



# **AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING**

**8 March 2023**



# COMMUNITY STRATEGIC PLAN 2018-2028

**ONE – CENTRAL COAST IS THE COMMUNITY STRATEGIC PLAN (CSP) FOR THE CENTRAL COAST LOCAL GOVERNMENT AREA**

**ONE – CENTRAL COAST DEFINES THE COMMUNITY'S VISION AND IS OUR ROADMAP FOR THE FUTURE**

**ONE – CENTRAL COAST BRINGS TOGETHER EXTENSIVE COMMUNITY FEEDBACK TO SET KEY DIRECTIONS AND PRIORITIES**

One - Central Coast will shape and inform Council's business activities, future plans, services and expenditure. Where actions are the responsibility of other organisations, sectors and groups to deliver, Council will work with key partners to advocate on behalf of our community.

Ultimately, every one of us who live on the Central Coast has an opportunity and responsibility to create a sustainable future from which we can all benefit. Working together we can make a difference.

## RESPONSIBLE

**WE'RE A RESPONSIBLE COUNCIL AND COMMUNITY, COMMITTED TO BUILDING STRONG RELATIONSHIPS AND DELIVERING A GREAT CUSTOMER EXPERIENCE IN ALL OUR INTERACTIONS.**

We value transparent and meaningful communication and use community feedback to drive strategic decision making and expenditure, particularly around the delivery of essential infrastructure projects that increase the safety, liveability and sustainability of our region. We're taking a strategic approach to ensure our planning and development processes are sustainable and accessible and are designed to preserve the unique character of the coast.

 **Good governance and great partnerships**

**G2** Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making

There are 5 themes, 12 focus areas and 48 objectives

### COMMUNITY STRATEGIC PLAN 2018-2028 FRAMEWORK

All council reports contained within the Business Paper are now aligned to the Community Strategic Plan. Each report will contain a cross reference to a Theme, Focus Area and Objective within the framework of the Plan.



# Meeting Notice

**The Audit, Risk and Improvement Committee Meeting  
of Central Coast Council  
will be held the Committee Room,  
2 Hely Street, Wyong and Remotely – Online,  
on Wednesday 8 March 2023 at 2.00pm,  
for the transaction of the business listed below:**

Note: It was resolved at the 8 March 2023 meeting (please refer to the minutes) that items 2.4, 2.7, 2.10, 2.12 and 3.1 were not to be publicly released in accordance with the ARIC Charter. Whilst they are listed in the table of contents, the reports have been removed from the Business Paper.

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## **3 Confidential Items**

3.1	Update on Legal Matters
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Carl Millington  
**Chairperson**

## **1.1 ACKNOWLEDGEMENT OF COUNTRY, APOLOGIES AND WELCOME**

ARIC Chairperson

*We acknowledge the Traditional Custodians of the land on which we live, work and play.  
We pay our respects to Elders, past, present and emerging and recognise their continued  
connection to these lands and waterways.  
We acknowledge our shared responsibility to care for and protect our place and people.*

**Item No:** 1.2  
**Title:** Disclosures of Interest  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15536157

### **Recommendation**

- 1 *That the Committee note the standing declarations of current Committee members outlined in the table below.*
- 2 *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*
- 3 *That the Committee make a recommendation that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **Report Purpose**

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the Councillors and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

Section 451 of the LG Act states in part that:

- (1) *A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) *The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
  - (a) *at any time during which the matter is being considered or discussed by the council or committee, or*
  - (b) *at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) *For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the Councillor or member has an interest in the matter of a kind referred to in section 448.*

## 1.2 Disclosures of Interest (contd)

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Further, the [Code of Conduct](#) adopted by Council applies to all Councillors and Staff. The Code relevantly provides that if a Councillor or Staff member has a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflict of interests might be managed.

### Committee Members standing declarations

ARIC Member	Meeting Date	Disclosure of Interest
Carl Millington	13 July 2021 (noted outside of meeting) and 7 December 2022	Less than significant non-pecuniary interest as an Independent member on Randwick City Council and Penrith City Council Audit, Risk and Improvement Committee.
Arthur Butler	24 June 2021	Less than significant non-pecuniary interest as a member of the Audit, Risk and Improvement Committee for the Hunter and Central Coast Development Corporation.
Peter McLean	14 September 2022	Less than significant non-pecuniary interest as Chair, Audit, Risk and Improvement Committee, Shoalhaven City Council and Goldenfields Water County Council, Independent member of the Audit, Risk and Improvement Committee at Federation Council and is a current Councillor for Camden Council.

### Attachments

Nil

**Item No:** 1.3  
**Title:** Confirmation of Minutes of Previous Meeting  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15536290

Author: Chantelle Ahio, Civic Support Officer

## **Summary**

The purpose of this report is to confirm the minutes of the previous Audit, Risk and Improvement Committee meeting held on the 7 December 2022

## **Recommendation**

- 1 *That the Committee confirm the minutes of the previous Meeting held on 7 December 2022*
  
- 2 *That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

## **Background**

The minutes from 7 December 2022 were circulated to all Audit, Risk and Improvement Committee members by email on 20 December 2022 and were reported to the 24 January 2023 Ordinary Council Meeting.

Council's *Audit Risk and Improvement Committee Charter* states that all supporting papers to the meeting agendas will be released to the public on Council's website, unless such release would be contrary to the public interest. It is considered that the nature or content of this report and attachments do not fall within any of the exceptions listed under Clause 78 of the Charter and release to the public be approved.

## **Attachments**

- 1 ARIC Minutes - 7th December 2022 D15487165



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Central Coast Council  
Audit, Risk and Improvement Committee  
Meeting  
Held Online via Teams/Wyong Committee Room

07 December 2022

## MINUTES

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### Present

Carl Millington (Chairperson)	Independent member
Arthur Butler	Independent member
Peter McLean	Independent member
Rik Hart	Administrator

### In Attendance

David Farmer	Chief Executive Officer
Marissa Racomelara	Director Corporate Services
Paul Mewing	Work Health Safety Lead Specialist
Jamie Beal	Unit Manager Information and Technology
Edward Hock	Unit Manager Governance, Risk and Legal
Stephen Bignill	Enterprise Risk Manager
Caroline Karakatsanis	Director, Financial Audit, Audit Office of NSW
Rochele Antolin	Audit Leader, Financial Audit, Audit Office of NSW
Penelope Corkill	Director Risk and Assurance, Centium, Internal Audit Partner
Rachel Callachor	Meeting Support Officer
Carolyn Patelis	Civic Support Officer



**Minutes of the Audit, Risk and Improvement Committee Meeting of Council 07 December 2022  
contd**

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**1 INTRODUCTION**

**1.1 Welcome, Acknowledgement of Country and Apologies**

The Chairperson, Carl Millington, opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

It was noted that the meeting was being recorded for minute taking purposes. By attending the meeting, speakers consented to an audio record of the meeting. Recording of the proceedings of this Committee meeting are not permitted without prior approval of the Council. The meeting recording will be deleted once the meeting minutes are finalised.

Apologies received:

Dr Alice Howe – Director Environment and Planning  
Peter Correy – Group Financial Controller  
Lilly Mojsin – Senior Internal Ombudsman  
Boris Bolgoff – Director Infrastructure Services  
Jamie Loader – Director Water and Sewer  
Krystie Bryant – Unit Manager People and Culture  
Melanie Smith – Director Community and Recreation Services  
Jade Maskiewicz – Assistant Internal Ombudsman

**1.2 Disclosures of Interest**

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The Committee Members made the following additional disclosures:

- Peter McLean had a correction to his standing disclosure in that he is ARIC Chair of Shoalhaven City Council and Goldenfields Water Council but is an ARIC Independent Member of Federation Council.
- Carl Millington is a member of the Penrith City Council Audit Risk and Improvement Committee.

**Resolution**

**214/22 (ARIC)** *That the Committee note the standing declarations of current Committee members outlined in the table below.*

**215/22 (ARIC)** *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*

**216/22 (ARIC)** *That the Committee make a recommendation that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

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contd**

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**1.3 Confirmation of Minutes of Previous Meeting**

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The Chair confirmed and accepted the Minutes with changes to be made to correct standing disclosure for Peter McLean.

**Resolution**

**217/22 (ARIC)** *That the Committee confirm the minutes of the previous meeting held on 14 September 2022.*

**218/22 (ARIC)** *That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**1.4 Outstanding Action Items**

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The Chair raised two outstanding action items to clarify status:

- Action item 22/2021(ARIC) can be marked as completed on the basis that information has been published online.
- Action item 107/2021(ARIC) regarding framework in regard to restrictions could be changed from ongoing to a standing item, however Unit Manager Governance, Risk and Legal would address outside of meeting

**Resolution**

**219/22 (ARIC)** *That the Committee note the report on Outstanding Action Items.*

**220/22 (ARIC)** *That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**1.5 Council's current status – CEO David Farmer**

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The CEO, David Farmer, provided the following verbal update:

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contd**

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- Council has appointed a new Chief Financial Officer, Emma Galea . Emma will commence Monday 12<sup>th</sup> December and has very broad experience. Emma's background is as CFO and acting director roles at various councils, and as a consultant to the Local Government sector.
- Financial position continues to stabilise and improve to a point where Council has established a financial strategy to report on a monthly basis. This is to set up a situation that makes it easier and accessible for when elected representatives return.
- Unrestricted cash in general fund is now quite substantial and so Council has resolved to set aside \$50 million of that unrestricted cash into a restricted asset to repay part of the emergency loans when they reset in December 2023. The \$100 million loan taken out in December 2020 that resets and will be refinanced in December 2023. Council is hopeful to be able to pay the \$50 million down and with some additional asset sales, potentially completely retire what would be \$82 million outstanding at that point in time.
- Council continues to focus on gradual improvement in a range of areas of our performance. Capital works is still not delivering to benchmark. Civil area is doing well, however challenges in IT, Plant and Fleet, Water and Sewer projects.
- Received the third Council staff survey, with significant improvement in staff morale, although still far below a positive result.

In response to enquiries from the Committee the following information was provided:

- Not all emergency debt will be retired before the next Council election – two loans. \$50 million will reset in December 2025, \$100 million resets in December 2023 at that point in time, hoping to retire all of \$100 million. This would free up \$7.5 million in recurrent annual cash flow to redirect into the business.
- Likely to borrow funds for upcoming major projects to provide intergenerational improvement, but not for everyday running of business.
- Storm and flood damage impact on infrastructure will mostly be covered by government Rational Disaster Relief. General degradation from 9 months of rain is a gradual process of road repair.
- Council working with government to make sure most of their funded programs have been through a renewal with grant funding linked to asset management principles i.e. not building new assets but replacing assets. Next phase is to not have to put cash into repaying debt, but can generate savings to direct to the needs of the organisation.
- Community survey in September 2022 had poor results, possibly due to damage to reputation combined with prolonged bad weather. Results have improved from survey conducted in February 2022 regarding with SRV. Council continues to focus on customer service and correspondence. With normal weather patters we should see more improvement.

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**Resolution**

**221/22 (ARIC)** *The Committee noted the verbal update on Council's current status provided by the Chief Executive Officer.*

**2 EXTERNAL AUDIT**

**2.1 Quarterly External Audit Report – update on progress with audit of 2022 financial statement**

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The Director, Financial Audit, NSW Audit Office, Caroline Karakatsanis provided an update to the Committee on the Financial Statement audit:

Caroline would like to thank and acknowledge Peter Correy and the team on this challenging project.

- Apart from clearing the opening balance adjustments over the assets that were subject to qualification in 2021, the rest of the audit is substantially complete.
- Weekly meetings with Management updating on progress and outstanding items, still some testing over the fixed assets where the work is still ongoing.
- Reconciling between the technical register and matching to the fixed asset register involved a huge amount of work and collaboration between Finance, Assets and the data team.
- High level of confidence in matching 98% however some still not matched. Management are identifying the reasons for why they are unmatched.
- Encourage Management to seek further extension, possibly to February 2023.
- Interim Management letter to be submitted to Council by 15<sup>th</sup> December.

In response to enquiries from the Committee, the Director, Financial Audit, NSW Audit Office, Caroline Karakatsanis provided the following information:

- Good working relationship with Council with a full working team of auditors and full resources. A good back and forth process with Council.
- Regarding maintaining two registers, technical and fixed asset, this would be a matter for Management

**Resolution**

**222/22 (ARIC)** *The Committee noted the verbal update provided by the The Director, Financial Audit, NSW Audit Office.*

Minutes of the Audit, Risk and Improvement Committee Meeting of Council 07 December 2022  
contd

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### 3 FINANCE

#### **3.1 General Finance Update (standing item)**

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The Director Corporate Services, Marissa Racomelara, spoke to the report, which was taken as read by the Committee.

#### **Resolution**

**223/22 (ARIC)** *That the Committee note the report on General Finance Update.*

**224/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### 4 RISK MANAGEMENT

Stephen Bignill joined the meeting for items 4.1-4.3 and left at the conclusion of these items.

#### **4.1 Enterprise Risk Management Report - December 2022 – 3.02pm**

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Enterprise Risk Manager, Stephen Bignill, spoke to the report provided, which was taken as read by the Committee.

In response to enquiries from the Committee, the following information was provided:

- Risk Maturity - Council is sharing best practice activities outside of Council and is moving towards a risk-based plan, encouraging staff to speak up, including training for management and staff, to raise awareness for them to raise gaps and any risks they encounter.

#### **Resolution**

**225/22 (ARIC)** *That the Committee note the report on Enterprise Risk Management Report - December 2022.*

**226/22 (ARIC)** *That the Committee recommend that this report is not made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains matters affecting the security of Council,*

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contd**

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*Council Officials and Council property.*

**4.2 Risk Maturity Assessment**

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Enterprise Risk Manager, Stephen Bignill, spoke to the report provided, which was taken as read by the Committee.

**Resolution**

**227/22 (ARIC)** *That the Committee note Risk Management Maturity Assessment report.*

**228/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

**4.3 Business Continuity Exercise Outcomes**

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Enterprise Risk Manager, Stephen Bignill, spoke to the report provided, which was taken as read by the Committee.

**Resolution**

**229/22 (ARIC)** *That the Committee note the report on Business Continuity Exercise.*

**230/22 (ARIC)** *That the Committee recommend that this report is not made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains matters affecting the security of Council, Council Officials and Council property.*

Jamie Beal joined the meeting for item 4.4 and left at the conclusion of this item.

**4.4 IT Update - Management of Technological Risks and Cyber Security**

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Jamie Beal, Unit Manager Information and Technology provided the Committee with a presentation including the following key items:

- Update on management of technological risks and cyber security
- The update is presented through a risk perspective and based on information both

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contd**

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within the Enterprise Risk Register and information obtained from external agencies such as the Australian Cyber Security Centre and Cyber NSW.

- In 2022, two additional risk categories were introduced to the Enterprise Risk Register. They are – Organisational Performance and Information security.

The Committee discussed generally, strategies for any ransom attacks, the need for adequate insurance and liaison with police.

**Resolution**

**231/22 (ARIC)** *That the Committee note the IT update on the management of technological risks and cyber security.*

**232/22 (ARIC)** *That the Committee recommend that this report is not made publicly available, pursuant to Clause 78f of the Audit, Risk And Improvement Committee Charter – Matters affecting the security of Council, Council Officials and Council property.*

**5 QUARTERLY INTERNAL AUDIT**

**5.1 Agreed Management Actions Tracker – 4.05pm**

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The Unit Manager Governance, Risk and Legal, Ed Hock provided the Committee with an update including:

- Consolidated tracker subject to review in April 2023.
- Populated with reports from September and about to receive, goes to ELT, and can view through Smartsheet.
- Tracker encourages setting realistic time frames, checking in on monthly basis and as deadlines are approaching.

**Resolution**

**233/22 (ARIC)** *That the Committee note the report on Agreed Management Actions Tracker.*

**234/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

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**5.2-5.4 Internal Audit Final Reports**

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The Director Risk and Assurance, Centium, Penelope Corkill, Internal Audit Partner spoke to these reports.

The Committee received the reports and noted their contents

In response to enquiries from the Committee the following information was provided:

- Three audit reports have been finalised since last meeting
- Claims management audit is largely completed
- Fieldwork underway for compliance framework audit
- Planning

Feedback from the Committee regarding timing of Audits to be conducted after staff performance reviews would be beneficial to these processes.

The Committee encouraged management to ensure that High risk findings were addressed as a matter of urgency, and that ambitious but realistically achievable timelines were set for those improvements.

**Resolution**

**235/22 (ARIC)** *That the Committee note the report by Centium Child Protection Compliance Audit.*

**236/22 (ARIC)** *That the Committee note the report by Centium National Heavy Vehicle Accreditation Scheme.*

**237/22 (ARIC)** *That the Committee note the report by Centium Performance and People.*

**238/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

**6 GOVERNANCE**

**6.1 Governance Lighthouse Report as at 30 September 2022 – 4.35pm**

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The Committee noted the Report as read.

The Unit Manager Governance, Risk and Legal provided the Committee highlights:



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contd**

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- Welcome to Marissa Racomelara, new Director of Corporate Services who commenced with Council on 21 November 2021.
- Now fully staffed in the Governance Risk and Legal Unit is a pleasing development that will enable Council to supercharge governance activities over the next year and beyond.

In response to enquiries from the following information was provided:

- A process change earlier in the year caused a surge in informal information requests for the Unit, however this process has now returned to the Development Assessment Administration team alleviating some workload from the Governance team.

The Chair recognised the number of compliments received and noted in the report and highlighted this.

**Resolution**

**239/22 (ARIC)** *That the Committee note the Governance Lighthouse Report as at 30 September 2022.*

**240/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**6.2 Council's Insurance Arrangements (34/2022)**

---

The Unit Manager Governance, Risk and Legal, Ed Hock provided the Committee with a verbal update : regarding Council's Insurance Arrangements.

In response to enquiries from the Committee the following information was provided:

- Insurance renewal due 30 June 2023, some scope to improve our position, however a full review is to be completed
- Insurance portfolio, which includes cyber security, is currently being reviewed with report to be presented to ELT prior to renewal next year, with a view to taking a strategic approach to the control.

**Resolution**

**241/22 (ARIC)** *The Committee noted the verbal update on Council Insurance Arrangements provided by the Unit Manager Governance, Risk and Legal.*

**CONFIDENTIAL ITEMS**

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contd**

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**6.3 Update on Legal Matters – 4.43pm**

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**Resolution**

**242/22 (ARIC)** *That the Committee note the report.*

**243/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that would, if disclosed, prejudice the maintenance of law; and advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.*

**7 CONTROL FRAMEWORK**

**7.1 Report from the Office of the Internal Ombudsman – 4.48pm**

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Senior Internal Ombudsman and Assistant Internal Ombudsman were both apologies for the meeting, however report was noted by the Committee.

**Resolution**

**244/22 (ARIC)** *That the Committee note the report on Report from the Office of the Internal Ombudsman.*

**245/22 (ARIC)** *That the Committee make a recommendation that this report not be made publicly available, pursuant to Clause 78(a) of the Audit, Risk and Improvement Committee Charter, as it contains personnel matters concerning particular individuals.*

**8 PERFORMANCE AND CONTINUOUS IMPROVEMENT**

Paul Mewing joined the meeting for item 8.1 and left at the conclusion of this item.

**8.1 Work, Health and Safety Report – 4. 55pm**

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Work Health Safety Lead Specialist, Paul Mewing provided the committee with an update on Work, Health and Safety which included:

- Increase in incidents with 20 Lost Time Injuries year to date, 7 being in the last month which is higher than last few years
- Injuries are largely muscular skeletal, so are investigating in engaging an external provider to target high risk areas and provide functional strategies to help, particularly with the aging workforce

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In response to enquiries from the Committee, the following information was provided:

- Aging workforce 30-40% of WHS claims, so long term controls worth investing in
- There is strong reporting of near misses and notifications through the safety hotline and these numbers can be provided
- In future reports to the Committee, a table will be provided to show 'accidents by cause'.

**Resolution**

**246/22 (ARIC)** *That the Committee note the report on Work Health and Safety.*

**247/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that is confidential and unsuitable to be published.*

**9 GENERAL BUSINESS**

**9.1 Meeting Dates for 2023 – 4.59pm**

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Committee discussed incorporating the Risk Briefing into the main ARIC meeting. However if there is any issue that comes up, that requires more thought and effort, then retain the availability for an *in camera* Risk Briefing prior to the meeting on an as needed, rather than standing basis.

**Resolution**

**248/22 (ARIC)** *That the Committee set the meeting dates for 2023 as set out in this report.*

**249/22 (ARIC)** *That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**9.2 Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report**

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The Unit Manager Governance, Risk and Legal, Ed Hock provided the Committee with an update including:

- Critical feedback from the Independent members was Executive Leadership Team (ELT) attendance and presence and developing a meaningful plan for delivery of information of the other areas of Council.

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- Greater alignment between enterprise risk management and internal audit.
- Councillor return preparation is major deliverable for next financial year, need to ramp up activity and engagement with each Independent member.
- Percentage of majority of agreement and strong agreement jumped from the previous self-assessment from 67% to 88%.
- Propose to run another self-assessment next year rather than two year cycle – September and December 2023.

Discussion in response to the update:

- Chair would like a member of ELT to present at each ARIC meeting. This would give ARIC an opportunity to understand the areas of work and build their relationships with the members of the ELT.
- Director Corporate Services, Marissa Racomelara confirmed that ELT have already agreed to this approach

**Resolution**

**250/22 (ARIC)** *That the Committee note the Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report that is Attachment 1 to this Report.*

**251/22 (ARIC)** *That the Committee identify the key points it considers should be included in a draft ARIC Action Plan to address common themes and issues identified in the Self-Assessment Survey.*

**252/22 (ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**The Meeting** closed at 5.09pm.

**Next Meeting** 2023, Wednesday 8 March 2pm-5pm

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**Item No:** 1.4  
**Title:** Outstanding Action Items  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15541439  
Author: Rachel Callachor, Meeting Support Officer  
Manager: Rachel Gibson, Team Leader, Civic Support  
Edward Hock, Unit Manager Governance Risk and Legal

## Recommendation

- 1 *That the Committee note the report on Outstanding Action Items.*
- 2 *That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

*The information provided in this report is current as at 1/03/2023.*

## Summary

A review of the Outstanding Action Items from previous meetings.

**Green** = completed items.  
**Blue** = on agenda for upcoming meeting  
**White** = still pending (not overdue); and  
**Red** = overdue

In summary there are:

3 Actions

- 2 Actions are ongoing
- 1 Actions have been completed
- 0 Actions are not yet completed and are not overdue
- 0 Actions are not yet completed and overdue

## 1.4

## Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
22/2021(ARIC)	10/03/2021	The Committee requested they be provided with copies of Council's monthly financial reporting to the Office of Local Government.	Group Financial Controller, Finance	ONGOING  Statements to be accessed by members via Council's public website.
107/2021(ARIC)	14/09/2021	The Committee requested that in regard to Issue 2 – Framework and documentation outlining the Council's understanding of restrictions, that the policy document and tracking spreadsheet be presented to the next ARIC meeting after they are available.	Group Financial Controller, Finance	ONGOING  The policy document and tracking spreadsheet be presented to the next ARIC meeting after they are available.  7 December 2022 meeting - Changed to a standing item for Finance.
N/A	8/06/2022	Work, Health and Safety report to be provided to each quarterly ARIC meeting.	Unit Manager People and Culture	ONGOING  Noted for future meetings and included on agenda for 8 March 2023 meeting.

**1.4 Outstanding Action Items (contd)**

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**Attachments**

Nil



**1.5 COUNCIL'S CURRENT STATUS**

*Verbal report*  
Chief Executive Officer

**2.1 EXTERNAL AUDIT REPORT**

*Verbal report*  
Audit Office NSW



**Item No:** 2.2  
**Title:** General Finance Update  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2020/03205 - D15536208  
Author: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director, Corporate Services

### **Recommendation**

- 1 *That the Committee note the report on General Finance Update.*
- 2 *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

*The information provided in this report is current as at 31/01/2023.*

### **Summary**

This report presents the summary position of Council's Financial performance and position for the financial year-to-date 31 January 2023.

### **Attachments**

- |          |                                     |           |
|----------|-------------------------------------|-----------|
| <b>1</b> | Monthly Finance Report January 2023 | D15541639 |
| <b>2</b> | Investment Report for January 2023  | D15534640 |
| <b>3</b> | 2022-2023 Quarter 2 Review          | D15527209 |
| <b>4</b> | 2022-2023 Q2 Business Report - V2   | D15548869 |



**Item No:** 2.2  
**Title:** Monthly Finance Report January 2023  
**Department:** Corporate Services

28 February 2023 Ordinary Council Meeting

Reference: F2020/03205 - D15541639  
Author: Peter Correy, Financial Controller, Partnering and Regulatory Reporting  
Manager: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director Corporate Services

### **Recommendation**

***That Council receive the report Monthly Financial Reports – January 2023***

### **Report purpose**

To present to Council the monthly financial reports for January 2023.

### **Executive Summary**

This report presents the January 2023 monthly financial reports for Central Coast Council.

### **Background**

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("**LG Act**"), the *Local Government (General) Regulation 2005* ("**LG Reg**"), and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

### **Report**

The reports disclose the year-to-date financial results in Operating Statement format, they reflect the organisational structure and are presented by Department and Unit. The reports include a traffic light indicator of current status – on track (green light), off track (red light) continue to monitor status (orange light). Relevant supporting comments are included, as well as a graphical representation of the financial results.

The Local Government Code of Accounting Practice and Financial Reporting (Guidelines) require Council to recognise rates income at the beginning of the financial year when levied. However, for internal reporting purposes Council recognises rates revenue on a continual basis throughout the financial year thereby aligning revenue with Council's expenditure for the delivery of services to the community.

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2.2 Monthly Finance Report January 2023 (contd)

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**Consultation**

In the preparation and finalisation of the monthly reports for January, all business areas of Council contributed to the information contained within the financial reports.

**Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

**Financial Strategy Ratios**

This Report is prepared in conjunction with Council's Financial Strategy, adopted by Council on 23 August 2022 and reports the following financial performance ratios:

- Operating Performance Ratio
- Unrestricted Current Ratio
- Unrestricted Cash Position
- Loan Principal Payments
- Capital Program Funding

Operating Performance Ratio – 9.6%

The Operating performance ratio measures Council's achievement of containing operating expenditure within operating revenue and is set between 1% and 8%. It is calculated as:

$$= \frac{\text{Total continuing operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Council is currently exceeding its pre-determined operating performance ratio by 1.6%

Unrestricted Current Ratio – 0.9

The unrestricted current ratio identifies whether there are sufficient funds available to meet short term obligations and is set at the industry benchmark of 1.5. It is calculated as

$$= \frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$

Council's unrestricted current ratio has dropped beneath the industry benchmark of 1.5 due to the \$100M emergency loan (balance at 31 January \$87.4M) being transferred from non-current liability to current liability as it is due to be repaid in December 2023. This is a

**2.2 Monthly Finance Report January 2023 (contd)**

recognised timing issue that if not applied would keep Council's unrestricted current ratio above the 1.5 benchmark.

Unrestricted Cash Position

Unrestricted Cash are funds available to cover operational needs and unexpected or emergency costs within each fund. Council will aim to maintain unrestricted cash in each fund and set a target band of between 3% and 10% for each fund. This will monitor the targeted use of unrestricted funds on community services and infrastructure. It is calculated as

$$= \frac{\text{Unrestricted Funds}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Consolidated – 33.5%  
General Fund (including Drainage) – 20.7%  
Water Fund – 0.5%  
Sewer Fund – 131.1%  
Domestic Waste – 16.0%

Council is currently holding excess funds in all but the Water Fund to expend on community services and infrastructure.

Loan Principal Repayments

The operating result (excluding capital grants and contributions) for each fund for the year plus if necessary, pre-existing unrestricted cash reserves in each fund needs to at least cover the net loan principal repayments of that fund for that same year. This excludes the emergency loans in the General Fund as the balance on 31 January 2023 of \$130.2M is repaid under different terms set by the lending institutions. Loan repayment coverage is calculated as

$$= \frac{\text{YTD operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{YTD loan principal repayments}}$$

Consolidated – 3.9x  
General Fund (including Drainage) – 3.5x  
Water Fund – 2.2x  
Sewer Fund – 5.6x

Capital Program Funding

Council's intent is to provide at least sufficient funds from operations for the capital budget to replace assets as they fall due. The depreciation target is currently used as a proxy for the long-term annual funding requirement to replace Council's assets at their gross replacement value. Council will aim to achieve the industry benchmark of 100% in each fund. Capital funding percentage is calculated as

**2.2 Monthly Finance Report January 2023 (contd)**

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$$= \frac{\text{YTD Capital budget}}{\text{YTD Depreciation expense}}$$

Consolidated – 107%  
General Fund (including Drainage) – 119%  
Water Fund – 53%  
Sewer Fund – 140%

**Trading Results**

The attached financial reports record actual revenue and expenditure, tracking against the Q1 adjusted budget and for the year-to-date reporting period to 31 January 2023.

For the month of January, Council is reporting an operating result surplus of \$8.8M, before capital income, which was favourable to budget by \$7.2M and a net operating surplus including capital income of \$11.3M which was unfavourable to budget by \$5.3M.

January year-to-date, Council is reporting an operating result surplus of \$37.2M, before capital income, which was favourable to budget by \$26.0M and a net operating surplus including capital income of \$64.2M which was \$15.5M favourable to budget.

2.2 Monthly Finance Report January 2023 (contd)



	CURRENT MONTH			YEAR TO DATE				FULL YEAR					
	Actual	Adopted Budget	Variance	Actual	Adopted Budget	Variance	Last Year YTD Actual	Last Year Actual	Original Budget	Adopted Changes	Proposed Changes	Year End Forecast	
	’000	’000	’000	’000	’000	’000	’000	’22	’23	’23A	’23B	’23C	
<b>Operating Income</b>													
Fees and Annual Charges	28,482	28,531	(49)	224,272	225,186	1,089	229,578	385,740	380,335	150	1,082	391,588	
User Charges and Fees	12,880	12,836	42	60,512	60,608	3,824	76,480	140,237	145,542	3,686	7,789	157,022	
Other Revenue	2,288	721	1,567	11,775	5,388	6,378	8,425	12,856	9,666	195	1,808	11,666	
Interest	2,180	418	1,741	11,531	6,353	5,177	3,038	5,470	4,880	3,622	2,361	10,920	
Grants and Contributions	3,235	3,652	(417)	13,286	13,578	(262)	15,140	47,717	34,046	10,745	3,719	48,528	
Gain on Disposal	1	(178)	180	1,015	1,015	0	0	26,059	5,254	-	(3,478)	1,819	
Other Income	852	354	499	5,609	4,748	859	4,134	7,909	7,917	242	356	8,514	
Internal Revenue	3,254	3,846	(594)	33,852	33,894	159	38,644	66,851	58,441	(652)	1,584	59,272	
<b>Total Income attributable to Operations</b>	<b>53,132</b>	<b>50,292</b>	<b>2,840</b>	<b>391,848</b>	<b>374,988</b>	<b>16,969</b>	<b>355,588</b>	<b>674,838</b>	<b>658,121</b>	<b>17,966</b>	<b>15,253</b>	<b>688,374</b>	
<b>Operating Expenses</b>													
Employee Costs	10,588	14,413	3,825	68,581	100,907	4,345	85,841	182,831	180,750	(705)	1,353	181,588	
Borrowing Costs	775	777	2	8,070	8,038	(31)	8,888	12,940	11,421	1,475	-	12,888	
Materials and Services	14,754	14,601	(153)	113,958	119,952	5,995	84,332	174,258	235,479	15,334	6,443	227,256	
Depreciation and Amortisation	12,033	12,033	0	64,512	64,512	-	64,952	154,648	158,781	(528)	-	158,258	
Other Expenses	3,141	3,170	29	28,188	23,945	(2,248)	20,211	50,717	38,252	1,353	1,356	40,962	
Loss on Disposal	-	-	-	-	-	-	-	4,488	-	-	210	210	
Internal Expenses	3,038	3,687	649	27,341	26,342	1,021	33,986	60,136	51,681	(657)	473	51,507	
Overhead	0	0	0	(3)	0	3	0	(3)	-	0	-	0	
<b>Total Expense attributable to Operations</b>	<b>44,338</b>	<b>48,588</b>	<b>4,249</b>	<b>354,634</b>	<b>365,986</b>	<b>9,352</b>	<b>328,168</b>	<b>619,995</b>	<b>646,373</b>	<b>26,275</b>	<b>9,825</b>	<b>672,473</b>	
<b>Operating Result (after Overheads and before Capital Amounts)</b>	<b>8,794</b>	<b>1,704</b>	<b>7,090</b>	<b>37,214</b>	<b>10,902</b>	<b>26,312</b>	<b>27,420</b>	<b>54,843</b>	<b>11,748</b>	<b>1,791</b>	<b>5,428</b>	<b>16,891</b>	
Capital Grants	1,035	3,131	(1,955)	18,057	25,435	(7,378)	15,552	35,785	55,740	(2,470)	(1,455)	51,814	
Capital Contributions	500	1,210	(800)	8,910	12,152	(3,240)	8,587	36,161	20,142	4,957	(1,818)	28,152	
<b>Grants and Contributions Capital Received</b>	<b>2,495</b>	<b>4,341</b>	<b>(1,825)</b>	<b>27,006</b>	<b>37,587</b>	<b>(10,988)</b>	<b>24,139</b>	<b>71,946</b>	<b>75,882</b>	<b>2,487</b>	<b>(3,273)</b>	<b>80,000</b>	
<b>Net Operating Result</b>	<b>11,289</b>	<b>5,994</b>	<b>5,305</b>	<b>64,220</b>	<b>48,489</b>	<b>15,731</b>	<b>51,559</b>	<b>126,789</b>	<b>87,630</b>	<b>4,278</b>	<b>2,154</b>	<b>96,891</b>	

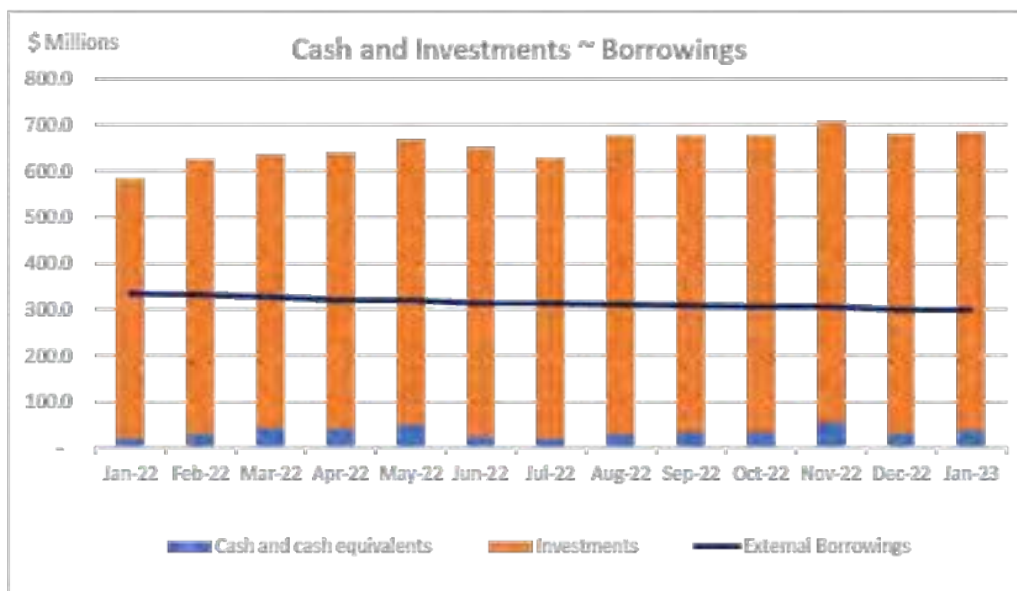
**Cash and Investments / External Borrowings / Cash Flows**

During January, total cash and investments increased by \$4.6M from \$680.9M to \$685.5M. This increase reflects normal trading and capital expenditure for the month.



2.2 Monthly Finance Report January 2023 (contd)

External borrowings at 31 January were \$299.2M. During January, principal loan repayments of \$0.3M fell due and were repaid bringing total year-to-date principal loan repayments to \$14.1M which is in line with the lending institutions loan repayments schedules.



	Actual YTD @ 31 Jan 2023 \$'000	Rolling Forecast @ 31 Jan 2023 \$'000	Variance \$'000	Revised Forecast @ 30 June 2023 \$'000	Original Forecast @ 30 June 2023 \$'000
<b>CONSOLIDATED CASH FLOW MOVEMENTS</b>					
Opening cash & investments @ 1 July 2022	652,137	652,137	-	652,137	652,137
Income receipts (incl Capital grants & contributions)	410,301	419,390	(9,089)	738,566	726,530
Operational payments	(283,906)	(285,290)	1,384	(509,029)	(483,681)
<b>Net operating cash inflow / (outflow)</b>	<b>126,395</b>	<b>134,100</b>	<b>(7,705)</b>	<b>229,537</b>	<b>242,849</b>
Capital projects payments	(82,410)	(86,370)	3,960	(182,526)	(176,509)
Asset sales	3,549	3,229	320	3,549	24,940
Financing receipts	0	-	0	0	80,000
Financing repayments	(14,123)	(14,123)	0	(17,141)	(157,485)
<b>Total cash inflow / (outflow)</b>	<b>33,410</b>	<b>36,835</b>	<b>(3,425)</b>	<b>33,419</b>	<b>13,795</b>
<b>Closing cash &amp; investments @ 31 Jan 2023</b>	<b>685,547</b>	<b>688,972</b>	<b>(3,425)</b>	<b>685,556</b>	<b>665,932</b>

2.2 Monthly Finance Report January 2023 (contd)

ACTUAL v FORECAST MONTHLY CASH FLOW GENERAL FUND (incl DRAINAGE FUND)	Actual YTD @ 31 Jan 2023 \$'000	Revised Forecast @ 30 June 2023 \$'000	Original Forecast @ 30 June 2023 \$'000
Opening cash & investments @ 1 July	407,088	407,088	407,088
Income receipts (Incl Capital grants & contributions)	251,216	439,094	447,897
Operational payments	(183,782)	(314,885)	(303,844)
<b>Net operating cash inflow / (outflow)</b>	<b>67,434</b>	<b>124,209</b>	<b>144,053</b>
Capital projects payments	(52,072)	(108,962)	(113,579)
Asset sales	3,549	3,549	24,940
Financing receipts	661	661	50,000
Financing repayments	(7,137)	(6,678)	(113,314)
<b>Total cash inflow / (outflow)</b>	<b>12,434</b>	<b>12,779</b>	<b>(7,900)</b>
Closing cash & investments @ 31 January	419,523	419,867	399,188

Restricted Funds

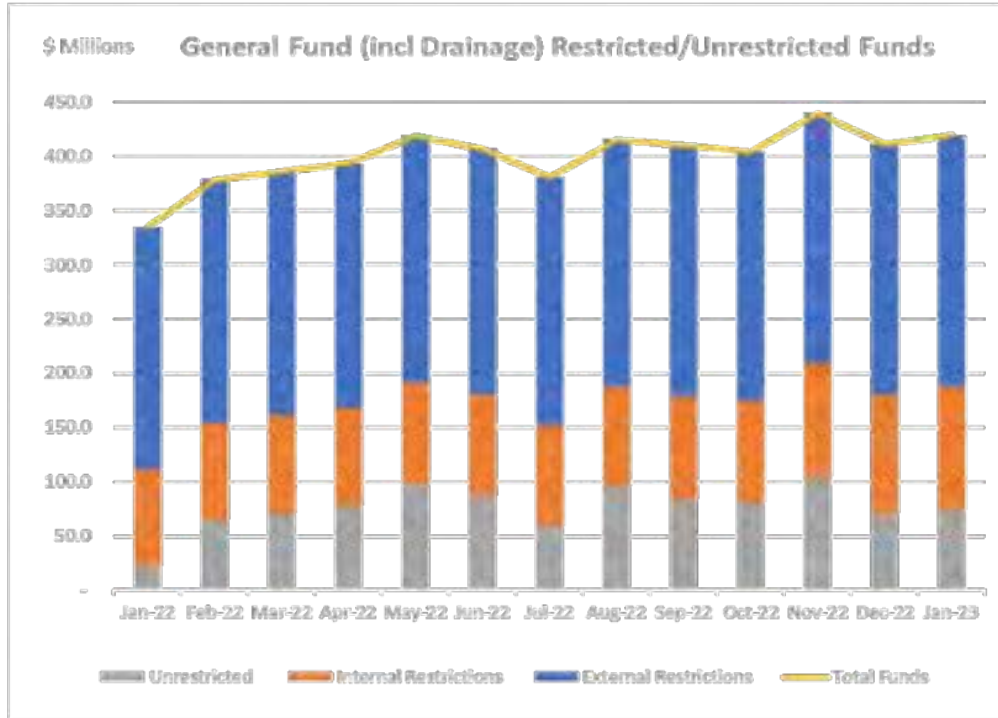
Fund	General Fund (\$'000)	Drainage Fund (\$'000)	Consolidated General Fund (\$'000)	Water Fund (\$'000)	Sewer Fund (\$'000)	Domestic Waste Fund (\$'000)
External Restricted Funds	193,841	38,068	231,909	12,757	21,481	99,560
Internal Restricted Funds	113,330	20	113,350	908	877	47
<b>Total Restricted Funds</b>	<b>307,171</b>	<b>38,088</b>	<b>345,259</b>	<b>13,665</b>	<b>22,358</b>	<b>99,607</b>
Unrestricted Funds	113,046	(38,784)	74,262	463	117,619	12,313
<b>Total funds by Fund</b>	<b>420,217</b>	<b>-696</b>	<b>419,521</b>	<b>14,128</b>	<b>139,977</b>	<b>111,920</b>

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.

The General Fund unrestricted balance (inclusive of Council's Drainage Fund) is currently \$74.3M. The graph below highlights Council General Fund unrestricted cash position including the Drainage Fund.

In accordance with the 'Establishment of new Internal Restrictions and Update of Restricted Funds Policy' adopted at the November Council meeting, two new Internal Restrictions were created and during January \$4.0M was transferred to the Emergency Loan Repayment restricted funds account to cover the \$50M repayment scheduled for December 2023.

2.2 Monthly Finance Report January 2023 (contd)



**Capital Works**

Council is reporting year-to-date capital works expenditure to 31 January of \$74.4M compared to budget of \$77.9M. Council currently has 108 active capex projects.

Department	YTD				Annual Current Budget
	Actuals	Current Budget	Variance	Variance	
	'000s	'000s	'000s	%	'000s
Community and Recreation Services	5,819	6,456	(637)	(9.9%)	23,148
Infrastructure Services	34,481	34,806	(325)	(.9%)	69,196
Water and Sewer	26,884	28,522	(1,638)	(5.7%)	62,930
Environment and Planning	2,462	3,875	(1,413)	(36.5%)	11,864
Corporate Services	4,778	4,214	564	13.4%	10,850
<b>Total Capital Expenditure</b>	<b>74,424</b>	<b>77,873</b>	<b>(3,449)</b>	<b>(4.4%)</b>	<b>177,988</b>

**Link to Community Strategic Plan**

Theme 4: Responsible

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**2.2 Monthly Finance Report January 2023 (contd)**


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**Choose Focus Area**

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

**Attachments**

<b>1</b>	Financial Performance - Monthly Finance Report January 2023	Provided Under Separate Cover	D15551097
<b>2</b>	Consolidated and By Fund January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548582
<b>3</b>	Office of the Chief Executive Officer January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548584
<b>4</b>	Community and Recreation Services January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548586
<b>5</b>	Infrastructure Services January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548587
<b>6</b>	Water and Sewer January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548588
<b>7</b>	Environment and Planning January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548589
<b>8</b>	Corporate Services January 2023 Monthly Financial Report	Provided Under Separate Cover	D15548592



**Item No:** 2.3  
**Title:** Investment Report for January 2023  
**Department:** Corporate Services

28 February 2023 Ordinary Council Meeting

Reference: F2004/06604 - D15534640  
Author: Devini Susindran, Team Leader  
Manager: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director Corporate Services

### Recommendation

- 1 That Council note the Investment Report for January 2023.**
- 2 That Council note that internally restricted funds are unrestricted funds that have been internally allocated to a certain purpose.**
- 3 That Council allocate the required unrestricted funds available in the General Fund to meet its January 2023 unrestricted funds deficit of \$38.8M in Drainage Fund as set out in this report.**
- 4 That Council note the January Restrictions are draft only, subject to 30 June 2022 Financial Statements audit review. The Restrictions are not expected to change at the review.**

### Report purpose

To present the monthly Investment Reports in accordance with cl. 212 of the *Local Government (General) Regulation 2005* which states as follows:

- 1 *The Responsible Accounting Officer of a Council*
  - a *must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented—*
    - i *if only one ordinary meeting of the council is held in a month, at that meeting, or*
    - ii *if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and*
  - b *must include in the report a certificate as to whether the investment has been made in accordance with the Act, the regulations and the council's investment policies.*
- 2 *The report must be made up to the last day of the month immediately preceding the meeting.*

**2.3 Investment Report for January 2023 (contd)**

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**Executive Summary**

This report details Council's investments at 31 January 2023.

**Background**

Council's investments are made in accordance with the Local Government Act 1993, Local Government (General) Regulation 2005, the Investment Policy adopted at the Ordinary Council Meeting on 28 June 2022, Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

**Current Status**

Council's current cash and investment portfolio totals \$685.5M at 31 January 2023.

**Table 1 - Council's Cash and Investment Portfolio by Source of Funds**

Source of Funds	Value (\$'000)
Investment Portfolio	646,225
Transactional accounts Per Bank Statement and cash in hand	39,322
<b>Total</b>	<b>685,547</b>

During January, Council's total cash and investments increased by \$4.6M from \$680.9M to \$685.5M. The increase during January is due to general fluctuations. Maturities during the month have been re-invested taking into consideration operational cashflow requirements.

2.3 Investment Report for January 2023 (contd)

**Table 2** - Council's Portfolio is held in separate funds by purpose and summarised as follows:

Fund	General Fund	Drainage Fund	Consolidated General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	193,841	38,068	231,909	12,757	21,481	99,560
Internal Restricted Funds	113,330	20	113,350	908	877	47
<b>Total Restricted Funds</b>	<b>307,171</b>	<b>38,088</b>	<b>345,259</b>	<b>13,665</b>	<b>22,358</b>	<b>99,607</b>
Unrestricted Funds	113,046	(38,784)	74,262	463	117,619	12,313
<b>Total funds by Fund</b>	<b>420,217</b>	<b>-696</b>	<b>419,521</b>	<b>14,128</b>	<b>139,977</b>	<b>111,920</b>

*Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.*

Detailed restrictions have been provided in Attachment 2. Council is continuing to manage the reported negative unrestricted funds balance in the Drainage Fund through its consolidation with the General Fund.

The negative unrestricted funds balance in the Drainage Fund is currently \$38.8M. In 2026 the Drainage Fund will become part of Council's General Fund as IPART will no longer regulate Stormwater Drainage prices. In the interim, the unrestricted funds deficit of \$38.8M is proposed to be funded through the General Fund's available unrestricted cash balance at 31 January 2023 of \$113.1M.

**Portfolio Management**

Council's Investment Portfolio is managed through term deposits, floating rate notes and bond maturities and placements.

The total value of the Council's investment portfolio at 31 January 2023 is outlined in Table 3 below. Total net return on the portfolio for Council in January 2023, comprising entirely of interest earned, was \$1.99M.

2.3 Investment Report for January 2023 (contd)

Table 3 – Portfolio Movement (Investments only)

Description	2021-22 Financial Year \$'000	Jul-Sep Qtr 2022/23 \$'000	Oct-Dec Qtr 2022/23 \$'000	Jan-23 2022/23 \$'000	FYTD 2022/23 \$'000
<b>Opening Balance</b>	<b>447,221</b>	<b>628,005</b>	<b>643,487</b>	<b>649,768</b>	<b>628,005</b>
movement in cash at call, additions and disposals	(91,662)	15,039	5,793	-4,982	15,850
Movement in Market Value	-10,878	443	488	1,439	2,370
<b>Closing Balance</b>	<b>628,005</b>	<b>643,487</b>	<b>649,768</b>	<b>646,225</b>	<b>646,225</b>
Interest earnings	5,660	3,574	5,230	1,994	10,798

The market value of Council's investment portfolio at 31 January 2023 is \$646.2M. Council's investments are evaluated and monitored against a benchmark appropriate to the risk (APRA Standards BBB long term or above) and time horizon of the investment concerned. A summary of the term deposit and floating rate notes maturities are listed in Table 4 below.

Table 4 - Investment Maturities

Time Horizon	Percentage Holdings	Maturity on or before	Value \$'000
<b>At Call</b>	3.25%	Immediate	20,975
<b>Investments</b>			
0 - 3 months	12.53%	Apr-2023	81,000
4 - 6 months	5.88%	Jul-2023	38,014
7 - 12 months	9.61%	Jan-2024	62,075
1 - 2 years	18.03%	Jan-2025	116,498
2 - 3 years	25.38%	Jan-2026	164,037
3 - 4 years	22.63%	Jan-2027	146,210
4 - 5 years	2.70%	Jan-2028	17,416
<b>Total Investments</b>	<b>96.75%</b>		<b>625,250</b>
<b>Total Portfolio</b>	<b>100.00%</b>		<b>646,225</b>
Interest Accrued to Jan 2022 (Excluding Interest on call accounts)			3,963
Market Value of Investment per Portfolio Valuation Report (Attachment 5)			650,188

The investment portfolio is concentrated in AA (23.12%), A (48.89%), and BBB (27.99%).

Council monitors and manages the portfolio taking into consideration credit ratings of financial institutions, interest rates offered for the maturity dates required and counterparty exposure. All of Council's investments were within policy guidelines at 31 January 2023.

The current spread of investments and counterparty exposure for December 2022 are shown in Graphs 1 and 2 respectively in Attachment 3.



**2.3 Investment Report for January 2023 (contd)**

**Environmental, Social and Green (ESG) Investments**

Council continues to look for 'ESG' investment opportunities subject to prevailing investment guidelines. A list of current ESG investments held is contained on the Investment listing at Attachment 1 and are highlighted in green.

Council currently holds 4.84% or \$31.3M in ESG investments as at 31 January 2023.

**Portfolio Return**

Interest rates on investments in the month, ranged from 0.88% to 4.82%. The monthly Bank Bill Swap Rate (BBSW) benchmark was 3.01%. Changes in economic conditions have led to the Reserve Bank of Australia (RBA) increasing its cash rate (which was at a historic low of 0.10% until 4 May 2022), to 3.35% on 8 February 2023. BBSW has also followed this trend and has been increasing steadily. Comparative interest rates are shown in the table below.

**Table 5 – Interest Rate Increases**

Month	RBA Cash Rate	1 Month Bank Accepted Bills
February 2022	0.10%	0.01%
March 2022	0.10%	0.03%
April 2022	0.10%	0.08%
May 2022	0.35%	0.39%
June 2022	0.85%	0.92%
July 2022	1.35%	1.48%
August 2022	1.85%	1.89%
September 2022	2.35%	2.41%
October 2022	2.60%	2.72%
November 2022	2.85%	2.87%
December 2022	3.10%	3.01%
January 2023	3.10%	3.08%
February 2023	3.35%	Available at the end of February

Source: RBA Statistics [Interest Rates and Yields – Money Market – Monthly – F1.1](#)

Investments are made within Council policy and at the best rates available at the time of placement. Interest rate rises have meant that earnings from some prior month investments have fallen below the current monthly BBSW rate.

The weighted running yield for January 2023 is 3.41%. Performance Statistics for Council are shown in Table 1 in Attachment 3.

Market values reflected in the Portfolio valuation report in Attachment 5 have been used to record the unrecognised gains/(losses) in tradeable fixed rate bonds and floating rate notes. Interest accrued has been recorded separately and is not reflected in portfolio valuations.

**2.3 Investment Report for January 2023 (contd)**

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**Consultation**

Not Applicable

**Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

Council's investment portfolio includes rolling maturity dates to ensure that Council has sufficient liquidity to meet its ongoing obligations and the paydown of \$50M against the emergency loans in December 2023.

**Certification:**

*I hereby certify the investments summarised in the report have been made in accordance with section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulations 2021 and Council's investment policy*

*Emma Galea, Responsible Accounting Officer*

**Link to Community Strategic Plan**

Theme 4: Responsible

**Goal G: Good governance and great partnerships**

R-G4: Serve the community by providing great customer experience, value for money and quality services.

**Risk Management**

Council's bank and investment accounts are reconciled daily to ensure sufficient funds are maintained for the provision of services.

**Options**

Not applicable

**2.3 Investment Report for January 2023 (contd)**

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**Attachments**

<b>1</b>	Summary of Investments as at 31 January 2023	Provided Under Separate Cover	D15539737
<b>2</b>	Summary of Restrictions as at 31 January 2023	Provided Under Separate Cover	D15539738
<b>3</b>	Investment Report Graphs and Table for January 2023	Provided Under Separate Cover	D15539739
<b>4</b>	Treasury Direct Trading Limits Report as at 31 January 2023	Provided Under Separate Cover	D15539740
<b>5</b>	Treasury Direct Portfolio Valuation Report as at 31 January 2023	Provided Under Separate Cover	D15539741

**Item No:** 2.6  
**Title:** 2022-2023 Quarter 2 Review  
**Department:** Environment and Planning and Corporate Services



28 February 2023 Ordinary Council Meeting

Reference: F2021/01492 - D15527209  
Author: Sharon McLaren, Section Manager Corporate Planning and Reporting  
Leslie Chan, Regulatory Reporting Senior Accountant  
Peter Correy, Financial Controller Partnering and Regulatory Reporting  
Michelle Best, Financial Controller  
Manager: Emma Galea, Chief Financial Officer  
Executive: Alice Howe, Director Environment and Planning  
Marissa Racomelara, Director Corporate Services

### Recommendation

***That Council adopt Central Coast Council's Quarter 2 Review for 2022-2023 (Attachment 1) including the proposed budget amendments, and changes to the Long-Term Financial Plan as detailed in this report.***

### Report purpose

To report on Central Coast Council's performance progress as measured against the organisation's Operational Plan for 2022-2023. The *Q2 Business Report* covers the progress on the operational plan activities and financial performance for the period 1 October 2022 to 31 December 2022.

