



# Financial Reports Water Supply Authority Central Coast Council

1 July 2020 to 30 June 2021

# Central Coast Council - Water Supply Authority

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

Central Coast Council Water Supply Authority has its principal place of business at :

2 Hely Sreet, Wyong NSW 2259  
49 Mann Street, Gosford NSW 2250

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All media releases, financial statements and other information are publicly available on our website : [www.centralcoast.nsw.gov.au](http://www.centralcoast.nsw.gov.au)

# Central Coast Council - Water Supply Authority

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Statement by the Administrator and Chief Executive Officer

At 30 June 2021, the Authority recognised \$3.6B of stormwater drainage assets, water supply network assets and sewerage network assets in note C1-5 of the Financial Statements. The Authority was unable to provide sufficient evidence to the Audit Office, to support the carrying value of these assets on the Statement of Financial Position as at 30 June 2021. This impacts the recorded depreciation expense related to these assets in note B2-4.

**Apart from the above, the attached General Purpose Financial Statements have been prepared in accordance with:**

- the Australian Accounting Standards and professional pronouncements

**To the best of our knowledge and belief, these statements:**

- present fairly the Central Coast Council Water Supply Authority's operating result and financial position for the year
- accord with Central Coast Council Water Supply Authority's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 12 October 2021.**



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Rik Hart  
**Administrator**  
28 February 2022



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David Farmer  
**Chief Executive Officer**  
28 February 2022



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Natalia Cowley  
**Responsible Accounting Officer**  
28 February 2022

## Central Coast Council - Water Supply Authority

### Income Statement

for the year ended 30 June 2021

| Original<br>unaudited<br>budget<br>2021    | \$ '000  | Notes | Actual<br>2021  | Restated<br>Actual<br>2020 |
|--|--|-------|-----------------|----------------------------|
| <b>Income from continuing operations</b>   |  |       |                 |                            |
| 84,957                                     | Rates and annual charges   | B1-1  | <b>81,804</b>   | 78,370                     |
| 80,212                                     | User charges and fees  | B1-2  | <b>77,161</b>   | 77,507                     |
| 109  | Other revenue  | B1-3  | <b>65</b>       | 179                        |
| 357  | Grants and contributions provided for operating purposes   | B1-4  | <b>708</b>      | 593                        |
| 27,363                                     | Grants and contributions provided for capital purposes   | B1-4  | <b>24,630</b>   | 16,765                     |
| 4,712                                      | Interest and investment income   | B1-5  | <b>2,125</b>    | 4,370                      |
| 197,710                                    | <b>Total income from continuing operations</b>   |       | <b>186,493</b>  | 177,784                    |
| <b>Expenses from continuing operations</b> |  |       |                 |                            |
| 31,895                                     | Employee benefits and on-costs   | B2-1  | <b>36,218</b>   | 37,267                     |
| 60,039                                     | Materials and services   | B2-2  | <b>69,866</b>   | 75,441                     |
| 13,091                                     | Borrowing costs  | B2-3  | <b>14,439</b>   | 15,302                     |
| 76,159                                     | Depreciation, amortisation and impairment for non-financial assets                                     | B2-4  | <b>80,399</b>   | 78,920                     |
| –  | Other expenses   | B2-5  | <b>3</b>        | 64                         |
| –  | Net losses from the disposal of assets   | B3-1  | <b>2,413</b>    | 2,559                      |
| 181,184                                    | <b>Total expenses from continuing operations</b>   |       | <b>203,338</b>  | 209,553                    |
| <b>16,526</b>                              | <b>Net operating result for the year attributable to Central Coast Council Water Supply Authority</b>  |       | <b>(16,845)</b> | (31,769)                   |
| (10,836)                                   | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>(41,475)</b> | (48,534)                   |

The above Income Statement should be read in conjunction with the accompanying notes.

## Central Coast Council - Water Supply Authority

### Statement of Comprehensive Income

for the year ended 30 June 2021

| \$ '000   | Notes | 2021                 | Restated<br>2020      |
|---|-------|----------------------|-----------------------|
| <b>Net operating result for the year – from Income Statement</b>  |       | <b>(16,845)</b>      | <b>(31,769)</b>       |
| <b>Other comprehensive income:</b>  |       |                      |                       |
| Amounts which will not be reclassified subsequent to operating result                                       |       |                      |                       |
| Gain / (loss) on revaluation of infrastructure, property, plant and equipment                               | C1-5  | <u>86,459</u>        | <u>24,459</u>         |
| <b>Total items which will not be reclassified subsequently to the operating result</b>                      |       | <b>86,459</b>        | <b>24,459</b>         |
| <b>Total comprehensive income for the year attributable to Central Coast Council Water Supply Authority</b> |       | <b><u>69,614</u></b> | <b><u>(7,310)</u></b> |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



## Central Coast Council - Water Supply Authority

### Statement of Financial Position

as at 30 June 2021

| \$ '000                                       | Notes | 2021             | Restated<br>2020 | Restated<br>1 July 2019 |
|---|-------|------------------|------------------|-------------------------|
| <b>ASSETS</b>                                 |       |                  |                  |                         |
| <b>Current assets</b>                         |       |                  |                  |                         |
| Cash and cash equivalents                     | C1-1  | 9,377            | 52,160           | 12,788                  |
| Investments                                   | C1-2  | 52,352           | 108,614          | 167,935                 |
| Receivables                                   | C1-4  | 31,435           | 44,181           | 39,005                  |
| Other   |       | 222              | 161              | –                       |
| <b>Total current assets</b>                   |       | <b>93,386</b>    | <b>205,116</b>   | <b>219,728</b>          |
| <b>Non-current assets</b>                     |       |                  |                  |                         |
| Investments                                   | C1-2  | 79,376           | 16,377           | 15,041                  |
| Receivables                                   | C1-4  | 3,067            | 3,328            | 3,406                   |
| Infrastructure, property, plant and equipment | C1-5  | 3,781,003        | 3,696,934        | 3,688,612               |
| Intangible Assets                             | C1-6  | 1,703            | 1,703            | 1,703                   |
| <b>Total non-current assets</b>               |       | <b>3,865,149</b> | <b>3,718,342</b> | <b>3,708,762</b>        |
| <b>Total assets</b>                           |       | <b>3,958,535</b> | <b>3,923,458</b> | <b>3,928,490</b>        |
| <b>LIABILITIES</b>                            |       |                  |                  |                         |
| <b>Current liabilities</b>                    |       |                  |                  |                         |
| Payables                                      | C2-1  | 12,717           | 18,215           | 37,913                  |
| Income received in advance                    | C2-1  | 71               | 76               | 137                     |
| Contract liabilities                          | C2-2  | 2,409            | 3,721            | –                       |
| Borrowings                                    | C2-3  | 57,191           | 61,486           | 43,105                  |
| Employee benefit provisions                   | C2-4  | 8,713            | 9,496            | 9,347                   |
| Provisions                                    | C2-5  | 1,759            | 1,538            | 1,363                   |
| <b>Total current liabilities</b>              |       | <b>82,860</b>    | <b>94,532</b>    | <b>91,865</b>           |
| <b>Non-current liabilities</b>                |       |                  |                  |                         |
| Income received in advance                    | C2-1  | 2,266            | 2,467            | 2,513                   |
| Borrowings                                    | C2-3  | 175,725          | 198,173          | 196,071                 |
| Employee benefit provisions                   | C2-4  | 379              | 380              | 217                     |
| Provisions                                    | C2-5  | 2,214            | 2,429            | 2,534                   |
| <b>Total non-current liabilities</b>          |       | <b>180,584</b>   | <b>203,449</b>   | <b>201,335</b>          |
| <b>Total liabilities</b>                      |       | <b>263,444</b>   | <b>297,981</b>   | <b>293,200</b>          |
| <b>Net assets</b>                             |       | <b>3,695,091</b> | <b>3,625,477</b> | <b>3,635,290</b>        |
| <b>EQUITY</b>                                 |       |                  |                  |                         |
| Accumulated surplus                           | C3-1  | 3,457,606        | 3,474,451        | 3,508,723               |
| IPPE revaluation reserve                      | C3-1  | 237,485          | 151,026          | 126,567                 |
| <b>Equity interest</b>                        |       | <b>3,695,091</b> | <b>3,625,477</b> | <b>3,635,290</b>        |
| <b>Total equity</b>                           |       | <b>3,695,091</b> | <b>3,625,477</b> | <b>3,635,290</b>        |

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

## Central Coast Council - Water Supply Authority

### Statement of Changes in Equity

for the year ended 30 June 2021

| \$ '000   | Notes | as at 30/06/21      |                          |                  | as at 30/06/20      |                          |                  |
|---|-------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|
|   |       | Accumulated surplus | IPPE revaluation reserve | Total equity     | Accumulated surplus | IPPE revaluation reserve | Total equity     |
|   |       |                     |                          |                  | Restated            | Restated                 | Restated         |
| Opening balance at 1 July   |       | 3,474,451           | 151,026                  | 3,625,477        | 3,496,873           | 126,567                  | 3,623,440        |
| Correction of prior period errors   | F4-1  | -                   | -                        | -                | 11,850              | -                        | 11,850           |
| Changes due to AASB 1058 and AASB 15 adoption                                 |       | -                   | -                        | -                | (2,503)             | -                        | (2,503)          |
| <b>Restated opening balance</b>   |       | <b>3,474,451</b>    | <b>151,026</b>           | <b>3,625,477</b> | <b>3,506,220</b>    | <b>126,567</b>           | <b>3,632,787</b> |
| Net operating result for the year   |       | (16,845)            | -                        | (16,845)         | (31,524)            | -                        | (31,524)         |
| Correction of prior period errors   | F4-1  | -                   | -                        | -                | (245)               | -                        | (245)            |
| <b>Restated net operating result for the period</b>                           |       | <b>(16,845)</b>     | <b>-</b>                 | <b>(16,845)</b>  | <b>(31,769)</b>     | <b>-</b>                 | <b>(31,769)</b>  |
| <b>Other comprehensive income</b>   |       |                     |                          |                  |                     |                          |                  |
| Gain / (loss) on revaluation of infrastructure, property, plant and equipment | C1-5  | -                   | 86,459                   | 86,459           | -                   | 24,459                   | 24,459           |
| <b>Other comprehensive income</b>   |       | <b>-</b>            | <b>86,459</b>            | <b>86,459</b>    | <b>-</b>            | <b>24,459</b>            | <b>24,459</b>    |
| <b>Total comprehensive income</b>   |       | <b>(16,845)</b>     | <b>86,459</b>            | <b>69,614</b>    | <b>(31,769)</b>     | <b>24,459</b>            | <b>(7,310)</b>   |
| <b>Closing balance at 30 June</b>   |       | <b>3,457,606</b>    | <b>237,485</b>           | <b>3,695,091</b> | <b>3,474,451</b>    | <b>151,026</b>           | <b>3,625,477</b> |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Central Coast Council - Water Supply Authority

