2023-24 Annual Report

Hunter and Central Coast Development Corporation

Hunter and Central Coast Development Corporation

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Hours Monday to Friday, 9am to 5pm

30 November 2024

This annual report has been produced by Hunter and Central Coast Development Corporation staff. The annual report is a reflection of business activities and financial transactions undertaken in financial year 2023-24. It is available to the public as an electronic report and can be accessed on the hccdc.nsw.gov.au website.

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

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

On the cover: 'Yimaliko Makoro'

This sculpture was designed by First Nations artists Raymond and Tyler Smith to remind us of Cottage Creek's cultural significance and recent efforts to encourage sea life back into the waterway.

The artwork features 10 cast aluminium fish atop swirling 2m poles, representing a school swimming through Cottage Creek.

HCCDC commissioned the artwork with funding from NSW Government.

Contents

31 October 2024

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

Parliament House
52 Martin Place
SYDNEY NSW 2000

Letter of submission

Dear Minister,

I am pleased to submit the Annual Report for the Hunter and Central Coast Development Corporation (HCCDC) for the year ended 30 June 2024, for tabling in Parliament by 30 November 2024.

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

Yours sincerely,

Valentina Misevska

Chief Executive
Hunter and Central Coast Development Corporation

Chief Executive report

HCCDC continued to be a regional leader and deliver community benefits for the Hunter and Central Coast in 2023-24.

The last 12 months serve as a reminder of not only the sheer size and diversity of our projects, but the dedication and talent in our team to drive region-changing outcomes.

On the Central Coast, we worked with the University of Newcastle to bring a state-of-the-art campus to HCCDC-owned land in Gosford. Work on site kicked off in late-2023 and, when finished, it will help bring new education opportunities, jobs and services to the Coast.

Also in Gosford, this year saw NSW Government task us with the commitment to understand the feasibility of creating a waterfront precinct. This is still in the early stages, and we are working with key stakeholders to explore options for a revitalised waterfront for the community to enjoy.

We reached a massive milestone in Newcastle this year, with the process to hand over the remediated former Kooragang Island BHP site to Port of Newcastle getting underway. This remediation has been years in the making and will enable innovative and clean industry, resulting in hundreds of local jobs.

We commenced an expressions of interest process at The Station to find a long-term operator for the Newcastle site. This process will continue through 2024 and aims to find a proponent to maintain the site's heritage and create a thriving tourism and hospitality destination.

I always love seeing land repurposed as vibrant public space. This year, we delivered a public park in the southeast section of Cottage Creek in Newcastle, featuring a stunning cultural artwork that reflects the site's significance to First Nations people.

Projects facilitated in previous years, such as the University of Newcastle's Honeysuckle campus, The Store development adjacent to Newcastle Interchange and mixed-use developments in Honeysuckle have delivered new community benefits such as housing and employment.

In Lake Macquarie, we worked with local stakeholders to develop concepts for the future use of our remaining land in Cockle Creek, including enabling new homes and businesses. The remaining 12 ha land has the potential to accommodate new homes and businesses, adding to the 680 homes and 700+ jobs that we are helping to create from previous projects.

I was thrilled when HCCDC received funding to enhance a public space as part of NSW Government's Safer Cities program. The program aims to improve feelings of safety in public spaces for teenage girls and young women, and we worked with a group of local teens to co-design a space in a Morisset park. I look forward to seeing the finished product next year.

Further west, we began investigations this year to better understand the potential use of former BHP land now owned by HCCDC at West Wallsend, which is primed to support conservation, housing and employment.

We continue to be a sought after partner and advisor as we collaborate to unlock and amplify regional opportunities. This recently saw us work with EnergyCo and the High Speed Rail Authority on regionally significant projects.

I'm excited by what the next 12 months holds for HCCDC and look forward to leading the team to great things, as we continue to create thriving environments, communities and economies.

Valentina Misevska
Chief Executive, HCCDC

Overview

HCCDC is an agile delivery agency powered to unlock and deliver outcomes that revitalise the Hunter and Central Coast regions.

We sit within the Department of Planning, Housing and Infrastructure's Property, Development and Valuation Group. We work alongside other government agencies, local councils, key stakeholders and the community, to deliver quality outcomes that benefit and enhance our regions.

We are constituted under the Growth Centres (Development Corporations) Act 1974 with a growth area that encompasses 11 local government areas, including 10 in the Hunter Region and 1 on the Central Coast. We are a Chief Executive-governed entity, as provided for by the Act.

Charter

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

We deliver NSW Government's vision to shape thriving communities, public spaces, places and economies.

We manage a range of strategic properties in the regions, repurposing them into community-enhancing assets. We are typically a self-funded agency and rely on the sale of underutilised and industrial lands to reinvest into the community and fund new projects.

Aims and objectives

We have long been a leader in region-changing outcomes on behalf of NSW Government. Our key strengths include tackling complex sites or contaminated lands and creating outcomes that facilitate economic stimulation, community benefit, and attractive investment opportunities.

We are a 'go to' regional partner and are sought after to collaborate and advise to unlock and amplify regional opportunities.

Previous and present projects for HCCDC include the cornerstone Honeysuckle Urban Renewal project, Revitalising Newcastle program, repurposing the former Newcastle rail corridor, remediating and rehabilitating former BHP lands at Mayfield and Kooragang Island, and transforming the Cockle Creek precinct in Lake Macquarie.

We also own and manage the popular Mount Penang Parklands in Kariong on the Central Coast.

Our objectives are to:

- Create vibrant places with great spaces
- Provide more opportunities for housing and employment
- Attract investment and talent.

Senior leadership team

Our leadership team has vast experience in strengthening communities through the delivery of dynamic projects that create economic and community benefit. The team works in partnership with government agencies and local stakeholders to deliver quality projects that transform the Central Coast and Hunter regions.

HCCDC Chief Executive
Valentina Misevska

Chief Financial Officer
Anthony Postal

Director Development and Major Projects
Stephen Aebi

Director Property and Development
Nicola Robinson

Senior Communications Manager
Sarah Collins

HCCDC leadership team as of 30 June 2024

Operations and performance

Summary of achievements

HCCDC is focused on creating thriving communities, economies and environments in the Hunter and Central Coast regions. In 2023-24 our key achievements included:

Newcastle

Honeysuckle

- Opened landscaped public space adjacent to the new Little National Hotel at Cottage Creek, featuring seating, native trees, gardens, lawn and creek-side sandstone.
- Dedicated public space at Cottage Creek Southeast and 35 Honeysuckle Drive to City of Newcastle.

The Station

- Commenced an ongoing EOI campaign to find a long-term operator for The Station.
- Continued a successful activation program, including Friday Night Feasts, Summer Sessions, Homegrown Markets, French Markets, St Patrick's Day Festival, Octoberfest, Newcastle Marathon and Hill to Harbour running events, hosted the Blood donation bus, plus fitness and dancing classes and creative workshops.

Kooragang Island remediation

- Commenced the process to transfer ongoing management of Kooragang Island Waste Emplacement Facility to Port of Newcastle.

Broadmeadow

- Participated in the Enquiry by Design process for future use of Broadmeadow, as well as participating in advisory working groups for the Place Strategy and Stage 1 Rezoning.

Central Coast

Mount Penang

- Achieved full tenancy for Mount Penang buildings, including running an Expression of Interest (EOI) process to find an operator for the Waterfall Café.
- Investigated and developed a concept design to extend Festival Drive at Mount Penang, supporting future employment and activity.

Gosford waterfront

- Allocated the NSW Government election commitment to understand the feasibility of revitalising the Gosford waterfront.

UoN Gosford campus

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

Lake Macquarie

Cockle Creek

- Progressed a Planning Proposal for Cockle Creek to enable future site rezoning and development for the 12-ha Lot 1008 next to Costco enabling future use of housing and business.
- Transferred land to Lake Macquarie City Council (LMCC) for public space and public roads.

West Wallsend

- Commenced site analysis for 1,550 ha of former BHP land. This will enable future biodiversity, housing and employment opportunities.

Safer Cities

- Commenced work with key community stakeholders to deliver public domain improvements in Morisset as part of the Safer Cities program.

Newcastle projects

Newcastle's urban transformation continued through 2023-24, with several key projects underway or completed during this time.

Honeysuckle HQ

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

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

Following an EOI campaign to shortlist potential developers, we invited key proponents to submit detailed proposals in October 2022. We have been working with NSW Government to determine the site's housing requirements and will soon seek final proposals, before selecting a preferred development partner in 2025.

Artist impression

Artist impression

Cottage Creek

In March 2024, we completed the next stage of Cottage Creek's transformation, by creating of a public park in the southeast section of the creek entrance.

Sitting alongside the newly opened Little National Hotel, the space features lawn, landscaped gardens, a picnic table and sandstone along the creek's edge.

In June 2024, we unveiled a new interpretive artwork at Cottage Creek southeast to represent the creek's historical significance for Aboriginal communities for thousands of years, as well as recent measures to encourage sea life back into the waterway.

The land and artwork have now been dedicated to the City of Newcastle.

