

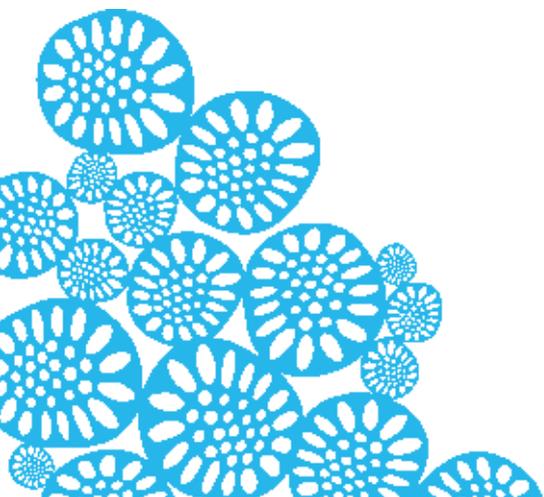
DARWIN WATERFRONT CORPORATION

Annual Report

2007/2008



DARWINWATERFRONT



Letter to the Chief Minister



DARWINWATERFRONT

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The Hon Paul Henderson MLA
Chief Minister
GPO Box 3146
Darwin NT 0801

Dear Chief Minister

I have pleasure in presenting the 2007/2008 Annual Report of the Darwin Waterfront Corporation.

The report details the activities and operations of the Corporation for the year ending 30 June 2008, in accordance with the provisions of Section 30 of the *Darwin Waterfront Corporation Act 2006*.

There is no additional information attached to the report that is required to be presented under Section 30 of the Act, as there were no directions, objections, confirmations or reasons given under Section 20 of the Act during the period to which the report relates.

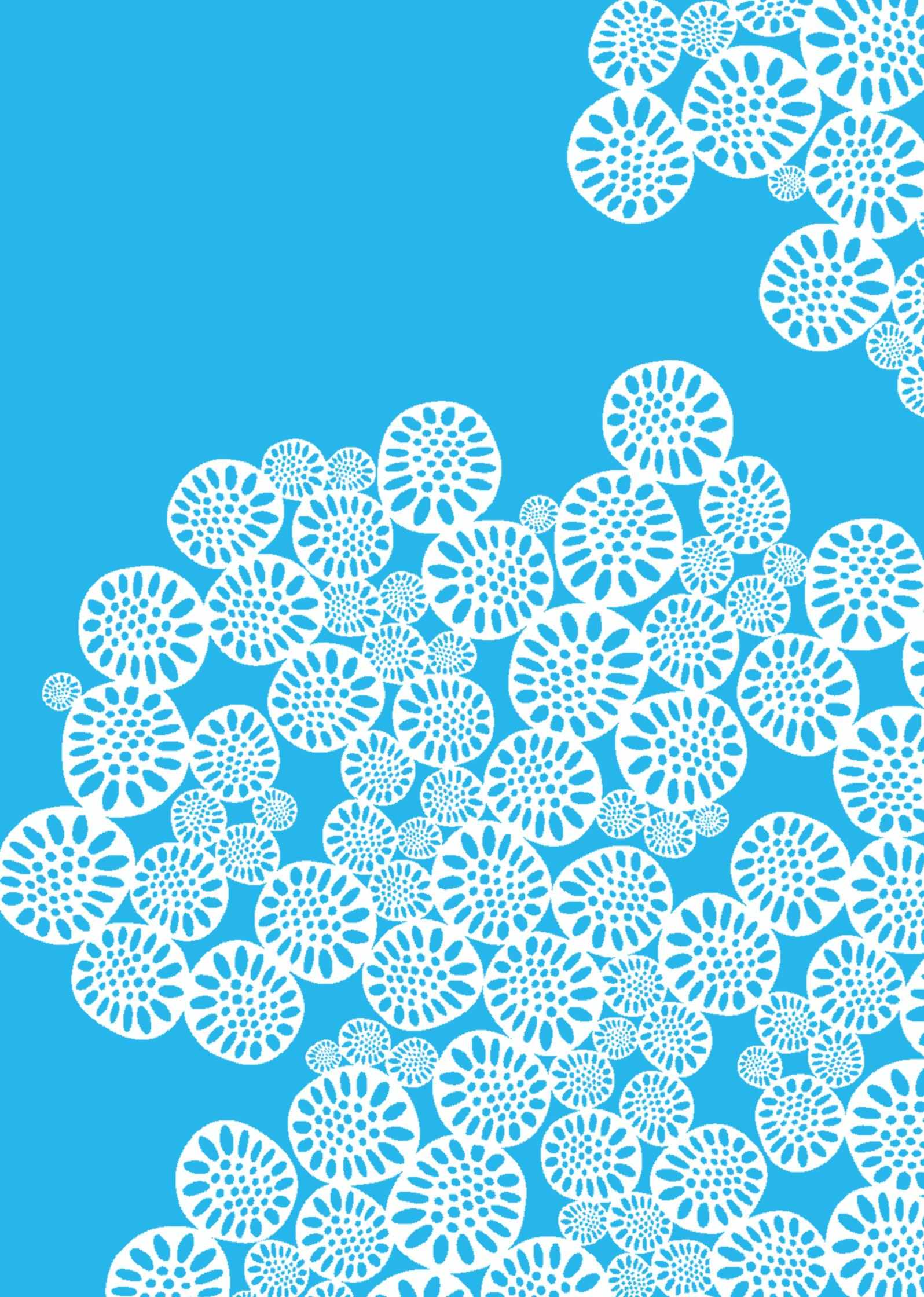
Yours faithfully



PAUL TYRRELL

Chairman

24 November 2008





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Chairman's Overview

I am pleased to present the 2007/2008 annual report of the Darwin Waterfront Corporation.

The Corporation was established by the Northern Territory (NT) Government under the *Darwin Waterfront Corporation Act 2006* to serve as the client during construction of Stage One of the Waterfront and to manage and promote the Waterfront precinct post construction.

This year marked the opening of the Darwin Convention Centre on 18 June 2008.

It was the demand for a convention centre in Darwin that provided the impetus for this development. Previous attempts to establish a convention centre in Darwin had not been viable. However, a financing model which combines a public private partnership with more traditional procurement approaches has enabled the NT Government to invest in community infrastructure and the convention centre, whilst leveraging a private sector contribution for the overall Waterfront development of around 86 per cent of the total project cost.

Construction of Stage One of the development is nearing completion with the residential elements due for completion in 2009 and the two hotels scheduled for opening in early 2009 in line with the overall community infrastructure.