### Statement of Cash Flows

for the year ended 30 June 2021

| Original<br>unaudited<br>budget<br>2021     | \$ '000   | Notes | Actual<br>2021  | Restated<br>Actual<br>2020 |
|---|---|-------|-----------------|----------------------------|
| <b>Cash flows from operating activities</b> |   |       |                 |                            |
| <i>Receipts:</i>                            |   |       |                 |                            |
| 84,207                                      | Rates and annual charges                                  |       | 82,439          | 78,986                     |
| 79,954                                      | User charges and fees                                     |       | 82,571          | 73,217                     |
| 7,476                                       | Investment and interest revenue received                  |       | 1,117           | 4,451                      |
| 28,115                                      | Grants and contributions                                  |       | 14,095          | 14,246                     |
| –   | Bonds, deposits and retention amounts received            |       | –               | 13                         |
| 346   | Other   |       | 7,106           | –                          |
| <i>Payments:</i>                            |   |       |                 |                            |
| (32,350)                                    | Employee benefits and on-costs                            |       | (36,982)        | (36,955)                   |
| (56,991)                                    | Materials and services                                    |       | (69,928)        | (23,793)                   |
| (14,903)                                    | Borrowing costs   |       | (14,439)        | (15,302)                   |
| –   | Bonds, deposits and retention amounts refunded            |       | (3)             | –                          |
| (1,797)                                     | Other   |       | (6,137)         | (72,947)                   |
| 94,057                                      | <b>Net cash flows from operating activities</b>           | F1-1a | <b>59,839</b>   | <b>21,916</b>              |
| <b>Cash flows from investing activities</b> |   |       |                 |                            |
| <i>Receipts:</i>                            |   |       |                 |                            |
| 54,025                                      | Sale of investment securities                             |       | 10,790          | 131,307                    |
| 374   | Deferred debtors receipts                                 |       | –               | –                          |
| <i>Payments:</i>                            |   |       |                 |                            |
| –   | Purchase of investment securities                         |       | (17,525)        | (73,322)                   |
| –   | Acquisition of term deposits                              |       | (2)             | –                          |
| (90,844)                                    | Purchase of infrastructure, property, plant and equipment |       | (70,491)        | (61,012)                   |
| (36,445)                                    | <b>Net cash flows from investing activities</b>           |       | <b>(77,228)</b> | <b>(3,027)</b>             |
| <b>Cash flows from financing activities</b> |   |       |                 |                            |
| <i>Receipts:</i>                            |   |       |                 |                            |
| 10,000                                      | Proceeds from borrowings                                  |       | 19,809          | 39,453                     |
| <i>Payments:</i>                            |   |       |                 |                            |
| (38,980)                                    | Repayment of borrowings                                   |       | (45,203)        | (18,970)                   |
| (28,980)                                    | <b>Net cash flows from financing activities</b>           |       | <b>(25,394)</b> | <b>20,483</b>              |
| 28,632                                      | <b>Net change in cash and cash equivalents</b>            |       | <b>(42,783)</b> | <b>39,372</b>              |
| 29,573                                      | Plus: cash and cash equivalents – beginning of period     |       | 52,160          | 12,788                     |
| 58,205                                      | <b>Cash and cash equivalents at end of year</b>           | C1-1  | <b>9,377</b>    | <b>52,160</b>              |
| 142,566                                     | plus: Investments on hand at end of year                  | C1-2  | 131,728         | 124,991                    |
| 200,771                                     | <b>Total cash, cash equivalents and investments</b>       |       | <b>141,105</b>  | <b>177,151</b>             |

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



# Central Coast Council - Water Supply Authority

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## Central Coast Council - Water Supply Authority

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Central Coast Council Water Supply Authority (CCCWSA) on 28 February 2022.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations.

Central Coast Council, within its overall statutory responsibilities, is a statutory authority for water supply and related purposes, under the *Water Management Act 2000*. CCCWSA controls resources to carry out water supply, sewerage, stormwater drainage and ancillary activities within Central Coast Council local government area and these functions have been consolidated in these financial statements.

CCCWSA is a not for profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment.

#### Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CCCWSA's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on CCCWSA and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

CCCWSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note D2
- (ii) employee benefit provisions – refer Note C2-4

#### Significant judgements in applying the Central Coast Council Water Supply Authority's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B1-2 – B1-4.

#### COVID-19 Impact

The COVID-19 pandemic continues to impact the community where CCCWSA operates. This pandemic has had a financial impact for CCCWSA in the financial year ended 30 June 2020 which has impacted the comparability of some line items and amounts reported in this financial report.

COVID-19 has caused disruption to CCCWSA's business practices with a number of staff working remotely from home away from the main administration buildings and other CCCWSA facilities. Whilst this has caused some inconvenience it has not resulted in significant additional cost.

The impact on CCCWSA's financial performance and financial position was restricted to a decrease in developer contributions.

Additional costs (although not material), in conjunction with public health activities (e.g. cleaning, inventory purchases and other health and safety initiatives) have also been incurred.

## A1-1 Basis of preparation (continued)

The financial difficulty experienced by many ratepayers led to a higher than normal level of outstanding collections for the financial year.

No material changes have been noted in asset values.

### Going Concern

The Financial Statements have been prepared on a going concern basis, which assumes CCCWSA will be able to meet its debts and other financial obligations as they fall due.

Since disclosing Council's serious financial situation on 6 October 2020, Council has achieved the following:

- Obtained \$150M in bank loans - which has returned Council to a positive unrestricted cash and investment position;
- Reduced staff numbers through an organisational restructure and redundancy program;
- Implemented strategies to reduce materials and contracts expenditure;
- Placed CCCWSA-identified in underperforming assets for sale;
- Applied for a one-off 15% Special Rate Variation (SRV)

Council's forecast ten year long term financial plan is based on an expectation of receiving a one-off 15% Special Rate Variation (SRV), (13% + 2% standard rate peg) which would be applied in 2021-2022 and remaining permanently in the rate base. IPART has approved this increase for three years through to 30 June 2024 during which time Council will seek to extend the SRV to ensure its recovery program continues.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

CCCWSA's Statement of Cash Flows is not grossed up for GST.

### Volunteer services

Volunteer services are services received from individuals or other entities without charge or for consideration significantly less than the fair value of those services. These may include:

- Committees with volunteer members,
- Outdoor space volunteers, and
- Volunteers at special Council events.

Volunteer services will only be recognised when:

- such services would be purchased if they had not been donated, and
- the fair value of those services can be reliably measured.

CCCWSA has not received the benefit of volunteer services throughout the reporting period.

## Monies and other assets received by Central Coast Council Water Supply Authority

### The Consolidated Fund

These Financial Statements represent the consolidation of Water, Sewerage and Drainage funds.

The notional cash and investment assets of CCCWSA are represented in practice by an equity interest in the general cash and investment assets of Central Coast Council as a whole and all investment assets and bank accounts are held in the name of Central Coast Council.

### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

CCCWSA has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements CCCWSA does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on CCCWSA's future financial statements, financial position, financial performance or cash flows.

## A1-1 Basis of preparation (continued)

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### **New and amended standards adopted by Central Coast Council Water Supply Authority**

During the year CCCWSA adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2021.

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

None of these Standards had a significant impact on Council's reported position or performance.

## B Financial Performance

### B1 Sources of income

#### B1-1 Rates and annual charges

| \$ '000  | 2021          | 2020          |
|--|---------------|---------------|
| <b>Annual charges</b>                              |               |               |
| (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |               |               |
| Water supply services                              | 12,774        | 12,415        |
| Sewerage services                                  | 55,236        | 53,343        |
| Drainage   | 15,008        | 14,345        |
| Other  | –             | 14            |
| Liquid trade waste                                 | 453           | 461           |
| Less: pensioner rebates (State Government funded)  | (2,099)       | (2,115)       |
| Less: pensioner rebates (CCCWSA funded)            | (2,078)       | (2,091)       |
| <b>Annual charges levied</b>                       | <b>79,294</b> | <b>76,372</b> |
| Pensioner subsidies received:                      |               |               |
| – Water  | 1,238         | 1,004         |
| – Sewerage   | 1,272         | 994           |
| <b>Total annual charges</b>                        | <b>81,804</b> | <b>78,370</b> |
| <b>Total rates and annual charges</b>              | <b>81,804</b> | <b>78,370</b> |

#### Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

#### B1-2 User charges and fees

| \$ '000                            | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| <b>User charges</b>                |               |               |
| Water supply services              | 55,834        | 57,351        |
| Sewerage services                  | 16,228        | 15,468        |
| Liquid trade waste                 | 2,104         | 2,212         |
| <b>Total specific user charges</b> | <b>74,166</b> | <b>75,031</b> |



## B1-2 User charges and fees (continued)

| \$ '000  | 2021          | 2020          |
|--|---------------|---------------|
| <b>Other user charges and fees</b>                             |               |               |
| Building services – other                                      | 336           | 209           |
| Inspection services  | 94            | 243           |
| Regulatory/ statutory fees                                     | 312           | 241           |
| Registration fees  | 5             | 7             |
| Water connection fees  | 1,062         | 1,008         |
| Sewer connection fees  | 587           | 350           |
| Sewer diagrams   | 379           | 275           |
| Special water meter reading fees                               | 32            | 18            |
| Water carters licence fees                                     | 79            | 51            |
| Other  | 109           | 74            |
| <b>Total fees and charges – other</b>                          | <b>2,248</b>  | <b>1,776</b>  |
| <br>   |               |               |
| <b>Total user charges and fees</b>                             | <b>77,161</b> | <b>77,507</b> |
| <b>Timing of revenue recognition for user charges and fees</b> |               |               |
| User charges and fees recognised at a point in time            | 77,161        | 77,507        |
| <b>Total user charges and fees</b>                             | <b>77,161</b> | <b>77,507</b> |

### Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for CCCWSA in relation to refunds or returns.

Where an upfront fee is charged such as joining fees, the fee is recognised on a straight-line basis over the expected life to which the fee relates.

Licences granted by CCCWSA are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

## B1-3 Other revenue

| \$ '000  | 2021      | 2020       |
|--|-----------|------------|
| Sales – general  | 25        | 73         |
| Property rents   | –         | 25         |
| Other supply/ services                                 | 40        | 81         |
| <b>Total other revenue</b>                             | <b>65</b> | <b>179</b> |
| <b>Timing of revenue recognition for other revenue</b> |           |            |
| Other revenue recognised at a point in time            | 65        | 179        |
| <b>Total other revenue</b>                             | <b>65</b> | <b>179</b> |

### Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

## B1-4 Grants and contributions

| \$ '000  | Operating<br>2021 | Operating<br>2020 | Capital<br>2021 | Capital<br>2020 |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>Special purpose grants and non-developer contributions (tied)</b>                   |                   |                   |                 |                 |
| <b>Cash contributions</b>  |                   |                   |                 |                 |
| Drainage / environment   | –                 | –                 | 505             | 599             |
| Environmental programs   | 207               | 127               | 97              | –               |
| LIRS subsidy   | 387               | 446               | –               | –               |
| Water / sewer infrastructure   | –                 | –                 | 5,816           | 2,788           |
| Other specific grants  | 13                | 20                | –               | –               |
| Sewerage (excl. section 64 contributions)  | –                 | –                 | 200             | 132             |
| Water supplies (excl. section 64 contributions)  | –                 | –                 | 134             | 73              |
| Other contributions  | 101               | –                 | 14              | 98              |
| <b>Total special purpose grants and non-developer contributions – cash</b>             | <b>708</b>        | <b>593</b>        | <b>6,766</b>    | <b>3,690</b>    |
| <b>Non-cash contributions</b>  |                   |                   |                 |                 |
| Other  | –                 | –                 | 9,931           | 4,330           |
| <b>Total other contributions – non-cash</b>  | <b>–</b>          | <b>–</b>          | <b>9,931</b>    | <b>4,330</b>    |
| <b>Total special purpose grants and non-developer contributions (tied)</b>             | <b>708</b>        | <b>593</b>        | <b>16,697</b>   | <b>8,020</b>    |
| <b>Total grants and non-developer contributions</b>                                    | <b>708</b>        | <b>593</b>        | <b>16,697</b>   | <b>8,020</b>    |
| <b>Comprising:</b>   |                   |                   |                 |                 |
| – Commonwealth funding   | 101               | –                 | 10,186          | 599             |
| – State funding  | 607               | 593               | 6,511           | 2,788           |
| – Other funding  | –                 | –                 | –               | 4,633           |
|  | <b>708</b>        | <b>593</b>        | <b>16,697</b>   | <b>8,020</b>    |
| <br><b>Developer contributions</b>   |                   |                   |                 |                 |
| <b>Developer contributions:<br/>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b> |                   |                   |                 |                 |
| <b>Cash contributions</b>  |                   |                   |                 |                 |
| S 64 – water supply contributions  | –                 | –                 | 3,392           | 3,429           |
| S 64 – sewerage service contributions  | –                 | –                 | 3,010           | 3,639           |
| S 7.11 – drainage assets   | –                 | –                 | 1,153           | 1,424           |
| <b>Total developer contributions – cash</b>  | <b>–</b>          | <b>–</b>          | <b>7,555</b>    | <b>8,492</b>    |
| <b>Non-cash contributions</b>  |                   |                   |                 |                 |
| S 64 – water supply contributions  | –                 | –                 | 127             | 82              |
| S 7.11 – stormwater contributions  | –                 | –                 | 251             | 171             |
| <b>Total developer contributions non-cash</b>  | <b>–</b>          | <b>–</b>          | <b>378</b>      | <b>253</b>      |
| <b>Total developer contributions</b>   | <b>–</b>          | <b>–</b>          | <b>7,933</b>    | <b>8,745</b>    |
| <b>Total contributions</b>   | <b>–</b>          | <b>–</b>          | <b>7,933</b>    | <b>8,745</b>    |
| <b>Total grants and contributions</b>  | <b>708</b>        | <b>593</b>        | <b>24,630</b>   | <b>16,765</b>   |
| <b>Timing of revenue recognition for grants and contributions</b>                      |                   |                   |                 |                 |
| Grants and contributions recognised at a point in time                                 | 708               | 593               | 24,630          | 16,765          |
| <b>Total grants and contributions</b>  | <b>708</b>        | <b>593</b>        | <b>24,630</b>   | <b>16,765</b>   |

## B1-4 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by CCCWSA on condition that they be spent in a specified manner:

| \$ '000  | Operating<br>2021 | Operating<br>2020 | Capital<br>2021 | Capital<br>2020 |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>Unspent grants and contributions</b>  |                   |                   |                 |                 |
| Unspent funds at 1 July  | 72                | 3                 | 3,504           | 2,352           |
| <b>Add:</b> Funds received and not recognised as revenue in the current year                     | 9                 | 72                | –               | 1,152           |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year | (72)              | (3)               | (1,249)         | –               |
| <b>Unspent funds at 30 June</b>  | <b>9</b>          | <b>72</b>         | <b>2,255</b>    | <b>3,504</b>    |

Capital grant unspent and held as a restriction at year end relates to the Climate Change Fund.

### Contributions

|   |          |          |               |               |
|---|----------|----------|---------------|---------------|
| Unspent funds at 1 July   | –        | –        | 86,099        | 91,245        |
| <b>Add:</b> contributions received and not recognised as revenue in the current year                              | –        | –        | 7,517         | 4,632         |
| <b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year | –        | –        | (34,447)      | (9,778)       |
| <b>Unspent contributions at 30 June</b>   | <b>–</b> | <b>–</b> | <b>59,169</b> | <b>86,099</b> |

Various developer contributions unspent and held as a restriction at year end.

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but may include specific trigger events. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

#### Capital grants

Capital grants received by CCCWSA under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under CCCWSA's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by CCCWSA.

## B1-4 Grants and contributions (continued)

### Developer contributions

CCCWSA has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While CCCWSA generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by CCCWSA, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to CCCWSA.

Developer contributions may only be expended for the purposes for which the contributions were required, but CCCWSA may apply contributions according to the priorities established in work schedules for the contribution plan.

### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. CCCWSA considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

## B1-5 Interest and investment income

| \$ '000  | 2021         | 2020         |
|--|--------------|--------------|
| <b>Interest on financial assets measured at amortised cost</b> |              |              |
| – Overdue annual charges                                       | 445          | 884          |
| – Cash and investments   | 1,677        | 3,480        |
| <b>Other</b>   | <b>3</b>     | <b>6</b>     |
| <b>Total interest and investment income</b>                    | <b>2,125</b> | <b>4,370</b> |

### Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

## B2 Costs of providing services

### B2-1 Employee benefits and on-costs

| \$ '000                              | 2021          | 2020          |
|--------------------------------------|---------------|---------------|
| Salaries and wages                   | 27,322        | 32,037        |
| Employee termination costs           | 1,676         | 121           |
| Employee leave entitlements          | 5,487         | 4,295         |
| Superannuation                       | 2,411         | 2,489         |
| Payroll tax                          | 2,577         | 2,595         |
| Workers Compensation                 | 343           | 615           |
| <b>Total employee costs</b>          | <b>39,816</b> | <b>42,152</b> |
| Less: capitalised costs              | (3,598)       | (4,885)       |
| <b>Total employee costs expensed</b> | <b>36,218</b> | <b>37,267</b> |

#### Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

All employees of the CCCWSA are entitled to benefits on retirement, disability or death. CCCWSA contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

CCCWSA participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore CCCWSA accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

## B2-2 Materials and services

| \$ '000  | Notes | 2021          | 2020          |
|--|-------|---------------|---------------|
| Raw materials and consumables                  |       | 9,575         | 10,491        |
| Contractor and consultancy costs               |       | 9,478         | 10,045        |
| Audit Fees                                     | E2-1  | -             | 12            |
| Agency Hire                                    |       | 661           | 1,696         |
| <b>Previously other expenses:</b>              |       |               |               |
| Administration support                         |       | 28,361        | 28,946        |
| Advertising                                    |       | 13            | 20            |
| Computer software charges                      |       | 631           | 220           |
| Electricity and heating                        |       | 9,214         | 8,947         |
| Gas charges                                    |       | 125           | 91            |
| Insurance                                      |       | 77            | 192           |
| Licences                                       |       | 503           | 404           |
| Plant hire                                     |       | 4,975         | 7,782         |
| Printing and stationery                        |       | 13            | 31            |
| Subscriptions and publications                 |       | 18            | 13            |
| Telephone and communications                   |       | 6             | 22            |
| Tipping fees                                   |       | 4,407         | 5,773         |
| Training costs (other than salaries and wages) |       | 18            | 22            |
| Water purchases                                |       | 1,398         | 586           |
| Other expenses                                 |       | 393           | 148           |
| <b>Total materials and services</b>            |       | <b>69,866</b> | <b>75,441</b> |
| <b>Total materials and services</b>            |       | <b>69,866</b> | <b>75,441</b> |

### Accounting policy

Expenses are recorded on an accruals basis as CCCWSA receives the goods or services.

## B2-3 Borrowing costs

| \$ '000  | 2021          | 2020          |
|--|---------------|---------------|
| <b>(i) Interest bearing liability costs</b>            |               |               |
| Interest on loans                                      | 14,430        | 15,277        |
| Other debts  | 9             | 25            |
| <b>Total interest bearing liability costs expensed</b> | <b>14,439</b> | <b>15,302</b> |
| <b>Total borrowing costs expensed</b>                  | <b>14,439</b> | <b>15,302</b> |

### Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.



## B2-4 Depreciation, amortisation and impairment of non-financial assets

| \$ '000   | Notes | 2021          | 2020<br>Restated |
|---|-------|---------------|------------------|
| <b>Depreciation and amortisation</b>  |       |               |                  |
| Plant and equipment   |       | 27            | 41               |
| Office equipment  |       | 32            | 35               |
| Furniture and fittings  |       | 13            | 13               |
| Land improvements (depreciable)   |       | 14            | 14               |
| <b>Infrastructure:</b>  | C1-5  |               |                  |
| – Buildings – specialised   |       | 704           | 683              |
| – Other structures  |       | 53            | 54               |
| – Roads   |       | 1             | 1                |
| – Stormwater drainage   |       | 14,561        | 15,858           |
| – Water supply network  |       | 24,401        | 27,017           |
| – Sewerage network  |       | 32,745        | 35,204           |
| <b>Other assets:</b>  |       |               |                  |
| – Other   |       | 5             | –                |
| <b>Total gross depreciation and amortisation costs</b>                          |       | <b>72,556</b> | <b>78,920</b>    |
| <b>Impairment / revaluation decrement of IPPE</b>                               |       |               |                  |
| <b>Infrastructure:</b>  | C1-5  |               |                  |
| – Sewerage network  |       | 7,843         | –                |
| <b>Total impairment costs charged to Income Statement (IPPE)</b>                |       | <b>7,843</b>  | <b>–</b>         |
| <b>Total depreciation, amortisation and impairment for non-financial assets</b> |       | <b>80,399</b> | <b>78,920</b>    |

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

#### Impairment of non-financial assets

CCCWSA assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## B2-5 Other expenses

| \$ '000                                | Notes | 2021     | 2020      |
|--|-------|----------|-----------|
| <b>Impairment of receivables</b>       |       |          |           |
| Other                                  |       | 3        | 64        |
| <b>Total impairment of receivables</b> | C1-4  | <b>3</b> | <b>64</b> |
| <b>Total other expenses</b>            |       | <b>3</b> | <b>64</b> |

### Accounting policy

Other expenses are recorded on an accruals basis when CCCWSA has an obligation for the expense.

Impairment expenses are recognised when identified.

## B3 Gains or losses

### B3-1 Gain or loss from the disposal, replacement and de-recognition of assets

| \$ '000   | Notes | 2021           | 2020           |
|---|-------|----------------|----------------|
| <b>Gain (or loss) on disposal of property (excl. investment property)</b> |       |                |                |
| Proceeds from disposal – property   |       | –              | –              |
| Less: carrying amount of property assets sold/written off                 |       | –              | (4)            |
| <b>Gain (or loss) on disposal</b>   |       | <b>–</b>       | <b>(4)</b>     |
| <b>Gain (or loss) on disposal of infrastructure</b>                       |       |                |                |
|   | C1-5  |                |                |
| Proceeds from disposal – infrastructure                                   |       | –              | –              |
| Less: carrying amount of infrastructure assets sold/written off           |       | (2,413)        | (2,555)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>(2,413)</b> | <b>(2,555)</b> |
| <b>Gain (or loss) on disposal of investments</b>                          |       |                |                |
|   | C1-2  |                |                |
| Proceeds from disposal/redemptions/maturities – investments               |       | 10,790         | 131,307        |
| Less: carrying amount of investments sold/redeemed/matured                |       | (10,790)       | (131,307)      |
| <b>Gain (or loss) on disposal</b>   |       | <b>–</b>       | <b>–</b>       |
| <b>Net gain (or loss) on disposal of assets</b>                           |       | <b>(2,413)</b> | <b>(2,559)</b> |

### Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

| \$ '000                                | 2021         | 2020          |
|--|--------------|---------------|
| <b>Cash and cash equivalents</b>       |              |               |
| Cash-equivalent assets                 |              |               |
| – Deposits at call                     | 9,377        | 52,160        |
| <b>Total cash and cash equivalents</b> | <b>9,377</b> | <b>52,160</b> |

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### C1-2 Financial investments

| \$ '000   | 2021<br>Current | 2021<br>Non-current | 2020<br>Current | 2020<br>Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| <b>Financial assets at fair value through the profit and loss</b> |                 |                     |                 |                     |
| Government and semi-government bonds                              | –               | 17,715              | –               | 2,998               |
| NCD's, FRN's  | 12,019          | 47,670              | 5,890           | 1,591               |
| <b>Total</b>  | <b>12,019</b>   | <b>65,385</b>       | <b>5,890</b>    | <b>4,589</b>        |
| <b>Debt securities at amortised cost</b>                          |                 |                     |                 |                     |
| Long term deposits  | 40,333          | 13,991              | 102,724         | 11,788              |
| <b>Total</b>  | <b>40,333</b>   | <b>13,991</b>       | <b>102,724</b>  | <b>11,788</b>       |
| <b>Total financial investments</b>                                | <b>52,352</b>   | <b>79,376</b>       | <b>108,614</b>  | <b>16,377</b>       |
| <b>Total cash assets, cash equivalents and investments</b>        | <b>61,729</b>   | <b>79,376</b>       | <b>160,774</b>  | <b>16,377</b>       |

#### Accounting policy

Financial instruments are recognised initially on the date that the CCCWSA becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, CCCWSA classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## C1-2 Financial investments (continued)

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CCCWSA's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than three months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

CCCWSA's financial assets measured at fair value through profit or loss comprise investments in FRN's and NCD's in the Statement of Financial Position.