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

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

Hope at Honeysuckle

We continued to work with Hope Estate in 2023-24 to progress their works to create a food and drinks destination at the Lee Wharf A building.

Having secured planning approvals, we expect Hope Estate to commence works late-2024, with the venue to open late-2025.

Other Newcastle developments

Honeysuckle's urban renewal has paved the way for private sector investment to deliver new homes, jobs and economic activity. Construction continued throughout 2023-24 on a range of exciting developments, including the following projects that we helped facilitate.

42 Honeysuckle Drive

Doma delivered a luxury hotel and adjoining 5,500 m^2 commercial office building at 42 Honeysuckle Drive in April 2024.

The Little National Hotel features 181 rooms, a bar, gym, lounge and library facilities. The office building is targeting a 6 Star Green Star rating and a 5.5 Star NABERS rating.

45 Honeysuckle Drive

The Horizon on the Harbour mixed-use development was completed in December 2023.

The striking harbourside building features 110 residential dwellings across 3 towers, 970 m^2 of ground floor retail space and 2 levels of basement car parking.

Student accommodation

University of Newcastle is building 9-storey accommodation for up to 450 students on former HCCDC land in Honeysuckle.

The university unveiled concept designs for the $87-million complex for community feedback in January 2024, with construction expected to begin later in the year.

The Store

In May 2024, Doma commenced work on their twin residential tower project on the former Store site, sold by HCCDC in 2018. Construction is expected to finish in 2026, when it will deliver 360 new dwellings Newcastle's emerging west end. This marks the final stage of The Store site's transformation, which already includes a bus interchange, 700-space car park and 11-storey commercial building.

The Station Newcastle

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

Temporary activation

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

While the site's long-term future is being determined, its 'meanwhile' use as a community destination is continuing to grow in popularity. It attracts repeated visits from locals and tourists alike and reached over 23,700 Facebook and Instagram followers this year.

In 2023-24, the site hosted a variety of events, including markets, festivals, fitness classes, creative workshops, family days and portable healthcare testing clinics.

Major event highlights included Bastille Day French Festival, Taste of the Hunter Valley food and wine festival, Newcastle Marathon and Christmas and New Year's Eve celebrations.

The ground floor retail tenancies operated at full capacity in 2023-24, with a mix of offerings including café, art, books, jewelery, homewares and e-bikes. Tenants also offered services such as music tuition, creative workshops and children's story times.

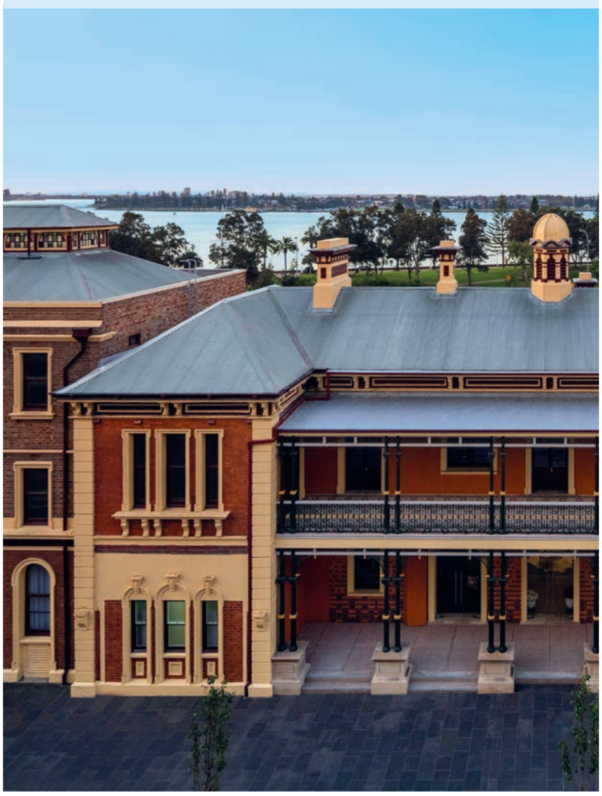
Sponsorship of Newcastle Afoot's excursions program also continues to attract walking tour groups and students, introducing new visitors to the site.

We will continue temporary activation of The Station until a long-term operator is identified.

Long-term lease EOI

In March 2024, following a market sounding campaign, we called for expressions of interest (EOI) for a long-term site lease. The assessment process will continue throughout 2024, with the aim of identifying a successful operator early in 2025.

The EOI process aims to identify an operator that will lead the site's restoration and long-term use as a landmark tourism and hospitality destination.



Newcastle asset management

HCCDC asset management is guided by our Strategic Asset Management Plan, Asset Management Plan, lifecycle costing audits and operational management plans. These plans meet the requirements of NSW Treasury Asset Management Policy for the NSW Public Sector TPP19-07.

The Station

In 2023-24, the asset management team:

- aligned our leasing strategy with the activation strategy for the site
- undertook major repairs to the building roof to minimise water damage
- implemented substantial pigeon mitigation measures
- reviewed and updated the scope of the facilities management contract and implemented performance measurement strategies
- updated scope and requirements to ensure the visual amenity and historical significance of the site is maintained.

Carpark management

In 2023-24, the asset management team:

- undertook a full review of the contract performance for carpark management
- Made more car parking available for a new city employer.

Honeysuckle seawalls

The asset management team implemented asset management plans for the seawalls.

Central Coast projects

Gosford waterfront

In March 2024, NSW Government tasked HCCDC with the $8.5-million election commitment to understand the feasibility of creating a waterfront precinct in Gosford.

HCCDC is currently working with key stakeholders including NSW Government and Central Coast Council to explore options for a revitalised waterfront.

University of Newcastle, Gosford CBD Campus

HCCDC is working with University of Newcastle (UoN) to create a state-of-the-art campus on HCCDC-owned land at 305 Mann Street, Gosford.

This new campus will enhance UoN's reputation as a world-leader in innovative education and training, attracting new businesses, jobs and services to the region.

In October 2023, the campus head contract was awarded to Hansen Yunken. That month also saw the State Significant Development application approved.

Demolition works commenced in December 2023, with the main site works commencing in February 2024. Following practical completion in 2025, HCCDC will transfer the land title to UoN.

Mount Penang Parklands

Gardens

HCCDC owns and manages Mount Penang Gardens in Kariong. Opened in 2003, the gardens are considered a significant contribution to public garden design in Australia.

Infrastructure works completed in early-2023 and recent renovations to the Waterfall Cafe have provided an enhanced visitor experience, and the gardens remained popular with the public in 2023-24. The site provided an ideal location for outdoor recreation and remained available for public use such as Parkrun, walking groups and gardening groups.

Land use and planning

Subdivision development application

Earlier in 2023, a development application was lodged for a staged subdivision to dedicate Frank Road, Festival Drive and The Avenue to Central Coast Council, with appropriate easements for stormwater drainage and infrastructure. This will also create a 5-ha parcel fronting Frank Road and rectify alignment of the intersection of Frank Road and Kangoo Road. We have been liaising with Central Coast Council to finalise subdivision consent.

Festival Drive extension investigations

We received funding from the former Greater Cities Commission in early 2023 to undertake due diligence investigations on an extension of Festival Drive through to Kangoo Road and the intersection between new and existing roads. In June 2024, we completed ecology, Aboriginal and European heritage, geotechnical, survey and traffic investigations. These investigations informed the concept designs for the extension.

Infrastructure works

Subdivision development application

Minor infrastructure works in 2023-24 completed improvements to roads and drainage by securing appropriate easements over infrastructure and stormwater connections.

The works, along with major works completed in early 2023, will enhance the visitor experience and support future activity.

Central Coast asset and property management

Asset management

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

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

In 2023-24, the asset management team:

- further developed the Asset Management Plan
- undertook lifecycle costing audits across the whole portfolio
- developed infrastructure performance data required for Infrastructure NSW reporting
- conducted open tender processes to renew several key contracts including cleaning, security and landscaping
- undertook an extensive stakeholder management process to improve engagement with all tenants and asset users
- complied with Treasury Asset Management Policy TPP19-07.

Property management

Property management continued in conjunction with Knight Frank Real Estate Central Coast.

In October 2023, we commenced a competitive expression of interest process for the long-term lease and operation of the café in Mount Penang and, in early 2024, completed negotiations with the existing operator on a new lease. This process ensures that we achieve the best outcome for the parklands and community.

Tenants in Mount Penang this period are:

- Central Coast Sports College
- Kariong/Somersby Rotary Club
- KU Children's Services
- NAISDA Dance College
- Options Disability Support
- Parklands Community Preschool
- Sunnyfield Disability Services
- Waterfall Café.

All tenancies are currently under approved executed lease agreements.

Lake Macquarie projects

Cockle Creek precinct

HCCDC owns land in Cockle Creek, Lake Macquarie, that was formerly occupied by the Pasminco Lead and Zinc Smelter.

Our role is to ensure the environmental management of the site and manage land development for its future as a commercial, light industrial and housing centre that delivers economic and community outcomes for the region.

Unlocking opportunities

Since taking ownership of the precinct in 2019, we have signed deals and settled on 4 key parcels and several minor sites, totaling almost 70 ha of land made available for housing and employment.