The construction phase of the project has delivered significant economic benefits to the Territory. So far, contracts valued at approximately \$200 million have been awarded to local companies and around 1200 jobs have been created. In the longer term, the project is expected to generate a total increase in GSP of \$350 million over the next 25 years.

The Darwin Convention Centre has been a tremendous success since officially opening and will be a focal point of the precinct. The convention centre has already 50 booked conventions which will attract 25,000 delegates to the Territory, with many more under negotiation. This adds to the certainty that Darwin is emerging as a major convention destination in both the national and international convention markets.



The Corporation is progressing a number of activities including the excision of the precinct from the municipality of Darwin, the development and implementation of by-laws, commencement of operations at the precinct and working closely with the Darwin City Council on a shared services agreement.

The Corporation is also working closely with the NT Government's Department of Planning and Infrastructure, which is managing delivery of the project to the end of Stage One and will continue to undertake a project management role in conjunction with the Corporation.

The Corporation has an active role along with the residential and hospitality developer to deliver significant public art to the precinct and implement a public art strategy that will see the Waterfront emerge as a premier art and cultural precinct in the Territory.

During the life of the project thus far there have been enormous contributions by both the public service and the private sector to realise the Government's vision. I congratulate our private sector partners: ABN Amro (part of the Royal Bank of Scotland group), the Toga Group, Sitzler Laing O'Rourke Joint Venture, Sitzler Pty Ltd, Macmahon, AEG Ogden, Honeywell and Hindmarsh SA.

For their continued dedication to this project over this past year, I would like to thank the Corporation's Chief Executive Officer, Pat Coleman, Chief Financial Officer, Andrew Kirkman, and staff, Project Administrators, Brendan Lawson and Terry O'Neill, with the Department of Planning and Infrastructure, and my fellow board members.

On behalf of the board, I look forward to the completion of Stage One of the project including public spaces, hotels and apartments in 2009.

A handwritten signature in black ink, appearing to read 'Paul Tyrrell'.

PAUL TYRRELL
Chairman

Project Snapshot

Revitalisation of the 25 hectare pre-industrial site of the Darwin Waterfront is well advanced.

The catalyst for the development, the Darwin Convention Centre, was spectacularly opened in June of this year with community events celebrating this important milestone for the project and for Darwin. This outstanding facility now provides Darwin with the ability to host large local, national and international conventions, events and exhibitions and the first months of operations have resulted in overwhelming applause from delegates and participants of these events.

Several community infrastructure elements of the project have also reached completion, including marine works, sea wall, roads, services and cruise ship terminal.

The coming year will see the delivery of the remaining elements of Stage One of the development including public domain beaches, promonades and parks, wave lagoon, car park, hospitality and residential developments.

Details of each element of the project and their progress follows.



STAGE ONE

Darwin Convention Centre

The Darwin Convention Centre was granted practical completion one month ahead of schedule on the 7 April 2008 and was officially opened on the 18 June 2008. Over 17,000 people attended the community celebrations held from the 18-22 June to mark the opening.

The purpose designed Darwin Convention Centre features:

- Plenary Hall seating for 1500 people tiered theatre-style with the ability to divide into two equal spaces;
- Exhibition Hall area of 4020m² with capacity for up to 225 exhibition booths and the ability to divide into three spaces;
- Function rooms that can cater for up to 630 people theatre-style or 420 people banquet-style with the ability to divide into three spaces;
- Flexible meeting rooms that can cater for 70 to 170 people theatre style and can be divided into two or four spaces;
- State of the art, cutting edge technology.

The convention centre was developed under a build-own-operate-transfer back arrangement with the design, construction and operation of the convention centre the responsibility of the consortium developers for 25 years and the NT Government making payments once the building is 'fit for purpose' and fully operational. At the end of the 25 year period, it will revert to Territory ownership. The convention centre is maintained by Honeywell and operated by AEG Ogden.

The Darwin Waterfront Corporation undertakes obligations and entitlements of the NT Government in respect of the convention centre and future private elements of the development.

Community Infrastructure

Community infrastructure will encompass:

- A 656m long sea wall, equivalent to three storeys high, which will create a 4 hectare impounded water body;
- Shady parklands and foreshores and 2km of promenades;
- A beach and 4000 m² wave lagoon;
- 1,061 car parks including a multi-storey car park for 500 cars;
- A cruise ship terminal on the hard-stand area adjacent to Fort Hill Wharf;
- A sheltered pedestrian link to the city connecting with a bridge over the escarpment and a glass-sided lift;
- Public art and heritage interpretation.

The community infrastructure elements are being funded by the NT Government, except for public art and heritage interpretation which is being jointly funded by the NT Government and the Toga Group.

Construction progress:

Public Domain - The public domain encompasses a large beach area, shade structures, promenades and landscaped areas that will be permanently accessible to the public. The beach, shade structures and substantial sections of the promenades and landscaping are now complete. The public domain is targeted for completion in early 2009, with opening to coincide with other remaining elements of Stage One.

Sea wall - The sea wall was completed in late 2007.

Wave lagoon - Major elements of the wave lagoon are due for completion in late 2008, and commencement of operations targeted for early 2009 in line with adjacent developments and commissioning of wave generators.

Cruise Ship Terminal - The cruise ship terminal reached practical completion on the 8 July 2008 and a permit to occupy was issued on the 31 October 2008. The Darwin Port Corporation will own and manage the terminal.

Multi-Storey Public Carpark - Construction of the 500 bay multi-storey public carpark (141 allocated to hotels) located on Kitchener Drive is largely complete and opening targeted for early 2009 in line with other Stage One elements.

Bridge Link - The pedestrian bridge over Hughes Avenue will connect Smith Street to the Waterfront Precinct. Pedestrian access to the Waterfront will be via existing escarpment stairs to Hughes Avenue or McMinn Street until the Bridge Link is complete. Construction is targeted for completion in early 2009 to coincide with other Stage One works.

Project Snapshot

Smith Street Walkway (Connection) -

Design concepts have been revisited and discussed with various stakeholders, and following amendments resulting from the consultation the detailed design is proceeding with completion expected mid 2009.

Capital works - Decontamination of the previous industrial use site will continue throughout the development. Road works and power, water and stormwater services are complete.

Residential and Hospitality

The residential and hospitality development for Stage One involves:

- Approximately 140 residential apartments in three blocks;
- A signature restaurant;
- A 121-room Medina apartment hotel;
- A 120-room Vibe hotel;
- Commercial and retail spaces and associated infrastructure including a marina and lock.

The residential and hospitality elements will be delivered by the private sector developer, the Toga Group.

