwood Stage 3		\$209,326
Merewether Wharf Road Works	Jun 2003	\$310,979
Remediation of Lot 4 DP883474 Honeysuckle Drive to enable site audit statement	Sept 2003	\$147,746
Fountain Art Works at Harbour Square Public Domain	Dec 2003	\$165,000
Marina Promenade Construction	Oct 2003	\$1,063,972
Affordable Rental Housing Units: The Cove	Aug 2003	\$665,000
Affordable Rental Housing Units: Regatta Quays Apartments	Feb 2004	\$720,000
Affordable Rental Housing Units: Linwood Stage 3	Apr 2004	\$807,000

Estimated Completion Date and Significant Delays

The Honeysuckle Development Corporation derives its investment powers under the Public Authorities (Financial Arrangements)

Act 1987 (PAFA). The Corporation has been declared to have Part 1 investment powers under the Act. During the year under

review the Corporation did not have any surplus funds for investment.

Liability Management Performance

Not applicable — Treasury Circular G1991/5 only requires this analysis where the level of debt is \$50m or more.

Overseas Visits

In October/November 2002 the General Manager undertook a study tour of waterfront developments in the USA and

appeared as a guest speaker at the Urban Land Institute International Council conference.

Community Contributions — Funds Granted to Non-Government Community Organisations

The Honeysuckle Development Corporation made no funding grants to non-government community organisations in 2002/2003.

Research and Development

The Corporation undertook no research and development activity during the year relating to new knowledge, products,

services or processes within the established definition.

Consumer Response

The intermittent consumer complaints or suggestions received this year were from residents and related to the construction and maintenance of the public domain adjacent to their homes. In most cases, the Corporation provided additional information which resolved the complaint. It has changed its operation to ensure residents or businesses, affected by construction and maintenance of public domain, receive regular information about work being undertaken.

Report on Account Payment Performance

The information which follows is provided in accordance with Clause 4(1)(m2) of the Annual Report (Statutory Bodies) Regulation 1985.

Time for Payment of Accounts

As the Corporation has no employees, Department of Urban and Transport Planning maintains its accounts. A sample of invoices revealed that 8 were overdue when paid (compared to 6 in 2001/2002 and 5 in 2000/2001). (See table “Report on Account Payment Performance”).

Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount
	Target %	Actual %	\$	Paid for Sample \$
September	95%	91%	114,227.64	174,303.34
December	95%	92%	188,965.93	190,458.98
March	95%	91%	29,566.70	36,906.77
June	95%	95%	126,859.83	127,125.83

No Interest was paid on accounts during the year

528,794.92

Generally non-current accounts relate to normal delays associated with inspection of completed capital works.

Aged analysis at the end of each quarter

	Current	Less than 30	Between 30 & 60	Between 60 & 90	More than 90
	(ie. within due date) \$	days overdue \$	days overdue \$	days overdue \$	days overdue \$
September	545,122.85	-	60,075.70	-	-
December	773,182.90	-	1,493.05	-	-
March	675,514.36	-	7,340.07	-	-
June	1,381,423.60	-	266.00	-	-

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