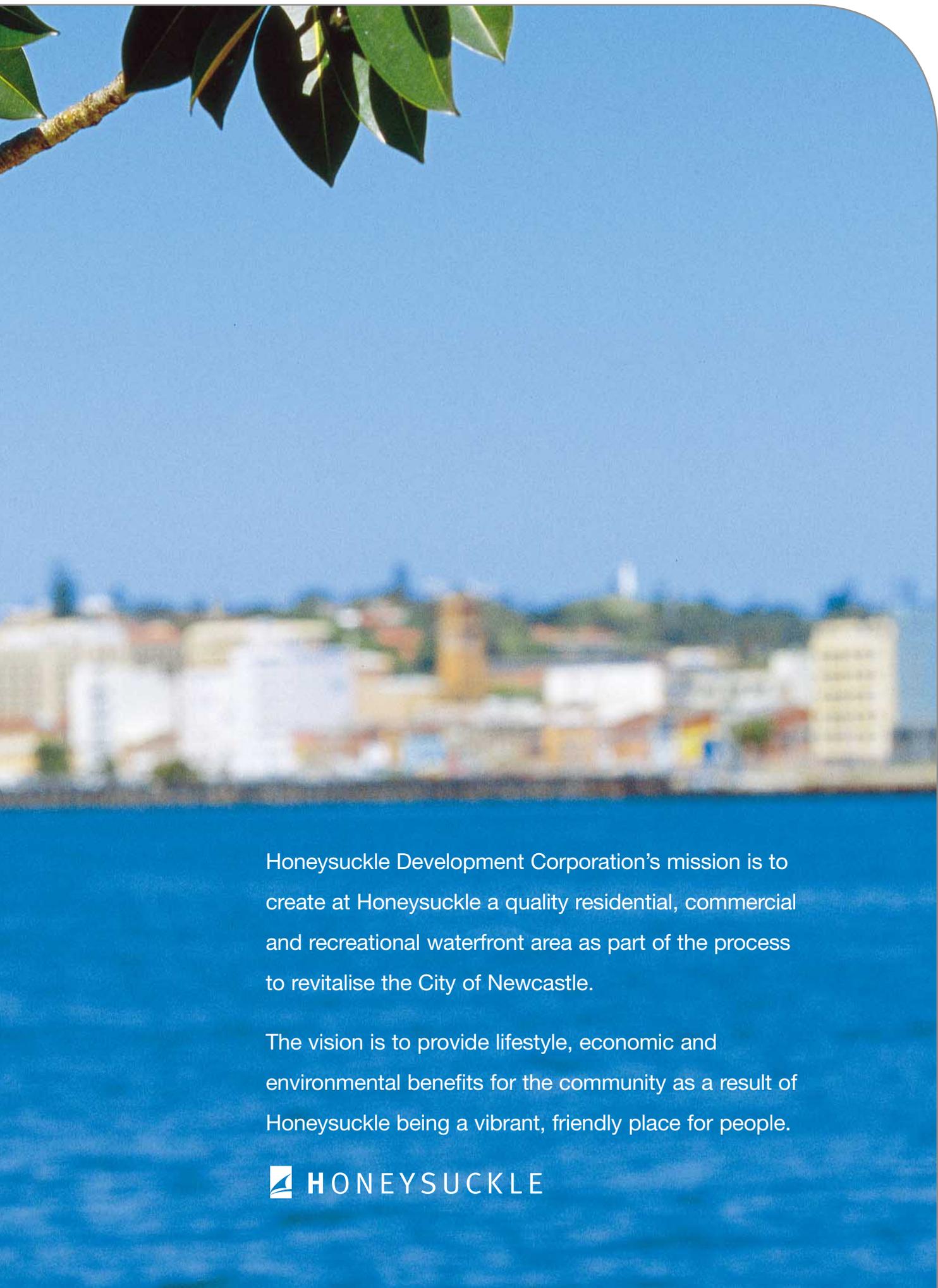


Honeysuckle Development Corporation
Annual Report 2003/2004





The extension to the Tree of Knowledge Park was officially opened in May 2004.



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.

 **HONEYSUCKLE**

To the Minister

31 October 2004

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

Dear Mr Knowles

Please find enclosed the annual report of the Honeysuckle Development Corporation for the year ended 30 June 2004.

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

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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 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, restaurants and townhouses are in construction.

2004 is the Honeysuckle Project's twelfth 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
- ensure the community has access to the harbour foreshore
- create publicly owned and accessible places on the Honeysuckle site
- provide new and improve old infrastructure to encourage private sector development of the Honeysuckle site
- stimulate development in adjacent areas
- 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*





Chairman's Report



Honeysuckle Development Corporation this year entered an exciting phase with the activation and management of many of our community places.

The Live Sites programme was instigated in conjunction with Newcastle City Council, the Newcastle Alliance and the NSW Ministry of the Arts. The aim of Live Sites is to bring to life our outdoor meeting and entertainment areas to contribute to the revitalisation of Newcastle.

Construction also started this year on Harbour Square, which will become an important cultural and entertainment hub for the people of Newcastle. Harbour Square will reflect our rich maritime history and will be located between the Crowne Plaza Hotel and the Boardwalk development.

More and more people are calling Honeysuckle their home, and this year construction was completed on The Boardwalk, The Cove Apartments and the Marina Apartments. This represents around 270 new residents in Newcastle's CBD. Work also started on Regatta Quays and Stage 3 of Linwood.

At Cottage Creek, we also moved to further open up the site for people, by completing the Foreshore Promenade in front of the marina and Mariner Apartments and starting construction of a temporary pathway along the Cottage Creek Precinct. When this path is completed, visitors will be able to walk the six kilometre harbour foreshore from Carrington and Linwood to Nobbys. Over 10 hectares of public domain has been created. This is part of the \$84.75 million the Corporation has invested in community works.

Also of significance this year was the approval of Stages 1 and 2 of the Lee Wharf Project, the lodging of a development application by the Hunter Water Corporation for its new headquarters and the start of work on Honeysuckle House Stage 2.

All are important capital projects for Newcastle, bringing jobs and investment to the city. Hunter Valley Research Foundation estimate the project has created 4,180 jobs and generated \$1 billion in the regional economy. Most importantly these projects are bringing people to live, work and play along our unique working harbour.

I thank my fellow Directors for their commitment and also the talented management team in bringing to life the Honeysuckle vision. I welcome Alice Spizzo, as Alternate Director for Jennifer Westacott, Director-General. The project is at an exciting and challenging time as we see Honeysuckle well and truly become a place for people.

A handwritten signature in black ink, reading "David Le Marchant".

David Le Marchant
Chairman
Honeysuckle Development Corporation





The boardwalk under Cowper Street bridge was erected by the Corporation and is a popular place to fish, day and night.



General Manager's Overview



This was certainly a milestone year for Honeysuckle Development Corporation as we geared our operations to meeting the place and community management phase of our strategic plan.

We have now firmly turned our focus to ensuring the places we have created are people friendly and able to be enjoyed by the community. An example of this is the work we're carrying out on extending the promenade. Where we're unable to complete the promenade due to construction, we're putting in temporary walkways to enable residents and visitors to enjoy the harbour.

We have also started work on Harbour Square, located between the Crowne Plaza and the Boardwalk, and our initiation of Live Sites this year is to ensure that the places that people will soon be able to utilise around Newcastle Harbour are active, vibrant places.

As General Manager of Honeysuckle, this year in particular, I have found the Corporation in a unique and enviable position as an urban development organisation.

The Corporation was created in 1992 to revitalise disused industrial land along Newcastle Harbour. While we are committed to achieving these good urban outcomes in a timely, cost conscious and quality manner, we are also a catalyst for change in our community. We are bringing people into the city and we are developing places where they can live, work and play.

As we move into new projects, the Corporation is aware of the need to preserve and enhance places of historical importance to Newcastle.