Construction progress:

Hotels - The Medina and Vibe developments are largely constructed and are on schedule for completion in early 2009, with first bookings for accommodation in February 2009.

Residential/mixed use buildings - Construction to level 5 with expected completion by mid 2009 and occupation to follow.

STAGE TWO

Stage Two will be a staged development, to be built progressively over time, and is the responsibility of the Stage Two project developer, the Toga Group.

Stage Two encompasses:

- 1300 residential apartments;
- Commercial and retail spaces;
- Community infrastructure including roads and services, pedestrian promenades and public parks.

It is expected full site development will occur over 15 years. The final sunset date for completion of the development is 2020.

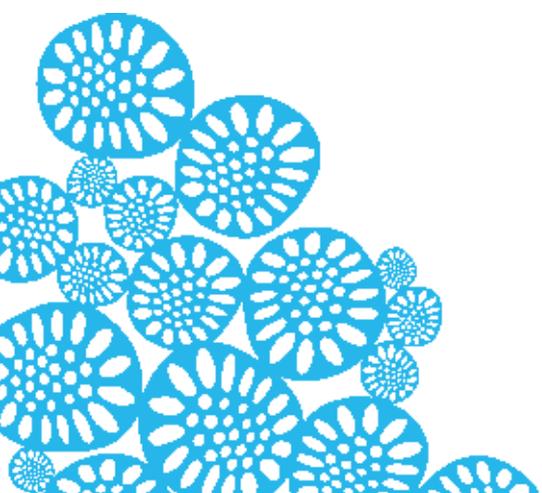
Environmental Management

The Waterfront site was previously used to store bitumen and stockpile minerals, requiring an exceptional level of environmental assessment and monitoring to be carried out which will continue throughout the duration of the project.

An Environmental Impact Study (EIS) was prepared by URS in 2004 as well as further studies to investigate air, noise and marine sediment quality and soil, groundwater and marine contamination. An Independent Contaminated Land Auditor has been appointed for the duration of the project and a Remediation Action Plan prepared.

Decontamination will involve rehabilitating soil at the site using environmentally-friendly and cost effective bio-remediation methods.

The Waterfront precinct is being built on an area that is reclaimed land, with further reclamation now undertaken to build the foundations for the convention centre, the residential/mixed use buildings and the cruise ship terminal. As marine mud has been dredged from the reclamation areas, an Ecological Risk Assessment has also been carried out and magnometer investigations undertaken to determine the occurrence of metalliferous objects as the site was bombed heavily during World War II.



Design Quality and Sustainability

Construction of a multi-element, seaside development in a tropical climate demands both high standards of build quality and consistency of style across the entire precinct. To maximise consistency the project employs one architectural firm, Hassell, for the design of the major elements.

Sustainability features stand out across the entire project, consistent with the desire to create a long lasting facility which is accessible to the entire Darwin community and its visitors and to ensure environmental and climatic conditions are harnessed and managed to the maximum extent.

Residential apartments contain natural ventilation and appropriate sun control with respect to their orientation and location, and in the same manner the convention centre includes many shading and reflective features to best deal with the huge solar load it will experience. All buildings across the site shall allow free circulation of air and sea breezes between them, consistent with the need to accommodate the warm and humid local air, with sheltered walkways to provide relief from direct sunlight and rain. Ground floors of all buildings are designated as public use facilities, maximising access to space and facilities.

Sustainability features stand out across the entire project, consistent with the desire to create a long lasting facility which is accessible to the entire Darwin community and its visitors and to ensure environmental and climatic conditions are harnessed and managed to the maximum extent.



Role of the Darwin Waterfront Corporation

The Darwin Waterfront Corporation is a statutory authority established under the *Darwin Waterfront Corporation Act 2006*.

The Corporation was established in 2006 by the Northern Territory (NT) Government to develop, manage and service the Waterfront precinct for the benefit of the community and on behalf of government, and to promote the precinct as a place of residence and business and a venue for public events and entertainment.

The Corporation has commenced preparations to perform functions bestowed upon it including the excision of the precinct from the municipality of Darwin, and the creation and introduction of by-laws. The Corporation's by-laws are for matters relating to promotional activities; use of land and water within the precinct; care and maintenance of the precinct; and preservation of good order and regulation of conduct in the precinct and may prescribe a fine for an offence against the by-laws.

Other functions include the development of land and management of property that is owned or controlled by the Corporation including the maintenance of the quality of any water body or recreational facility at the precinct.

The Corporation will be responsible for the development and maintenance of municipal services and other civic amenities and is undertaking the client role on behalf of the NT Government during construction of Stage One.

Municipal services and amenities to be provided by the Corporation include sanitation, garbage collection and street cleaning; roads, footpaths, parking and traffic control; public places including parks and public toilets; storm drainage; street lighting and any other matters specified by regulation.

The Corporation will impose rates on land in the precinct for the funding of municipal services, may impose a levy for the funding of promotional activities and may charge fees for services provided by or for the Corporation.

The Corporation also undertakes responsibilities on behalf of the NT Government for obligations and entitlements in respect of the Darwin Convention Centre.

To develop, manage and service the Waterfront precinct for the benefit of the community and on behalf of government, and to promote the precinct as a place of residence and business and a venue for public events and entertainment.



Board Member Profiles



CHAIRMAN

Mr Paul Tyrrell

Appointed Chairman
3 December 2006
BEc, DipCE, FIEAust,
CPEng, FCILT

Paul Tyrrell retired as Chief Executive (CE) of the Northern Territory Department of the Chief Minister on 31 January 2008 after eight and a half years in the job.

Senior past appointments have included CE of the AustralAsia Railway Corporation, CE of the Department of Lands and Housing, Department of Transport and Works and the Darwin Port Corporation.

Paul has played a key role in many infrastructure projects over the past 30 years including the East Arm Port and Adelaide to Darwin railway, and recently the Darwin Convention Centre and Waterfront redevelopment and the NT Gas Taskforce.



CHIEF EXECUTIVE OFFICER

Mr Patrick Coleman

Appointed CEO
11 December 2006
BAppSc (Building),
MAIPM, MAIB

Pat Coleman is the Chief Executive Officer of the Darwin Waterfront Corporation.

Prior to his appointment to this role Pat was a director and shareholder of leading private sector project management consultant Savant Pty Ltd. In this capacity, Pat was appointed by the Northern Territory Government as Project Director to lead the tendering and commercial negotiation phase of the Waterfront project pre financial close. Post financial close, Pat continued to be involved with the Waterfront Project in the role as advisor to the DPI project delivery team.