In 2023-24, we worked with Lake Macquarie City Council, Transport for NSW and other key stakeholders to develop a concept for future development and zoning controls for the remaining 12 ha of development land. We also commenced several supporting studies this year.

In July, we registered the subdivision of Cressy Road and transferred surplus road land to Council.

Once completed, these projects and those already completed and underway on the site, will have provided over 680 new homes, over 700 new jobs and over $300 million in capital investment in the local economy.

Construction and management

We continued site maintenance throughout 2023-24 in conjunction with the Waste Asset Management Corporation (WAMC), Council, adjoining land owners, other key stakeholders and utilities providers such as Hunter Water and NSW Rural Fire Service.

We worked with WAMC to commence review of 2 Environmental Management Plans for the contamination containment cell and Munibung Hill. Updating these key plans will ensure we continually improve the site's environmental management.

West Wallsend

HCCDC owns and manages 1,528 ha of former BHP Steelworks land at West Wallsend in Lake Macquarie.

The site comprises 38 lots and forms part of the North-West Regionally Significant Growth Area as identified in the Hunter Regional Plan 2041. A pair of lots owned by Hunter Water Corporation have been identified and included in the strategic planning of the site.

We have commenced preliminary investigations to better understand the site's potential to support employment, housing, and significant conservation outcomes.

Sections of HCCDC land will be acquired by Transport for NSW (TfNSW) to create the Lower Hunter Freight Corridor which was gazetted in 2022. The timing of the acquisition is dependent on the needs of TfNSW.

Safer Cities

HCCDC is delivering enhancements to a public space in Morisset as part of NSW Government's Safer Cities program.

The program aims to improve feelings of safety in public spaces and around transport hubs across NSW for women, girls and gender-diverse people.

In June 2024, we held co-design workshops with teenagers in Morisset to gain insight into what makes them feel safe and comfortable in the town's public spaces. This feedback will inform designs to enhance a public park in Morisset later in 2024.

Environmental management

Kooragang Island remediation

In 2022, HCCDC completed the rehabilitation and remediation of 2 former BHP Steelworks sites around the Port of Newcastle (PoN), marking a major milestone in the city's transformation.

Since completing the remediation works, we have played an integral role in facilitating the transfer of responsibility to PoN, the new occupant under the port lease. This involved navigating complex commercial and regulatory frameworks.

All handover matters within our remit are now satisfied and PoN is expected to take occupancy of the site in September 2024. It will then begin ground engaging works for the planning phase of their Clean Energy Precinct. This marks an exciting milestone in the further transformation of the port to a clean, green and diversified economic powerhouse of the region.

Communications

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

Brand and tools

In 2023-24, we continued to deliver a suite of professional communication tools to keep the community, government and stakeholders informed about our projects and initiatives.

This includes digital channels; the HCCDC website, 6 social media channels, video content and collateral such as corporate brochures, media releases, fact sheets, project maps and signage.

Website

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

In late-2023, we worked with the Digital Information Office to build a new HCCDC website on the NSW RapidStart framework. The new site went live in November 2023, offering improved user experience and accessibility, and is now consistent in look, feel and navigation with other NSW Government websites.

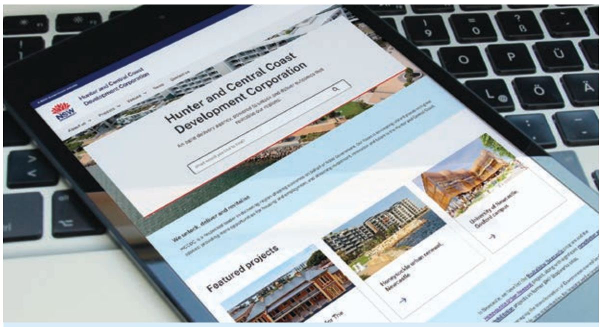
Throughout 2023-24, the HCCDC website saw more than 42,000 visitor sessions, with over 29,000 site visitors; an impressive 33% improvement on the previous year.

Social media

In 2023-24, we saw active growth across all social media channels, particularly corporate channels like the HCCDC LinkedIn page. Social media engagement included 281 individual social posts, with total social reach of more than 1.1 million.

We distributed 3 media releases in 2023-24. Announcements included the EOI process for The Station precinct's long-term operator, new public space opening in Honeysuckle and a new cultural artwork alongside Cottage Creek.

Communication highlights in 2023-24



Rebuilt and overhauled the HCCDC corporate website ensuring a better user experience, increased accessibility measures, improved navigation and a rationalisation of content.

High engagement on our social media channels, in particular HCCDC's corporate LinkedIn page, which experienced:

8.27% **LinkedIn follower growth**

24.9% **Engagement rate** (vs the 2.26% Government average)

Delivered a successful EOI marketing campaign at The Station, while continuing to provide a vibrant destination, through activation, place management and facilitating a program of events.

Led the community engagement phase of the Safer Cities program

Memberships and funds management

Memberships

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

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

In 2023-24, we were a member of the following organisations at either a local or group level:

- Property Council of NSW
- Hunter Business Chamber - Hunter Firsts
- Housing Industry Association
- Committee for The Hunter.

Funds management

From June – September 2023, HCCDC continued to oversee the administration of the Newcastle Mines Grouting Fund on behalf of NSW Government, aimed at encouraging development and investment in the Newcastle CBD.

While the fund is now closed, we will continue to administer previously approved applications.

Sponsorships

HCCDC's sponsorship program is currently on hold, and no sponsorships were granted in 2023-24.

Management and accountability

Human resources

Number of officers and employees by category with previous year comparison

	2023-2024	2022-2023	2021-2022
Ongoing	12	14	17
Temporary	8	6	6
Executive	4	3	4
TOTAL	24	23	27

Numbers and remuneration of Senior Executives

	2023-2024		
	Female	Male	Total
Band 4 Secretary	-	-	-
Band 3 Group/Deputy Secretary	-	-	-
Band 2 Executive Director	1	-	1
Band 1 Director	1	2	3
TOTAL	2	2	4

NB: These are Senior Executive statistics as of 20 June 2024. This data is based soley on Senior Executives in their substantive role and band level.

Average remuneration of Senior Executives

	2023-2024	
	Range ($)	Average Remuneration ($)
Band 4 Secretary	-	-
Band 3 Group/Deputy Secretary	-	-
Band 2 Executive Director	-	$295,511
Band 1 Director	$217,997 - $285,710	$244,955

28.3% of HCCDC employee-related expenditure in 2023-24 was related to Senior Executives

Governance

Risk management

HCCDC has adopted the Department of Planning Housing and Infrastructure's Risk Management Framework and the department's Business Continuity Management Framework. The department provides services to HCCDC under these Frameworks. For more information, please see the Department of Planning Housing and infrastructure's Annual Report.

Internal Audit and Risk Attestation

During the reporting period, HCCDC was compliant with the NSW Treasury Policy, TPP 20-08 with a shared Audit and Risk Committee arrangement in place. The department provides the Chief Audit Executive and internal audit function for HCCDC.

The internal audit function provides independent and objective review and advisory services designed to improve the operations, risk management, controls, and governance processes. The internal audit function is governed by the entities Internal Audit Charter.

The entity had a risk based 2023–24 Internal Audit Plan endorsed by the Audit and Risk Committee and approved by the agency head. Quarterly reports on the delivery of internal audit engagements and internal audit activities were presented to the Audit and Risk Committee. Audit recommendations are tracked, monitored and reported on by Internal Audit function.

PPIPA reporting obligations

Under TPG23-10 Annual reporting requirements, HCCDC must provide a statement of its actions to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act). It must also provide statistical details of any reviews conducted by or on behalf of the agency, under Part 5 of the PPIP Act.

HCCDC relies upon the Privacy Management Plan for the Department of Planning, Housing and Infrastructure. The Plan outlines how the department and its associated agencies comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. Officers in the department's Information Access & Privacy unit also provide specialist privacy advice and training to staff.

In 2023-24, HCCDC received no applications for review under Part 5 of the PPIP Act.

Government Information (Public Access) Act 2009 (GIPA Act)

Under Schedule 3 of the Government Information (Public Access) Regulation 2018 (the Regulation), HCCDC is a subsidiary agency for the purposes of the *Government Information (Public Access) Act 2009* (the Act). Therefore, all statistical information about access applications required to be included in an annual report regarding HCCDC, in compliance with section 125 of the Act and clause 8 of the Regulation, is included in the annual report for the Department of Planning, Housing and Infrastructure.

External complaints

If complaints about HCCDC were received through the Department's Feedback Assist platform, they were managed under the Department's complaint handling process and have been included in the Department's statistical information.

Legal changes

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

Economic or other factors (affecting achievement of operational objectives)

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

Demand for vacant development land within the area of operations has remained strong and previous land sale prices have been in-line with expectations. Government regulations will impact any future land sales, but these are expected to remain strong as evidenced by our latest asset valuation assessment.

HCCDC will continue to monitor economic and social events to ensure their impacts are understood and best managed. We have continually reviewed its strategy for future land releases to suit relevant market conditions and will continue to do so.