At Harbour Square, we are including interpretive works to reflect our maritime history, and at Wickham we have completed work on Tree of Knowledge Park.

The Tree of Knowledge is a landmark and we have designed this year's Annual Report to be reminiscent of branches of this massive fig tree.

I look forward to the next exciting year for Honeysuckle, as we continue the activation of the places we're creating for Newcastle.

A handwritten signature in black ink, appearing to be 'AD', written in a cursive style.

Angus Dawson
General Manager
Honeysuckle Development Corporation



The Board



1. 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, trustee of Newcastle Historic Reserve Trust, former President of Newcastle and Hunter Business Chamber and a former Director of MSB Hunter Ports Authority.

Meeting Attendance:

Board: 11 of 11
Audit Committee: 5 of 6
Workshops: 1 of 1
Subcommittee: 1 of 1

2. 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.

Meeting Attendance:

Board: 11 of 11
Workshops: 1 of 1

3. 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 1

4. Gary Kennedy

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

Meeting Attendance:

Board: 8 of 11
Workshops: 0 of 1

5. William Kirkby-Jones AM

FAICD, FAIM, FAMI

Mr 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: 9 of 11
Workshops: 1 of 1

6. 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: 1 of 1

7. 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: 11 of 11
Audit Committee: 6 of 6
Workshops: 1 of 1

8. Suzanne Ryan

BSocStud (Syd) MBA (Newcastle)

Ms Ryan is an academic in the Newcastle Graduate School of Business, The University of Newcastle. 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: 1 of 1
Subcommittee: 1 of 1

9. Alice Spizzo

BA, LLB, Grad Dip Legal Practice, Grad Dip Urban Estate Mge

Alternate Director for Director-General

Ms Spizzo is the Executive Director, Office of the Director-General, Department of Infrastructure, Planning and Natural Resources. Ms Spizzo is a lawyer and has extensive experience in urban planning, environmental management and public policy in both the public and business sectors.

Meeting Attendance:

Board: 3 of 4

10. Councillor John S Tate

Councillor Tate is the Lord Mayor of Newcastle and has served Newcastle City Council as a Councillor for 24 years and as Lord Mayor for the past 5 years. He is a representative on numerous boards and committees such as the Hunter Region Tourism Organisation, Regional Land Management Corporation and is Chair of the Hunter Economic Development Corporation. He also has extensive experience in small business operations.

Meeting Attendance:

Board: 11 of 11
Workshops: 1 of 1
Subcommittee: 1 of 1

11. Glenn Thornton

B.Comm, MBA, FCPA, ACIS

Mr Thornton is the Chief Executive Officer of the Hunter Business Chamber and was the inaugural Chairman of the Lake Macquarie Small Business Centre. He is Chairman of the Network for Educational Workplacement for Newcastle and Lake Macquarie. He has also held senior management and board positions in the electronic media, travel and tourism, wine, boating and education and training industries.

Meeting Attendance:

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

Mr Andrew Cappie-Wood represented the Director-General at 4 of 6 board meetings and 1 workshop.





The promenade is a place where families can come together to take in the views of Newcastle Harbour.

Staff



The staff of Honeysuckle Development Corporation are employed by the Department of Infrastructure, Planning and Natural Resources 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

Capital Works Manager

Craig Abbs

B. E

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.)

Assistant Development Manager

Kate Rabbitt

Grad. Cert. Urban Estate Mngmt, MBA

Planning Advisor

Trevor Prior

B.A., M.A. (Reg Plan); Dip. Urb & Reg Plan, Dip. Management

(to 23 April 2004)

Development Officer

Robert Laidlaw

Valuation. Cert., Adv. Real Estate Cert.

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

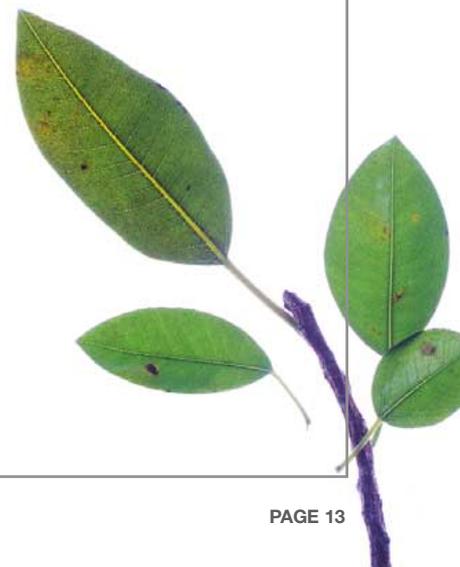
Jennifer McGregor

Administrative Assistant

Kerrie Rowsell

Receptionist

Jodie Hoffmann



Honeysuckle 20 Year Project Plan



Honeysuckle 20 year project plan:

1992-1997 masterplanning, infrastructure, site preparation, community works.

1997-2003 site marketing and management of contracts for completion of development projects, community works.

2003-2012 development of community and place management along with continued site marketing, contract management and community works.

Achieving Community and Place Management



Live Sites

The Corporation this year entered its community and place activation phase and joined with Newcastle Alliance, Newcastle City Council and the Ministry for the Arts to initiate Live Sites — a dynamic cultural events programme for public places in Newcastle’s city centre.

The objective of Live Sites is to make Newcastle’s city centre an even more active and vibrant place for people to relax, shop, live and work — seven days a week. Major outdoor meeting and entertainment areas throughout Honeysuckle, Newcastle City Centre and the Civic Cultural Precinct will be the focus of the programme.

A Manager was appointed to develop and implement a cultural events programme that will be sustainable in the long-term.

The Corporation’s challenge is to link the city with the harbour and to activate the public places it has already created as well as those which are in construction, such as Harbour Square.

Live Sites will also provide a boost to the local performing arts community, generating increased opportunities for artists and art organisations.

Public Art Strategy

A public art strategy was produced in consultation with Newcastle City Council and other stakeholders such as TAFE and the University of Newcastle. This strategy identified the budget and locations for future public art at Honeysuckle.