### Executive Summary

Clause 203 of the *Local Government (General) Regulation 2021* requires a Council's Responsible Accounting Officer to prepare and submit a *Quarterly Budget Review Statement* to the governing body of Council.

The *Quarterly Budget Review Statement* must show, by reference to the estimated income and expenditure that is set out in the Operational Plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year. It also requires the *Quarterly Budget Review Statement* to include a report by the Responsible Accounting Officer as to whether or not they consider the statement indicates Council to be in a satisfactory financial position and if not, to include recommendations for remedial action. Council's Operational Plan sets out the achievements, goals and revenue policy, including estimates of income and expenditure.

The *Quarterly Budget Review Statement* plays an important role in monitoring Council's progress against the Operational Plan.

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2.6 2022-2023 Quarter 2 Review (contd)

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*Operational Plan Action and Target Progress*

At the end of Quarter 2, the overall performance against the Operational Plan actions and indicators shows 15 out of 153 actions are Completed and 119 are On Track for delivery by the end of the financial year, 12 are Delayed, and 7 are Closed.

*Financial Performance*

- The year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$18.8M, consisting of an actual surplus of \$28.4M compared to a budget surplus of \$9.6M.
- The year to date (YTD) operating result (including capital grants and contributions) is showing a favourable variance of \$10.1M, consisting of an actual surplus of \$52.9M compared to a budget surplus of \$42.8M.
- The proposed Q2 adjustments will move the 2022-2023 budgeted operating surplus (excluding capital grants and contributions) from \$11.5M to an operating surplus (excluding capital grants and contributions) of \$15.8M.
- The proposed Q2 adjustments will move the 2022-2023 budgeted operating surplus (including capital grants and contributions) from \$89.9M to an operating surplus (including capital grants and contributions) of \$90.8M.
- The YTD capital expenditure is \$66.6M compared to a YTD budget of \$67.3M.
- The proposed Q2 capital expenditure budget adjustment is an increase of \$4.0M that will result in a revised 2022-2023 full year capital works program of \$181.9M.

More information and details of progress and financial performance are provided in the Q2 *Business Report* (Attachment 1).

**Background**

The 2022-2023 Q2 *Business Report* for Central Coast Council is provided in Attachment 1. It incorporates reporting on the progress of actions and targets against the objectives of the Operational Plan and a *Quarterly Budget Review Statement*.

Clause 203 of the *Local Government (General) Regulation 2021* requires that no later than two months after the end of each quarter (except the June quarter), the Responsible Accounting Officer of Council must prepare and submit to Council a *Quarterly Budget Review Statement* that shows a revised estimate of the income and expenditure for that year.

As required under the Integrated Planning Reporting Framework, Council is required to report on its progress with respect to its actions and targets against the objectives of the Operational Plan, at least every six months. This report contains progress information for Quarter 2 and is prepared to coincide with the *Quarterly Budget Review Statement*.

2.6 2022-2023 Quarter 2 Review (contd)

This quarterly report is presented in the necessary format and is considered to satisfy the legislative requirements.

**Current Status**

*Operational Plan Actions and Targets*

The table below is a summary of the overall progress on the actions, measures and projects for Q2. The information contained in the *Q2 Business Report* includes specific details of progress.

Theme:	Belonging	Smart	Green	Responsible	Liveable	Total
Completed	2	2	1	6	1	15
On Track	51	12	8	47	21	119
Delayed	0	0	3	10	0	12
Scheduled	0	0	0	0	0	0
On Hold	0	0	0	0	0	0
Closed	0	0	0	6	1	7
<b>Total</b>	<b>33</b>	<b>14</b>	<b>11</b>	<b>69</b>	<b>26</b>	<b>153</b>

*Financial Performance*

The below year to date (YTD) operating results are inclusive of rates and waste management annual charges income being amortised over a 12-month period.

The year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$18.8M, consisting of an actual surplus of \$28.4M compared to a budget surplus of \$9.6M. More information is provided in Sections 1.1 and 2.2 of Attachment 1.

The year to date (YTD) operating result (including capital grants and contributions) is showing a favourable variance of \$10.1M, consisting of an actual surplus of \$52.9M compared to a budget surplus of \$42.8M. More information is provided in Sections 1.1 and 2.2 of Attachment 1.

The Q2 YTD capital expenditure is \$66.6M compared to a YTD budget of \$67.3M.

**Consultation**

All Units of Council were consulted during the development of this report and contributed to the information contained in the report.

**Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

2.6 2022-2023 Quarter 2 Review (contd)

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

Budget adjustments are proposed in this report and are detailed in the Attachment 1.

The proposed Q2 adjustments will move the 2022-2023 budgeted operating surplus (excluding capital grants and contributions) from \$11.5M to an operating surplus (excluding capital grants and contributions) of \$15.8M. This is an improvement in Council's financial position.

The proposed Q2 adjustments will move the 2022-2023 budgeted operating surplus (including capital grants and contributions) from \$89.9M to an operating surplus (including capital grants and contributions) of \$90.8M. This is also an improvement in Council's financial position.

Adjustments proposed to be adopted as part of the Q2 budget review include:

*Increase of \$12.6M in operating income*

- \$5.8M increase in grant funding for operational pothole and pavement patching works, and State roads ordered works. \*
- \$2.4M increase in tipping revenue, contract costs, waste levy and associated processing costs at facilities. \*
- \$1.9M increase in interest on investments due to the favourable rising interest rate environment.
- \$1.6M increase in income from common law claim reimbursements and insurance claim settlements.
- \$1.5M increase in Emergency Services Levy revenue as a result of a one-off CPI contribution from the NSW Government.
- \$1.2M increase in Leisure and Pools income from additional revenue received (post COVID) in Q2 for remainder of FY23 and recognition of community facility income.
- \$0.5M increase in Water and Sewer interest revenue due to increase in rates and additional funds on hand as a result of delays to capital works programs.
- \$0.4M increase in Community and Culture income from additional gallery and theatre revenue and recognition of grant income from restricted funds. \*
- \$0.2M increase in Libraries and Education income from additional grant funding for Library per capita as operations move back to pre-COVID levels. \*
- (\$2.9M) unfavourable reduction in Sale of Operational Assets due to the deflated property market but offset by grant funding received for Central Coast Airport and increased Event revenue.

Note: \* indicates additional expenditures either fully or partially directly offset the additional income.

2.6 2022-2023 Quarter 2 Review (contd)

*Decrease of (\$3.4M) in capital income*

- (\$1.9M) unfavourable reduction in developer contribution income due to a delay in development activity for ongoing projects in FY23, slightly offset by some contribution income receipts received and agreements executed.
- (\$1.5M) unfavourable reduction in Water and Sewer grant income as a result of delays in project timings and a decision to halt funding claims on the Mardi Water Treatment Plant in Q3 FY23 in light of a new funding agreement being arranged.

*Increase of (\$8.3M) in operational expenditure*

- (\$5.6M) increase in grant associated spend from operational pothole program, pavement patching works and State roads ordered works. \*
- (\$2.4M) increase in expenditure in line with increase in tipping revenue, contract costs, waste levy and associated processing costs at facilities. \*
- (\$0.5M) increase in expenditure for Mobilisation at the Stadium alongside additional expenditure from additional revenue, as well as associated expenses incurred from Grant Funding of the Central Coast Airport.
- (\$0.4M) increase in expenditure related to Council security in the Lake Haven precinct and cleaning contract costs due to CPI increase and returning back to pre-COVID levels of activity.
- (\$0.4M) increase in expenditure related to forecasted street lighting and electricity costs for the remainder of FY23.
- (\$0.4M) increase in Leisure and Pools expenditure due to additional revenue received (post COVID), additional Beach Safety expenditure and a Community Wellbeing Survey.
- (\$0.3M) increase in Community and Culture expenditure from increased casual salaries across theatre cost centres, additional funds allocation for the Public Art Plan and deep cleaning for Town Centres to meet community expectations. \*
- (\$0.3M) increase in expenditure from common law claims, offset by reduced legal costs associated with Governance.
- (\$0.2M) increase in Libraries and Education expenditure due to additional spend incurred from grants funding received due to library operations move back to pre-COVID levels. \*
- (\$0.2M) increase in expenditure due to EPA legal fees.
- (\$0.1M) increase in expenditure related to land and building valuation fees budgeted for Q4 in FY23.
- (\$0.1M) increase in expenditure related to audit fees for the FY22 financial statement audit to be paid in Q3 of FY23.
- \$0.2M favourable reduction in expenditure on forecasted gas costs for the remainder of FY23.
- \$0.4M favourable reduction in IM&T project and upgrade expenditures to be performed in FY23.
- \$2.2M favourable reduction in Water and Sewer expenditure (material and services) due to changes in delivery timing of works associated with resourcing constraints.

Note: \* indicates additional income either fully or partially directly offsets the additional expense.

Council's financial focus continues to be on maintaining expenditure, raising additional income, monitoring incoming cash flow, performing cashflow forecasts and ensuring a more sustainable



**2.6 2022-2023 Quarter 2 Review (contd)**

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cash preservation. Further information on the proposed budget adjustments is provided in Section 3.1 and 3.2 of Attachment 1.

**Capital Works Program**

The proposed Q2 budget adjustment is an increase of \$4.0M, resulting in a revised 2022-2023 full year capital works program of \$181.9M. A full list of proposed changes to the capital works program is provided in Section 3.3 of Attachment 1.

**Long Term Financial Plan Considerations**

When undertaking the Q2 budget review, any budget changes or identified future budget changes that will impact on Council's Long Term Financial Plan (LTFP) are also identified.

*Employee Costs*

As part of Q2 budget review it has been identified that an increase in employee costs will be required to be included in the LTFP as a result of an immediate operational need to extend some temporary employees in the Development Assessment area of Council. The increase in costs associated with this extension is a total of \$1,001,545 over a number of financial years as follows:

- 2022/23 - \$25,905
- 2023/24 - \$379,486
- 2024/25 - \$482,920
- 2025/26 - \$113,235

The cost for 2022/23 does not require any budget adjustment as it can be absorbed due to other vacant positions. The cost for the outer financial years will be reflected in the LTFP that Council is currently in the progress of reviewing and updating.

*Depreciation*

As part of the audit of the 2021/22 Financial Statements a significant review was undertaken in regard to asset data and valuations, resulting in a number of changes that will have an ongoing impact on Council's depreciation costs and therefore the operating result. The depreciation cost for 2022/23 and future financial years is estimated to increase by an amount in the order of \$30M. This adjustment will be included in the *Q3 Quarterly Budget Review* and taken into consideration in the LTFP that Council is currently in the progress of reviewing and updating.

**2.6 2022-2023 Quarter 2 Review (contd)**

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**Link to Community Strategic Plan**

Theme 4: Responsible

**Goal G: Good governance and great partnerships**

R-G4: Serve the community by providing great customer experience, value for money and quality services.

**Options**

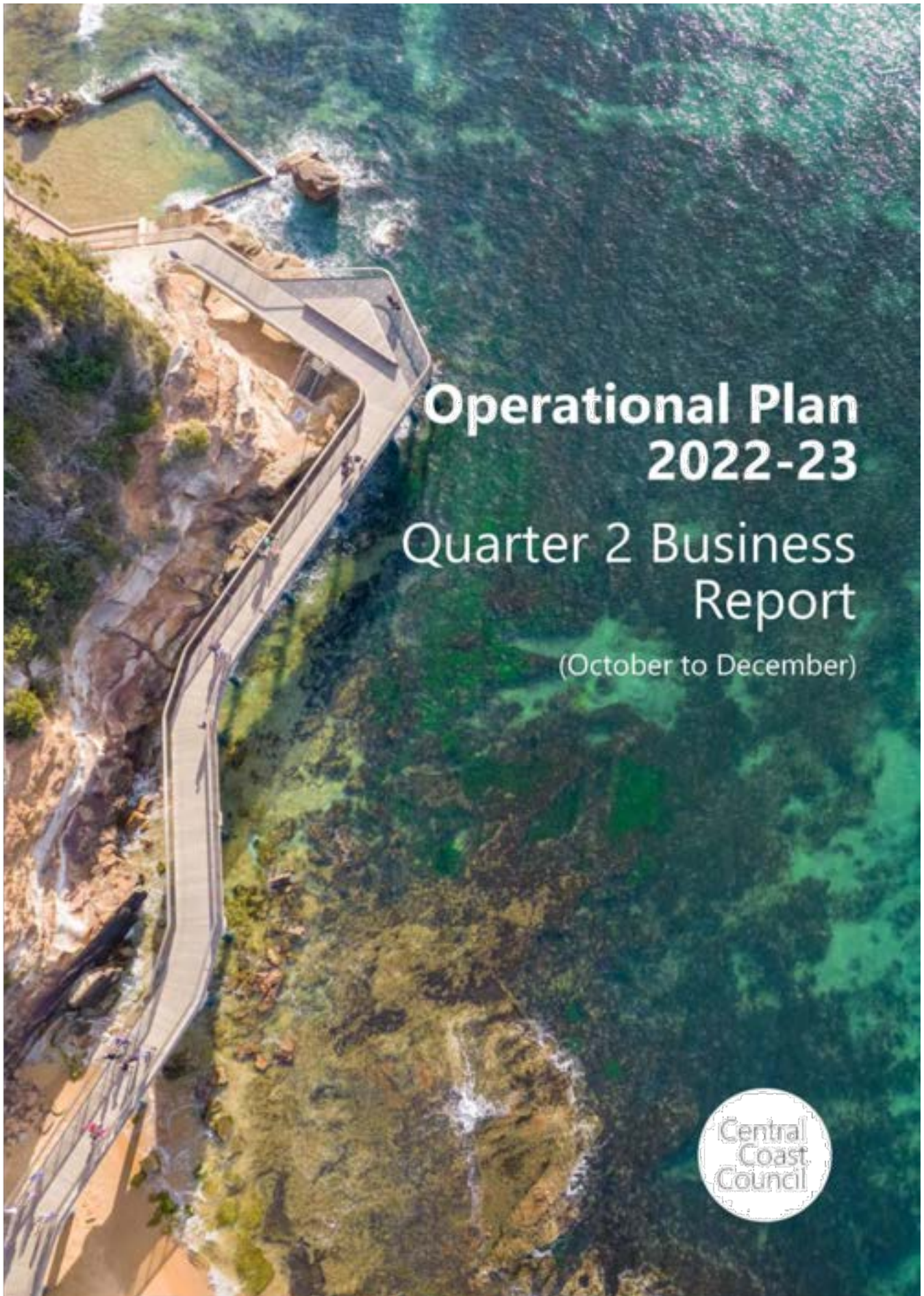
Quarterly reporting of Council's financial performance is mandatory under the *Local Government (General) Regulation 2021*.

**Critical Dates or Timeframes**

Sub-clause 203(1) of the *Local Government (General) Regulation 2021* requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the Council within two months of the end of each quarter (excluding June). The Q2 report is due by 28 February 2023.

**Attachments**

- 1 2022-2023 Q2 Business Report Provided Under Separate Cover D15548869



# Operational Plan 2022-23

## Quarter 2 Business Report

(October to December)



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## About this Report

The information contained in this report details Council's performance against the Operational Plan 2022-23 and covers the period from 1 October 2022 to 31 December 2022.

This report complies with the requirements to prepare a Quarterly Budget Review Statement under clause 203 of the *Local Government (General) Regulation 2021*, with a revised estimate of income and expenditure from the Responsible Accounting Officer of Council included.

Council's performance against the Delivery Program and annual Operational Plan is reported on a quarterly basis and coincides with the Quarterly Budget Review Statement, which is reported to Council within two months after the end of the quarter for Quarters 1, 2 and 3. An Annual Report and Audited Financial Statements are prepared in place of a report on Quarter 4.

Quarterly Reporting Periods are as follows:

- Quarter 1 (Q1) – 1 July 2022 to 30 September 2022
- Quarter 2 (Q2) – 1 October 2022 to 31 December 2022
- Quarter 3 (Q3) – 1 January 2023 to 31 March 2023
- Quarter 4 (Q4) – 1 April 2023 to 30 June 2023

## Operational Plan Performance

The Community Strategic Plan (CSP), titled *One – Central Coast*, sets the direction for the next 10 years and provides a roadmap to guide future plans, activities and services. *One – Central Coast* reflects the voice and values of the Central Coast community and corresponds to key NSW Government plans. It includes the following five Themes, with Focus Areas and Objectives under each of these Themes:

- **Belonging**
- **Smart**
- **Green**
- **Responsible**
- **Liveable**

The Operational Plan 2022-2023 (year 1 of the four-year Delivery Program 2022-2025) is aligned to the five CSP Themes, detailing the activity Council will undertake (through projects, plans and actions) to deliver *One – Central Coast*. This report provides an update on Council's progress against the Operational Plan 2022-2023.

### Performance Summary

Council's progress in delivering the actions, measure and projects against the Operational Plan for 2022-2023 are assessed and measured using the following status definitions:

<b>Completed</b>	Work or action is completed / target achieved
<b>On Track</b>	Work or action is on track as planned / target on track to date
<b>Delayed</b>	Work or action is delayed / target has not been met or is off track to date
<b>Scheduled</b>	Work or action has not commenced yet
<b>On Hold</b>	Work or action is on hold until further notice
<b>Closed</b>	Work or action will no longer continue

The category of *On Hold* refers to actions that, due a change in priorities or prolonged delays, are not progressing but will likely recommence in the near future. The category of *Closed* refers to actions that are not progressing due to a change in priorities.

The table below is a summary of progress on the actions, measures and projects.

Theme:	Belonging	Smart	Green	Responsible	Liveable	Total
<b>Completed</b>	2	2	1	5	4	15
<b>On Track</b>	31	12	8	47	71	119
<b>Delayed</b>	0	0	2	10	0	12
<b>Scheduled</b>	0	0	0	0	0	0
<b>On Hold</b>	0	0	0	0	0	0
<b>Closed</b>	0	0	0	5	1	7
<b>Total</b>	33	14	11	69	26	153

## Belonging



### OUR COMMUNITY SPIRIT IS OUR STRENGTH

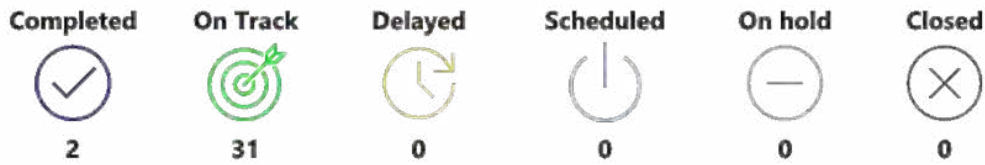
- A1** Work within our communities to connect people, build capacity and create local solutions and initiatives
- A2** Celebrate and continue to create opportunities for inclusion where all people feel welcome and participate in community life
- A3** Work together to solve a range of social and health issues that may impact community wellbeing and vulnerable people
- A4** Enhance community safety within neighbourhoods, public spaces and places



### CREATIVITY, CONNECTION AND LOCAL IDENTITY

- B1** Support reconciliation through the celebration of Aboriginal and Torres Strait Islander cultures
- B2** Promote and provide more sporting, community and cultural events and festivals, day and night, throughout the year
- B3** Foster creative and performing arts through theatres, galleries and creative spaces, by integrating art and performance into public life
- B4** Activate spaces and places to complement activity around town centres, foreshores, lakes and green spaces for families, community and visitors






### 33 Actions / Indicators







#### Operational Plan 2022-23 Performance

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_001:</b> Develop and deliver community capacity building projects in partnership with the local community to increase community participation and strengthen local neighbourhood connections	5 projects delivered (e.g. mental health initiatives, community resilience programs, social inclusion projects) by 30 June 2023	Community and Culture		YTD program delivery includes: <ul style="list-style-type: none"> <li>Mental Health Month events</li> <li>Central Coast Disaster Recovery and Resilience Network meeting</li> <li>Commenced development of a Local Recovery Plan</li> <li>Participation in community led plans for Spencer, Yarramalong and Somersby</li> <li>Paddock to Plate program, offering community members lunch using seasonal produce and some rare finds from local community gardens.</li> </ul>
<b>DP_002:</b> Manage Council's suite of Community Grants Program and resource regional program	4 Community Grants Programs delivered (Community Development Grants, Community Events and Place Activation Grants, Community Support Grants, Colliery Grants) and 1 ClubGrants Program delivered by 30 June 2023	Community and Culture		Performance for the quarter: <ul style="list-style-type: none"> <li>Community Support Grant Program received 24 applications with 17 recommended for funding totalling \$65,000</li> <li>Colliery Grants Program received 11 applications totalling \$50,000. Six applications were recommended for funding totalling \$29,000.</li> </ul>
<b>DP_003:</b> Provide community education programs focussed on increasing community awareness and influencing behaviour change around key community priorities	3 projects (e.g. Get Ready, Creative Recovery, Walls that Talk) delivered by 30 June 2023	Community and Culture		Projects this quarter include: <ul style="list-style-type: none"> <li>Summer Safety Campaign rolled out including radio ads and social media.</li> <li>Emergency Preparedness session for seniors delivered.</li> <li>Delivered Fire-ed Up excursion, where students were provided with valuable experiences to increase knowledge about bushfires and the environment.</li> <li>Birdie Books storytime sessions delivered.</li> </ul>
<b>DP_004:</b>	Implement relevant actions from the	Leisure, Beach Safety and		Youth activities and programs have been delivered aligned to the












Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>Provide opportunities for young people to be engaged and recognised within our community</b>	Central Coast Youth Strategy	Community Facilities		Central Coast Youth Strategy, including the Discovered Grand Final and Youth Choir, Colour Our Coast family fun run, partnership programs (e.g. Hang on the Hill, Streetgym and YASS) and the Y4Y Leadership program.
<b>DP_005: Provide opportunities for people aged over 50 to be engaged and recognised within our community</b>	Implement relevant actions from the Central Coast Positive Ageing Strategy	Leisure, Beach Safety and Community Facilities		Seniors Centre action delivered at Gosford and Ettalong Centres aligned to the Central Coast Positive Ageing Strategy this quarter is the Growing Older and Loving Life (GOALL) publication for Summer 2022. This promotes appropriate age activities and programs over the summer period.
<b>DP_006: DIAP: AB1.1 Deliver an annual campaign to educate the community, including children and Council staff, about disability, including:</b> <ul style="list-style-type: none"> <li>the lived experience</li> <li>invisible disabilities</li> <li>respectful behaviours and inclusive practices</li> </ul>	Campaigns have been delivered on identified topics Number of fines for parking in accessible parking without a permit	Community and Culture		<p>Campaigns include:</p> <ul style="list-style-type: none"> <li>Invisible Disabilities, which seeks to improve positive outcomes for people with a disability and allow them to fully participate in day-to-day community life and feel welcome. The campaign also included Sticker decals on the back of public toilet doors, E-news Banner adverts, Coast Connect Display advert, customer service digital displays at the libraries and leisure centre, posters and corflute signs.</li> <li>Shared Pathways project, which includes the development of stencils for Long Jetty shared pathway that promotes the use of the pathway by all those abled and disabled.</li> </ul> <p>YTD the number of fines that have been issued for parking in accessible parking without a permit is 570.</p>
<b>DP_007: DIAP: AB2.1 Implement a program to support local businesses to be more accessible and inclusive</b>	2 businesses implementing actions to improve access and inclusion	Community and Culture		Engagement with the Access and Inclusion Reference Group, Gosford / Erina Chamber and Central Coast Community Council on the inclusion of an 'Accessible' category in the 2023 awards program.
<b>DP_008: DIAP: LC2.4 Publish and promote Accessibility Maps</b>	Minimum of 2 maps showing access generated by 30 June 2023	Community and Culture		New Draft Beach Accessibility Brochure on the Coast developed and reviewed by Access and Inclusion Reference Group (AIRG). Feedback from group to be

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
				incorporated into the final draft document.
<b>DP_009:</b> <b>DIAP: E6.1 Actively attract people with disabilities who have a start-up business idea to participate in Council's LaunchPad program</b>	Number of people with disability involved in skills development and networking activities	Community and Culture		Planning continues for delivery of LaunchPad Program in Q3, with promote of the program aimed at attracting people with a disability.
<b>DP_010:</b> <b>DIAP: SP5.1 Implement targeted communication to disability network and contacts to share information about access and inclusion developments/opportunities at Council and across the Central Coast community, including reach to Aboriginal, Deaf and CALD communities</b>	Twice-annual communication to key disability groups	Community and Culture		During the quarter, Council's Disability Inclusion Officer attended the Disability Interagency network. The Central Coast Access and Inclusion Reference Group (AIRG) meeting was also held in December 2022. This was the last meeting of this group, with new AIRG membership sought for 2023. The First meeting of the new AIRG will be in Q3.
<b>DP_011:</b> <b>DIAP: LC6.2 Plan and deliver community, cultural, sporting, recreation, leisure and learning events, activities and programs that are welcoming and accessible for people with a disability</b>	Minimum of 2 of accessible events and activities delivered by 30 June 2023	Libraries and Education		Events and activities delivered include: <ul style="list-style-type: none"> <li>• Coastlink Storytimes delivered weekly at Lake Haven Library</li> <li>• A sensory glow room event at Kincumber in the October school holidays, with the Youth team facilitating the event</li> <li>• The Aspect School - a specialist Central Coast Autism educational centre visited Kincumber Library in November for personal development and wellbeing.</li> <li>• Installation of a touch screen specifically for people that are unable to use a mouse for computer activities at Gosford Library.</li> </ul>
<b>DP_013:</b> <b>Develop and deliver community capacity building projects in partnership with the local community to reduce the local impact of domestic and family violence</b>	3 projects delivered (e.g. Awareness campaigns, 16 Days of Activism, Education program with young people) by 30 June 2023	Community and Culture		Activities this quarter include: <ul style="list-style-type: none"> <li>• 16 Days of Activism Against Gendered Violence.</li> <li>• Walk Against Domestic Violence</li> <li>• Awareness raising banners installed in Gosford in Long Jetty</li> <li>• Art installation of orange umbrellas by Minka Gillian in</li> </ul>

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
				Kibble Park, representing the 52 women who die every year in Australia. <ul style="list-style-type: none"> <li>Coercive Control information posters installed in public amenities around the Central Coast.</li> </ul>
<b>DP_014:</b> <b>Develop and deliver community capacity building projects in partnership with the local creative arts and multicultural community</b>	3 projects delivered (e.g. Creative Art Central, If these walls could talk, neighbourhoods project) by 30 June 2023	Community and Culture		Programs and activities this quarter include: <ul style="list-style-type: none"> <li>Multicultural Expo held</li> <li>Creative Art Central program underway</li> <li>Preparation of Neighbourhoods The Entrance program, with roll out planned in April 2023</li> <li>Participation in Craft Week, with workshops delivered, focussing on upskilling people in sustainable crafts practice.</li> </ul>
<b>DP_016:</b> <b>Implement relevant actions from the Central Coast Graffiti Management Strategy</b>	2 projects delivered (e.g. mural project, graffiti kits, parents education, programs with young people) by 30 June 2023	Community and Culture		Activities this quarter include: <ul style="list-style-type: none"> <li>1,000 graffiti magnets developed on how to report illegal graffiti distributed to libraries and customer service centres</li> <li>24 graffiti removal kits issued to the community.</li> </ul>
<b>DP_018:</b> <b>Delivery of an annual Responsible Pet Ownership event</b>	Event delivered by 31 March 2023	Environmental Compliance Services		On track with event scheduled to occur on 18 February 2023. Expression of interest for store participants and associated communications released this quarter.
<b>DP_019:</b> <b>Delivery of an annual desexing program</b>	500 animals desexed by 30 June 2023	Environmental Compliance Services		YTD a total of 180 animals have been desexed.
<b>DP_020:</b> <b>Delivery of an annual microchipping program</b>	2,000 animals microchipped per year by 30 June 2023	Environmental Compliance Services		YTD a total of 75 animals have been microchipped. During the quarter, Council held 11 pop-up stalls at events where microchipping and animal registration was available. Further events scheduled to occur in February 2023 and March 2023 at Council's Animal Care Facilities.
<b>DP_021:</b> <b>Deliver a Regional Animal Care Facility by 30 June 2025</b>	Investigation and design completed by 30 June 2023	Environmental Compliance Services		Consultant engaged in November 2022 to prepare a development application and specialist reports. This follows the completion of a concept design in FY22.
<b>DP_022:</b> <b>Council to safely patrol beach</b>	Provide beach lifeguard services to 15 patrolled beaches	Leisure, Beach Safety and		All 15 beaches were opened and patrolled for the season from Friday 23 September. Extended

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
locations, and provide beach safety messaging (in partnership with Surf Life Saving Central Coast)	from September to April	Community Facilities		patrol hours in place in December through to January (9am-6pm). Swim Safe summer campaign promoted via Council communication channels. Meetings held in partnership with Surf Life Saving and Council regarding beach safety operations during the period.
DP_023: Develop and deliver community capacity building projects in partnership with the local Aboriginal and Torres Strait Islander community	4 projects delivered (e.g. Ngura, Healthy lifestyle programs, NAIDOC week, elders/school reading program) by 30 June 2023	Community and Culture		Activities this quarter include: <ul style="list-style-type: none"> <li>• Delivery of term 4 Ngura, with a graduation ceremony held.</li> <li>• Aboriginal men's group sessions</li> <li>• Elders reading program</li> <li>• Culturally appropriate activities within schools</li> <li>• Cultural farm tours linking to food production and local employment.</li> </ul>
DP_026: DIAP: AB4.2 Support International Day of People with Disability (IDPWD)	International Day of PWD is celebrated and promoted by Council each year	Community and Culture		Promotional activities for International Day of People with Disability (IDPWD) include: <ul style="list-style-type: none"> <li>• A pop-up stall at Westfield Tuggerah, where people were able to learn more about invisible disabilities and participate in the 'Live My Experience' immersive VR experience. The stall had various resources including MLAK information, Accessible Nature brochures, Disability Services Brochures and a number of promotional items for International Day of People with Disability.</li> <li>• Video filmed and edited about the innovative Virtual Reality project and distributed through social media for IDPWD.</li> </ul>
DP_027: DIAP: LC6.1 Build capacity of Council event staff to deliver accessible and inclusive events, activities and programs	Minimum of 1 Council events staff receiving training / upskilling on accessible events	Community and Culture		Ongoing investigations and research into training and upskilling opportunities for staff.
DP_028 DIAP: LC6.2 Plan and deliver community, cultural, sporting, recreation, leisure and learning events,	Minimum of 2 accessible events and activities delivered by 30 June 2023	Community and Culture		Council's Disability Inclusion Officer participated in site assessments to enable the accessibility of events. This includes accessibility features implemented at Central Coast

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
activities and programs that are welcoming and accessible for people with a disability				Music Festival and the Lakes Festival.
<b>DP_029:</b> <b>DIAP: LC6.4</b> Revise Council's event permit and grant funding application forms to include questions on accessibility and inclusion	Forms have been revised to reflect access and inclusion questions by 30 June 2023	Community and Culture		Currently working to update event and grant application forms.
<b>DP_030:</b> <b>DIAP: SP1.7</b> Make information available on accessible events, activities, services, support and places, including links to accessibility apps, info on where to get help, inclusive community and council activities	Minimum of 3 events, activities and services with access information is available. Minimum of 5 occurrences of which access information is available on the website	Community and Culture		Information provided and regularly updated on Council's website including: <ul style="list-style-type: none"> <li>• Events, programs and activities</li> <li>• Support Service information</li> <li>• The Accessible Events Guide</li> <li>• The Accessible and Inclusive Sport and Recreation Resource</li> <li>• The Accessible Nature Central Coast Guide</li> </ul>
<b>DP_031:</b> Support community organisation and businesses to effectively deliver a range of external events	10 community events supported	Community and Culture		YTD 44 events have been supported including: <ul style="list-style-type: none"> <li>• Easy Street Hot Rod Show</li> <li>• Max Adventure – Bouddi Coastal Run</li> <li>• Studio K – Creating Kind</li> <li>• Central Coast Surf Academy - Women's Surf Day</li> <li>• Avoca Waterside Weaving</li> <li>• Terrigal Beach Markets</li> <li>• Pianos For the People</li> <li>• Long Jetty Street Festival</li> <li>• Lowrider Sunday</li> <li>• Alive Festival</li> <li>• Symphony Under the Stars</li> <li>• Girrakol</li> <li>• Run 4 Reef</li> <li>• Remembrance Day Memorial Services at The Entrance and Gosford</li> <li>• Tinsel Time in Toukley</li> <li>• Environmental Film night at The Entrance</li> <li>• Rolling Sets Music Festival</li> </ul>
<b>DP_032</b> Develop and deliver an annual Major Events Program, including but not limited to Chromefest, Harvest Festival, The	10 events developed and delivered to 100,000 participants by 30 June 2023	Community and Culture		YTD 7 events delivered to 64,000 attendees, such as: <ul style="list-style-type: none"> <li>• Central Coast Music Festival</li> <li>• ChromeFest</li> <li>• The Lakes Festival including Light Up The Lake</li> <li>• Citizenship Ceremonies</li> </ul>

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
Lakes Festival, Australia Day, New Year's Eve, Love Lanes Festival and Flavours by the Sea				
<b>DP_033:</b> <b>DIAP: LC6.3 Provide Council theatre and performance art spaces that are welcoming and inclusive, such as Auslan interpretation, audio description and reserve accessible seating only available to people with disability</b>	Deliver at least 2 accessible activities by 30 June 2023	Community and Culture		Activities during the quarter include: <ul style="list-style-type: none"> <li>An Auslan interpreted show confirmed for early 2023.</li> <li>Collaboration confirmed with community arts organisation to deliver a showcase of comedians with disability or chronic illness in early 2023.</li> </ul>
<b>DP_034:</b> <b>Delivery of high-quality exhibitions and programs at Gosford Regional Art Gallery</b>	150,000 visitors to the gallery by 30 June 2023	Community and Culture		YTD visitation is 68,544.
<b>DP_035:</b> <b>Develop and deliver creative arts development projects in partnership with the local creative practitioners and organisations</b>	3 projects delivered (e.g. Arts Professional Development, Public Art, Heard Community) by 30 June 2023	Community and Culture		The Heard Community project is currently being developed and is on track for rollout in April.
<b>DP_036:</b> <b>Delivery of cultural productions, events and performances at Laycock Street and Peninsula Community Theatres</b>	200 cultural productions, events and performances delivered	Community and Culture		Activities during the quarter include: <ul style="list-style-type: none"> <li>3 seasonal performances</li> <li>3 commercial performances</li> <li>37 school performances</li> </ul>
<b>DP_079:</b> <b>DIAP: SP6.1 Consult with Council's Access and Inclusion Reference Group to improve awareness amongst people with disability about local emergency information resources, such as the Central Coast Disaster Dashboard, and advocate to primary agencies about any issues raised about</b>	Access and Inclusion Reference Group have been consulted and feel informed	Community and Culture		Topic included for discussion at the March 2023 meeting of the Access and Inclusion Reference Group meeting.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>access to emergency information</b>				
<b>DP_080: DIAP SP6.2 Provide 'Get Ready Central Coast' information in accessible formats, including Auslan interpreted, Easy English etc</b>	Get Ready (emergency and resilience) information is available in accessible formats	Community and Culture		Information on the platform is being updated to meet accessibility guidelines.

## Smart



### A GROWING AND COMPETITIVE REGION

- C1** Target economic development in growth areas and major centres and provide incentives to attract businesses to the Central Coast
- C2** Revitalise Gosford City Centre, Gosford Waterfront and town centres as key destinations and attractors for businesses, local residents, visitors and tourists
- C3** Facilitate economic development to increase local employment opportunities and provide a range of jobs for all residents
- C4** Promote and grow tourism that celebrates the natural and cultural assets of the Central Coast in a way that is accessible, sustainable, and eco-friendly









### A PLACE OF OPPORTUNITY FOR PEOPLE






- D1** Foster innovation and partnerships to develop local entrepreneurs and support start-ups
- D2** Support local business growth by providing incentives, streamlining processes, and encouraging social enterprises
- D3** Invest in broadening local education and learning pathways linking industry with Universities, TAFE and other training providers
- D4** Support businesses and local leaders to mentor young people in skills development through traineeships, apprenticeships, and volunteering



## 14 Actions / Indicators

<b>Completed</b>	<b>On Track</b>	<b>Delayed</b>	<b>Scheduled</b>	<b>On hold</b>	<b>Closed</b>
					
2	12	0	0	0	0

### Operational Plan 2022-23 Performance

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_037:</b> <b>Develop and adopt an Airport Masterplan</b>	Draft Masterplan developed and exhibition completed by 30 June 2023	Economic Development and Property		Studies underway to support bio certification of site and development of master plan.
<b>DP_045:</b> <b>DIAP: LC1.3 Continue to improve accessibility of places and spaces in Budgewoi, Umina Beach, Wyong, Gosford and The Entrance</b>	Access improvements (e.g. TGSi and kerb ramps) made in 2 town centres per year	Community and Culture		Planning underway for operational upgrades to spaces within Wyong, Gosford, Toukley, and The Entrance.
<b>DP_046:</b> <b>DIAP: LC3.1 Investigate options to deliver new Accessible Adult Changing Facilities in a key location</b>	An Accessible Adult Changing Facility is installed in at least 1 town centre	Community and Culture		One adult accessible changing facility installed as part of the upgrade to The Entrance Visitor Information Centre opening in 2023.
<b>DP_047:</b> <b>DIAP: LC7.4 Ensure universal design and accessibility requirements are considered for all renewal and upgrade programs, new capital works, infrastructure and place planning where practicable</b>	Community and Culture Unit demonstrates 1 application of universal design principles	Community and Culture		Ongoing work continues to implement the universal design guidelines with internal stakeholders.
<b>DP_048:</b> <b>Provide a range of coordinated projects, services and place-making activities to increase activation and improve the</b>	1 Principal Town Centre (The Entrance) managed, maintained and activated annually	Community and Culture		YTD activities include: <ul style="list-style-type: none"> <li>• 2 capital works projects underway</li> <li>• 12 operational projects complete</li> <li>• multiple reactive works underway</li> </ul>

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
visitor experience of The Entrance Town Centre				<ul style="list-style-type: none"> <li>4 contracts being implemented and monitored</li> <li>Assistance throughout the set up and pack down of the Rolling Sets event.</li> </ul>
<b>DP_049:</b> Provide a range of coordinated projects, services and place-making activities to increase activation and improve the visitor experience of Wyong Town Centre	1 Principal Town Centre (Wyong) managed, maintained and activated annually	Community and Culture		YTD activities include: <ul style="list-style-type: none"> <li>0 capital works projects delivered</li> <li>16 operational projects completed</li> <li>4 operational projects underway</li> <li>2 contracts being implemented and monitored</li> <li>Preparation for the Social Spaces Event in January 2023.</li> </ul>
<b>DP_050:</b> Provide a range of coordinated projects, services and place-making activities to increase activation and improve the visitor experience of Gosford Town Centre	1 Principal Town Centre (Gosford) managed, maintained and activated annually	Community and Culture		YTD activities include: <ul style="list-style-type: none"> <li>1 capital works project delivered</li> <li>10 operational projects underway</li> <li>4 contracts being implemented and monitored.</li> </ul>
<b>DP_051:</b> Provide a range of coordinated projects, services and place-making activities to increase activation and improve the visitor experience of Toukley Town Centre	1 Principal Town Centre (Toukley) managed, maintained and activated annually	Community and Culture		YTD activities delivered: <ul style="list-style-type: none"> <li>0 capital works projects delivered</li> <li>11 completed operational projects</li> <li>8 operational projects underway</li> <li>2 contracts being implemented and monitored.</li> </ul>
<b>DP_052:</b> Provide a range of coordinated projects, programs, services and place-making activities to increase activation, improve the visitor experience and support the development of social enterprises and businesses in the Central Coast Major Town Centres	8 projects (e.g., Launchpad, Social Spaces, community banners and street flag installations) delivered by 30 June 2023	Community and Culture		Activities this quarter include: <ul style="list-style-type: none"> <li>Creative Arena at Woy Woy activated this quarter with 4 creativities utilising the space</li> <li>Parkhouse at Kibble Park, Gosford activated</li> <li>Pop up Container and Toukley and The Entrance</li> <li>Façade improvement program closed with 35 applications received and currently being assessed</li> <li>Christmas window competition held, with 30 businesses registered and decorations installed within the shop fronts.</li> <li>The Entrance Experience App was launched to coincide with the Lakes Festival. The App was</li> </ul>

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
				developed with funding from Council in conjunction with local businesses within The Entrance and surrounding suburbs.
<b>DP_053:</b> <b>Deliver the Gosford Waterfront and Stadium Project</b>	Concept options drafted, publicly exhibited and preferred option adopted by 30 June 2023	Economic Development and Property		Concept options drafted, publicly exhibited and preferred Gosford waterfront option adopted.
<b>DP_055:</b> <b>Support Greater Cities Commission to implement the Gosford CBD Innovation District</b>	Actively participate in Innovation District activities coordinated by Greater Cities Commission	Economic Development and Property		During the quarter Council provided support to Greater Cities Commission to implement the Gosford CBD Innovation District.
<b>DP_057:</b> <b>Deliver Year 1 Actions from the Destination Management Plan (e.g., touring itineraries, food trails and other visitor economy campaigns)</b>	Actions delivered by 30 June 2023	Communications, Marketing and Customer Engagement		All actions currently on track for year one. Quarter highlights include: <ul style="list-style-type: none"> <li>Updated plan to align timelines to industry priorities identified at two Tourism Roundtable meetings in November and December.</li> <li>Central Coast achieved delicious 2022 Producers Award for Outstanding Region</li> <li>Silver at the NSW Tourism Awards for Tourism Team</li> <li>Always on paid campaign and organic social media activities to +68k audience continues</li> <li>Trail website content developed to promote the industry in partnership with local industry and DNSW.</li> <li>Industry Services led a pilot program with 60 industry and volunteers attending the first industry family at Pearls of Australia in December 2022.</li> </ul>
<b>DP_058:</b> <b>Deliver Young Ambassador Program</b>	By 30 June 2023	Communications, Marketing and Customer Engagement		On track to be delivered. Program adjusted to align to university and TAFE timetables, with commencement in April 2023.
<b>DP_059:</b> <b>Deliver ongoing actions for Eco Destination Certification to encourage and build new ecotourism products in the region</b>	2 new products identified	Communications, Marketing and Customer Engagement		All actions are on track to be delivered. Key highlights include: <ul style="list-style-type: none"> <li>Ecotourism Australia approved corrective action response to May 2022 Audit, confirming the Central Coast as a certified ECO Destination with all essential criteria now complete to international Global Sustainable Tourism Council standards</li> <li>Local tourism business Rocky Trail Entertainment achieved</li> </ul>

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
				ECO Certification for their sustainable cycling events, with Council providing support and promoting via <a href="http://www.LoveCentralCoast.com">www.LoveCentralCoast.com</a> .

## Green



### ENVIRONMENTAL RESOURCES FOR THE FUTURE







- E1** Educate the community on the value and importance of natural areas and biodiversity, and encourage community involvement in caring for our natural environment
- E2** Improve water quality for beaches, lakes, and waterways including minimising pollutants and preventing litter entering our waterways
- E3** Reduce littering, minimise waste to landfill and educate to strengthen positive environmental behaviours
- E4** Incorporate renewable energy and energy efficiency in future design and planning, and ensure responsible use of water and other resources








### CHERISHED AND PROTECTED NATURAL BEAUTY

- F1** Protect our rich environmental heritage by conserving beaches, waterways, bushland, wildlife corridors and inland areas, and the diversity of local native species
- F2** Promote greening and ensure the wellbeing of communities through the protection of local bushland, urban trees, tree canopies and expansion of the Coastal Open Space System (COSS)
- F3** Improve enforcement for all types of environmental non-compliance including littering and illegal dumping, and encourage excellence in industry practices to protect and enhance environmental health
- F4** Address climate change and its impacts through collaborative strategic planning and responsible land management and consider targets and actions

## 11 Actions / Indicators

<b>Completed</b>	<b>On Track</b>	<b>Delayed</b>	<b>Scheduled</b>	<b>On hold</b>	<b>Closed</b>
					
<b>1</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Operational Plan 2022-23 Performance

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_068:</b> Collection of at least 5,000 cubic metres of wrack per annum from the Tuggerah Lakes Estuary to encourage near shore mixing and improved water quality in the near shore zone	By 30 June 2023	Environmental Management		YTD 3,710 m <sup>3</sup> of wrack have been collected.
<b>DP_069:</b> Provide public space litter and recycling infrastructure and servicing	> 99% of public litter bins collected in accordance with demand driven service schedule	Waste and Resource Recovery		100% of scheduled public litter bin collection services completed on the scheduled day.
<b>DP_070:</b> Expand the diversion of domestic waste from landfill through implementation of appropriate contracts and optimisation of resource recovery activities at Councils waste facilities	>40% of domestic waste diverted from landfill	Waste and Resource Recovery		Council continued to implement a wide range of waste avoidance and resource recovery initiatives resulting in a YTD diversion rate of 39.5%. Garden organics volumes are forecast to seasonally increase through the year and will influence the results, with diversion rates expected to exceed 40%.
<b>DP_071:</b> RMS 2.1 and SCAP 4b: Investigate and plan for a large-scale processing solution for Food Organics and Garden Organics (FOGO)	Options presented to Council for consideration by 30 June 2023	Waste and Resource Recovery		A detailed report has been completed in conjunction with Council's consultants incorporating technology selections, site assessments, procurement model options, and associated recommendations. The report outlines the critical decisions required to be made by Council to progress this project to the business case stage.
<b>DP_073:</b> DIAP LC1.1 Continue to make beaches more accessible with installation of beach matting and other accessible features	4 beach mats installed at beaches, including Ocean Beach, Umina, Terrigal, and Toowoan Bay	Environmental Management		Completed in Q1. Beach mats installed at Ocean Beach, Umina, Terrigal, and Toowoan Bay.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_074:</b> <b>BS 1.2.1:</b> <b>Implementation of site management plans to rehabilitate degraded bushland and coastal ecosystems</b>	Implementation of site management plans is progressed in at least 50 reserves by 30 June 2023	Environmental Management		Implementation of Site Management Plans has commenced at 35 reserves.
<b>DP_075:</b> <b>Manage key threats to populations of threatened species on Council managed land. Management actions may include habitat restoration, fox control and access control at locations such as the little tern nesting area at The Entrance North</b>	Implementation of actions completed by 30 June 2023	Environmental Management		Little Terns have arrived and established a successful colony. Contractors engaged by Council have dispatched 7 foxes at the Karagi Sandspit and fumigated 2 dens. Regular communications have been issued to the community with additional actions put in place to address increased risks from major events.
<b>DP_076:</b> <b>SCAP 1b: Develop and complete Bio-Resilience Project</b>	Species Management Plan (SMP) for squirrel gliders and swift parrot species developed by 30 June 2023	Strategic Planning		Swift Parrot and Squirrel Glider Species Management Plans (SMPs) in progress, with field surveys complete and modelling for each underway. Due to resources needing to focus on other priorities, the SMPs will be completed in FY23.
<b>DP_082:</b> <b>Complete Stage 3 (identify and evaluated options) of the new Coastal Management Programs (CMP) in accordance with the Coastal Management Manual and the Coastal Management Act 2016</b>	Completion of Stage 3 by 30 June 2023	Environmental Management		Currently undertaking Stage 2 studies for all Coastal Management Plans and working towards accelerating the Stage 3 and 4 program for the Open Coast Coastal Management Plan. Council is still awaiting advice on whether it has been successful with its grant application for Stage 3 and 4 which has the potential to accelerate the program. The completion of Stage 2 and 3 of the Hawkesbury Nepean, Coastal Lagoons and Tuggerah Lakes Coastal Management Plans are likely to take longer and, in some cases, will extend beyond June 2023.
<b>DP_084:</b> <b>Enhance community resilience against natural disasters</b>	Flood information tool for Tuggerah Lakes and Lagoons available online by 30 June 2023	Environmental Management		Project planning underway. Investigating appropriate disclaimers to clarify distinction between flood information and emergency alerts.
<b>DP_085:</b> <b>SCAP 4a: Maximise landfill gas capture rates through the</b>	10% increase in landfill gas capture and combustion rates	Waste and Resource Recovery		Following the installation of 32 new gas collection wells in Q1, new gas reticulation systems were installed in Q2. This has significantly

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>installation of new infrastructure, the upgrade of existing equipment and changes to management practices</b>	at the Woy Woy Waste Management Facility relative to 2020-21 levels			increased the gas capture rates. Work is currently underway to optimise the extraction and reticulation system and report on volumes. Target expected to be exceeded.