Pat has been involved in a senior capacity with numerous private and public sector projects throughout the Northern Territory, Australia and South East Asia in the areas of health infrastructure, rail, commercial building, retail development, land development, airports, entertainment, casinos and hotels and convention centre projects.



MEMBER

Ms Jennifer Prince

Appointed
3 December 2006
DipRad

Jennifer Prince has been Under Treasurer since 2002 following five years as Deputy Under Treasurer.

As well as being the Chief Executive of Treasury, Jennifer is chair of the Treasury Corporation Board and a member of the Charles Darwin University Council and Legislative Assembly Members' Superannuation Trust. She also has responsibilities in a range of high level interagency committees including the Capital Works Sub-committee.

Jennifer joined the Northern Territory public service in 1979, originally in the Department of Health, before transferring to Treasury in 1985. Jennifer's experience relates to health policy issues, hospital management and intergovernmental financial and budget policy matters.



MEMBER

Ms Maree Tetlow

Appointed
3 December 2006
BBus(Hons), FAICD

Maree Tetlow was appointed Chief Executive of Tourism NT (formerly Northern Territory Tourist Commission) in March 2002. Prior to this, Maree worked with a variety of destination marketing agencies spanning more than 20 years.

Since arriving in the Northern Territory Maree has successfully steered the organisation through some very difficult years following the collapse of Ansett Airlines, the September 11 terrorist attacks and SARS. One of her first major tasks was the development of a five year strategic plan to guide the tourism industry's future direction.



MEMBER

Mr Richard Hancock

Appointed 23 January 2008

BBus, MAICD, MIMM

Richard Hancock took up the role of Chief Executive Officer of the Northern Territory Department of Planning and Infrastructure (DPI) in November 2007.

Richard has spent the majority of his career in the corporatised and private sectors predominantly in senior financial management, marketing and account management roles.

For the past 10 years Richard worked in Local Government in NSW, QLD and Victoria and was a Chief Executive Officer for seven of those years. His time in Local Government includes the City of Sydney in the lead up to the 2000 Olympics and in south eastern Queensland - one of the fastest growing regions in Australia.

Prior to taking up his appointment with DPI in Darwin, Richard was employed for a three year period as Chief Executive Officer with the Ballarat City Council in Victoria. He has also studied regional development theory and practice in both the United States and the United Kingdom and has led business delegations to India, China, South Korea and Japan.



MEMBER

Mr Mike Burgess

Appointed 21 February 2008

BE(Civil)

Mike Burgess was appointed Chief Executive (CE) of the Department of the Chief Minister on 1 February 2008. Mike has pursued his professional career in the Northern Territory since 1979 in areas ranging from water supply, wastewater and electricity supply, to sustainable natural resource management. In that time he has been involved in the development of major infrastructure and strategies to improve essential services in urban and remote areas of the Territory and has lived and worked in Darwin, Alice Springs and Katherine.

Mike has previously held senior positions in the Northern Territory Government, including Executive Director, Conservation and Natural Resources in the Department of Infrastructure, Planning and Environment, Deputy CE in the Department of the Chief Minister, CE, Department of Business, Industry and Resource Development, CE, Department of Business, Economic and Regional Development, and CE, Department of Local Government, Housing and Sport.

Mike has also served on the Boards of various NT Authorities and research institutions, including the Savannas CRC, the Darwin Port Corporation, the Major Events Company, the Conservation Land Corporation and the Tourism NT Advisory Board.



MEMBER

Ms Sarah Butterworth

Appointed 3 December 2006 /

Resigned 16 December 2007

GradDipPSEM, MAICD

Sarah Butterworth was previously Chief Executive Officer of the Department of Planning Infrastructure, formerly the Department of Infrastructure, Planning and Environment.

Sarah worked in the public sector of the Northern Territory for 35 years and her prior roles included Chief Executive Officer of the Department of Corporate and Information Services and the Work Health Authority and Deputy Secretary of the Department of Asian Relations, Trade and Industry; the then Power and Water Authority; and the Department of the Chief Minister.

Board Members' Report

The Board Members present their report on the accounts for the period ended 30 June 2008.

MEMBERS

The following persons held office as Members of the Darwin Waterfront Corporation ("the Corporation") during the year and up to the date of this report:

- Paul Tyrrell (Appointed Chairman 3 December 2006)
- Pat Coleman (Appointed Chief Executive Officer 11 December 2006)
- Jennifer Prince (Appointed 3 December 2006)
- Maree Tetlow (Appointed 3 December 2006)
- Richard Hancock (Appointed 23 January 2008)
- Mike Burgess (Appointed 21 February 2008)
- Sarah Butterworth (Appointed 3 December 2006, resigned 16 December 2007)

Further details on Members are provided at Note 13 to the financial statements and profiles of members at page 10 and 11 of the Annual Report.

PRINCIPAL ACTIVITIES

The Darwin Waterfront Corporation is a statutory authority established to develop, manage and service the Waterfront precinct for the benefit of the community and on behalf of Government. The Corporation will promote the precinct as a place of residence and business and a venue for public events and entertainment.

MINISTERIAL DIRECTIONS

No written ministerial directions were received by the Corporation under Section 20 of the *Darwin Waterfront Corporation Act 2006* for the period ending 30 June 2008.

REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES DURING THE FINANCIAL PERIOD

The Corporation was established on 19 September 2006 and has commenced preparations for the performance of functions bestowed upon it under the *Darwin Waterfront Corporation Act 2006*, including:

- development of land in the precinct that is owned or controlled by the Corporation;
- management of property (including land and marine infrastructure) in the precinct that is owned or controlled by the Corporation;
- promoting the precinct as a place of residence and business and a venue for public events and entertainment;
- undertaking the client role on behalf of the Territory Government for construction currently being carried out in the precinct;
- preservation of good order in the precinct;
- provision of municipal services in the precinct;
- development and maintenance of other civic amenities and facilities in the precinct;
- advising the Minister about the precinct; and
- development and management of land not currently forming part of the precinct as directed by the Minister and

in accordance with the regulations.

During the financial year significant assets and liabilities were transferred from the Department of Planning and Infrastructure to the Corporation including precinct land, Convention Centre financial asset and liability and completed Community Infrastructure components. These assets and liabilities will be managed by the Corporation on behalf of the Northern Territory Government throughout operations of the precinct.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

At the date of this report there is no matter or circumstance which has arisen since 30 June 2008 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 30 June 2008, of the Corporation, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 30 June 2008, of the Corporation.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Corporation expects to receive operational grants from the Territory Government and payments towards operational expenditure during the 2008-09 financial year, and perform any other services necessary to perform responsibilities required under the *Darwin Waterfront Corporation Act 2006*.