Honeysuckle Precincts

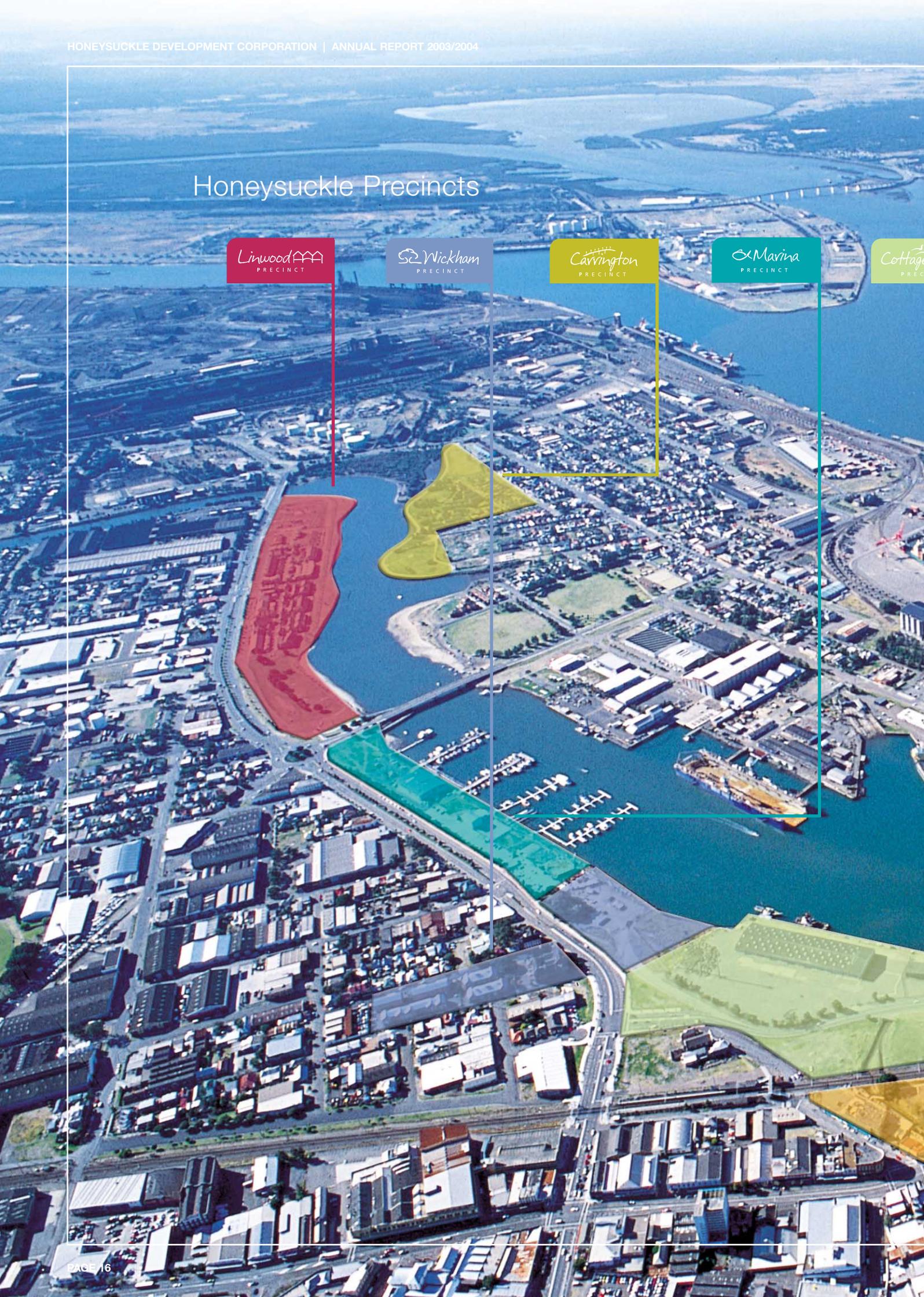
Linwood
PRECINCT

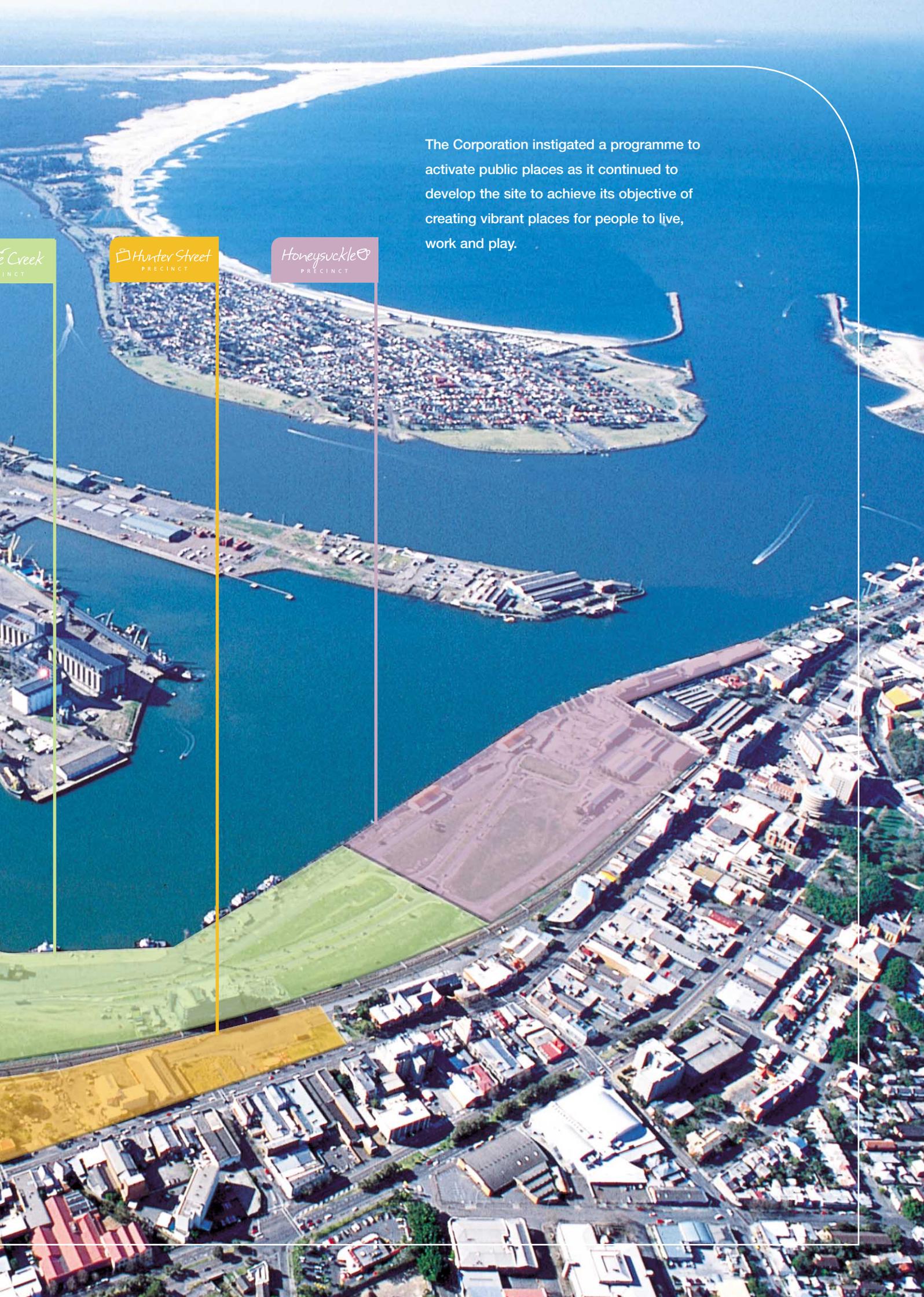
Nickham
PRECINCT

Carvington
PRECINCT

Mavina
PRECINCT

Cottage
PRECINCT





The Corporation instigated a programme to activate public places as it continued to develop the site to achieve its objective of creating vibrant places for people to live, work and play.

Creek
PRECINCT

Hunter Street
PRECINCT

Honeysuckle
PRECINCT

Honeysuckle Precincts



Honeysuckle Precinct

Harbour Square

Construction was started on Harbour Square, creating a bustling plaza for people to meet and take in Newcastle's unique working harbour.

Harbour Square has been designed to reflect Newcastle's rich maritime history and will provide an accessible area for events, entertainment and cultural activities, such as the Live Sites initiative.

Maritime Centre

The Newcastle Maritime Museum is proposing a Maritime Centre in the restored heritage building, Lee Wharf A.

The Corporation facilitated the \$1 million grant funding from the NSW Ministry for the Arts. It also assisted the Maritime Centre to lodge a development application.

The Boardwalk

The Boardwalk development was completed, providing 33 residential apartments, 11 ground floor restaurants and retail space, and 9 office suites. The Child Support Agency was the first tenant to occupy The Boardwalk, leasing 2,800m² of office space in April 2004.

The majority of the ground floor spaces were sold with an art gallery and restaurants planned.

Restored Railway Workshop Buildings

One of the Corporation's first projects was the refurbishment of the railway workshop buildings off Workshop Way. The buildings continue to be popular locations for community events and cultural activities.

The Honeysuckle Markets and Produce Café are located in the restored Blacksmiths and Wheel Shop building. Redgate Farm has leased the buildings until June 2005.

Lee Wharf

Lee Wharf Developments' proposal was chosen in 2002 for the four-hectare Worth Place site. This is a residential, commercial and retail development with a car park and large areas of public open space.

Development applications for Stages 1 and 2 of the Lee Wharf Project were approved.