## Responsible



### GOOD GOVERNANCE AND GREAT PARTNERSHIPS

- G1** Build strong relationships and ensure our partners and community share the responsibilities and benefits of putting plans into practice
- G2** Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.
- G3** Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.
- G4** Serve the community by providing great customer experience, value for money and quality services



### DELIVERING ESSENTIAL INFRASTRUCTURE

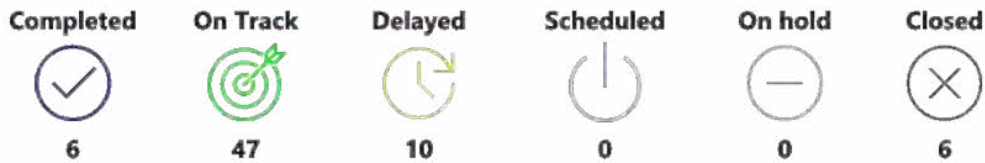
- H1** Solve road and drainage problem areas and partner with the State Government to improve road conditions across the region
- H2** Improve pedestrian movement safety, speed and vehicle congestion around schools, town centres, neighbourhoods, and community facilities
- H3** Create parking options and solutions that address the needs of residents, visitors, and businesses
- H4** Plan for adequate and sustainable infrastructure to meet future demand for transport, energy, telecommunications, and a secure supply of drinking water



### BALANCED AND SUSTAINABLE DEVELOPMENT

- I1** Preserve local character and protect our drinking water catchments, heritage and rural areas by concentrating development along transport corridors and town centres east of the M1
- I2** Ensure all new developments are well planned with good access to public transport, green space and community facilities and support active transport
- I3** Ensure land use planning and development is sustainable and environmentally sound and considers the importance of local habitat, green corridors, energy efficiency and stormwater management
- I4** Provide a range of housing options to meet the diverse and changing needs of the community and there is adequate affordable housing

## 69 Actions / Indicators









### Operational Plan 2022-23 Performance









Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_086:</b> <b>DIAP: LC2.2 Work with state government on Gosford City planning to facilitate accessible linkages across Gosford, including links to key hubs and facilities, for example Gosford Train Station and Gosford Hospital</b>	Advocate to NSW Government to provide priority accessible linkages to key hubs and facilities within Gosford	Strategic Planning		Submission on draft Central Coast Regional Transport Plan to be made in Q3.
<b>DP_088:</b> <b>DIAP: SP1.5 Update existing guidelines (e.g., Writing Style Guide and Brand Style Guide) with accessibility requirements to assist Council staff to develop information that is accessible</b>	Guidelines have been updated to include accessibility requirements and is available to staff by 30 June 2023	Communications, Marketing and Customer Engagement		Research commenced about appropriate resource materials to incorporate as reference in Writing Style Guide and Brand Style Guide.
<b>DP_089:</b> <b>DIAP: SP1.6 Create and promote a Council guide for creating accessible videos; and update procurement terms of engagement (purchase order) to ensure contractors follow the guide</b>	Video guide and procurement terms of engagement completed and available on Vendor Panel by 30 June 2023	Communications, Marketing and Customer Engagement		Research commenced about appropriate resource materials to incorporate as reference for accessible videos.
<b>DP_093:</b> <b>Deliver actions from the Council's annual Communications Campaign Plan</b>	Plan delivered by 30 June 2023	Communications, Marketing and Customer Engagement		YTD over 20 communication campaigns delivered providing community information about: <ul style="list-style-type: none"> <li>• Summer safety and events around the Coast</li> <li>• Affordable housing</li> <li>• Financial recovery</li> <li>• Roads maintenance</li> <li>• Waste management initiatives</li> <li>• Emergency awareness</li> </ul>











Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
				<ul style="list-style-type: none"> <li>Gosford waterfront revitalisation</li> <li>Mangrove Creek visitor space</li> <li>Niagara Stadium improvements</li> <li>Floodplain risk management for Northern Lakes, Davistown and Empire Bay</li> <li>Opportunities to participate in societal programs around ending domestic abuse, promoting accessibility and inclusion, and seeking community input into managing dogs in open space.</li> </ul>
<b>DP_100:</b> Review and implement updated Fraud and Corruption framework	Framework reviewed, updated and implemented by 30 June 2023	Governance, Risk and Legal		Minor delays caused by resourcing constraints; however, target date of 30 June 2023 is on track.
<b>DP_101:</b> Review the outsourced internal audit model to determine ongoing suitability	Review conducted and ongoing suitability determined by 30 June 2023	Governance, Risk and Legal		Tender process required for ongoing external provision of internal audit services in May/June. Suitability criteria will be determined as part of that process.
<b>DP_105:</b> Develop and implement an online Contributions Calculator	Calculator developed and available online by 30 June 2023	Strategic Planning		Preparation of the Developer Contributions Calculator has commenced and is on target for 30 June 2023 deadline.
<b>DP_106:</b> Prepare Council's first annual report on Contributions Plans	Report prepared by 30 November 2022	Strategic Planning		Financial reporting based on income and expenditure has been developed. Developer Contribution income (cash and non-cash) is also included in Council's Financial Statements.
<b>DP_109:</b> Develop new revenue streams for the Visitor Information Centre	Increase in sales revenue by 10% and achieved by 30 June 2023	Communications, Marketing and Customer Engagement		Draft Revenue Strategy developed to roll out in line with refurbished Visitor Information Centre opening March 2023.
<b>DP_114:</b> Percentage of road and drainage capital works projects completed to scope and budget	90% of capital projects completed to scope and budget	Road and Drainage Infrastructure		The overall road, drainage and pathways capital expenditure was 103% of the adopted phased budget as at 14 December 2022. The capital program remains on track for completion.
<b>DP_120:</b> DIAP: SP2.1 Implement use of 'speech to text'	Speech to text technology has been implemented	Communications, Marketing and		All existing staff have been trained and new staff will be

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>technology for frontline staff to communicate with people who are deaf and promote that it's available</b>	at all customer service locations and customer service staff are proficient in the use of the system	Customer Engagement		trained as part of their ongoing learning.
<b>DP_121: Deliver the Customer Insights Program</b>	Conduct 3 transactional customer feedback surveys by 30 June 2023	Communications, Marketing and Customer Engagement		Customer satisfaction survey completed and results being used to update Council's Customer Improvement Plan.
<b>DP_123: Develop 5-year Asset Management Plan for five Council websites addressing the development and maintenance of all sites' functions and content planning cycle</b>	By 30 June 2023	Communications, Marketing and Customer Engagement		Project scoping commenced but delayed due to resource constraints.
<b>DP_124: Implement new call centre software to provide quality system enabling a better customer and staff experience</b>	By 31 December 2022	Communications, Marketing and Customer Engagement		Implementation of new call centre software was delivered on 13 October 2022. A new Council contact number (4306 7900) was introduced and communicated as part of the implementation.
<b>DP_126: Improve quality of information and responses for Customer Experience request system</b>	70% of CXs are responded to within 5 working days	Communications, Marketing and Customer Engagement		Quarterly response rate within 5 days has dropped to 51% in October, 50% in November and improved to 59.4% in December 2022.
<b>DP_127: Streamline process and procedures for Customer Knowledge Base (linked to DIAP SP1.4)</b>	Customer Service Knowledge Base has been updated and is in use by 30 June 2023	Communications, Marketing and Customer Engagement		Currently 100% of Page Contact Details completed, 18% Full Quality Check completed and 70% Incomplete Quality Check.
<b>DP_131: Develop a Central Coast Council Outdoor Dining Policy</b>	Policy has been adopted by Council by 30 June 2023	Environmental Compliance Services		A Local Approvals Policy is underway, which will supersede the need for an Outdoor Dining Policy.
<b>DP_133: Percentage of food and public health inspections completed (includes food, hairdressers, skin penetration, public swimming pools and caravan parks)</b>	675 public health inspections completed by 30 June 2023	Environmental Compliance Services		Public health inspections occurring on a routine basis with 460 inspections undertaken YTD.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_136:</b> <b>DIAP: SP4.2 Review accessibility and inclusiveness of Council Meetings, including investigation of closed caption webcasts</b>	Accessibility review conducted on end-to-end conduct of Council Meetings completed by 30 June 2023	Governance, Risk and Legal		Scheduled to assess visibility of live minutes and presentations to Council in January 2023.
<b>DP_174:</b> <b>DIAP: LC7.4 Ensure universal design and accessibility requirements are considered for all renewal and upgrade programs, new capital works, infrastructure, and place planning where practicable</b>	Procurement and Project Unit demonstrates 1 application of universal design principles	Procurement and Project Management		Completed in Q1. Universal design principles carried out through all contract documentation with the inclusion of relevant guidelines and standards regarding accessibility.
<b>DP_183:</b> <b>DIAP: SP1.3 Identify and provide key Integrated Planning and Reporting documents (or summaries of these) in accessible formats, such as Community Strategic Plan, Annual Reports and Operational Plans (with a minimum of 5 documents by 30 June 2025)</b>	Accessibility improvements made to the Integrated Planning and Reporting documents by 30 June 2023	Strategic Planning		Annual Report has been drafted and published on the website, with the document design incorporating accessibility improvements. Further accessibility improvements will be considered for the development of the draft Operational Plan 2023-24.
<b>DP_185:</b> <b>Undertake a review of the Community Strategic Plan and develop the next Delivery Program and Resourcing Strategy</b>	Determine engagement and overall process for review of CSP and commence engagement by 30 June 2023	Strategic Planning		A project plan has been developed, with the FY23 focus to undertake internal engagement. A communication plan has been developed with implementation of the plan to commence in Q3.
<b>DP_188:</b> <b>Develop and implement a framework and approach to Service Reviews</b>	Framework and approach developed by 30 June 2023	Strategic Planning		Council is currently developing a better practice review framework and methodology. Engagement with other councils has been undertaken with Northern Beaches and Blacktown Council to understand their process and lessons learnt.
<b>DP_191</b> <b>Provide a reliable, safe, cost effective and environmentally responsible domestic</b>	> 99% of domestic waste bins collected on the scheduled date.	Waste and Resource Recovery		99.95% of domestic waste bin collection services completed on the scheduled day.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>waste collection to the Central Coast region</b>				
<b>DP_194:</b> <b>DIAP: LC2.3 Continue to implement program to make bus stops accessible, including supporting infrastructure like pathways and kerb ramps</b>	25 bus stops made more accessible by 30 June 2023	Road and Drainage Infrastructure		Program developed and allocated for commencement of construction works. The bus stop program is on track to meet the corporate target by 30 June 2023.
<b>DP_195:</b> <b>Kilometres of road pavement to be renewed</b>	11km of road pavement renewed by 30 June 2023	Road and Drainage Infrastructure		YTD Council has renewed 7.6 kilometres of existing road pavement. The road renewal program remains on track to meet the target by 30 June 2023.
<b>DP_196:</b> <b>Kilometres of road resurfacing to be renewed</b>	29km of road resurfacing to be renewed by 30 June 2023	Road and Drainage Infrastructure		YTD Council has resurfaced 16.25 kilometres of existing road pavement. The road resurfacing program remains on track to meet the target by 30 June 2023.
<b>DP_198:</b> <b>Kilometres of drainage infrastructure constructed</b>	2.6km of drainage infrastructure to be constructed by 30 June 2023	Road and Drainage Infrastructure		YTD Council has constructed 2.1 kilometres of drainage infrastructure. The drainage program remains on track to meet the target by 30 June 2023.
<b>DP_212:</b> <b>Number of days until the Local Traffic Committee Minutes are made available to the public</b>	Local Traffic Committee Minutes available on Council's website within fourteen (14) days following the meeting	Engineering Services		Local Traffic Committee minutes published to Council's website within 14 days for October, November, and December meetings. KPI met at 100%.
<b>DP_214:</b> <b>Public safety and community satisfaction with the amenity of roadsides</b>	> 70% of annual scheduled servicing of Roadside Vegetation completed on time	Open Space and Recreation		75% of roadside vegetation scheduled services completed YTD. Completion rate driven by favourable weather conditions, changes to work approach in regard to boom mowing and additional staff resources. This may decline next quarter with the identification of a number of additional sites.
<b>DP_215:</b> <b>DIAP: LC7.4 Ensure universal design and accessibility requirements are considered for all renewal and upgrade programs, new capital</b>	Roads and Drainage Infrastructure Unit demonstrates 1 application of universal design principles	Road and Drainage Infrastructure		Universal design and accessibility requirements are considered in the development of every road and drainage design for renewal, upgrade and new capital works projects where it is practical.



Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>works, infrastructure and place planning where practicable</b>				
<b>DP_218:</b> <b>DIAP: LC5.1 Research and investigate accessible parking sites to fit minibuses/ minivans with rear hoists (e.g. The Entrance)</b>	Recommendations made on opportunities to provide suitable parking for minibuses / vans with rear hoist	Engineering Services		Identification of suitable site in the vicinity of Avoca Beach with further investigations of a suitable site at The Entrance.
<b>DP_219:</b> <b>DIAP: LC5.2 Research opportunity to increase accessible parking spots at beaches, shops and schools close to entrances and facilities (with compliant widths and clearance zones)</b>	Recommendations made on opportunities to increase accessible parking	Engineering Services		Improvements to accessible parking across the local government area identified and implemented following consideration by the Local Traffic Committee.
<b>DP_221:</b> <b>Create the capital works interactive map for roads, drainage and footpath projects</b>	The interactive map will be available to the community on Council's website in July 2022	Engineering Services		Completed in Q1. Capital works map for all Council delivered capital projects is available on the website and updated on a monthly basis.
<b>DP_222:</b> <b>Maintain and update the roads, drainage and footpath capital works interactive map</b>	The interactive map will be updated to the community on a monthly basis	Engineering Services		Completed in Q1. Capital works map for all Council delivered capital projects is available on the website and updated on a monthly basis.
<b>DP_228:</b> <b>Complete the development of an Integrated Transport Strategy</b>	Integrated Transport Strategy drafted by 30 June 2023	Strategic Planning		Request for quotation is being finalised and consultation with NSW Government agencies has commenced. Project delayed awaiting release of the Central Coast Regional Transport Plan. Completion expected December 2023.
<b>DP_229:</b> <b>Review the Northern Districts Contribution Plan</b>	Review completed and Northern Districts Contribution Plan exhibited by 30 June 2023	Strategic Planning		Draft plan is being prepared. Review of road construction costs is complete, and brief is being prepared for land valuations. Draft plan to be completed by 30 June 2023.
<b>DP_230:</b> <b>Review The Entrance Contribution Plan and revise or develop a new contribution plan</b>	Review completed and The Entrance Contribution Plan exhibited and adopted by 30 June 2023	Strategic Planning		Project will not be delivered in FY23. The review of The Entrance Contribution Plan will be considered in a review and consolidation of Section 7.11 Plans in FY24 and FY25.
<b>DP_231:</b> <b>Review the Peninsula Contribution Plan and</b>	Review completed and Peninsula Contribution Plan exhibited and	Strategic Planning		The review of the Peninsula Contribution Plan will be considered in a review and

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
revise or develop a new contribution plan	adopted by 30 June 2023			consolidation of Section 7.11 Plans in FY24 and FY25.
DP_232: Review the 7.12 Local Infrastructure Contribution Plan	7.12 Local Infrastructure Contribution Plan exhibited and adopted by 30 June 2023	Strategic Planning		Internal review of the contribution plan has commenced, project is on track to be completed by 30 June 2023.
DP_233: Review the Wyong District Contribution Plan and revise or develop a new contribution plan	Wyong District Contribution Plan review commenced by 30 June 2023	Strategic Planning		Internal review of the contribution plan has commenced. The review will be completed concurrently with the Wyong District Place Plan. Draft Contribution Plan to be completed by December 2023.
DP_237: Water Quality complaints per 1000 properties	8	All WS Units		Annualised KPI to Q2 = 6.5
DP_238: Average frequency of unplanned interruptions per 1000 properties	115	All WS Units		Annualised KPI to Q2 = 121.24 KPI continues to be elevated due to a high number of unplanned interruptions in November 2022. Current KPI value is similar to that reported in 2021-22.
DP_239: Water main breaks per 100km of main	14	All WS Units		Annualised KPI to Q2 = 12.24
DP_240: Compliance with Australian Drinking Water Guidelines - microbial guideline values (%)	100%	All WS Units		100% of health-related microbial guideline values met.
DP_241: Compliance with Australian Drinking Water Guidelines - chemical guideline values (%)	100%	All WS Units		100% of health-related chemical guideline values met.
DP_242 Wastewater overflows per 100km of main	30	All WS Units		Annualised KPI to Q2 = 24.35
DP_243 Wastewater overflows reported to the environmental regulator per 100km of main	1.5	All WS Units		Annualised KPI to Q2 = 2.3



Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_244:</b> Wastewater mains breaks and chokes per 100km of mains	34	All WS Units		Annualised KPI to Q2 = 27.66
<b>DP_246:</b> Water sampling and results	Daily sampling reported on Council's website each quarter	All WS Units		New measure introduced by IPART. Currently working via community consultation process to determine how best to present this information on Council's website.
<b>DP_247:</b> Operating results per property, water and sewerage	Reporting on operational costs quarterly	All WS Units		Completed in Q1. Operating expenditure results per property placed in Water and Sewer Performance Report and published on Council's website on 30 September 2022.
<b>DP_248:</b> Sewer overflows in dry weather per 100kms of main	Reported quarterly on Council's website	All WS Units		Annualised KPI to Q2 = 14.7 Webpage upgrade currently under development. Project to develop data warehousing and reporting portal to be implemented.
<b>DP_249:</b> Sewer overflows in wet weather per 100kms of main	Reported quarterly on Council's website	All WS Units		Annualised KPI to Q2 = 9.6. Improvement due to relatively dry weather in Q2. Webpage upgrade currently under development. Project to develop data warehousing and reporting portal to be implemented.
<b>DP_252:</b> Complete the Central Coast Heritage Review	Review completed by 30 June 2023	Strategic Planning		Consultant currently reviewing additional items. Co-ordination with Darkinjung as well as TfNSW will be required. A Planning Proposal will be required to add these new items to the LEP. Project deferred to FY24.
<b>DP_253:</b> Prepare a Central Coast Thematic History	Draft a Central Coast Thematic History by 30 June 2023	Strategic Planning		Consultant engaged in December.
<b>DP_257:</b> Percentage of residential development applications (housing dual occupancy and secondary dwellings) determined within 40 days (gross calendar days)	30%	Development Assessment		Last quarter, 16% of residential development applications were determined within 40 gross calendar days.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_258:</b> Number of mean assessment days for all development applications	< 80 days	Development Assessment		Current mean assessment time for all development is 122 gross calendar days.
<b>DP_259:</b> Complete the Central Coast Street Design Manual by 30 June 2025	Phase 2 completed by 30 June 2023	Strategic Planning		Street design guidelines drafted for exhibition in Q3.
<b>DP_263:</b> Complete Phase 2 (Deferred Lands) of the Environmental Lands review	Phase 2 (Deferred Lands) exhibited and adopted by 30 June 2023	Strategic Planning		Planning Proposal amended in November 2022 to address Department of Planning and Environment concerns. Gateway Determination issued by Department of Planning and Environment in December 2022.
<b>DP_265:</b> Continue development of an Employment Lands Strategy	Employment Lands Strategy exhibited by 30 June 2023	Strategic Planning		Draft Employment Land Strategy to be revised to ensure consistency with new Central Coast Regional Plan 2041 and new Department of Planning and Environment Guidelines for Employment Land Strategies. Employment Land Strategy to be reported to Council in Q3 seeking approval to publicly exhibit.
<b>DP_266:</b> Continue development of the Greater Warrnervale Structure Plan	Greater Warrnervale Structure Plan exhibited by 30 June 2023	Strategic Planning		Draft Greater Warrnervale Structure Plan approved by Council in November 2022 to publicly exhibit. Public exhibition to commence in January 2023.
<b>DP_267:</b> Develop and adopt a District Place Plan for the Peninsula and West Brisbane Water Social Planning Districts by 31 December 2023	Studies completed and a Draft Peninsula and West Brisbane Water District Place Plan prepared by 30 June 2023	Strategic Planning		Unable to be delivered with available resources in FY23. To be rescope for FY24.
<b>DP_268:</b> Develop and adopt a District Place Plan for the Wyong Social Planning District by 30 June 2024	Studies completed and preparation of a Draft Wyong District Place Plan underway by 30 June 2023	Strategic Planning		Consultant has been engaged with internal engagement underway and preparation of community engagement being prepared.
<b>DP_272:</b> Complete a review of the Interim Local Strategic Planning Statement (LSPS) and a new LSPS developed	Review of Interim LSPS completed and revisions to LSPS adopted by 30 June 2023	Strategic Planning		Unable to be delivered with available resources in FY23. To be rescope for FY24.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>and adopted (pending Local Government election)</b>				
<b>DP_274: AAHS - Progress the Council Affordable Housing Land Proposal</b>	Progress on Affordable Housing Development on Land in Ashton Street at The Entrance by June 30 2023	Community and Culture		During the quarter Council endorsed to enter into an agreement with Pacific Link Housing Limited for the development of 23-25 Ashton Street, The Entrance and provision of affordable housing. A review of available Council-owned land sites was also endorsed to be undertaken for suitability for future developments.
<b>DP_276: AAHS - Undertake actions to educate, raise awareness and advocate on affordable housing and homelessness key issues/gaps/challenges/successes</b>	3 education / awareness raising / advocacy actions are undertaken by June 30 2023	Community and Culture		Activities during the quarter include: <ul style="list-style-type: none"> <li>Homelessness protocol updated with contemporary language and meeting held with Council Rangers to step through the protocol and provide feedback.</li> <li>Crisis relief cards updated and available for distribution</li> <li>Participated in working group to plan for Homelessness Matters Week in August 2023.</li> </ul>
<b>DP_279: DIAP: LC7.2 Promote Universal design through Council's Housing Strategy</b>	Council's Housing Strategy includes universal design principles	Strategic Planning		This matter has been addressed and included in the Central Coast Local Housing Strategy which will be reported to Council in Q3 to seek approval to publicly exhibit this document.
<b>DP_280: Continue development of a Housing Strategy</b>	Housing Strategy drafted for exhibition by 30 June 2023	Strategic Planning		Minor delays due to delayed release of Central Coast Regional Plan 2041. To be reported to Council in Q3 seeking Council approval for public exhibition.
<b>DP_332: Develop a Local Approvals Policy</b>	Local Approvals Policy is exhibited and adopted by 30 June 2023	Strategic Planning		Consultant has been engaged with draft policy in development for public exhibition in Q3. Guidelines for outdoor dining are also in development and are expected to be exhibited alongside the draft Policy.

## Liveable



### RELIABLE PUBLIC TRANSPORT AND CONNECTIONS

- J1** Create adequate, reliable and accessible train services and facilities to accommodate current and future passengers
- J2** Address commuter parking, drop-off zones, access and movement around transport hubs to support and increase use of public transport
- J3** Improve bus and ferry frequency and ensure networks link with train services to minimise journey times
- J4** Design long-term, innovative, and sustainable transport management options for population growth and expansion



### OUT AND ABOUT IN THE FRESH AIR

- K1** Create a regional network of interconnected shared pathways and cycle ways to maximise access to key destinations and facilities
- K2** Design and deliver pathways, walking trails and other pedestrian movement infrastructure to maximise access, inclusion and mobility to meet the needs of all community members
- K3** Provide signage, public facilities, amenities, and playgrounds to encourage usage and enjoyment of public areas
- K4** Repair and maintain wharves, jetties, boat ramps and ocean baths to increase ease of access and enjoyment of natural waterways and foreshores






### HEALTHY LIFESTYLES FOR A GROWING COMMUNITY

- L1** Promote healthy living and ensure sport, leisure, recreation and aquatic facilities and open spaces are well maintained and activated
- L2** Invest in health care solutions including infrastructure, services, and preventative programs to keep people well for longer
- L3** Cultivate a love of learning and knowledge by providing facilities to support lifelong learning
- L4** Provide equitable, affordable, flexible, and co-located community facilities based on community needs






## 26 Actions / Indicators



### Operational Plan 2022-23 Performance

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>DP_282:</b> Develop a Faster Rail position paper to advocate its delivery	Position paper developed and adopted by 30 June 2023	Strategic Planning		Position paper will be incorporated into the Integrated Transport Strategy and submission on draft Central Coast Regional Transport Plan.
<b>Dp-283:</b> Advocate for cycling infrastructure (e.g. on-ride bike lanes) to be constructed as part of upgrades or improvements to the State Road network	Advocate for cycling infrastructure on two State Road through consultation / workshops by 30 June 2023	Engineering Services		Attended workshops for State Road and other projects and advocated for cycling and walking infrastructure on State Roads, i.e. through draft Regional Transport Plan.
<b>DP_284:</b> BP 8.2: Review existing and potential demand for bike racks at key destinations, bike sheds at bus interchanges, and end-of-trip facilities for commuters in key CBDs	Review completed by 30 June 2023	Road and Drainage Infrastructure		Improvements to end-of-trip facilities in key CBD areas across the local government area have been reviewed. Further investigation of appropriate treatments underway.
<b>DP_285:</b> DIAP: LC2.1 Implement actions from the Pedestrian Access and Mobility Plan (PAMP), seeking external funding as required	4.8km of pathway constructed or improved by 30 June 2023	Road and Drainage Infrastructure		YTD Council has constructed 1.27 kilometres of shared paths and footpaths. The pathway program remains on track to meet the corporate target by 30 June 2023.
<b>DP_287:</b> DIAP: LC1.4 Continue to make parks and play spaces more accessible and inclusive, with design informed by the	All new and upgraded play spaces have continuous paths of travel and inclusive play elements	Open Space and Recreation		All playspaces completed YTD and in design phase include paths and inclusive play elements.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>'Everyone Can Play Guidelines'</b>				
<b>DP_288:</b> <b>DIAP: LC7.4 Ensure universal design and accessibility requirements are considered for all renewal and upgrade programs, new capital works, infrastructure and place planning where practicable</b>	Open Space and Recreation Unit demonstrates 1 application of universal design principles	Open Space and Recreation		Completed in Q1. Ross Park District Playspace renewal has included universal design principles for the pathways and rubberised soft fall to equipment to make them accessible.
<b>DP_291:</b> <b>Community satisfaction with level of service being maintained on all Central Coast Council parks and reserves</b>	>90% of annual scheduled servicing of parks and reserves completed on time.	Open Space and Recreation		96% of parks and reserves scheduled services completed YTD. Increase in completion rate driven by favourable weather conditions and additional staff resources. High frequency of services undertaken at 55 sites due to the increase in capacity.
<b>DP_292:</b> <b>Delivery of a high-quality leisure facility and programs at Gosford Olympic Pool</b>	Gosford Olympic Pool attracts 185,000 visitors per year	Leisure, Beach Safety and Community Facilities		Gosford Olympic Pool attracted 53,142 attendances participating in swimming lessons, aqua fitness, recreational swimming, water polo and for rehabilitation during the second quarter. YTD total attendance of 91,969.
<b>DP_293:</b> <b>Delivery of a high-quality leisure facility and programs at Peninsula Leisure Centre</b>	Peninsula Leisure Centre attracts 400,000 visitors per year	Leisure, Beach Safety and Community Facilities		Peninsula Leisure Centre attracted 110,374 attendances participating in swimming lessons, fitness, sports programs, recreational swimming, water polo and for rehabilitation during the second quarter. YTD total attendance of 219,152.
<b>DP_294:</b> <b>Delivery of a high-quality leisure facility and programs at Niagara Park Stadium</b>	Niagara Park Stadium attracts 100,000 visitors per year	Leisure, Beach Safety and Community Facilities		Niagara Park Stadium attracted 31,722 attendances participating in sports programs, training sessions and events during the second quarter. YTD total attendance of 66,840.
<b>DP_295:</b> <b>Delivery of a high-quality leisure facility and programs at Lake Haven Recreation Centre</b>	Lake Haven Recreation Centre attracts 100,000 visitors per year	Leisure, Beach Safety and Community Facilities		Lake Haven Recreation Centre attracted 30,171 attendances participating in fitness and sports programs during the second quarter. YTD total attendance of 64,306.
<b>DP_296:</b> <b>Delivery of a high-quality leisure facility</b>	Wyong Olympic Pool attracts 30,000 visitors per year	Leisure, Beach Safety and Community Facilities		Wyong Olympic Pool opened for operation on 1 October 2022 with 12,968 attendances during the second quarter participating in

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>and programs at Wyong Olympic Pool</b>				swim programs, water polo and recreational swimming.
<b>DP_297:</b> <b>DIAP: LC7.4 Ensure universal design and accessibility requirements are considered for all renewal and upgrade programs, new capital works, infrastructure and place planning where practicable</b>	Leisure, Beach Safety and Community Facilities Unit demonstrates 1 application of universal design principles	Leisure, Beach Safety and Community Facilities		Upgrades to Niagara Park Stadium driveway and entrance are planned during FY23 as part of NSW Government's Stronger Country funding. The project includes improved accessible entry and disabled parking. Project investigations and concept plans were developed in during the quarter.
<b>DP_298:</b> <b>DIAP: LC6.2 Plan and deliver community, cultural, sporting, recreation, leisure and learning events, activities and programs that are welcoming and accessible for people with a disability</b>	Minimum of 2 of accessible events and activities delivered by 30 June 2023	Leisure, Beach Safety and Community Facilities		Accessible events and activity planning are currently in progress for future delivery.
<b>DP_300:</b> <b>DIAP: AB1.2 Continue to promote inclusive sporting opportunities, including with local clubs, active recreation providers, associations and local sports peak bodies and at Council facilities, such as 'Come and Try' Days.</b>	Increased participation by people with disability in mainstream sport	Open Space and Recreation		Completed in Q1. A disability inclusion Come and Try Day was held at Peninsula Leisure Centre for over 120 participants with multiple sporting opportunities. Also, a guide has been developed to help local sporting groups to become more supportive of disabled people wanting to enter into sport.
<b>DP_301:</b> <b>DIAP: LC6.2 Plan and deliver community, cultural, sporting, recreation, leisure and learning events, activities and programs that are welcoming and accessible for people with a disability</b>	Minimum of 2 of accessible events and activities delivered by 30 June 2023	Open Space and Recreation		Events and activities delivered include: <ul style="list-style-type: none"> <li>• Come and Try Day at Peninsula Leisure Centre; and</li> <li>• Get Active San Remo / Blue Haven.</li> </ul>
<b>DP_303:</b> <b>Community satisfaction with level of service being maintained on all</b>	>90% of annual scheduled servicing of sports Facilities completed on time	Open Space and Recreation		94% of sporting facilities services completed YTD.

Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>Central Coast Council Sporting Facilities</b>				
<b>DP_304: Community satisfaction with level of service being maintained on all Central Coast Council Sporting Facilities</b>	100% of programmed seasonal amendments and changeover completed on time	Open Space and Recreation		Winter to summer seasonal amendments and changeover completed.
<b>DP_306: Education and Care provide inclusive opportunities and equitable access for vulnerable children to maximise their learning, development and wellbeing</b>	> 70 children are enrolled across Council's Education and Care centres that meet criteria	Libraries and Education		YTD there are 60 vulnerable children enrolled in our services who meet the requirements of vulnerable children.
<b>DP_307: Plan and deliver the Gosford Regional Library project by 30 June 2024</b>	Demolition of existing building completed, and construction commenced by 30 June 2023	Libraries and Education		Development consent received in October 2022. Selective tender to be released in January 2023.
<b>DP_308: Library Services provide programs and activities outside of library branches that address identified needs and interests of the community and increases lifelong learning</b>	>120 outreach activities are delivered	Libraries and Education		Outreach has exceeded their target by delivering 161 events / programs YTD 2,597 people attended events in the second quarter.
<b>DP_309: Library Services provide access to technology that meets the needs of the community</b>	> 85,000 public access PC and wi-fi sessions	Libraries and Education		YTD the community has accessed 49,651 PC / WiFi sessions achieving 58.4% of annual target.
<b>DP_310: Library Services provide access to information and literature for community use</b>	>1,000,000 loans of physical and digital resources	Libraries and Education		YTD there have been 604,314 loans, with 60.43% of the annual target achieved.
<b>DP_311: Effective promotion of Library Services results in an increase</b>	> 800,000 visits to library branches achieved by 30 June 2023	Libraries and Education		YTD 271,256 people have visited the libraries, with 33.9% of the annual target achieved. This will continue to be monitored with the target tracking behind. This is



Action / Indicator	Target / Timeline	Responsible Unit	Status	Comment
<b>of visitation to branches</b>				primarily as a result of adjusting to new levels of visitation post COVID.
<b>DP_315: Manage and administer the bookings of community halls and facilities</b>	12,000 annual bookings for the community are facilitated	Leisure, Beach Safety and Community Facilities		During the quarter 7,214 community facility bookings were administered. YTD 14,580 community facility bookings have been managed.
<b>DP_316: Efficient delivery of community facilities that meet the community needs</b>	A minimum of six-monthly inspections completed for 100% of community facilities operating under a lease, licence or hired agreement	Leisure, Beach Safety and Community Facilities		30 site inspections have been completed for community facilities operating under a lease, licence or hire agreement during the quarter.

## Financial Overview

This financial overview reports on Central Coast Council's performance as measured against its Operational Plan for 2022-2023 and covers the period from 1 October 2022 to 31 December 2022 (Q2).

Note that there may be some small rounding differences throughout this report as whole dollars are rounded to the nearest \$0.1M.

### 1.1 Operating Result

The year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$18.8M, consisting of an actual surplus of \$169.5M compared to a budget surplus of \$150.6M.

The year to date (YTD) operating result (including capital grants and contributions) is showing a favourable variance of \$10.1M, consisting of an actual surplus of \$194.0M compared to a budget surplus of \$183.9M.

Financial Performance 2022-2023	YTD Actual	YTD Budget	YTD Variance	YTD Variance	Original Budget	Adopted Budget (inc budget changes adopted in Q1)	Proposed Q2 Full year Annual Budget
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Income (excluding capital income)	449,155	435,778	13,377	3.1%	597,691	616,333	628,920
Less Expenses	279,695	285,171	(5,476)	(1.9%)	587,933	604,860	613,102
<b>Net Operating Result (excluding capital income)</b>	<b>169,460</b>	<b>150,607</b>	<b>18,853</b>	<b>12.5%</b>	<b>9,758</b>	<b>11,473</b>	<b>15,818</b>
Plus Income from capital grants and contributions	24,540	33,245	(8,705)	(26.2%)	75,883	78,379	75,007
<b>Net Operating Result (including capital income)</b>	<b>194,000</b>	<b>183,852</b>	<b>10,148</b>	<b>5.5%</b>	<b>85,640</b>	<b>89,852</b>	<b>90,825</b>

The above table is prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* which requires Council to recognise the full year rates and waste management annual charges when levied in July each year.

#### Amortised Rates and Waste Annual Charges Income

In the following table rates and waste management annual charges income have been amortised over the 12 month period to provide a consistent income spread over the year and a clearer year-to-date position.

When rates and waste annual charges income are amortised over the 12-month period the YTD operating result (excluding capital grants and contributions) is showing a favourable variance of \$18.8M, consisting of an actual surplus of \$28.4M compared to a budget surplus of \$9.6M.

When rates and waste annual charges income are amortised over the 12-month period the YTD operating result (including capital grants and contributions) is showing a favourable variance of \$10.1M, consisting of an actual surplus of \$52.9M compared to a budget surplus of \$42.8M.

Financial Performance 2022-2023	YTD Actual	YTD Budget	YTD Variance	YTD Variance	Original Budget	Adopted Budget (inc budget changes adopted in Q1)	Proposed Q2 Full year Annual Budget
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Income (excluding capital income)	449,155	435,778	13,377	3.1%	597,691	616,333	628,920
Less Rates and Annual Charges Amortisation (January 2023 – June 2023)	141,037	141,037	-	-	-	-	-
Less Expenses	279,695	285,171	(5,476)	(1.9%)	587,933	604,860	613,102
<b>Net Operating Result (excluding capital income)</b>	<b>28,423</b>	<b>9,570</b>	<b>18,853</b>	<b>197%</b>	<b>9,758</b>	<b>11,473</b>	<b>15,816</b>
Plus Income from capital grants and contributions	24,540	33,245	(8,705)	(26.2%)	75,883	78,379	75,007
<b>Net Operating Result (including capital income)</b>	<b>52,963</b>	<b>42,815</b>	<b>10,148</b>	<b>5.5%</b>	<b>85,640</b>	<b>89,852</b>	<b>90,823</b>

The YTD variances and proposed budget adjustments are explained in *Section 2.2 Operating Result* of this report.

## 1.2 Financial Position

Council continues to take action to ensure its ongoing financial sustainability and is currently tracking in a satisfactory way in relation to its 2022-2023 budget and is budgeting for a surplus this financial year. The financial crisis is behind us, and total gross debt is now lower than what was outstanding at the merger of former Gosford and Wyong Council's in 2016. Council remains committed and focused on financial sustainability with guidelines in place to keep on track. The proposed adjustments, summarised below to Council's 2022-2023 operating and capital budgets, have been included in this Q2 budget review to further maintain Council's financial position.

### Summary of significant proposed Q2 budget amendments

Budget adjustments proposed to be adopted as part of the Q2 budget review include the items below, noting that favourable impacts are shown as positive amounts and unfavourable impacts are shown as bracketed amounts.

#### Increase of \$12.6M in operating income

- o \$5.8M increase in grant funding for operational pothole, pavement patching works and State roads ordered works. \*
- o \$2.4M increase in tipping revenue, contract costs, waste levy and associated processing costs at facilities. \*
- o \$1.9M increase in interest on investments due to the favourable rising interest rate environment.
- o \$1.6M increase in income from common law claim reimbursements and insurance claim settlements.
- o \$1.5M increase in Emergency Services Levy revenue as a result of a one-off CPI contribution from the NSW Government.
- o \$1.2M increase in Leisure and Pools income from additional revenue received (post COVID) in Q2 for remainder of FY23 and recognition of community facility income.

- \$0.5M increase in Water and Sewer interest revenue due to increase in rates and additional funds on hand as a result of delays to capital works programs.
- \$0.4M increase in Community and Culture income from additional gallery and theatre revenue and recognition of grant income from restricted funds. \*
- \$0.2M increase in Libraries and Education income from additional grant funding for Library per capita as operations move back to pre-COVID levels. \*
- (\$2.9M) unfavourable reduction in Sale of Operational Assets due to the deflated property market but offset by grant funding received for Central Coast Airport and increased Event revenue.

Note: \* indicates additional expenditures either fully or partially directly offset the additional income.

#### **Decrease of (\$3.4M) in capital income**

- (\$1.9M) unfavourable reduction in developer contribution income due to a delay in development activity for ongoing projects in FY23, slightly offset by some contribution income receipts received and agreements executed.
- (\$1.5M) unfavourable reduction in Water and Sewer grant income as a result of delays in project timings and a decision to halt funding claims on the Mardi Water Treatment Plant in Q3 FY23 in light of a new funding agreement being arranged.

#### **Increase of (\$8.3M) in operational expenditure**

- (\$5.6M) increase in grant associated spend from operational pothole program, pavement patching works and State roads ordered works. \*
- (\$2.4M) increase in expenditure in line with increase in tipping revenue, contract costs, waste levy and associated processing costs at facilities. \*
- (\$0.5M) increase in expenditure for Mobilisation at the Stadium alongside additional expenditure from additional revenue, as well as associated expenses incurred from Grant Funding of the Central Coast Airport.
- (\$0.4M) increase in expenditure related to council security in the Lake Haven precinct and cleaning contract costs due to CPI increase and returning back to pre-COVID levels of activity.
- (\$0.4M) increase in expenditure related to forecasted street lighting and electricity costs for the remainder of FY23.
- (\$0.4M) increase in Leisure and Pools expenditure due to additional revenue received (post COVID), additional Beach Safety expenditure and a Community Wellbeing Survey.
- (\$0.3M) increase in Community and Culture expenditure from increased casual salaries across theatre cost centres, additional funds allocation for the Public Art Plan and deep cleaning for Town Centres to meet community expectations. \*
- (\$0.3M) increase in expenditure from common law claims, offset by reduced legal costs associated with Governance.
- (\$0.2M) increase in Libraries and Education expenditure due to additional spend incurred from grants funding received due to library operations move back to pre-COVID levels. \*
- (\$0.2M)
- (\$0.2M) increase in expenditure due to EPA legal fees.
- (\$0.1M) increase in expenditure related to land and building valuation fees budgeted for Q4 in FY23.
- (\$0.1M) increase in expenditure related to audit fees for the FY22 financial statement audit to be paid in Q3 of FY23.
- \$0.2M favourable reduction in expenditure on forecasted gas costs for the remainder of FY23.
- \$0.4M favourable reduction in IM&T project and upgrade expenditures to be performed in FY23.
- \$2.2M favourable reduction in Water and Sewer expenditure (material and services) due to changes in delivery timing of works associated with resourcing constraints.

Note: \* indicates additional income either fully or partially directly offsets the additional expense.

The proposed Q2 adjustments will improve the adopted operating surplus (excluding capital grants and contributions) of \$11.5M to an operating surplus (excluding capital grants and contributions) of \$15.8M. This result may improve further during the year if the difficulty Council is having recruiting vacant positions, supply chain management issues impacting resource availability and higher interest rates on Council investments continue.

*Section 3.2 Proposed Operating Budget Amendments provides a detailed listing of proposed Q2 budget adjustments.*

## 1.3 Capital Works

Council's capital works program adopted as part of the 2022-2023 Operational Plan totalled \$176.5M.

Actual Q2 YTD capital expenditure is \$66.6M against the Q2 YTD budget of \$67.3M. An increase of \$4.0M is proposed as part of this Q2 review.

*For further details on the capital works program adjustments please refer to Section 3.3 Proposed Capital Budget Amendments.*

## 1.4 Developer Contributions

The following section provides an update of Council's Developer Contributions levied under the *Environment Planning and Assessment Act 1979* (EPA) and the *Local Government Act 1993* (LGA) from 1 July 2022 to 31 December 2022.

### Summary of Cash Contributions

Contribution Type	Year to Date (YTD) Budget	7.4 Planning Agreement YTD Income	Developer Contribution Income	Total YTD Income	Variance to YTD Budget
	\$'000	\$'000	\$'000	\$'000	\$'000
s7.4 and s7.11 income (excluding drainage) - General Fund	7,000	-	3,939	3,939	(3,061)
s7.4 and s7.11 Drainage Income	530	-	575	575	45
s7.12 income	110	-	419	419	309
<b>Total EPA Developer Contributions</b>	<b>7,640</b>	<b>-</b>	<b>4,933</b>	<b>4,933</b>	<b>(2,707)</b>
s64 Water Income - Water Fund	1,718	-	1,444	1,444	(274)
s64 Sewer Income - Sewer Fund	1,282	-	1,334	1,334	52
<b>Total LGA Developer Contributions</b>	<b>3,000</b>	<b>-</b>	<b>2,778</b>	<b>2,778</b>	<b>(222)</b>
<b>Total Non-Cash Contributions</b>	<b>300</b>	<b>-</b>	<b>572</b>	<b>572</b>	<b>272</b>
<b>Total</b>	<b>10,940</b>	<b>-</b>	<b>8,283</b>	<b>8,283</b>	<b>(2,657)</b>

A proposed budget decrease of (\$2.2M) is included in this Q2 budget review for s7.11 and s7.12 contributions where actual income is not expected to achieve budget due to some large developments being delayed. A budget increase of \$272k is proposed for non-cash contributions. This results in a net budget decrease of (\$1.9M) in capital developer contributions income. It is difficult to forecast development activity and as the contributions are capital income, they do not impact the operating result of Council.

### Non-Cash Contributions

Council allows developers under Works-In-Kind Agreements to dedicate assets (works or land that has been identified in a contribution plan) in lieu of making cash contributions. Where the value of the assets dedicated exceeds the developer contributions owed, a developer credit is recognised. The developer credits are available to offset future developer contributions.

### Restricted Asset Developer Contributions

Council currently has a restricted asset totalling \$201.9M, which represents the developer contributions received with interest income that has not yet been spent as of 31 December 2022. The movements from 1 July 2022 to 31 December 2022 are as follows:

Contribution Type	Opening Restricted Asset Value 1 July 2022	YTD Income	YTD Expenditure	YTD Interest Allocation	Current Restricted Asset Value 31 December 2022
	\$'000	\$'000	\$'000	\$'000	\$'000
s7.11 General Fund	109,396	3,939	(57)	1,229	114,507
s7.11 Drainage Fund	36,061	575	(542)	353	36,447
s7.12 Contributions	18,377	419	(637)	199	18,359
<b>Total EPA Developer Contributions</b>	<b>163,834</b>	<b>4,933</b>	<b>(1,236)</b>	<b>1,781</b>	<b>169,313</b>
7.4 Planning Agreement Total	5,670	-	-	55	5,725
s64 Water Fund	6,209	1,444	(105)	203	7,751
s64 Sewer Fund	18,442	1,334	(919)	271	19,128
<b>s64 Total</b>	<b>24,651</b>	<b>2,778</b>	<b>(1,024)</b>	<b>474</b>	<b>26,879</b>
<b>Total</b>	<b>194,155</b>	<b>7,711</b>	<b>(2,260)</b>	<b>2,310</b>	<b>201,916</b>

### Developer Credits – Non-Cash Contributions

Council's current unfunded liabilities (non-cash contributions) total \$4.3M as of 31 December 2022. This includes s7.11 credits totalling \$3.7M and s64 credits totalling \$0.6M.

A summary of the movement in non-cash contributions from 1 July 2022 to 31 December 2022 is provided below.

Summary of Developer Credits	
	\$'000
Opening Balance 1 July 2022	4,155
Contributed Assets	3,347
Non-Cash Contributions Utilised	(1,452)
Indexation	100
Refunds	(1,895)
<b>Closing Balance as at 31 December 2022</b>	<b>4,255</b>

# Quarterly Budget Review

## 2.1 Responsible Accounting Officer's Statement

### Report by Responsible Accounting Officer

The following statement is made in accordance with cl. 203(2) of the *Local Government (General) Regulations 2005*.

It is my opinion that the Quarterly Budget Review Statement for Central Coast Council for the quarter ended 31 December 2022 indicates that Council's projected financial position at 30 June 2023 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



Emma Galea  
Responsible Accounting Officer  
24 February 2023



## 2.2 Operating Result

Council has met all milestones and targets in its financial recovery plan. The focus of Council is now on consolidating and improving the performance of the organisation by continuing to focus on productivity improvements, raising additional income, monitoring cash flow and ensuring more sustainable cash preservation. With this positive trajectory and momentum continuing, Council can target productivity and service improvements in key areas.

When rates and waste annual charges income are amortised over the 12-month period the year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$18.8M, consisting of an actual surplus of \$28.4M compared to a budget surplus of \$9.6M.

When rates and waste annual charges income are amortised over the 12-month period the year to date (YTD) operating result (including capital grants and contributions) is showing a favourable variance of \$10.1M, consisting of an actual surplus of \$52.9M compared to a budget surplus of \$42.8M.

Council's Long Term Financial Plan (LTFP) provides a model of future income and expenditure to give greater insights as to the trends affecting Council's financial future. The LTFP is a multi-faceted approach to address liquidity sustainability aimed at ensuring the longer-term financial sustainability of Council operations.

In August 2022 Council adopted Central Coast Council's first Financial Strategy. The adoption of a Financial Strategy is the next step in the path to ensure ongoing financial sustainability. The Financial Strategy was developed to provide direction and context for decision making in the allocation, management and use of Central Coast Council's financial resources that will result in a financially sustainable Council. It contains a series of performance measures that will be measured and reported monthly, quarterly and annually. Performance measures for Q2 are included in this report and provide a snapshot of Council's financial performance and position as at 31 December 2022.

The following sections provide more detail of the year-to-date results.

### Income Analysis

YTD Income (excluding capital income) as of 31 December 2022 is favourable to budget by \$13.4M (or 4.5% of YTD budget).

YTD Income (including capital income) as of 31 December 2022 is favourable to budget by \$4.7M (or 1.4%) of YTD budget.

Income from Continuing Operations 2022-2023	YTD Actual	YTD Budget	YTD Variance	YTD Variance	Adopted Budget (inc budget changes adopted in Q1)
	\$'000	\$'000	\$'000	%	\$'000
Rates and Annual Charges	195,790	194,555	1,234	0.6%	390,485
User Charges and Fees	77,632	74,071	3,561	4.8%	149,231
Other Revenue	9,487	4,675	4,812	102.9%	9,861
Interest and Investment Revenue	9,371	5,935	3,436	57.9%	8,512
Operating Grants and Contributions	10,051	9,926	125	1.3%	44,791
Other Income	4,774	4,385	389	8.9%	8,158
Net Gains from Disposal of Assets	1,014	1,194	(180)	(15.1%)	5,294
<b>Income from Continuing Operations (exc. capital income)</b>	<b>308,118</b>	<b>294,741</b>	<b>13,377</b>	<b>4.5%</b>	<b>616,333</b>
Capital Grants and Contributions	24,540	33,245	(8,705)	(26.2%)	78,379
<b>Income from Continuing Operations (inc. capital income)</b>	<b>332,658</b>	<b>327,986</b>	<b>4,672</b>	<b>1.4%</b>	<b>694,712</b>

Income variations compared to YTD budgets are detailed below:

- **Rates and Annual Charges** – are on track YTD with no material variations to budget.

There are no budget changes noted in the Q2 budget review for rates and annual charges.

- **User Charges and Fees** – the favourable YTD operating income variance of \$3.6M (or 4.8% of YTD budget) relates to the following areas of the business:
  - o \$1.3M favourable variance in tipping income, due to greater than forecast waste volumes being received at Council's Waste management facilities.
  - o \$0.7M favourable variance in Leisure and Pools income.
  - o \$0.4M favourable variance in Water and Sewer user charges income.
  - o \$0.4M favourable variance in Holiday Park and Parking Station income.
  - o \$0.2M favourable variance in zoning and heritage status certificates income.
  - o \$0.2M favourable variance in *Transport for NSW* payments for works undertaken by Council on State owned roads.
  - o \$0.1M favourable variance in Development Assessment income.
  - o \$0.1M favourable variance in Arts and Culture income.
  - o \$0.1M favourable variance in Companion Animals and Impounding income.
  - o \$0.1M favourable variance in Community Facilities Services income.
  - o \$0.1M favourable variance in Bush Fire and Flood Risk certification and admin fees income.
  - o (\$0.1M) unfavourable variance in Childcare fees income.

A proposed net budget increase of \$7.7M is included in this Q2 budget review for the permanent variations to User Charges and Fee income.

**Other Revenue** – the favourable YTD operating income variance of \$4.8M (or 103.0% of YTD budget) relates to the following items:

- o \$2.5M favourable variance in unrealised market value increases in Council's tradeable investments, floating rate notes and bonds. Unrealised market value decreases are recognised in Other Expenses (see below in Expenditure Analysis) and totalling \$1.6M December YTD, resulting

in a net position December YTD of \$0.9M unrealised gain.

- o \$0.7M favourable variance in Insurance Recoveries income.
- o \$0.5M favourable variance in Legal Fees income.
- o \$0.4M favourable variance in Event Ticketing income.
- o \$0.3M favourable variance in Fines income.
- o \$0.2M favourable variance in Plant and Fleet associated income.
- o \$0.1M favourable variance in Roads Infrastructure Services income due to a reimbursement of Energy Savings Certificates (ESCs) for streetlight replacements.
- o \$0.1M favourable variance in Theatre income.

A proposed net budget increase of \$1.8M is included in this Q2 budget review for the permanent variations to Other Revenue. No budget adjustment for market value movements of Council's investments is proposed in this Q2 budget review, however, will continue to be monitored for the remainder of the financial year.

**Interest and Investment Revenue** – the favourable YTD operating income variance of \$3.4M (or 57.9% of YTD budget) is due to the rising interest rate environment and larger investment portfolio balance, compared to when the original budget was developed. The Reserve Bank of Australia has increased the official interest rate eight times in 2022, from 0.1% in April 2022 to 3.1% in December 2022, which has had a favourable impact on Council's investment earnings.

A proposed net budget increase of \$2.4M is included in this Q2 budget review to recognise additional interest income.

Please refer to section 2.4 Cash and Investments for further information on Council's cash management outcomes.

- **Operating Grants and Contributions** – are on track YTD with no material variations to budget.

A proposed net budget increase of \$3.7M is included in this Q2 budget review to recognise the additional Grant and Contribution income, with the largest increase relating to funding for pothole/roads repair program of \$1.8M and a one-off CPI contribution for Emergency Services Levy revenue of \$1.5M.

- **Other Income** – the favourable YTD operating income variance of \$0.4M (or 8.9% of YTD budget) relates to the following areas of the business:
  - o \$0.4M favourable variance in Leisure and Pools property rental income.
  - o \$0.2M favourable variance in Community Facilities property rental income.
  - o \$0.1M favourable variance in Parks and Reserve property rental income.
  - o (\$0.3M) unfavourable variance in Commercial property rental income.

A proposed net budget increase of \$0.4M is included in this Q2 budget review for the permanent variations in Other Income.

- **Net Gain from the disposal of assets** - is on track with no material variations to YTD budget.

A proposed net budget decrease of (\$3.5M) is included in this Q2 budget review to consider the softer, deflated current property market that will impact the gain on sale of assets.

- **Capital Grants and Contributions** – the unfavourable YTD capital income variance of (\$8.8M) (or 26.2% of YTD budget) relates to unfavourable variances in capital developer contributions of (\$2.7M) and an unfavourable timing variance in capital grants of (\$6.1M).

The unfavourable variance in capital grants of (\$6.1M) is a timing difference in relation to the completion of roads and drainage programs totalling \$5.1M and water and sewer capital projects totalling \$1.4M that have been disrupted due to recent weather events and supply chain resourcing

issues. This has been slightly offset by a \$0.4M increase for capital grants received for Open Space and Recreation facilities and community areas.

A proposed unfavourable budget decrease of (\$1.5M) is included in this Q2 budget review, due to the delays experienced during Q2. The funds will be received upon the completion of project milestones later this financial year. As this is capital income there is no impact on Council's operating result.

The unfavourable variance of (\$2.7M) in developer contributions is made up of \$0.3M favourable variance in Water and Sewer Sec 64 Contributions offset by (\$3.0M) unfavourable variance in Sec 7.11 Contributions.

Developer contributions are difficult to predict as contributions received are based on external development activity. A proposed unfavourable budget decrease of (\$1.9M) in s7.11 and s7.12 developer contribution forecast income is included in this Q2 budget review as some large developments are expected in the latter part of this financial year. As this is capital income there is no impact on Council's operating result.

Details of the proposed budget amendments are in *Sections 3.1 Income and Expense Budget Review Statement and 3.2 Proposed Operating Budget Amendments*.

### Expenditure Analysis

Operating expenditure as of 31 December 2022 is favourable to budget by \$5.5M (or 1.9% of YTD budget).

Expenses from Continuing Operations 2022-2023	YTD Actual	YTD Budget	YTD Variance	YTD Variance	Adopted Budget (inc budget changes adopted in Q1)
	\$'000	\$'000	\$'000	%	\$'000
Employee Benefits and On-costs	85,973	86,494	521	0.6%	180,045
Borrowing Costs	5,295	5,262	(33)	(0.6%)	12,896
Materials and Services (1)	92,895	100,159	7,264	7.3%	214,058
Depreciation and Amortisation	72,479	72,479	-	0.0%	158,256
Other Expenses	23,053	20,776	(2,277)	(11.0%)	39,605
Net Losses from Disposal of Assets	-	-	-	-	-
<b>Expenses from Continuing Operations</b>	<b>279,695</b>	<b>285,171</b>	<b>5,476</b>	<b>(1.9%)</b>	<b>604,260</b>
<i>(1) Includes internal income and internal expenses</i>					

Operating expenditure variations compared to YTD budgets are detailed below:

- **Employee Costs** – currently on track with only a 0.6% difference from YTD budget. The favourable YTD operating expenditure variance of \$0.5M is primarily relating to positions that have been vacant and certain projects delayed to due recent weather constraints. In the current economic climate Council is experiencing difficulties filling vacant positions, as candidates often have several flexible opportunities available to them.

A net budget increase of (\$1.4M) is proposed in this Q2 review for recognising forecasted additional overtime cost requirements funded by additional revenue received from grants and certain delayed projects.

**Borrowing Costs** – currently on track, with a minor unfavourable variance of (\$33k) (or 0.6% of YTD

budget) that relates to indexation costs of non-cash developer contributions relating to Drainage held by Council, which have increased due to recent official interest rate increases.

There are no budget changes noted in the Q2 budget review for borrowing costs.

- **Materials and Services** – expenditure in this expenditure category includes material purchases, contract expenses, consultants, electricity costs, insurances, external plant hire, fuel, holiday park commissions and IT costs. The \$7.3M YTD favourable operating expenditure variance (or 7.3% of YTD budget) is made up of:
  - \$2.2M favourable variance in contract, labour hire and consultant costs.
  - \$1.9M favourable variance in materials purchased.
  - \$1.1M favourable variance in internal revenue over internal expenses due to excess tipping fees revenue.
  - \$1.0M favourable variance in other expenses including insurance premiums, promotions and events, IT costs, professional development and uniform costs and Misc. expenses including stationery, postage, printing, subscriptions, memberships, licences, valuation fees.
  - \$0.6M favourable variance in legal expenses.
  - \$0.5M favourable variance in employee training costs.

Whilst there is a favourable YTD trend overall, a proposed net budget increase of (\$5.5M) in Materials and Services costs is included in the Q2 budget review relating to additional spend forecasted for specific expenditure items. The proposed budget adjustment includes expenditure relating to additional funding received from grants under multiple areas, with majority within roads and drainage (\$4.6M) including State roads works and regional and local roads repair program.

- **Depreciation and Amortisation** – currently on track.

There are no budget changes noted in the Q2 budget review for depreciation and amortisation.

- **Other Expenses** – the (\$2.3M) YTD unfavourable operating expenditure variance (or 11.0% of YTD budget) is made up of
  - (\$1.6M) unfavourable variance in unrealised market value decreases in Council's tradeable investments, floating rate notes and bonds. Unrealised market value increases are recognised in Other Revenue (see above in Income Analysis) and totalling \$2.5M December YTD, resulting in a net position December YTD of \$0.9M unrealised gain.
  - (\$0.8M) unfavourable variance in EPA Waste Levy due to increased tonnages received at Council's Waste Management Facilities.

A proposed net budget increase of (\$1.4M) in Other Expenses is included as part of this Q2 budget review to reflect the cost of permanent variations, including increased EPA waste levy payments from increased tipping revenue. No budget adjustment for market value movements of Council's investments is proposed in this Q2 budget review, however, will continue to be monitored for the remainder of the financial year.

Details of the proposed budget amendments are in *Sections 3.1 Income and Expense Budget Review Statement and 3.2 Proposed Operating Budget Amendments*.

## Analysis By Fund

The YTD actual operating result (excluding capital grants and contributions) is \$28.4M surplus, compared to a budgeted surplus of \$9.6M, a favourable variance of \$18.9M and is attributed to each Fund as follows:

Operating result (Excluding capital grants and contributions)	YTD Actual \$'000	YTD Budget \$'000	YTD Variance \$'000	YTD Variance %	Adopted Budget (inc budget changes adopted in Q1) \$'000
General Fund	20,249	3,143	17,106	544.3%	9,304
Water Fund	4,538	2,865	1,673	58.4%	800
Sewer Fund	3,441	3,464	(23)	(0.7%)	928
Drainage Fund	(1,817)	(1,590)	(227)	(14.3%)	(3,433)
Domestic Waste Fund	2,012	1,688	324	19.2%	3,874
<b>Total</b>	<b>28,423</b>	<b>9,570</b>	<b>18,853</b>	<b>197.0%</b>	<b>11,475</b>

The above table amortises the full year rates and annual charges for waste management over 12-month period to provide a clearer picture of YTD performance.

### Overheads

The above results by Fund include overhead budgets YTD actual allocations.