Consultants

No consultants were engaged by HCCDC in 2023-24.

Promotion

No paid promotional trips or overseas travel was undertaken by HCCDC staff in 2023-24.

Major Assets held by the department as at 30 June 2024

Buildings	
Description	**Book value**
The Station – Buildings	8,006,392.00
Lee Wharf A – Buildings	6,667,007.00
Lee Wharf C – Buildings	5,518,598.00
	20,191,997.00

Infrastructure	
Asset description	**Book value**
Honeysuckle Seawalls (Lee 4, Lee 5 and Throsby)	24,165,000.00
Mt Penang Gardens & Landscaping	10,562,496.00
Newcastle Station Landscape works	6,823,579.00
	41,551,075.00

Total major assets	**61,743,072.00**

Departmental Property Disposals for the year ended 30 June 2024

Asset description	Transferee	Disposals
Lee 5 – Public Domain 5//1265104-10	City of Newcastle Council	-1,485,229.18
Cottage Creek – South Lot 3 – Public Domain	City of Newcastle Council	-1,777,631.26
Cockle Creek 1012//1270101	External	-152,005.18
Total property disposals		**-3,414,865.62**

Internal Audit and Risk Management Attestation Statement for the 2023-2024 Financial Year for the Hunter and Central Coast Development Corporation

I, Valentina Misevska, Chief Executive, Hunter and Central Coast Development Corporation, am of the opinion that the Hunter and Central Coast Development Corporation has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'.	Compliant

Membership

For the 2023-24 reporting period, the independent Chair and members of the Audit and Risk Committee were:

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Nirmal Hansra	1 July 2023	30 June 2026
Independent Member	Abigail Goldberg	1 July 2023	30 June 2026
Independent Member	Brendan Crotty	30 March 2023	29 March 2026

Shared Arrangements

I, Valentina Misevska, Chief Executive, Hunter and Central Coast Development Corporation, advise that the Hunter and Central Coast Development Corporation has entered into an approved shared arrangement comprising the following agencies:

- Cemeteries and Crematoria NSW
- Hunter and Central Coast Development Corporation
- Luna Park Reserve Trust
- Place Management NSW
- Planning Ministerial Corporation
- Property & Development NSW
- Sydney Olympic Park Authority
- Waste Assets Management Corporation

The resources shared include the Audit and Risk Committee, the Chief Audit Executive, and the internal audit function. The shared Audit and Risk Committee is a collaborative shared Audit and Risk Committee.

V. Misevska

Valentina Misevska
Chief Executive
Hunter and Central Coast Development Corporation
Date: 7 August 2024

Agency Contact:
Matthew Lyon
A/Director Audit
02 9289 6912

Sustainability

Workforce diversity

Trends in the representation of Workforce Diversity Groups				
Workforce Diversity Group	**Benchmark**	**2022**	**2023**	**2024**
Women	**50%**	69.2%	47.8%	50.0%
Aboriginal and/or Torres Strait Islander People	**3.3%**	3.8%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	**23.2%**	0.0%	17.9%	21.3%
People with Disability	**5.6%**	0.0%	0.0%	0.0%
People with Disability Requiring Work-Related Adjustment	**N/A**	0.0%	0.0%	0.0%

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

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2019–2025 takes a career pathway approach in that it sets an ambitious target of 3% Aboriginal employment at each non-executive grade of the public sector by 2025.

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

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

Trends in the distribution index for Workforce Diversity Groups				
Workforce Diversity Group	**Benchmark**	**2022**	**2023**	**2024**
Women	**100**	N/A	N/A	N/A
Aboriginal and/or Torres Strait Islander People	**100**	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	**100**	N/A	N/A	N/A
People with a Disability	**100**	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	**100**	N/A	N/A	N/A

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

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

Work, health and safety

HCCDC reported nil injuries for 2023-24. There were no prosecutions under the NSW Work Health and Safety Act 2011.

Modern slavery

HCCDC operates under the Department of Planning, Housing & Infrastructure's procurement framework and receives procurement services from that Department.

All *Modern Slavery Act 2018* (NSW) requirements are managed through this procurement framework, and activities to support and uphold the intent of the *Modern Slavery Act 2018* (NSW) are reported in the Department of Planning, Housing & Infrastructure's Annual Report 2023-2024.

Financial performance

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Hunter and Central Coast Development Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Hunter and Central Coast Development Corporation (the Corporation), which comprise the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of material accounting policy information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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

Chief Executive Officer’s Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor’s report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wale

9 October 2024
SYDNEY

Hunter and Central Coast Development Corporation

Annual Financial Statements

for the year ended 30 June 2024

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Hunter and Central Coast Development Corporation
Statement by the Chief Executive Officer
for the year ended 30 June 2024

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (‘the Act’), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2024 and the Treasurer’s directions, and
- present fairly the Hunter and Central Coast Development Corporation’s financial position, financial performance and cash flows.

Valentina Misevska
Chief Executive Officer

Date: 08 October 2024

Hunter and Central Coast Development Corporation
Statement of Comprehensive Income
for the year ended 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
Expenses				
Operating expenses				
Personnel services expenses	2(a)	4,493	4,712	3,777
Other operating expenses	2(b)	9,764	16,388	25,341
Depreciation and amortisation	2(c)	2,084	1,994	1,910
Grants and subsidies	2(d)	1,820	5,500	101
Finance costs	2(e)	453	125	-
Total expenses		**18,614**	**28,718**	**31,129**
Revenue				
Sale of goods and services from contracts with customers	3(a)	155	6,477	9,614
Investment revenue	3(b)	3,083	304	3,117
Grants and contributions	3(c)	3,495	7,961	124
Acceptance by the Crown of employee benefits and other liabilities	3(d)	184	-	105
Other revenue	3(e)	5,628	76	7,015
Total revenue		**12,545**	**14,818**	**19,975**
Operating result		**(6,069)**	**(13,899)**	**(11,154)**
Gains / (losses) on disposal	4	-	-	(4)
Other gains / (losses)	5	834	-	1,462
Net result		**(5,235)**	**(13,899)**	**(9,696)**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net result in subsequent periods				
Net increase in property, plant and equipment revaluation surplus	10	7,643	-	4,767
Total other comprehensive income		**7,643**	**-**	**4,767**
TOTAL COMPREHENSIVE INCOME		**2,408**	**(13,899)**	**(4,929)**

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Financial Position
as at 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
ASSETS				
Current assets				
Cash and cash equivalents	6	25,645	18,777	26,822
Receivables	7	392	734	966
Inventories	9	7,578	45,932	11,990
Total current assets		**33,615**	**65,443**	**39,778**
Non-current assets				
Inventories	9	61,536	26,869	58,781
Property, plant and equipment				
Land and buildings	10	64,073	60,611	61,429
Plant and equipment	10	89	314	119
Infrastructure systems	10	52,608	49,907	49,222
Total property, plant and equipment		**116,770**	**110,832**	**110,770**
Right-of-use assets	11	-	11	-
Total non-current assets		**178,306**	**137,712**	**169,551**
Total assets		**211,921**	**203,155**	**209,329**
LIABILITIES				
Current liabilities				
Payables	14	2,635	5,113	2,388
Contract liabilities	8	882	626	626
Provisions	15	489	404	405
Borrowings		-	15	-
Other	16	3	-	25
Total current liabilities		**4,009**	**6,158**	**3,444**
Non-current liabilities				
Provisions	15	30,195	30,399	30,576
Borrowings		-	5,000	-
Other	16	85	-	85
Total non-current liabilities		**30,280**	**35,399**	**30,661**
Total liabilities		**34,289**	**41,557**	**34,105**
Net assets		**177,632**	**161,597**	**175,224**
EQUITY				
Accumulated funds		117,478	109,086	122,713
Reserves		60,154	52,511	52,511
Total equity		**177,632**	**161,597**	**175,224**

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Changes in Equity
for the period ended 30 June 2024

	Notes	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2023		**122,713**	**52,511**	**175,224**
Net result for the year		**(5,235)**	**-**	**(5,235)**
Other comprehensive income				
Net revaluation increment in property, plant and equipment	10	-	7,643	**7,643**
Total other comprehensive income		**-**	**7,643**	**7,643**
Total comprehensive income for the year		**(5,235)**	**7,643**	**2,408**
Balance at 30 June 2024		**117,478**	**60,154**	**177,632**

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

The accompanying notes form part of these financial statements.

Hunter and Central Coast Development Corporation
Statement of Cash Flows
for the period ended 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		(1,820)	(5,500)	(101)
Suppliers and personnel services		(11,257)	(15,739)	(20,693)
Inventories		(1,758)	-	(6,042)
Finance costs		-	(125)	-
Total payments		**(14,835)**	**(21,363)**	**(26,836)**
Receipts				
Reimbursements from the Crown		65	-	48
Sale of goods and services		9,446	6,553	21,112
Interest received		1,093	304	922
Grants and other contributions		3,495	7,961	124
Total receipts		**14,099**	**14,818**	**22,206**
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	**(736)**	**(6,545)**	**(4,630)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	10	(441)	(500)	(5,074)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(441)**	**(500)**	**(5,074)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		-	(1,000)	-
Payment of principal portion of lease liabilities		-	-	(3)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**(1,000)**	**(3)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,177)**	(8,045)	**(9,707)**
Opening cash and cash equivalents		26,822	26,822	36,529
CLOSING CASH AND CASH EQUIVALENTS	6	**25,645**	**18,777**	**26,822**

The accompanying notes form part of these financial statements.