Honeysuckle Precincts



Cottage Creek Precinct

Foreshore Promenade

Construction began on a temporary public path for parts of Cottage Creek Precinct and the Lee Wharf site in preparation for the extension of the Foreshore Promenade. Once the path is completed, the public will be able to walk the six kilometre harbour foreshore walk from Carrington and Linwood, to Nobbys.

Throsby Wharf Transit Sheds

Fort Scratchley Historical Society, Newcastle Rowing Club and Newcastle Region Maritime Museum used the wharf sheds without cost.

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 use the wharf sheds.

Throsby and Lee Wharf Berths

The Corporation continued to manage Throsby and Lee Wharf berths and sheds, and has supported Cruise Hunter to establish the Hunter as a destination of choice on cruise, military and super yacht itineraries, by marketing the region and coordinating visits.

Several cruise and naval ships berthed at the wharfs as part of the Cruise Hunter project.

Honeysuckle House

Construction was started on Honeysuckle House Stage 2, which will provide Newcastle with 5,000m² of quality commercial office space and the workplace of more than 200 people.

Hunter Water Corporation Head Office

Hunter Water Corporation lodged a development application to develop a new head office in a convenient and cost effective location.



TIGHES HILL

MARYVILLE

HANNELL STREET

REGATTA QUAYS APARTMENTS

HONEYSUCKLE GROVE

LINWOOD STAGE 2

LINWOOD STAGE 1

LINWOOD SHORES

Linwood
PRECINCT

Carrington
PRECINCT

FISH CO-OP

CARRINGTON

PROPOSED NEWCASTLE CRUISING YACHT CLUB MARINA CLUBHOUSE

Marina
PRECINCT

NEWCASTLE CRUISING YACHT CLUB MARINA COMMERCIAL CENTRE

MARINER APARTMENTS

Wickham
PRECINCT

STAGE 2
WICKHAM SCHOOL
STAGE 3

TREE OF KNOWLEDGE PARK

THROSBY WHARF BERTHS & SHEDS

Cottage Creek
PRECINCT

LEE WHARF BERTHS & SHEDS

HUNTER WATER HEADQUARTERS

LEE WHARF

THE BELLEVUE APARTMENTS

SPARKE HELMORE BUILDING

HONEYSUCKLE HOUSE STAGE 2

RIVERWALK

IBIS HOTEL

NEWCASTLE POLYCLINIC

Hunter Street
PRECINCT

HUNTER ST

PACIFIC HIGHWAY

NEWCASTLE WEST

CO

STOCKTON

 Harbour Square

MARITIME
CENTRE

CROWNE
PLAZA HOTEL

BREAKWATER
APARTMENTS

THE
BOARDWALK

AUSTRALIAN
LINE SELECTORS

HONEYSUCKLE
WORKSHOPS

NEWCASTLE EAST

Honeysuckle
PRECINCT

PRECINCT

NEWCASTLE CITY

OKS HILL

Honeysuckle Precincts



Wickham Precinct

Tree of Knowledge Park

The Tree of Knowledge Park was opened in May 2004 by Member for Newcastle, Bryce Gaudry.

The massive fig tree (*Ficus Macrophylla*), which forms the centrepiece of the park, was listed by the National Trust of NSW (Hunter Region) in 1991.

It's believed the tree may have been transplanted from a residence in nearby Bishopsgate Street in the 1890s by local resident William Greenwood. As it grew, it became a favourite gathering place for elderly men, who would spend their time talking under its vast branches.

The park also features a plaque that has a reference to Henry Lawson and his time at the nearby Wickham School of Arts.

Under the Corporation's future plans, the park will become part of a hectare of public space, which will extend towards the Cottage Creek Precinct.



Marina Precinct

Marina Foreshore Promenade

The Foreshore Promenade was completed in front of the marina and Mariner Apartments as part of the Corporation's plan to make a six kilometre harbour walk from Linwood and Carrington, to Nobbys.

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 development application was submitted for the Newcastle Cruising Yacht Clubhouse, incorporating a restaurant, bar and offices.

Mariner Apartments

Construction was completed on the Mariner Apartments, which is home to more than 80 residents, living in 36 apartments and six townhouses.

Honeysuckle Precincts



Linwood Precinct

Linwood Café

Expressions of interest were called to operate a café at Linwood as the Corporation sought to foster a café and corner store culture in this new residential area. The Corporation is currently in negotiations with an interested party.

Linwood Stage 3

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

Construction is expected to be completed in late 2004.

Regatta Quays Apartments

Regatta Quays is a gateway development that features 86 three-bedroom townhouses and apartments ranging from two to four storeys.

Construction continued on Stage 1 (26 apartments and 12 townhouses) and will be completed in late 2004.



Hunter Precinct

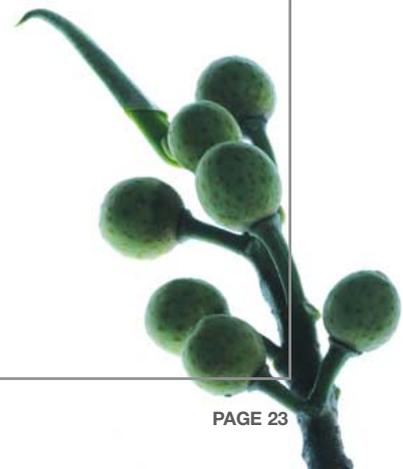
Community Housing Units

Since 1992 the Corporation, through the Building Better Cities Program, has funded 167 affordable rental, demonstration, community and special needs housing units, across the Hunter Region. A total of 187 units will be provided.

This year, four units in The Cove Apartments were transferred to the Office of Community Housing for management. The homes are part of an Affordable Rental Housing Program that makes rental accommodation affordable for eligible people on low and medium incomes.

The Cove Apartments

Construction was completed on The Cove Apartments, a prestige residential development in the heart of Newcastle's City-West that is attracting residents who will add vitality to this part of the city.



Community Works



Community Works

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

This includes designing and providing land for open space, construction of roads and services and construction of community housing. This year, the Corporation invested \$5.98 million in these works, making a total of \$84.75 million spent to date.

Affordable Rental Housing Units — Linwood Stage 3	\$806,850
Heritage Restoration Works — Newcastle Regional Maritime Museum at Lee Wharf A	141,202
Public Domain Landscaping	
• Marina Precinct — Newcastle Cruising Yacht Club	1,303,874
• Marina Precinct — precinct-wide	78,971
• Linwood Precinct — Linwood Stage 2, Regatta Quays, precinct-wide	146,797
• Honeysuckle Precinct — The Boardwalk	1,978,821
Other works across various sites including public domain, heritage, remediation and building works	110,223
Administration expenses for community works	1,414,283
TOTAL	\$5,981,021

Site Preparation



Site Preparation

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 has required considerable work including demolition, clearance, testing and decontamination.

Mine Subsidence

No mine subsidence testing was conducted this year.

Lee Wharf Developments worked closely with Mine Subsidence Board to develop a strategy for development and conducted testing on the site of Stages 1 and 2 of the Lee Wharf Project.

Contamination and Remediation

All sites underwent preliminary testing for contamination.

Several sites are in process of being validated for their development purpose to standard required by Environmental Protection Authority, subject to appropriate remediation.

Lee Wharf and Throsby Wharf were identified as requiring further contamination testing and remediation.

Where possible, the Corporation pursues the policy of beneficial reuse of soil but was required to dispose of contaminated material this year.

An Archaeology Report was prepared for the Lee Wharf Stage 1 and 2 site following extensive investigation and excavation.

Sea Wall Ownership and Maintenance

Repair and replacement strategies were identified for the sea walls between Lee Wharf A and Lee Wharf C buildings.

This work is complex with contamination and heritage issues and will be very costly.

The Corporation has worked with engineering specialists and the Newcastle City Council to identify repair solutions.





The promenade at the marina was completed this year and will eventually continue around the harbour, creating a six kilometre walkway from Maryville to Nobbys Breakwall.

Planning



Planning

In masterplanning 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.