### General Fund

The YTD net operating surplus result before capital income for General Fund is \$20.2M compared to a year-to-date budget surplus of \$3.1M resulting in a favourable variance of \$17.1M. The most significant year-to-date variances relates to:

- User Charges and Fees are favourable \$3.1M due to favourable variances in tipping income of \$1.3M, Leisure and Pool income \$0.7M, Holiday Park and Parking Station income \$0.4M, zoning and heritage status certificates income \$0.2M, *Transport for NSW* payments for works undertaken by Council on State owned roads \$0.2M, Development Assessment income \$0.1M, Arts and Culture income \$0.1M, Companion Animals and Impounding income \$0.1M and Community Facilities Services income \$0.1M.
- Other Revenue is favourable \$4.2M due to unrealised market value increases in Council's tradeable investments, floating rate notes and bonds \$2.0M, Insurance Recoveries income \$0.7M, Legal Fees income \$0.5M, Event Ticketing income \$0.4M, Fines income \$0.3M, Plant and Fleet associated income \$0.2M and Theatre income \$0.1M.
- Interest and Investment revenues are favourable \$3.3M due to rising interest rate environment and larger investment portfolio balance, compared to when the original budget was developed.
- Other Income is favourable \$0.4M and relates favourable variances in Leisure and Pools property rental income \$0.4M, Community Facilities property rental income \$0.2M, Parks and Reserves property rental income \$0.1M and Commercial property rental unfavourable income of (\$0.3M).
- Materials and Services (including internal items) are favourable \$7.3M due to the following below:
  - \$2.2M favourable variance in contract, labour hire and consultant costs.
  - \$1.9M favourable variance in materials purchased.
  - \$1.1M favourable variance in internal revenue over internal expenses due to excess tipping fees revenue.

- \$1.0M favourable variance in other expenses including insurance premiums, promotions and events, IT costs, professional development and uniform costs and Misc. expenses including stationery, postage, printing, subscriptions, memberships, licences, valuation fees.
  - \$0.6M favourable variance in legal expenses.
  - \$0.5M favourable variance in employee training costs.
- Other Expenses are unfavourable (\$2.0M) due to unrealised market value decreases in Council's tradeable investments, floating rate notes and bonds of (\$1.2M) and EPA Waste Levy due to increased tonnages received at Council's Waste Management Facilities (\$0.8M).

### **Water Fund**

The year-to-date net operating result before capital income for Water Fund is a surplus of \$4.5M compared to a year-to-date budget surplus of \$2.9M resulting in a favourable variance of \$1.7M. The most significant YTD variances relate to:

- Water user charges favourable \$0.3M driven by increased trade waste user charges.
- Employee costs are favourable \$0.2M due to certain projects delayed from weather constraints.
- Materials and Services (including internal items) are favourable \$1.2M due to delays and disruptions from resourcing issues from materials and external plant hire.

### **Sewer Fund**

The year-to-date net operating result before capital income for Sewer Fund is a surplus of \$3.4M compared to a year-to-date budget surplus of \$3.4M; YTD it is currently on track with budget. Offsetting YTD variances relate to:

- Sewer usage annual charges have an unfavourable variance of (\$0.3M).
- Sewer user charges have a favourable timing variance of \$0.3M.
- Other Revenue is favourable \$0.5M due to unrealised market value increases in Council's tradeable investments, floating rate notes and bonds.
- Interest and Investment revenues are favourable \$0.1M due to rising interest rate environment compared to when the original budget was developed.
- Employee costs are favourable \$0.5M due to certain projects delayed from recent weather constraints
- Materials and Services (including internal items) are unfavourable (\$0.7M) mainly due to external plant hire costs and increased material costs.
- Other Expenses are unfavourable (\$0.4M) due to unrealised market value decreases in Council's tradeable investments, floating rate notes and bonds.

### **Drainage Fund**

The year-to-date net operating result before capital income for Drainage Fund is a deficit of (\$1.8M) compared to a year-to-date budget deficit of (\$1.6M) resulting in an unfavourable variance of (\$0.2M). The most significant YTD variance relates to:

- Employee costs are unfavourable (\$0.2M) due to increased overtime costs for certain delayed projects.

### **Domestic Waste Fund**

The year-to-date net operating result before capital income for Domestic Waste Fund is a surplus of \$2.0M compared to a year-to-date budget surplus of \$1.7M resulting in a favourable variance of \$0.3M. The most significant YTD variances relate to:

- Domestic Waste Management Annual Charges are favourable \$0.8M YTD.
- Materials and Services (including internal items) are unfavourable (\$0.4M) due to increased garbage collection costs.
- Other Expenses are unfavourable (\$0.1M) due to increased EPA Waste Levy.

### Performance Measures

Council's recently adopted Financial Strategy includes a number of performance measures that will provide a snapshot of Council's current financial performance and position. Below is a summary of monthly and quarterly financial performance ratios YTD as of 31 December 2022.

#### Operating Performance Ratio – 8.7%

The Operating performance ratio measures Council's achievement of containing operating expenditure within operating revenue and is set between 1% and 8%. It is calculated as

$$= \frac{\text{Total continuing operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

#### Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage 47.52%

The Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage ratio measures the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts. Council will aim to achieve the industry benchmark of less than 5%. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage is calculated as

$$= \frac{\text{Rates, Annual \& Extra Charges Outstanding}}{\text{Rates, Annual \& Extra Charges Collectible}}$$

The result in this ratio will improve as the year progresses as rates and domestic waste annual charges are raised in July each year and are not all due until May the following year. It is difficult to make an assumption on what is not yet due as some customers pay in full in August each year, others pay by instalments, and some make regular scheduled payments throughout the year. An assumption could be made that in the second quarter 50% of charges are not yet due, so in that case Council is travelling towards meeting the target at 30 June 2023 as the result as at 31 December 2022 is 47.52%.

#### Unrestricted Current Ratio – 1.7

The unrestricted current ratio identifies whether there are sufficient funds available to meet short term obligations and is set at the industry benchmark of 1.5. It is calculated as

$$\frac{\text{Current assets less all external restrictions}}{\text{Current liabilities}}$$



$$= \frac{\text{Current liabilities less specific purpose liabilities}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

### Unrestricted Cash Position

Unrestricted Cash are funds available to cover operational needs and unexpected or emergency costs within each fund. Council will aim to maintain unrestricted cash in each fund and set a target band of between 3% and 10% for each fund. This will monitor the targeted use of unrestricted funds on community services and infrastructure. It is calculated as

$$= \frac{\text{Unrestricted Funds}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Consolidated – 33.7%

General Fund (including Drainage) – 19.7%

Water Fund – (0.2%)

Sewer Fund – 132.1%

Domestic Waste Fund – 21.0%

Council is currently holding excess funds in all but Water Fund. The current level of funds held is appropriate for operational requirements.

### Loan Principal Repayments

The operating result (excluding capital grants and contributions) for each fund for the year plus if necessary, pre-existing unrestricted cash reserves in each fund needs to at least cover the net loan principal repayments of that fund for that same year. This excludes the emergency loans in the General Fund as the balance on 31 December 2022 of \$130.4M is repaid under different terms set by the lending institutions. Loan repayment coverage is calculated as

$$= \frac{\text{YTD operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{YTD loan principal repayments}}$$

Consolidated – 3.1x

General Fund (including Drainage) – 1.0x

Water Fund – 1.8x

Sewer Fund – 5.9x

Domestic Waste Fund – not applicable as Domestic Waste Fund has no external borrowings.

### Capital Program Funding

Council's intent is to provide at least sufficient funds from operations for the capital budget to replace assets as they fall due. The depreciation target is currently used as a proxy for the long-term annual funding requirement to replace Council's assets at their gross replacement value. Council will aim to achieve the industry benchmark of 100% in each fund. Capital funding percentage is calculated as

$$= \frac{\text{YTD Capital budget}}{\text{YTD Depreciation expense}}$$

Consolidated – **107%**

General Fund (including Drainage) – **118%**

Water Fund – **(53%)**

Sewer Fund – **140%**

Domestic Waste Fund – not applicable as Domestic Waste Fund has no capital works.

### Cash Expense Cover Ratio

The Cash Expense Cover Ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. Council will aim to achieve the industry benchmark of 3 months in each fund. Cash Expense Cover Ratio is calculated as

$$= \frac{\text{Current Year's Cash \& Cash Equivalents}}{\text{Payments from cash flow of operating and financing activities}}$$

Consolidated – **2.91**

General Fund (including Drainage) – **2.30**

Water Fund – **0.90**

Sewer Fund – **6.67**

Domestic Waste Fund – **4.47**

### Asset Maintenance Ratio

The Asset Maintenance Ratio compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing. Asset Maintenance Ratio is calculated as

$$= \frac{\text{Actual Asset Maintenance}}{\text{Required Asset Maintenance}}$$

Consolidated – **62.1%**

General Fund (including Drainage) – **48.2%**

Water Fund – **46.2%**

Sewer Fund – **143.5%**

Domestic Waste Fund – not applicable as Domestic Waste Fund owns no assets

#### Debt Service Cover Ratio

The Debt Service Cover Ratio measures the availability of operating cash to service debt including interest, principal and lease payments. Council will aim to achieve the industry benchmark of 2x in each fund. Debt Service Cover Ratio is calculated as

$$= \frac{\text{Operating Result before Interest \& Depreciation}}{\text{Principal Repayments + Borrowing Interest Costs}}$$

Consolidated – **5.45**

General Fund (including Drainage) – **7.46**

Water Fund – **2.59**

Sewer Fund – **7.49**

Domestic Waste Fund – not applicable as Domestic Waste Fund has no external borrowings.

## 2.3 Capital Expenditure

Capital expenditure as at 31 December 2022 is under budget by \$0.7M or 1% of YTD budget.

Council department	Original Budget	Adopted changes to date	Proposed changes for Q2	Proposed Full Year budget	Actuals YTD- Dec 2022	Budget YTD - Dec 2022	YTD Actuals / Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Community and Recreation Services	29,886	(6,738)	(1,154)	21,994	4,697	5,344	87.9%
Infrastructure Services	63,186	6,010	5,506	74,703	31,493	30,147	104.5%
Water and Sewer	62,931	(0)	-	62,931	24,459	24,765	98.8%
Environment and Planning	9,684	2,180	(359)	11,505	2,156	3,699	58.3%
Corporate Services	10,850	-	4	10,854	3,843	3,347	114.8%
<b>TOTAL</b>	<b>176,537</b>	<b>1,451</b>	<b>3,997</b>	<b>181,986</b>	<b>66,647</b>	<b>67,302</b>	<b>99.0%</b>

The proposed Q2 budget adjustment is an increase of \$4.0M, resulting in a revised 2022-2023 full year capital works program of \$181.9M.

Significant changes to the capital works program include:

#### Reductions:

- Ocean Beach and Rawson Rd – Intersection upgrade - \$3.1M - project deferred to a future financial year at the Federal Government's direction
- Shelly Beach Rd Upgrade - \$2.0M – project deferred to a future financial year at the Federal Government's direction

- Skate Park Upgrade – Umina - \$1.7M – project deferred

**Increases:**

- Pavement restorations Natural Disaster March 2022 - \$3.2M – additional works as a result of weather events
- Pavement restorations Natural Disaster June 2022 - \$2.5M – additional works as a result of recent weather events
- Sewer System upgrades – Gosford CBD Racecourse Precinct - \$1.2M – project in contract phase. Additional budget to reflect revised cashflow.

Details of proposed capex adjustments for 2022-2023 can be found at *Section 3.3 Proposed Capital Budget Adjustments*.

Council has not purchased any assets for the quarter ended 30 December 2022 that are not already included in the current budget.

## 2.4 Cash and Investments

Cash flows during the quarter were managed through maturities and investments in new term deposits and cash at call account, investments for the quarter recorded an increase of \$6.28M, and Council's transaction account recorded net cash outflow of \$2.33M.

Council's transactional bank accounts are reconciled daily whilst cash management and investment holdings are reconciled monthly. All accounts have been fully reconciled as of 31 December 2022.

Balances as of 31 December 2022 are shown below.

Cash and Investment Balances as of 31 December 2022		\$'000
<b>Total cash on Hand (Transactional)</b>		<b>31,135</b>
Cash at Call – Cash Management		30,958
Investments in Term Deposits and Floating Rate Notes		618,810
<b>Total Investment Portfolio</b>		<b>649,768</b>
<b>Closing Cash and Investments</b>		<b>680,903</b>

Council's Portfolio is held in separate funds by purpose and is summarised as follows:

Fund	General Fund	Drainage Fund	Total General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External Restricted Funds	193,630	37,974	231,604	12,492	21,307	99,298
Internal Restricted Funds	108,697	20	108,717	908	877	47
<b>Total Restricted Funds</b>	<b>302,327</b>	<b>37,994</b>	<b>340,321</b>	<b>13,400</b>	<b>22,184</b>	<b>99,345</b>
Unrestricted Funds	107,036	(36,134)	70,902	189	118,471	16,092
<b>Total by Fund</b>	<b>409,363</b>	<b>1,860</b>	<b>411,223</b>	<b>13,589</b>	<b>140,655</b>	<b>115,437</b>

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.

Council operates in accordance with approved investment policies that comply with s. 625 of the *Local Government Act 1993*, and cl. 212 of the *Local Government (General) Regulation 2005*. Investments are placed and managed in accordance with this policy and having particular regard to the Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

Council's investments (comprised of deposit accounts, floating rate notes and term deposits) continue to be conservatively managed to ensure that value is added to the fixed interest portfolio. The value of investment securities and call deposit accounts *excluding* transactional accounts, as of 31 December 2022 was \$649.77M. YTD returns were 2.74%, which is above the BBSW benchmark of 0.52%. Total net return for the quarter ending December 2022 was \$8.8M consisting of interest earnings.

The investment portfolio is concentrated in AA above (26.00%), A (25.34%) and BBB (48.66%). The investments in AA are of a higher credit rating and BBB represented the best returns at the time of investment within Policy guidelines. Financial institutions issuing fixed income investments and bonds are considered investment grade (IG) if its Long-Term credit rating is BBB or higher by Standard and Poor (S&P). All Council's investments were within policy guidelines as of 31 December 2022.

Council continues to monitor the portfolio and manage investments taking into consideration credit ratings of financial institutions, interest rates offered for the maturity dates required and the amount of our investment portfolio already held with each financial institution.

Breakdown of the investment portfolio by investment class as of 31 December 2022:

Investment Class	Balances as of 31 December 2022 \$'000
Cash at Call	30,958
Term Deposits and Floating Rate Notes	618,810
<b>Closing Investment Portfolio</b>	<b>649,768</b>
<b>YTD Returns</b>	<b>8,804</b>
<b>YTD Returns %</b>	<b>2.74%</b>
<b>Benchmark BBSW</b>	<b>0.52%</b>

## Central Coast Council

### Statement of Cash Flows

for the Quarter ended 31 December 2022

	Actual Dec-22 \$'000
<b>Cash flows from operating activities</b>	
<b>Receipts</b>	
Rates and Annual Charges	88,473
User Charges and Fees	40,462
Interest and Investment Income	4,208
Grants and contributions	20,860
Bonds & Deposit Amount Received	194
Other Revenues	22,063
<b>Payments</b>	
Employee Benefits and On cost	(40,868)
Materials and Contracts	(36,728)
Borrowing Costs	(3,244)
Bonds & Deposit Amount Paid	(149)
Other expenses	(38,349)
<b>Net cash provided (or used in) operating activities</b>	<b>56,923</b>
<b>Cash flows from Investing activities</b>	
<b>Receipts</b>	
Sale of Investment Securities	79,514
Sale of Infrastructure, Property, Plant and Equipment	761
<b>Payments</b>	
Purchase of Investment Securities	(85,795)
Purchase of Infrastructure, Property, Plant and Equipment	(44,173)
<b>Net cash provided (or used in) Investing activities</b>	<b>(49,693)</b>
<b>Cash flows from Financing activities</b>	
<b>Receipts</b>	
Proceeds from borrowing and advances	-
<b>Payments</b>	
Repayment of borrowing and advances	(8,405)
<b>Net cash provided (or used in) Financing activities</b>	<b>(8,405)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-1,175</b>
Plus: cash and cash equivalents – beginning of period	32,310
<b>Cash and cash equivalents – end of the Period</b>	<b>31,135</b>
plus: Investments on hand – end of Period	649,768
<b>Total cash, cash equivalents and investments</b>	<b>680,903</b>

## 2.5 Contracts and Other Expenses

### Major Contracts

The following significant contracts were entered during Q2:

Contractor	Contract Detail and Purpose	Contract Value \$	Commencement Date	End Date	Budgeted (Y/N)
Fulton Hogan Industries Pty Ltd	Transport for NSW RMCC Heavy Patching, various locations 2022/2023 (LGP213-2)	\$1,100,493.97	16/09/22	31/01/23	Y
The Rix Group Pty Ltd	Pembertons Hill Road Pavement Shoulder and Table Drain Reinstatement	\$399,397.30	22/09/22	02/12/22	Y
Ana Asphalts	RMCC Ordered Works - Traffic Loops Pre Works - Henry Parry Drive, Gosford - Transport for NSW (LGP213-2)	\$232,547.00	01/10/22	30/06/23	Y
Ana Asphalts	Resurfacing, Heavy Patching Pre Works - Transport for NSW (LGP213-2)	\$672,520.00	01/10/22	30/06/23	Y
AECOM	Investigation and Design Services for Charmhaven and Gwandalan Sewage Treatment Plant, Major Capital Upgrades.	\$762,782.00	01/10/22	30/06/23	Y
Larsen and Toubro Infotech Pty Ltd	Integrations Support and Maintenance	\$912,224.00	01/10/22	30/09/25	Y
Westrac Pty Ltd	Supply and Delivery of One (1) 13 Tonne Roller (LGP419)	\$172,083.19	04/10/22	31/01/23	Y
ECEL Pty Ltd T/as Visual Metrics	Plant and Fleet Business Review	\$250,000.00	04/10/22	09/12/22	Y
Westrac Pty Ltd	Procurement of two (2) Compact Track Loaders (LGP419)	\$271,573.57	10/10/22	30/06/23	Y
GHD Pty Ltd	Development of Risk Management Program for Security of Critical Infrastructure (Panel Arrangement CPA/3543)	\$471,734.00	12/10/22	31/05/23	Y
iGoDirect Group Pty Ltd	Staff Recognition and Appreciation Program 2022-2024	\$180,000.00	17/10/22	30/10/24	Y
Form Construction Group Pty Ltd	Holiday Parks, Jabiru Cabin Upgrades - Toowoomb Bay and Norah Head Holiday Parks (Panel Arrangement)	\$771,302.90	17/10/22	30/06/23	Y

Contractor	Contract Detail and Purpose	Contract Value \$	Commencement Date	End Date	Budgeted (Y/N)
	CPA/3835)				
Form Construction Group Pty Ltd	Amenity Block Refurbishment and Upgrade - Norah Head and Budgewoi Holiday Parks (Panel Arrangement CPA/3835)	\$1,144,247.10	17/10/22	29/06/23	Y
Gilbert and Roach Pty Ltd	Supply and Delivery - Two (2) Water Trucks (NPN04-13)	\$634,450.90	20/10/22	31/03/23	Y
Fenworx Pty Ltd	Construction - Deep Lift and Overlay, Ridgway Road, Avoca 2022/2023 (LGP213-2)	\$312,270.00	24/10/22	28/10/22	Y
Fulton Hogan Industries Pty Ltd	Asphalt Resurfacing, Helmsman Boulevard and Marina View Parade (LGP213-2)	\$466,787.67	24/10/22	28/10/22	Y
Toro Australia Group Sales Pty Ltd	Supply and Delivery of one (1) Toro 5910 Broadacre Mower (LGP419)	\$180,803.39	26/10/22	26/10/22	Y
Autopool Pty Ltd (Gilbert and Roach Pty Ltd)	Supply and Delivery of one (1) Cab Chassis Water Truck (NPN04-13)	\$317,225.45	28/10/22	28/10/22	Y
Converge International	Provision of Staff Counselling Services (EAP)	\$198,400.00	01/11/22	01/11/25	Y
Tetra Tech Coffey Pty Ltd	Waste Landfill Sites, Monitoring and Reporting 2022-2025	\$882,974.28	01/11/22	31/10/25	Y
Fulton Hogan Industries Pty Ltd	Resurfacing and Rehabilitation, Various Locations - Transport for NSW 2022-2023 - Ordered Works Program (LGP213-2)	\$3,324,864.00	01/11/22	30/06/23	Y
Brown Environmental Earthworks Planning	Saltmarsh Rehabilitation - Various locations across local government area	\$469,100.00	04/11/22	31/03/23	Y
Hunter H2O	Investigation and Design Services for Toukley Sewage Treatment Plant, Major Optimisations	\$155,420.00	14/11/22	30/06/23	Y
Gartner Australasia Pty Ltd	Information Technology, Gartner Research and Advisory 2023 (NSW Buy)	\$197,983.34	15/11/22	30/11/24	Y
Concrete Skate Parks Pty Ltd	Design and Construction, Umina Skatepark	\$2,437,447.00	17/11/22	24/08/23	Y
DS Insight Pty Ltd	Water and Sewer Asset Monitoring - Satellite AI - Rezatec and Detection	\$573,286.00	22/11/22	30/06/23	Y



Contractor	Contract Detail and Purpose	Contract Value \$	Commencement Date	End Date	Budgeted (Y/N)
	Services				
Somersby Electrical Pty Ltd	Manufacture of new switchboards for various Sewage Pump Stations (Panel Arrangement CPA/2849)	\$558,108.00	22/11/22	30/06/23	Y
Anzarts Institute Limited	Consultancy - Theatre Specialist for Performing Arts Development, Strategy and Process Implementation	\$162,290.00	24/11/22	30/06/24	Y
Computer Systems (Australia) Pty Ltd	Water and Sewer Northern Server Replacement 2022-2023	\$316,800.00	30/11/22	30/11/22	Y
Gongues Construction Pty Ltd	Rehabilitation of Charmhaven Sewage Treatment Plant Inlet Works Outlet Chambers	\$327,250.00	01/12/22	28/02/23	Y
Salients Pty Ltd	Design for Ourimbah Creek Embankment Stabilisation and Protection - Hereford Street, Berkeley Vale (LGP1208-4)	\$216,783.00	05/12/22	26/02/24	Y
East Coast Design and Construction	Water Pipe Replacement, Holiday Parks - Patonga Camp Ground	\$224,695.45	09/12/22	23/06/23	Y
Central Coast Hino	Supply and Delivery of Thirteen (13) Maintenance Trucks with Cranes (NPN04-13)	\$2,030,992.48	09/12/22	29/02/24	Y
Pacific Material Handling	Supply and Delivery of One (1) Material Handler (LGP419)	\$546,300.00	09/12/22	01/04/23	Y
Aqua Assets Pty Limited	Provision of Sewage Vacuum Tankers for Cleaning of Sewerage Infrastructure	\$3,090,400.00	12/12/22	12/12/25	Y
Austek Pty Ltd	Design and Construction of Playspace Renewal Program 2022/2023, Package 1 - Gurdon Reserve, Koolewong Waterfront Reserve, Wycombe Road Playground.	\$276,084.93	12/12/22	30/06/23	Y
Fenworx Pty Ltd	Thin AC Mill and Fill - Mangrove Road, Narara (LGP213-2)	\$493,240.00	12/12/22	23/12/22	Y
Austek Play	Design and Construction of Playspace Renewal Program 2022/2023, Package 2 - Blue Bell	\$276,000.00	12/12/22	30/06/23	Y

Contractor	Contract Detail and Purpose	Contract Value \$	Commencement Date	End Date	Budgeted (Y/N)
	Park, Tonkiss Street Playground, Oakland Street Playground.				
Hansen Pty Ltd T/as Forpark Australia	Design and Construction of Playspace Renewal Program 2022/2023, Package 3 - Mackenzie Reserve, Osborne Park, McKellar Boulevard (previously Birdwood Park).	\$470,000.00	12/12/22	30/06/23	Y
Delcare Constructions Pty Ltd	Shared Path Construction, Stage 4 - Tuggerawong	\$794,607.00	13/12/22	10/04/23	Y
AECOM Australia Pty Ltd	Water and Sewer Engineering Services Consultancy - Critical Pressure Main Condition Assessment (Panel Arrangement CPA/3543)	\$1,991,157.30	15/12/22	13/12/25	Y
Waeger Constructions Pty Ltd	Design and Supply of Components and Piling System - Bridge Replacement - Little Jilliby Road, Little Jilliby (Vendor Panel)	\$682,000.00	15/12/22	13/04/23	Y
Delcare Constructions Pty Ltd	Road Upgrade - Springwood Street, Blackwall (from Gallipoli Avenue to Wyalong Road)	\$2,872,966.00	15/12/22	13/07/23	Y
GHD Pty Ltd	Bushfire Management of Critical Water and Sewer Assets	\$394,488.00	19/12/22	31/12/24	Y
Form Construction Group Pty Ltd	Supply and Install new Sliding Doors and Security Screen Doors - Central Coast Council Holiday Parks	\$397,311.81	19/12/22	30/06/23	Y
EIRE Constructions Pty Ltd	Sewer Pump Station TO08A - Sewer Rising Main Upgrade, Noraville (Panel Arrangement CPA2043)	\$2,975,901.00	21/12/22	31/07/23	Y
InQuik Pty Ltd	Design and Supply of Bridge Components and Piling System - Yorky's Bridge - Brush Creek Road, Cedar Brush Creek	\$580,083.08	22/12/22	26/04/23	Y
Haskoning Australia Pty Ltd	Access Replacement Program, Soldiers Beach	\$295,450.00	22/12/22	31/08/23	Y

## 2.6 Consultancy and Legal Expenses

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

The following table shows operating expenditure year to date (YTD) for consultants and external legal fees.

Operating Expense	YTD Actual \$'000	Budgeted Yes/No
Consultants	4,295	Yes
Legal Fees	250	Yes

# Financial Schedules and Proposed Adjustments

## 3.1 Income and Expense Budget Review Statement

The table below outlines the impact of the proposed operating budget amendments and the projected year end result for the 2022-2023 financial year.

<b>Consolidated Operating Statement</b>									
December 2022									
	YEAR TO DATE				FISCAL YEAR				
	Actuals	Q4 Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Q4 Adopted Changes	Q4 Proposed Changes	Year End Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating Income</b>									
Sales and Annual Charges	195,799	194,555	1,234	182,891	385,740	399,335	159	0	399,405
Over Charges and Fees	77,832	74,971	3,561	69,559	149,237	145,542	3,699	7,709	157,920
Other Revenue	9,487	4,875	4,912	5,489	12,956	9,966	196	1,958	11,908
Interest	9,378	5,935	3,436	2,558	5,470	4,988	3,822	2,381	10,853
Grants and Contributions	19,051	9,920	825	12,111	47,717	34,948	19,745	3,718	48,529
Gain on Disposal	1,914	1,194	(80)	-	28,956	5,284	-	(3,475)	1,918
Other Income	4,774	4,385	389	3,865	7,908	7,917	242	356	8,514
<b>Total Income attributable to Operations</b>	<b>308,118</b>	<b>294,741</b>	<b>13,377</b>	<b>273,872</b>	<b>685,966</b>	<b>687,891</b>	<b>18,642</b>	<b>12,586</b>	<b>639,926</b>
<b>Operating Expenses</b>									
Employee Costs	85,973	88,484	(2,511)	82,424	182,931	189,750	(705)	1,352	181,387
Borrowing Costs	5,286	5,262	(24)	5,954	12,940	11,421	1,475	-	12,866
Materials and Services	92,895	100,159	(7,264)	88,071	185,541	189,729	(15,338)	5,534	219,882
Depreciation and Amortisation	72,479	72,479	(0)	72,965	162,472	159,791	(526)	-	158,256
Other Expenses	23,953	29,778	(5,777)	17,752	39,717	38,252	1,353	1,358	40,961
Loss on Disposal	-	-	-	-	4,469	-	-	-	-
Internal Expenses	-	-	-	-	-	-	-	-	-
Overheads	-	-	-	-	-	-	-	-	-
<b>Total Expenses attributable to Operations</b>	<b>279,896</b>	<b>296,171</b>	<b>(16,475)</b>	<b>247,896</b>	<b>668,979</b>	<b>687,933</b>	<b>(18,927)</b>	<b>8,242</b>	<b>613,182</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>28,222</b>	<b>(1,430)</b>	<b>29,652</b>	<b>25,976</b>	<b>61,945</b>	<b>6,958</b>	<b>1,715</b>	<b>(4,396)</b>	<b>16,814</b>
Capital Grants	16,181	22,265	(6,144)	14,275	35,795	55,740	(2,476)	(1,455)	51,914
Capital Contributions	8,378	(9,948)	(17,951)	7,487	25,867	20,543	4,967	(1,918)	23,192
<b>Grants and Contributions Capital Received</b>	<b>24,559</b>	<b>12,317</b>	<b>(12,226)</b>	<b>21,762</b>	<b>61,662</b>	<b>76,283</b>	<b>2,491</b>	<b>(3,373)</b>	<b>75,106</b>
<b>Net Operating Result</b>	<b>52,781</b>	<b>(9,113)</b>	<b>41,894</b>	<b>47,738</b>	<b>123,607</b>	<b>83,241</b>	<b>4,206</b>	<b>(7,771)</b>	<b>91,920</b>

This table forms part of Central Coast Council's quarterly budget review for the quarter ended 31 December 2022 and should be read in conjunction with sections 2.1 to 2.6 of this report.

## 3.2 Proposed Operating Statement Budget Amendments

The following budget amendments are proposed as part of this Q2 budget review.

Proposed Operating Statement Budget Amendments	Impact by Major Account Category			
	Capital Revenue	Operating Revenue	Operating Expense	Operating Movement
	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	Excluding Capital
	\$'000	\$'000	\$'000	\$'000
<b>Original budget:</b>	75,883	597,691	587,933	9,758
<b>Q1 Full Year revised annual budget</b>	78,379	616,333	604,860	11,473
<b>Proposed Adjustments Q2 Budget Review</b>				
<b>User Charges and Fees</b>				
<b>Roads Construction and Maintenance</b> - \$4.0M additional income from works to be undertaken on State owned roads provided by <i>Transport for NSW</i> .				
<b>Waste and Resource Recovery Management</b> - \$2.5M favourable increase in tipping income as due to increased tonnages being received at Council's Waste Management Facilities.				
<b>Leisure Recreation and Community Facilities</b> - \$0.7M favourable increase in pool and leisure centre income in line with current usage.		7,789		7,789
<b>Economic Development and Property</b> - \$0.4M favourable increase in holiday park and parking station income in line with current usage.				
<b>Open Space and Recreation</b> - \$0.1M favourable increase in sports facilities income.				
<b>Other Revenue</b>				
<b>Governance and Risk</b> - \$1.6M favourable increase in one-off common law claim reimbursement and insurance claim settlements.		1,808		1,808
<b>Community and Culture</b> - \$0.1M favourable increase in Gallery income and Events and Placemaking income.				
<b>Economic Development and Property</b> - \$0.1M favourable increase in Ticketing income from the Central Coast				

Proposed Operating Statement Budget Amendments	Impact by Major Account Category			
	Capital Revenue	Operating Revenue	Operating Expense	Operating Movement
	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	Excluding Capital
	\$'000	\$'000	\$'000	\$'000
Stadium.				
<b>Interest Income</b> <b>Corporate Income</b> - \$1.9M favourable increase in interest on investments due to the rising interest rate environment and larger investment portfolio balance, compared to when the original budget was developed. <b>Water and Sewer Executive</b> - \$0.5M favourable increase in interest on investments due to the rising interest rate environment and larger investment portfolio balance, compared to when the original budget was developed.		2,391		2,391
<b>Operating Grants and Contributions</b> <b>Roads Construction and Maintenance</b> - \$1.8M increase in grant income for pothole repair and regional and local roads repair grant program. <b>Environmental Compliance and Systems</b> - \$1.5M increase due to Emergency Services levy revenue as a result of a one-off CPI Contribution from the NSW Government. <b>Economic Development and Property</b> - \$0.2M favourable increase in Central Coast Airport funding. <b>Libraries and Education</b> - \$0.2M favourable increase in Education related grants including Trainee and Boost Incentive, ISS Income and Childcare grant income. <b>Environmental Management</b> - \$0.1M favourable increase in Environmental Restoration Fund income.		3,718		3,718
<b>Other Income</b> <b>Leisure Recreation and Community Facilities</b> - \$0.5M favourable increase in property rental income, including room and facility hire income. <b>Open Space and Recreation</b> - (\$0.2M) unfavourable decrease in cinema complex property rental income.		356		356

Proposed Operating Statement Budget Amendments	Impact by Major Account Category			
	Capital Revenue	Operating Revenue	Operating Expense	Operating Movement
	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	Excluding Capital
	\$'000	\$'000	\$'000	\$'000
<b>Net Gain from the disposal of assets</b>				
<b>Economic Development and Property</b> – (\$3.5M) unfavourable decrease to consider the softer, deflated current property market that will impact the gain on sale of assets.		(3,476)		(3,476)
<b>Employee Costs</b>				
<b>Governance and Risk</b> – \$0.8M unfavourable increase from active common law legal claims.				
<b>Roads Construction and Maintenance</b> - \$0.4M unfavourable increase from additional spend incurred from grant income for pothole repair and regional and local roads repair grant program.				
<b>Libraries and Education</b> – \$0.1M unfavourable increase in Education related expenditure due to additional income and overtime cost requirements.			1,352	(1,352)
<b>Leisure Recreation and Community Facilities</b> – \$0.1M unfavourable increase in expenditure due to additional income and overtime cost requirements.				
<b>Material and Services (including internal revenues and expenses)</b>				
<b>Roads Construction and Maintenance</b> – \$5.2M unfavourable increase in expenditure from works to be undertaken on State owned roads provided by <i>Transport for NSW</i> , pothole repair and regional and local roads repair grant program.				
<b>Community and Culture</b> – \$0.3M unfavourable increase in expenditure from additional income received for community events and placemaking.				
<b>Leisure Recreation and Community Facilities</b> – \$0.3M unfavourable increase in expenditure from additional income received for pool and leisure centre income in line with current usage.			5,534	(5,534)
<b>Roads and Draining Infrastructure</b> – \$0.2M unfavourable increase in expenditure from EPA legal fees.				
<b>Plant and Fleet</b> - \$0.2M unfavourable increase in Plant and Fleet expenditure for a business review implementation in Q3/Q4 of FY23.				
<b>Corporate Affairs Executive</b> - \$0.1M unfavourable increase in expenditure due to increased audit fees.				
<b>Information and Technology</b> – (\$0.3M) favourable decrease in expenditure of IT related costs.				

Proposed Operating Statement Budget Amendments	Impact by Major Account Category			
	Capital Revenue	Operating Revenue	Operating Expense	Operating Movement
	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	+ve Incr. (-ve) Decr.	Excluding Capital
	\$'000	\$'000	\$'000	\$'000
<b>Governance, Risk and Legal</b> – (\$0.5M) favourable decrease in expenditure of legal fees budgeted.				
<b>Other Expenses</b> <b>Waste and Resource Recovery Management</b> - \$1.4M unfavourable increase in EPA waste levy costs due to increased waste tonnages being received at Council's Waste Management Facilities.			1,356	(1,356)
<b>Capital Grants and Contributions</b> <b>Capital Grants</b> – (\$1.5M) unfavourable decrease in capital grant income which is a timing difference and income will be received later in the financial year. In particular, the completion of major water and sewer capital projects have been disrupted due to recent weather events and the timing of income receipts has been reforecast. <b>Developer Contributions</b> – (\$1.9M) unfavourable decrease in s7.11 and s7.12 developer contribution income where some large developments are expected in the latter part of this financial year.	(3,373)			-
<b>Q2 proposed budget adjustments</b>	(3,373)	12,587	8,242	4,345
<b>Q2 proposed Full Year annual budget</b>	75,007	628,920	613,102	15,818

NB: This table forms part of Central Coast Council's quarterly budget review for the quarter ended 31 December 2022 and should be read in conjunction with sections 2.1 to 2.6 of this report.



### 3.3 Proposed Capital Budget Amendments

The table below lists the projects which have had budget changes requested as part of the Q2 budget review.

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
<b>Budget reallocation between projects</b>												
25493	Toukley Aquatic Centre - rolling renewals program	Leisure, Beach Safety and Community Facilities	85	(45)	40	Reallocation from savings in Toukley project to fund shade sales and pool heater at Gosford				(45)	-	-
26797	Gosford Pool rolling works		-	45	45				45	-	-	
24123	Rolling pool hall improvements at works to filters, pump, heaters and pipework at Peninsula Leisure Centre		180	(130)	50	Reallocation from savings in general project to PLC				(130)	-	-
22271	Peninsula Leisure Centre - Air Handling system upgrade		2,426	130	2,556				130	-	-	
26599	Kincumber Library - Replace Shade Sail structure	Libraries and Education	60	(53)	8	Savings from completed project reallocated to fund new works				(53)	-	-
26798	Bateau Bay Desk & Entry Refurbishment		-	53	53				53	-	-	
26716	Toukley Neighbourhood Centre Hall replace flooring	Facilities and Asset Management	80	(80)	-	Savings from project not proceeding				(80)	-	-

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26828	Tuggerah Lakes Community Centre roof replacement		-	80	80	reallocated to fund new works				80	-	-
25764	Escarpment Stabilisation - Umina (Greenhaven, Homan, Castle)	Environmental Management	590	(29)	561	Savings from completed project reallocated to priority projects				(29)	-	-
26365	Lions Park Long Jetty GPT - trash rack replacement		10	18	28					18		
26545	Nursery Greenhouse		50	11	61					11		
26560	Commercial Leases	Economic Development and Property	140	20	160	Reallocation of savings to other priority works				20		
24426	Renovate cabins at Budgewoi Holiday Park		120	(110)	10					(110)		
24427	Renovate Cabins at Canton Beach Holiday Park		100	(80)	20					(80)		
24428	Renovate cabins at Norah Head Holiday Park		225	5	230					5		
25510	Budgewoi Holiday Park - Reactive capital renewal		70	50	120					50		
25514	Norah Head Holiday Park - Reactive capital renewal		50	105	155					105		
24429	Renovate cabins at Toowoona Bay Holiday Park		1,835	105	1,940					105		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26032	Norville Cemetery - Memorialisation Gardens & Walls		50	40	90					40		
26556	Norville Cemetery Upgrade - Develop Lawn Burial Section 4		140	(120)	20					(120)		
26081	Gosford City Car park - reactive works		60	(2)	58					(2)		
26082	Wilson Street, Terrigal - reactive works		-	2	2					2		
26034	Coral Street automated gate installation with card activation.		-	1	1					1		
26077	Road Construction at Budgewoi Holiday park		75	(75)	-					(75)		
25104	Patonga Campground Reactive Capital Renewal		300	(30)	270					(30)		
26558	Design & replacement of street lights and posts at Budgewoi Holiday Park		240	90	330					90		
<b>Total budget reallocations</b>			<b>6,886</b>		<b>6,886</b>							
<b>Increase in capital budgets</b>												

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26762	CC Regional Sporting & Recreation Complex Lighting Upgrade	Open Space and Recreation	-	25	25	Additional grant funded works	12			12	-	-
26802	Concrete Drainage Terry Oval		-	30	30	Additional works identified from asset inspections				30		
24483	Emergency Flood Lighting Upgrade Program		70	90	160	Additional works identified from asset inspections				90		
24822	Sports ground fencing upgrades		40	70	110	Additional works identified from asset inspections				70		
26803	Security fencing replacement (Erina & Woy Woy Ovals)		-	45	45	Additional works identified from asset inspections				45		
26804	Synthetic wicket replacement		-	30	30	Additional works identified from asset inspections				30		
26805	Furniture Sports Facilities		-	40	40	Additional works identified from asset inspections				40		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26731	Waste Storage Facilities at Sportsgrounds		150	40	190	Additional works identified from asset inspections				40		
26806	Ball netting sports fields (Tuggerah Sports)		-	45	45	To support needs of elite sports competitions				45		
26807	Irrigation upgrades		-	20	20	Additional works identified from asset inspections				20		
26808	Concrete Drainage Killarney Vale Athletics		-	30	30	Additional works identified from asset inspections				30		
26809	Field 5 fencing Tuggerah Sports		-	125	125	Additional works identified from asset inspections				125		
26810	Accessible Pathways CCRSRC		-	30	30	24/25 (disability improvements)				30		
26811	Location naming signage (sports facilities)		-	50	50	Additional works identified from asset inspections				50		
26812	Event storage facilities (Tuggerah Sports)		-	40	40	Additional works identified from asset inspections				40		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26813	Leagues Club Field drainage		-	110	110	Additional works identified from asset inspections				110		
26814	Rocket Ship Refurbishment (Long Jetty Salt Water Park)		-	120	120	Required to meet current AU standards				120		
26066	Renewal Program - Park Furniture		100	65	165	Additional works identified from asset inspections				65		
26815	Irrigation replacement Anderson Park		-	30	30	Additional works identified from asset inspections				30		
26071	Renewal Program - Park Fencing		40	45	85	Additional works identified from asset inspections				45		
26816	Friendship walk accessible pathways (East Gosford)		-	25	25	24/25 (disability improvements)				25		
22570	Replace rubber softfall at various play spaces		100	70	170	Brought forward from 23/24 due to contractor availability				70		
26817	Killarney Vale Playspace accessible pathway		-	20	20	24/25 (disability improvements)				20		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26818	Location naming signage (parks & reserves)		-	30	30	Additional works identified from asset inspections				30		
26282	Woy Woy Waterfront Masterplan		2	10	12	Additional works identified from asset inspections				10		
25584	Sporting Facility Redevelopment - Mitchell Park Recreation Area - Kariong Skate Park Upgrade		620	10	630	Additional works identified from asset inspections				10		
26819	23/24 Preliminary Project Investigations		-	40	40	Additional works identified from asset inspections				40		
24671	Carrington St - Bridge Upgrade	Roads and Drainage	600	350	950	Budget increased consistent with current construction industry and material costs				350		
24712	Maloneys Bridge - Timber Bridge Replacement		1,050	407	1,457	Budget increased consistent with current construction industry and material costs				407		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
24762	Yorkeys Bridge - Timber Bridge Replacement		700	200	900	Budget increased consistent with current construction industry and material costs				200		
24771	Kala Ave and Walu Ave - Drainage Upgrade		1,000	1,275	2,275	Budget consolidated from the associated road upgrade account with additional scope brought forward from the 23-24 financial year to complete the project in full			1,275	-		
25141	Del Monte Pl - Road Upgrade		3,594	600	4,194	Budget increased consistent with current construction industry and material costs				600		
25142	Ridgway Road - Road Upgrade		2,080	620	2,700	Budget consolidated from the associated drainage upgrade account	620			-		



Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25144	Everglades Catchment - Drainage Upgrade		1,000	120	1,120	Budget increased to accommodate approved contract variations			120	-		
25366	Del Monte Place Copacabana - Road and Drainage Upgrade Stage 1		320	1,100	1,420	Budget increased consistent with current construction industry and material costs				1,100		
25392	Lushington Rd - Road Upgrade Design		820	303	1,123	Budget consolidated from the associated drainage upgrade account	303			-		
25618	Shared Path and Footpath Renewal Program		730	72	802	Budget required due to delay in receiving 21/22 financial year invoices				72		
25621	The Ridgeway, Tumbi Umbi - Embankment Stabilisation		100	130	230	Budget increase due to identification of additional slope stability risks	130			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25805	Elgata Avenue - Road upgrade		2,633	440	3,073	Budget increased consistent with current construction industry and material costs				440		
25815	Alison Rd - Raised Intersection		320	290	610	Budget increased consistent with current construction industry and material costs				290		
25816	Old Maitland Rd - Shoulder Widening		1,700	700	2,400	Budget increased due to poor subgrade conditions and current construction industry and material costs				700		
26020	Palmtree Grove Trash Rack		250	200	450	Budget increased consistent with current construction industry and material costs			200	-		
26023	Mount Ettalong Rd - Road Safety Improvements		14	56	71	Budget required due to delay in receiving 21/22 financial year invoices	56			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26117	Road Resealing Program 21-22		3,186	1,100	4,286	Budget increased due to poor subgrade conditions and current construction industry and material costs				1,100		
26118	Asphalt Resurfacing Program 21-22		2,105	550	2,655	Budget consolidated from the secondary thin asphalt account				550		
26125	Leonard Ave - Pavement Renewal and Road Resurfacing		692	230	922	Budget increased due to poor subgrade conditions and current construction industry and material costs				230		
26133	Wisemans Ferry Rd Block 300 - Pavement Renewal and Road Resurfacing		400	34	434	Budget increased due to poor subgrade conditions and current construction industry and material costs				34		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26139	Brenda Cr - Pavement Renewal and Road Resurfacing		177	50	227	Budget increased due to poor subgrade conditions and current construction industry and material costs				50		
26162	Gymea Cr - Open Channel Upgrade		95	100	195	Budget increased consistent with current construction industry and material costs			100	-		
26165	Little Jilliby Rd Timber Bridge Replacement		800	210	1,010	Budget increased consistent with current construction industry and material costs				210		
26243	Dog Trap Road - Road Safety Improvements		10	12	22	Budget increased consistent with current construction industry and material costs	12			-		
26252	The Ridgeway Tumbi Umbi Cutting AGRN898		258	100	358	Budget increase due to identification of additional slope stability risks	100			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26285	Surf Rider Ave Nth Avoca Embankment AGRN 898		75	100	175	Budget increase due to identification of additional slope stability risks	100			-		
26391	Hue Hue Rd Jiliby - Road Renewal		60	37	97	Budget increased due to poor subgrade conditions and current construction industry and material costs				37		
26528	Road Renewal Program		2,482	988	3,469	Budget increased due to poor subgrade conditions and current construction industry and material costs				988		
26530	Vicary Rd - Pavement Renewal and Road Resurfacing		150	67	217	Budget increased due to poor subgrade conditions and current construction industry and material costs				67		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26531	Dog Trap Rd, Ourimbah - Embankment Stabilisation		92	100	192	Budget increase due to identification of additional slope stability risks	100			-		
26653	IRW Pavement Restorations - AGRN1012 Natural Disaster March 2022		-	3,182	3,182	General Revenue contribution to Immediate Natural Disaster Restoration Works with approval to be included above the capital works limit				3,182		
26736	Bay Rd, The Entrance Seg 20 - Rehabilitation of the existing road pavement followed by resurfacing of the road		498	520	1,018	Budget increased due to poor subgrade conditions and current construction industry and material costs				520		
26739	Eloora Rd, Long Jetty Seg 15 - Rehabilitation of the existing road pavement followed by resurfacing of the road		374	360	734	Budget increased due to poor subgrade conditions and current construction industry and material costs				360		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26744	Tuggerawong Rd, Tuggerawong Seg 05 & 10- Rehabilitation of the existing road pavement followed by resurfacing of the road		779	200	979	Budget increased due to poor subgrade conditions and current construction industry and material costs				200		
26829	IRW Pavement Restorations - AGRN1025 Natural Disaster June 2022		-	2,517	2,517	General Revenue contribution to Immediate Natural Disaster Restoration Works with approval to be included above the capital works limit				2,517		
26799	Grandview/McLachlan St Pedestrian Refuge		-	50	50	Specific project budget transferred from the road design program				50		
23696	Refurbish The Entrance Visitor Information Centre	Communications Marketing and Customer Engagement	2,033	222	2,256	Additional cost impacts due to program delay				222		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26094	PL Infrastructure Grant 20/21 - Library Van	Plant and Fleet	74	4	78	Additional funds required for wrap on Mobile Library				4		
26729	Kitchen and Laundry Equipment Education and Care	Libraries and Education	35	30	65	Additional works required to comply with new regulations				30		
26720	Weighbridge Boom Gates Woy Woy Waste Management Facility	Waste and Resource Recovery Management	25	10	35	Realignment of budget to quotations received to complete work.				10		
15794	Water Trunk Main Installation - Mardi to Warnervale	Water and Sewer	296	267	563	Project in construction, Phasing updated to reflect revised cashflow				267		
16277	Sewer Pump Station Upgrade - Cadonia Rd Tuggerawong (TO19)		19	151	170	Project Complete, Minor adjustment to reflect completion costs				151		
16396	Water Pumping Station Kiosk Replacement - Brooke Ave Killarney Vale (WPS05)		208	19	227	Project in construction, Phasing updated to reflect revised cashflow				19		



Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
16695	Sewer Pump Station Upgrade - Clarke Rd Norville (TO06)		853	13	866	Project in construction, Phasing updated to reflect revised cashflow				13		
20757	Sewer Infrastructure Reinforcements - Gosford CBD		10,242	144	10,386	Project in construction, Phasing updated to reflect revised cashflow				144		
20759	Sewage Treatment Plant Major Augmentation Works - Charmhaven		1,013	182	1,196	Project in planning phase, Phasing updated to reflect revised cashflow				182		
20772	Sewer Pump Station Upgrade - Lakeside Dr MacMasters Beach (M01)		50	74	124	Project in planning phase, Phasing updated to reflect revised cashflow				74		
20775	Sewer Pump Station Upgrade - Cowper Rd Umina Beach (OB04)		2	1	3	Project in construction, Phasing updated to reflect revised cashflow				1		
20799	Water Treatment Plant Major Upgrade - Mardi		2,909	613	3,523	Project in contract phase, Phasing updated to reflect revised cashflow				613		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
21835	Water Service Connections - Region Wide		996	91	1,087	Project in construction, Phasing updated to reflect revised cashflow				91		
22260	Water Pump Station Refurbishment - The Rampart Umina Heights (WPSU)		9	4	13	Project in construction, Phasing updated to reflect revised cashflow				4		
22632	Sewer Hydraulic Model Development - Region Wide		-	93	93	Project in design phase, Phasing updated to reflect revised cashflow				93		
22670	Upgrade SCADA boosters at various water pump stations		1	1	3	Project Complete, Minor adjustment to reflect completion costs				1		
22679	Sewer Rising Main Upgrade - Bungary Road Norah Head (TO08A)		2,093	314	2,406	Project in contract phase, Phasing updated to reflect revised cashflow				314		
23782	Sewer Reactive and Program Planning - Region Wide		2,461	513	2,974	Project in construction, Phasing updated to reflect revised cashflow				513		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
23786	Sewer Pump Station and Rising Main Upgrade - Hamlyn Terrace (CH12-13)		197	16	213	Project in planning phase, Phasing updated to reflect revised cashflow				16		
23788	Water Reactive and Program Planning - Region Wide		691	356	1,048	Project in construction, Phasing updated to reflect revised cashflow				356		
24258	Water Treatment Plant Major Electrical Renewal - Mardi		150	13	163	Project Complete, Minor adjustment to reflect completion costs				13		
24578	Sewer Main Rehabilitation Program - Region Wide		4,662	96	4,758	Project in construction, Phasing updated to reflect revised cashflow				96		
24580	Sewer Pump Station Electrical Switchboard Replacement Program - Region Wide		1,124	377	1,501	Project in construction, Phasing updated to reflect revised cashflow				377		
24642	Water Main Renewal Program - Region Wide		2,702	425	3,126	Project in construction, Phasing updated to reflect revised cashflow				425		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
24643	Water Meter Replacement Program - Region Wide		48	1	50	Project Complete, Minor adjustment to reflect completion costs				1		
24787	Water Reservoir Minor New Asset Program - Region Wide		368	4	372	Project in planning phase, Phasing updated to reflect revised cashflow				4		
25324	Sewer Rising Main Replacement - Koowaong Road Gwandalan (GW02)		1,259	132	1,391	Project in construction, Phasing updated to reflect revised cashflow				132		
25328	Sewer Pump Station Renewal - Lagoon Street Ettalong Beach (E01)		1,071	175	1,246	Project in construction, Phasing updated to reflect revised cashflow				175		
25329	Sewer Pump Station Renewal - Bayside Dr Green Point (GP03)		741	85	826	Project in construction, Phasing updated to reflect revised cashflow				85		
25331	Sewer Pump Station Renewal - Brisbane Water Dr Koolewong (WG08)		448	41	489	Project Complete, Minor adjustment to reflect completion costs				41		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25335	Water Trunk Main Renewal - Avoca Lagoon		250	62	312	Project in design phase, Phasing updated to reflect revised cashflow				62		
25635	Sewer Network Operations Minor Asset Renewals		500	49	549	Project in construction, Phasing updated to reflect revised cashflow				49		
25920	Sewer Pump Station Renewal - Cedar Crescent Blackwall (WW148)		766	396	1,161	Project in planning phase, Phasing updated to reflect revised cashflow				396		
26748	Sewer System Upgrades - Gosford CBD Racecourse Precinct		1,640	1,192	2,832	Project in contract phase, Phasing updated to reflect revised cashflow				1,192		
26750	Sewer Treatment Plant Major Upgrade - Gwandalan		224	55	279	Project in planning phase, Phasing updated to reflect revised cashflow				55		
26820	Water and Sewer Legislated Security Upgrades - Region Wide		-	60	60	New critical prioritised project				60		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26821	Sewer Main Variable Gravity Renewal - North Avoca		-	50	50	New critical prioritised project				50		
26822	Water Main and Culvert Replacement - Day Street Wyoming		-	50	50	New critical prioritised project				50		
26823	Water Reservoir External Access Repairs - Bateau Bay and Umina		-	20	20	New critical prioritised project				20		
26824	Water Reservoir Structural Repairs - Koolewong		-	50	50	New critical prioritised project				50		
26825	Sewer Network PLC Replacement - Region Wide		-	400	400	New critical prioritised project				400		
26826	Sewer Southern Network Upgrade - Region Wide		-	400	400	New critical prioritised project				400		
26827	Water Treatment Plant Trunk Mains to Clear Water Tank Upgrades - Mardi		-	150	150	New critical prioritised project				150		
26795	Wamberal Seawall construction	Environmental Management	-	100	100	New works identified				100		
26796	The Entrance Seawall cathodic protection		-	50	50	New works identified				50		
25715	Pollutant control devices at Russell Drysdale Street		150	50	200	New works identified				50	-	-
25713	Embellishment of Rumbalara Reserve		-	35	35	New works identified		35		-	-	-