## C1-3 Restricted cash, cash equivalents and investments

| \$ '000                                      | 2021          |               | 2020    |             |
|--|---------------|---------------|---------|-------------|
|  | Current       | Non-current   | Current | Non-current |
| Total cash, cash equivalents and investments | <b>61,729</b> | <b>79,376</b> | 160,774 | 16,377      |
| <b>attributable to:</b>                      |               |               |         |             |
| External restrictions                        | 25,214        | 39,193        | 75,618  | 16,377      |
| Internal restrictions                        | 1,732         | –             | 1,958   | –           |
| Unrestricted                                 | 34,783        | 40,183        | 83,198  | –           |
|  | <b>61,729</b> | <b>79,376</b> | 160,774 | 16,377      |

| \$ '000 | 2021 | 2020 |
|---------|------|------|
|---------|------|------|

### Details of restrictions

#### External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

|  |               |               |
|--|---------------|---------------|
| Developer contributions – water fund                                       | 1,665         | 27,529        |
| Developer contributions – sewer fund                                       | 19,510        | 20,032        |
| Developer contributions – drainage   | 34,655        | 34,583        |
| Developer contributions – VPA – water                                      | 1,053         | 1,045         |
| Developer contributions – VPA – sewer                                      | 495           | 491           |
| Developer contributions - VPA - drainage                                   | 1,369         | 1,359         |
| Specific purpose unexpended grants (recognised as revenue) – water fund    | 2,255         | 2,550         |
| Specific purpose unexpended grants (recognised as revenue) – sewer fund    | –             | 153           |
| Specific purpose unexpended grants (recognised as revenue) – drainage fund | 9             | 873           |
| Water fund   | 45            | 45            |
| Drainage   | 100           | 100           |
| Self insurance – sewer   | 2,164         | 2,027         |
| Self insurance – water   | 1,087         | 1,208         |
| <b>External restrictions</b>   | <b>64,407</b> | <b>91,995</b> |
| <b>Total external restrictions</b>   | <b>64,407</b> | <b>91,995</b> |

#### Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

|  |               |               |
|--|---------------|---------------|
| Employee leave entitlement – water     | 924           | 1,026         |
| Employees leave entitlement – drainage | 794           | 55            |
| Employee leave entitlement – sewer     | 14            | 877           |
| <b>Total internal restrictions</b>     | <b>1,732</b>  | <b>1,958</b>  |
| <b>Total restrictions</b>              | <b>66,139</b> | <b>93,953</b> |

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

| \$ '000   | 2021          | 2021         | 2020          | 2020         |
|---|---------------|--------------|---------------|--------------|
|   | Current       | Non-current  | Current       | Non-current  |
| Interest and extra charges                          | 836           | –            | 1,177         | –            |
| User charges and fees                               | 7,668         | 2,827        | 13,122        | 3,034        |
| Accrued revenues                                    |               |              |               |              |
| – User charges and fees                             | 12,420        | –            | 13,255        | –            |
| – Government grants and subsidies                   | 2,824         | –            | 2,182         | –            |
| – Other income accruals                             | –             | –            | 36            | –            |
| Drainage annual charges                             | 1,512         | –            | 2,636         | –            |
| Sewerage annual charges                             | 5,004         | –            | 9,692         | –            |
| Water annual charges                                | 1,068         | –            | 2,082         | –            |
| Other debtors                                       | 157           | 240          | 60            | 294          |
| <b>Total</b>  | <b>31,489</b> | <b>3,067</b> | <b>44,242</b> | <b>3,328</b> |
| <b>Less: provision of impairment</b>                |               |              |               |              |
| Rates and annual charges                            | (6)           | –            | –             | –            |
| User charges and fees                               | –             | –            | (45)          | –            |
| Other debtors                                       | (48)          | –            | (16)          | –            |
| <b>Total provision for impairment – receivables</b> | <b>(54)</b>   | <b>–</b>     | <b>(61)</b>   | <b>–</b>     |
| <b>Total net receivables</b>                        | <b>31,435</b> | <b>3,067</b> | <b>44,181</b> | <b>3,328</b> |

| \$ '000   | 2021      | 2020      |
|---|-----------|-----------|
| <b>Movement in provision for impairment of receivables</b>                    |           |           |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | 61        | –         |
| Movement through provision  | (6)       | –         |
| + new provisions recognised during the year                                   | –         | 61        |
| <b>Balance at the end of the year</b>   | <b>55</b> | <b>61</b> |

### Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, CCCWSA considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on CCCWSA's historical experience and informed credit assessment, and including forward-looking information.

CCCWSA uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for annual charges debtors, CCCWSA takes into account that unpaid annual charges represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

CCCWSA writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are beyond the applicable statute of limitations period, whichever occurs first.

Where CCCWSA renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.



## C1-5 Infrastructure, property, plant and equipment

| By aggregated asset class                                  | At 1 July 2020        |   |                     | Asset movements during the reporting period |                             |                      |  |                 |                           |   | At 30 June 2021       |   |                     |
|--|-----------------------|---|---------------------|---|-----------------------------|----------------------|--|-----------------|---------------------------|---|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions new assets                        | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in P/L) | WIP transfers   | Adjustments and transfers | Revaluation increments / (decrements) to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| <b>\$ '000</b>   |                       |   |                     |   |                             |                      |  |                 |                           |   |                       |   |                     |
| Capital work in progress                                   | 92,192                | –                                       | 92,192              | <b>64,792</b>                               | –                           | –                    | –  | <b>(87,932)</b> | <b>5,004</b>              | –   | <b>74,056</b>         | –                                       | <b>74,056</b>       |
| Plant and equipment  | 1,320                 | (1,126)                                 | 194                 | –   | –                           | (27)                 | –  | –               | –                         | –   | <b>1,320</b>          | (1,153)                                 | <b>167</b>          |
| Office equipment   | 196                   | (149)                                   | 47                  | –   | –                           | (32)                 | –  | <b>71</b>       | –                         | –   | <b>173</b>            | (87)                                    | <b>86</b>           |
| Furniture and fittings                                     | 866                   | (749)                                   | 117                 | –   | –                           | (13)                 | –  | –               | –                         | –   | <b>183</b>            | (79)                                    | <b>104</b>          |
| <b>Land:</b>   |                       |   |                     |   |                             |                      |  |                 |                           |   |                       |   |                     |
| – Operational land   | 68,946                | –                                       | 68,946              | –   | –                           | –                    | –  | –               | –                         | <b>13,698</b>   | <b>82,644</b>         | –                                       | <b>82,644</b>       |
| – Crown and Community land                                 | 12,249                | –                                       | 12,249              | –   | –                           | –                    | –  | –               | –                         | <b>161</b>  | <b>12,410</b>         | –                                       | <b>12,410</b>       |
| Land improvements – depreciable                            | 146                   | (14)                                    | 132                 | –   | –                           | (14)                 | –  | <b>516</b>      | –                         | –   | <b>662</b>            | (28)                                    | <b>634</b>          |
| <b>Infrastructure:</b>                                     |                       |   |                     |   |                             |                      |  |                 |                           |   |                       |   |                     |
| – Buildings – specialised                                  | 51,689                | (19,624)                                | 32,065              | –   | –                           | (704)                | –  | <b>219</b>      | –                         | –   | <b>51,909</b>         | (20,329)                                | <b>31,580</b>       |
| – Other structures   | 1,716                 | (460)                                   | 1,256               | –   | –                           | (53)                 | –  | –               | –                         | –   | <b>1,716</b>          | (513)                                   | <b>1,203</b>        |
| – Roads  | 42                    | (21)                                    | 21                  | –   | –                           | (1)                  | –  | –               | –                         | (20)  | –                     | –                                       | –                   |
| – Bulk earthworks (non-depreciable)                        | 16                    | –                                       | 16                  | –   | –                           | –                    | –  | –               | –                         | (16)  | –                     | –                                       | –                   |
| – Stormwater drainage                                      | 1,514,849             | (484,217)                               | 1,030,632           | <b>9,929</b>                                | (34)                        | (14,561)             | –  | <b>9,862</b>    | –                         | <b>56,374</b>   | <b>1,556,754</b>      | (464,552)                               | <b>1,092,202</b>    |
| – Water supply network                                     | 1,871,510             | (827,658)                               | 1,043,852           | –   | (994)                       | (24,401)             | –  | <b>33,696</b>   | <b>7</b>                  | <b>98,991</b>   | <b>2,088,896</b>      | (937,778)                               | <b>1,151,118</b>    |
| – Sewerage network   | 2,352,227             | (937,012)                               | 1,415,215           | –   | (1,385)                     | (32,745)             | (7,843)  | <b>43,435</b>   | <b>723</b>                | (82,729)  | <b>2,219,720</b>      | (885,049)                               | <b>1,334,671</b>    |
| <b>Other assets:</b>                                       |                       |   |                     |   |                             |                      |  |                 |                           |   |                       |   |                     |
| – Other  | –                     | –                                       | –                   | –   | –                           | (5)                  | –  | <b>133</b>      | –                         | –   | <b>133</b>            | (5)                                     | <b>128</b>          |
| <b>Total infrastructure, property, plant and equipment</b> | <b>5,967,964</b>      | <b>(2,271,030)</b>                      | <b>3,696,934</b>    | <b>74,721</b>                               | <b>(2,413)</b>              | <b>(72,556)</b>      | <b>(7,843)</b>   | <b>–</b>        | <b>5,734</b>              | <b>86,459</b>   | <b>6,090,576</b>      | <b>(2,309,573)</b>                      | <b>3,781,003</b>    |