Review of Development Control Plan (DCP) 40

After extensive community consultation, Council adopted the review of Development Control Plan 40 – the planning controls for Honeysuckle in August 2003.

Carparking

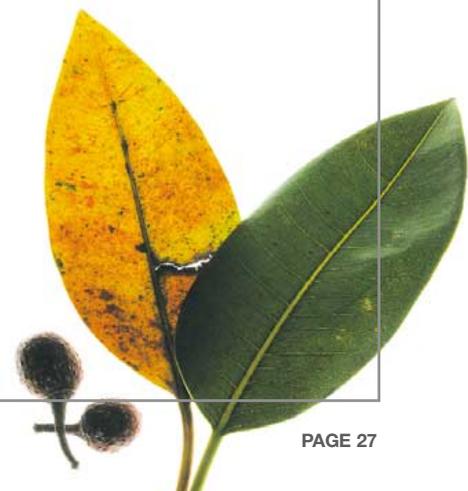
The Corporation continued to work with developers and with Newcastle City Council to ensure adequate car-parking is provided.

A development application for a temporary carpark with 373 spaces at Throsby Wharf was approved. The car-park will commence operation in late 2004 for approximately three years.

Development Application Processes

Newcastle City Council is the consent authority – assesses and grants approval – for development in the Carrington, Wickham, 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 Infrastructure, Planning and Natural Resources 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.



In Touch with the Community



Presentations

More than 70 presentations and briefings were given on the Honeysuckle Project this year with around 2260 people attending. The Corporation presented to local community groups, interstate government officials, an international conference on property development and overseas delegations.

Students from 16 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. 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.

Sponsorship

As part of its commitment to creating a place for people 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 continued this year.

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.

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 2003 and March 2004.

In March 2004, 76% of respondents believed the work done by the Corporation had made a contribution to investor confidence while 80% of respondents indicated that the Corporation had been successful in its task to regenerate Newcastle. The change in the percentage of responses in the September 2003 survey was not statistically significant.

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.





Linwood 
PRECINCT

Linwood is now home to a new
community of almost 300 residents.

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 Infrastructure, Planning and Natural Resources is the Managing Director of the Corporation.

The Department of Infrastructure, Planning and Natural Resources (DIPNR) was formally established on 1 July 2003 bringing together the Departments of Urban and Transport Planning and Sustainable 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. It has a Code of Conduct/Ethics which clearly outlines the highest standard of professional conduct and ethical behaviour.

The Board comprises the Chairman and 10 members. Current board members were appointed on 27 February 2004 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, 6 Audit Committee meetings and 1 workshop and 1 Subcommittee meeting between 1 July 2003 and 30 June 2004.

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

Peter Lucas, representing the Director-General

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





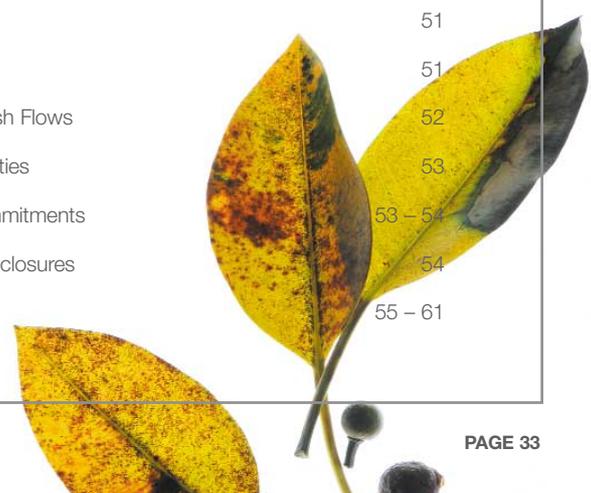
Cottage Creek
PRECINCT

Sparke Helmore Building is a feature of the Cottage Creek Precinct and is the workplace of around 200 people.

Financial Statements



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Independent Audit Report

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 2004 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 Board 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 Board members had not fulfilled 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

11 October 2004

Statement by the Board

Statement by the Directors on the Adoption of the Financial Statements for the Year Ended 30 June 2004.

Certificate Under Section 41C of the Public Finance and Audit Act, 1983.

Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act, 1983 and in our capacity as Chairman and Director of 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 2004 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

Statement of Financial Performance for the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
REVENUE			
Gross Proceeds from Sale of Properties		6,135	2,740
Less: Net Book Value of Properties Disposed		(3,498)	(1,417)
Net Proceeds from Sale of Properties		2,637	1,323
Rental Income		281	382
Interest Income		372	496
Revaluation of Inventory	10	–	1,720
Other Income	4	317	214
TOTAL REVENUE FROM ORDINARY ACTIVITIES		3,607	4,135
EXPENSES			
General Administration	5	834	968
Property Costs		283	174
Revaluation of Inventory	10	834	–
Borrowing Costs		9	162
Advertising, Promotion and Marketing		308	224
Community Works	2(i)/6	5,981	4,146
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		8,249	5,674
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE RELATED INCOME TAX EQUIVALENT EXPENSE		(4,642)	(1,539)
INCOME TAX EQUIVALENT EXPENSE RELATING TO ORDINARY ACTIVITIES	2(n)	–	–
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		(4,642)	(1,539)
Total Changes in Equity Other than those resulting from transactions with Owners as Owners	7	(4,642)	1,539

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

Financial Statements

Statement of Financial Position for the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Current Assets			
Cash Assets	8	5,353	6,625
Receivables	9	273	306
Inventory	10	2,574	3,784
Non-commercial property	11	-	180
Prepayments		209	213
Total Current Assets		8,409	11,108
Non Current Assets			
Plant & Equipment	2 (f)/13	39	44
Inventory	10	14,887	15,029
Non-commercial property	11	1,640	820
Total Non Current Assets		16,566	15,893
Total Assets		24,975	27,001
Current Liabilities			
Payables	14	2,894	2,868
Prepaid Revenue	17	168	-
Provisions	2(e)/16	3,054	1,464
Total Current Liabilities		6,116	4,332
Non Current Liabilities			
Prepaid Revenue	17	1,842	1,010
Total Non Current Liabilities		1,842	1,010
Total Liabilities		7,958	5,342
Net Assets		17,017	21,659
Equity			
Accumulated Funds	7	17,017	21,659

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

Statement of Cash Flows for the year ended 30 June 2004

	Notes	2004 \$'000 Inflows (Outflows)	2003 \$'000 Inflows (Outflows)
Cash Flow from Operating Activities			
Receipts			
Sales Receipts		6,135	3,052
Rental Receipts		281	382
Prepaid Income		1,000	1,010
Interest Received		372	496
Trust Funds – Maritime Museum		220	1,004
Other Income/Receipts		317	797
Payments			
Suppliers/Employees		(1,781)	(1,641)
Borrowing Costs		7	(839)
Grants to Other Organisations		(4,159)	(4,996)
Net Cash provided from Operating Activities	18	2,392	(735)
Cash Flow from Investing Activities			
Purchases of Computer Hardware and Office Equipment		(13)	(33)
Payments for Inventories		(3,651)	(1,025)
Net Cash (used in) Investing Activities		(3,664)	(1,058)
Cash Flow from Financing Activities			
Repayment of Borrowings		–	(3,959)
Net Cash provided from Financing Activities		–	(3,959)
Net Increase/(Decrease) in Cash Held		(1,272)	(5,752)
Cash held at start of the Financial Year		6,625	12,377
Cash held at end of the Financial Year	18	5,353	6,625

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

Notes to and Forming Part of the Financial Statements

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.

This Act defines the areas of the Corporation's activities.

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, 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 next financial year. 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 / 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.

Notes to and Forming Part of the Financial Statements

Land Sales

Income from land sales is recognised on contract settlement.

Rental Income

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

Interest and Other Income

Interest and miscellaneous income is recognised as it accrues.

(d) Administration Expenses

All 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 Infrastructure, Planning and Natural Resources and attached to the Corporation (Refer to Note 5).