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26359	Regional Animal Care Facility Investigation and Designs		100	200	300	New works identified				200	-	-
<b>Total increases in capital works budget</b>			<b>70,642</b>	<b>26,472</b>	<b>97,134</b>		<b>1,434</b>	<b>35</b>	<b>1,695</b>	<b>23,328</b>	<b>-</b>	<b>-</b>
<b>Decreases to capital works budget</b>												
24215	Gosford Regional Library and Innovation Hub	Libraries and Education	5,000	(647)	4,354	Adjustment due to revised construction schedule		(647)		-	-	-
25594	District Park Development - Hilltop Park	Open Space and Recreation	58	(56)	2	Project deferred				(56)		
26064	District Playspace Upgrade - Ross Park, Avoca		132	(7)	125	Project complete with savings				(7)		
26074	Skate Park Upgrade - Umina Skate Park		2,855	(1,680)	1,175	Project deferred				(1,680)	1,680	
26292	James Brown Floodlighting		360	(165)	195	Project complete with savings				(165)		
26064	District Playspace Upgrade - Ross Park, Avoca		132	(7)	125	Project complete with savings				(7)		
24610	Bridge Assessment Program 20-21	Roads and Drainage	70	(40)	30	Program delayed due to consultant availability and redeployment of resources into natural disaster restorations				(40)		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
24677	Davistown Rd - Road Upgrade		210	(120)	90	Project completed with savings				(120)		
24696	Kala Ave and Walu Ave - Road Upgrade		400	(400)	-	Budget consolidated into the associated drainage upgrade account			(350)	(50)		
24702	Lakedge Ave - Road Upgrade		32	(32)	-	Budget consolidated into the adjacent drainage upgrade account				(32)		
24708	Magenta - Shared Pathway Construction		2,175	(733)	1,442	Project delayed to pursue procurement efficiencies leading to cost savings and accelerated project delivery across future financial years		(733)		-		
24742	Shelly Beach Rd - Road Upgrade		2,190	(1,950)	240	Project deferred to a future financial year at the Federal Government's direction	(1,950)			-		



Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
24749	Tuggerawang Foreshore - Shared Pathway Construction		1,679	(40)	1,639	Budget reduced due to efficiencies in the design development process		(40)		-		
24764	Avoca Dr - Drainage Upgrade		1,300	(620)	680	Project delayed due to utility relocation design and procurement			(620)	-		
24773	Lakedge Ave - Drainage Upgrade		2,250	(150)	2,100	Project delayed due to groundwater inundation			(150)	-		
24950	Kalakau Ave - Drainage Outlet Upgrade		140	(70)	70	Construction phase deferred to future financial years to mitigate risk in project delivery			(70)	-		
25140	Ocean Beach and Rawson Rd - Intersection Upgrade		3,610	(3,100)	510	Project deferred to a future financial year at the Federal Government's direction	(3,100)			-		
25338	Steyne Rd - Road Upgrade		1,800	(600)	1,200	Project delayed due to consultant availability and design development	(600)			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25367	Road Design Program		394	(340)	54	Design program budget allocated to specific project design accounts				(340)		
25532	Brooks Hill Ln - Sealing Gravel Road		148	(70)	78	Project deferred to a future financial year to offset increased construction costs in the road renewal program				(70)		
25536	Car park Renewal Program 2020-21		221	(206)	15	Project deferred to a future financial year due to poor subgrade conditions which require significant additional budget to address				(206)		
25547	Drainage Design Program		275	(250)	25	Design program budget allocated to specific project design accounts			(250)	-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25597	Little Wobby Wharf - Replacement		425	(300)	125	Project delayed due to consultant availability and design development				(300)		
25601	Malinya Road - Shared Path Construction		730	(100)	630	Project delayed due to consultant availability and design development				(100)		
25905	Tuggerah Pde - Archbold Rd - Intersection upgrade Design		15	(10)	5	Project completed with savings				(10)		
26019	Pile Rd - Road Upgrade with Drainage, Kerb and Pavement Works		400	(30)	370	Budget reduced due to align with forecast delivery cost				(30)		
26119	Ridgway Rd - Drainage Upgrade		200	(200)	-	Budget consolidated into the associated road upgrade account	(20)			(180)		
26146	Yakalla St - Culvert replacement design		428	(280)	148	Construction phase deferred to future financial years to mitigate risk in project delivery			(280)	-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26147	Cary St - Culvert Replacement		450	(350)	100	Construction phase deferred to future financial years to mitigate risk in project delivery			(350)	-		
26161	Lushington St - Drainage Upgrade		350	(350)	-	Budget consolidated into the associated road upgrade account	(350)			-		
26163	Mann St and Vaughan St - Drainage Upgrade		132	(18)	114	Project delayed due to consultant availability and design development			(18)	-		
26246	Ocean View Dr Wamberal - Road Safety Improvements		50	(22)	28	Project completed with savings				(22)		
26251	Coorara Rd Lisarow Embankment AGRN898		150	(100)	50	Natural disaster restoration project delayed due to consultant availability	(100)			-		
26253	Hereford St Berkeley Vale Embankment AGRN898		160	(120)	40	Natural disaster restoration project delayed due to consultant availability	(120)			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26532	Muloora Rd, Springfield - Embankment Stabilisation		99	(80)	19	Natural disaster restoration project delayed due to consultant availability	(80)			-		
26533	Palmdale Rd, Palmdale - Embankment Stabilisation		106	(70)	36	Natural disaster restoration project delayed due to consultant availability	(70)			-		
26540	River Rd, Wyong - Embankment Stabilisation		98	(50)	48	Budget reduced due to efficiencies in the design development process	(50)			-		
26541	Brush Creek Rd, Cedar Brush Creek CH 8650 - Embankment Stabilisation		172	(100)	72	Natural disaster restoration project delayed due to consultant availability	(100)			-		
26542	Brush Creek Rd, Cedar Brush Creek CH 8740 - Embankment Stabilisation		136	(70)	66	Natural disaster restoration project delayed due to consultant availability	(70)			-		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26743	Asphalt Resurfacing Program		700	(700)	-	Budget consolidated into the primary thin asphalt account				(700)		
23702	Design and approval for cell 4.4 at Buttonderry Waste Management Facility	Waste and Resource Recovery Management	860	(150)	710	Project delivered below budget, realignment of budget to forecast actuals				(150)		
26383	Cell 4.5 Buttonderry Waste Management Facility		218	(103)	116	Realignment of budget in response to consultant resourcing delays. Year 1 of a multi-year project.				(103)		
26576	Area 5 access bridge and approaches		80	(80)	-	Deferral of pre design investigations pending the outcome of FOGO site suitability assessment				(80)		
15809	Sewerage System Low Pressure Installation - South Tacoma	Water and Sewer	3,022	(1,532)	1,490	Project in contract phase, Phasing updated to reflect revised cashflow				(1,532)		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
20794	Water Infrastructure Reinforcements - Gosford CBD		3,124	(872)	2,253	Project in construction, Phasing updated to reflect revised cashflow				(872)		
22645	Sewage Treatment Plant Process Improvements - Bateau Bay		423	(14)	409	Project in planning phase, Phasing updated to reflect revised cashflow				(14)		
22693	Sewer Pump Station Renewal - Crystal St Forresters Beach (FB1)		950	(757)	193	Project in design phase, Phasing updated to reflect revised cashflow				(757)		
22694	Sewage Treatment Plant Sludge Mechanical Dewatering Renewal - Kincumber		1,050	(568)	482	Project in design phase, Phasing updated to reflect revised cashflow				(568)		
23779	Sewer Rising Main Replacement - Mannering Park (MP08)		21	(0)	21	Project Complete, Minor adjustment to reflect completion costs				(0)		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
24260	Sewer Pump Station Civil Remediation - Daley Ave Daleys point (DP3)		24	(9)	15	Project Complete, Minor adjustment to reflect completion costs				(9)		
24262	Water and Sewer Asset and Network Security Installations - Region Wide		783	(676)	107	Project in construction, Phasing updated to reflect revised cashflow				(676)		
24579	Sewer Pump Station Minor Asset Renewal Program - Region Wide		1,090	(93)	997	Project in construction, Phasing updated to reflect revised cashflow				(93)		
24645	Water Reservoir Minor Asset Renewal Program - Region Wide		564	(222)	341	Project in planning phase, Phasing updated to reflect revised cashflow				(222)		
24646	Sewer Infrastructure - Warnervale Town Centre		700	(124)	576	Project in design phase, Phasing updated to reflect revised cashflow				(124)		
25327	Sewer Pump Station Renewal - Government Road Summerland Point (GW05)		1,300	(213)	1,087	Project in contract phase, Phasing updated to reflect revised cashflow				(213)		



Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
25330	Sewer Pump Station Renewal - Mulhall St Wagstaffe (HB04)		524	(1)	523	Project Complete, Minor adjustment to reflect completion costs				(1)		
25707	Water Infrastructure - Warnervale Town Centre		450	(81)	369	Project in construction, Phasing updated to reflect revised cashflow				(81)		
25918	Sewer Pump Station Renewal - Marks Road Gorokan (TO12)		184	(2)	182	Project in contract phase, Phasing updated to reflect revised cashflow				(2)		
25919	Sewer Pump Station Renewal - Station Street Woy Woy (WW04)		780	(150)	630	Project in contract phase, Phasing updated to reflect revised cashflow				(150)		
26270	Water Catchment Picnic Area and Visitor Centre - Mangrove Creek Dam		2,395	(164)	2,231	Project in construction, Phasing updated to reflect revised cashflow				(164)		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26588	Water Treatment Plant Soda Ash Plant Renewal - Somersby		197	(147)	50	Project in planning phase, Phasing updated to reflect revised cashflow				(147)		
26589	Sewer Pump Station Renewal - Woy Woy Road Woy Woy (WW13C)		850	(41)	809	Project in planning phase, Phasing updated to reflect revised cashflow				(41)		
26745	Sewer Odour Management - Filter Refurbishment Program		107	(107)	-	Project in contract phase, Phasing updated to reflect revised cashflow				(107)		
26746	Sewer Vac System Refurbishment - Tacoma		2,950	(965)	1,985	Project in contract phase, Phasing updated to reflect revised cashflow				(965)		
26747	Sewer Vac System Refurbishment - Davistown Phase Two		2,270	(395)	1,876	Project in design phase, Phasing updated to reflect revised cashflow				(395)		

Project Number	Project Description	Unit	Approved Full Year Budget \$'000	Proposed change \$'000	Proposed Full Year Budget \$'000	Reason for change	Grants	Contributions	Restrictions	General Revenue	2023-24 Budget change \$'000	2024-25 Budget change \$'000
26749	Sewer Rising Main Renewal - Mona Road Charmhaven (CH06)		58	(6)	53	Project in planning phase, Phasing updated to reflect revised cashflow				(6)		
23650	Construct MacMaster Beach seawall	Environmental Management	640	(540)	100	Project delayed due to aboriginal heritage investigations. Construction phase budget moved to 23/24 FY CAPEX program.				(540)		
26546	Renewal beach access – Jenny Dixon and Soldiers beach due to coastal erosion		733	(254)	479	Design has commenced however the main construction won't commence this FY				(254)		
<b>Total decreases to capital works budget</b>			<b>56,582</b>	<b>(22,495)</b>	<b>34,087</b>		<b>(6,610)</b>	<b>(1,419)</b>	<b>(2,088)</b>	<b>(12,378)</b>	<b>1,680</b>	<b>-</b>
<b>TOTAL PROPOSED BUDGET CHANGES</b>				<b>3,997</b>			<b>(5,176)</b>	<b>(1,384)</b>	<b>(393)</b>	<b>16,950</b>	<b>1,680</b>	<b>-</b>



**Item No:** 2.3  
**Title:** Presentation of 2021-2022 Financial Reports and related Author's Reports for Central Coast Council and Central Coast Council Water Supply Authority  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2004/06645 - D15564555  
Author: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director Corporate Services

### **Recommendation**

- 1 That Council note that the 2021-2022 Central Coast Council audited financial reports including the auditor's reports have been presented to this meeting of the Council, in accordance with s. 419(1) of the Local Government Act 1993 ("LG Act").**
- 2 That Council adopt the audited 2021-2022 financial reports for Central Coast Council as presented in accordance with ss. 413(2)(c) and 377(1)(k) of the LG Act, and cl. 215(1)(a) of the Local Government (General) Regulation 2005.**
- 3 That Council include the audited 2021-2022 Central Coast Council Consolidated Financial Reports in Council's 2021-2022 Annual Report in accordance with s.428(4)(a) of the LG Act.**
- 4 That Council publish on Council's website the 2021-2022 Central Coast Council Consolidated Financial Reports as an addendum to the 2021-2022 Annual Report and a copy be provided to the Minister of Local Government in accordance with s. 428 (5) of the LG Act.**
- 5 That Council adopt the audited 2021-2022 financial reports for Central Coast Council Water Supply Authority as presented in accordance with s.45 of the Water Management Act, Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.**

### **Report purpose**

This report presents the final 2021-2022 Consolidated Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority. The Financial Reports cover the period from 1 July 2021 to 30 June 2022.

This report summarises the amendments made to the Financial Reports that have been made subsequent to the Draft Financial Statements being presented to Council on 27 September 2022.

## 2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

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### Executive Summary

This report, presents the 2021-2022 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority.

The net assets for Central Coast Council as at 30 June 2022 total \$8.3 billion.

The net assets for Central Coast Council Water Supply Authority as at 30 June 2022 total \$4.1 billion.

### Background

The draft financial reports for Central Coast Council and Central Coast Council Water Supply Authority were presented to Council at its meeting held on 27 September 2022 and Council resolved as follows:

254/21 Resolved

- 1 *That Council note that the draft Consolidated Financial Reports for Central Coast Council for the period from 1 July 2021 to 30 June 2022 are presented to Council. The Consolidated Financial Report includes the General Purpose financial report, Special Purpose financial report and Special Schedules, which is Attachments 1 to the business paper.*
- 2 *That Council also note that the draft Consolidated Financial Reports have been prepared in accordance with the requirements of the Local Government Act 1993 ("LG Act"), the Local Government (General) Regulation 2005 ("LG Reg") and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting 2020/21 and Australian Accounting Standards.*
- 3 *That Council note that the draft Financial Reports for Central Coast Council Water Supply Authority for the period from 1 July 2021 to 30 June 2022 is presented to Council, which is Attachment 2 to the business paper.*
- 4 *That Council note that the draft Financial Reports for Central Coast Council Water Supply Authority as presented are in accordance with s.45 of the Government Sector Audit Act 1983, the Public Finance and*

## 2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

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*Audit Regulation 2015, Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.*

- 5 *That Council authorise, the Administrator, given the suspension of the Mayor, to execute all documents related to the draft 2021-2022 Consolidated Financial Reports in accordance with s413(2)(c) of the LG Act, and cl. 215(1)(b)(i) of the LG Reg.*
- 6 *That Council authorise, the Chief Executive Officer to execute all documents related to the draft 2021-2022 Consolidated Financial Reports in accordance with s413(2)(c) of the LG Act, and cl. 215(1)(b)(iv) of the LG Reg.*
- 7 *That Council authorise, the Responsible Accounting Officer of the Council, to execute all documents related to the draft 2021-2022 Consolidated Financial Reports with s413(2)(c) of the LG Act, and cl. 215(1)(b)(iii) of the LG Reg.*
- 8 *That Council authorise, for the purposes of s.45 of the Government Sector Audit Act 1983, its Administrator, Chief Executive Officer and Responsible Accounting Officer to execute all documents related to the draft 2021-2022 Financial Reports for Central Coast Council Water Supply Authority.*
- 9 *That Council resolve, for the purposes of s. 413(1) of the LG Act, to refer the draft Consolidated Financial Reports for Central Coast Council and the draft Financial Reports for Central Coast Council Water Supply Authority for the period from 1 July 2021 to 30 June 2022 to the Audit Office of New South Wales, for external audit.*
- 10 *That Council delegate to the Chief Executive Officer to set the date for the meeting to present the audited 2021-2022 financial reports, together with the auditor's reports, to the public in accordance with s418(1)(a), (b) of the LG Act.*

### **Current Status**

#### **Central Coast Council**

The 2021-2022 Central Coast Council Consolidated Financial Reports include the General Purpose financial statements, Special Purpose financial statements and Special Schedules, which include all of Council's business activities. The 2021-2022 Central Coast Council Consolidated Financial Reports comprise Attachment 1, 2 and 3 to this business paper.

## **2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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The Central Coast Council Financial Reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg"), and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting 2021/22 and Australian Accounting Standards.

In accordance with s. 413(1) of the LG Act, Council must prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of that year. The Audit, Risk and Improvement Committee met on 14 September 2022 and reviewed the draft 2021-2022 Central Coast Council Financial Reports. The Committee recommended that Council refer the draft 2021-2022 Central Coast Council Consolidated Financial Reports to audit (that include the General Purpose financial statements, Special Purpose financial statements and Special Schedules).

It is proposed that Council now formally adopt the 2021-2022 Central Coast Council Financial Reports.

Pursuant to resolution 254/21 of 27 September 2022, the draft 2021-2022 Financial Reports of Central Coast Council were referred to Council's external auditor, The Audit Office of New South Wales.

The audit reports from The Audit Office of New South Wales, pursuant to s. 419(1) of the LG Act, will be presented to this meeting of Council.

### **Central Coast Council Water Supply Authority**

The 2021-2022 Central Coast Council Water Supply Authority Financial Reports have been prepared in accordance with the Water Management Act and Australian Accounting Standards. Council is required to prepare financial reports for Central Coast Council Water Supply Authority each year. The 2021-2022 Central Coast Council Water Supply Authority Financial Reports comprise Attachment 4 to this business paper.

The Audit, Risk and Improvement Committee met on 14 September 2022 and reviewed the 2021-2022 Central Coast Council Water Supply Authority Financial Reports. The Committee recommended that Council refer the draft 2021-2022 Central Coast Council Water Supply Authority Financial Reports to audit.

It is proposed that Council now formally adopt the 2021-2022 Central Coast Council Water Supply Authority Financial Reports.

Pursuant to resolution 254/21 of 27 September 2022, the draft 2021-2022 Financial Reports of Central Coast Council Water Supply Authority were referred to Council's external auditor, The Audit Office of New South Wales.

## 2.3 **Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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### **Amendments to the 2021-2022 Financial Reports**

Subsequent to the presentation of draft 2021-2022 Financial Reports to Council on 27 September 2022 a number of amendments have been made within the Reports. The tabled amendments impact a number of Notes to the Financial Reports in the General Purpose Financial Statements, Water Supply Authority Financial Statements and Special Purpose Financial Statements. There have also been a number of minor typographical and rounding changes to improve clarity of the Notes. The key changes that have been made include the following items that have been reflected in the final Financial Reports:

- Water and Sewer Infrastructure, Property, Plant and Equipment revaluation results.
- Roads and Drainage Infrastructure, Property, Plant and Equipment revaluation results.
- Community and Recreation Services Infrastructure, Property, Plant and Equipment revaluation results.
- Recognition of found assets through the revaluation process.
- Impacts of the International Financial Reporting Interpretations Committee (IFRIC) 'Software as a Service' (SaaS) agenda decision (adjustment to opening IPPE and Intangible assets values)
- Amendment to the fair value of operational land.
- Amendment to the fair value of community and crown land
- Amendment to the fair value of buildings
- Capitalisation of Mardi to Warnervale Trunk Main
- Reversal of FY21 Sewerage Network revaluation decrement following FY22 indexation increase applied to sewerage network assets.

In 2021-22, Council reconciled its 30 June 2021 technical asset register and fixed asset register (pre-2021 valuation) to ensure the accuracy and completeness of the opening asset balances (which was subject to audit qualification at 30 June 2021).

This was a detailed exercise performed by Council involving collaboration between asset owners/engineers, finance, and engagement of independent valuers.

Council engaged GHD and Morrison Low (independent valuers) to provide assurance on the reasonableness of the Council's reconciliation process and the results thereof, and to provide an updated valuation as at 30 June 2021 after considering the impact of any assets found, disposed, and other asset anomalies (incorrect unit rates, measurements, condition assessments applied in the previous valuation) identified as part of the reconciliation process. Prior period errors were adjusted retrospectively due to fair value assessments and the reconciliation of the technical asset register and the fixed asset register.



## **2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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The correction of errors is disclosed in Note G4-1 of the GPFS, and Note F4-1 of the WSA financial statements.

The Audit Office obtained sufficient appropriate audit evidence to support the opening balances for relevant IPPE balances at 1 July 2021 and closing balances at 30 June 2022 to support removal of the modified audit opinion on the 30 June 2022 GPFS, SPFS, and WSA financial statements.

### **2021-2022 Financial Statements**

The following analysis provides an overview of the changes made to the key statements since presentation to Council on 27 September 2022. Key statements and notes detailed in this analysis include:

- Income Statement
- Statement of Financial Position
- Statement of Performance Measures (Note G5 to the financial statements)

Council's primary financial statements are in the format required by accounting standards and must conform to the provisions of the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) issued by the Office of Local Government (OLG).

### **Consolidated Financial Statements**

Following is a comparison of the financial performance for Central Coast Council as presented in the Draft 2021-2022 Financial Statements on 27 September 2022 compared to the final Financial Statements for 2021-2022 attached to this report.

### **Operating Result**

The operating surplus before capital grants and contributions presented in the draft 2021-2022 Financial Reports was \$47.3M and the operating result including capital grants and contributions of \$61.5M was a surplus of \$108.8M.

The operating surplus before capital grants and contributions presented in the final 2021-2022 Financial Reports is \$40.5M and the operating result including capital grants and contributions of \$65.6M was a surplus of \$106.1M – a decrease of \$2.7M.

The table below compares the draft 2021-2022 results with the final 2021-2022 results.

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

	Draft 2021-2022 Actual \$'000	Final 2021-2022 Actual \$'000	Movement \$'000
Income from operations	603,100	603,204	104
Expenditure from operations	555,769	562,759	(6,990)
<b>Operating result for continuing operations (excluding capital grants and contributions)</b>	<b>47,331</b>	<b>40,445</b>	<b>(6,886)</b>
Income from capital grants and contributions	61,452	65,626	4,174
<b>Net operating result (including capital grants and contributions)</b>	<b>108,783</b>	<b>106,071</b>	<b>(2,712)</b>

**Income from Operations**

The following table reports income by category and is followed by explanations of the significant movements between draft and final results.

	Draft 2021-2022 Actual \$'000	Final 2021-2022 Actual \$'000	Movement \$'000
<b>Income from Operations</b>			
Rates and Annual Charges	365,780	365,780	-
User Charges and Fees	140,237	140,237	-
Interest and Investment Revenue	7,118	7,118	-
Other Revenues	20,765	20,765	-
Grants and Contributions - Operating	47,717	47,717	-
Grants and Contributions - Capital	61,452	65,626	4,174
Net gain from disposal of assets	21,483	21,587	104
<b>Total Income</b>	<b>664,552</b>	<b>668,830</b>	<b>4,278</b>

*Grants and Contributions - Capital*

The \$4.2M increase is the recognition of found assets during the Community and Recreation Services (CRS) revaluation work undertaken during FY 2022.

*Net gain from disposal of assets*

The \$0.1M increase relates to a minor adjustment to the fair value of a disposed asset.

**Expenditure from Operations**

The following table reports expenditure by category and is followed by explanations of the significant movements between draft and final results.

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

	Draft 2021-2022 Actual \$'000	Final 2021-2022 Actual \$'000	Movement \$'000
<b>Expenditure from Operations</b>			
Employee benefits and on-costs	162,831	162,831	-
Materials and services	165,542	165,542	-
Borrowing costs	14,588	14,588	-
Depreciation, amortisation and impairment	162,051	169,041	(6,990)
Other expenses	50,757	50,757	-
<b>Total Expenditure</b>	<b>555,769</b>	<b>562,759</b>	<b>(6,990)</b>

*Depreciation, amortisation and impairment*

The \$7.0M increase is attributable to revalued CRS, roads, drainage, water and sewer assets following the revaluation work undertaken during FY 2022.

**Statement of Financial Position**

The Statement of Financial Position details the value of what Council owns ("assets") and what Council owes ("liabilities").

Within these headings, "Current" means an amount that is due to be realised within the next 12 months whilst "Non-current" indicates an asset or liability that is longer term in nature.

The following table shows the changes in category on the Statement of Financial Position followed by explanations of the significant movements between draft and final results.

	Draft 30 June 2022 \$'000	Final 30 June 2022 \$'000	Movement \$'000
<b>Statement of Financial Position</b>			
<b>Assets</b>			
Current Assets	306,700	306,699	(1)
Non-Current Assets	7,969,199	8,578,968	609,769
<b>Total Assets</b>	<b>8,275,899</b>	<b>8,885,667</b>	<b>609,768</b>
<b>Liabilities</b>			
Current Liabilities	192,882	190,633	2,249
Non-Current Liabilities	370,667	372,921	(2,254)
<b>Total Liabilities</b>	<b>563,549</b>	<b>563,554</b>	<b>(5)</b>
<b>Net Assets</b>			
Accumulated Surplus	7,065,230	7,111,427	46,197
Revaluation Reserve	647,120	1,210,686	563,566
<b>Net Equity</b>	<b>7,712,350</b>	<b>8,322,113</b>	<b>609,763</b>

## **2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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### *Non-current assets*

The \$609.8M increase in non-current assets is primarily made up of four adjustments.

- \$469.4M increase in the value of Infrastructure, Property, Plant and Equipment as a result of revaluation activities and fair value adjustments.
- \$132.7M in prior period adjustments rolled forward.
- \$14.5M recognition of newly found assets.
- (\$7.0M) attributable to increased depreciation charges.

### *Current and non-current liabilities*

The \$2.254M movement between current and non-current liabilities was a reallocation of contract liabilities.

### **Statement of Performance Measurement (Note G6)**

Note G6 - Statement of Performance Measures, includes various indicators mandated by the Office of Local Government (OLG). The indicators provide a 'snap-shot' of financial performance and comparability between Councils. The "benchmark" figures for the indicators reported represent the OLG's benchmarks.

The table below shows minor movements in the performance measures as a result of the amendments to the Financial Statements described above.

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

Local Government Industry Indicators	Draft 2022	Final 2022	OLG Benchmark	2022 Result
Operating Performance Ratio	8.92%	7.73%	> 0.00%	✓
Own Source Operating Revenue Ratio	83.02%	82.49%	> 60.00%	✓
Unrestricted Current Ratio	1.13x	1.8x	> 1.50x	✓
Debt Service Cover Ratio	3.98x	3.98x	> 2.00x	✓
Rates, Annual Charges, Interest Outstanding Percentage	4.75%	4.75%	< 5.00%	✓
Cash Expense Cover Ratio	7.02 months	7.02 months	> 3 months	✓

*Operating Performance Ratio* - measures how well Council contained operating expenditure within operating revenue. Council's performance is above the benchmark.

*Own Source Operating Revenue Ratio* - measures Council's fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. Council's performance is satisfactory as it is above the benchmark.

*Unrestricted Current Ratio* – measures the adequacy of working capital and Council's ability to satisfy obligations in the short term for the unrestricted activities of Council. Council's performance is above the benchmark.

*Debt Service Cover Ratio* - measures the availability of operating cash to service debt including interest, principal and lease payments. Council's performance is above the benchmark.

*Rate and Annual Charges Outstanding Ratio* - assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. Council's performance is above the benchmark.

*Cash Expense Cover Ratio* - this liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. Council's performance is above the benchmark.

**Water Supply Authority (WSA) Financial Statements**

Following is a comparison of the financial performance for Central Coast Council Water Supply Authority as presented in the Draft 2021-2022 Financial Statements on 27 September 2022 compared to the final Financial Statements for 2021-2022 attached to this report.

**Operating Result**

The operating deficit before capital grants and contributions presented in the draft 2021-2022 Financial Reports was (\$6.2M) and the operating result including capital grants and contributions of \$15.9M was a surplus of \$9.7M.

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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The operating deficit before capital grants and contributions presented in the final 2021-2022 Financial Reports is (\$10.2M) and the operating result including capital grants and contributions of \$15.9M was a surplus of \$5.8M – a decrease of \$3.9M.

The table below compares the draft 2021-2022 results with the final 2021-2022 results.

	<b>Draft 2021- 2022 Actual \$'000</b>	<b>Final 2021- 2022 Actual \$'000</b>	<b>Movement \$'000</b>
Income from operations	166,003	166,003	-
Expenditure from operations	172,170	176,128	(3,958)
<b>Net operating result (excluding capital grants and contributions)</b>	<b>(6,167)</b>	<b>(10,125)</b>	<b>(3,958)</b>
Income from capital grants and contributions	15,879	15,879	-
<b>Net operating result (including capital grants and contributions)</b>	<b>9,712</b>	<b>5,754</b>	<b>(3,958)</b>

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

**Income from Operations**

The following table reports income by category and is followed by explanations of the significant movements between draft and final results. There were no movements in income from operations.

	<b>Draft 2021-2022 Actual \$'000</b>	<b>Final 2021-2022 Actual \$'000</b>	<b>Movement \$'000</b>
Annual Charges	85,670	85,670	-
User Charges and Fees	78,136	78,136	-
Interest and Investment Revenue	1,959	1,959	-
Other Revenues	112	112	-
Grants and Contributions - Operating	117	117	-
Grants and Contributions - Capital	15,879	15,879	-
Net gain from disposal of assets	9	9	-
<b>Total Income</b>	<b>181,882</b>	<b>181,882</b>	<b>-</b>

**Expenditure from Operations**

The following table reports expenditure by category and is followed by explanations of the significant movements between draft and final results.

	<b>Draft 2021- 2022 Actual \$'000</b>	<b>Final 2021- 2022 Actual \$'000</b>	<b>Movement \$'000</b>
<b>Expenditure from Operations</b>			
Employee benefits and on-costs	27,242	27,242	-
Materials and services	56,794	56,794	-
Borrowing costs	10,489	10,489	-
Depreciation and amortisation	74,543	78,501	(3,958)
Other expenses	3,102	3,102	-
<b>Total Expenditure</b>	<b>172,170</b>	<b>176,128</b>	<b>(3,958)</b>

*Depreciation, amortisation and impairment*

The \$4.0M increase is attributable to revalued drainage, water and sewer assets following the revaluation work undertaken during FY 2022.

## 2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

### Statement of Financial Position

The following table shows the changes in category on the Statement of Financial Position followed by explanations of the significant movements between draft and final results.

Statement of Financial Position	Draft 30 June 2022 \$'000	Final 30 June 2022 \$'000	Movement \$'000
<b>Assets</b>			
Current Assets	108,975	108,970	(5)
Non-Current Assets	3,856,781	4,206,171	349,390
<b>Total Assets</b>	<b>3,965,756</b>	<b>4,315,141</b>	<b>349,385</b>
<b>Liabilities</b>			
Current Liabilities	68,289	68,289	-
Non-Current Liabilities	171,605	171,603	(2)
<b>Total Liabilities</b>	<b>239,894</b>	<b>239,892</b>	<b>(2)</b>
<b>Net Assets</b>			
Retained Earnings	3,467,318	3,448,758	(18,560)
Revaluation Reserve	258,544	626,491	367,947
<b>Net Equity</b>	<b>3,725,862</b>	<b>4,075,249</b>	<b>349,387</b>

#### Non-current assets

The \$349.4M increase in non-current assets is primarily made up of three adjustments.

- \$243.9M increase in the value of Infrastructure, Property, Plant and Equipment as a result of revaluation activities and fair value adjustments.
- \$109.4M in prior period adjustments rolled forward.
- (\$3.9M) attributable to increased depreciation charges.

### Annual Report

In accordance with the Local Government Act 1993, Council's Annual Report 2021-22 was prepared and adopted by Council on 28 February 2023. As was noted in the Council report, the Audited Financial Statements would have usually been included in the Annual Report, however, the Office of Local Government had provided Council an extension for the financial statements. The Annual Report 2021-22 was published on Council's website and financial information was disclosed in the Annual Report 2021-22 but was noted as being drawn from unaudited results and readers should be mindful that the financial information contained within it was subject to review and potential adjustment as part of the audit process. Included as part of the recommendations for this report is that the Annual Report 2021-22 published on the website now be amended to include the results of the Audited Financial Statements.



## **2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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This will mean that a revised version will be published on the website and readers should again be aware that if they have the previous version of the Annual Report 2021-22 that the figures may have changed.

It is recommended that upon the adoption of the 2021-2022 Central Coast Council Financial Reports, that they be included in Council's 2021-2022 Annual Report, Council's website be appropriately updated, and a copy be provided to the Minister for Local Government.

### **Consultation**

All areas of Council contribute to the information contained within the Financial Reports.

### **Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

These Financial Reports set out the financial position of Central Coast Council and Central Coast Council Water Supply Authority as at 30 June 2022 and the financial performance and cash flows for the reporting period 1 July 2021 to 30 June 2022. Comparatives for the statutory reporting period 1 July 2020 to 30 June 2021 (including any restated amounts) are included in accordance with requirements set down by the NSW Office of Local Government in line with accounting standards.

Council's net operating result for the financial year ended 30 June 2022 is a surplus of \$40.5M excluding Grants and Contributions for capital purposes. After adjusting for Capital Grants and Contributions, the net operating surplus was \$106.1M.

Central Coast Council Water Supply Authority's net operating result for the financial year ended 30 June 2022 is a deficit of (\$10.1M) excluding Grants and Contributions for capital purposes. After adjusting for Capital Grants and Contributions, the net operating surplus was \$5.8M.

The net assets for Central Coast Council as at 30 June 2022 total \$8.3 billion.

The net assets for Central Coast Council Water Supply Authority as at 30 June 2022 total \$4.1 billion.

## 2.3 **Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal G: Good governance and great partnerships**

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

### **Risk Management**

Council has worked with the Audit Office of New South Wales to meet our legislative reporting requirements.

The Financial Reports are audited by the Audit Office of New South Wales who, amongst other things, form an opinion on the Financial Statements whether:

- The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3 Division 2; and

The Financial Statements:

- Have been prepared, in all material respects, in accordance with the requirements of this Division
- Are consistent with the Council's accounting records
- Present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- All information relevant to the conduct of the audit has been obtained
- No material deficiencies in the accounting records or financial statements have come to light during the audit.

### **Options**

It is a legislative requirement for Councils to adopt annual Financial Reports.

## **2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

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### **Critical Dates or Timeframes**

In accordance with s.48 (2) of the LG Act, Council must present its 2021-2022 Consolidated Financial Reports to the community, and it is a legislative requirement for Councils to adopt annual Financial Reports.

Any person may make a submission to Council regarding the Financial Statements or with respect to the Auditor's reports. All submissions must be in writing and will be referred to the NSW Audit Office, and Council can take such action as it considers appropriate. The closing date for submissions is Tuesday 7 March 2023.

### **Attachments**

- |          |  |           |
|----------|--|-----------|
| <b>1</b> | Annual Financial Statements - GPFS - SPFS - SS | D15562605 |
| <b>2</b> | Annual Financial Statements - WSA              | D15562596 |



# Financial Reports

Central Coast Council

1 July 2021 to 30 June 2022



# General Purpose Financial Statements

Central Coast Council

1 July 2021 to 30 June 2022

## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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#### Overview

Central Coast Council is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:  
2 Hely Street Wyong, NSW 2259

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press 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****General Purpose Financial Statements**

for the year ended 30 June 2022

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Statement by Administrator and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)*

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the year
- accord with Council'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 28 February 2023.



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Rik Hart  
**Administrator**  
28 February 2023



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David Farmer  
**Chief Executive Officer**  
28 February 2023



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Emma Galea  
**Responsible Accounting Officer**  
28 February 2023

Central Coast Council | Income Statement | for the year ended 30 June 2022

## Central Coast Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021
<b>Income from continuing operations</b>				
361,871		B2-1	365,780	331,727
140,269		B2-2	140,237	141,034
9,196		B2-3	12,740	12,667
49,491		B2-4	47,717	42,408
42,890		B2-4	65,626	83,702
4,442		B2-5	7,118	5,332
8,056		B2-6	8,025	8,776
-		B4-1	21,587	-
<b>616,215</b>			<b>668,830</b>	<b>625,646</b>
<b>Expenses from continuing operations</b>				
175,833		B3-1	162,831	222,616
156,680		B3-2	165,542	167,875
17,471		B3-3	14,588	16,708
177,106		B3-4	169,041	157,567
39,192		B3-5	50,757	36,081
-		B4-1	-	7,052
<b>566,282</b>			<b>562,759</b>	<b>607,899</b>
<b>49,933</b>			<b>106,071</b>	<b>17,747</b>
<b>49,933</b>			<b>106,071</b>	<b>17,747</b>
<b>7,043</b>			<b>40,445</b>	<b>(65,955)</b>

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



Central Coast Council | Statement of Comprehensive Income | for the year ended 30 June 2022

## Central Coast Council

### Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
<b>Net operating result for the year – from Income Statement</b>		<b>106,071</b>	17,747
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequent to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>689,669</u>	<u>269,063</u>
<b>Total other comprehensive income for the year</b>		<u><b>689,669</b></u>	<u>269,063</u>
<b>Total comprehensive income for the year attributable to Council (restated)</b>		<u><b>795,740</b></u>	<u>286,810</u>

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

Central Coast Council | Statement of Financial Position | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	55,009	65,709	92,296
Investments	C1-2	164,034	163,412	166,210
Receivables	C1-4	66,678	63,880	81,154
Inventories	C1-5	1,509	1,403	1,646
Non-current assets classified as 'held for sale'	C1-7	15,702	44,358	-
Other	C1-10	3,767	3,608	6,459
<b>Total current assets</b>		<b>306,699</b>	<b>342,370</b>	<b>347,765</b>
<b>Non-current assets</b>				
Investments	C1-2	433,094	255,297	104,202
Receivables	C1-4	3,348	3,384	3,768
Infrastructure, property, plant and equipment (IPPE)	C1-8	8,115,820	7,476,810	7,262,642
Intangible assets	C1-9	22,942	30,024	19,246
Right of use assets	C2-1	3,060	2,483	1,804
Other	C1-10	704	623	254
<b>Total non-current assets</b>		<b>8,578,968</b>	<b>7,768,621</b>	<b>7,391,916</b>
<b>Total assets</b>		<b>8,885,667</b>	<b>8,110,991</b>	<b>7,739,681</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	83,198	72,152	94,153
Income received in advance		-	-	2,795
Contract liabilities	C3-2	17,317	16,443	10,644
Lease liabilities	C2-1	331	241	287
Borrowings	C3-3	27,484	39,539	44,790
Employee benefit provisions	C3-4	53,333	52,493	58,012
Provisions	C3-5	8,970	6,288	6,758
<b>Total current liabilities</b>		<b>190,633</b>	<b>187,156</b>	<b>217,439</b>
<b>Non-current liabilities</b>				
Income received in advance		-	-	7,381
Contract liabilities	C3-2	7,279	9,020	2,352
Lease liabilities	C2-1	2,963	2,320	1,552
Borrowings	C3-3	285,864	307,674	191,798
Employee benefit provisions	C3-4	-	3,144	2,900
Provisions	C3-5	76,815	75,304	76,696
<b>Total non-current liabilities</b>		<b>372,921</b>	<b>397,462</b>	<b>282,679</b>
<b>Total liabilities</b>		<b>563,554</b>	<b>584,618</b>	<b>500,118</b>
<b>Net assets</b>		<b>8,322,113</b>	<b>7,526,373</b>	<b>7,239,563</b>
<b>EQUITY</b>				
Accumulated surplus		7,111,427	7,005,356	6,987,609
IPPE revaluation reserve	C4-1	1,210,686	521,017	251,954
<b>Total equity</b>		<b>8,322,113</b>	<b>7,526,373</b>	<b>7,239,563</b>

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

Central Coast Council | Statement of Changes in Equity | for the year ended 30 June 2022

## Central Coast Council

**Statement of Changes in Equity**  
for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
Opening balance at 1 July		7,005,356	521,017	7,526,373	6,943,436	251,954	7,195,390
Correction of prior period errors	G4-1	-	-	-	44,173	-	44,173
<b>Restated opening balance</b>		<b>7,005,356</b>	<b>521,017</b>	<b>7,526,373</b>	<b>6,987,609</b>	<b>251,954</b>	<b>7,239,563</b>
Net operating result for the year		106,071	-	106,071	13,011	-	13,011
Correction of prior period errors	G4-1	-	-	-	4,736	-	4,736
<b>Restated net operating result for the period</b>		<b>106,071</b>	<b>-</b>	<b>106,071</b>	<b>17,747</b>	<b>-</b>	<b>17,747</b>
<b>Other comprehensive income</b>							
- Gain / (loss) on revaluation of infrastructure, property, plant and equipment	G1-B	-	689,669	689,669	-	269,063	269,063
<b>Total comprehensive income</b>		<b>106,071</b>	<b>689,669</b>	<b>795,740</b>	<b>17,747</b>	<b>269,063</b>	<b>286,810</b>
<b>Restated closing balance at 30 June</b>		<b>7,111,427</b>	<b>1,210,686</b>	<b>8,322,113</b>	<b>7,005,356</b>	<b>521,017</b>	<b>7,526,373</b>

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

Central Coast Council | Statement of Cash Flows | for the year ended 30 June 2022

## Central Coast Council

### Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
360,390	Rates and annual charges		371,564	335,879
142,393	User charges and fees		136,902	151,706
4,442	Interest received		7,265	5,757
92,381	Grants and contributions		103,149	101,348
-	Bonds, deposits and retentions received		-	83
14,991	Other (includes rental income)		44,404	56,202
<i>Payments:</i>				
(176,918)	Payments to employees		(165,099)	(232,395)
(157,977)	Payments for materials and services		(164,423)	(197,747)
(17,471)	Borrowing costs		(12,772)	(15,848)
-	Bonds, deposits and retentions refunded		(1,138)	-
(39,193)	Other (includes EPA levy)		(52,558)	(56,253)
223,038	<b>Net cash flows from operating activities</b>	G1-1	<b>267,294</b>	<b>148,732</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
50,000	Sale of investments		241,255	259,406
-	Proceeds from sale of IPPE and non-current assets held for sale		60,603	8,784
<i>Payments:</i>				
(70,000)	Purchase of investments		(432,771)	(408,524)
(174,738)	Payments for IPPE		(113,441)	(133,114)
-	Purchase of intangible assets		576	(13,140)
-	Deferred debtors and advances made		-	(294)
(194,738)	<b>Net cash flows from investing activities</b>		<b>(243,778)</b>	<b>(286,882)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
-	Proceeds from borrowings		5,728	174,618
<i>Payments:</i>				
(29,424)	Repayment of borrowings		(39,593)	(62,808)
-	Principal component of lease payments		(351)	(247)
(29,424)	<b>Net cash flows from financing activities</b>		<b>(34,216)</b>	<b>111,563</b>
(1,124)	<b>Net change in cash and cash equivalents</b>		<b>(10,700)</b>	<b>(26,587)</b>
93,471	Plus: cash and cash equivalents at beginning of year		65,709	92,296
92,347	<b>Cash and cash equivalents at end of year</b>	G1-1	<b>55,009</b>	<b>65,709</b>

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

## Central Coast Council

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## Central Coast Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 February 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated 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, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council 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 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 Council'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 Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council 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. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council'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 B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

#### **COVID-19 Impact**

The COVID-19 pandemic continues to impact the community where Council operates. This pandemic has had a financial impact for Council in the financial year ended 30 June 2022 which has impacted the comparability of some line items and amounts reported in this financial report.

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

The impacts on Council's financial performance and financial position are outlined below.

- Additional costs (although not material), in conjunction with public health order activities (e.g. cleaning, inventory purchases of face masks and hand sanitiser and other health and safety initiatives) have been incurred.

These Financial Statements reflect the financial impact of the COVID-19 pandemic to date, incorporating the above measures to the extent incurred, along with additional impacts to income collections resulting from financial hardship. Estimates of expected credit losses in respect of receivables have been updated to reflect expected impacts on debt collection.

### A1-1 Basis of preparation (continued)

No material changes have been noted in asset values as a result of COVID-19.

#### Going Concern

The Financial Statements have been prepared on a going concern basis, which assumes Council 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 met all milestones and targets in its Financial Recovery Plan as summarised below:

- 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;
- Successfully sold Council-identified underperforming assets;

In addition to the above, Council's forecast ten year long term financial plan was based on an expectation of receiving the one-off 15% SRV, (13% + 2% standard rate peg) which would be applied in 2021-2022 and remain permanently in the rate base for ten years. IPART has approved this increase through to 30 June 2031.

#### Monies and other assets received by Council

##### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of the Council.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- general purpose operations
- water service
- sewerage service
- drainage
- domestic waste
- committees established under the *Local Government Act 1993 (NSW)* S355

##### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at Council office by any person free of charge.

##### 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.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

##### Volunteer services

Volunteer services are services received by Council 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,
- Volunteers at art galleries or museums,
- Library volunteers,
- Childcare volunteers,
- Outdoor space volunteers, and



### A1-1 Basis of preparation (continued)

- 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.

Council, as necessary, has recognised the cost and associated income of volunteer services in relation to Council's Art Gallery and Theatre as Other Income and Other Expenses in Notes B2-3 and B3-2 respectively.

#### **New accounting standards and interpretations Issued but not yet effective**

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

#### **New accounting standards adopted during the year**

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2021:

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

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

Central Coast Council | Notes to the Financial Statements 30 June 2022

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating results		Grants and contributions		Carrying amount of assets	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021	2022	2021 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
Responsible	595,314	362,801	429,499	454,581	165,815	(91,780)	76,933	105,512	8,199,954	7,520,018
Liveable	30,208	35,625	69,561	88,560	(39,353)	(52,935)	10,782	14,824	572,111	498,033
Belonging	3,544	4,418	20,443	18,187	(16,899)	(13,769)	269	55	42,992	29,051
Smart	36,700	15,669	19,580	25,089	17,120	(9,420)	6,535	2,813	52,707	39,802
Green	3,064	3,642	23,676	21,482	(20,612)	(17,840)	18,824	2,906	17,903	24,087
General Purpose Income <sup>(*)</sup>	–	203,491	–	–	–	203,491	–	–	–	–
<b>Total functions and activities</b>	<b>668,830</b>	<b>625,646</b>	<b>562,759</b>	<b>607,899</b>	<b>106,071</b>	<b>17,747</b>	<b>113,343</b>	<b>126,110</b>	<b>8,885,667</b>	<b>8,110,991</b>

(\*) Note: In 2021/22 General Purpose Income is dispersed across Council's functions in accordance with the Code of Accounting Practice.

## B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

### Responsible

- Governance
- Partnerships - Plans into practice
- Communicate with community
- Engage with community
- Serve the community
- Delivering essential Infrastructure (roads, carparks, energy, water, telecommunications)

### Liveable

- Public transport connections
- Plans transport management options
- Shared pathways
- Signage, public facilities, amenities, playgrounds, public areas
- Waterways, wharves, jetties, boat ramps and ocean baths
- Sport, leisure, recreational facilities, open space
- Healthcare
- Learning and knowledge
- Community facilities
- Heritage
- Land use planning
- Environmental
- Housing

### Belonging

- Community spirit
- Connect people
- Inclusion and well being
- Social and health issues
- Community safety
- Activate places
- Events
- Sporting, cultural, festivals
- Arts

### Smart

- Economic development
- CBD, town centres
- Tourism
- Innovation and futures

### Green

- Natural areas
- Biodiversity
- Water quality
- Litter and landfill
- Renewable energy
- Protection of environment

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B2 Sources of income****B2-1 Rates and annual charges**

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	171,594	148,957
Farmland	900	785
Mining	2,373	755
Business	24,405	21,030
Less: pensioner rebates (State Government funded)	(2,206)	(2,206)
Less: pensioner rebates (Council funded)	(1,806)	(1,806)
<b>Rates levied to ratepayers</b>	<b>195,260</b>	<b>167,515</b>
Pensioner rate subsidies received	2,236	2,209
<b>Total ordinary rates</b>	<b>197,496</b>	<b>169,724</b>
<b>Special rates</b>		
Town improvement	1,519	1,319
Parking	219	190
Tourism / business development	1,078	936
<b>Total special rates</b>	<b>2,816</b>	<b>2,445</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	77,126	75,168
Water supply services	12,991	12,774
Drainage	15,557	15,006
Sewerage services	58,222	55,236
Waste management services (not-domestic)	3,736	3,471
Section 611 charges	116	122
Liquid trade waste	307	453
Less: pensioner rebates (State Government funded)	(3,292)	(3,328)
Less: pensioner rebates (Council funded)	(2,773)	(3,085)
<b>Annual charges levied</b>	<b>161,990</b>	<b>155,817</b>
Pensioner subsidies received:		
– Water	1,167	1,238
– Sewerage	1,178	1,272
– Domestic waste management	1,133	1,231
<b>Total annual charges</b>	<b>165,468</b>	<b>159,558</b>
<b>Total rates and annual charges</b>	<b>365,780</b>	<b>331,727</b>

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

**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.

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.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B2-2 User charges and fees**

\$ '000	2022	2021
<b>User charges</b>		
Water supply services	54,789	55,862
Sewerage services	16,371	16,228
Waste management services (other)	36	13
Liquid trade waste	2,563	2,104
<b>Total user charges</b>	<b>73,759</b>	<b>74,207</b>
<b>Fees</b>		
Building services – other	1,620	2,088
Development applications	4,192	3,608
Inspection services	349	724
Private works – section 67	274	430
Registration fees	223	116
Regulatory/statutory fees	235	258
Rezoning fees	214	181
Section 10.7 certificates (EP&A Act)	1,001	1,059
Other	389	379
Section 603 certificates	758	826
Town planning	169	295
Aerodrome	41	23
Camping ground	557	759
Child care	7,214	6,951
Companion animals	401	791
Engineering design fees	1,117	1,215
Holiday parks	10,682	11,583
On site sewer management (OSSM)	540	514
Parking fees	287	419
Parks and recreation	590	791
Sewerage Connection Income	469	580
Swimming centres	2,792	4,101
Theatres	508	367
Tipping fees	22,089	20,970
Transport for NSW works (state roads not controlled by Council)	6,829	5,040
Other	1,859	1,697
Water connection fees	1,079	1,062
<b>Total fees</b>	<b>66,478</b>	<b>66,827</b>
<b>Total user charges and fees</b>	<b>140,237</b>	<b>141,034</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	-	37
User charges and fees recognised at a point in time	140,237	140,997
<b>Total user charges and fees</b>	<b>140,237</b>	<b>141,034</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 or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council 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.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B2-3 Other revenues**

\$ '000	2022	2021
Fines – parking	2,662	1,960
Landfill sale of scrap metal	1,420	1,220
Fines – other	1,220	645
Sales – general	1,200	1,471
Event revenue	1,042	1,703
Insurance claims recoveries	1,575	878
Legal fees recovery – other	586	669
Diesel rebate	389	834
Cemetery income	359	448
Recreation	265	526
Landfill gas royalty payment	342	439
Arts centre	58	28
Section 355 Committee income	129	229
Other	1,608	1,817
COVID-19 waivers and refunds	(115)	(200)
<b>Total other revenue</b>	<b>12,740</b>	<b>12,667</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	12,740	12,667
<b>Total other revenue</b>	<b>12,740</b>	<b>12,667</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.

Central Coast Council | Notes to the Financial Statements 30 June 2022

## B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	11,416	10,247	–	–
Financial assistance – local roads component	2,430	2,178	–	–
<b>Payment in advance - future year allocation <sup>1</sup></b>				
Financial assistance – general component	17,528	10,961	–	–
Financial assistance – local roads component	3,749	2,338	–	–
<b>Amount recognised as income during current year</b>	<b>35,123</b>	<b>25,724</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Aged and disabled	33	24	–	–
Bushfire and emergency services	1,694	3,473	61	522
Child care	498	863	8	81
Community care	20	–	–	–
Employment and training programs	149	108	–	–
Environmental programs	1,796	2,352	154	1,347
Health services	–	21	–	–
Heritage and cultural	–	95	–	–
Library	941	893	1,002	631
LIRS subsidy	136	599	–	–
Recreation and culture	–	–	87	–
Recreational facilities	41	56	4,861	7,368
Roads and bridges	–	–	19,049	15,842
Roadworks	66	–	9	–
Sewerage (excl. section 64 contributions)	–	–	138	200
Somersby Industrial Park	–	–	–	420
Street lighting	986	986	–	–
Transport (roads to recovery)	–	–	2,772	2,772
Transport for NSW contributions (regional roads, block grant)	3,772	3,772	–	–
Transport (other roads and bridges funding)	123	120	2,475	2,133
Vehicle contributions by employees	1,776	2,626	–	–
Water / Sewer Infrastructure	–	–	5,665	5,816
Water supplies (excl. section 64 contributions)	–	–	45	134
Youth services	44	78	–	–
Other	519	618	295	434
<b>Non-cash contributions</b>				
Other	–	–	7,661	27,908
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>12,594</b>	<b>16,684</b>	<b>44,282</b>	<b>65,608</b>
<b>Total grants and non-developer contributions</b>	<b>47,717</b>	<b>42,408</b>	<b>44,282</b>	<b>65,608</b>
<b>Comprising:</b>				
– Commonwealth funding	36,777	26,851	16,009	12,536
– State funding	8,769	3,111	19,820	28,465
– Other funding	2,171	12,446	8,453	24,607
	<b>47,717</b>	<b>42,408</b>	<b>44,282</b>	<b>65,608</b>

(1) \$21.277M of the 2022 - 2023 Financial Assistance Grant from Commonwealth Government was received by Council during the current financial year and hence is reported as 2021 - 2022 income although it relates to 2022 - 2023 financial year.