1. Statement of material accounting policy information

(a) Reporting entity

The Hunter and Central Coast Development Corporation ("the Corporation") is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

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

These financial statements for the year ended 30 June 2024 are authorised for issue by the Chief Executive Officer on the date the Statement by the Chief Executive Officer was signed.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and the Government Sector Finance Regulation 2024; and
- Treasurer's Directions issued under the GSF Act.

The financial statements are prepared on a going concern basis.

Property, plant and equipment is measured at fair value. Land inventories (other than those held for distribution) are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost. Provisions are measured at the net present value of the estimated costs in perpetuity. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation's presentation and functional currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards (AAS), which include Australian Accounting Interpretations.

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

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except that the:

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

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1. Statement of material accounting policy information (cont'd)

(e) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous year for all amounts reported in the financial statements.

The Corporation reclassified the below comparative information during 2023-24 following a review in accordance with TPG 24-05 *Policy and Guideline: Financial reporting codes for NSW general government sector entities.*

- Reclassified 2023 community information / liaison and promotion expense of $0.125 million to other expenses in Note 2(b) Other operating expenses
- Reclassified 2023 cost of inventory distribution of $3.208 million from cost of inventory sales in Note 2(b) Other operating expenses.

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

(i) Effective for the first time in 2023-24

The accounting policies applied in 2023-24 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards (AAS) that have been applied for the first time in 2023-24. There is no material impact from the application of these new standards which include:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (effective from 1 January 2023)
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective from 1 January 2023)
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* (effective from 1 January 2023)
- AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* (effective from 1 January 2023).

The Corporation has assessed the impact on the financial statements of these accounting standards or interpretations and found that there is no material financial impact to disclosures.

(ii) Issued but not yet effective

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

- AASB 17 *Insurance Contracts (effective from 1 January 2026)*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture* (effective from 1 January 2025)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2024)*
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2025)
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (effective from 1 January 2024)*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (effective from 1 January 2024)*
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (effective from 1 July 2026)

1. Statement of material accounting policy information (cont'd)

(iii) Issued but not yet effective (cont'd)

- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (effective from 1 January 2024)*
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements (effective from 1 January 2024)
- AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2 (effective from 1 January 2024)
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability (effective from 1 January 2025)
- AASB 2024-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures (effective from 1 January 2024)
- AASB 18 Presentation and Disclosure in Financial Statements (Appendix D) [for not-for-profit and superannuation entities] (effective from 1 January 2028).

The Corporation has assessed any potential impact on the financial statements due to these new accounting standards or interpretations and found that there will be no material financial impact when implemented.

2. Expenses

(a) Personnel services expenses

	2024	2023
	$'000	$'000
Salaries and wages (including annual leave)	3,667	3,156
Long service leave	190	93
Superannuation - defined contribution plans	387	320
Workers' compensation insurance	24	22
Payroll tax and Fringe benefits tax	225	186
	4,493	**3,777**

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

(b) Other operating expenses

	2024	2023
	$'000	$'000
External audit of the financial statements	95	87
Cost of inventory sales	152	9,614
Cost of inventory distribution	3,263	3,208
Fees for services	1,999	1,649
Asset management	1,522	2,097
Revitalisation project costs	723	989
Cockle Creek containment cell maintenance - Note 15	729	657
Site disposal costs	381	1,378
Insurance	293	266
Remediation expenditure	301	3,589
Contractors	202	438
Public infrastructure expenditure	22	1,037
Expenses relating to short-term leases	3	-
Other	79	332
	9,764	**25,341**

2. Expenses (cont'd)

(b) Other operating expenses (cont'd)

Recognition and measurement

Cost of sales and distribution

The Corporation holds the majority of its land as inventory and as such the value of any inventory sold during the year is recorded in the Statement of comprehensive income as cost of sales. Any other costs related to the sale of the inventory including legal fees and marketing are recorded as site disposal costs. The cost of sales varies each year depending on the carrying value of assets disposed and the number of sites sold or dedicated. The cost of inventory sales in 2024 is lower than 2023 due to there being less site disposals compared to the 2023 year. Cost of inventory distribution in 2024 was aligned to 2023 as assets dedicated to councils were similar across both financial years.

Remediation expenditure

The level of Kooragang Island remediation expenditure in 2024 decreased compared to 2023 as the project neared completion. Expenditure will remain lower than previous years as hand over to the property owner occurs. Note 3(e) details revenue received in relation to this project.

Asset management

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and then depreciated.

Revitalisation project costs

Revitalisation project costs decreased in 2024 compared to 2023 mainly due to lower maintenance, event management and activation costs at The Station site.

Public infrastructure expenditure

Public infrastructure expenditure refers to the infrastructure works delivered on the public sites not owned by the Corporation. The 2024 costs are lower than in 2023 due to less works delivered on the public sites with the completion of a major project in 2023.

Cockle Creek containment cell maintenance expense

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

Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Lease expense

The Corporation recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e., where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at $10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e., variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

2. Expenses (cont'd)

(c) Depreciation and amortisation expense

	2024 $'000	2023 $'000
Depreciation:		
Buildings	890	833
Infrastructure systems	1,164	1,048
Plant and equipment	30	26
Right-of-use assets	-	3
Total depreciation	**2,084**	**1,910**

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

(d) Grants and subsidies

	2024 $'000	2023 $'000
Newcastle Mines Grouting Fund (NMGF)	1,820	101
	1,820	**101**

(e) Finance costs

	2024 $'000	2023 $'000
Unwinding of discount rate on provision - Note 15	453	-
	453	**-**

Recognition and measurement

Finance Costs

Finance costs include borrowing costs. AASB 137 Provisions, Contingent Liabilities and Contingent Assets provides that the increase in a provision resulting from the unwinding of the discount rate must be recognised as a borrowing cost.

3. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Sale of goods and services

	2024 $'000	2023 $'000
Sale of goods - inventories	155	9,614
	155	**9,614**

Recognition and measurement

The revenue recognised for the sale of inventories in 2024 is lower compared to 2023 as a smaller parcel of land at Cockle Creek was disposed in 2024 compared to a large number of property sales settled in 2023.

Sale of goods

Revenue from sale of goods is recognised when the Corporation satisfies a performance obligation by transferring the promised goods. The nature of the goods that the Corporation has promised to transfer is mainly in relation to inventories (Note 9). The Corporation typically satisfies its performance obligations when the control of the good is transferred to the customer. The control of land is considered transferred once a land title is legally transferred. The payments are typically settled at the time of the title transfer.

Revenue from sale of other goods is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

(b) Investment revenue

	2024 $'000	2023 $'000
Interest income from financial assets at amortised cost	1,093	922
Rental income	1,990	2,195
	3,083	**3,117**

Recognition and measurement

Interest income

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

Rental income

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

3. Revenue (cont'd)

(c) Grants and contributions

	2024 $'000	2023 $'000
Grants with sufficiently specific performance obligations / milestones		
Mt Penang Festival Road study	243	8
Safer cities grant	92	-
Newcastle Port Community Contribution	60	116
Grants without sufficiently specific performance obligations / milestones		
Newcastle Mines Grouting Fund	2,100	-
Gosford Waterfront Election Commitment	1,000	-
	3,495	**124**

Recognition and measurement

Grants are received by the Corporation to support its service delivery objectives and the funding agreements typically specify the purpose of the grants. Some funding agreements have well defined milestones and funding is received by the Corporation upon completion of those milestones.

Revenue from grants to acquire/construct a recognisable non-financial asset to be controlled by the Corporation is recognised when the Corporation satisfies its obligations under the agreement. The Corporation satisfies performance obligations under the transfer to construct non-financial assets over time. Unless specified in the underlying funding agreement, grant revenue recognised by the Corporation equals cost incurred, because this reflects progress to completion based on cost recovery arrangements.

Revenue from grants with sufficiently specific milestones/performance obligations and agreed funding against each milestone is recognised as when the Corporation satisfies its performance obligation by transferring promised goods/achieving milestones.

Income from funding without sufficiently specific performance obligations is recognised when the Corporation obtains control over the granted assets (i.e., cash received).

Grant revenue of $0.24 million was recognised in 2023-24 on completion of road extension works at Mt Penang, $0.09 million was recognised for Safer Cities project from the Transport for NSW and $0.06 million received from the Department of Regional NSW in 2023-24 was as part of the Newcastle Port Community Contribution Fund following a milestone completion for a Honeysuckle public domain project.

No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and terms specified in the contract. Refer to Note 8 for the transaction price allocated to performance obligations that have not been satisfied at the end of the reporting period and when it is expected to be recognised as revenue.