AUDITOR

The Auditor-General is appointed Auditor in accordance with Section 32 of the *Darwin Waterfront Corporation Act 2006*.

This report is made in accordance with a resolution of the Board Members.



PAUL TYRRELL

Chairman

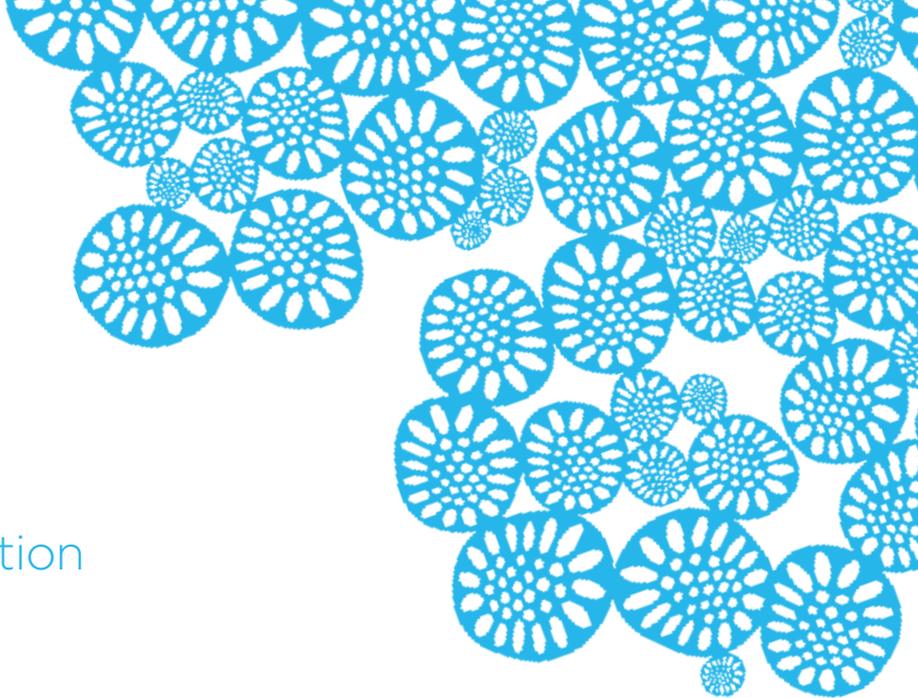
13 November 2008



PATRICK COLEMAN

Chief Executive Officer

13 November 2008



Board Members' Declaration

The Board Members declare that:

1. the financial statements and notes:
 - a) are in accordance with the *Darwin Waterfront Corporation Act 2006* and comply with Australian Accounting Standards (including Australian Accounting Interpretations) and;
 - b) give a true and fair view of the Corporation's financial position as at 30 June 2008 and of its performance for the period ended on that date;
2. in the opinion of the Board Members, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board Members.