(e) Employee Benefits

Liabilities for Employee Benefits 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 Infrastructure, Planning and Natural Resources. The unfunded liability of these 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 the Corporation are insured for their replacement value under the Treasury Managed Fund administered by GIO General Ltd.

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

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

Notes to and Forming Part of the Financial Statements

(h) Depreciation

Depreciation is 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

Information Technology	24% per annum
Furniture & Fittings	9% per annum
Plant & Equipment	12% per annum

(i) Community Works

The Corporation undertakes certain Non-Commercial works such as roads, open space, housing and other infrastructure works. Costs for works on non-Corporation property are expensed as incurred. Costs for 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 Works (refer to Notes 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.

2(m) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

The Corporation will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The Corporation is managing the transition to the new standards by allocating internal resources and/or engaging consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

Notes to and Forming Part of the Financial Statements

As a result of this exercise, the Corporation has taken the following steps to manage the transition to the new standards:

The Corporation's Audit Committee will oversight the transition. The Business Manager, along with the Chief Financial Officer of the Department of Infrastructure, Planning and Natural Resources, are responsible for the project and will report regularly to the Committee on progress against the plan.

The following phases have been identified:

- Identification of key issues
- Modification of reporting systems
- Modification of control and risk management systems
- Incorporation into business systems and planning
- Training and education of staff
- To date, preliminary analysis of the impacts of changes in key standards and training for Finance staff have been undertaken.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

The Corporation has identified a number of differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury will advise the Corporation of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The Corporation's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds.

This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

- AASB 102 Inventories for not-for-profit entities requires inventory "held for distribution" at no or nominal cost to be valued at the lower of cost and current replacement cost rather than the lower of cost and net realisable value. This may increase the amount of inventories recognised.

Notes to and Forming Part of the Financial Statements

- AASB 123 Borrowing Costs provides the option to expense or capitalise borrowing costs.

NSW Treasury is likely to mandate expensing of borrowing costs to harmonise with GFS. This is consistent with the Corporation's current policy.

- AASB 136 Impairment of Assets requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy Valuation of Physical Non-Current Assets at Fair Value.
- AASB 140 Investment Property requires investment property to be measured at cost or fair value. NSW Treasury is likely to mandate the adoption of fair value. In contrast to current treatment as an asset classified within property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement.

NSW Treasury is likely to mandate that any investment property interest held by a lessee under an operating lease should be classified and accounted for as investment property. Previously such operating lease payments were accounted for as an expense over the lease term based on the pattern of benefits.

2(n) Income Tax Equivalent Payments

From 1 July 2003, the Corporation pays tax equivalents in accordance with NSW Treasury Policy Paper (TP 03-4) "Tax Equivalent Regime for Government Businesses". Tax payable is determined by applying the company income tax rate to the Corporation's profit from Ordinary Activities. In accordance with this policy, the Corporation does not practice tax effect accounting.

3. Change in Accounting Policy

There have been no changes to Accounting Policy during the year.

4. Other Income

Included in Other Income is an amount of \$0.123m (\$0.125m 2003) which represents reimbursements, through Section 94 contributions received by Newcastle City Council, for community facilities and open space works previously undertaken in Linwood Stage 3 and Regatta Quays.

Notes to and Forming Part of the Financial Statements

5. General Administration General

Administration expenses comprise:

	2004	2003
	\$'000	\$'000
Employee Payments	1,257	1,064
Superannuation	71	59
Directors' Remuneration	166	165
General Administration	647	656
Consultancies	34	69
Depreciation/Amortisation	18	19
Audit Fee – External: for the audit of the financial reports	29	27
Audit Fee – Internal	26	24
Less: Expenses allocated to Community Works Refer Notes 2 (i) & 6	(1,414)	(1,115)
	834	968

Notes to and Forming Part of the Financial Statements

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

Costs associated with the provision of Housing projects and similar Community Contribution 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, free of charge, through either Council or other organisations. 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).

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

	2004	2003
	\$'000	\$'000
Public Domain Landscaping and seawall repairs	3,619	2,808
Housing Projects: The Cove Apartments, Hannell St, Newcastle West and Linwood	807	223
Other Services / Community groups	141	-
Administration expenses allocated to Community Works (refer to Notes 2(i), 5 & 6)	1,414	1,115
	5,981	4,146

7. Changes in Equity

	2004	2003
	\$'000	\$'000
Total Equity at the beginning of the reporting period	21,659	15,978
Total changes in Equity recognised in the Statement of Financial Performance	(4,642)	(1,539)
Transactions with owners as owners		
Contributions of Equity	-	7,220
Total Equity at the reporting date	17,017	21,659

Notes to and Forming Part of the Financial Statements

8. Cash Assets

Cash Assets comprise:

	2004	2003
	\$'000	\$'000
Cash at Bank	5,349	6,621
Cash on Hand	4	4
	5,353	6,625

Cash at Bank is invested with NSW Treasury Corporation's Hour-Glass Facility in accordance with HDC's Investment powers and includes \$1.224m invested in Trust for the Newcastle Maritime Museum.

9. Receivables

Receivables comprise:

	2004	2003
	\$'000	\$'000
Net Rental Debtors	16	133
Other Debtors	257	173
	273	306

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 and are planned to be sold in the coming year, which are classified as Current Inventory. Property holdings that are being developed in order for sale in years beyond the next financial year are classified as Non-Current Inventory. Valuation is on the basis of the intended uses in accordance with the Master plan and Development Control Plans 37,39 and 40. The valuation is undertaken by an independent Registered Valuer on a yearly basis. The valuation process for 2003-04 has resulted in a write-down in inventory values of \$656,793 for Commercial inventory and \$176,726 for Non-Commercial inventory. A total write-down of \$833,519 (increment of \$1.72m 2003).

Notes to and Forming Part of the Financial Statements

	2004	2003
	\$'000	\$'000
Current Inventory		
Property under Development		
At Cost	1,106	-
At Valuation	-	3,500
Developed Property		
At Valuation	1,468	284
Total Current Inventory	2,574	3,784
Non-Current Inventory		
Property under Development		
At Cost	7,461	5,055
At Valuation	7,426	9,974
Total Non-Current Inventory	14,887	15,029
Total Inventory	17,461	18,812

11. Non-Commercial Property

Non-Commercial property comprises sites and buildings that have been identified for potential future Non-Commercial uses. The uses identified will not generate commercial returns.

	2004	2003
	\$'000	\$'000
Current		
At Valuation	-	180
Total Current Non-Commercial Works Property	-	180
Non-Current		
At Cost	537	-
At Valuation	1,103	820
Total Non-Current Non-Commercial Works Property	1,640	820
Total Non-Commercial Property	1,640	1,000

Notes to and Forming Part of the Financial Statements

12. Contingent Assets

The Corporation has bank guarantees in its favour for \$1.552m (\$0.056m 2003) for construction of roads and public domain works as well as for payment under a participation agreement and a rental bond. As well the Corporation has Water Amplification credits with Hunter Water Corporation.

13. Plant and Equipment

	2004	2003
	\$'000	\$'000
IT Equipment		
Acquisition Cost	68	89
Disposals	-	(31)
Accumulated Depreciation	(35)	(23)
Net Value	33	35
Furniture & Fittings		
Acquisition Cost	82	82
Accumulated Depreciation	(81)	(79)
Net Value	1	3
Plant & Equipment		
Acquisition Cost	28	25
Accumulated Depreciation	(23)	(19)
Net Value	5	6
Total Plant and Equipment	39	44

Notes to and Forming Part of the Financial Statements

Reconciliation of Plant and Equipment

	2004	2003
	\$'000	\$'000
IT Equipment		
Opening Balance	35	15
Additions	10	32
Depreciation	(12)	(12)
Closing Balance	33	35
Furniture & Fittings		
Opening Balance	3	6
Depreciation	(2)	(3)
Closing Balance	1	3
Plant & Equipment		
Opening Balance	6	9
Additions	3	2
Disposals	-	(1)
Depreciation	(4)	(4)
Closing Balance	5	6
Total Plant and Equipment	39	44

Notes to and Forming Part of the Financial Statements

14. Payables

Payables comprise:

	2004	2003
	\$'000	\$'000
Current		
Trade Payables – Work in Progress	517	555
Trade Payables	1,026	827
Trust Funds/Security Deposits	1,351	1,486
	2,894	2,868

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

The Corporation holds \$1.224m in trust from the NSW Ministry of Arts for the redevelopment of Lee Wharf A building into the Regional Maritime Museum (\$1.004m 2003).