## C1-5 Infrastructure, property, plant and equipment (continued)

| By aggregated asset class                                  | At 1 July 2019        |  |                              | Asset movements during the reporting period |                             |                      |               |                           |  | At 30 June 2020       |  |                              |
|--|-----------------------|--|------------------------------|---|-----------------------------|----------------------|---------------|---------------------------|--|-----------------------|--|------------------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment Restated | Net carrying amount Restated | Additions new assets                        | Carrying value of disposals | Depreciation expense | WIP transfers | Adjustments and transfers | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment Restated | Net carrying amount Restated |
| <b>\$ '000</b>   |                       |  |                              |   |                             |                      |               |                           |  |                       |  |                              |
| Capital work in progress                                   | 101,799               | –  | 101,799                      | 65,485                                      | –                           | –                    | (69,334)      | (5,759)                   | –                                      | 92,192                | –  | 92,192                       |
| Plant and equipment  | 1,133                 | (1,085)  | 48                           | –   | –                           | (41)                 | 187           | –                         | –                                      | 1,320                 | (1,126)  | 194                          |
| Office equipment   | 609                   | (600)  | 9                            | –   | –                           | (35)                 | 72            | –                         | –                                      | 196                   | (149)  | 47                           |
| Furniture and fittings                                     | 854                   | (731)  | 123                          | –   | –                           | (13)                 | 7             | –                         | –                                      | 866                   | (749)  | 117                          |
| <b>Land:</b>   |                       |  |                              |   |                             |                      |               |                           |  |                       |  |                              |
| – Operational land   | 70,793                | –  | 70,793                       | –   | –                           | –                    | –             | (1,847)                   | –                                      | 68,946                | –  | 68,946                       |
| – Crown and Community land                                 | 7,351                 | –  | 7,351                        | –   | –                           | –                    | 290           | 1,847                     | 2,761                                  | 12,249                | –  | 12,249                       |
| Land improvements – depreciable                            | –                     | –  | –                            | –   | –                           | (14)                 | 146           | –                         | –                                      | 146                   | (14)   | 132                          |
| <b>Infrastructure:</b>                                     |                       |  |                              |   |                             |                      |               |                           |  |                       |  |                              |
| – Buildings – specialised                                  | 50,167                | (18,960)   | 31,207                       | –   | (4)                         | (683)                | 1,544         | –                         | –                                      | 51,689                | (19,624)   | 32,065                       |
| – Other structures   | 1,699                 | (406)  | 1,293                        | –   | –                           | (54)                 | 17            | –                         | –                                      | 1,716                 | (460)  | 1,256                        |
| – Roads  | 42                    | (20)   | 22                           | –   | –                           | (1)                  | –             | –                         | –                                      | 42                    | (21)   | 21                           |
| – Bulk earthworks (non-depreciable)                        | 16                    | –  | 16                           | –   | –                           | –                    | –             | –                         | –                                      | 16                    | –  | 16                           |
| – Stormwater drainage                                      | 1,489,091             | (468,579)  | 1,020,512                    | 590   | (293)                       | (15,858)             | 25,681        | –                         | –                                      | 1,514,849             | (484,217)  | 1,030,632                    |
| – Water supply network                                     | 1,837,899             | (796,305)  | 1,041,594                    | 1,053                                       | (1,004)                     | (27,017)             | 19,503        | 682                       | 9,041                                  | 1,871,510             | (827,658)  | 1,043,852                    |
| – Sewerage network   | 2,311,202             | (897,357)  | 1,413,845                    | 2,688                                       | (1,258)                     | (35,204)             | 21,887        | 600                       | 12,657                                 | 2,352,227             | (937,012)  | 1,415,215                    |
| <b>Total infrastructure, property, plant and equipment</b> | <b>5,872,655</b>      | <b>(2,184,043)</b>                               | <b>3,688,612</b>             | <b>69,816</b>                               | <b>(2,559)</b>              | <b>(78,920)</b>      | <b>–</b>      | <b>(4,477)</b>            | <b>24,459</b>                          | <b>5,967,964</b>      | <b>(2,271,030)</b>                               | <b>3,696,934</b>             |

## C1-5 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by CCCWSA at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CCCWSA and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

#### Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

|                               |           |                          |          |
|-------------------------------|-----------|--------------------------|----------|
| <b>Plant and equipment</b>    | Years     | <b>Buildings</b>         | Years    |
| Office furniture              | 10 to 15  | Buildings                | 6 to 170 |
| Other plant and equipment     | 8 to 15   |                          |          |
| <b>Water and sewer assets</b> |           | <b>Stormwater assets</b> |          |
| Dams and reservoirs           | 15 to 200 | Drains                   | 120      |
| Bores                         | 20 to 30  | Culverts                 | 120      |
| Reticulation pipes            | 60 to 100 | Flood control structures | 80       |
| <b>Transportation assets</b>  |           |                          |          |
| Bridges                       | 15 to 100 |                          |          |

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by CCCWSA at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

## C1-6 Intangible assets

Intangible assets are as follows:

| \$ '000  | 2021         | 2020         |
|--|--------------|--------------|
| <b>Drainage Easements</b>                        |              |              |
| <b>Opening values at 1 July</b>                  |              |              |
| Gross book value                                 | 4,172        | 4,172        |
| Accumulated amortisation                         | (2,469)      | (2,469)      |
| <b>Net book value – opening balance</b>          | <b>1,703</b> | <b>1,703</b> |
| <b>Closing values at 30 June</b>                 |              |              |
| Gross book value                                 | 4,172        | 4,172        |
| Accumulated amortisation                         | (2,469)      | (2,469)      |
| <b>Total drainage easements – net book value</b> | <b>1,703</b> | <b>1,703</b> |

### Accounting policy

#### Drainage easements

Easements (the right of access over land) are recognised as intangible assets.

Easements are determined to have indefinite lives, as there is no finite period over which their use is fully consumed. They convey a right to CCCWSA to enable it to gain access to its infrastructure assets over an indefinite period of time. Unlike the infrastructure assets themselves, which are consumed over a finite period and undergo replacement to enable continuity of service, an easement can exist continuously throughout this period and beyond, and thus may never need to be released. Easements are only derecognised when a management decision has been made to relocate the relevant infrastructure asset and the need for the easement no longer exists. Since easements are viewed as having an indefinite life, they are not amortised, however, they are tested for impairment.

## C2 Liabilities of Council

### C2-1 Payables

| \$ '000                                    | 2021<br>Current | 2021<br>Non-current | 2020<br>Current | 2020<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| <b>Payables</b>                            |                 |                     |                 |                     |
| Prepaid annual charges                     | 4,891           | -                   | 4,262           | -                   |
| Goods and services – operating expenditure | 3,855           | -                   | 3,917           | -                   |
| Accrued expenses:                          |                 |                     |                 |                     |
| – Salaries and wages                       | 20              | -                   | -               | -                   |
| – Other expenditure accruals               | 3,666           | -                   | 9,748           | -                   |
| Security bonds, deposits and retentions    | 285             | -                   | 288             | -                   |
| Payments received in advance               | 71              | 2,266               | 76              | 2,467               |
| <b>Total payables</b>                      | <b>12,788</b>   | <b>2,266</b>        | <b>18,291</b>   | <b>2,467</b>        |

#### Current payables not expected to be settled within the next twelve months

| \$ '000  | 2021         | 2020         |
|--|--------------|--------------|
| Payables – overpayments, security bonds, deposits and retentions | 4,548        | 3,560        |
| <b>Total payables</b>  | <b>4,548</b> | <b>3,560</b> |

#### Accounting policy

CCCWSA measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

#### Payables

These amounts represent liabilities for goods and services provided to CCCWSA prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## C2-2 Contract Liabilities

| \$ '000   | Notes | 2021<br>Current | 2021<br>Non-current | 2020<br>Current | 2020<br>Non-current |
|---|-------|-----------------|---------------------|-----------------|---------------------|
| Funds to construct CCCWSA controlled assets   | (i)   | 2,255           | –                   | 3,504           | –                   |
| Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 | (ii)  | 9               | –                   | 72              | –                   |
| Unexpended capital contributions (to construct CCCWSA controlled assets)                    | (i)   | 145             | –                   | 145             | –                   |
| <b>Total grants received in advance</b>   |       | <b>2,409</b>    | <b>–</b>            | <b>3,721</b>    | <b>–</b>            |
| <b>Total contract liabilities</b>   |       | <b>2,409</b>    | <b>–</b>            | <b>3,721</b>    | <b>–</b>            |

### Notes

(i) CCCWSA has received funding to construct assets including environmental and other infrastructure. The funds received are under an enforceable contract which require CCCWSA to construct an identified asset which will be under CCCWSA's control on completion. The revenue is recognised as CCCWSA constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

### Revenue recognised that was included in the contract liability balance at the beginning of the period

| \$ '000  | 2021         | 2020     |
|--|--------------|----------|
| <b>Grants and contributions received in advance:</b>   |              |          |
| Funds to construct CCCWSA controlled assets  | 1,249        | 3        |
| Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15                        | 72           | 3        |
| <b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b> | <b>1,321</b> | <b>6</b> |

### Significant changes in contract liabilities

There was no significant change to contract liabilities aside from the current year recognised revenue noted above.

### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to CCCWSA transferring a good or service to the customer, CCCWSA presents the funds which exceed revenue recognised as a contract liability.

## C2-3 Borrowings

| \$ '000                 | 2021<br>Current | 2021<br>Non-current | 2020<br>Current | 2020<br>Non-current |
|-------------------------|-----------------|---------------------|-----------------|---------------------|
| Loans – secured         | 27,816          | 154,304             | 37,334          | 175,490             |
| Loans – unsecured       | 29,375          | 21,421              | 24,152          | 22,683              |
| <b>Total borrowings</b> | <b>57,191</b>   | <b>175,725</b>      | <b>61,486</b>   | <b>198,173</b>      |

## C2-3 Borrowings (continued)

### (a) Changes in liabilities arising from financing activities

|  | 2020            |                 | Non-cash movements |                    |  |                         | 2021            |
|--|-----------------|-----------------|--------------------|--------------------|--|-------------------------|-----------------|
|  | Opening Balance | Cash flows      | Acquisition        | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| <b>\$ '000</b>                                     |                 |                 |                    |                    |  |                         |                 |
| Loans – secured                                    | 212,824         | (30,704)        | –                  | –                  | –  | –                       | 182,120         |
| Loan – unsecured                                   | 46,835          | 3,961           | –                  | –                  | –  | –                       | 50,796          |
| <b>Total liabilities from financing activities</b> | <b>259,659</b>  | <b>(26,743)</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>232,916</b>  |

|  | 2019            |               | Non-cash movements |                    |  |                         | 2020            |
|--|-----------------|---------------|--------------------|--------------------|--|-------------------------|-----------------|
|  | Opening Balance | Cash flows    | Acquisition        | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| <b>\$ '000</b>                                     |                 |               |                    |                    |  |                         |                 |
| Loans – secured                                    | 214,173         | (1,349)       | –                  | –                  | –  | –                       | 212,824         |
| Loan – unsecured                                   | 25,003          | 21,832        | –                  | –                  | –  | –                       | 46,835          |
| <b>Total liabilities from financing activities</b> | <b>239,176</b>  | <b>20,483</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>259,659</b>  |

### (b) Financing arrangements

#### Additional financing arrangements information

##### Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

##### Security over loans

Loans are secured over future cash flows of CCWSA.

##### Accounting policy

CCCWSA measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

## C2-4 Employee benefit provisions

| \$ '000                                  | 2021         | 2021        | 2020         | 2020        |
|--|--------------|-------------|--------------|-------------|
|  | Current      | Non-current | Current      | Non-current |
| Annual leave                             | 3,008        | –           | 2,761        | –           |
| Sick leave                               | 1,019        | –           | 1,379        | –           |
| Long service leave                       | 4,302        | 379         | 5,046        | 380         |
| Other leave                              | 384          | –           | 310          | –           |
| <b>Total employee benefit provisions</b> | <b>8,713</b> | <b>379</b>  | <b>9,496</b> | <b>380</b>  |

### Current employee benefit provisions not expected to be settled within the next twelve months

| \$ '000  | 2021         | 2020         |
|--|--------------|--------------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. |              |              |
| Provisions – employees benefits  | 4,649        | 4,904        |
|  | <b>4,649</b> | <b>4,904</b> |

### Description of and movements in non-employee benefit provisions

#### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if CCCWSA does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.