PAUL TYRRELL

Chairman

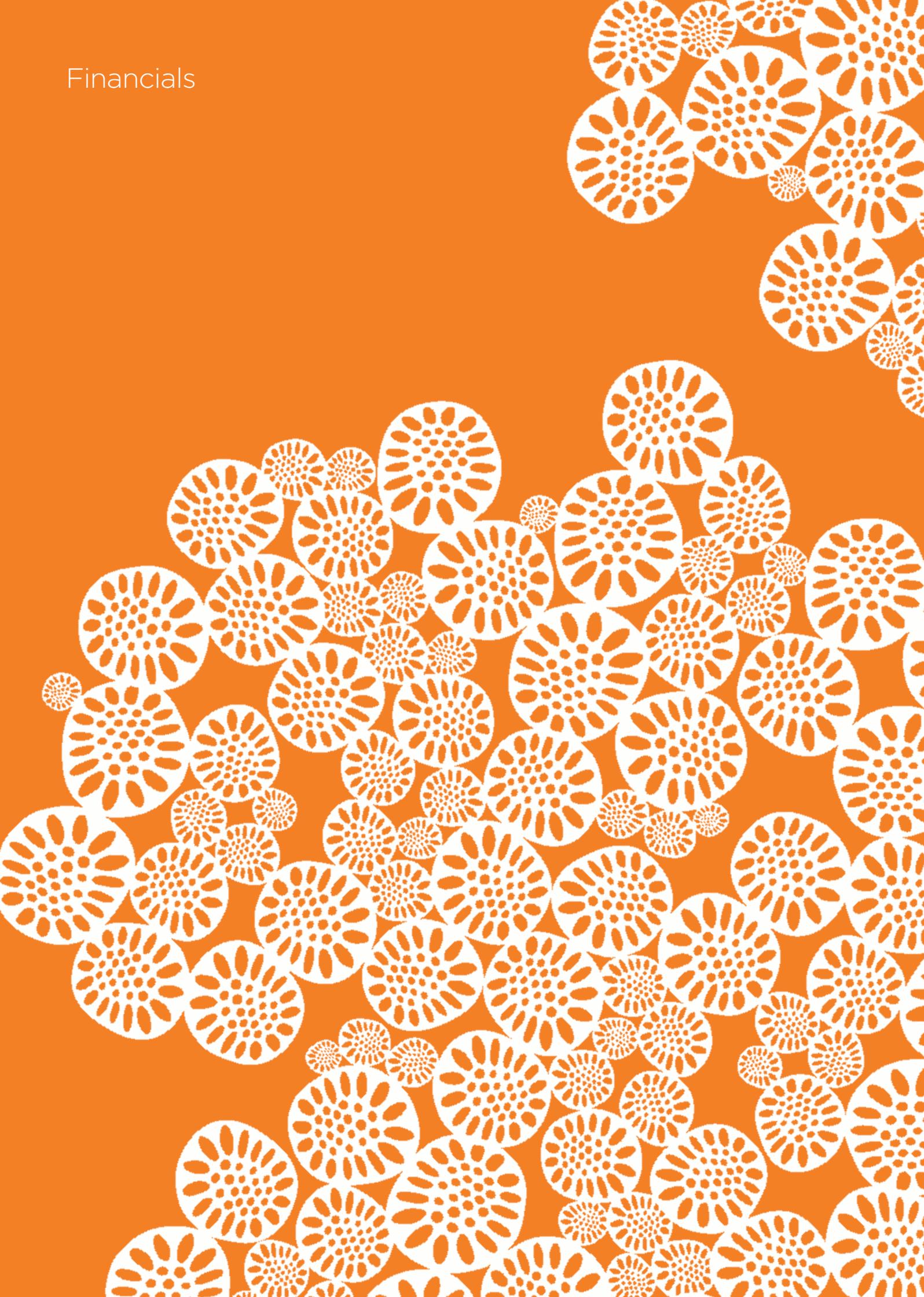
13 November 2008

PATRICK COLEMAN

Chief Executive Officer

13 November 2008

Financials



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Balance Sheet

as at 30 June 2008

	Notes	2008 \$000	2006 \$000
Current Assets			
Cash and Cash Equivalents	2	742	0
Receivables	3	157	0
Total Current Assets		899	0
Non Current Assets			
Property, Plant and Equipment	4	167,824	0
Total Non Current Assets		167,824	0
TOTAL ASSETS		168,723	0
Current Liabilities			
Payables	5	671	0
Finance Lease Liability	6	673	0
Total Current Liabilities		1,344	0
Non Current Liabilities			
Finance Lease Liability	6	89,011	0
Total Non Current Liabilities		89,011	0
TOTAL LIABILITIES		90,355	0
NET ASSETS		78,368	0
EQUITY			
Contributed Equity	9	78,140	0
Accumulated Funds		228	0
TOTAL EQUITY		78,368	0

The Balance Sheet should be read in conjunction with notes to the financial statements.

Income Statement

For Financial Period ended 30 June 2008

	Notes	2008 \$000	2007 \$000
Revenue			
Income	7	2,469	0
TOTAL REVENUE		2,469	0
Expense			
Expenses	8	2,241	0
TOTAL EXPENSE		2,241	0
SURPLUS/(DEFICIT) BEFORE AND AFTER TAX	10	228	0

The Income Statement should be read in conjunction with notes to the financial statements.

Statement of Changes in Equity

for Financial Period ended 30 June 2008

	Note	2008 \$000	2007 \$000
BALANCE OF EQUITY AT 1 JULY	9		
Contributed Equity			
Balance at 1 July		0	0
Equity Injections		78,140	0
Balance of Contributed Equity at 30 June	9	78,140	0
Accumulated Funds			
Balance at 1 July		0	0
Surplus/(Deficit) for the Period		228	0
Balance of Accumulated Funds at 30 June	9	228	0
BALANCE OF EQUITY AT 30 JUNE	9	78,368	0

The Statement of Changes in Equity should be read in conjunction with notes to the financial statements.

Cash Flow Statement

for Financial Period ended 30 June 2008

	Note	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts		2,469	0
Operating Payments		1,727	0
Net Cash Provided By/(Used In) Operating Activities		742	0
NET INCREASE (DECREASE) IN CASH HELD	10	742	0
Cash and Cash Equivalents at Beginning of Reporting Period		0	0
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		742	0

The Statement of Cash Flows should be read in conjunction with notes to the financial statements.

Notes To and Forming Part of the Financial Statements

30 June 2008

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared on an accruals basis and is based on historical cost. The report has been prepared in accordance with the requirements of the *Darwin Waterfront Corporation Act 2006*, Accounting Standards including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The *Darwin Waterfront Corporation Act 2006* requires that accounting and reporting obligations imposed and standards required by the *Corporations Act 2001* apply to the Darwin Waterfront Corporation (Corporation) as if the Corporation were a public company incorporated under the *Corporations Act 2001*, and the Territory were the shareholders of the company.

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

Goods and Services Received Free of Charge

The Corporation utilised resources and services of Territory Government agencies for its operations during the financial year. Expenses originally funded by the Department of the Chief Minister during this period were fully reimbursed.

Basis of Preparation

The Corporation has prepared its financial statements in accordance with the Australian Accounting Standards.

Due to the application of Australian specific provisions contained only within Australian Accounting Standards, this financial report is not necessarily compliant with all International Financial Reporting Standards.

a) Going Concern Assumption

The ongoing operations of the Corporation are reliant on the continued funding by the Northern Territory Government.

b) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash held in the Darwin Waterfront Corporation Operating Account.

c) Darwin Waterfront Infrastructure, Other Property, Plant and Equipment and Depreciation

The Corporation annually reviews the carrying balances of its assets in accordance with Accounting Standards to ensure any impairment loss is appropriately recorded. Whilst reviewing carrying balances, the Corporation considers the nature of its operations as not for profit and its assets are held for the benefit of the community. Hence the service potential (value in use) of assets to the community, as opposed to asset's ability to generate profits, is paramount in determination of impairment and that depreciated replacement cost is considered an appropriate basis on which to value the assets given the Corporation would, if deprived of the assets, replace their remaining future economic benefits.

- Darwin Waterfront infrastructure is recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition;
- Plant and equipment acquired are recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition; and
- Depreciation/amortisation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. As all assets were transferred to the Corporation and commenced use at or around 30 June 2008, no depreciation or amortisation was recorded against assets for the financial year to 30 June 2008.

d) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. No interest was payable on the loans for either financial period.

e) Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

f) Leased Assets

Operating lease payments, where substantially all risks and benefits incidental to the ownership of the asset remain with the lessor, are recognised as expenses in the periods in which they are incurred.

A finance lease is currently recognised in respect of the Darwin Convention Centre. Interest expenses associated with the repayment obligations are recognised as expenses in the period in which they fall due for payment, Principal repayment obligations are recognised as a reduction of the outstanding lease liability in the period they fall due for payment.

g) Receivables

Receivables are recorded at amounts due less any provision for doubtful debts.

h) Revenue Recognition

Grant income and interest income is recognised as they accrue. All revenue is stated net of the amount of goods and services tax (GST).

i) Creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to Balance Date, whether or not billed to the Corporation. Trade creditors are normally settled within 30 days.

j) Financial Assets and Liabilities

Financial assets and liabilities are measured at cost and recognised when it is probable that the economic benefits embodied in the asset or the future sacrifice of economic benefits required of the liability will eventuate.

k) Employee/Member Benefits

The Northern Territory Government has funded all Corporation employee annual leave, leave bonuses, Superannuation Guarantee Levy, long service leave and other employee benefits. All employee provisions are retained within the accounts of Government.

l) Taxation

The Darwin Waterfront Corporation is exempt from income tax.

m) Change in Accounting Policies

There have been no changes in accounting policies in the current financial period.

n) Rounding of Amounts to Nearest Dollar

Amounts are presented in Australian dollars and have been rounded off in the Members' Report and financial statements to the nearest dollar unless otherwise indicated.

o) Darwin Convention Centre Concession Arrangements

The Northern Territory of Australia entered into contractual arrangements with Darwin Cove Convention Centre Pty Ltd (the Concession Holder) under which, in return for a right to operate a convention centre, the Concession Holder was required to design, finance, construct, commission, control, operate, maintain, repair and refurbish the centre.