Central Coast Council | Notes to the Financial Statements 30 June 2022

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G5				
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	431	371
S 7.12 – fixed development consent levies		–	–	2,254	1,628
S 64 – water supply contributions		–	–	4,705	3,392
S 64 – sewerage service contributions		–	–	2,293	3,010
Other developer contributions		–	–	341	206
S 7.11 – stormwater contributions		–	–	1,151	1,153
S 7.11 – roadworks		–	–	3,204	2,489
S 7.11 – open space		–	–	3,770	3,283
S 7.11 – community facilities		–	–	2,568	2,039
<b>Non-cash contributions</b>					
S 7.12 – fixed development consent levies		–	–	–	145
S 7.11 - drainage assets		–	–	–	251
S 64 – sewerage service contributions		–	–	334	–
S 64 – water supply contributions		–	–	293	127
<b>Total developer contributions</b>	G5	–	–	21,344	18,094
<b>Total grants and contributions</b>		<b>47,717</b>	<b>42,408</b>	<b>65,626</b>	<b>83,702</b>
<b>Timing of revenue recognition</b>					
Grants and contributions recognised over time		7,331	13,490	57,964	2,254
Grants and contributions recognised at a point in time		40,386	28,918	7,662	81,448
<b>Total grants and contributions</b>		<b>47,717</b>	<b>42,408</b>	<b>65,626</b>	<b>83,702</b>



Central Coast Council | Notes to the Financial Statements 30 June 2022

**B2-4 Grants and contributions (continued)****Unspent grants and contributions**

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Grants</b>				
Unspent funds at 1 July	4,223	3,770	10,736	7,990
<b>Add:</b> Funds received and not recognised as revenue in the current year	4,006	2,607	5,399	7,509
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,513)	(2,154)	(7,283)	(4,763)
<b>Unspent funds at 30 June</b>	<b>6,716</b>	<b>4,223</b>	<b>8,852</b>	<b>10,736</b>
<b>Contributions</b>				
Unspent funds at 1 July	490	511	185,634	194,085
<b>Add:</b> contributions received and not recognised as revenue in the current year	304	191	23,141	23,259
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(93)	(212)	(7,785)	(31,710)
<b>Unspent funds at 30 June</b>	<b>701</b>	<b>490</b>	<b>200,990</b>	<b>185,634</b>

**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 include differing performance obligations within AASB 15, for example, event milestones. 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 Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council'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 Council.

**Developer contributions**

Council 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).

Central Coast Council | Notes to the Financial Statements 30 June 2022

### B2-4 Grants and contributions (continued)

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

Developer contributions may only be expended for the purposes for which the contributions were required, but Council 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. Council 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.

### B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	1,456	821
– Cash and investments	5,660	4,508
Other	2	3
<b>Total interest and investment income</b>	<b>7,118</b>	<b>5,332</b>

#### Accounting policy

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

### B2-6 Other income

\$ '000	Notes	2022	2021
<b>Rental income</b>			
Properties not held for investment		5,129	4,752
Room/Facility Hire		2,666	3,178
Outdoor space		154	260
Other		76	25
<b>Total rental income</b>	C2-2	<b>8,025</b>	<b>8,215</b>
Fair value increment on investments		–	561
<b>Total other income</b>		<b>8,025</b>	<b>8,776</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

\$ '000	2022	2021
Salaries and wages	131,367	154,398
Employee termination costs	1,191	15,870
Employee leave entitlements	20,729	37,806
Superannuation	15,846	18,898
Workers Compensation	2,252	3,005
Fringe benefit tax (FBT)	184	353
Payroll tax	2,005	2,592
<b>Total employee costs</b>	<b>173,574</b>	<b>232,922</b>
Less: capitalised costs	(10,743)	(10,306)
<b>Total employee costs expensed</b>	<b>162,831</b>	<b>222,616</b>

**Accounting policy**

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

All employees of the Council are entitled to benefits on retirement, disability or death. Council 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.

Council 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 Council 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 E3-1 for more information.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B3-2 Materials and services**

\$ '000	Notes	2022	2021
Raw materials and consumables		14,509	27,639
Contractor and consultancy costs		40,883	31,445
Contract costs Garbage collection		31,250	30,050
Contract costs Green waste processing		5,456	5,147
Contract costs Corporate systems		3,169	1,364
Contract costs Agency hire		2,262	3,106
Contract costs Roads		10,583	7,568
Audit Fees	F2-1	751	781
<b>Previously other expenses:</b>			
Advertising		628	667
Bank charges		1,496	1,469
Commissions		4,412	4,709
Computer software charges		11,208	17,394
Election expenses		140	177
Councillor, Mayoral and Administrator fees and associated expenses	F1-2	320	459
Electricity and heating		11,672	12,570
Events and promotions		1,807	1,585
Gas charges		506	368
Insurance		4,715	3,906
Licences		1,427	1,576
Planning NSW development application fees		774	498
Postage		1,145	1,230
Printing and stationery		648	746
Street lighting		4,482	4,910
Subscriptions and publications		684	769
Telephone and communications		1,089	1,475
Tip rehabilitation provision adjustment		3,021	(2,002)
Travel expenses		41	41
Training costs		950	942
Valuer general fees		886	917
Vehicle registrations		754	770
Other expenses		2,167	2,943
<b>Legal expenses:</b>			
– Legal expenses: planning and development		–	2
– Legal expenses: other		396	763
Expenses from Peppercorn leases		35	73
Expenses from short-term leases		368	187
Expenses from leases of low value assets		908	1,631
<b>Total materials and services</b>		<b>165,542</b>	<b>167,875</b>

**Accounting policy**

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

**Computer software charges**

In April 2021, the International Financial Reporting Standards Interpretations Committee issued a final agenda decision where configuration or customisation costs in a cloud computing arrangement are to be treated as period costs instead of capitalising such costs as intangible assets as was the case prior to this decision. This treatment has been consistently applied during the year ended 30 June 2022.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B3-3 Borrowing costs**

\$ '000	Notes	2022	2021 Restated
Interest on leases		153	125
Interest on loans		11,390	15,097
Interest on other debts		101	2
Amortisation of discounts and premiums			
- Floating Rate Notes		1,647	294
Remediation liabilities	C3-5	1,297	1,190
<b>Total borrowing costs expensed</b>		<b>14,588</b>	<b>16,708</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.

**B3-4 Depreciation, amortisation and impairment of non-financial assets****Depreciation and amortisation**

Plant and equipment		8,112	8,187
Office equipment		2,809	2,742
Furniture and fittings		1,269	1,377
Land improvements (depreciable)		2,032	1,966
<b>Infrastructure:</b>	C1-8		
- Buildings – specialised		13,142	13,731
- Other structures		3,126	2,140
- Roads		33,165	36,369
- Bridges		773	618
- Footpaths		3,152	2,532
- Stormwater drainage		11,924	14,569
- Water supply network		29,591	24,401
- Sewerage network		33,396	32,748
- Swimming pools		951	346
- Other open space/recreational assets		4,639	7,868
- Other infrastructure		2,433	1,644
<b>Other assets:</b>			
- Library books		807	810
- Other		236	173
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Tip assets	C3-5, C1-8	2,242	2,694
<b>Right of use assets</b>	C2-1	507	290
<b>Intangible assets</b>	C1-9	3,103	2,362
<b>Total depreciation and amortisation costs</b>		<b>157,409</b>	<b>157,567</b>

**Impairment / revaluation decrement/(increment) of IPPE**

Plant and equipment		350	--
Office equipment		1	--
Land improvements (depreciable)		5,426	--
<b>Infrastructure:</b>	C1-8		
- Buildings – specialised		24	--
- Other structures		3,158	--
- Swimming pools		46	--
- Other open space/recreational assets		792	--
- Other infrastructure		132	--
Intangible assets	C1-9	1,703	--
<b>Total impairment costs charged to Income Statement (IPPE)</b>		<b>11,632</b>	<b>--</b>

**Total depreciation, amortisation and impairment for non-financial assets**

<b>169,041</b>	<b>157,567</b>
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continued on next page ...

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### B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

#### 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

Council 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 no longer required to be tested for impairment under AASB 136. This is because 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 that have an indefinite useful life, or are 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 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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. When a net revaluation increment reverses a net revaluation decrement previously recognised as an expense in the trading result in respect of the same class of non-current asset, it must be recognised immediately as revenue in the trading account.

### B3-5 Other expenses

\$ '000	2022	2021
<b>Impairment of receivables</b>		
Sundry debtors and other charges	1,345	212
<b>Fair value decrement on investments</b>		
Fair value decrement on investments through profit and loss	13,097	–
<b>Other expenses</b>		
Contributions/levies to other levels of government		
– NSW Fire and rescue levy	2,919	3,150
– NSW rural fire service levy	1,539	2,108
– Waste levy	28,533	27,831
– Holiday Park levy	504	608
– NSW State emergency services levy	504	661
Donations, Contributions and assistance to other organisations (Section 356)		
– The Art House	970	1,016
– Surf Life Saving Clubs	214	214
– Gosford Town Centre	–	(30)
– Stronger communities fund	–	(3)
– Community grants	684	(86)
– Other contributions and donations	448	400
<b>Total other expenses</b>	<b>50,757</b>	<b>36,081</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**B4 Gains or losses****B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of non-current assets held for sale</b>			
Proceeds from disposal – non-current assets held for sale		52,817	–
Less: carrying amount of non-current assets held for sale		(30,578)	–
<b>Gain (or loss) on disposal</b>		<b>22,239</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment	C1-8	2,826	5,754
Less: carrying amount of plant and equipment assets sold/written off		(2,368)	(4,008)
<b>Gain (or loss) on disposal</b>		<b>458</b>	<b>1,746</b>
<b>Gain (or loss) on disposal of infrastructure assets</b>			
Proceeds from disposal – infrastructure	C1-8	–	–
Less: carrying amount of infrastructure assets sold/written off		(925)	(6,048)
<b>Gain (or loss) on disposal</b>		<b>(925)</b>	<b>(6,048)</b>
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemptions/maturities – investments	C1-2	241,255	259,406
Less: carrying amount of investments sold/redeemed/matured		(241,255)	(259,406)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of land</b>			
Proceeds from disposal – community and operational Land	C1-8	4,960	3,030
Less: carrying amount of community and operational Land assets sold/written off		(2,988)	(2,569)
<b>Gain (or loss) on disposal</b>		<b>1,972</b>	<b>461</b>
<b>Gain (or loss) on disposal of stormwater drainage assets</b>			
Proceeds from disposal – Stormwater Drainage	C1-8	–	–
Less: carrying amount of stormwater drainage assets sold/written off		–	(35)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(35)</b>
<b>Gain (or loss) on disposal of sewerage network assets</b>			
Proceeds from disposal – Sewerage Network	C1-8	–	–
Less: carrying amount of sewerage network assets sold/written off		–	(1,385)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(1,385)</b>
<b>Gain (or loss) on disposal of water supply assets</b>			
Proceeds from disposal – water supply assets	C1-8	–	–
Less: carrying amount of water supply assets assets sold/written off		–	(994)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(994)</b>
<b>Gain (or loss) on disposal of other assets</b>			
Proceeds from disposal – Other assets	C1-8	–	–
Less: carrying amount of other assets sold/written off		(2,157)	(797)
<b>Gain (or loss) on disposal</b>		<b>(2,157)</b>	<b>(797)</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>21,587</b>	<b>(7,052)</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.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 29/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** F = Favourable budget variation, U = Unfavourable budget variation.

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
<b>Revenues</b>					
Rates and annual charges	361,871	365,780	3,909	1%	F
User charges and fees	140,269	140,237	(32)	0%	U
Other revenues	9,196	12,740	3,544	39%	F
Favourable variance relates to additional income from fines, one-off insurance recoveries, diesel fuel rebates, sale of minor plant and equipment items, gas royalties and sales of scrap metal at Council's Waste Management facilities.					
Operating grants and contributions	49,491	47,717	(1,774)	(4)%	U
Capital grants and contributions	42,890	65,626	22,736	53%	F
Favourable variance relates to additional capital grants for roads, bridges, water and sewer infrastructure and open space assets that were approved subsequent to the adoption of the original budget. Additional income was also received from donated and developer contributed assets that were not included in the original budget forecast as well as 'found assets' during the revaluation process. Developer contribution income was under budget expectations and are difficult to predict as contributions received are based on external development activity.					
Interest and investment revenue	4,442	7,118	2,676	60%	F
Favourable variance due to the value of Council's investment portfolio and interest earnings on floating rate notes and bonds exceeded original budget expectations.					
Net gains from disposal of assets	-	21,587	21,587	∞	F
Favourable variance represents gain on disposal of surplus land and building parcels as part of Council's financial recovery plan that were not included in the original budget forecast.					
Other income	8,056	8,025	(31)	0%	U



Central Coast Council | Notes to the Financial Statements 30 June 2022

### B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	175,833	162,831	13,002	7%	F
<b>Materials and services</b>	156,680	165,542	(8,862)	(6)%	U
<b>Borrowing costs</b>	17,471	14,588	2,883	17%	F
Favourable variance is due to sewer fund loans that were repaid in April 2021, however budgets had been included for them in the original budget 2021-22. In addition further sewer fund loans were repaid and not refinanced as expected in March 2022 and the water fund loans that were refinanced achieved lower interest rates than forecast.					
<b>Depreciation, amortisation and impairment of non-financial assets</b>	177,106	169,041	8,065	5%	F
<b>Other expenses</b>	39,192	50,757	(11,565)	(30)%	U
Unfavourable variance is due to the recognition of unrealised market value movements in tradeable floating rate notes and bond investments.					

### Statement of cash flows

<b>Cash flows from operating activities</b>	223,038	267,294	44,256	20%	F
Favourable variance due to additional grants and contributions received during the financial year, payments to employees were under budget as a result of the economic climate that has seen Council experiencing difficulties filling vacant positions, additional interest income was received and savings in other expenses were recorded.					
<b>Cash flows from investing activities</b>	(194,738)	(243,778)	(49,040)	25%	U
Unfavourable variance due to delays experienced in the delivery of Council's capex program as a result of severe weather events and supply chain issues, which in turn resulted in an increase in Council's investment portfolio balance as at 30 June 2022.					
<b>Cash flows from financing activities</b>	(29,424)	(34,216)	(4,792)	16%	U
The unfavourable variance is due to the repayment of several sewer fund loans that were not included in the original budget forecast.					

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	24,109	35,527
Deposits at call	30,900	30,182
<b>Total cash and cash equivalents</b>	<b>55,009</b>	<b>65,709</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, if utilised, are shown within borrowings in current liabilities on the Statement of Financial Position.

**C1-2 Financial investments**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	-	74,683	-	56,978
NCD's, FRN's	19,034	303,411	38,657	153,319
<b>Total</b>	<b>19,034</b>	<b>378,094</b>	<b>38,657</b>	<b>210,297</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	145,000	55,000	124,755	45,000
<b>Total financial investments</b>	<b>164,034</b>	<b>433,094</b>	<b>163,412</b>	<b>255,297</b>

**Accounting policy**

Financial instruments are recognised initially on the date that the Council 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, Council 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**

Council'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.

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.

Central Coast Council | Notes to the Financial Statements 30 June 2022

### C1-2 Financial investments (continued)

**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.

Council'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 and allocated cash, cash equivalents and investments

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>652,137</b>	<b>484,418</b>
Less: Externally restricted cash, cash equivalents and investments	<u>(430,948)</u>	<u>(401,459)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>221,189</b>	<b>82,959</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C1-3 Restricted and allocated cash, cash equivalents and investments (continued)**

\$ '000	2022	2021
<b>External restrictions</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	109,395	99,614
Developer contributions – water	6,209	1,666
Developer contributions – sewer	18,442	19,510
Developer contributions – drainage	36,061	34,655
Developer contributions – VPA – general	2,737	2,713
Developer contributions – VPA – water	1,059	1,053
Developer contributions – VPA – sewer	497	495
Developer contributions – VPA - drainage	1,377	1,369
Developer contributions – bonus provisions	5,617	5,452
Developer Contributions – Sec 94A Levy	18,377	17,678
Specific purpose unexpended grants – general	13,118	12,834
Specific purpose unexpended grants – water	2,310	2,255
Specific purpose unexpended grants - sewer	14	–
Specific purpose unexpended grants - drainage	127	9
Cemeteries	609	733
Contributions to works including COSS	6,732	6,587
Crown land	1,676	1,346
Domestic waste management	97,419	88,636
Gosford parking station special rate levies	943	1,076
Holiday parks and camping ground	15,792	15,663
Self insurance claims – water	1,359	1,087
Self insurance claims – general	5,305	5,667
Self insurance claims – sewer	1,633	2,164
Stormwater management	571	755
Tourism levies	3,478	2,830
Water Supply Authority - other	79,288	74,966
Other External Restrictions	803	646
<b>Total external restrictions</b>	<b>430,948</b>	<b>401,459</b>

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

**(b) Internal allocations**

At 30 June, Council has internally allocated funds to the following:

Davistown Wetlands	1,436	1,436
Drainage Licence Fee	621	552
Emergency services levy savings	339	339
Employees leave entitlement	11,173	10,987
Employment generating projects	3,155	3,155
Property development	5,074	5,251
Regional Library	11,570	11,570
Section 355/advances/deposits	458	594
Tip replacement/rehabilitation	35,453	35,054
Waste disposal facility	24,212	24,831
Other restrictions	–	225
<b>Total internal allocations</b>	<b>93,491</b>	<b>93,994</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

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## C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates	6,158	–	7,381	–
Interest and extra charges	1,733	–	2,141	–
User charges and fees	11,881	2,827	8,465	2,827
Accrued revenues				
– Interest on investments	1,643	–	1,382	–
– User charges and fees	10,702	–	12,468	–
– Government subsidies	2,345	–	2,346	–
– Other income accruals	1,111	–	3,134	–
Government grants and subsidies	6,119	–	5,223	–
Net GST receivable	2,486	–	2,408	–
Waste management annual charge	3,445	–	3,635	–
Drainage annual charge	1,635	–	1,512	–
Water annual charge	1,432	–	1,068	–
Sewerage annual charge	8,130	–	5,004	–
Other debtors	11,058	521	9,568	557
<b>Total</b>	<b>69,878</b>	<b>3,348</b>	<b>65,735</b>	<b>3,384</b>
<b>Less: provision for impairment</b>				
Sewerage annual charges	–	–	(6)	–
User charges and fees	–	–	(62)	–
Sundry debtors and other charges	(3,200)	–	(1,787)	–
<b>Total provision for impairment – receivables</b>	<b>(3,200)</b>	<b>–</b>	<b>(1,855)</b>	<b>–</b>
<b>Total net receivables</b>	<b>66,678</b>	<b>3,348</b>	<b>63,880</b>	<b>3,384</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, Council 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 Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1. When considering the ECL for rates and annual charges debtors, Council considers that unpaid rates 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.

Council 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. None of the receivables that have been written off are subject to enforcement activity.

Where Council 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.

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C1-5 Inventories**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>At cost</b>				
Stores and materials	1,509	-	1,403	-
<b>Total inventories</b>	<b>1,509</b>	<b>-</b>	<b>1,403</b>	<b>-</b>

**Accounting policy****Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**C1-6 Contract assets and Contract cost assets**

Nil

**C1-7 Non-current assets classified as held for sale**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Non-current assets held for sale</b>				
Land	9,109	-	37,815	-
Buildings	6,543	-	6,543	-
Plant	50	-	-	-
<b>Total non-current assets classified as held for sale</b>	<b>15,702</b>	<b>-</b>	<b>44,358</b>	<b>-</b>

**Details of assets held for sale**

Non-current assets held for sale comprises one parcel of land, the Gosford Administration building and heavy machinery plant. These assets have been deemed excess to Council's operational requirements and were available for sale and actively marketed as at 30 June 2022.

At the date of this Report, Council has a non-binding Memorandum of Understanding for sale with Landcom for the Gosford Administration site.

The sale of one parcel of land at Bateau Bay was settled in July 2022, whilst the remaining non-current assets are expected to be settled during the financial year ended 30 June 2023.

**Accounting policy**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Central Coast Council | Notes to the Financial Statements 30 June 2022

### C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	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 (restated)	154,250	–	154,250	114,749	–	–	–	(64,598)	(50)	–	204,342	–	204,342
Plant and equipment	103,656	(53,848)	49,808	1,378	(2,368)	(8,112)	(350)	3,208	490	–	97,179	(53,125)	44,054
Office equipment	17,686	(10,011)	7,675	–	(160)	(2,809)	(1)	1,778	74	–	19,298	(12,741)	6,557
Furniture and fittings	14,866	(5,566)	9,300	–	(162)	(1,269)	–	523	246	–	15,528	(6,890)	8,638
<b>Land:</b>													
– Operational land	485,789	–	485,789	–	(2,988)	–	–	–	(789)	72,008	554,008	–	554,008
– Crown and Community land	424,488	–	424,488	–	–	–	–	–	–	140,428	564,916	–	564,916
– Land under roads (post 30/6/08)	2,149	–	2,149	–	–	–	–	–	–	–	2,149	–	2,149
Land improvements – depreciable	51,579	(20,009)	31,570	–	(14)	(2,032)	(5,426)	43	(7,242)	899	21,579	(3,781)	17,798
<b>Infrastructure:</b>													
– Buildings – specialised	791,990	(345,594)	446,406	6,285	(976)	(13,142)	(24)	4,211	5,274	70,766	918,779	(399,979)	518,800
– Other structures	48,974	(14,026)	34,948	–	(897)	(3,126)	(3,158)	680	(22,214)	396	8,888	(2,259)	6,629
– Roads	2,025,514	(611,905)	1,413,609	–	–	(33,165)	–	381	–	106,243	2,181,731	(694,662)	1,487,069
– Bridges	66,063	(25,623)	40,440	–	–	(773)	–	1	–	3,050	71,144	(28,423)	42,721
– Footpaths	233,592	(90,481)	143,111	–	–	(3,152)	–	31	–	10,765	251,588	(100,833)	150,755
– Bulk earthworks (non-depreciable)	352,645	–	352,645	–	–	–	–	–	–	27,119	379,764	–	379,764
– Stormwater drainage	1,561,678	(474,396)	1,087,282	–	–	(11,924)	–	254	5	96,391	1,704,934	(532,926)	1,172,008
– Water supply network	2,186,967	(973,533)	1,213,434	–	–	(29,581)	–	47,077	–	70,532	2,362,055	(1,060,602)	1,301,453
– Sewerage network	2,314,878	(928,164)	1,386,714	–	–	(33,396)	–	–	–	77,545	2,447,521	(1,016,656)	1,430,863
– Swimming pools	11,373	(6,451)	4,922	–	–	(951)	(46)	148	1,853	1,486	9,366	(1,954)	7,412
– Other open space/recreational assets	195,096	(61,278)	133,818	–	(723)	(4,639)	(792)	5,369	17,003	3,964	204,623	(50,622)	154,001
– Other infrastructure	47,330	(16,939)	30,391	–	(15)	(2,433)	(132)	167	2,296	3,391	44,133	(10,469)	33,664
<b>Other assets:</b>													
– Library books	4,126	(2,240)	1,886	–	–	(807)	–	711	–	–	4,837	(3,047)	1,790
– Other	7,126	(5,927)	1,199	–	(135)	(236)	–	16	(1,633)	4,688	6,893	(2,994)	3,899
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	43,260	(22,284)	20,976	–	–	(2,242)	–	–	3,796	–	50,489	(27,959)	22,530
<b>Total infrastructure, property, plant and equipment</b>	<b>11,145,075</b>	<b>(3,668,265)</b>	<b>7,476,810</b>	<b>122,412</b>	<b>(8,438)</b>	<b>(153,799)</b>	<b>(9,929)</b>	<b>–</b>	<b>(909)</b>	<b>689,669</b>	<b>12,125,744</b>	<b>(4,009,924)</b>	<b>8,115,820</b>

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### C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions new assets	Carrying value of disposals	Depreciation expense Restated	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>												
Capital work in progress	213,634	–	213,634	146,933	–	–	(189,851)	(16,466)	–	154,250	–	154,250
Plant and equipment	105,440	(47,371)	58,069	560	(4,008)	(8,187)	2,551	823	–	103,656	(53,848)	49,808
Office equipment	24,549	(14,612)	9,737	–	(1)	(2,742)	681	–	–	17,686	(10,011)	7,675
Furniture and fittings	22,477	(13,256)	9,221	–	(158)	(1,377)	1,614	–	–	14,866	(5,566)	9,300
<b>Land:</b>												
– Operational land	443,343	–	443,343	–	(2,337)	–	7	(37,815)	82,591	485,789	–	485,789
– Crown and Community land	422,992	–	422,992	207	(232)	–	128	–	1,393	424,488	–	424,488
– Land under roads (post 30/6/08)	1,586	–	1,586	–	–	–	–	–	563	2,149	–	2,149
Land improvements – depreciable	47,811	(18,044)	29,767	–	–	(1,966)	3,768	–	–	51,579	(20,009)	31,570
<b>Infrastructure:</b>												
– Buildings – specialised	805,452	(333,817)	471,635	361	(639)	(13,731)	13,778	(7,378)	(17,620)	791,990	(345,584)	446,406
– Other structures	44,406	(13,741)	30,665	–	(17)	(2,140)	7,131	(690)	–	48,974	(14,026)	34,948
– Roads	2,051,070	(658,308)	1,392,762	6,958	(5,957)	(36,369)	37,203	6,923	12,089	2,025,514	(611,905)	1,413,609
– Bridges	65,129	(22,055)	43,074	–	(75)	(618)	129	–	(2,068)	66,083	(25,623)	40,440
– Footpaths	129,338	(30,145)	99,193	1,846	–	(2,532)	10,403	–	34,202	233,592	(90,481)	143,111
– Bulk earthworks (non-depreciable)	386,921	–	386,921	486	–	–	242	4,686	(39,690)	352,645	–	352,645
– Stormwater drainage	1,500,124	(484,044)	1,016,080	8,931	(35)	(14,569)	9,951	–	65,924	1,561,678	(474,396)	1,087,282
– Water supply network	1,862,057	(823,378)	1,038,679	–	(994)	(24,401)	33,696	7	166,446	2,186,967	(973,533)	1,213,434
– Sewerage network	2,347,464	(934,973)	1,412,491	–	(1,385)	(32,748)	43,435	690	(35,772)	2,314,878	(928,164)	1,386,714
– Swimming pools	11,215	(8,078)	5,137	–	–	(346)	118	13	–	11,373	(6,451)	4,922
– Other open space/recreational assets	175,273	(53,410)	121,863	5,162	–	(7,868)	14,660	–	–	195,096	(61,278)	133,818
– Other infrastructure	53,318	(20,723)	32,595	167	–	(1,644)	6,029	(6,756)	–	47,330	(16,939)	30,391
<b>Other assets:</b>												
– Library books	8,260	(6,073)	2,187	–	–	(810)	509	–	–	4,126	(2,240)	1,886
– Other	1,957	(1,099)	858	2,134	–	(173)	2,061	(4,686)	1,005	7,126	(5,927)	1,199
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>												
– Tip assets	39,743	(19,590)	20,153	1,760	–	(2,694)	1,757	–	–	43,260	(22,284)	20,976
<b>Total Infrastructure, property, plant and equipment</b>	<b>10,763,559</b>	<b>(3,500,917)</b>	<b>7,262,642</b>	<b>176,505</b>	<b>(15,638)</b>	<b>(154,915)</b>	<b>–</b>	<b>(60,649)</b>	<b>269,063</b>	<b>11,145,075</b>	<b>(3,668,285)</b>	<b>7,476,810</b>

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## C1-8 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 Council 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 Council 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 and bulk earthworks are 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:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 12	Playground equipment	10 to 50
Office furniture	3 to 50	Benches, seats etc.	10 to 50
Computer equipment	2 to 26		
Vehicles	2 to 20	<b>Buildings</b>	5 to 170
Heavy plant/road making equipment	5 to 25		
Other plant and equipment	2 to 37	<b>Land Improvements - depreciable</b>	6 to 100
<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	15 to 200	Flood control structures	20 to 100
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	12 to 100	Swimming pools	5 to 100
Sealed roads: structure	40 to 160	Other open space/recreational assets	5 to 100
Unsealed roads	30	Other infrastructure	10 to 109
Kerb and gutters	100	Other structures	10 to 100
Bridges	80 to 100		
Road pavements	40 to 80	<b>Other assets</b>	
Footpaths	3 to 180	Library books	5
		Other	5 to 500
<b>Tip assets</b>	4 to 50		

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 Council 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.

#### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

### C1-8 Infrastructure, property, plant and equipment (continued)

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

#### **Crown reserves**

Crown reserves under Council's care and control are recognised as assets of Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 *Leases*, refer to Note C2-1.

Improvements on Crown reserves are recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

#### **Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

Central Coast Council | Notes to the Financial Statements 30 June 2022

## C1-9 Intangible assets

## Intangible assets

\$ '000	2022	2021 Restated
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	30,444	28,598
Accumulated amortisation and impairment	(2,123)	(11,055)
<b>Net book value – opening balance</b>	<b>28,321</b>	<b>17,543</b>
<b>Movements for the year</b>		
WIP - net movement	(1,683)	–
Development costs	576	13,140
Amortisation charges	(3,103)	(2,362)
Gross book value (written off) / written back	1,129	(11,294)
Accumulated amortisation charges written off / (written back)	(2,298)	11,294
<b>Closing values at 30 June</b>		
Gross book value	30,466	30,444
Accumulated amortisation and impairment	(7,524)	(2,123)
<b>Total software – net book value</b>	<b>22,942</b>	<b>28,321</b>
<b>Drainage easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,703	1,703
<b>Net book value – opening balance</b>	<b>1,703</b>	<b>1,703</b>
– Impairment charges	(1,703)	–
<b>Closing values at 30 June</b>		
Gross book value	1,703	1,703
Accumulated impairment	(1,703)	–
<b>Total Drainage easements – net book value</b>	<b>–</b>	<b>1,703</b>
<b>Total intangible assets – net book value</b>	<b>22,942</b>	<b>30,024</b>

## Accounting policy

## Software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## 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 the Council 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. Since easements are viewed as having an indefinite life, they are not amortised, however, they are tested for impairment.

Central Coast Council | Notes to the Financial Statements 30 June 2022

### C1-10 Other

#### Other assets

<b>\$ '000</b>	<b>2022 Current</b>	<b>2022 Non-current</b>	<b>2021 Current</b>	<b>2021 Non-current</b>
Prepayments	3,767	-	3,608	-
Investment in the Art House	-	704	-	623
<b>Total other assets</b>	<b>3,767</b>	<b>704</b>	<b>3,608</b>	<b>623</b>

**C2 Leasing activities****C2-1 Council as a lessee**

Council has leases over a range of assets including land and buildings and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

**Terms and conditions of leases****Buildings**

Council leases land and buildings to support some of its operational activities. The leases are generally between 3 and 50 years with one containing a renewal option to allow Council to renew the non-cancellable lease term at their discretion. A number of leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

**Office and IT equipment**

Leases for office and IT equipment are generally for low value assets, except for significant items. The leases are for between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

**Extension options**

Council includes options in the building leases to provide flexibility and certainty to Council operations; the extension options are at Council's discretion. At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

**(a) Right of use assets**

\$ '000	Plant and Equipment	Right-of-Use Assets	Total
<b>2022</b>			
Opening balance at 1 July	13	2,470	2,483
Additions to right-of-use assets	–	294	294
Adjustments due to re-measurement of lease liability	–	790	790
Depreciation charge	(7)	(500)	(507)
Reclass IPPE categories to overall right-of-use assets	(6)	6	–
<b>Balance at 30 June</b>	<b>–</b>	<b>3,060</b>	<b>3,060</b>
<b>2021</b>			
Opening balance at 1 July	21	1,783	1,804
Adjustments due to re-measurement of lease liability	–	969	969
Depreciation charge	(8)	(282)	(290)
<b>Balance at 30 June</b>	<b>13</b>	<b>2,470</b>	<b>2,483</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C2-1 Council as a lessee (continued)****(b) Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	331	1,534	1,429	3,294	3,294
<b>2021</b>					
Cash flows	241	1,464	856	2,561	2,561

**(c) Income Statement**

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2022	2021
Interest on lease liabilities	153	125
Depreciation of right of use assets	507	290
Expenses relating to short-term leases	368	187
Expenses relating to low-value leases	908	1,631
Expenses relating to Peppercorn leases	35	73
	<b>1,971</b>	<b>2,306</b>

**(d) Statement of Cash Flows**

Total cash outflow for leases	<u>1,746</u>	<u>1,891</u>
	<b>1,746</b>	<b>1,891</b>

**(e) Leases at significantly below market value – concessionary / peppercorn leases**

Council has a number of leases at significantly below market for land and buildings which are used for:

- libraries
- child care centres
- youth centres
- boat ramps

The leases are generally between 10 and 99 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases. None of the leases in place are individually material from a statement of financial position or performance perspective.

**Accounting policy**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

## C2-1 Council as a lessee (continued)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

### Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

### Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of outdoor spaces and properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- property, plant and equipment – where the rental is incidental, or the asset is held to meet Council's service delivery objective (refer note C1-8).

\$ '000	2022	2021
<b>Assets held as property, plant and equipment</b>		
Council provides operating leases on Council buildings for the purpose of recreational activities, the table below relates to operating leases on assets disclosed in C1-8.		
Properties not held for investment	5,129	4,752
Room / Facility hire	2,666	3,178
Outdoor space	154	260
Other	75	25
<b>Total income relating to operating leases for Council assets</b>	<b>8,024</b>	<b>8,215</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C2-2 Council as a lessor (continued)**

\$ '000	2022	2021
<b>Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
< 1 year	2,959	2,928
1-2 years	2,631	2,510
2-3 years	2,284	2,149
3-4 years	1,954	1,655
4-5 years	1,783	1,302
> 5 years	12,314	7,296
<b>Total undiscounted lease payments to be received</b>	<b>23,925</b>	<b>17,840</b>

**Accounting policy**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and if applicable, as finance income using amortised cost basis for finance leases.



Central Coast Council | Notes to the Financial Statements 30 June 2022

**C3 Liabilities of Council****C3-1 Payables**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Payables</b>				
Goods and services	25,283	–	24,058	–
Prepaid rates and annual charges	19,593	–	15,026	–
Accrued expenses:				
– Interest on borrowings	693	–	1,015	–
– Salaries and wages	3,005	–	2,969	–
– Other expenditure accruals	23,952	–	16,035	–
Security bonds, deposits and retentions	3,580	–	4,718	–
Developer bonds	6,121	–	6,430	–
Overpayments	685	–	1,513	–
Other payables	286	–	388	–
<b>Total payables</b>	<b>83,198</b>	<b>–</b>	<b>72,152</b>	<b>–</b>

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

\$ '000	2022	2021
Payables – overpayments, security bonds, deposits and retentions	26,536	26,040
<b>Total payables</b>	<b>26,536</b>	<b>26,040</b>

**Accounting policy**

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

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**C3-2 Contract Liabilities**

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,598	2,254	8,634	2,254
Unexpended operating grants (received prior to performance obligation being satisfied) - AASB 15	(ii)	6,717	-	4,210	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	116	4,155	170	5,793
Unexpended operating contributions (received prior to performance obligation being satisfied) - AASB 15	(ii)	687	-	476	-
<b>Total grants and contributions received in advance</b>		<b>14,118</b>	<b>6,409</b>	<b>13,490</b>	<b>8,047</b>
<b>User fees and charges received in advance:</b>					
Upfront fees – leisure centre	(iii)	29	-	37	-
Deposits received in advance of services provided		3,170	870	2,916	973
<b>Total user fees and charges received in advance</b>		<b>3,199</b>	<b>870</b>	<b>2,953</b>	<b>973</b>
<b>Total contract liabilities</b>		<b>17,317</b>	<b>7,279</b>	<b>16,443</b>	<b>9,020</b>

**Notes**

(i) Council has received funding to construct assets including sporting facilities, regional library, open space areas and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council 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 and contributions received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront membership fees for Council's leisure centres do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

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

\$ '000	2022	2021
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	7,421	5,504
Operating grants (received prior to performance obligation being satisfied)	1,513	1,508
Capital contributions (to construct Council controlled assets)	46	8
Operating contributions (received prior to performance obligation being satisfied)	93	212
<b>User fees and charges received in advance:</b>		
Upfront fees – leisure centre	37	20
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>9,110</b>	<b>7,252</b>

**Significant changes in contract liabilities**

During the financial year Council received additional operating grants relating to Storm events and Environmental programs that will be spent during 2022-2023.

**Accounting policy**

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

Central Coast Council | Notes to the Financial Statements 30 June 2022

**C3-3 Borrowings**

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	27,484	285,864	39,539	307,674
<b>Total borrowings</b>	<b>27,484</b>	<b>285,864</b>	<b>39,539</b>	<b>307,674</b>

(1) Loans are secured over the general rating income of Council.  
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

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

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	347,213	(33,865)	–	–	–	–	313,348
Lease liability (Note C2-1b)	2,561	–	–	–	–	733	3,294
<b>Total liabilities from financing activities</b>	<b>349,774</b>	<b>(33,865)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>733</b>	<b>316,642</b>

\$ '000	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
Loans – secured	236,588	110,625	–	–	–	–	347,213
Lease liability (Note C2-1b)	1,839	(247)	–	–	–	969	2,561
<b>Total liabilities from financing activities</b>	<b>238,427</b>	<b>110,378</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>969</b>	<b>349,774</b>

**(b) Financing arrangements**

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities	500	500
Credit cards/purchase cards	1,240	1,240
Master lease facilities	1,850	1,850
<b>Total financing arrangements</b>	<b>3,590</b>	<b>3,590</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	60	50
– Master lease facilities	916	1,000
<b>Total drawn financing arrangements</b>	<b>976</b>	<b>1,050</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	1,180	1,190
– Master lease facilities	934	850
<b>Total undrawn financing arrangements</b>	<b>2,614</b>	<b>2,540</b>

**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 the Council  
Lease liabilities are secured by the underlying leased assets.

**C3-3 Borrowings (continued)**

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**Bank overdrafts**

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

**Accounting policy**

Council 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.

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**C3-4 Employee benefit provisions**

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Annual leave	17,858	-	17,411	-
Sick leave	5,947	-	6,129	-
Long service leave	28,076	-	27,624	3,144
Other leave	1,452	-	1,329	-
<b>Total employee benefit provisions</b>	<b>53,333</b>	<b>-</b>	<b>52,493</b>	<b>3,144</b>

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

\$ '000	2022	2021
Provisions – employees benefits	29,928	29,468
	<b>29,928</b>	<b>29,468</b>

**Accounting policy**

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council 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.

**C3-5 Provisions**

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	2,253	6,044	1,741	7,177
Self insurance – public liability	1,165	-	495	-
Self insurance – other	-	-	15	-
Road Rectification Works	1,064	-	-	-
Payroll tax	424	-	437	-
Other	257	-	663	-
Asset remediation/restoration	3,807	70,771	2,937	68,127
<b>Total provisions</b>	<b>8,970</b>	<b>76,815</b>	<b>6,288</b>	<b>75,304</b>

continued on next page ...

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## C3-5 Provisions (continued)

## Movements in provisions

\$ '000	Other provisions			Total
	Self Insurance	Asset remediation	Payroll Tax and Other	
<b>2022</b>				
At beginning of year	9,428	71,064	1,099	81,591
Changes to provision:				
– Amounts capitalised	–	–	–	–
– Revised discount rate	–	519	–	519
– Revised costs	–	2,502	(85)	2,417
Unwinding of discount	–	1,297	–	1,297
Additional provisions	3,447	–	3,056	6,503
Amounts used (payments)	(3,414)	(804)	(2,325)	(6,543)
Other	1	–	–	1
Total	9,462	74,578	1,745	85,785
<b>2021</b>				
At beginning of year	10,723	71,619	1,112	83,454
Changes to provision:				
– Amounts capitalised	–	1,760	–	1,760
– Revised discount rate	–	(624)	–	(624)
– Revised costs	–	(1,378)	–	(1,378)
Unwinding of discount	–	1,190	–	1,190
Additional provisions	3,422	–	3,117	6,539
Amounts used (payments)	(4,717)	(1,503)	(3,130)	(9,350)
Total	9,428	71,064	1,099	81,591

## Nature and purpose of provisions

**Asset remediation**

The asset remediation provision represents the present value estimate of future costs that Council will incur to restore, rehabilitate and reinstate tips as a result of past operations.

**Self-insurance**

To recognise liabilities for outstanding claims (uninsured losses) arising from Council'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 Council's water, sewer, cemetery and parking station activities.

**Road Rectification Works**

To recognise the liability for on-going road works not covered by Grant relief resulting from a number of significant weather events experienced in the LGA which severely impacted local roads.

**Accounting policy**

Provisions are recognised when Council 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 a borrowing cost.

**Asset remediation - tips**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually

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### C3-5 Provisions (continued)

during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

#### **Self-insurance**

Council 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. Council 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 Council 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*.

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

- A wage inflation index was used for future claims escalation. A bond yield of between 0.850% and 3.845% 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 2022.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2022.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2022 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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



**D Council structure****D1 Results by fund**

General fund refers to all Council activities other than water, sewer, drainage and domestic waste. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water, sewer, drainage and domestic waste columns are restricted for use for these activities.

**D1-1 Income Statement by fund**

\$ '000	Drainage 2022	Domestic Waste 2022	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>					
Rates and annual charges	15,610	76,227	203,881	12,212	57,850
User charges and fees	-	34	62,067	57,713	20,423
Interest and investment income	65	222	4,487	318	2,026
Other revenues	-	2	12,627	5	106
Grants and contributions provided for operating purposes	62	-	47,600	34	21
Grants and contributions provided for capital purposes	2,403	-	49,746	8,718	4,759
Net gains from disposal of assets	-	-	21,578	-	9
Other income	-	-	8,025	-	-
<b>Total income from continuing operations</b>	<b>18,140</b>	<b>76,485</b>	<b>410,011</b>	<b>79,000</b>	<b>85,194</b>
<b>Expenses from continuing operations</b>					
Employee benefits and on-costs	1,591	664	134,924	12,562	13,090
Borrowing costs	477	-	3,651	7,776	2,684
Materials and services	5,169	51,288	57,459	24,950	26,676
Depreciation, amortisation and impairment of non-financial assets	13,652	-	90,539	30,815	34,035
Other expenses	32	15,750	31,902	52	3,021
<b>Total expenses from continuing operations</b>	<b>20,921</b>	<b>67,702</b>	<b>318,475</b>	<b>76,155</b>	<b>79,506</b>
<b>Operating result from continuing operations</b>	<b>(2,781)</b>	<b>8,783</b>	<b>91,536</b>	<b>2,845</b>	<b>5,688</b>
<b>Net operating result for the year attributable to Council</b>	<b>(2,781)</b>	<b>8,783</b>	<b>91,536</b>	<b>2,845</b>	<b>5,688</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(5,184)</b>	<b>8,783</b>	<b>41,790</b>	<b>(5,873)</b>	<b>929</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

## D1-2 Statement of Financial Position by fund

\$ '000	Drainage 2022	Domestic Waste 2022	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	30	7,767	36,005	1,576	9,631
Investments	158	95,805	8,531	8,375	51,165
Receivables	2,947	5,721	50,093	19,060	16,314
Inventories	-	-	1,509	-	-
Other	-	-	3,629	69	69
Non-current assets classified as held for sale	-	-	15,702	-	-
<b>Total current assets</b>	<b>3,135</b>	<b>109,293</b>	<b>115,469</b>	<b>29,080</b>	<b>77,179</b>
<b>Non-current assets</b>					
Investments	95	-	353,718	547	78,734
Receivables	1	-	20,369	227	10,035
Infrastructure, property, plant and equipment	1,211,380	-	3,992,091	1,394,454	1,517,895
Intangible assets	-	-	22,942	-	-
Right of use assets	-	-	3,060	-	-
Other	-	-	704	-	-
<b>Total non-current assets</b>	<b>1,211,476</b>	<b>-</b>	<b>4,392,884</b>	<b>1,395,228</b>	<b>1,606,664</b>
<b>Total assets</b>	<b>1,214,611</b>	<b>109,293</b>	<b>4,508,353</b>	<b>1,424,308</b>	<b>1,683,843</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	1,626	7,201	60,632	7,685	6,054
Contract liabilities	227	-	16,919	62	109
Borrowings	26,423	-	12,593	12,845	3,080
Lease liabilities	-	-	331	-	-
Employee benefit provisions	98	235	44,255	4,362	4,383
Provisions	-	-	7,214	731	1,025
<b>Total current liabilities</b>	<b>28,374</b>	<b>7,436</b>	<b>141,944</b>	<b>25,685</b>	<b>14,651</b>
<b>Non-current liabilities</b>					
Contract liabilities	1,304	-	2,777	2,254	944
Lease liabilities	-	-	2,963	-	-
Borrowings	7,398	-	140,777	130,174	34,799
Provisions	-	-	74,887	1,102	826
<b>Total non-current liabilities</b>	<b>8,702</b>	<b>-</b>	<b>221,404</b>	<b>133,530</b>	<b>36,569</b>
<b>Total liabilities</b>	<b>37,076</b>	<b>7,436</b>	<b>363,348</b>	<b>159,215</b>	<b>51,220</b>
<b>Net assets</b>	<b>1,177,535</b>	<b>101,857</b>	<b>4,145,005</b>	<b>1,265,093</b>	<b>1,632,623</b>
<b>EQUITY</b>					
Accumulated surplus	1,007,448	101,857	3,560,830	948,500	1,492,792
IPPE revaluation reserves	170,087	-	584,175	316,593	139,831
<b>Total equity</b>	<b>1,177,535</b>	<b>101,857</b>	<b>4,145,005</b>	<b>1,265,093</b>	<b>1,632,623</b>

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## D1-3 Details of internal loans

	Council ID / Ref 2013 GF-WF	Council ID / Ref 2015 SF-WF	Council ID / Ref 2015 GF-WF
<b>Details of individual internal loans</b>			
Borrower (by purpose)	Water Fund	Water Fund	Water Fund
Lender (by purpose)	General Fund	Sewer Fund	General Fund
Date of Minister's approval	N/A	27/05/2015	N/A
Date raised	30/06/2013	27/05/2015	31/05/2015
Term years	20	20	20
Dates of maturity	30/06/2033	21/02/2035	26/05/2035
Rate of interest (%)	5.72	5.72	5.72
Amount originally raised	20,000,000	10,000,000	10,000,000
Total repaid during year (principal and interest)	1,687,831	845,585	844,916
<b>Principal outstanding at end of year</b>	<b>13,709,244</b>	<b>7,616,936</b>	<b>7,711,930</b>

	Council ID / Ref 2021 GF-DF	Council ID / Ref 2021 GF-SF	Council ID / Ref 2022 GF-DF
<b>Details of individual internal loans</b>			
Borrower (by purpose)	Drainage Fund	Sewer Fund	Drainage Fund
Lender (by purpose)	General Fund	General Fund	General Fund
Date of Minister's approval	N/A	N/A	N/A
Date raised	30/06/2021	30/06/2021	30/06/2022
Term years	1	1	1
Dates of maturity	30/06/2022	30/06/2022	30/06/2023
Rate of interest (%)	Nil	Nil	Nil
Amount originally raised	27,425,427	687,798	25,702,956
Total repaid during year (principal and interest)	27,425,427	687,798	0
<b>Principal outstanding at end of year</b>	<b>0</b>	<b>0</b>	<b>25,702,956</b>

## D2 Interests in other entities

### D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 128 using the equity method and the accounting policy notes below.

Name of Operation/Entity	Principal activity
<b>The Art House, Wyong Shire Performing Arts and Conference Centre Limited</b>	Operations undertaken - Performing Arts Place of business - 19-21 Margaret Street, Wyong

Interests in Subsidiary	Ownership 2022	Ownership 2021	Voting rights 2022	Voting rights 2021
Council's interest in Subsidiary	100%	100%	100%	100%

#### The nature of risks associated with Council's interests in the Subsidiary

The Art House is managed by an independent Incorporated Association with Council as a board member via a funding agreement with Council. The Art House delivers its services through a formal agreement with Council. This provides The Art House with the required autonomy and sector peer involvement to service the creative, media and business sectors as well as deliver a creative entertainment program for local, regional and national markets. Its performance is monitored via clear Key Performance Indicators (KPIs). Business Plan targets are reported to Council as required.

Council does not control the Art House or its activities, however through Board representation, Council does have significant influence over the Art House's relevant activities.

Council provided financial support of \$0.970M during the financial year (\$1.0M indexed per annum for ten years from 2015/16 onwards).

#### Reporting dates of Subsidiary

The Art House prepares audited financial statements on a calendar year basis.

#### Summarised financial information for the Subsidiary

\$ '000	2022	2021
<b>Summarised statement of comprehensive income</b>		
Revenue	1,972	2,245
Expenses	(1,890)	(1,876)
<b>Profit/(loss) for the period</b>	<b>82</b>	<b>369</b>
<b>Total comprehensive income</b>	<b>82</b>	<b>369</b>
<b>Summarised statement of financial position</b>		
Current assets	2,375	1,448
Non-current assets	29	38
<b>Total assets</b>	<b>2,404</b>	<b>1,486</b>
Current liabilities	1,670	839
Non-current liabilities	30	24
<b>Total liabilities</b>	<b>1,700</b>	<b>863</b>
<b>Net assets</b>	<b>704</b>	<b>623</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

### D2-1 Subsidiaries (continued)

\$ '000	2022	2021
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	655	906
Cash flows from investing activities	45	(45)
Cash flows from financing activities	-	(12)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>700</b>	<b>849</b>

#### Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with s625 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.

Council 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 Council'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 Council 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 the Council.

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

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

\$ '000	2022	2021
The impact on 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	6,521	4,858
Impact of a 10% movement in price of investments		
– Equity / Income Statement	65,214	48,580

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## E1-1 Risks relating to financial instruments held (continued)

## (b) Credit risk

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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 Council has significant credit risk exposures in its local area given the nature of Council activities.

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

## Credit risk profile

## Receivables - Rates and Annual Charges

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

\$ '000	Not yet due	Overdue rates and charges		Total
		< 5 years	> 5 years	
<b>2022</b>				
Gross carrying amount	4,161	16,089	550	20,800
<b>2021</b>				
Gross carrying amount	1	18,160	439	18,600

## Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets 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-rates and annual charges debtors and contract assets 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 due	Overdue debts				Total
		< 30 days	31 - 60 days	61 - 90 days	> 90 days	
<b>2022</b>						
Gross carrying amount	15,845	905	870	673	34,134	52,427
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	9.37%	6.10%
ECL provision	-	-	-	-	3,200	3,200
<b>2021</b>						
Gross carrying amount	25,187	12,483	1,354	1,595	8,518	49,137
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	21.78%	3.78%
ECL provision	-	-	-	-	1,855	1,855

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### E1-1 Risks relating to financial instruments held (continued)

#### (c) Liquidity risk

Payables, lease liabilities 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.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by 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. Council 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 (refer to Note C2-1(b) for 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	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractu al cash outflows	Carrying values
<b>2022</b>						
Payables	0.00%	53,895	29,294	–	83,189	83,198
Borrowings	3.18%	37,746	203,974	148,304	390,024	313,348
<b>Total financial liabilities</b>		<b>91,641</b>	<b>233,268</b>	<b>148,304</b>	<b>473,213</b>	<b>396,546</b>
<b>2021</b>						
Payables	0.00%	11,149	44,953	9	56,111	57,126
Borrowings	3.25%	–	261,332	145,617	406,949	347,213
<b>Total financial liabilities</b>		<b>11,149</b>	<b>306,285</b>	<b>145,626</b>	<b>463,060</b>	<b>404,339</b>



## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

During the reporting period Council has also measured the following assets at fair value on a non-recurring basis:

- Non-current assets classified as held for sale

Where the carrying value of a non-current asset held for sale was higher than its fair value, the asset was written down to fair value.

### 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 Council:

Central Coast Council | Notes to the Financial Statements 30 June 2022

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy								
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total		
		2022	2021	2022	2021	2022	2021	2022	2021	
						Restated		Restated		
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial investments	C1-2									
At fair value through profit or loss		397,128	248,954	–	–	–	–	397,128	248,954	
<b>Total financial assets</b>		<b>397,128</b>	<b>248,954</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>397,128</b>	<b>248,954</b>	
<b>Infrastructure, property, plant and equipment</b>										
Plant and equipment	C1-5	–	–	–	–	44,054	49,808	44,054	49,808	
Office equipment		–	–	–	–	6,557	7,675	6,557	7,675	
Furniture and fittings		–	–	–	–	8,638	9,300	8,638	9,300	
Operational land		–	–	554,008	485,789	–	–	554,008	485,789	
Crown and Community land		–	–	–	–	564,916	424,488	564,916	424,488	
Land under Roads		–	–	–	–	2,149	2,149	2,149	2,149	
Land improvements – depreciable		–	–	–	–	17,798	31,570	17,798	31,570	
Buildings – specialised		–	–	–	–	518,800	446,406	518,800	446,406	
Other structures		–	–	–	–	6,629	34,948	6,629	34,948	
Roads		–	–	–	–	1,487,069	1,413,609	1,487,069	1,413,609	
Bridges		–	–	–	–	42,721	40,440	42,721	40,440	
Footpaths		–	–	–	–	150,755	143,111	150,755	143,111	
Bulk earthworks – non depreciable		–	–	–	–	379,764	352,645	379,764	352,645	
Stormwater drainage		–	–	–	–	1,172,008	1,087,282	1,172,008	1,087,282	
Water supply network		–	–	–	–	1,301,453	1,213,434	1,301,453	1,213,434	
Sewerage network		–	–	–	–	1,430,863	1,386,714	1,430,863	1,386,714	
Swimming pools		–	–	–	–	7,412	4,922	7,412	4,922	
Other open space/recreational assets		–	–	–	–	154,001	133,818	154,001	133,818	
Other infrastructure		–	–	–	–	33,664	30,391	33,664	30,391	
Library books		–	–	–	–	1,790	1,886	1,790	1,886	
Other		–	–	–	–	3,899	1,199	3,899	1,199	
Tip assets		–	–	–	–	22,530	20,976	22,530	20,976	
<b>Total Infrastructure, property, plant and equipment</b>	C1-5	<b>–</b>	<b>–</b>	<b>554,008</b>	<b>485,789</b>	<b>7,357,470</b>	<b>6,836,771</b>	<b>7,911,478</b>	<b>7,322,560</b>	
<b>Non-recurring fair value measurements</b>										
<b>Non-current assets held for sale</b>										
Land	C1-7	–	–	9,109	37,815	–	–	9,109	37,815	
Buildings		–	–	–	–	6,543	6,543	6,543	6,543	
Plant		–	–	–	–	50	–	50	–	
<b>Total non-recurring fair value measurements</b>		<b>–</b>	<b>–</b>	<b>9,109</b>	<b>37,815</b>	<b>6,593</b>	<b>6,543</b>	<b>15,702</b>	<b>44,358</b>	

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## E2-1 Fair value measurement (continued)

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are based on the valuation techniques employed by the former Councils.

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

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

Plant and equipment, office equipment, furniture and fittings assets are recognised and valued at cost. Council 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
  - Major plant items – tractors, excavators, street sweepers, tippers, rollers, forklifts, backhoes, beach cleaners and weed harvester
  - Minor plant items – generators, mowers, trailers, chainsaws, wood chippers and power hand tools
  - 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.

Council 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 Council's land classified as Operational Land under the *Local Government Act 1993*. Council's accounting policy is to value the freehold land at market value basis.