15. Interest Bearing Liabilities

	2004	2003
	\$'000	\$'000
Non Current		
Premium on Loan		
Opening Balance	-	127
Amortised	-	(127)
Closing Balance	-	-

The Corporation has an approved debt facility with NSW Treasury of \$4.5m face value which was undrawn at 30 June 2004.

Notes to and Forming Part of the Financial Statements

16. Provisions

	2004	2003
	\$'000	\$'000
Employee Benefits		
Opening Balance	130	114
Provision Raised	87	23
Payments	(64)	(7)
Closing Balance	153	131
Future Works		
Future Development Works	1,275	115
Affordable Housing	1,626	1,218
Closing Balance	2,901	1,333
Total Provisions	3,054	1,464

As part of its contractual obligations under certain sale contracts the Corporation is obliged to deliver certain 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 8 units were in place. The provision raised represents the amounts outstanding at 30 June for these contracts.

17. Prepaid Income

	2004	2003
	\$'000	\$'000
Current – Prepaid Income	168	-
Non-Current – Prepaid Income	1,842	1,010
	2,010	1,010

As part of a Participation Agreement entered into in 2002/03 the Corporation received a further \$1m payment in 2003/04 (\$1.010m in 2002/03). As control of the asset has not effectively passed to the developer the payment is treated as Prepaid Income.

Notes to and Forming Part of the Financial Statements

18. 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.

	2004	2003
	\$'000	\$'000
(a) Cash		
Cash is reconciled to the following item in the Statement of Financial Position:		
Cash Assets (Refer to Note 8)	5,353	6,625
	5,353	6,625
(b) Reconciliation of Net Cash Provided by Operating Activities to Profit / (Loss)		
Profit	(4,642)	(1,539)
Non Cash Items		
Depreciation	18	19
Other Income		
Cost of Sales	3,498	1,417
Amortisation of Loans	-	(127)
Revaluation of Inventory	834	(1,720)
Changes in Statement of Financial Position		
(Increase) / Decrease in Receivables	33	(275)
Increase / (Decrease) in Prepayments	(4)	371
Increase / (Decrease) in Payables	199	(372)
Increase in Prepaid Revenue	1,000	1,010
Increase / (Decrease) in Deposits Received	(135)	1,315
Increase / (Decrease) in Provision for Future Works	1,568	(850)
Increase / (Decrease) in Employee Benefits Provisions	23	16
Net Cash Flow from Operating Activities	2,392	(735)

Notes to and Forming Part of the Financial Statements

19. Contingent Liabilities

The Corporation has provided Letters of Undertaking and Guarantee to Newcastle City Council (NCC) totalling \$0.923m (\$0.723m 2003) for: the potential provision of traffic lights in Merewether Street, Newcastle (\$150,000); the potential provision of a bus shelter at Linwood (\$13,000); for works on the extension of Steel St, Newcastle West (\$310,000); Stage 3 Linwood subdivision landscaping (\$400,000) and for construction of a pedestrian crossing in Workshop Way (\$50,000). 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.

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

20. Expenditure Commitments

Capital Expenditure Commitments

	2004 \$'000	2003 \$'000
Estimated capital expenditure, inclusive of GST, contracted as at 30 June 2004 but not provided for:		
– within 12 months	1,412	1,307
– 12 months to 5 years	-	-
– > 5 years	-	-
	1,412	1,307

These Capital Expenditure Commitments represent Contracts for works to be undertaken on sites for delivery to market. In addition the Corporation has contractual commitments of \$1.626m (\$2.960m 2003) to deliver a further Affordable Housing Units as well as a commitment to deliver a further 13 units. There are also commitments in place to deliver further Community assets, principally public domain works, of \$3.705m. As part of its Capital Program there are also planned future works which as yet, are not contractually committed.

Notes to and Forming Part of the Financial Statements

Operating Lease Commitments

	2004 \$'000	2003 \$'000
Commitments in relation to non-cancellable operating leases, inclusive of GST, are payable as follows:		
– within 12 months	9	84
– 12 months to 5 years	4	9
– > 5 years	-	4
	13	97

21. 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

A Cappie-Wood (resigned 6 February 2004)

P Barrack AM

N Bird AM

G Kennedy

W Kirkby-Jones AM

L Mangovski

M Maybury

S Ryan

A Spizzo (appointed 6 February 2004)

J Tate

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 Infrastructure, Planning and Natural Resources, 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 2003/04 financial year no changes were made to the Growth Centres (Development Corporations) Act 1974.

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, Linwood Stage 3 was settled for \$6,135,000 which was the final site within the Linwood Precinct.

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".

Appendices

Management Practices and Policies

The Honeysuckle Development Corporation does not directly employ staff. Staff of the Department of Infrastructure, Planning and Natural Resources 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 contact the Department of Infrastructure, Planning and Natural Resources at:

Resource Centre

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

Appendices

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 2003/2004

The cost of 2003/2004 Annual Report was \$17,663. The annual report is available on www.honeysuckle.net

Publications

Ongoing

Honeysuckle: "The Scheme"

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

Foreshore Promenade Design Manual

Honeysuckle Community Brochure

Annual Report 2000/2001

Annual Report 2001/2002

Annual Report 2002/2003

Appendices

Freedom of Information

The Honeysuckle Development Corporation received no applications for access to documents under the Freedom of Information Act in 2003/2004.

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.

Appendices

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 6 consultants were engaged in the following areas:

Financial and Accounting/Tax	\$10,833
Management Services	\$23,484
Total consultancies less than \$30,000	\$ 34,317
Total consultancies	\$ 34,317

Costs Incurred in the Engagement of Contractors

Category	Urban Redevelopment Projects
Number	50
Amount	\$8,187,949
Average	\$163,759

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 2004 were as follows:

Project	Estimated Completion Date	Cost (approx)
Upgrade of road to Cottage Creek	2004	\$502,540
Tipping fees related to the disposal of material	2004	\$262,545
Fountain Art Works at Harbour Square	2004	\$226,870
Contribution towards Live Sites programming activities of the Newcastle Alliance	2005	\$200,000
Contribution towards relocating Newcastle Regional Maritime Museum	2005	\$231,500
Rectification of Lee Wharf A shed substructure	2005	\$240,815

Appendices

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

No overseas visits were undertaken.

Community Contributions — Funds Granted to Non-Government Community Organisations

The Honeysuckle Development Corporation made no funding grants to non-government community organisations in 2003/2004.

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 or modified the work being undertaken to resolve the complaint.

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 Infrastructure, Planning and Natural Resources maintains its accounts. A sample of invoices revealed that 7 were overdue when paid (compared to 8 in 2002/2003 and 6 in 2001/2002). (See table "Report on Account Payment Performance").