## C2-5 Provisions

| \$ '000                               | 2021         | 2021         | 2020         | 2020         |
|---------------------------------------|--------------|--------------|--------------|--------------|
|                                       | Current      | Non-Current  | Current      | Non-Current  |
| Self insurance – workers compensation | 1,037        | 2,214        | 827          | 2,408        |
| Self insurance – public liability     | 106          | –            | 64           | –            |
| Self insurance – other                | –            | –            | 21           | –            |
| Payroll tax                           | 437          | –            | 518          | 21           |
| Other                                 | 179          | –            | 108          | –            |
| <b>Sub-total – other provisions</b>   | <b>1,759</b> | <b>2,214</b> | <b>1,538</b> | <b>2,429</b> |
| <b>Total provisions</b>               | <b>1,759</b> | <b>2,214</b> | <b>1,538</b> | <b>2,429</b> |

## Movements in provisions

| \$ '000                               | Other provisions |                     | Net carrying amount |
|---------------------------------------|------------------|---------------------|---------------------|
|                                       | Self insurance   | Other (Payroll Tax) |                     |
| <b>2021</b>                           |                  |                     |                     |
| At beginning of year                  | 3,320            | 647                 | 3,967               |
| Additional provisions                 | 358              | 2,656               | 3,014               |
| Amounts used (payments)               | (321)            | (2,686)             | (3,007)             |
| Total other provisions at end of year | <b>3,357</b>     | <b>617</b>          | <b>3,974</b>        |
| <b>2020</b>                           |                  |                     |                     |
| At beginning of year                  | 2,952            | 945                 | 3,897               |
| Additional provisions                 | –                | 2,649               | 2,649               |
| Amounts used (payments)               | –                | (2,947)             | (2,947)             |
| Other                                 | 368              | –                   | 368                 |
| Total other provisions at end of year | <b>3,320</b>     | <b>647</b>          | <b>3,967</b>        |

## Nature and purpose of provisions

### Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from CCCWSA's decision to undertake self-insurance for certain risks faced.

### Payroll tax and other

To recognise liabilities for miscellaneous employee provisions not relating to leave entitlements and outstanding payroll tax arising from CCWSA's water and sewer activities.

### Accounting policy

Provisions are recognised when CCCWSA has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### Self-insurance

CCCWSA has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. CCCWSA also maintains cash and investments to meet expected future claims; refer to Note C1-3.

Self Insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of CCCWSA being a self-insurer for Workers Compensation claims. Public Liability and Professional Indemnity claims are expensed as they meet the recognition criteria as set out in AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

## C2-5 Provisions (continued)

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Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:

- Claims escalation of 2.5% in 2021/2022, 2.25% in 2022/2023 and 2.0% per annum thereafter. A bond yield of between -0.030% and 3.762% per annum over a 50 year period.
- All monetary amounts for past Workers Compensation claims were indexed to bring them to 'standardised' values at 30 June 2021.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2021.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2021 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.

## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

CCCWSA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of CCCWSA.

Council's objective on behalf of CCCWSA is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

CCCWSA does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance team under policies approved by Council.

The fair value of CCCWSA's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that CCCWSA will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to CCCWSA.

CCCWSA manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. CCCWSA also seeks advice from independent advisers before placing any cash and investments.

#### (a) Market risk – interest rate and price risk

| \$ '000  | 2021   | 2020   |
|--|--------|--------|
| The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. |        |        |
| Impact of a 1% movement in interest rates  |        |        |
| – Equity / Income Statement  | 1,411  | 1,771  |
| Impact of a 10% movement in price of investments   |        |        |
| – Equity / Income Statement  | 14,111 | 17,709 |

#### (b) Credit risk

CCCWSA's major receivables comprise annual charges, user charges and fees.

CCCWSA manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk other than CCCWSA has significant credit risk exposures in its local area given the nature of CCCWSA's activities.

The level of outstanding receivables is reported to CCCWSA monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

## D1-1 Risks relating to financial instruments held (continued)

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

### Credit risk profile

#### Receivables – annual charges

Credit risk on annual charges is minimised by the ability of CCCWSA to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. CCCWSA is also able to charge interest on overdue annual charges at higher than market rates which further encourages the payment.

| \$ '000               | Not yet overdue | < 1 year overdue | 1 - 2 years overdue | 2 - 5 years overdue | > 5 years overdue | Total  |
|-----------------------|-----------------|------------------|---------------------|---------------------|-------------------|--------|
| <b>2021</b>           |                 |                  |                     |                     |                   |        |
| Gross carrying amount | 1               | 6,622            | 391                 | 398                 | 173               | 7,585  |
| 2020                  |                 |                  |                     |                     |                   |        |
| Gross carrying amount | 166             | 13,275           | 653                 | 409                 | 101               | 14,604 |

#### Receivables - non annual charges

CCCWSA applies the simplified approach for non-annual charges debtors to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

| \$ '000                | Not yet overdue | 0 - 30 days overdue | 31 - 60 days overdue | 61 - 90 days overdue | > 91 days overdue | Total  |
|------------------------|-----------------|---------------------|----------------------|----------------------|-------------------|--------|
| <b>2021</b>            |                 |                     |                      |                      |                   |        |
| Gross carrying amount  | 15,793          | 6,908               | 363                  | 242                  | 3,666             | 26,972 |
| Expected loss rate (%) | 0.00%           | 0.00%               | 0.00%                | 0.00%                | 1.50%             | 0.20%  |
| ECL provision          | –               | –                   | –                    | –                    | 55                | 55     |
| 2020                   |                 |                     |                      |                      |                   |        |
| Gross carrying amount  | 3,381           | 16,340              | 577                  | 5,005                | 7,663             | 32,966 |
| Expected loss rate (%) | 0.00%           | 0.00%               | 0.00%                | 0.00%                | 0.79%             | 0.18%  |
| ECL provision          | –               | –                   | –                    | –                    | 61                | 61     |

## D1-1 Risks relating to financial instruments held (continued)

### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk; that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. CCCWSA manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. CCCWSA manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows. The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

| \$ '000                            | Weighted average interest rate | Subject to no maturity | payable in:   |                |                | Total cash outflows | Actual carrying values |
|------------------------------------|--------------------------------|------------------------|---------------|----------------|----------------|---------------------|------------------------|
|                                    |                                |                        | ≤ 1 Year      | 1 - 5 Years    | > 5 Years      |                     |                        |
| <b>2021</b>                        |                                |                        |               |                |                |                     |                        |
| Trade/other payables               | 0.00%                          | 285                    | 7,541         | –              | –              | 7,826               | 7,826                  |
| Loans and advances                 | 4.94%                          | –                      | 37,112        | 95,022         | 105,523        | 237,657             | 187,733                |
| <b>Total financial liabilities</b> |                                | <b>285</b>             | <b>44,653</b> | <b>95,022</b>  | <b>105,523</b> | <b>245,483</b>      | <b>195,559</b>         |
| <b>2020</b>                        |                                |                        |               |                |                |                     |                        |
| Trade/other payables               | 0.00%                          | 288                    | 36,625        | –              | –              | 36,913              | 13,953                 |
| Loans and advances                 | 5.77%                          | –                      | 50,548        | 109,067        | 147,839        | 307,454             | 259,659                |
| <b>Total financial liabilities</b> |                                | <b>288</b>             | <b>87,173</b> | <b>109,067</b> | <b>147,839</b> | <b>344,367</b>      | <b>273,612</b>         |

## D2-1 Fair value measurement

CCCWSA measures the following asset and liability classes at fair value on a recurring basis:

– Infrastructure, property, plant and equipment

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by CCCWSA:

| \$ '000  | Notes | Fair value measurement hierarchy     |        |                                       |        |   |           |                  |           |
|--|-------|--------------------------------------|--------|---------------------------------------|--------|---|-----------|------------------|-----------|
|  |       | Level 1 Quoted prices in active mkts |        | Level 2 Significant observable inputs |        | Level 3 Significant unobservable inputs |           | Total            |           |
|  |       | 2021                                 | 2020   | 2021                                  | 2020   | 2021                                    | 2020      | 2021             | 2020      |
|  |       |                                      |        |                                       |        |   |           | Restated         | Restated  |
| <b>Recurring fair value measurements</b>                   |       |                                      |        |                                       |        |   |           |                  |           |
| <b>Financial assets</b>                                    |       |                                      |        |                                       |        |   |           |                  |           |
| Financial investments                                      | C1-2  |                                      |        |                                       |        |   |           |                  |           |
| At fair value through profit or loss                       |       | <b>77,404</b>                        | 10,479 | –                                     | –      | –                                       | –         | <b>77,404</b>    | 10,479    |
| <b>Total financial assets</b>                              |       | <b>77,404</b>                        | 10,479 | –                                     | –      | –                                       | –         | <b>77,404</b>    | 10,479    |
| <b>Infrastructure, property, plant and equipment</b>       |       |                                      |        |                                       |        |   |           |                  |           |
| Plant and equipment  |       | –                                    | –      | –                                     | –      | <b>167</b>                              | 194       | <b>167</b>       | 194       |
| Office equipment   |       | –                                    | –      | –                                     | –      | <b>86</b>                               | 47        | <b>86</b>        | 47        |
| Furniture and fittings                                     |       | –                                    | –      | –                                     | –      | <b>104</b>                              | 117       | <b>104</b>       | 117       |
| Crown and Community land                                   |       | –                                    | –      | –                                     | –      | <b>12,410</b>                           | 12,249    | <b>12,410</b>    | 12,249    |
| Operational land   |       | –                                    | –      | <b>82,644</b>                         | 68,946 | –                                       | –         | <b>82,644</b>    | 68,946    |
| Land improvements - depreciable                            |       | –                                    | –      | –                                     | –      | <b>634</b>                              | 132       | <b>634</b>       | 132       |
| Buildings – specialised                                    |       | –                                    | –      | –                                     | –      | <b>31,580</b>                           | 32,065    | <b>31,580</b>    | 32,065    |
| Other structures   |       | –                                    | –      | –                                     | –      | <b>1,203</b>                            | 1,256     | <b>1,203</b>     | 1,256     |
| Roads  |       | –                                    | –      | –                                     | –      | –                                       | 21        | –                | 21        |
| Bulk earthworks (non depreciable)                          |       | –                                    | –      | –                                     | –      | –                                       | 16        | –                | 16        |
| Stormwater drainage  |       | –                                    | –      | –                                     | –      | <b>1,092,202</b>                        | 1,030,632 | <b>1,092,202</b> | 1,030,632 |
| Water supply network                                       |       | –                                    | –      | –                                     | –      | <b>1,151,118</b>                        | 1,043,852 | <b>1,151,118</b> | 1,043,852 |
| Sewerage network   |       | –                                    | –      | –                                     | –      | <b>1,334,671</b>                        | 1,415,215 | <b>1,334,671</b> | 1,415,215 |
| Other assets   |       | –                                    | –      | –                                     | –      | <b>128</b>                              | –         | <b>128</b>       | –         |
| <b>Total infrastructure, property, plant and equipment</b> | C1-5  | <b>–</b>                             | –      | <b>82,644</b>                         | 68,946 | <b>3,624,303</b>                        | 3,535,796 | <b>3,706,947</b> | 3,604,742 |

### Transfers between level 1 and level 2 fair value hierarchies

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## D2-1 Fair value measurement (continued)

### Valuation techniques

Where CCCWSA is unable to derive fair valuations using quoted market prices of identical assets (ie. Level 1 inputs), or observable inputs (Level 2 inputs), it utilises unobservable inputs (Level 3 inputs).