Council 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 2022 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 Council owned land classified as Community Land under the *Local Government Act 1993*. Crown land is under the care and management of Council on behalf of the Crown.

Council's 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 2022 using the VG valuations published on 1 July 2022.

#### Land under roads

Land under roads consists of land under roadways and road reserves including land under footpaths, nature strips and median strips as per AASB 1051. Council has elected not to recognise as an asset land under roads acquired before 1 July 2008.

Land under roads acquired since 1 July 2008 has been recognised in accordance with AASB 116 Property, Plant and Equipment. Where Council has acquired land under roads it is recognised at cost where the cost represents fair value. Where the land under roads is dedicated or acquired at nominal value the land is recognised at its fair value.

## E2-1 Fair value measurement (continued)

Land under roads has been valued at 30 June 2020 using the Englobo method (which is a discounted method) and VG valuations published on 1 July 2019. This asset class is classified as Level 2 as significant inputs used are observable.

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

### Land improvements

This asset class is comprised of landscaping, estuary protection works, access works, water features and paved public areas.

This asset class is classified as Level 3 as significant inputs used in the valuation are unobservable.

Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

### Buildings – specialised

It is Council'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 equipment, and general lighting). The buildings and site improvements will be physically inspected and measured.

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.

Council 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 Council'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.

Council considered the movement in the NSW Non-residential building construction index from the last comprehensive revaluation in order to assess buildings for fair value. The movement was considered material and the carrying value of buildings was adjusted accordingly.

### Other structures

This asset class is comprised of holiday park structures, cemetery assets, water tanks, fountains, fencing and structures which do not meet the definition of a building and are recognised and valued at cost. Council 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.

### Roads

This asset class is comprised of the road carriageway, car parks, and other road related assets. Council's roads are separated into segments for inspection and valuation and componentised into the surface, sub-base, base and associated earthworks. Other road related assets include bus shelters, footpaths, guard rails, speed humps, kerb and gutter, medians, pedestrian refuges and roundabouts.

Council engaged Morrison Low to value all Roads Infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the current replacement cost approach.

Unit rates were developed for each road classification and traffic volume, based on data available including the cost to construct similar assets from actual contract rates and industry unit rates. Some of the other significant inputs are remaining useful life, pattern of consumption, dimensions and road classification.

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

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

## E2-1 Fair value measurement (continued)

### **Bridges**

This asset class is comprised of road and foot bridges.

Council engaged Morrison Low to value all bridges at 30 June 2021. The gross replacement cost for each asset was calculated using the current replacement cost approach.

Bridges are assessed by physical inspection in accordance with Roads and Maritime Services guidelines. Condition information is updated as changes are observed through regular inspections.

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

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

### **Footpaths**

This asset class is comprised of pedestrian walkways and cycle ways (shared paths).

Council engaged Morrison Low to value all footpaths as at 30 June 2021. The gross replacement cost for each asset was calculated using the replacement cost approach.

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

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

### **Bulk earthworks (non-depreciable)**

This asset class contains the formation costs for roads and buildings. Buildings and sporting facilities are recognised and valued at cost and Council assumes that the carrying amount reflects the fair value of these assets.

This asset class has been recognised as non-depreciable as it is not expected that bulk earthworks will need to be renewed during the normal operational use of the assets.

Bulk earthworks were revalued as part of the valuation of Roads, Bridges and Transport assets by Morrison Low at 30 June 2021.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

### **Stormwater drainage**

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

The gross replacement cost for each asset was calculated using the current replacement cost 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 as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Other Heavy and civil engineering construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

### **Water supply network**

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

## E2-1 Fair value measurement (continued)

Council engaged external consultants 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 current replacement cost 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.

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

### **Sewerage network**

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

Council engaged external consultants 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 current replacement cost approach. Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

### **Swimming pools**

Assets within this class are comprised of ocean baths, swimming pools and associated structures.

The gross replacement cost approach will be utilised to value this asset class. This approach estimates the gross replacement cost based on current replacement cost approach. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition.

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

Council engaged Scott Fullarton Valuation Pty Ltd to value swimming pool assets as at 30 June 2022.

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

### **Other open space/recreational assets**

This asset class is comprised of life guard towers, tennis courts, athletics tracks, picnic shelters, playground equipment, skate parks, fencing and sporting facilities.

Council engaged Scott Fullarton Valuations to value Open Space and Recreational assets as at 30 June 2022. This asset class will be valued using the current replacement cost approach.

Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition. Asset conditions are determined by field inspections using ratings of 1 (Excellent) to 5 (Very Poor).

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

Council engaged Scott Fullarton Valuation Pty Ltd to value this asset class as at 30 June 2022.

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

### **Library books**

Assets included in this asset class consist of library books, journals, magazines, CDs and DVDs which are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. There are no major variances between the fair value and carrying amount of these assets and these assets are disclosed at fair value in the notes.

Whilst these assets are recognised at cost with supporting supplier invoices (observable input) the remaining significant inputs (useful life, pattern of consumption and asset condition) are unobservable and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

### **Other assets**

Other assets include miscellaneous assets which are recognised and valued at cost including the Heritage Collection which comprises artwork and sculptures. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

**E2-1 Fair value measurement (continued)**

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The replacement cost or insured value approach will be utilised to value other assets. Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption and asset condition and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

**Tip asset**

This asset class includes the tip cells at Council's Waste Facilities which is recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the item. Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

## E2-1 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.

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant and equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Furniture and fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Crown and Community land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land under Roads	Market-based direct comparison	Extent and impact of use, market cost of land per square metre, restrictions
Land improvements	Cost approach	Pattern of consumption, useful life and residual value
Buildings	Market / cost approach	Current replacement cost of equivalent asset using componentisation, asset condition, remaining life and residual value.
Other structures	Cost approach	Useful life, pattern of consumption and asset condition
Roads	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bridges	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Footpaths	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bulk earthworks	Cost approach	Useful life, pattern of consumption and asset condition
Stormwater drainage	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Water supply network	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Sewerage network	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Swimming pools	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Open space / recreational	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Other infrastructure	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Library books	Cost approach	Useful life, pattern of consumption and asset condition

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### E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other	Cost approach	Useful life, pattern of consumption and asset condition
Tip assets	Cost approach	Pattern of consumption and useful life

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## E2-1 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	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>49,808</b>	58,069	<b>7,675</b>	9,737	<b>9,300</b>	9,221	<b>424,488</b>	422,992
Transfers from/(to) another asset class	3,698	823	1,852	-	769	-	-	-
Purchases (GBV)	1,378	3,111	-	681	-	1,614	-	335
Disposals (WDV)	(2,368)	(4,008)	(160)	(1)	(162)	(158)	-	(232)
Depreciation and impairment	(8,112)	(8,187)	(2,809)	(2,742)	(1,269)	(1,377)	-	-
Revaluation decrements to Income Statement	(350)	-	(1)	-	-	-	-	-
Revaluation increments / (decrements) to Equity (ARR)	-	-	-	-	-	-	140,428	1,393
<b>Closing balance</b>	<b>44,054</b>	49,808	<b>6,557</b>	7,675	<b>8,638</b>	9,300	<b>564,916</b>	424,488

\$ '000	Land under Roads		Tip assets		Land improvements		Buildings	
	2022	2021	2022	2021	2022	2021 Restated	2022	2021
<b>Opening balance</b>	<b>2,149</b>	1,586	<b>20,976</b>	20,153	<b>31,569</b>	29,767	<b>446,408</b>	471,634
Transfers from/(to) another asset class	-	-	3,796	-	(7,198)	3,768	9,485	(7,378)
Purchases (GBV)	-	-	-	3,517	-	-	6,285	14,140
Disposals (WDV)	-	-	-	-	(14)	-	(976)	(639)
Depreciation and impairment	-	-	(2,242)	(2,694)	(2,032)	(1,966)	(13,142)	(13,731)
Revaluation decrements to Income Statement	-	-	-	-	(5,426)	-	(24)	-
Revaluation increments / (decrements) to Equity (ARR)	-	563	-	-	899	-	70,766	(17,620)
<b>Closing balance</b>	<b>2,149</b>	2,149	<b>22,530</b>	20,976	<b>17,798</b>	31,569	<b>518,800</b>	446,406

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
<b>Opening balance</b>	<b>34,949</b>	30,665	<b>1,413,609</b>	1,392,762	<b>40,442</b>	43,074	<b>143,112</b>	99,193
Transfers from/(to) another asset class	(21,535)	6,441	382	44,126	1	129	31	10,403
Purchases (GBV)	-	-	-	6,958	-	-	-	1,846
Disposals (WDV)	(897)	(17)	-	(5,957)	-	(75)	-	-
Depreciation and impairment	(3,126)	(2,140)	(33,165)	(36,369)	(773)	(618)	(3,152)	(2,532)
Revaluation decrements to Income Statement	(3,158)	-	-	-	-	-	-	-
Revaluation increments / (decrements) to Equity (ARR)	396	-	106,243	12,069	3,051	(2,068)	10,764	34,202
<b>Closing balance</b>	<b>6,629</b>	34,949	<b>1,487,069</b>	1,413,609	<b>42,721</b>	40,442	<b>150,755</b>	143,112

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## E2-1 Fair value measurement (continued)

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
<b>Opening balance</b>	<b>352,645</b>	386,921	<b>1,087,282</b>	1,016,080	<b>1,213,434</b>	1,038,680	<b>1,386,713</b>	1,412,491
Transfers from/(to) another asset class	-	4,928	259	9,951	47,077	33,702	-	44,127
Purchases (GBV)	-	486	-	9,931	-	-	-	-
Disposals (WDV)	-	-	-	(35)	-	(994)	-	(1,385)
Depreciation and impairment	-	-	(11,924)	(14,569)	(29,591)	(24,401)	(33,396)	(32,748)
Revaluation increments / (decrements) to Equity (ARR)	<b>27,119</b>	(39,690)	<b>96,391</b>	65,924	<b>70,533</b>	166,447	<b>77,546</b>	(35,772)
<b>Closing balance</b>	<b>379,764</b>	352,645	<b>1,172,008</b>	1,087,282	<b>1,301,453</b>	1,213,434	<b>1,430,863</b>	1,386,713

\$ '000	Swimming pools		Open space / recreational		Other infrastructure		Library books	
	2022	2021	2022	2021 Restated	2022	2021 Restated	2022	2021
<b>Opening balance</b>	<b>4,922</b>	5,137	<b>133,817</b>	121,863	<b>30,391</b>	32,595	<b>1,886</b>	2,187
Transfers from/(to) another asset class	2,001	13	22,374	14,660	2,462	(727)	711	-
Purchases (GBV)	-	118	-	5,162	-	167	-	509
Disposals (WDV)	-	-	(723)	-	(15)	-	-	-
Depreciation and impairment	(951)	(346)	(4,639)	(7,868)	(2,433)	(1,644)	(607)	(810)
Revaluation decrements to Income Statement	(46)	-	(792)	-	(132)	-	-	-
Revaluation increments / (decrements) to Equity (ARR)	<b>1,486</b>	-	<b>3,964</b>	-	<b>3,391</b>	-	-	-
<b>Closing balance</b>	<b>7,412</b>	4,922	<b>154,001</b>	133,817	<b>33,664</b>	30,391	<b>1,790</b>	1,886

\$ '000	Other		Total	
	2022	2021 Restated	2022	2021 Restated
<b>Opening balance</b>	<b>1,199</b>	858	<b>6,836,772</b>	<b>6,605,665</b>
Transfers from/(to) another asset class	(1,617)	(2,625)	64,548	162,341
Purchases (GBV)	-	2,134	7,663	50,709
Disposals (WDV)	(135)	-	(5,450)	(13,501)
Depreciation and impairment	(236)	(173)	(153,799)	(154,915)
Revaluation decrements to Income Statement	-	-	(9,929)	-
Revaluation increments / (decrements) to Equity (ARR)	<b>4,688</b>	1,005	<b>617,665</b>	<b>186,473</b>
<b>Closing balance</b>	<b>3,899</b>	1,199	<b>7,357,470</b>	<b>6,836,772</b>

## Highest and best use

The following non-financial assets of Council are being utilised for purposes that do not generate commercial revenues:

## Community based assets

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

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

Futhermore, Council 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 Council.

### E3-1 Contingencies

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

#### CONTINGENT LIABILITIES

##### 1. Guarantees

###### (i) Defined benefit plan

Council 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 for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

###### *Description of the funding arrangements.*

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current future service employer contribution rates are::

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

\* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

###### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

### E3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2022 was \$1,939,072.21. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$1,138,909.80.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 3.42%.

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

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.5% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the pooled employers.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2022.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) Other guarantees

Council has provided no other guarantees other than those listed above.

### 2. Other liabilities

#### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

#### Contaminated lands

Council is required by law to remediate its contaminated sites. The projected costs associated with this remediation are provided for within the financial statements at Note C3-5 and are based on certain estimates and assumptions. Prior to remediation works being carried out, monitoring works are required to manage site risks while post remediation there is a period

### E3-1 Contingencies (continued)

of validation to ensure that the remediation has been successful. These costs are included within the projections provided for within the financial statements at Note C3-5. Post remediation and validation, Council will continue to monitor each site for at least an additional 10 years. This monitoring will vary between each site and cannot be reliably estimated at this time however may approximate \$917,178. This estimate is based on the current 2021-2022 tendered rates to complete the annual monitoring works of of \$91,717 multiplied by 10 years.

#### **Waste Remediation**

In 2018-2019 Council made notifications to the NSW Environmental Protection Authority (NSW EPA) under Section 60 of the *Contaminated Land Management Act 1997* for six retired landfill sites. In March 2020 Council was advised that three of these sites (Hylton Moore Oval, Frost Reserve and Adcock Park) are significant enough to warrant regulation under the *Contaminated Land Management Act 1997*. In August 2020 the NSW EPA approved Council's Voluntary Management Proposals for each of these three sites. In 2020-2021 the community consultation plans and site management plans were completed and the detailed site investigation stage commenced. The estimated cost to undertake the detailed site investigations and their review by NSW EPA accredited contaminated site auditor across all three sites, as scheduled for 2022-2023 is an additional \$762,500 and this has been fully provided for within the financial statements at Note C3-5. At this stage there is no reliable way to estimate the cost of any further remediation activities that may be required at these sites.

#### **Legal Expenses**

The Council is a party to a number of legal proceedings in various jurisdictions. All known costs have been recognised, however as the various legal proceedings are still in progress, it is not possible to estimate the ultimate financial impact. For example, legal costs that the Council may be awarded, or ordered to pay; and other financial penalties that may be imposed, subject to the powers of the Court or Tribunal in the relevant jurisdiction.

**F People and relationships****F1 Related party disclosures****F1-1 Key management personnel (KMP)**

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Compensation:</b>		
Short-term benefits	2,516	3,329
Other long-term benefits	257	387
Termination benefits	847	776
<b>Total</b>	<b>3,620</b>	<b>4,492</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

### F1-1 Key management personnel (KMP) (continued)

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

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances including commitments	Terms and conditions	provision on outstanding balances	Impairment expense
<b>2022</b>						
Supply of apprentices and support services	1	-	-	7 days	-	-
Insurance services	2	-	-	7 days	-	-
<b>2021</b>						
Supply of apprentices and support services	1	25	-	7 days	-	-
Insurance services	2	3,227	-	7 days	-	-

1 On 1 October 2019 Council entered into a new 3 year contract with Central Coast Group Training Limited, a company which is controlled by a member of the KMP of Council. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable based on 7 day terms for the duration of the contract. The KMP to which this contract was tied did not hold a key management role during the financial year ended 30 June 2022.

2 The Council paid for insurance services during the year from Statewide Mutual, a company which has a member of Council's KMP as an elected Board Member. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms. The KMP to which this directorship was tied did not hold a key management role during the financial year ended 30 June 2022.



Central Coast Council | Notes to the Financial Statements 30 June 2022

### F1-2 Councillor, Mayoral and Administrator fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor, Mayoral and Administrator fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	-	39
Councillors' fees	-	175
Councillors' expenses (including Mayor)	-	36
Interim Administrator /Administrator fee	<u>320</u>	<u>209</u>
<b>Total</b>	<b><u>320</u></b>	<b><u>459</u></b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

**F1-3 Other related parties**

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	impairment provision on outstanding balances	Impairment expense
<b>2022</b>						
Funding and in-kind support services 2021	1	970	-	Funding and support services provided in line with the funding agreement	-	-
Funding and in-kind support services	1	1,016	-	Funding and support services provided in line with the funding agreement	-	-
1	The former Wyong Shire Council entered into a funding and service level agreement with The Art House, Wyong Shire Performing Arts and Conference Centre Limited in 2016 to provide funding and in-kind services.					

Central Coast Council | Notes to the Financial Statements 30 June 2022

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

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

Audit and review of financial statements <sup>1</sup>

	700	670
<b>Total Auditor-General remuneration</b>	<b>700</b>	<b>670</b>

#### Non NSW Auditor-General audit firms

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

Audit and review of financial statements

	-	100
Other audit and assurance services	39	-
<b>Remuneration for audit and other assurance services</b>	<b>39</b>	<b>100</b>

##### (ii) Non-assurance services

Other services

	12	11
<b>Total audit fees</b>	<b>751</b>	<b>781</b>

(1) Total disclosed in current year relates to prior year external audit

Central Coast Council | Notes to the Financial Statements 30 June 2022

**G Other matters****G1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>106,071</b>	<b>17,747</b>
<b>Add / (less) non-cash items:</b>		
Depreciation, amortisation and impairment	157,409	157,567
(Gain) / loss on disposal of assets	(21,587)	7,052
Non-cash capital grants and contributions	(8,288)	(27,268)
Investments classified as 'at fair value'	13,097	(561)
– Interest-free advances made by Council (deferred debtors)	–	294
Impairment of assets	11,632	–
Unwinding of discount rates on reinstatement provisions	1,816	566
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(4,107)	19,679
Increase / (decrease) in provision for impairment of receivables	1,345	(639)
(Increase) / decrease of inventories	(106)	243
(Increase) / decrease of other current assets	(240)	2,482
Increase / (decrease) in payables	1,225	(5,172)
Increase / (decrease) in other accrued expenses payable	7,953	(20,735)
Increase / (decrease) in other liabilities	1,868	2,397
Increase / (decrease) in contract liabilities	(867)	2,785
Increase / (decrease) in employee benefit provision	(2,304)	(5,276)
Increase / (decrease) in other provisions	2,377	(2,429)
<b>Net cash provided from operating activities</b>	<b>267,294</b>	<b>148,732</b>

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

Other dedications	7,661	27,098
<b>Total non-cash financing and investing activities</b>	<b>7,661</b>	<b>27,098</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	5,186	338
Land and buildings	7,114	1,254
Technology	180	674
Tip assets	2,123	8,118
Stormwater Management infrastructure	3,007	159
Open Space infrastructure	2,062	1,283
Road infrastructure	7,509	2,480
Sewerage and water infrastructure	35,323	13,488
<b>Total commitments</b>	<b>62,504</b>	<b>27,794</b>

### Details of capital commitments

Major projects to continue next year include:

- \* Water Treatment Plant Major Upgrade - Mardi
- \* Sewer infrastructure reinforcements - Gosford CBD
- \* Sewer Reactive and Program Planning - Region Wide
- \* Gosford Regional Library and Innovation Hub
- \* Ocean Beach and Rawson Rd - Intersection Upgrade
- \* Del Monte Pl - Road Upgrade
- \* Sewerage System Low Pressure Installation - South Tacoma
- \* Plant & Fleet Vehicles - Acquisitions
- \* Road Resealing Program 21-22

## G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## G4 Changes from prior year statements

### G4-1 Correction of errors

#### Nature of prior period error - 1 July 2020

##### Adjustment to Intangible Assets (note C1-9) and IPPE (note C1-8)

The IPPE balance at 30 June 2021 incorrectly included an amount of \$10.314M in relation to capitalised work in progress costs which related to Intangible Assets. These costs were incurred prior to 1 July 2020 and are now transferred from Infrastructure, Property, Plant and Equipment as at that date.

##### Adjustment to Opening IPPE (note C1-8) and Opening Accumulated Surplus

i) At 30 June 2022 an external revaluation of all Community Recreation Services (CRS) assets was undertaken. During the revaluation process 1,180 previously unaccounted assets were identified with a net book value (NBV) of \$43.561M. Council has determined that these assets were in existence prior to 1 July 2020.

The annual depreciation expense attributable to the \$43.561M found assets is \$3.106M. The 2 year total of \$6.210M has been grossed up against the NBV as at 30 June 2022.

ii) At 30 June 2022 Council undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all road related assets, drainage, water and sewer assets. During this process a number of found and disposed assets that had not been accounted for previously were identified:

- Road related assets - Increased GBV \$21.317M giving rise to an increase in NBV of \$16.848M
- Drainage assets - decreased GBV (\$14.724M) giving rise to a decrease in NBV of (\$14.551M)
- Water Supply assets - decreased GBV (\$12.215M) giving rise to a decrease in NBV of (\$5.172M), and
- Sewer assets - decreased GBV (\$6.367M) giving rise to a decrease in NBV of (\$2.722M)

The net decrease in the NBV of the above is (\$5.598M)

Council has determined that these assets either existed or were disposed prior to 1 July 2020.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

#### Nature of prior period error - 30 June 2021

##### Adjustment to Opening IPPE (note C1-8) and Asset Revaluation Reserve

At 30 June 2022 Council undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all road related assets, drainage, water and sewer assets. During the process, inputs (including unit rates, measurements and condition assessments) for a number of assets were updated, which resulted in changes to the previous valuation. The revaluation adjustments are as follows:

- Water supply network increased valuation by \$67.488M
- Sewerage network increased valuation by \$46.921M
- Stormwater drainage increased valuation by \$9.632M
- Roads decreased valuation by \$20.892M
- Bulk earthworks decreased valuation by \$5.564M
- Bridges decreased valuation by \$3.433M
- Footpaths decreased valuation by \$0.017M

The net revaluation increase was \$94.135M

##### Adjustment to Opening IPPE (note C1-8) and Opening Accumulated Surplus

i) The annual depreciation expense of \$3.106M attributable to the \$43.561M CRS assets was adjusted for the year ended 30 June 2021

ii) The revaluation adjustment for sewerage network assets of \$46.921M (noted above) resulted in the 30 June 2021 previously reported \$7.843M revaluation decrement being reversed.

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 2020

\$ '000	As Previously Reported 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
<b>Total current assets</b>	347,765	--	347,765

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## G4-1 Correction of errors (continued)

\$ '000	As Previously Reported 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Infrastructure, property, plant and equipment	7,228,783	33,859	7,262,642
Intangible Assets	8,932	10,314	19,246
Other	110,028	-	110,028
<b>Total non-current assets</b>	<b>7,347,743</b>	<b>44,173</b>	<b>7,391,916</b>
<b>Total assets</b>	<b>7,695,508</b>	<b>44,173</b>	<b>7,739,681</b>
<b>Total current liabilities</b>	<b>217,439</b>	<b>-</b>	<b>217,439</b>
<b>Total non-current liabilities</b>	<b>282,679</b>	<b>-</b>	<b>282,679</b>
<b>Net assets</b>	<b>7,195,390</b>	<b>44,173</b>	<b>7,239,563</b>
Accumulated surplus	6,943,436	44,173	6,987,609
Revaluation reserves	251,954	-	251,954
<b>Total equity</b>	<b>7,195,390</b>	<b>44,173</b>	<b>7,239,563</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

## G4-1 Correction of errors (continued)

## Adjustments to the comparative figures for the year ended 30 June 2021

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
<b>Total current assets</b>	342,370	–	342,370
Infrastructure, property, plant and equipment	7,344,078	132,732	7,476,810
Intangible assets	19,710	10,314	30,024
Other	261,787	–	261,787
<b>Total non-current assets</b>	7,625,575	143,046	7,768,621
<b>Total assets</b>	7,967,945	143,046	8,110,991
<b>Total current liabilities</b>	187,154	–	187,154
<b>Total non-current liabilities</b>	397,462	–	397,462
<b>Net assets</b>	7,383,329	143,046	7,526,375
Accumulated surplus	6,956,445	48,911	7,005,356
Revaluation reserves	426,882	94,135	521,017
<b>Total equity</b>	7,383,329	143,046	7,526,375

## Income Statement

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
<b>Total income from continuing operations</b>	625,646	–	625,646
Depreciation and amortisation	162,303	(4,736)	157,567
Other expenses from continuing operations	450,332	–	450,332
<b>Total expenses from continuing operations</b>	612,635	(4,736)	607,899
<b>Net operating result for the year</b>	13,011	4,736	17,747

## Statement of Comprehensive Income

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
<b>Net operating result for the year</b>	13,011	4,736	17,747
Prior year adjustment to gain/(loss) on revaluation of infrastructure, property, plant and equipment	174,928	94,135	269,063
<b>Total comprehensive income for the year</b>	187,939	98,871	286,810



Central Coast Council | Notes to the Financial Statements 30 June 2022

## G5 Statement of developer contributions as at 30 June 2022

### G5-1 Summary of developer contributions

	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>\$ '000</b>								
Drainage	22,573	730	-	147	-	-	23,450	-
Roads	16,689	2,946	-	151	(471)	-	19,315	(183)
Parking	5,539	-	-	40	-	-	5,579	-
Open space	14,150	3,018	-	169	(102)	-	17,235	(841)
Community facilities	28,412	2,319	-	185	-	-	30,916	(747)
Other	482	342	-	2	(303)	-	523	-
Drainage Capital	6,967	160	-	62	-	-	7,189	-
Drainage Land	3,198	36	-	27	-	-	3,261	-
Storm Water/Flood Mitigation	1,917	226	-	18	-	-	2,161	-
Roads Capital	5,902	255	-	54	-	-	6,211	-
Roads Land	83	-	-	-	-	-	83	-
Open Space Land	7,737	161	-	68	(23)	-	7,943	-
Open Space Embellishment	1,695	467	-	15	(494)	-	1,683	-
Community Capital	7,804	241	-	70	-	-	8,115	-
Community Land	450	8	-	4	-	-	462	-
Recreation	2,497	123	-	22	-	-	2,642	-
Footpaths	724	45	-	7	-	-	776	-
Environment Protection	838	51	-	8	-	-	897	-
Towncentre Improvements	1,612	336	-	16	-	-	1,964	-
Car Parking Administration	72	-	-	1	-	-	73	-
<b>S7.11 contributions – under a plan</b>	<b>129,341</b>	<b>11,464</b>	<b>-</b>	<b>1,066</b>	<b>(1,393)</b>	<b>-</b>	<b>140,478</b>	<b>(1,771)</b>
<b>S7.12 levies – under a plan</b>	<b>17,677</b>	<b>2,254</b>	<b>-</b>	<b>151</b>	<b>(1,705)</b>	<b>-</b>	<b>18,377</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>147,018</b>	<b>13,718</b>	<b>-</b>	<b>1,217</b>	<b>(3,098)</b>	<b>-</b>	<b>158,855</b>	<b>(1,771)</b>
S7.11 not under plans	4,930	-	-	48	-	-	4,978	-
S7.4 planning agreements	5,630	-	-	40	-	-	5,670	1,771
S84 contributions - Water	1,665	4,705	293	146	(307)	-	6,209	-
S84 contributions - Sewer	19,509	2,293	334	199	(3,559)	-	18,442	-
<b>Total contributions</b>	<b>178,752</b>	<b>20,716</b>	<b>627</b>	<b>1,650</b>	<b>(6,964)</b>	<b>-</b>	<b>194,154</b>	<b>-</b>

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

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### G5-1 Summary of developer contributions (continued)

Under the *Local Government Act 1993*, Council levies S64 contributions for Water and Sewer Infrastructure assets. These contributions are outlined in the relevant Development Servicing Plans (DSPs) and in accordance with the *Water Management Act 2000*.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 5 - WEST NARARA</b>								
Drainage Capital	990	2	-	9	-	-	1,001	-
Drainage Land	122	1	-	1	-	-	124	-
Roads Capital	258	-	-	2	-	-	260	-
Open Space Land	426	-	-	4	-	-	430	-
Community Capital	377	-	-	3	-	-	380	-
Recreation	194	1	-	2	-	-	197	-
<b>Total</b>	<b>2,367</b>	<b>4</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>2,392</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 7 - NIAGARA PARK</b>								
Drainage Capital	302	-	-	2	-	-	304	-
Roads Capital	59	-	-	1	-	-	60	-
Open Space Land	41	-	-	1	-	-	42	-
Community Capital	98	-	-	1	-	-	99	-
Recreation	33	-	-	-	-	-	33	-
<b>Total</b>	<b>533</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>-</b>

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### G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 8 - LISAROW</b>								
Drainage Capital	563	1	-	5	-	-	569	-
Drainage Land	850	1	-	8	-	-	859	-
Roads Capital	610	2	-	6	-	-	618	-
Open Space Land	143	-	-	1	-	-	144	-
Community Capital	3,152	1	-	28	-	-	3,181	-
Recreation	209	-	-	1	-	-	210	-
<b>Total</b>	<b>5,527</b>	<b>5</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>5,581</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 16 - KINCUMBER</b>								
Drainage Capital	423	6	-	4	-	-	433	-
Drainage Land	53	-	-	-	-	-	53	-
Roads Capital	503	2	-	4	-	-	509	-
Open Space Land	529	1	-	5	-	-	535	-
<b>Total</b>	<b>1,508</b>	<b>9</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>1,530</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 21 - KARIONG</b>								
Drainage Capital	388	11	-	4	-	-	403	-
Roads Capital	48	5	-	1	-	-	54	-
Open Space Land	1,039	3	-	8	(23)	-	1,027	-
Community Capital	321	2	-	3	-	-	326	-
<b>Total</b>	<b>1,796</b>	<b>21</b>	<b>-</b>	<b>16</b>	<b>(23)</b>	<b>-</b>	<b>1,810</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 23 - SPRINGFIELD</b>								
Drainage Capital	44	-	-	-	-	-	44	-
Drainage Land	35	-	-	-	-	-	35	-
Roads Capital	373	-	-	4	-	-	377	-
Open Space Land	529	-	-	5	-	-	534	-
<b>Total</b>	<b>981</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>990</b>	<b>-</b>

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**G5-2 Developer contributions by plan (continued)**

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 31 - PENINSULA</b>								
Drainage Capital	3,023	140	-	27	-	-	3,190	-
Drainage Land	1,748	34	-	15	-	-	1,797	-
Roads Capital	426	54	-	4	-	-	484	-
Open Space Land	3,214	155	-	28	-	-	3,397	-
Community Land	450	8	-	4	-	-	462	-
Open Space Embellishment	732	441	-	7	(494)	-	686	-
Community Capital	1,851	138	-	17	-	-	2,006	-
<b>Total</b>	<b>11,444</b>	<b>970</b>	<b>-</b>	<b>102</b>	<b>(494)</b>	<b>-</b>	<b>12,022</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY</b>								
Other	29	-	-	-	-	-	29	-
<b>Total</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 42 - ERINA</b>								
Drainage Capital	1,234	-	-	11	-	-	1,245	-
Drainage Land	390	-	-	3	-	-	393	-
Roads Capital	524	-	-	5	-	-	529	-
Roads Land	83	-	-	-	-	-	83	-
Open Space Land	1,406	-	-	12	-	-	1,418	-
Community Capital	1,082	-	-	10	-	-	1,092	-
Recreation	1,358	-	-	12	-	-	1,370	-
<b>Total</b>	<b>6,077</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>6,130</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 43 - EAST GOSFORD (PARTIALLY REPEALED)</b>								
Roads Capital	309	8	-	2	-	-	319	-
Open Space Embellishment	793	9	-	7	-	-	809	-
Footpaths	275	12	-	3	-	-	290	-
<b>Total</b>	<b>1,377</b>	<b>29</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>1,418</b>	<b>-</b>

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Central Coast Council | Notes to the Financial Statements 30 June 2022

**G5-2 Developer contributions by plan (continued)**

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 47A - TERRIGAL</b>								
	1,917	226	-	18	-	-	2,161	-
	(4)	10	-	-	-	-	6	-
	318	25	-	3	-	-	346	-
	1,612	336	-	16	-	-	1,964	-
<b>Total</b>	<b>3,843</b>	<b>597</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>4,477</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 48 - AVOCA</b>								
	134	-	-	1	-	-	135	-
	38	-	-	-	-	-	38	-
<b>Total</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 49 - NORTH GOSFORD</b>								
	410	2	-	4	-	-	416	-
	7	7	-	-	-	-	14	-
	93	8	-	1	-	-	102	-
<b>Total</b>	<b>510</b>	<b>17</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>532</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 52 - SPRINGFIELD / ERINA CREEK</b>								
	6	-	-	-	-	-	6	-
<b>Total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 57 - JOHN WHITEWAY DRIVE (REPEALED)</b>								
	54	-	-	-	-	-	54	-
<b>Total</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 58 - ERINA FAIR</b>								
	968	14	-	9	-	-	991	-
<b>Total</b>	<b>968</b>	<b>14</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>991</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 67 - WOY WOY PARKING</b>								
	1,354	-	-	12	-	-	1,366	-
<b>Total</b>	<b>1,354</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>1,366</b>	<b>-</b>

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Central Coast Council | Notes to the Financial Statements 30 June 2022

### G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 68 - UMINA PARKING</b>								
Parking	454	-	-	4	-	-	458	-
<b>Total</b>	<b>454</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>458</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 69 - TERRIGAL PARKING</b>								
Parking	1,544	-	-	13	-	-	1,557	-
Car Parking Administration	72	-	-	1	-	-	73	-
<b>Total</b>	<b>1,616</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>1,630</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 70 - EAST GOSFORD PARKING</b>								
Parking	227	-	-	2	-	-	229	-
<b>Total</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 71 - CAR PARKING AVOCA BEACH</b>								
Parking	5	-	-	-	-	-	5	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 72 - ETTALONG CAR PARKING</b>								
Parking	117	-	-	-	-	-	117	-
<b>Total</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 98 - BENSVILLE</b>								
Roads Capital	4	-	-	-	-	-	4	-
Open Space Embellishment	33	-	-	-	-	-	33	-
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 164 - GOSFORD</b>								
Roads Capital	1,760	170	-	16	-	-	1,946	-
Community Capital	923	100	-	8	-	-	1,031	-
Recreation	703	122	-	7	-	-	832	-
Environment Protection	838	51	-	8	-	-	897	-
<b>Total</b>	<b>4,224</b>	<b>443</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>4,706</b>	<b>-</b>

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Central Coast Council | Notes to the Financial Statements 30 June 2022

**G5-2 Developer contributions by plan (continued)**

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 1 - WYONG</b>								
Drainage	2,138	35	-	12	-	-	2,185	-
Roads	2,581	36	-	14	-	-	2,631	-
Parking	1,742	-	-	9	-	-	1,751	-
Open space	2,923	89	-	17	-	-	3,029	-
Community facilities	2,618	138	-	17	-	-	2,773	500
Other	53	-	-	-	-	-	53	-
<b>Total</b>	<b>12,055</b>	<b>298</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>12,422</b>	<b>500</b>
<b>CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES</b>								
Drainage	1,328	24	-	7	-	-	1,359	-
Roads	939	1	-	5	-	-	945	-
Open space	2,900	191	-	18	-	-	3,109	325
Community facilities	2,024	160	-	14	-	230	2,428	369
Other	3	23	-	-	(23)	-	3	-
<b>Total</b>	<b>7,194</b>	<b>399</b>	<b>-</b>	<b>44</b>	<b>(23)</b>	<b>230</b>	<b>7,844</b>	<b>694</b>
<b>CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE</b>								
Drainage	5	-	-	-	-	-	5	-
Roads	3,854	448	-	21	(471)	-	3,852	-
Parking	89	-	-	-	-	-	89	-
Open space	1,946	207	-	11	-	-	2,164	-
Community facilities	885	303	-	9	-	(1,146)	51	-
<b>Total</b>	<b>6,779</b>	<b>958</b>	<b>-</b>	<b>41</b>	<b>(471)</b>	<b>(1,146)</b>	<b>6,161</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 5 - OURIMBAH</b>								
Roads	265	-	-	2	-	-	267	-
Open space	194	6	-	1	-	-	201	-
Community facilities	2,101	5	-	11	-	-	2,117	-
Other	1	1	-	-	(1)	-	1	-
<b>Total</b>	<b>2,561</b>	<b>12</b>	<b>-</b>	<b>14</b>	<b>(1)</b>	<b>-</b>	<b>2,586</b>	<b>-</b>

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Central Coast Council | Notes to the Financial Statements 30 June 2022

**G5-2 Developer contributions by plan (continued)**

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 6 - TOUKLEY</b>								
Drainage	6	-	-	-	-	-	6	-
Roads	16	-	-	-	-	-	16	-
Parking	7	-	-	-	-	-	7	-
Open space	1,116	94	-	7	-	-	1,217	106
Community facilities	2,008	97	-	11	-	-	2,116	-
<b>Total</b>	<b>3,153</b>	<b>191</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>3,362</b>	<b>106</b>
<b>CONTRIBUTION PLAN NUMBER 7 - GOROKAN</b>								
Roads	83	-	-	4	-	-	87	-
Open space	897	171	-	6	-	-	1,074	183
Community facilities	729	142	-	4	-	-	875	-
Other	3	23	-	-	(23)	-	3	-
<b>Total</b>	<b>1,712</b>	<b>336</b>	<b>-</b>	<b>14</b>	<b>(23)</b>	<b>-</b>	<b>2,039</b>	<b>183</b>
<b>CONTRIBUTION PLAN NUMBER 8 - SAN REMO</b>								
Drainage	360	2	-	2	-	-	364	-
Roads	380	18	-	6	-	-	404	-
Open space	1,258	69	-	11	-	-	1,338	-
Community facilities	44	58	-	1	-	-	103	-
Other	3	9	-	-	(9)	-	3	-
<b>Total</b>	<b>2,045</b>	<b>156</b>	<b>-</b>	<b>20</b>	<b>(9)</b>	<b>-</b>	<b>2,212</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI</b>								
Roads	86	-	-	-	-	-	86	(183)
Open space	473	72	-	2	-	-	547	-
Community facilities	995	59	-	12	-	1,146	2,212	-
Other	2	9	-	-	(9)	-	2	-
<b>Total</b>	<b>1,556</b>	<b>140</b>	<b>-</b>	<b>14</b>	<b>(9)</b>	<b>1,146</b>	<b>2,847</b>	<b>(183)</b>

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER - 13</b>								
<b>SHIRE WIDE</b>								
Open space	1,191	309	-	8	-	-	1,508	-
Community facilities	100	233	-	1	-	(230)	104	(3,071)
Other	14	45	-	-	(45)	-	14	-
<b>Total</b>	<b>1,305</b>	<b>587</b>	<b>-</b>	<b>9</b>	<b>(45)</b>	<b>(230)</b>	<b>1,626</b>	<b>(3,071)</b>
<b>CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS</b>								
Roads	2,203	830	-	13	-	-	3,046	-
Open space	852	836	-	6	(99)	-	1,595	-
Community facilities	2,770	707	-	17	-	-	3,494	-
Other	4	99	-	-	(99)	-	4	-
<b>Total</b>	<b>5,829</b>	<b>2,472</b>	<b>-</b>	<b>36</b>	<b>(198)</b>	<b>-</b>	<b>8,139</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 17 - WARNERVALE DISTRICT</b>								
Drainage	18,736	669	-	126	-	-	19,531	-
Roads	6,282	1,613	-	86	-	-	7,981	-
Open space	400	974	-	82	(3)	-	1,453	(1,455)
Community facilities	14,138	417	-	88	-	-	14,643	1,455
Other	370	133	-	2	(94)	-	411	-
<b>Total</b>	<b>39,926</b>	<b>3,806</b>	<b>-</b>	<b>384</b>	<b>(97)</b>	<b>-</b>	<b>44,019</b>	<b>-</b>
<b>S7.12 Levies – under a plan</b>								
<b>CONTRIBUTION PLAN NUMBER GCIP</b>								
Towncentre Improvements	14,047	1,438	-	130	(127)	-	15,488	-
<b>Total</b>	<b>14,047</b>	<b>1,438</b>	<b>-</b>	<b>130</b>	<b>(127)</b>	<b>-</b>	<b>15,488</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER WYONG</b>								
Other	3,630	816	-	21	(1,578)	-	2,889	-
<b>Total</b>	<b>3,630</b>	<b>816</b>	<b>-</b>	<b>21</b>	<b>(1,578)</b>	<b>-</b>	<b>2,889</b>	<b>-</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

### G5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>GOSFORD CITY IMPROVEMENT &amp; ERINA PARKING</b>								
Parking	2,934	-	-	26	-	-	2,960	-
Roads Capital	520	-	-	5	-	-	525	-
Open Space Land	599	-	-	9	-	-	608	-
Open Space Embellishment	258	-	-	2	-	-	260	-
Community Capital	536	-	-	5	-	-	541	-
Environment Protection	83	-	-	1	-	-	84	-
<b>Total</b>	<b>4,930</b>	<b>-</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>4,978</b>	<b>-</b>

Central Coast Council | Notes to the Financial Statements 30 June 2022

## G6 Statement of performance measures

## G6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicator	Benchmark
\$ '000	2022	2022	Restated 2021	
<b>1. Operating performance</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>44,932</b>	<b>7.73%</b>	(10.94)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>581,617</b>			
<b>2. Own source operating revenue</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>533,900</b>	<b>82.49%</b>	79.83%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>	<b>647,243</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>101,712</b>	<b>1.80x</b>	2.12x	> 1.50x
Current liabilities less specific purpose liabilities	<b>56,471</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>216,929</b>	<b>3.98x</b>	1.44x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	<b>54,532</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>18,374</b>	<b>4.75%</b>	5.69%	< 5.00%
Rates and annual charges collectable	<b>386,865</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus term deposits	<b>255,009</b>	<b>7.02</b>	5.00	> 3.00
Payments from cash flow of operating and financing activities	<b>36,328</b>	<b>months</b>	months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, impairment losses on receivables, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Central Coast Council | Notes to the Financial Statements 30 June 2022

### G6-2 Statement of performance measures by fund

\$ '000	General Indicators		Water Indicators		Sewer Indicators Restated		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	<b>10.83%</b>	(11.20)%	<b>(8.06)%</b>	(19.33)%	<b>4.90%</b>	(2.07)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1,2</sup>							
<b>2. Own source operating revenue</b>							
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>79.34%</b>	75.72%	<b>88.92%</b>	89.27%	<b>94.39%</b>	94.19%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>4.65x</b>	1.93x	<b>No liabilities</b>	No liabilities	<b>No liabilities</b>	(0.22)x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1,2</sup>	<b>8.01x</b>	1.96x	<b>1.34x</b>	0.96x	<b>3.20x</b>	1.14x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>3.74%</b>	4.89%	<b>8.27%</b>	9.27%	<b>8.97%</b>	8.36%	< 5.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year cash and cash equivalents plus term deposits	<b>6.74 months</b>	5.09 months	<b>1.89 months</b>	0.17 months	<b>13.87 months</b>	10.79 months	> 3.00 months
Payments from cash flow of operating and financing activities							

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets, and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies.

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, impairment losses on receivables, net loss on disposal of assets, and net loss on share of interest in joint ventures and associates using the equity method.

**End of the audited financial statements**



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Central Coast Council

To the Administrators of Central Coast Council

### Opinion

I have audited the accompanying financial statements of Central Coast Council (the Council), which comprise the Statement by Administrator and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

I am independent of the Council 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 councils
- 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 audit opinion.

### **Other Information**

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements, special schedules (the Schedules) and the general purpose financial statements of the Central Coast Council Water Supply Authority.

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. However, I have separately expressed an opinion on the:

- special purpose financial statements and Special Schedule - Permissible income for general rates as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the Government Sector Audit Act 1983.

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.

I have nothing to report in this regard.

### **The Administrators' 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 the *Local Government Act 1993*, 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 Council'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 Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis  
Delegate of the Auditor-General for New South Wales

28 February 2023  
SYDNEY





Mr Rik Hart  
Administrator  
Central Coast Council  
2 Hely Street  
WYONG NSW 2259

Contact: Caroline Karakatsanis  
Phone no: 02 9275 7143  
Our ref: D2302477/1710

28 February 2023

Dear Administrator

### Report on the Conduct of the Audit for the year ended 30 June 2022 Central Coast Council

I have audited the general purpose financial statements (GPFS) of the Central Coast Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

### SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

#### High risk matters

The following high risk matters of governance interest were identified during my audit. High risk matters have high consequences and are likely to occur.

Risk assessment	Matter
High	<p><b>Fair value assessment of Infrastructure, Property, Plant and Equipment (IPPE) asset classes not subject to comprehensive revaluations (repeat issue)</b></p> <p>Council's initial fair value assessment of IPPE did not consider the most relevant data/indices resulting in subsequent material adjustments to the financial statements. Management's quality review on the fair value assessments could be improved. The timeliness and quality of certain key documentation on IPPE also requires improvement.</p>
High	<p><b>Quality and timeliness of financial reporting (repeat issue)</b></p> <p>While noting improvements in the quality and timeliness of the financial statements and supporting workpapers provided to audit, the financial statements required amendments to correct material monetary misstatements and disclosure deficiencies. Council can further improve the timeliness and internal quality review process of the financial statements prior to submitting to the audit team (specifically for IPPE).</p>

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## INCOME STATEMENT

### Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	365.8	331.7	↑ 10.3
Grants and contributions revenue	113.3	126.1	↓ 10.2
Operating result from continuing operations	106.1	17.7	↑ 499.4
Net operating result before capital grants and contributions	40.4	(66.0)	↑ 161.2

\* The 2021 comparatives have been restated to correct a prior period error.

Rates and annual charges revenue (\$365.8 million) increased by \$34.1 million (10.3%) in 2021–22 mainly due to Council obtaining a special rate variation of 13% applied to general rates.

The Council's operating result from continuing operations \$106.1 million (including depreciation and amortisation expense of \$169.0 million) was \$88.4 million higher than the 2020–21 result. The increase is primarily due to the following:

- increase in rates and annual charges by \$34.1 million as described above
- decrease in employee benefits and on-cost expenses by \$59.8 million mainly due to lower staff numbers during 2021–22
- increase in net gain from the disposal of assets by \$21.6 million due to properties sold as part of Council's asset sales program during the year
- increase in other expenses by \$14.7 million due to fair value decrement on investments.

The net operating result before capital grants and contributions (\$40.4 million) was \$106.4 million higher than the 2020–21 result.

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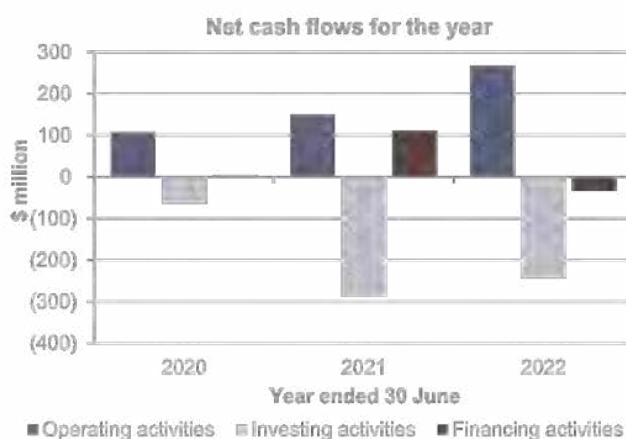
## STATEMENT OF CASH FLOWS

The Council reported a decrease in cash and cash equivalents from \$65.7 million at 30 June 2021 to \$55.0 million at 30 June 2022. However, total cash, cash equivalents and investment balances not subject to external restrictions increased from \$83.0 million at 30 June 2021 to \$221.2 million at 30 June 2022.

Cash flows from operating activities increased by \$118.6 million mainly due to increase in rates and annual charges by \$35.7 million due to of special variation of 13% and deduction of employee and material and service costs by \$100.6 million.

Cash flow from investing activities decreased by \$43.1 million mainly due to cash proceeds from sale of assets of \$51.8 million in the current year, slightly offset by decrease in capital expenditure from the previous financial year.

Cash flow from financing activities was negative this year due to repayment of instalments on loans, obtained during the last financial year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>652.1</b>	<b>484.4</b>	Externally restricted cash and investments are restricted in their use by externally imposed requirements.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are balances allocated for a specific use by way of a Council resolution.
• External restrictions	430.9	401.5	At 30 June 2022, Council reported a positive cash and investments balance, after external restrictions, of \$221.2 million (\$83 million in 2021). Externally restricted balances mainly comprise developer contributions, domestic waste management and the Water Supply Authority related funds.
• Internal allocations	93.5	94.0	Internal allocations were \$93.5 million in 2022 (\$94 million in 2021).

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**Debt**

Council had total borrowings of \$313.3 million as at 30 June 2022 and decreased by \$33.9 million from the previous financial year.

The Council has bank overdraft facilities of \$0.5 million which remained unused as at 30 June 2022.

**PERFORMANCE**

**Performance measures**

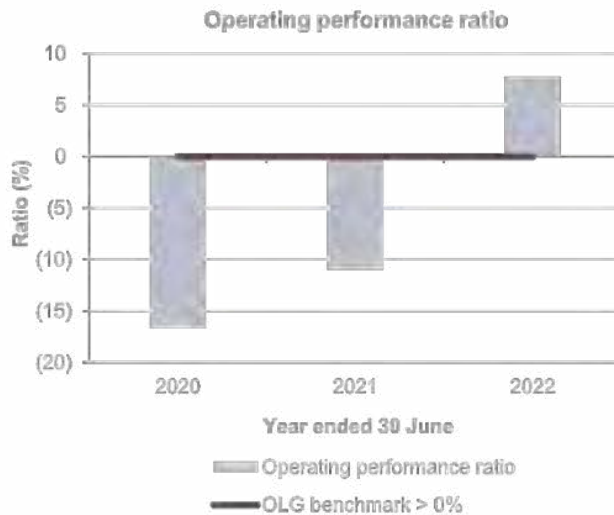
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

**Operating performance ratio**

The Council met the OLG benchmark for the current financial year, compared to not meeting the benchmark in 2021 and 2020.

The 2021 ratio was restated to correct a prior period error.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

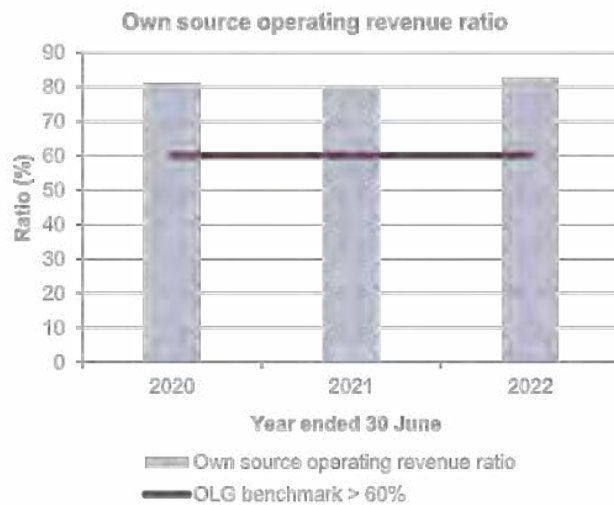


**Own source operating revenue ratio**

The Council continued to meet the OLG benchmark in the current financial year.

The 2021 ratio was restated to correct a prior period error.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60%.

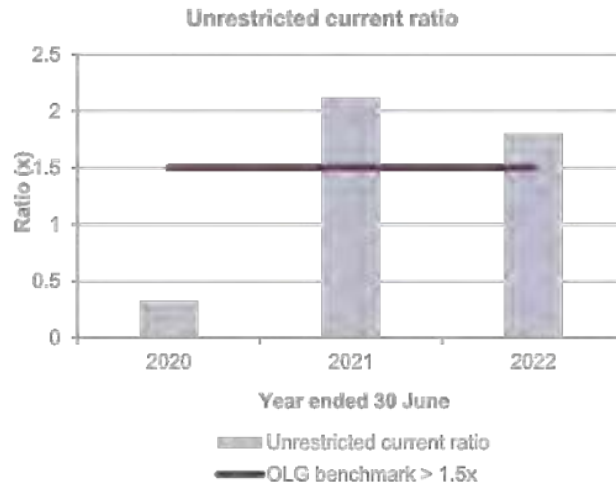


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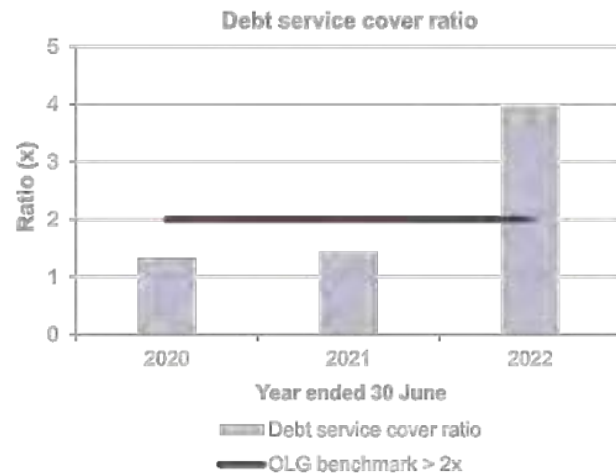
**Unrestricted current ratio**

The Council met the OLG benchmark for the last two financial years. The 2021 ratio was restated to correct a prior period. The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



**Debt service cover ratio**

The Council met the OLG benchmark for the current financial year compared to not meeting the benchmark in the prior two financial years. The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



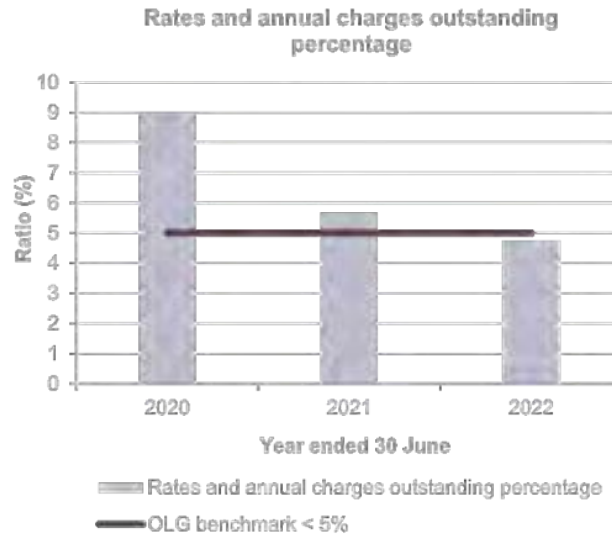
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**Rates and annual charges outstanding percentage**

The Council met the OLG benchmark for the current financial year.