Appendices

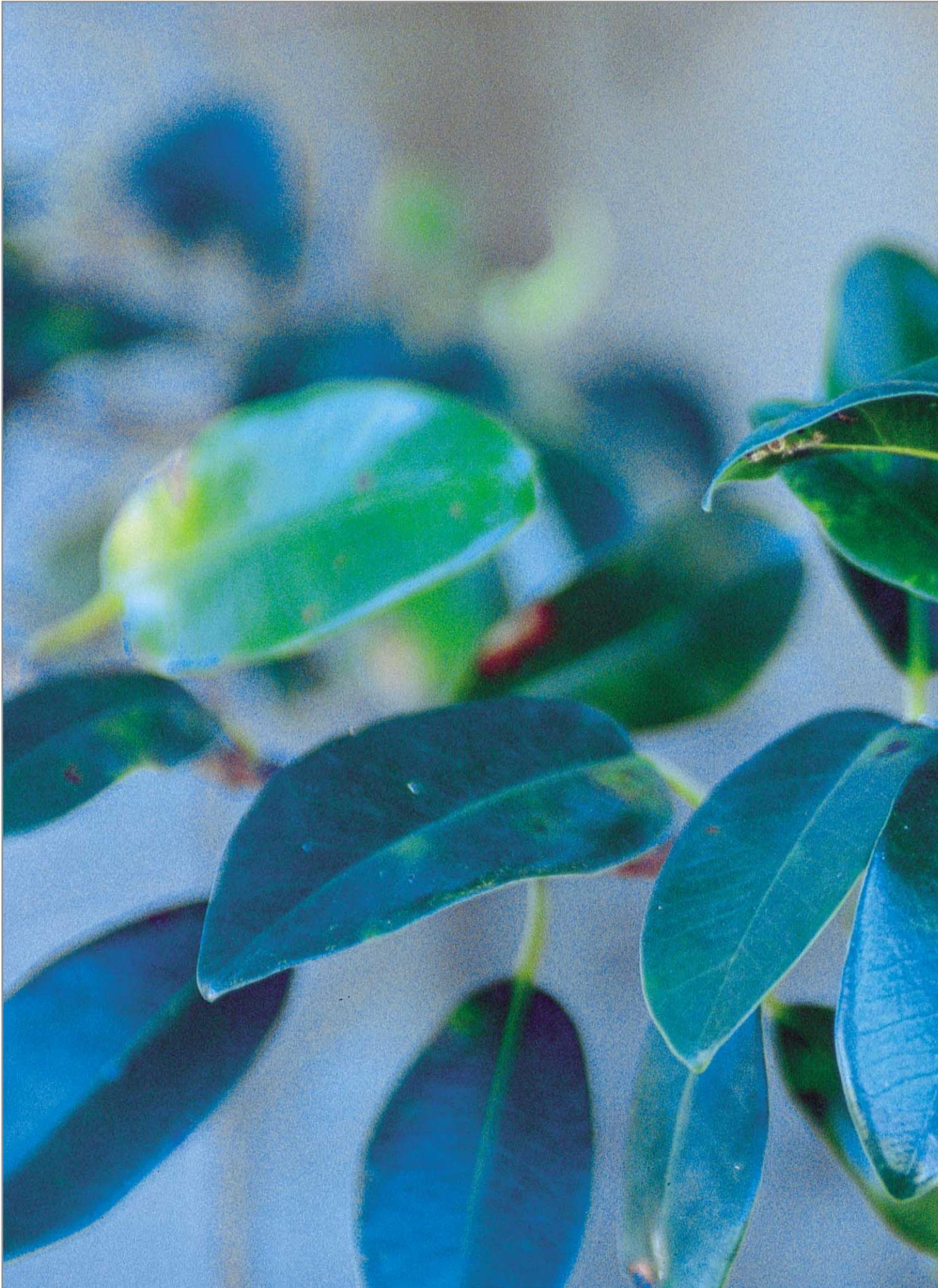
Accounts paid on time within each quarter

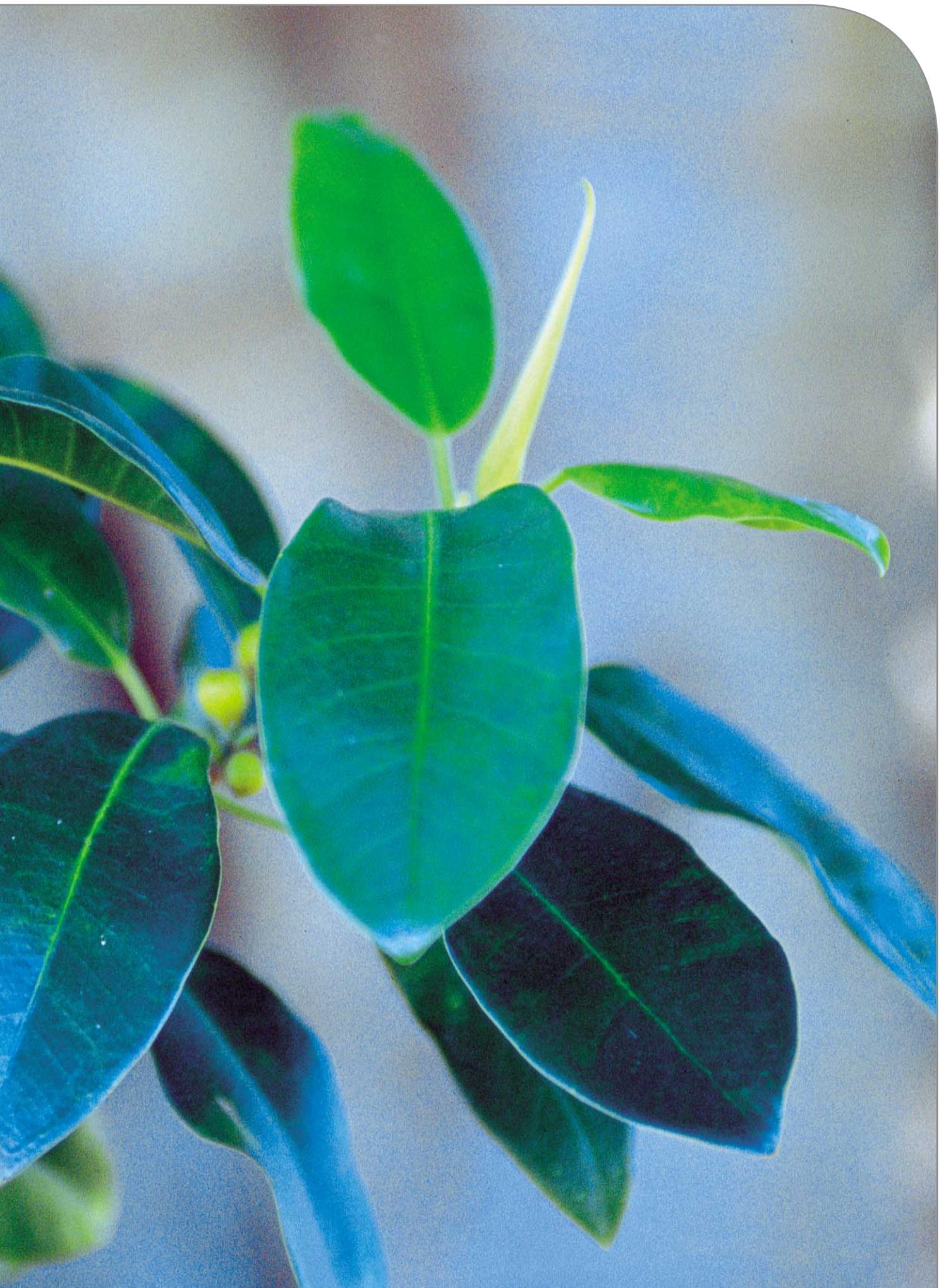
Quarter	Total Accounts Paid on Time		\$	Total Amount	
	Target %	Actual %		Paid for Sample	\$
September	95%	92%	925,620.43		931,016.93
December	95%	90%	212,401.19		234,300.54
March	95%	93%	202,969.22		209,052.40
June	95%	89%	362,062.71		450,569.07
No Interest was paid on accounts during the year					1,824,938.94

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

Aged analysis at the end of each quarter

	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	758,320.55				
December	1,065,051.41				
March	583,487.71				
June	1,543,129.00	371.40			







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