3. Revenue (cont'd)

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

	2024	2023
	$'000	$'000
The following liabilities and expenses have been assumed by the Crown:		
Long service leave	184	105
	184	**105**

(e) Other revenue

	2024	2023
	$'000	$'000
Remediation revenue – Crown - refer Note 2(b)	1,201	4,535
Other income*	4,427	2,480
	5,628	**7,015**

** Other income includes developer contributions, sundry reimbursements, insurance recoveries and car park and associated fine revenue.*

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Other income is recognised when the Corporation satisfies a performance obligation by transferring the promised goods or services. Refer to Note 8 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

(f) Deemed appropriations

The *Appropriation Act 2023 (Appropriations Act), the subsequent Administrative Arrangements Orders and variations are taken to have* appropriated the sum of $5.2 billion to the Minister for Planning and Public Spaces out of the Consolidated Fund for the services of the Department of Planning, Housing and Infrastructure (DPHI) for the year 2023–24. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the DPHI and entities that it is administratively responsible for, including the Corporation.

The lead Minister for the Corporation, being the Minister for Planning and Public Spaces, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Corporation receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Corporation. These deemed appropriations are taken to have been given for the services of the DPHI.

A summary of compliance is disclosed in the financial statements of the Annual Report of the DPHI. It has been prepared by aggregating the spending authorities of the Minister for Planning and Public Spaces for the services of the DPHI. It reflects the status at the point in time this disclosure statement is being made. The Corporation's spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for FY23/24 and FY22/23, authorising officers of the Corporation to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Corporation. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the DPHI to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the DPHI.

4. Gains / (losses) on disposal

	2024	2023
	$'000	$'000
Written down value of assets disposed	-	(4)
	-	**(4)**

5. Other gains / (losses)

	2024	2023
	$'000	$'000
Decrease of containment cell maintenance provision - Note 15	834	854
Reversal of prior period inventory write downs	-	608
	834	**1,462**

Recognition and measurement

Impairment losses on inventories assets

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

Gain or loss on remeasurement of containment cell maintenance provision

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

6. Current assets – cash and cash equivalents

	2024	2023
	$'000	$'000
Cash at bank and on hand*	25,645	26,822
	25,645	**26,822**

**2024 Cash at bank includes a restricted cash balance of $7.728 million (2023 restricted cash balance was $8.827 million). Refer to Note 13 for details.*

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

Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of cash flows as follows:

Cash and cash equivalents (per Statement of financial position)	25,645	26,822
Closing cash and cash equivalents (per Statement of cash flows)	**25,645**	**26,822**

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – receivables

	2024	2023
	$'000	**$'000**
Trade receivables	26	735
Allowance for expected credit losses*	(1)	(2)
Goods and Services Tax recoverable	227	163
Accrued income	140	70
	392	**966**
***Movements in the allowance for expected credit losses:**		
Balance at the beginning of the year	2	5
Increase / (decrease) in allowance recognised in net results	(1)	(3)
Balance at the end of the year	**1**	**2**

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and measurement

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Corporation holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Corporation recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Corporation expects to receive, discounted at the original effective interest rate. For trade receivables, the Corporation applies a simplified approach in calculating ECLs. The Corporation recognises a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivables.

8. Contract assets and liabilities

	2024 $'000	2023 $'000
Contract receivables (included in Note 7)	26	735
Contract liabilities - current	882	626

Recognition and measurement

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

	2024 $'000	2023 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	626	703
Revenue recognised from performance obligations satisfied in previous periods	910	3,832
Transaction price allocated to the remaining performance obligations from contracts with customers	882	626

The transaction price allocated to the remaining performance obligations at reporting date comprises of the remediation works at Kooragang Island ($0.03 million) and the Safer Cities project on the Central Coast ($0.85 million). Both projects are expected to be completed in 2025.

9. Current / non-current assets – inventories

	2024 $'000	2023 $'000
Current inventories		
Held for distribution - at cost	7,572	5,138
Held for sale - at cost	6	6,852
	7,578	**11,990**
Non-current inventories		
Held for distribution - at cost	11,500	14,739
Held for sale - at cost	50,036	44,042
	61,536	**58,781**
Total inventories	**69,114**	**70,771**

Details of inventories:

	Held for sale Current $'000	Held for sale Non-current $'000	Held for distribution Current $'000	Held for distribution Non-current $'000	Total $'000
Year ended 30 June 2024					
Net carrying amount at beginning of year	6,852	44,042	5,138	14,739	**70,771**
Additions - development costs	-	931	574	253	**1,758**
Disposals	(152)	-	(3,263)	-	**(3,415)**
Reclassification between inventories	(6,694)	5,063	5,123	(3,492)	**-**
Net carrying amount at end of year	**6**	**50,036**	**7,572**	**11,500**	**69,114**

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

Recognition and measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount, or any loss of operating capacity due to obsolescence.

Land inventories (other than those held for distribution) are reported at the lower of cost and net realisable value. Cost includes acquisition and development cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Land inventories have been classified as current and non-current based on the forecast timing of sales.

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

Recognition and measurement (cont'd)

Inventories classified as held for distribution include assets whose ownership will transfer to another entity (for example, local government) at nil or nominal value. Inventories held for distribution have been reported at cost where cost is the original value recorded for these assets on acquisition by the Corporation plus the development cost. This cost is believed to be comparable to current replacement cost due to the limited revenue generating potential of the assets. Although these assets are held at cost, upon transfer to a local government entity, the Corporation will write these assets down to nil value.

Environmental Property Services (EPS) undertook a revaluation of land inventories at 31 March 2024 balance date. The valuer has issued an updated report as at 30 June 2024. The revaluation assessment resulted no impairment at the balance date.

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

(a) Total property, plant and equipment

	Land and buildings $'000	Infrastructure systems $'000	Plant and equipment $'000	Total $'000
At 1 July 2022 - fair value				
Gross carrying amount	75,123	52,115	178	127,416
Accumulated depreciation and impairment	(16,600)	(9,067)	(28)	(25,695)
Net carrying amount	**58,523**	**43,048**	**150**	**101,721**
Year ended 30 June 2023				
Net carrying amount at beginning of year	58,523	43,048	150	101,721
Additions	-	5,074	-	5,074
Disposals	-	-	(4)	(4)
Reclassification	1	-	(1)	-
Reclassification from inventories	1,050	75	-	1,125
Reclassification to inventories	(6)	-	-	(6)
Net revaluation increment	2,694	2,073	-	4,767
Depreciation expense - assets owned	(833)	(1,048)	(26)	(1,907)
Net carrying amount at end of year	**61,429**	**49,222**	**119**	**110,770**
At 1 July 2023 - fair value				
Gross carrying amount	79,748	59,838	165	139,751
Accumulated depreciation and impairment	(18,319)	(10,616)	(46)	(28,981)
Net carrying amount	**61,429**	**49,222**	**119**	**110,770**
Year ended 30 June 2024				
Net carrying amount at beginning of year	61,429	49,222	119	110,770
Additions	300	141	-	441
Net revaluation increment	3,234	4,409	-	7,643
Depreciation expense - assets owned	(890)	(1,164)	(30)	(2,084)
Net carrying amount at balance date	**64,073**	**52,608**	**89**	**116,770**
At 30 June 2024 - fair value				
Gross carrying amount	85,146	67,056	165	152,367
Accumulated depreciation and impairment	(21,073)	(14,448)	(76)	(35,597)
Net carrying amount	**64,073**	**52,608**	**89**	**116,770**

Assets under construction or work-in-progress at 30 June 2024 was $nil (2023: $5.47m).

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

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

	Land and buildings $'000	Infrastructure systems $'000	Plant and equipment $'000	Total $'000
At 1 July 2022 - fair value				
Gross carrying amount	24,950	52,115	178	77,243
Accumulated depreciation and impairment	-	(9,067)	(28)	(9,095)
Net carrying amount	**24,950**	**43,048**	**150**	**68,148**
Year ended 30 June 2023				
Net carrying amount at beginning of year	24,950	43,048	150	68,148
Additions	-	5,074	-	5,074
Disposals	-	-	(4)	(4)
Reclassification from leased PP&E	306	-	-	306
Reclassification	1	-	(1)	-
Reclassification from inventories	1,050	75	-	1,125
Reclassification to inventories	(6)	-	-	(6)
Net revaluation increment	399	2,073	-	2,472
Depreciation expense - assets owned	(12)	(1,048)	(26)	(1,086)
Net carrying amount at end of year	**26,688**	**49,222**	**119**	**76,029**
At 1 July 2023 - fair value				
Gross carrying amount	27,003	59,838	165	87,006
Accumulated depreciation and impairment	(315)	(10,616)	(46)	(10,977)
Net carrying amount	**26,688**	**49,222**	**119**	**76,029**
Year ended 30 June 2024				
Net carrying amount at beginning of year	26,688	49,222	119	76,029
Additions	-	141	-	141
Net revaluation increment	225	4,409	-	4,634
Depreciation expense - assets owned	(13)	(1,164)	(30)	(1,207)
Net carrying amount at balance date	**26,900**	**52,608**	**89**	**79,597**
At 30 June 2024 - fair value				
Gross carrying amount	27,275	67,056	165	94,496
Accumulated depreciation and impairment	(375)	(14,448)	(76)	(14,899)
Net carrying amount	**26,900**	**52,608**	**89**	**79,597**