The fair valuation techniques CCCWSA has employed while utilising level 2 and level 3 inputs are as follows:

#### Infrastructure, property, plant and equipment (IPPE)

##### Plant and equipment, office equipment and furniture and fittings

Plant and equipment, office equipment and furniture and fittings assets are recognised and valued at cost. CCCWSA assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- plant and equipment
  - o Major plant items – tractors, excavators, street sweepers, tippers, rollers, forklifts, backhoes, beach cleaners
  - o Minor plant items – generators, mowers, weed harvester, trailers, chainsaws, wood chippers, power hand tools
  - o Fleet vehicles – trucks, commercial vehicles and passenger vehicles
- office equipment – computer hardware, communications equipment, digital cameras, photocopiers
- furniture and fittings – work stations, storage cabinets, CCTV, air conditioning units.

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

CCCWSA reviews the value of these assets based on the gross replacement cost of similar assets.

There has been no change to the valuation process during the reporting period.

##### Operational land

This asset class is comprised of all CCCWSA's land classified as operational land under the *Local Government Act 1993*. CCCWSA's accounting policy is to value the freehold land on a market value basis.

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2018. The land was valued using level 2 inputs that would be taken into account by buyers and sellers in setting the price, including but not limited to dimensions, land use and zoning, exposure to traffic and topography.

The fair value of operational land was reviewed for the year ended 30 June 2021 and an adjustment was recognised in the financial statements to ensure the carrying values of these assets materially reflect fair value.

##### Crown and Community land

Community Land assets are comprised of CCCWSA owned land classified as Community Land under the Local Government Act 1993. Crown land is under the care and management of CCCWSA on behalf of the Crown.

CCCWSA accounting policy is to value Crown and Community land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location).

These are considered level 2 observable inputs.

Crown and Community land have been valued at 30 June 2021 using the VG valuations published on 1 July 2020.

##### Buildings – specialised

It is CCCWSA's accounting policy to value buildings for which a market exists using the best estimate of the price reasonably obtainable in the market at the date of valuation. Where there is no depth in market the buildings will be determined on the depreciated current replacement cost basis.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting



## D2-1 Fair value measurement (continued)

equipment, and general lighting). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value all buildings in 2018. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account CCCWSA's asset management practices.

Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other outputs (such as estimates of residual value, useful life, asset condition and componentisation including the split between short and long life components) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, this asset class has been valued utilising Level 3 inputs.

### Other structures

This asset class is comprised of fencing and structures which did not meet the definition of a building and are recognised and valued at cost. CCCWSA assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

The replacement cost approach will be utilised to value other structures. Unobservable Level 3 inputs used include useful life, asset condition and pattern of consumption.

There has been no change to the valuation process during the reporting period.

### Stormwater drainage

The Stormwater drainage asset class consists of CCCWSA's pits, pipes, detention basins, open drains, culverts, floodgates, wetlands, headwalls and gross pollutant traps.

CCCWSA engaged Morrison Low to value all stormwater drainage assets as at 30 June 2021. The approach used the cost assets approach. Replacement cost was assessed using the Modern Engineering Equivalent Replacement Asset (MEERA) approach.

Significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Water supply network

This asset class is comprised of water treatment plants, water pump stations, reservoirs, water mains, tunnels, dams, weirs and water meters.

Council engaged the external consulting company GHD, to undertake the valuation of all water supply infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

There has been no change to the valuation process during the reporting period.

### Sewerage network

This asset class is comprised of sewer treatment plants, sewer pump stations, sewer vacuum systems and sewer mains.

Council engaged the external consulting company GHD, to undertake the valuation of all sewerage network assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

There have been no other changes to the valuation process during the reporting period.

## D2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

#### Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

| \$ '000  | Fair value<br>(30/6/21)<br>2021 | Valuation technique/s                            | Unobservable inputs   |
|--|---------------------------------|--|---|
| <b>Infrastructure, property, plant and equipment</b> |                                 |  |   |
| Plant and equipment                                  | 167                             | Cost approach                                    | Pattern of consumption, useful life and residual value                                    |
| Office equipment                                     | 86                              | Cost approach                                    | Pattern of consumption, useful life and residual value                                    |
| Furniture and fittings                               | 104                             | Cost approach                                    | Pattern of consumption, useful life and residual value                                    |
| Crown and Community land                             | 12,410                          | Land values obtained from the NSW Valuer-General | Discount rates relating to restrictions over use  |
| Land improvements - depreciable                      | 634                             | Cost approach                                    | Pattern of consumption, useful life and residual value                                    |
| Buildings specialised                                | 31,580                          | Market value                                     | Pattern of consumption, useful life, residual value, asset condition and componentisation |
| Other structures                                     | 1,203                           | Cost approach                                    | Useful life, pattern of consumption and asset condition                                   |
| Stormwater drainage                                  | 1,092,202                       | Cost approach                                    | Current replacement cost of modern equivalent asset, asset condition and remaining lives  |
| Water supply network                                 | 1,151,118                       | Cost approach                                    | Current replacement cost of modern equivalent asset, asset condition and remaining lives  |
| Sewerage network                                     | 1,334,671                       | Cost approach                                    | Current replacement cost of modern equivalent asset, asset condition and remaining lives  |
| Other assets   | 128                             | Cost approach                                    | Current replacement cost of modern equivalent asset, asset condition and remaining lives  |

## D2-1 Fair value measurement (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

| \$ '000   | Plant and equipment |      | Office equipment |      | Furniture and fittings |      | Crown and Community land |        |
|---|---------------------|------|------------------|------|------------------------|------|--------------------------|--------|
|   | 2021                | 2020 | 2021             | 2020 | 2021                   | 2020 | 2021                     | 2020   |
| <b>Opening balance</b>                                | <b>194</b>          | 50   | <b>47</b>        | 9    | <b>117</b>             | 123  | <b>12,249</b>            | 7,351  |
| Transfers from/(to) another asset class               | -                   | -    | -                | -    | -                      | -    | -                        | 2,137  |
| Purchases (GBV)                                       | -                   | 185  | <b>71</b>        | 73   | -                      | 7    | -                        | -      |
| Depreciation and impairment                           | <b>(27)</b>         | (41) | <b>(32)</b>      | (35) | <b>(13)</b>            | (13) | -                        | -      |
| Revaluation increments / (decrements) to equity (ARR) | -                   | -    | -                | -    | -                      | -    | <b>161</b>               | 2,761  |
| <b>Closing balance</b>                                | <b>167</b>          | 194  | <b>86</b>        | 47   | <b>104</b>             | 117  | <b>12,410</b>            | 12,249 |

| \$ '000   | Buildings specialised |        | Other structures |       | Roads       |      | Bulk earthworks |      |
|---|-----------------------|--------|------------------|-------|-------------|------|-----------------|------|
|   | 2021                  | 2020   | 2021             | 2020  | 2021        | 2020 | 2021            | 2020 |
| <b>Opening balance</b>                                | <b>32,065</b>         | 31,207 | <b>1,256</b>     | 1,293 | <b>21</b>   | 22   | <b>16</b>       | 16   |
| Purchases (GBV)                                       | <b>219</b>            | 1,545  | -                | 17    | -           | -    | -               | -    |
| Disposals (WDV)                                       | -                     | (4)    | -                | -     | -           | -    | -               | -    |
| Depreciation and impairment                           | <b>(704)</b>          | (683)  | <b>(53)</b>      | (54)  | <b>(1)</b>  | (1)  | -               | -    |
| Revaluation increments / (decrements) to equity (ARR) | -                     | -      | -                | -     | <b>(20)</b> | -    | <b>(16)</b>     | -    |
| <b>Closing balance</b>                                | <b>31,580</b>         | 32,065 | <b>1,203</b>     | 1,256 | <b>-</b>    | 21   | <b>-</b>        | 16   |

| \$ '000   | Stormwater drainage |           | Water supply network |                  | Sewerage network |                  | Other assets |      |
|---|---------------------|-----------|----------------------|------------------|------------------|------------------|--------------|------|
|   | 2021                | 2020      | 2021                 | 2020<br>Restated | 2021             | 2020<br>Restated | 2021         | 2020 |
| <b>Opening balance</b>                                | <b>1,030,632</b>    | 1,020,512 | <b>1,043,853</b>     | 1,041,594        | <b>1,415,214</b> | 1,413,845        | -            | -    |
| Transfers from/(to) another asset class               | -                   | -         | <b>(27)</b>          | 682              | <b>724</b>       | 600              | -            | -    |
| Purchases (GBV)                                       | <b>19,791</b>       | 26,271    | <b>33,696</b>        | 20,557           | <b>43,435</b>    | 24,574           | <b>133</b>   | -    |
| Disposals (WDV)                                       | <b>(34)</b>         | (293)     | <b>(994)</b>         | (1,004)          | <b>(1,385)</b>   | (1,258)          | -            | -    |
| Depreciation and impairment                           | <b>(14,561)</b>     | (15,858)  | <b>(24,401)</b>      | (27,017)         | <b>(40,588)</b>  | (35,204)         | <b>(5)</b>   | -    |
| Revaluation increments / (decrements) to equity (ARR) | <b>56,374</b>       | -         | <b>98,991</b>        | 9,041            | <b>(82,729)</b>  | 12,657           | -            | -    |
| <b>Closing balance</b>                                | <b>1,092,202</b>    | 1,030,632 | <b>1,151,118</b>     | 1,043,853        | <b>1,334,671</b> | 1,415,214        | <b>128</b>   | -    |

| \$ '000   | Land improvement - depreciable |      | Total            |                  |
|---|--------------------------------|------|------------------|------------------|
|   | 2021                           | 2020 | 2021             | 2020             |
| <b>Opening balance</b>                                | <b>132</b>                     | -    | <b>3,535,796</b> | <b>3,516,022</b> |
| Transfers from/(to) another asset class               | -                              | -    | <b>697</b>       | <b>3,419</b>     |
| Purchases (GBV)                                       | <b>516</b>                     | 146  | <b>97,861</b>    | <b>73,375</b>    |
| Disposals (WDV)                                       | -                              | -    | <b>(2,413)</b>   | <b>(2,559)</b>   |
| Depreciation and impairment                           | <b>(14)</b>                    | (14) | <b>(80,399)</b>  | <b>(78,920)</b>  |
| Revaluation increments / (decrements) to equity (ARR) | -                              | -    | <b>72,761</b>    | <b>24,459</b>    |
| <b>Closing balance</b>                                | <b>634</b>                     | 132  | <b>3,624,303</b> | <b>3,535,796</b> |

## D2-1 Fair value measurement (continued)

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### Highest and best use

The following non-financial assets of CCCWSA are being utilised at other than their highest and best use:

#### **Community based assets**

CCCWSA undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Crown land under CCCWSA's care and control as well as CCCWSA - owned land that has been classified as community land under the provisions of the Local Government Act 1993.

Furthermore, CCCWSA has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to CCCWSA.

## D3-1 Contingencies

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The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of CCCWSA's financial report.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### **Defined benefit superannuation contribution plans**

Council, on behalf of CCCWSA is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of *AASB119 Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all Councils.

Employer contributions paid to the defined benefit section of the Scheme during 2020-21 were recognised as an expense. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

The position is monitored annually and the actuary has estimated that, as at 30 June 2021, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit.