The Concession Holder, in turn, entered into a contractual arrangement with Ogden IFC (Darwin) Pty Ltd, now AEG Ogden, (the Operator) to operate and manage the centre. The concession arrangement will operate for a period of 25 years until June 2033, including a 3 year hand-over phase.

The Concession Holder has also entered into separate contractual arrangements with Honeywell Ltd (the Facilities Manager) for the maintenance, repair and refurbishment of the facility over the period until the Centre is handed over to the Territory.

The concession arrangements provide for a payment by the Corporation of periodic payments to the Concession Holder for the life of the concession period of 25 years following the construction of the centre. This payment primarily represents payments made in respect of debt, equity, construction and maintenance aspects of the project. Up to 75 per cent of this payment is subject to abatement if the facility should be unavailable, if the facility fails to meet availability standards or if the Operator fails to achieve key performance indicators.

In addition the arrangements also provide for the payment of a Territory Operating Payment that comprises the net cash shortfall arising from the operation of the convention centre during a year, capped to a maximum contribution and subject to negotiation. The legal framework for the centre includes incentives intended to encourage the Operator to exceed benchmark levels of performance.

Notes To and Forming Part of the Financial Statements

30 June 2008

Expenses incurred under the availability payment and operating payment arrangements are included in the Income Statement for the year.

Under separate project delivery deeds the Northern Territory of Australia has contracted the Darwin Cove Convention Centre Pty Ltd to design and construct community infrastructure at the Precinct. The control of those assets has/will be vested in the Corporation on completion.

Separate project delivery deeds cover the development of hospitality and residential projects by the Toga Group.

The liability under the Territory Availability Payment arrangement has been recognised as a liability of the Corporation. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the availability payment. The Corporation has also recognised the convention centre as an asset, being the Corporation's equitable interest in the underlying physical asset. That asset will be amortised on a straight line basis over the life of the concession period.

	2008	2007
	\$000	\$000
NOTE 2 CASH AND CASH EQUIVALENTS		
Operating Account	742	0
Cash on Hand	0	0
Total Cash	742	0
NOTE 3 RECEIVABLES		
Current		
Goods and Services Tax Refunds Receivable	157	0
Other Receivables	0	0
Total Receivables	157	0
Consisting of:		
Territory Government Agencies	0	0
External Bodies	157	0
Total Receivables	157	0
The 'Other Receivables' do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Board does not hold any collateral in relation to these receivables.		
NOTE 4 (A) PROPERTY, PLANT AND EQUIPMENT		
Land	9,278	0
Finance Lease Assets		
Convention Centre	105,346	0
Total Finance Lease Assets	105,346	0
Community Infrastructure Assets		
Marine Infrastructure (at cost)	41,800	0
Roads and Services (at cost)	11,400	0
Total Community Infrastructure Assets	53,200	0
Total Property, Plant and Equipment	167,824	0

NOTE 4 (B) PROPERTY, PLANT AND EQUIPMENT (RECONCILIATION)

Reconciliations of the carrying amounts of property, plant and equipment are set out below:

	Land \$000	Convention Centre \$000	Community Infrastructure \$000	Total \$000
Balance at 1 July 2007	0	0	0	0
Additions (Via Asset Transfer from Department of Planning and Infrastructure)	9,278	105,346	53,200	167,824
Depreciation and Amortisation	0	0	0	0
Disposals	0	0	0	0
Balance at 30 June 2008	9,278	105,346	53,200	167,824

The Corporation annually reviews the carrying balances of its assets in accordance with Accounting Standards to ensure any impairment loss is appropriately recorded. Whilst reviewing carrying balances, the Corporation considers the nature of its operations as not for profit and its assets are held for the benefit of the community. Hence the service potential (value in use) of assets to the community, as opposed to asset's ability to generate profits, is paramount in determination of impairment and that depreciated replacement cost is considered an appropriate basis on which to value the assets given the Corporation would, if deprived of the assets, replace their remaining future economic benefits.

In its review of impairment of assets at balance date, the Corporation has determined that both Convention Centre and Community Infrastructure assets had no diminution of service potential since the date of their hand over and as such no impairment loss has been recorded.

	2008 \$000	2007 \$000
NOTE 5 PAYABLES		
Current		
Accrued Expense	671	0
Total Creditors	671	0
Consisting of:		
Northern Territory Government Agencies	671	0
External Bodies	0	0
Total Creditors	671	0
NOTE 6 FINANCE LEASE LIABILITY		
Darwin Convention Centre		
Current Finance Lease Liability	673	0
Non-Current Finance Lease Liability	89,011	0
Total Finance Lease Liability	89,684	0

The Department of Planning and Infrastructure transferred the finance lease asset and liability for the Darwin Convention Centre following opening in late June 2008. The finance lease liability was reduced by the payment for substructure elements at completion.

Notes To and Forming Part of the Financial Statements

30 June 2008

	2008 \$000	2007 \$000
NOTE 7 REVENUE		
Income from Ordinary Activities		
Government Contributions	2,469	0
Other Revenue	0	0
Total Revenue	2,469	0
NOTE 8 EXPENSES		
Auditors' Remuneration - Audit Services	0	0
Other Operating Expenditure Classified by Nature		
Convention Centre Payments	935	0
Depreciation/Amortisation	0	0
Employee Expenses (Reimbursed to Department of the Chief Minister)	466	0
Opening Ceremonies	496	0
Other	344	0
Total Expenses	2,241	0
NOTE 9 EQUITY		
Capital		
Balance as at 1 July	0	0
Equity Injections		
Equity Transfers In	78,140	0
Balance of Capital as at 30 June	78,140	0
Accumulated Funds		
Balance as at 1 July	0	0
Surplus / (Deficit) for the Period	228	0
Balance of Accumulated Funds as at 30 June	228	0
TOTAL EQUITY	78,368	0
NOTE 10 CASH FLOW STATEMENT		
Reconciliation of Operating Surplus/(Deficit) After Tax to Net Cash Flows from Operations		
Operating Surplus/(Deficit) After Tax	228	0
Changes Not Requiring Funds		
Depreciation / Amortisation	0	0
Assets Written Down	0	0
Changes in Assets and Liabilities		
Increase in Receivables	(157)	0
Increase in Prepayments	(0)	0
Net Increase in Creditors/Provisions Relating to Operations	671	0
Net Cash Provided By/(Used In) Operations	742	0

NOTE 11 SERVICES RECEIVED FREE OF CHARGE

During the 2007-08 financial period, the Corporation received advisory services from officers of the Territory Government at no charge. However, operations of the Corporation funded by the Department of the Chief Minister were repaid in full.