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

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

	Buildings $'000	Total $'000
At 1 July 2022 - fair value		
Gross carrying amount	50,173	50,173
Accumulated depreciation and impairment	(16,600)	(16,600)
Net carrying amount	**33,573**	**33,573**
Year ended 30 June 2023		
Net carrying amount at beginning of year	33,573	33,573
Reclassification to own use PP&E	(306)	(306)
Net revaluation increment	2,295	2,295
Depreciation expense	(821)	(821)
Net carrying amount at end of year	**34,741**	**34,741**
At 1 July 2023 - fair value		
Gross carrying amount	52,745	52,745
Accumulated depreciation and impairment	(18,004)	(18,004)
Net carrying amount	**34,741**	**34,741**
Year ended 30 June 2024		
Net carrying amount at beginning of year	34,741	34,741
Additions	300	300
Net revaluation increment	3,008	3,008
Depreciation expense	(876)	(876)
Net carrying amount at balance date	**37,173**	**37,173**
At 30 June 2024 - fair value		
Gross carrying amount	57,871	57,871
Accumulated depreciation and impairment	(20,698)	(20,698)
Net carrying amount	**37,173**	**37,173**

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

Recognition and measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

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

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

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

Recognition and measurement (cont'd)

Right-of-Use Assets acquired by lessees

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

Further information on leases is contained at Note 11.

Revaluation of property, plant and equipment

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and must take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on market participants perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 12 for further information regarding fair value.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Corporation conducts a comprehensive revaluation at least every three years for its land and buildings and at least every five years for other classes of property, plant and equipment.

The last comprehensive revaluation was completed on 30 June 2024 and was based on an independent assessment. The next comprehensive revaluation is scheduled for year end 30 June 2027.

Land, buildings and infrastructure were revalued on comprehensive basis by Environmental Property Services (EPS) at 31 March 2024 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated report as at 30 June 2024. It has resulted in an additional revaluation increment for seawall assets following an update of the seawalls conditional assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from the carrying value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

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

Recognition and measurement (cont'd)

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

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

11. Leases

A. Leases as a lessee

The Corporation leases motor vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Corporation does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Corporation and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Corporation has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of $10,000 or less when new.

(a) Right-of-use assets under leases

The following tables present right-of-use assets that do not meet the definition of investment property.

	Plant and equipment $'000	Total $'000
Balance at 1 July 2023	-	-
Depreciation expense	-	-
Balance at 30 June 2024	**-**	**-**

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

(b) Lease liabilities

The following table presents liabilities under leases.

	2024 $'000	2023 $'000
Balance at 1 July	-	3
Additions	-	-
Payments	-	(3)
Balance at end of the year	**-**	**-**

11. Leases (cont'd)

A. Leases as a lessee (cont'd)

(c) Right-of-use expenses under leases

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

	2024 $'000	2023 $'000
Depreciation expense of right-of-use assets	-	3
Expense relating to short-term leases	3	-
Total amount recognised in the Statement of comprehensive income	**3**	**3**

The Corporation had total cash outflows for leases of $0.003 million in 2024 (2023: $0.003 million).

Recognition and measurement

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles 3 to 5 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The entity assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Corporation; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

11. Leases (cont'd)

A. Leases as a lessee (cont'd)

Recognition and measurement (cont'd)

Lease liabilities (cont'd)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the lessee's incremental borrowing rate is used, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Corporation's lease liabilities are included in borrowings.

Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

B. Leases as a lessor

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

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

	2024 $'000	2023 $'000
Future minimum lease receipts under non-cancellable operating leases as lessor:		
Within one year	1,785	1,635
One to two years	813	1,011
Two to three years	813	717
Three to four years	774	717
Four to five years	449	681
Later than five years	9,163	7,802
Total (excluding GST)	**13,797**	**12,563**

Recognition and measurement – lessor for operating lease

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

12. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment (Note 10)				
Land and buildings	-	26,560	37,513	64,073
Infrastructure systems	-	-	52,608	52,608
	-	**26,560**	**90,121**	**116,681**

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

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

(b) Valuation inputs, techniques and processes

Land, buildings and infrastructure had a comprehensive revaluation completed by expert external valuer Environmental Property Services (EPS) at 30 June 2024 with revaluation adjustments made in line with fair value accounting requirements and NSW Treasury policy. The valuer has issued an updated report as at 30 June 2024. It has resulted in an additional revaluation increment for seawall assets following an update of the seawalls conditional assessment.

The valuation is compliant with the relevant requirements as set out in Treasury Policy paper TPP 21-09, Treasury Direction TD21-05 and Australian Accounting Standards AASB13 and AASB116. The fair value hierarchy for these assets is considered to be at Level 2 for lands and Level 3 for buildings and infrastructure.

Method of valuation: current replacement cost approach

This valuation method applies to buildings and infrastructure systems based on replacement costs. These assets are held at current replacement cost less accumulated depreciation i.e., based on the amount required to replace the service potential of an asset (often referred to as current replacement cost), that is the cost to acquire or construct a similar asset, adjusted for physical deterioration and all forms of obsolescence.

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

- Property attributes e.g., location, construction type, condition, age, building areas;
- Price per square metre for the building derived from Rawlinsons Construction Handbook and research of actual costs for comparable assets;

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

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

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

Relationship of unobservable inputs to fair value

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

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

Method of valuation: market approach

This valuation method applies to land based on prices and other relevant information generated by market transactions involving identical or similar assets.

Plant and equipment and leasehold improvements

These assets are not included in the table above because they are measured at depreciated historical cost as an approximation of fair value.

(c) Reconciliation of recurring level 3 fair value measurements

2024	**Buildings $'000**	**Infrastructure $'000**	**Total recurring Level 3 fair value $'000**
Fair value as at 1 July 2023	35,050	49,222	84,272
Additions	300	141	441
Net revaluation increment	3,053	4,409	7,462
Depreciation	(890)	(1,164)	(2,054)
Fair value as at 30 June 2024	**37,513**	**52,608**	**90,121**

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

13. Restricted assets

	2024	2023
	$'000	**$'000**
Lake Macquarie perpetual care fund	7,728	8,827
	7,728	**8,827**

The Lake Macquarie perpetual care fund is recognised as a restricted cash as there are specific legislative conditions associated with the use of the fund under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019*. The amount is reported in Note 6 Cash and cash equivalents.

The balance of the fund has decreased since 30 June 2023 for the site expenditure incurred during the year. Expenditure incurred across the site to enable subdivision and development as well as other allowable costs incurred by the Corporation have been reimbursed from the fund.

14. Current liabilities – payables

	2024	2023
	$'000	**$'000**
Personnel services - accrued salaries and wages	83	77
Creditors	2,421	2,233
Goods and Services Tax payable	46	78
Unearned revenue	85	-
	2,635	**2,388**

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

Recognition and measurement

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

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

15. Current / non-current liabilities – provisions

	2024	2023
	$'000	**$'000**
Provisions - current liabilities		
Personnel services - annual leave	337	274
Personnel services - on-costs	152	131
	489	**405**
Personnel services benefits expected to be settled within 12 months from reporting date		
Annual leave	337	274
	337	**274**
Other provisions - non-current liabilities		
Provision for Cockle Creek containment cell maintenance	30,195	30,576
Total	**30,195**	**30,576**
Total Provisions	**30,684**	**30,981**
Aggregate personnel services		
Provisions - current liabilities	489	405
Personnel services - accrued salaries, wages and on-costs (Note 14)	83	77
	572	**482**

The non-current provision for Cockle Creek containment cell maintenance represents the net present value of the estimated costs in perpetuity to maintain the contamination containment cell on the site as required under the *Lake Macquarie Smelter Site (Perpetual Care of Land) Act 2019.* The provision was reviewed at balance date and adjusted to reflect the current best estimate.

Movement in provisions (other than employee benefits)

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

	Containment cell maintenance provision $'000
2024	
Carrying amount at the beginning of the year	30,576
Additional provisions recognised	729
Amounts used	(729)
Provision remeasurement	(834)
Unwinding of discount rate	453
Carrying amount at the end of the year	**30,195**

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

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

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

Recognition and measurement

Personnel services benefits and related on-costs

Salaries and wages, annual leave and sick leave

The Corporation does not employ any staff and receives personnel services from the Department of Planning, Housing and Infrastructure. The cost of personnel services is recognised as expense and provisions.

If annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting in which the employees render the related service, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. All annual leave balance is expected to be settled within 12 months.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

The Corporation's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. The Corporation accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salaries. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

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

Recognition and measurement (cont'd)

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

Parental leave

A liability for parental leave and associated on-costs is recognised and measured in respect of employees with approved parental leave that have not been taken at the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Other provisions

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

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

16. Other liabilities

	2024	2023
	$'000	**$'000**
Current		
Security deposits	3	25
	3	**25**
Non-current		
Security deposits	85	85
	85	**85**

17. Commitments

	2024	2023
	$'000	**$'000**
Commitments - expenditure		
Capital		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Within 1 year	-	577
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total (including GST)	**-**	**577**

18. Contingent liabilities and contingent assets

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

19. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of comprehensive income are as follows:

	2024	2023
	$'000	**$'000**
Net cash used on operating activities	(736)	(4,630)
Depreciation and amortisation	(2,084)	(1,910)
Loss from assets written down	-	(4)
Assets transferred free of charge	(3,263)	(3,208)
Increase/(Decrease) in inventories	1,606	(2,964)
(Decrease) in receivables	(574)	(279)
(Increase)/Decrease in creditors and borrowings	(225)	2,284
Decrease in provisions	297	938
(Increase)/Decrease in contract liabilities	(256)	77
Net result	**(5,235)**	**(9,696)**

20. Budget review

Net result

The net result is favourable to budget by $8.6 million.

- Revenue overall was $2.3 million less than budget and total expenditure was $10.1 million lower than budget for the year. Other gains were also $0.8 million favourable for the year due to the remeasurement of the provision for the contamination cell under management at Cockle Creek.
- The largest item impacting both revenue and expenditure was the deferral into future years of $3.4 million grant income and expenditure for the Newcastle Mines Grouting Fund which the Corporation administers on behalf of the Government. This $3.4 million amount is now budgeted for in 2024-25. Excluding the impact of the mines grouting fund net revenue was $1.1 million above budget and net expenditure was $6.7 million lower than budget.
- Revenue from the sale of goods and services is lower due to the timing of land sales being deferred into future years following a revision in asset sales plan.
- Investment revenue is higher than the budget due to higher rental revenue than budget along with higher bank interest received as a result of higher cash held and also higher interest rates.
- Other income is higher than budget partly due to the remediation revenue classification difference between sales of services plus additional works completed at Kooragang Island to complete the remediation project this year.
- Operating expenses are lower than budget due to the deferral of a number of asset disposals to future years (as noted above for sale of goods and services revenue). The deferral means that the associated land value will be expensed in a future year upon disposal of the sites. Other savings included lower personnel services expenditure due to a number of employee vacancies during the year and lower asset management costs with expenditure delayed into future years following a prioritisation review of asset management activities. Land disposal costs were also lower than budget due to project delays and deferrals.
- Other gains and losses were above budget with a reduction to the provision for long-term maintenance of the contamination containment cell at Cockle Creek due to changes in the discount rate as noted above. This was a non-cash transaction.

Assets and liabilities

The net asset position is $16.0 million higher than the budget primarily due to:

- Cash and cash equivalents being $6.9 million higher due to higher income and lower expenditure achieved as compared to budget. Also cash balance at 1 July 2023 was higher than budget assumptions due to favourable 2023 profit result also leading to a higher cash balance.
- The net inventory position was $3.7 million lower than budget which is primarily related to inventory expenditure being lower during the year due to project delays partly offset by deferral of land sales to future years.
- Asset revaluation resulted in an increase to Property, Plant and Equipment of $7.6 million following the comprehensive asset review completed in the financial year.

Cash flows

Net cash flows from operating activities were $6.9 million favourable to budget as a result of:

- The carry forward of $3.4 million for the Newcastle Mines Grouting Fund to 2024-25 financial resulted in lower cash inflows and outflows for the year.
- Cash payments to suppliers were $6.5 million favourable due to lower inventories and other operating expenditures compared to budget including $3.4 million for the grouting fund noted above.
- Cash inflows for the sale of goods and services and interest were lower than budget by $0.7 million mainly due to the lower mines grouting revenue of $3.4 million offset by higher revenue from lease assets, car parking, developer contributions and interest earned.

21. Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations. The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Corporation on a continuous basis.

(a) Financial instrument categories

Class	Note	Category	Carrying amount 2024 $'000	Carrying amount 2023 $'000
Financial assets				
Cash and cash equivalents	6	Amortised cost	25,645	26,822
Receivables[1]	7	Amortised cost	165	803
Financial Liabilities				
Payables[2]	14	Financial liabilities measured at amortised cost	2,504	2,310

Notes

1. Excludes statutory receivables and prepayments (i.e., not within scope of AASB 7)

2. Excludes statutory payables, unearned revenue and non-cash works-in-kind received in advance (i.e., not within scope of AASB 7)

The Corporation determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if:

- the Corporation has transferred substantially all the risks and rewards of the asset; or
- the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

21. Financial instruments (cont'd)

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

Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Corporation's continuing involvement in the asset. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to the credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Agency, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees. Credit risk associated with the Corporation's financial assets, other than receivables, is managed thorough the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on the daily bank balance at the monthly TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified Gross Domestic Product (GDP) and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The loss allowance for trade debtors as at 30 June 2024 and 30 June 2023 was determined as follows:

	30 June 2024 $'000					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate*	0.00%	2.50%	5.00%	10.00%	25.00%	3.85%
Estimated total gross carrying amount at default	21	2	1	-	2	26
Expected credit loss	-	-	-	-	1	1

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

Notes

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

The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2024 and 30 June 2023.

(ii) Liquidity risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12 *Payment of Accounts*. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Minister may automatically pay the supplier simple interest. No interest penalty was paid during the period 1 July 2023 to 30 June 2024 (2023: nil).

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

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis and interest rate exposure of financial liabilities

			$'000					
	Weighted average effective Int. rate	Nominal Amount[1]	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1 - 5 years	> 5 years
30 June 2024								
Trade creditors and accruals	N/A	2,504	-	-	2,504	2,504	-	-
		2,504	**-**	**-**	**2,504**	**2,504**	**-**	**-**
30 June 2023								
Trade creditors and accruals	N/A	2,310	-	-	2,310	2,310	-	-
		2,310	**-**	**-**	**2,310**	**2,310**	**-**	**-**

[1] The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of financial position.

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e., until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of financial position reporting date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Corporation's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp.

The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia (RBA) interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Since May 2022 there has been a number of interest rate increases from the RBA which over the last 12 months have stabilised. Financial forecasts vary but general consensus from economic experts suggest more interest rate increases are unlikely with a greater likelihood that rates will decrease gradually over the medium term following the current peak.

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

21. Financial instruments (cont'd)

(d) Financial risks (cont'd)

(iii) Market risk (cont'd)

	Carrying amount $'000	-1% Profit $'000	Equity $'000	+1% Profit $'000	Equity $'000
30 June 2024					
Financial assets					
Cash and cash equivalents	25,645	(256)	(256)	256	256
Financial liabilities					
Borrowings	-	-	-	-	-

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

(e) Fair value measurement

Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. Given the nature of the financial instruments held by the Corporation, their carrying amounts approximate the fair value.

22. Program group

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

The Corporation has only one program therefore does not prepare disaggregated disclosure statements.

23. Related party disclosure

(a) Key management personnel compensation

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

	2024	2023
	$'000	$'000
Short-term employee benefits	268	268
Post-employment benefits	27	26
Total remuneration	**295**	**294**

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

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

(b) Transactions with key management personnel

The Corporation did not enter into any related party transactions with key management personnel, their close family members or entities controlled or jointly controlled thereof during the period.

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

During the period, the Corporation entered into the following individually significant arm's-length transactions with other entities that are controlled by the NSW Government:

- Personnel service expenses transacted from the Department of Planning, Housing and Infrastructure of $4.5 million (2023: $3.8 million), of these, $0.08 million (2023: $0.08 million) is recognised as accrued expense and $0.5 million (2023: $0.4 million) recognised as provisions for annual leave and on-costs at the balance date
- Corporate shared service expense from the Department of Planning, Housing and Infrastructure of $1.1 million (2023: $1.0 million)
- Remediation revenue from Crown of $1.2 million (2023: $4.5 million), and a contract liability of $ 0.03 million (2023: $0.4 million receivable)
- Contaminated land containment cells maintenance fees charged from Waste Assets Management Corporation of $ 0.7 million (2023: $0.7 million), of these, $0.4 million is recognised as creditors payable
- Safer Cities grant received from the Transport for NSW of $0.9m, of these, $0.1m has been recognised as revenue and $0.8m recognised as contract liability

The Corporation also entered into other transactions with entities that are controlled by the NSW Government during the year. These transactions are conducted at arm's length and are not individually significant. This includes the Audit Office of NSW, Property and Development NSW, Revenue NSW, NSW Self Insurance Corporation, Crown and other NSW government entities.

24. Events after the reporting period

The Corporation is regularly assessing the impact from the current economic volatility from global events (including inflation and high interest costs) on the fair value of its physical and financial assets. These assets include land, buildings, inventories, right-of-use assets and receivables.

Following the 2023 State election, a Machinery of Government change was announced and implemented on 1 January 2024. Currently no known changes impact the Corporation but this will continue to be monitored. Government policy changes have also been announced following the election and the Corporation is monitoring impacts from these changes as some are currently under review specifically in relation to social and affordable housing for developable land.

There are no other known events that would impact on the state of the Corporation or have a material impact on the financial statements.

End of audited financial statements.

Hunter and Central Coast
Development Corporation

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