CCCWSA's share of the deficit cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all members. For this reason, no liability for the deficit has been recognised in CCCWSA's accounts. CCCWSA has a possible obligation that may arise should the Scheme require immediate payment to correct the deficit.

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

Key management personnel (KMP) of Central Coast Council Water Supply Authority (CCCWSA) are those persons having the authority and responsibility for planning, directing and controlling the activities of the CCCWSA, directly or indirectly. KMP include the following positions Councillors, Administrator, Interim Administrator, Chief Executive Officer and Executive Leadership Team members.

The aggregate amount of KMP compensation included in the Income Statement is:

| \$ '000                  | 2021         | 2020         |
|--------------------------|--------------|--------------|
| <b>Compensation:</b>     |              |              |
| Short-term benefits      | 1,091        | 1,198        |
| Other long-term benefits | 55           | 56           |
| Termination benefits     | 131          | 133          |
| <b>Total</b>             | <b>1,277</b> | <b>1,387</b> |

#### Other transactions with KMP and their related parties

CCCWSA has determined that there were no transactions between KMP and CCCWSA.

## E2 Other relationships

### E2-1 Audit fees

| \$ '000 | 2021 | 2020 |
|---------|------|------|
|---------|------|------|

During the year, the following fees were incurred for services provided by the auditor of CCCWSA, related practices and non-related audit firms

#### Non NSW Auditor-General audit firms

##### (i) Audit and other assurance services

Audit and review of financial statements

|  |          |           |
|--|----------|-----------|
|  | -        | 12        |
| <b>Remuneration for audit and other assurance services</b> | <b>-</b> | <b>12</b> |

**Total remuneration of non NSW Auditor-General audit firms**

Total audit fees

|  |          |           |
|--|----------|-----------|
|  | -        | 12        |
|  | <b>-</b> | <b>12</b> |

## F Other matters

### F1-1 Statement of Cash Flows information

#### (a) Reconciliation of net operating result to cash provided from operating activities

| \$ '000   | 2021            | 2020            |
|---|-----------------|-----------------|
| <b>Net operating result from Income Statement</b>                                   | <b>(16,845)</b> | <b>(31,769)</b> |
| <b>Adjust for non-cash items:</b>   |                 |                 |
| Depreciation and amortisation   | 72,556          | 78,675          |
| Net losses/(gains) on disposal of assets  | 2,413           | 2,559           |
| Non-cash capital grants and contributions   | (11,280)        | (4,330)         |
| Adoption of AASB 15/1058  | -               | (2,503)         |
| Revaluation decrements / impairments of IPP&E direct to P&L                         | 7,843           | -               |
| <b>+/- Movement in operating assets and liabilities and other cash items:</b>       |                 |                 |
| Decrease/(increase) in receivables  | 13,014          | (5,159)         |
| Increase/(decrease) in provision for impairment of receivables                      | (7)             | 61              |
| Decrease/(increase) in other current assets   | (61)            | (161)           |
| Increase/(decrease) in payables   | (62)            | (1,549)         |
| Increase/(decrease) in other accrued expenses payable                               | (6,062)         | 6,222           |
| Increase/(decrease) in other liabilities  | 420             | (24,478)        |
| Increase/(decrease) in contract liabilities   | (1,312)         | 3,721           |
| Increase/(decrease) in provision for employee benefits                              | (784)           | 312             |
| Increase/(decrease) in other provisions   | 6               | 70              |
| <b>Net cash provided from operating activities from the Statement of Cash Flows</b> | <b>59,839</b>   | <b>21,671</b>   |

#### (b) Non-cash investing and financing activities

|  |              |              |
|--|--------------|--------------|
| Other dedications  | 9,931        | 4,330        |
| <b>Total non-cash investing and financing activities</b> | <b>9,931</b> | <b>4,330</b> |



## F2-1 Commitments

### Capital commitments (exclusive of GST)

| \$ '000 | 2021 | 2020 |
|---------|------|------|
|---------|------|------|

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

|                               |               |               |
|-------------------------------|---------------|---------------|
| Other – Stormwater Management | 159           | 406           |
| Infrastructure                | 13,488        | 41,229        |
| <b>Total commitments</b>      | <b>13,647</b> | <b>41,635</b> |

#### These expenditures are payable as follows:

|                      |               |               |
|----------------------|---------------|---------------|
| Within the next year | 13,647        | 41,635        |
| <b>Total payable</b> | <b>13,647</b> | <b>41,635</b> |

#### Details of capital commitments

Major projects include:

- Annual water main renewal program
- Water treatment plant major upgrade - Mardi
- Water and sewer infrastructure reinforcements - Gosford CBD
- Water and sewer infrastructure - Warnervale Town Centre
- Critical sewer main rehabilitation - reticulation system
- Sewer pump station upgrade - Clarke Road, Noraville

## F3-1 Events occurring after the reporting date

On 10 September 2021, Council submitted a pricing proposal to IPART for water, sewerage and stormwater drainage prices for a 4 year determination period from 1 July 2022 to 30 June 2026. As at the date of this report IPART is yet to provide a final determination.

## F4 Changes from prior year statements

### F4-1 Correction of errors

#### Nature of prior-period error

During the water and sewer assets revaluation process at 30 June 2021, it was determined that a number of water and sewer pipeline assets had not been previously recorded in Council's fixed asset register. The valuation of these assets totalled \$19.94M with a written down book value at 30 June 2021 of \$11.36M.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

#### Changes to the opening Statement of Financial Position at 1 July 2019

##### Statement of Financial Position

| \$ '000                                       | Original<br>Balance<br>1 July, 2019 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>1 July, 2019 |
|---|-------------------------------------|-----------------------------------|-------------------------------------|
| Current assets                                | 219,728                             | –                                 | 219,728                             |
| Infrastructure, property, plant and equipment | 3,676,762                           | 11,850                            | 3,688,612                           |
| Other non-current assets                      | 20,150                              | –                                 | 20,150                              |
| <b>Total assets</b>                           | <b>3,916,640</b>                    | <b>11,850</b>                     | <b>3,928,490</b>                    |
| Current liabilities                           | 91,865                              | –                                 | 91,865                              |
| Non-current liabilities                       | 201,335                             | –                                 | 201,335                             |
| <b>Total liabilities</b>                      | <b>293,200</b>                      | <b>–</b>                          | <b>293,200</b>                      |
| Accumulated surplus                           | 3,496,873                           | 11,850                            | 3,508,723                           |
| Revaluation reserves                          | 126,567                             | –                                 | 126,567                             |
| <b>Total equity</b>                           | <b>3,623,440</b>                    | <b>11,850</b>                     | <b>3,635,290</b>                    |

## F4-1 Correction of errors (continued)

### Adjustments to the comparative figures for the year ended 30 June 2020

#### Statement of Financial Position

| \$ '000                                       | Original<br>Balance<br>30 June, 2020 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>30 June, 2020 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|
| Current assets                                | 205,116                              | –                                 | 205,116                              |
| Infrastructure, property, plant and equipment | 3,685,329                            | 11,850                            | 3,697,179                            |
| Other non-current assets                      | 21,408                               | –                                 | 21,408                               |
| <b>Total assets</b>                           | <b>3,911,853</b>                     | <b>11,850</b>                     | <b>3,923,703</b>                     |
| Current liabilities                           | 94,532                               | –                                 | 94,532                               |
| Non-current liabilities                       | 203,449                              | –                                 | 203,449                              |
| <b>Total liabilities</b>                      | <b>297,881</b>                       | <b>–</b>                          | <b>297,881</b>                       |
| Accumulated surplus                           | 3,462,846                            | 11,850                            | 3,474,696                            |
| Revaluation reserves                          | 151,026                              | –                                 | 151,026                              |
| <b>Total equity</b>                           | <b>3,613,972</b>                     | <b>11,850</b>                     | <b>3,625,822</b>                     |

#### Income Statement

| \$ '000  | Original<br>Balance<br>30 June, 2020 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>30 June, 2020 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|
| <b>Total income from continuing operations</b>   | <b>177,784</b>                       | <b>–</b>                          | <b>177,784</b>                       |
| Depreciation and amortisation                    | 78,675                               | 245                               | 78,920                               |
| Materials and services                           | 75,441                               | –                                 | 75,441                               |
| Other expenses from continuing operations        | 55,192                               | –                                 | 55,192                               |
| <b>Total expenses from continuing operations</b> | <b>209,308</b>                       | <b>245</b>                        | <b>209,553</b>                       |
| <b>Net operating result for the year</b>         | <b>(31,524)</b>                      | <b>(245)</b>                      | <b>(31,769)</b>                      |

#### Statement of Comprehensive Income

| \$ '000  | Original<br>Balance<br>30 June, 2020 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>30 June, 2020 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|
| <b>Net operating result for the year</b>                             | <b>(31,524)</b>                      | <b>(245)</b>                      | <b>(31,769)</b>                      |
| Gain on revaluation of infrastructure, property, plant and equipment | 24,459                               | –                                 | 24,459                               |
| <b>Other comprehensive income</b>                                    | <b>24,459</b>                        | <b>–</b>                          | <b>24,459</b>                        |
| <b>Total comprehensive income for the year</b>                       | <b>(7,065)</b>                       | <b>(245)</b>                      | <b>(7,310)</b>                       |



## INDEPENDENT AUDITOR'S REPORT

### Central Coast Council Water Supply Authority

To the Treasurer, Minister for Lands and Water, and the Administrator for Central Coast Council Water Supply Authority

#### Qualified Opinion

I have audited the accompanying financial statements of the Central Coast Council Water Supply Authority (the Authority), which comprises the Statement by the Administrator and Chief Executive Officer, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section, the financial statements:

- have been prepared in accordance with Australian Accounting Standards
- presents fairly the Authority's financial position, financial performance and cash flows.

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

#### Basis for Qualified Opinion

##### Carrying values of stormwater drainage, water supply network and sewerage network assets

The Authority recognised \$3.6 billion of stormwater drainage, water supply network and sewerage network assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position as at 30 June 2021.

In the 'Statement by the Administrator and Chief Executive Officer', the Authority certified they were unable to provide sufficient evidence to support the carrying values of these assets in the Statement of Financial Position as at 30 June 2021. This is because the asset data used by the Authority to value these assets could not be reconciled by the Authority to its financial records prior to the valuation. The asset data was sourced from a non-financial system that did not include financial information or reference data that could be used to identify assets in the Authority's fixed asset register.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of stormwater drainage, water supply network and sewerage network assets in the Statements of Financial Position and related notes as at 30 June 2021
- determine the impact on 'Depreciation, amortisation and impairment for non-financial assets expense' in the Income Statement or Statement of Comprehensive Income for the year ended 30 June 2021.

Consequently, I was unable to provide an opinion that the affected amounts were materially correct.

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 Authority 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).

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Other Information**

The Authority's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, the special purpose financial statements and the Special Schedules (the Schedules) of Central Coast Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact. As described in the Basis for Qualified Opinion section above, I was unable to obtain sufficient appropriate evidence to:

- support the carrying values of stormwater drainage, water supply network and sewerage network assets in the Statement of Financial Position and related notes as at 30 June 2021
- determine the impact on 'Depreciation, amortisation and impairment for non-financial assets expense' in the Income Statement or Statement of Comprehensive Income for the year ended 30 June 2021.

Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to these matters.

### **The Administrator's Responsibilities for the Financial Statements**

The Administrator is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and for such internal control as the Administrator 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 Administrator is responsible for assessing the Authority'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](http://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 Authority carried out its activities effectively, efficiently and economically
- 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.



David Daniels  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2022  
SYDNEY