NOTE 12 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

This note describes the Corporation's objectives, policies and processes for managing risks that may arise from use of financial instruments and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

	2008 \$000	2007 \$000
The Corporation hold the following financial instruments:		
Financial assets		
Cash Assets	742	0
Receivables	0	0
Total Financial Assets	742	0
Financial Liabilities		
Payables	671	0
Convention Centre Lease Liabilities	89,684	0
Total Financial Liabilities	90,355	0

The Board has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Corporation's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Corporation where such impacts may be material. The Board receives a minimum of six reports per annum from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's flexibility. Further details regarding these policies are set out below:

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Corporation incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Corporation's outstanding receivables and committed transactions.

(c) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring forecast and actual cash flows and is fully funded by the Northern Territory Government as required.

Notes To and Forming Part of the Financial Statements

30 June 2008

NOTE 12 FINANCIAL RISK MANAGEMENT (CON'T)

The following table details the Corporation's remaining contractual maturity for commitments relating to its financial assets and liabilities:

Maturity Analysis – 2008	Carrying Amount \$000	1 Year or less \$000	2-5 Years \$000	Over 5 Years \$000
Financial Liabilities				
Payables	671	671	0	0
Convention Centre Lease Commitments:				
- Fixed (including interest)	92,819	3,713	18,564	70,542
- Variable (including interest)	99,673	2,919	15,726	81,028
- Less Interest Components	(102,807)			
Total Centre Lease Liabilities:	89,684			
Total Financial Liabilities	90,355	45	0	55,050
Financial Assets				
Cash Assets	742	742	0	0
Receivables	0	0	0	0
Total Financial Assets	742	742	0	0

(d) 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 primary market risk that the Corporation is exposed to is interest rate risk.

The entity has minimal exposure to interest rate risk with the exception of cash at bank. The debt profile on Convention Centre payments were locked in at financial close of the project in May 2005 and incorporates two bond components, one fixed and one linked to CPI. As such, Convention Centre payments are not exposed to interest rate risk. The exposure to interest rate risk on financial assets and financial liabilities is set out in the following table.

	2008 \$000	2007 \$000
Variable rate instrument		
Financial assets	742	0
Financial Liabilities	0	0
Total	742	0

(e) Net Fair Value

Other than the finance lease liability, the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values. The finance lease liability has a fair value of \$115 million and a carrying value of \$90 million.

NOTE 13 DETAILS OF BOARD MEMBERS

Members' Remuneration

The number of Members of the Corporation whose income from the Corporation falls within the following bands:

	2008 Members	2007 Members
\$0	6	5
\$10,000 to 19,999	1	0
Total income paid or payable, or otherwise made available to all Members of the Corporation from the Corporation.	13	0

All current Board Members, other than the Chairman, are Northern Territory public servants and remunerated by their respective agencies. CEO's remuneration is included in key management personnel remuneration below.

Key management personnel remuneration

The key management personnel remuneration is as follows:

	2008 \$000	2007 \$000
Short-term employee benefits	213	0
Other long term benefits	0	0
Post-employment benefits	0	0
Termination benefits	0	0
Total Key Personnel Remuneration	213	0

Short-term benefits as stated above incorporate the services of the Chief Executive Officer. These benefits are paid on a reimbursement basis as the Corporation's personnel are paid by the Territory Government.

Full Meetings of Board Members

There were 6 meetings for the 2007-08 financial period.

Numbers of meetings attended by:

Member	Number of Meetings Eligible to Attend	Number of Meetings Attended
Paul Tyrrell	6	6
Pat Coleman	6	6
Jennifer Prince	6	6
Maree Tetlow	6	6
Richard Hancock	4	3
Mike Burgess	3	3
Sarah Butterworth	2	0

Election and Continuation in Office of Board Members

The date of appointment of members:

Member	Initial Date of Appointment	Date of Resignation
Paul Tyrrell	3 December 2006	
Pat Coleman	11 December 2006	
Jennifer Prince	3 December 2006	
Maree Tetlow	3 December 2006	
Richard Hancock	23 January 2008	
Mike Burgess	21 February 2008	
Sarah Butterworth	3 December 2006	16 December 2007

Notes To and Forming Part of the Financial Statements

30 June 2008

NOTE 14 CONTINGENT LIABILITIES

The Corporation has indemnified the Darwin Port Corporation against any loss incurred in respect of its lease over Shop 7, Stokes Hill Wharf, Darwin Wharf Precinct, Lot 7249, Town of Darwin, owned and managed by the Darwin Port Corporation.

The contingent liabilities arising from the above indemnity is unquantifiable, but expected to be immaterial.

The Northern Territory of Australia is a party of a deed under which the Territory will make incentive payments intended to encourage the Convention Centre Concession Holder and the Operator to exceed benchmark levels of performance. Obligations under that deed have been assumed by the Corporation. At the 30 June 2008 it was not possible to estimate reliably either the probability or amount of any future payments that might be made under this arrangement.

The Corporation has indemnified Darwin the Convention Centre Concession Holder from any loss incurred during opening events held in June 2008. The Corporation has not been notified of any loss incurred as a result of the opening events.

Other than these indemnities, the Corporation had no guarantees, indemnities or other known contingent liabilities at 30 June 2008.

NOTE 15 COMMITMENTS

There are no further commitments than those quantified within the financial statements.

NOTE 16 SEGMENTS

The Corporation operates solely in Australia to manage and operate the Darwin Waterfront Precinct.

NOTE 17 OTHER STATUTORY INFORMATION

Distributions

No dividends or distributions were made during the financial period ended 30 June 2008. No dividends or distributions are proposed.

Domicile of the Corporation

Darwin, NT, Australia

Number of Employees

The Corporation had 4 employees during the financial period fully remunerated by the Northern Territory Government.

Corporation Details

Principal Place of Business: Ground Floor, Tourism House
43 Mitchell Street, Darwin, NT, 0800

Postal Address: GPO Box 4396
DARWIN NT 0801

Indemnifying Officers

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid by the Corporation, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.



Auditor-General

Independent Auditor's Report to the Members Darwin Waterfront Corporation

Year Ended 30 June 2008

I have audited the accompanying financial report of Darwin Waterfront Corporation which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Board Members for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Darwin Waterfront Corporation as of 30 June 2008, and of its financial performance, its cash flows and its changes in equity for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Darwin Waterfront Corporation Act*.

F McGuinness

Auditor-General for the Northern Territory

Darwin, Northern Territory

18 November 2008