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.

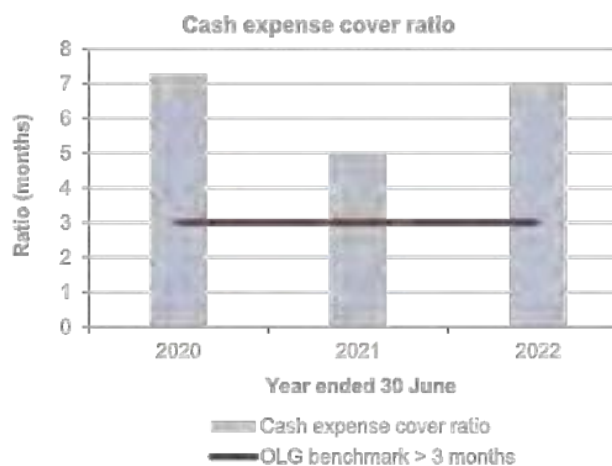


**Cash expense cover ratio**

The Council continued to meet the OLG benchmark in the current financial year.

The 2021 ratio was restated to correct a prior period error.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



**Infrastructure, property, plant and equipment renewals**

Asset additions were \$122.4 million in 2021-22, compared to \$176.5 million in the prior year. Of this amount, \$6.3million was spent on roads and \$1.4 million on plant and equipment.

The Council did not separately disclose asset renewals in the GPFS.

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## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

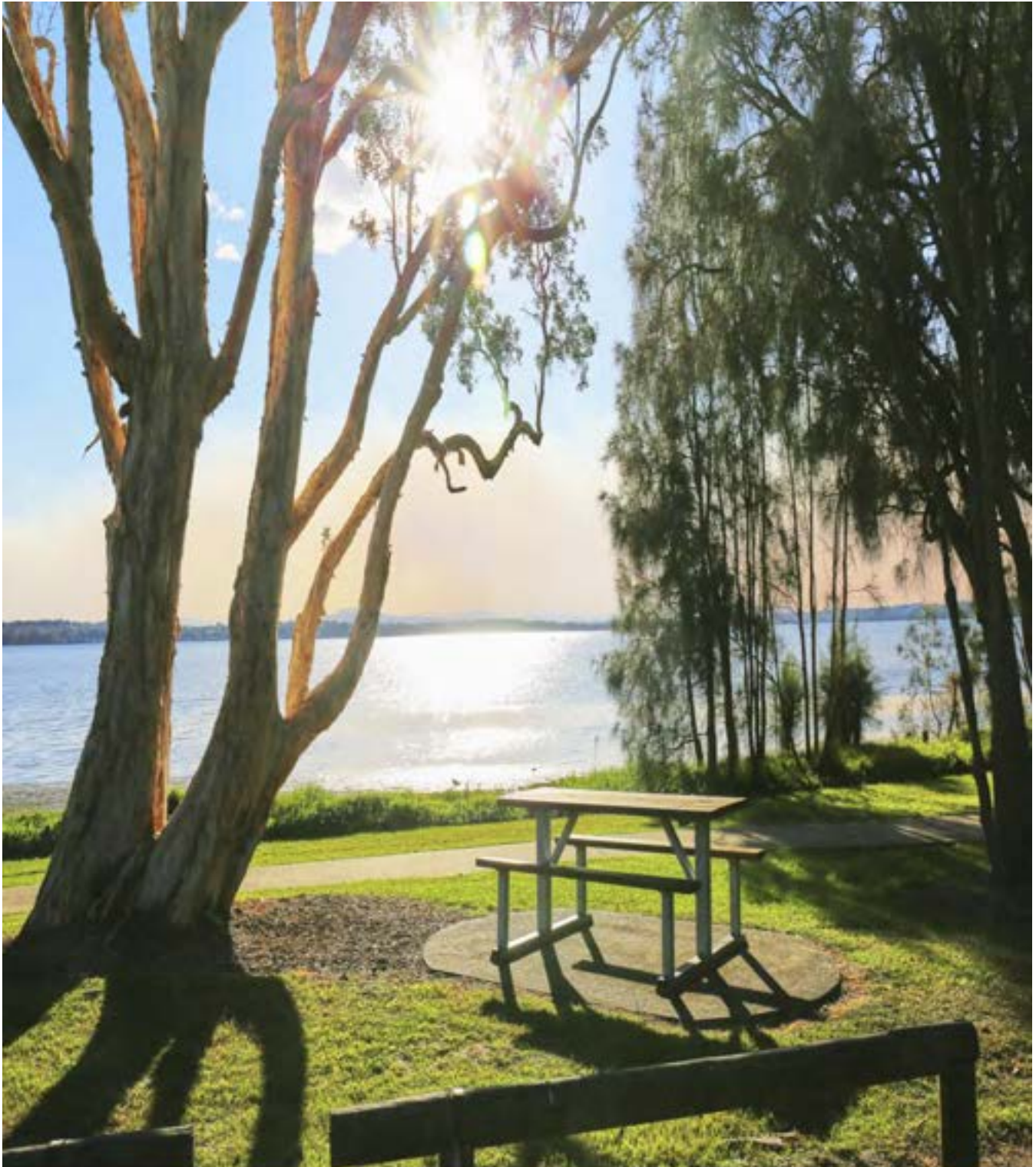
- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'C. Karakatsanis'.

Caroline Karakatsanis  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: David Farmer, Chief Executive Officer  
Carl Millington, Chair of Audit, Risk and Improvement Committee



# Special Purpose Statements

Central Coast Council

1 July 2021 to 30 June 2022



## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

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**Background**

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities), and (c) those activities with a turnover of less than \$2 million that Council has formally declared as a business activity (defined as Category 2 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

**Central Coast Council****Special Purpose Financial Statements**

for the year ended 30 June 2022

**Statement by Administrator and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting****The attached Special Purpose Financial Statements have been prepared in accordance with :**

- NSW Government Policy Statement *Application of National Competition Policy to Local Government*,
- Division of Local Government Guidelines *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*,
- The Local Government Code of Accounting Practice and Financial Reporting,
- The NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records, and
- present overhead reallocation charges to businesses as fair and reasonable.

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 28 February 2023.**

Rik Hart  
**Administrator**  
28 February 2023



David Farmer  
**Chief Executive Officer**  
28 February 2023



Emma Galea  
**Responsible Accounting Officer**  
28 February 2023

Central Coast Council | Income Statement of water supply business activity | for the year ended 30 June 2022

## Central Coast Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021 <sup>1</sup> Restated
<b>Income from continuing operations</b>		
Access charges	12,212	11,930
User charges	55,925	55,803
Fees	1,788	1,833
Interest and investment income	318	315
Grants and contributions provided for operating purposes	34	3
Other income	5	7
<b>Total income from continuing operations</b>	<b>70,282</b>	<b>69,891</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	12,562	16,877
Borrowing costs	7,776	9,559
Materials and services	24,581	31,192
Depreciation, amortisation and impairment	30,815	24,783
Water purchase charges	369	982
Net loss from the disposal of assets	-	994
Calculated taxation equivalents	680	646
Other expenses	52	2
<b>Total expenses from continuing operations</b>	<b>76,835</b>	<b>85,035</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(6,553)</b>	<b>(15,144)</b>
Grants and contributions provided for capital purposes	8,718	8,398
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,165</b>	<b>(6,746)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,165</b>	<b>(6,746)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	-	-
<b>Surplus (deficit) after tax</b>	<b>2,165</b>	<b>(6,746)</b>
<b>Opening accumulated surplus</b>	<b>945,655</b>	<b>951,755</b>
<b>Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	680	646
<b>Closing accumulated surplus</b>	<b>948,500</b>	<b>945,655</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>(0.4)%</b>
<b>Subsidy from Council</b>	<b>49,814</b>	<b>24,509</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,165	(6,746)
Less: capital grants and contributions (excluding developer contributions)	(8,718)	(8,398)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

(1) The reconciliation of water supply assets performed in 2021-22 between the Technical Asset Register and the Fixed Asset Register at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment and Opening Accumulated Surplus.

Central Coast Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

## Central Coast Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021 <sup>1</sup> Restated
<b>Income from continuing operations</b>		
Access charges	57,850	54,866
User charges	16,607	16,228
Liquid trade waste charges	2,766	2,136
Fees	1,050	1,161
Interest and investment income	2,026	2,250
Grants and contributions provided for operating purposes	21	462
Net gain from the disposal of assets	9	–
Other income	106	59
<b>Total income from continuing operations</b>	<b>80,435</b>	<b>77,162</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	13,090	17,877
Borrowing costs	2,684	4,783
Materials and services	26,676	30,634
Depreciation, amortisation and impairment	34,035	33,208
Net loss from the disposal of assets	–	1,385
Calculated taxation equivalents	236	239
Other expenses	3,021	–
<b>Total expenses from continuing operations</b>	<b>79,742</b>	<b>88,126</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>693</b>	<b>(10,964)</b>
Grants and contributions provided for capital purposes	4,759	4,267
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,452</b>	<b>(6,697)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,452</b>	<b>(6,697)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(173)	–
<b>Surplus (deficit) after tax</b>	<b>5,279</b>	<b>(6,697)</b>
<b>Opening accumulated surplus</b>	<b>1,487,104</b>	<b>1,493,562</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	236	239
– Corporate taxation equivalent	173	–
<b>Closing accumulated surplus</b>	<b>1,492,792</b>	<b>1,487,104</b>
<b>Return on capital %</b>	<b>0.2%</b>	<b>(0.4)%</b>
<b>Subsidy from Council</b>	<b>52,178</b>	<b>34,745</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,279	(6,697)
Less: capital grants and contributions (excluding developer contributions)	(4,759)	(4,267)
<b>Surplus for dividend calculation purposes</b>	<b>520</b>	<b>–</b>
<b>Dividend calculated from surplus</b>	<b>260</b>	<b>–</b>

(1) The reconciliation of sewerage assets performed in 2021-22 between the Technical Asset Register and Fixed Asset Register identified a number of found and disposed assets that had not been accounted for previously. The adjustment to revalued sewer assets also resulted in the reversal of the \$7.843M revaluation decrement reported at 30 June 2021. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council | Income Statement – Drainage | for the year ended 30 June 2022

## Central Coast Council

## Income Statement – Drainage

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 <sup>1</sup> Category 1 Restated
<b>Income from continuing operations</b>		
Annual charges	15,610	15,008
Interest and investment income	65	29
Grants and contributions provided for operating purposes	62	242
<b>Total income from continuing operations</b>	<b>15,737</b>	<b>15,279</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,591	1,465
Borrowing costs	477	568
Materials and services	5,169	7,059
Depreciation, amortisation and impairment	13,652	14,574
Net loss from the disposal of assets	–	35
Calculated taxation equivalents	77	74
Other expenses	32	–
<b>Total expenses from continuing operations</b>	<b>20,998</b>	<b>23,775</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(5,261)</b>	<b>(8,496)</b>
Grants and contributions provided for capital purposes	2,403	11,967
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,858)</b>	<b>3,471</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,858)</b>	<b>3,471</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,858)</b>	<b>3,471</b>
<b>Opening accumulated surplus</b>	<b>1,010,229</b>	<b>1,006,684</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	77	74
<b>Closing accumulated surplus</b>	<b>1,007,448</b>	<b>1,010,229</b>
<b>Return on capital %</b>	<b>(0.4)%</b>	<b>(0.7)%</b>
<b>Subsidy from Council</b>	<b>49,121</b>	<b>24,613</b>

(1) The reconciliation of drainage assets performed in 2021-22 between the Technical Asset Register and Fixed Asset Register at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment and Opening Accumulated Surplus.

Central Coast Council | Income Statement – Holiday Parks | for the year ended 30 June 2022

## Central Coast Council

## Income Statement – Holiday Parks

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	10,682	11,583
<b>Total income from continuing operations</b>	<b>10,682</b>	<b>11,583</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	260	181
Materials and services	7,445	8,239
Depreciation, amortisation and impairment	543	676
Net loss from the disposal of assets	53	30
Calculated taxation equivalents	284	285
Other expenses	468	663
<b>Total expenses from continuing operations</b>	<b>9,053</b>	<b>10,074</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,629</b>	<b>1,509</b>
Grants and contributions provided for capital purposes	10	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,639</b>	<b>1,509</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,639</b>	<b>1,509</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(407)	(392)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,232</b>	<b>1,117</b>
<b>Opening accumulated surplus</b>	<b>32,328</b>	<b>28,928</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	284	285
– Corporate taxation equivalent	407	392
– Subsidy paid/contribution to operations	469	1,606
<b>Closing accumulated surplus</b>	<b>34,720</b>	<b>32,328</b>
<b>Return on capital %</b>	<b>7.0%</b>	<b>7.5%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

Central Coast Council | Income Statement – Leisure Centres | for the year ended 30 June 2022

## Central Coast Council

## Income Statement – Leisure Centres

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	4,501	6,450
Other income	363	467
<b>Total income from continuing operations</b>	<b>4,864</b>	<b>6,917</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,127	6,470
Materials and services	3,905	3,419
Depreciation, amortisation and impairment	2,153	1,485
Net loss from the disposal of assets	7	–
Calculated taxation equivalents	451	506
<b>Total expenses from continuing operations</b>	<b>11,643</b>	<b>11,880</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(6,779)</b>	<b>(4,963)</b>
Grants and contributions provided for capital purposes	–	570
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(6,779)</b>	<b>(4,393)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(6,779)</b>	<b>(4,393)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(6,779)</b>	<b>(4,393)</b>
<b>Opening accumulated surplus</b>	<b>41,658</b>	<b>38,372</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	451	506
– Subsidy payable/contribution to operations by Council	5,822	7,173
<b>Closing accumulated surplus</b>	<b>41,152</b>	<b>41,658</b>
<b>Return on capital %</b>	<b>(14.2)%</b>	<b>(10.2)%</b>
<b>Subsidy from Council</b>	<b>8,527</b>	<b>5,685</b>

Central Coast Council | Income Statement – Child Care | for the year ended 30 June 2022

## Central Coast Council

## Income Statement – Child Care

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	7,215	6,952
Grants and contributions provided for operating purposes	630	930
Other income	1	11
<b>Total income from continuing operations</b>	<b>7,846</b>	<b>7,893</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,845	6,873
Borrowing costs	22	13
Materials and services	2,145	2,275
Depreciation, amortisation and impairment	376	158
Net loss from the disposal of assets	10	–
Calculated taxation equivalents	300	350
<b>Total expenses from continuing operations</b>	<b>8,698</b>	<b>9,669</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(852)</b>	<b>(1,776)</b>
Grants and contributions provided for capital purposes	8	81
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(844)</b>	<b>(1,695)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(844)</b>	<b>(1,695)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(844)</b>	<b>(1,695)</b>
<b>Opening accumulated surplus</b>	<b>6,571</b>	<b>(828)</b>
Plus/less: other adjustments (prior year subsidy payable by Council)	–	–
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	300	350
– Subsidy payable/contribution to operations by Council	873	8,744
<b>Closing accumulated surplus</b>	<b>6,900</b>	<b>6,571</b>
<b>Return on capital %</b>	<b>(10.3)%</b>	<b>(22.1)%</b>
<b>Subsidy from Council</b>	<b>1,124</b>	<b>1,882</b>



Central Coast Council | Income Statement – Commercial Waste | for the year ended 30 June 2022

## Central Coast Council

## Income Statement – Commercial Waste

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
Annual charges	4,167	4,090
Interest and investment income	8	2
<b>Total income from continuing operations</b>	<b>4,175</b>	<b>4,092</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	19	–
Materials and services	1,535	2,321
Other expenses	2,300	2,834
<b>Total expenses from continuing operations</b>	<b>3,854</b>	<b>5,155</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>321</b>	<b>(1,063)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>321</b>	<b>(1,063)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>321</b>	<b>(1,063)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(80)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>241</b>	<b>(1,063)</b>
<b>Opening accumulated surplus</b>	<b>461</b>	<b>549</b>
<b>Adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	80	–
– Subsidy paid/contribution to operations	(807)	975
<b>Closing accumulated surplus</b>	<b>(25)</b>	<b>461</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>1,063</b>

Central Coast Council | Income Statement – Building Certification | for the year ended 30 June 2022

## Central Coast Council

### Income Statement – Building Certification

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>Income from continuing operations</b>		
Fees	866	1,960
Other income	4	7
<b>Total income from continuing operations</b>	<b>870</b>	<b>1,967</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,153	3,481
Materials and services	901	1,153
Calculated taxation equivalents	52	99
<b>Total expenses from continuing operations</b>	<b>3,106</b>	<b>4,733</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,236)</b>	<b>(2,766)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,236)</b>	<b>(2,766)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,236)</b>	<b>(2,766)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,236)</b>	<b>(2,766)</b>
<b>Opening accumulated surplus</b>	<b>(1,282)</b>	<b>(1,375)</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	52	99
– Subsidy payable/contribution to operations by Council	2,408	2,760
<b>Closing accumulated surplus</b>	<b>(1,058)</b>	<b>(1,282)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>2,236</b>	<b>2,766</b>

Central Coast Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021 <sup>1</sup> Restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,576	65
Investments	8,375	1,232
Receivables	19,060	20,673
Other	69	112
<b>Total current assets</b>	<b>29,080</b>	<b>22,082</b>
<b>Non-current assets</b>		
Investments	547	547
Receivables	227	230
Infrastructure, property, plant and equipment	1,394,454	1,332,369
<b>Total non-current assets</b>	<b>1,395,228</b>	<b>1,333,146</b>
<b>Total assets</b>	<b>1,424,308</b>	<b>1,355,228</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	62	7,188
Provisions	731	511
Payables	7,685	4,487
Borrowings	12,845	18,309
Employee benefit provisions	4,362	4,552
<b>Total current liabilities</b>	<b>25,685</b>	<b>35,047</b>
<b>Non-current liabilities</b>		
Contract liabilities	2,254	-
Provisions	1,102	851
Borrowings	130,174	137,345
Employee benefit provisions	-	189
<b>Total non-current liabilities</b>	<b>133,530</b>	<b>138,385</b>
<b>Total liabilities</b>	<b>159,215</b>	<b>173,432</b>
<b>Net assets</b>	<b>1,265,093</b>	<b>1,181,796</b>
<b>EQUITY</b>		
Accumulated surplus	948,500	945,656
IPPE revaluation reserves	316,593	236,140
<b>Total equity</b>	<b>1,265,093</b>	<b>1,181,796</b>

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register and revaluation of water supply assets during the current financial year for assets at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021 <sup>1</sup> Restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	9,631	9,301
Investments	51,165	51,059
Receivables	16,314	9,544
Other	69	110
<b>Total current assets</b>	<b>77,179</b>	<b>70,014</b>
<b>Non-current assets</b>		
Investments	78,734	78,734
Receivables	10,035	10,453
Infrastructure, property, plant and equipment	1,517,895	1,442,702
<b>Total non-current assets</b>	<b>1,606,664</b>	<b>1,531,889</b>
<b>Total assets</b>	<b>1,683,843</b>	<b>1,601,903</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	109	73
Provisions	1,025	1,231
Payables	6,054	2,451
Borrowings	3,080	10,947
Employee benefit provisions	4,383	4,086
<b>Total current liabilities</b>	<b>14,651</b>	<b>18,788</b>
<b>Non-current liabilities</b>		
Contract liabilities	944	1,005
Provisions	826	1,380
Borrowings	34,799	37,879
Employee benefit provisions	-	187
<b>Total non-current liabilities</b>	<b>36,569</b>	<b>40,451</b>
<b>Total liabilities</b>	<b>51,220</b>	<b>59,239</b>
<b>Net assets</b>	<b>1,632,623</b>	<b>1,542,664</b>
<b>EQUITY</b>		
Accumulated surplus	1,492,792	1,487,105
IPPE revaluation reserves	139,831	55,559
<b>Total equity</b>	<b>1,632,623</b>	<b>1,542,664</b>

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register, and revaluation of sewerage assets during the current financial year for assets at 30 June 2021, identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council | Statement of Financial Position – Drainage | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Drainage

as at 30 June 2022

\$ '000	2022 Category 1	2021 <sup>1</sup> Category 1 Restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	30	11
Investments	158	61
Receivables	2,947	1,613
<b>Total current assets</b>	<b>3,135</b>	<b>1,685</b>
<b>Non-current assets</b>		
Investments	95	95
Receivables	1	1
Infrastructure, property, plant and equipment	1,211,380	1,115,369
Intangible assets	–	1,703
<b>Total non-current assets</b>	<b>1,211,476</b>	<b>1,117,168</b>
<b>Total assets</b>	<b>1,214,611</b>	<b>1,118,853</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	227	109
Payables	1,626	891
Borrowings	26,423	28,331
Employee benefit provisions	98	74
<b>Total current liabilities</b>	<b>28,374</b>	<b>29,405</b>
<b>Non-current liabilities</b>		
Contract liabilities	1,304	1,260
Borrowings	7,398	8,118
Employee benefit provisions	–	4
<b>Total non-current liabilities</b>	<b>8,702</b>	<b>9,382</b>
<b>Total liabilities</b>	<b>37,076</b>	<b>38,787</b>
<b>NET ASSETS</b>	<b>1,177,535</b>	<b>1,080,066</b>
<b>EQUITY</b>		
Accumulated surplus	1,007,448	1,010,235
IPPE revaluation reserves	170,087	69,831
<b>Total equity</b>	<b>1,177,535</b>	<b>1,080,066</b>

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register, and revaluation of drainage assets during the current financial year for assets at 30 June 2021, identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus

Central Coast Council | Statement of Financial Position – Holiday Parks | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Holiday Parks

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	14,721	14,604
Receivables	107	162
<b>Total current assets</b>	<b>14,828</b>	<b>14,766</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	23,221	20,036
<b>Total non-current assets</b>	<b>23,221</b>	<b>20,036</b>
<b>Total assets</b>	<b>38,049</b>	<b>34,802</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	1,992	1,723
Payables	1,279	713
Employee benefit provisions	58	38
<b>Total current liabilities</b>	<b>3,329</b>	<b>2,474</b>
<b>Non-current liabilities</b>		
<b>Total non-current liabilities</b>	-	-
<b>Total liabilities</b>	<b>3,329</b>	<b>2,474</b>
<b>NET ASSETS</b>	<b>34,720</b>	<b>32,328</b>
<b>EQUITY</b>		
Accumulated surplus	34,720	32,328
<b>Total equity</b>	<b>34,720</b>	<b>32,328</b>

Central Coast Council | Statement of Financial Position – Leisure Centres | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Leisure Centres

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	-	-
Receivables	-	24
<b>Total current assets</b>	<b>-</b>	<b>24</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	47,772	48,473
<b>Total non-current assets</b>	<b>47,772</b>	<b>48,473</b>
<b>Total assets</b>	<b>47,772</b>	<b>48,497</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	29	37
Payables	113	191
Employee benefit provisions	990	1,061
<b>Total current liabilities</b>	<b>1,132</b>	<b>1,289</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	-	62
<b>Total non-current liabilities</b>	<b>-</b>	<b>62</b>
<b>Total liabilities</b>	<b>1,132</b>	<b>1,351</b>
<b>NET ASSETS</b>	<b>46,640</b>	<b>47,146</b>
<b>EQUITY</b>		
Accumulated surplus	41,152	41,658
IPPE Revaluation reserves	5,488	5,488
<b>Total equity</b>	<b>46,640</b>	<b>47,146</b>

Central Coast Council | Statement of Financial Position – Child Care | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Child Care

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	190	171
<b>Total current assets</b>	<b>190</b>	<b>171</b>
<b>Non-current assets</b>		
Right of use assets	415	–
Infrastructure, property, plant and equipment	8,044	7,986
<b>Total non-current assets</b>	<b>8,459</b>	<b>7,986</b>
<b>Total assets</b>	<b>8,649</b>	<b>8,157</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	60	153
Payables	96	223
Employee benefit provisions	1,123	1,142
<b>Total current liabilities</b>	<b>1,279</b>	<b>1,518</b>
<b>Non-current liabilities</b>		
Lease liabilities	470	–
Employee benefit provisions	–	68
<b>Total non-current liabilities</b>	<b>470</b>	<b>68</b>
<b>Total liabilities</b>	<b>1,749</b>	<b>1,586</b>
<b>NET ASSETS</b>	<b>6,900</b>	<b>6,571</b>
<b>EQUITY</b>		
Accumulated surplus	6,900	6,571
<b>Total equity</b>	<b>6,900</b>	<b>6,571</b>



Central Coast Council | Statement of Financial Position – Commercial Waste | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Commercial Waste

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	112	690
<b>Total current assets</b>	<b>112</b>	<b>690</b>
<b>Non-current assets</b>		
Receivables	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>112</b>	<b>690</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	-	9
Payables	137	220
<b>Total current liabilities</b>	<b>137</b>	<b>229</b>
<b>Non-current liabilities</b>		
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>137</b>	<b>229</b>
<b>NET ASSETS</b>	<b>(25)</b>	<b>461</b>
<b>EQUITY</b>		
Accumulated surplus / (deficit)	(25)	461
<b>Total equity</b>	<b>(25)</b>	<b>461</b>

Central Coast Council | Statement of Financial Position – Building Certification | for the year ended 30 June 2022

## Central Coast Council

## Statement of Financial Position – Building Certification

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
<b>Total current assets</b>	—	—
<b>Non-current assets</b>		
<b>Total non-current assets</b>	—	—
<b>Total assets</b>	—	—
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	1,058	1,242
<b>Total current liabilities</b>	1,058	1,242
<b>Non-current liabilities</b>		
Employee benefit provisions	—	40
<b>Total non-current liabilities</b>	—	40
<b>Total liabilities</b>	1,058	1,282
<b>NET ASSETS</b>	<b>(1,058)</b>	<b>(1,282)</b>
<b>EQUITY</b>		
Accumulated deficit	(1,058)	(1,282)
<b>Total equity</b>	<b>(1,058)</b>	<b>(1,282)</b>

## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows. These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the *Local Government Act 1993 (NSW)*, the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

*(where gross operating turnover is over \$2 million)*

##### a. Water supplies

Water catchment, treatment and supply.

##### b. Sewerage services

Sewerage collection, treatment and disposal.

##### c. Stormwater drainage services

Provide and maintain stormwater drainage services.

##### d. Commercial waste management

Collection and disposal of commercial waste.

##### e. Care and Education

Provision of child care services.

##### f. Holiday Parks

Provision of holiday parks.

##### g. Leisure Centres

Provision of leisure centres.

#### Category 2

*(where gross operating turnover is less than \$2 million)*

##### a. Building Certification

Provision of building certification services.

## Note – Significant Accounting Policies (continued)

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 25% (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts 0%. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of 2.0% applies.

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

**Note – Significant Accounting Policies (continued)**

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Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

**(iii) Dividends**

Council is not required to pay dividends to either itself as owner of a range of businesses, or to any external entities.

A local government water supply and sewerage businesses is permitted to pay annual dividends from their water supply or sewerage business surpluses.

Each dividend must be calculated and approved in accordance with the DPIE - Water guidelines and must not exceed:

- 50% of the relevant surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to DPIE - Water.

**End of Audited Special Purpose Financial Statements.**



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Central Coast Council

To the Administrator of Central Coast Council

### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Central Coast Council's (the Council) Declared Business Activities, which comprise the Statement by Administrator and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Drainage
- Holiday Parks
- Leisure Centres
- Child Care
- Commercial Waste
- Building Certification

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

### Basis for Opinion

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

I am independent of the Council 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 the auditor of councils
- 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 audit opinion.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

### **Other Information**

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator 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 and Special Schedules (the Schedules), and the general purpose financial statements of the Central Coast Council Water Supply Authority.

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. However, I have separately expressed an opinion on the:

- general purpose financial statements and Special Schedule 'Permissible income for general rates' of the Council as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the *Government Sector Audit Act 1983*.

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.

I have nothing to report in this regard.

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

The Administrator is responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Administrator's responsibility also includes 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 Council'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:

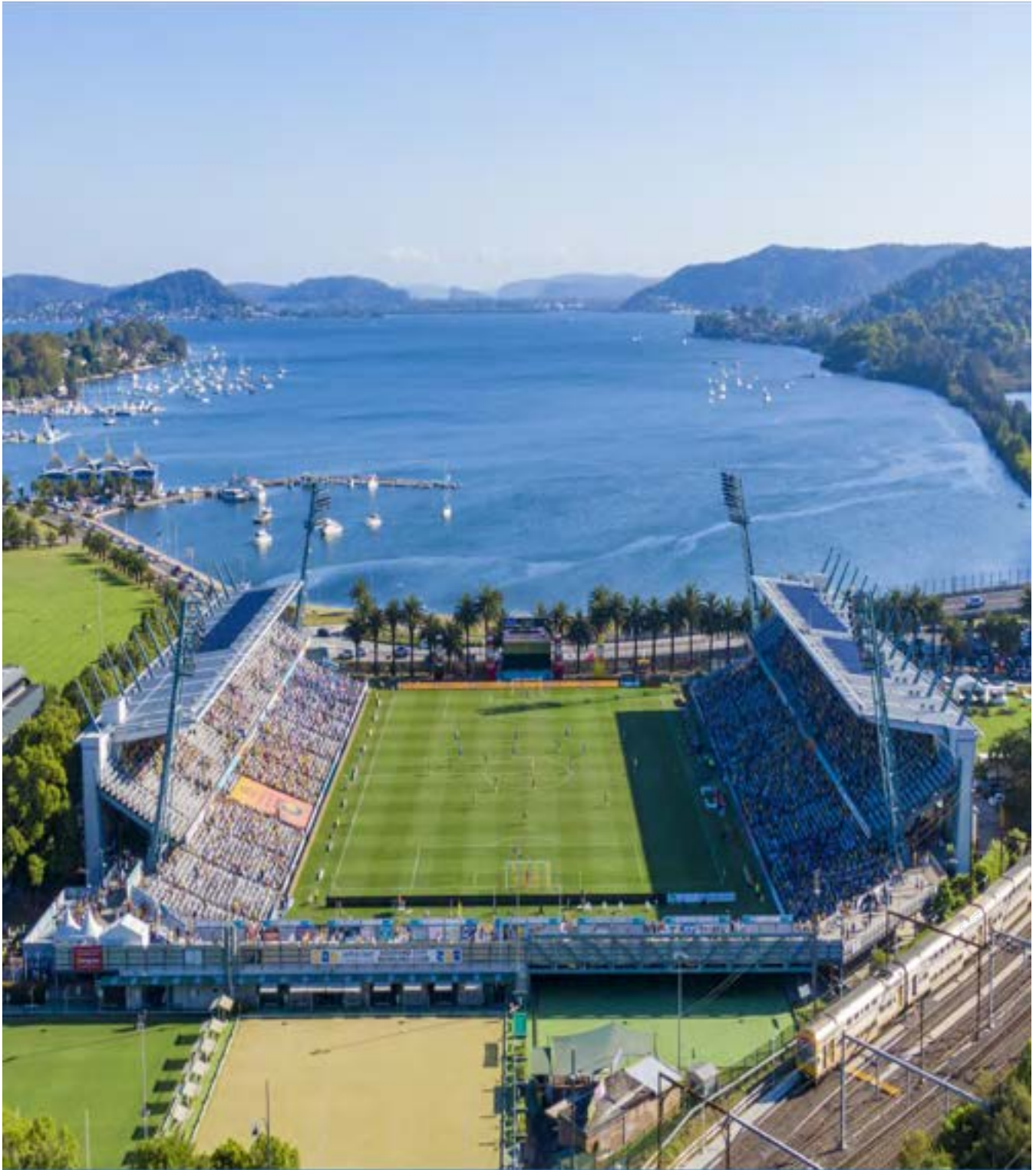
- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from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



Caroline Karakatsanis  
Delegate of the Auditor-General for New South Wales

28 February 2023  
SYDNEY





# Special Schedules

Central Coast Council

1 July 2021 to 30 June 2022

**Central Coast Council****Special Schedules**for the year ended 30 June 2022

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<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	4

Central Coast Council | Permissible income for general rates | for the year ended 30 June 2022

## Central Coast Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	175,459	202,333
Plus or minus adjustments <sup>2</sup>	b	474	476
<b>Notional general income</b>	c = a + b	<b>175,933</b>	<b>202,809</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	13.00%	0.00%
Rate peg percentage	e	2.00%	1.00%
Plus special variation amount	h = d x (c + g)	22,871	–
plus rate peg amount	i = e x (c + g)	3,519	2,028
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>202,323</b>	<b>204,837</b>
Plus (or minus) last year's carry forward total	l	481	1,394
Less valuation objections claimed in the previous year	m	(9)	(1,378)
<b>Sub-total</b>	n = (j + m)	<b>472</b>	<b>16</b>
<b>Total permissible income</b>	o = k + n	<b>202,795</b>	<b>204,853</b>
Less notional general income yield	p	202,333	203,182
<b>Catch-up or (excess) result</b>	q = o – p	<b>461</b>	<b>1,671</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	1,378	1
Less unused catch-up <sup>5</sup>	s	(445)	–
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>1,394</b>	<b>1,672</b>

## Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Central Coast Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Central Coast Council

### Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings	1,761	1,761	19,294	4,204	518,800	918,779	15.0%	60.7%	23.3%	1.0%	0.0%
	<b>Sub-total</b>	<b>1,761</b>	<b>1,761</b>	<b>19,294</b>	<b>4,204</b>	<b>518,800</b>	<b>918,779</b>	<b>15.0%</b>	<b>60.7%</b>	<b>23.3%</b>	<b>1.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	159	159	133	–	6,629	8,888	21.6%	55.4%	12.7%	10.2%	0.1%
	<b>Sub-total</b>	<b>159</b>	<b>159</b>	<b>133</b>	<b>–</b>	<b>6,629</b>	<b>8,888</b>	<b>21.6%</b>	<b>55.4%</b>	<b>12.7%</b>	<b>10.2%</b>	<b>0.1%</b>
<b>Roads</b>	Sealed roads	78,501	78,501	10,845	7,988	1,042,417	1,446,012	53.8%	25.5%	12.8%	2.9%	5.0%
	Unsealed roads	–	–	151	111	22,414	30,195	47.6%	42.6%	9.8%	0.0%	0.0%
	Bridges	2,820	2,820	1,423	1,048	42,720	71,144	8.9%	46.0%	37.5%	6.9%	0.7%
	Footpaths	3,968	3,968	5,032	3,706	150,755	251,588	13.4%	31.1%	52.5%	3.0%	0.0%
	Other road assets	12,094	12,094	7,055	5,197	422,238	705,524	14.8%	26.5%	55.5%	2.9%	0.3%
	Bulk earthworks	–	–	–	–	379,764	379,764	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>97,383</b>	<b>97,383</b>	<b>24,506</b>	<b>18,050</b>	<b>2,060,309</b>	<b>2,884,227</b>	<b>32.5%</b>	<b>23.6%</b>	<b>25.6%</b>	<b>2.6%</b>	<b>15.8%</b>
<b>Water supply network</b>	Water supply network	29,872	29,872	32,337	12,626	1,301,964	2,368,038	5.0%	37.1%	51.4%	6.0%	0.5%
	<b>Sub-total</b>	<b>29,872</b>	<b>29,872</b>	<b>32,337</b>	<b>12,626</b>	<b>1,301,453</b>	<b>2,368,038</b>	<b>5.0%</b>	<b>37.1%</b>	<b>51.4%</b>	<b>6.0%</b>	<b>0.5%</b>
<b>Sewerage network</b>	Sewerage network	28,613	28,613	15,980	17,655	1,429,777	2,452,714	13.5%	21.4%	58.7%	6.3%	0.1%
	<b>Sub-total</b>	<b>28,613</b>	<b>28,613</b>	<b>15,980</b>	<b>17,655</b>	<b>1,430,863</b>	<b>2,452,714</b>	<b>13.5%</b>	<b>21.4%</b>	<b>58.7%</b>	<b>6.3%</b>	<b>0.1%</b>
<b>Stormwater drainage</b>	Stormwater drainage	13,155	13,155	8,525	3,286	1,172,008	1,704,934	19.2%	33.3%	45.7%	0.6%	1.2%
	<b>Sub-total</b>	<b>13,155</b>	<b>13,155</b>	<b>8,525</b>	<b>3,286</b>	<b>1,172,008</b>	<b>1,704,934</b>	<b>19.2%</b>	<b>33.3%</b>	<b>45.7%</b>	<b>0.6%</b>	<b>1.2%</b>
<b>Open space / recreational assets</b>	Swimming pools	35	35	281	718	7,412	9,366	0.0%	97.9%	0.0%	2.1%	0.0%
	Open Space/Recreational Assets	4,205	4,205	3,069	1,397	154,001	204,623	20.5%	57.1%	14.0%	7.1%	1.3%
	<b>Sub-total</b>	<b>4,240</b>	<b>4,240</b>	<b>3,350</b>	<b>2,115</b>	<b>161,413</b>	<b>213,989</b>	<b>19.6%</b>	<b>58.9%</b>	<b>13.4%</b>	<b>6.9%</b>	<b>1.2%</b>
<b>Other infrastructure assets</b>	Other	375	375	662	90	33,664	44,133	8.4%	75.1%	13.8%	1.8%	0.9%
	<b>Sub-total</b>	<b>375</b>	<b>375</b>	<b>662</b>	<b>90</b>	<b>33,664</b>	<b>44,133</b>	<b>8.4%</b>	<b>75.1%</b>	<b>13.8%</b>	<b>1.8%</b>	<b>0.9%</b>
	<b>Total – all assets</b>	<b>175,558</b>	<b>175,558</b>	<b>104,787</b>	<b>58,026</b>	<b>6,685,139</b>	<b>10,595,702</b>	<b>17.9%</b>	<b>31.8%</b>	<b>41.8%</b>	<b>3.8%</b>	<b>4.6%</b>

<sup>(a)</sup> Required maintenance is the amount identified in Council's asset management plans.

continued on next page ...

Page 4 of 8

**Central Coast Council****Report on infrastructure assets as at 30 June 2022 (continued)**

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**Infrastructure asset condition assessment 'key'**

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Central Coast Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Central Coast Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

	Amounts	Indicator	Indicator Restated	Benchmark
\$ '000	2022	2022	2021	
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<b>97,718</b>	<b>57.29%</b>	122.60%	>= 100.00%
Depreciation, amortisation and impairment	<b>170,581</b>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>175,558</b>	<b>2.63%</b>	2.59%	< 2.00%
Net carrying amount of infrastructure assets	<b>6,685,138</b>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<b>58,026</b>	<b>55.38%</b>	82.51%	> 100.00%
Required asset maintenance	<b>104,787</b>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<b>175,558</b>	<b>1.66%</b>	1.74%	
Gross replacement cost	<b>10,595,702</b>			

(\*) All asset performance indicators are calculated using classes identified in the previous table.

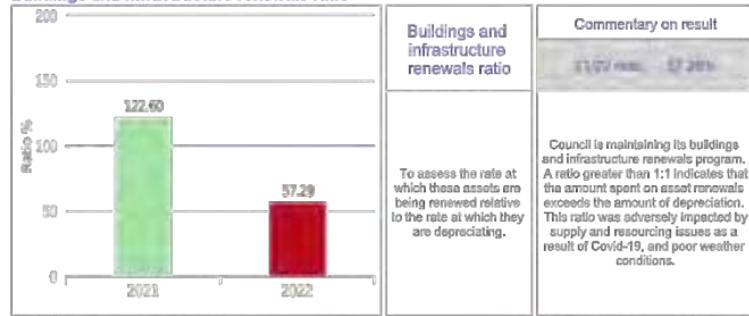
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Central Coast Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

Central Coast Council

Report on infrastructure assets as at 30 June 2022

Buildings and Infrastructure renewals ratio



Benchmark: —  $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
Ratio is outside benchmark (Red)

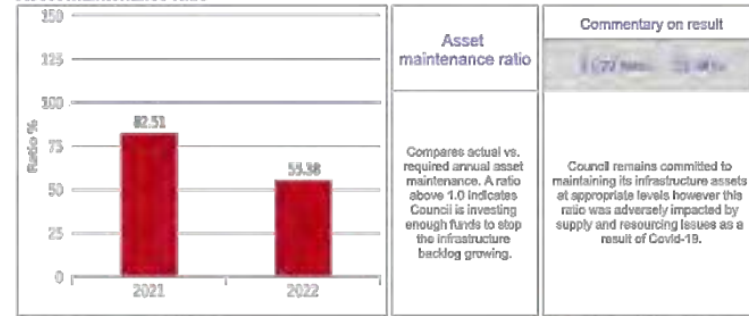
**Buildings and infrastructure renewals ratio**

**Commentary on result**  
2021: 122.60% | 2022: 57.29%

Council is maintaining its buildings and infrastructure renewals program. A ratio greater than 1:1 indicates that the amount spent on asset renewals exceeds the amount of depreciation. This ratio was adversely impacted by supply and resourcing issues as a result of Covid-19, and poor weather conditions.

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Asset maintenance ratio



Benchmark: —  $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
Ratio is outside benchmark (Red)

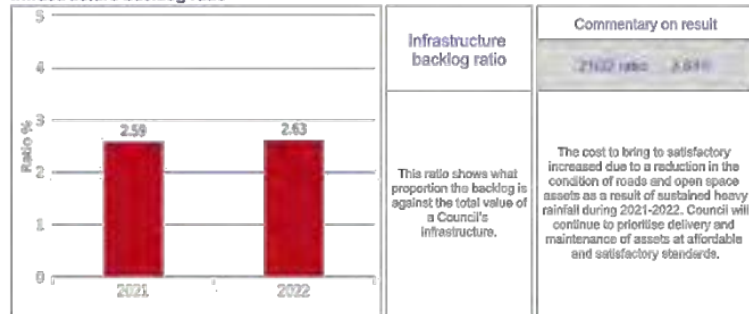
**Asset maintenance ratio**

**Commentary on result**  
2021: 82.51% | 2022: 59.38%

Compare actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Council remains committed to maintaining its infrastructure assets at appropriate levels however this ratio was adversely impacted by supply and resourcing issues as a result of Covid-19.

Infrastructure backlog ratio



Benchmark: —  $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
Ratio is outside benchmark (Red)

**Infrastructure backlog ratio**

**Commentary on result**  
2021: 2.59% | 2022: 2.63%

The cost to bring to satisfactory increased due to a reduction in the condition of roads and open space assets as a result of sustained heavy rainfall during 2021-2022. Council will continue to prioritise delivery and maintenance of assets at affordable and satisfactory standards.

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

**Commentary on result**  
2021: 1.74% | 2022: 1.66%

This is the estimated cost to return those assets currently rated as less than excellent condition to an excellent condition. As Council has yet not completed community consultation to determine the agreed service levels, this estimate is equal to the cost to bring to satisfactory.

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

## Central Coast Council

### Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)							
\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>Buildings and Infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>50.49%</b>	210.38%	<b>38.67%</b>	0.00%	<b>56.21%</b>	0.00%	>= 100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>2.99%</b>	1.89%	<b>2.27%</b>	5.78%	<b>1.98%</b>	1.71%	< 2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>49.78%</b>	68.92%	<b>38.75%</b>	71.21%	<b>106.63%</b>	145.61%	> 100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>2.05%</b>	1.37%	<b>1.25%</b>	3.72%	<b>1.15%</b>	1.00%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.





## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Central Coast Council

To the Administrator of Central Coast Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Central Coast Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

I am independent of the Council 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 councils
- precluding the Auditor-General from providing non-audit services.

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

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

**Other Information**

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Administrator 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, special purpose financial statements, Special Schedule 'Report on infrastructure assets as at 30 June 2022', and the general purpose financial statements of the Central Coast Council Water Supply Authority.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, I have separately expressed an opinion on the:

- general purpose financial statements and the special purpose financial statements of the Council as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the *Government Sector Act 1983*.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule 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.

I have nothing to report in this regard.

**The Administrator' Responsibilities for the Schedule**

The Administrator is responsible for the preparation of the Schedule in accordance with the LG Code. The Administrator' responsibility also includes such internal control as the Administrator determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Administrator is responsible for assessing the Council'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 Schedule**

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is 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 Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

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

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Caroline Karakatsanis  
Delegate of the Auditor-General for New South Wales

28 February 2023  
SYDNEY



# Financial Reports Water Supply Authority

Central Coast Council

1 July 2021 to 30 June 2022

## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements

for the year ended 30 June 2022

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#### **Overview**

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

2 Hely Sreet, Wyong NSW 2259

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 2022

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**Statement by the Administrator and Chief Executive Officer****The attached general purpose financial statements have been prepared in accordance with:**

- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board

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

- present fairly the Council's operating result and financial position for the year
- accord with Council'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 28 February 2023.**

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Rik Hart  
**Administrator**  
28 February 2023



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David Farmer  
**Chief Executive Officer**  
28 February 2023



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Emma Galea  
**Responsible Accounting Officer**  
28 February 2023

Central Coast Council - Water Supply Authority | Income Statement | for the year ended 30 June 2022

## Central Coast Council - Water Supply Authority

### Income Statement

for the year ended 30 June 2022

\$ '000	Notes	Actual 2022	Restated Actual 2021
<b>Income from continuing operations</b>			
Annual charges	B1-1	85,670	81,804
User charges and fees	B1-2	78,136	77,161
Other revenues	B1-3	112	65
Grants and contributions provided for operating purposes	B1-4	117	708
Grants and contributions provided for capital purposes	B1-4	15,879	24,630
Interest and investment income	B1-5	1,959	2,125
Net gain from the disposal of assets	B3-1	9	-
<b>Total income from continuing operations</b>		<b>181,882</b>	<b>186,493</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	B2-1	27,242	36,218
Materials and services	B2-2	56,794	69,866
Borrowing costs	B2-3	10,489	14,439
Depreciation, amortisation and impairment of non-financial assets	B2-4	78,501	72,556
Other expenses	B2-5	3,102	3
Net loss from the disposal of assets	B3-1	-	2,413
<b>Total expenses from continuing operations</b>		<b>176,128</b>	<b>195,495</b>
<b>Net operating result for the year attributable to Central Coast Council Water Supply Authority</b>		<b>5,754</b>	<b>(9,002)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(10,125)</b>	<b>(33,632)</b>

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 2022

## Central Coast Council - Water Supply Authority

### Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
<b>Net operating result for the year – from Income Statement</b>		<b>5,754</b>	<b>(9,002)</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>264,965</u>	<u>210,500</u>
<b>Total other comprehensive income for the year</b>		<b><u>264,965</u></b>	<b><u>210,500</u></b>
<b>Total comprehensive income for the year attributable to Central Coast Council Water Supply Authority</b>		<b><u>270,719</u></b>	<b><u>201,498</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 | for the year ended 30 June 2022

## Central Coast Council - Water Supply Authority

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	11,236	9,377	52,160
Investments	C1-2	59,696	52,352	108,614
Receivables	C1-4	37,900	31,435	44,181
Other	C1-7	138	222	161
<b>Total current assets</b>		<b>108,970</b>	<b>93,386</b>	<b>205,116</b>
<b>Non-current assets</b>				
Investments	C1-2	79,376	79,376	16,377
Receivables	C1-4	3,065	3,067	3,328
Infrastructure, property, plant and equipment (IPPE)	C1-5	4,123,730	3,890,442	3,674,489
Intangible assets	C1-6	-	1,703	1,703
<b>Total non-current assets</b>		<b>4,206,171</b>	<b>3,974,588</b>	<b>3,695,897</b>
<b>Total assets</b>		<b>4,315,141</b>	<b>4,067,974</b>	<b>3,901,013</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C2-1	15,365	13,658	18,215
Income received in advance		-	-	76
Contract liabilities	C2-2	398	2,480	3,721
Borrowings	C2-3	41,928	56,250	61,486
Employee benefit provisions	C2-4	8,842	8,713	9,496
Provisions	C2-5	1,756	1,759	1,538
<b>Total current liabilities</b>		<b>68,289</b>	<b>82,860</b>	<b>94,532</b>
<b>Non-current liabilities</b>				
Income received in advance		-	-	2,467
Contract liabilities	C2-2	4,502	2,266	-
Borrowings	C2-3	165,173	175,725	198,173
Employee benefit provisions	C2-4	-	379	380
Provisions	C2-5	1,928	2,214	2,429
<b>Total non-current liabilities</b>		<b>171,603</b>	<b>180,584</b>	<b>203,449</b>
<b>Total liabilities</b>		<b>239,892</b>	<b>263,444</b>	<b>297,981</b>
<b>Net assets</b>		<b>4,075,249</b>	<b>3,804,530</b>	<b>3,603,032</b>
<b>EQUITY</b>				
Accumulated surplus		3,448,758	3,443,004	3,452,006
IPPE revaluation reserve	C3-1	626,491	361,526	151,026
<b>Equity interest</b>		<b>4,075,249</b>	<b>3,804,530</b>	<b>3,603,032</b>
<b>Total equity</b>		<b>4,075,249</b>	<b>3,804,530</b>	<b>3,603,032</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 2022

### Central Coast Council - Water Supply Authority

#### Statement of Changes in Equity for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		3,443,004	361,526	3,804,530	3,474,451	151,026	3,625,477
Correction of prior period errors	F4-1	-	-	-	(22,445)	-	(22,445)
<b>Restated opening balance</b>		<b>3,443,004</b>	<b>361,526</b>	<b>3,804,530</b>	<b>3,452,006</b>	<b>151,026</b>	<b>3,603,032</b>
Net operating result for the year		5,754	-	5,754	(16,845)	-	(16,845)
Correction of prior period errors	F4-1	-	-	-	7,843	-	7,843
<b>Restated net operating result for the period</b>		<b>5,754</b>	<b>-</b>	<b>5,754</b>	<b>(9,002)</b>	<b>-</b>	<b>(9,002)</b>
<b>Other comprehensive income</b>							
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	G1-5	-	264,965	264,965	-	210,500	210,500
<b>Total comprehensive income</b>		<b>5,754</b>	<b>264,965</b>	<b>270,719</b>	<b>(9,002)</b>	<b>210,500</b>	<b>201,498</b>
<b>Restated closing balance at 30 June</b>		<b>3,448,758</b>	<b>626,491</b>	<b>4,075,249</b>	<b>3,443,004</b>	<b>361,526</b>	<b>3,804,530</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 2022

## Central Coast Council - Water Supply Authority

## Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>			
<i>Receipts:</i>			
Rates and annual charges		85,412	82,439
User charges and fees		75,592	82,571
Interest received		1,671	1,117
Grants and contributions		15,031	14,095
Other		(3,021)	7,106
<i>Payments:</i>			
Payments to employees		(27,512)	(36,982)
Payments for materials and services		(54,452)	(69,928)
Borrowing costs		(10,489)	(14,439)
Bonds, deposits and retentions refunded		(195)	(3)
Other		(373)	(6,137)
<b>Net cash flows from operating activities</b>	F1-1	<b>81,664</b>	<b>59,839</b>
<b>Cash flows from investing activities</b>			
<i>Receipts:</i>			
Sale of investments		11,812	10,790
Proceeds from sale of IPPE		56	-
<i>Payments:</i>			
Purchase of investments		(22,260)	(17,525)
Acquisition of term deposits		2	(2)
Payments for IPPE		(44,541)	(70,491)
<b>Net cash flows from investing activities</b>		<b>(54,931)</b>	<b>(77,228)</b>
<b>Cash flows from financing activities</b>			
<i>Receipts:</i>			
Proceeds from borrowings		31,432	19,809
<i>Payments:</i>			
Repayment of borrowings		(56,306)	(45,203)
<b>Net cash flows from financing activities</b>		<b>(24,874)</b>	<b>(25,394)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,859</b>	<b>(42,783)</b>
Plus: cash and cash equivalents – beginning of period		9,377	52,160
<b>Cash and cash equivalents at end of year</b>	G1-1	<b>11,236</b>	<b>9,377</b>
plus: Investments on hand at end of year	C1-2	139,072	131,728
<b>Total cash, cash equivalents and investments</b>		<b>150,308</b>	<b>141,105</b>

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## Central Coast Council - Water Supply Authority

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Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

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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 2023.

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 infrastructure, property, plant and equipment and investment property.

#### **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) 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 2022 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 or significant reduced costs.

The impact on CCCWSA's financial performance and financial position was limited to 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)

These Financial Statements reflect the financial impact of COVID-19 to date. No material changes have been noted in asset values as a result of COVID-19.

#### 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, the benefit of which flows through to Council's Water Supply activities:

- 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;

#### 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 have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 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.

#### 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 from 1 July 2021:

**A1-1 Basis of preparation (continued)**

- 
- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
  - *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
  - *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
  - *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
  - *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

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



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**B Financial Performance****B1 Sources of income****B1-1 Annual charges**

\$ '000	2022	2021
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Water supply services	13,056	12,774
Sewerage services	58,385	55,236
Drainage	15,609	15,008
Liquid trade waste	307	453
Less: pensioner rebates (State Government funded)	(2,174)	(2,099)
Less: pensioner rebates (CCCWSA funded)	(1,858)	(2,078)
<b>Annual charges levied</b>	<b>83,325</b>	<b>79,294</b>
Pensioner subsidies received:		
– Water	1,167	1,238
– Sewerage	1,178	1,272
<b>Total annual charges</b>	<b>85,670</b>	<b>81,804</b>

**Accounting policy**

Annual charges are recognised as revenue at the beginning of the period to which they relate.

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

Pensioner 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	2022	2021
<b>User charges</b>		
Water supply services	55,925	55,834
Sewerage services	16,607	16,228
Liquid trade waste	2,766	2,104
<b>Total user charges</b>	<b>75,298</b>	<b>74,166</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

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

\$ '000	2022	2021
<b>Fees</b>		
Building services – other	299	336
Inspection services	119	94
Regulatory/ statutory fees	294	312
Registration fees	4	5
Water connection fees	1,079	1,062
Sewer connection fees	472	587
Sewer diagrams	389	379
Special water meter reading fees	42	32
Water carters licence fees	70	79
Other	70	109
<b>Total fees</b>	<b>2,122</b>	<b>2,248</b>
<b>Total other user charges and fees</b>	<b>2,838</b>	<b>2,995</b>
<b>Total user charges and fees</b>	<b>78,136</b>	<b>77,161</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised at a point in time	78,136	77,161
<b>Total user charges and fees</b>	<b>78,136</b>	<b>77,161</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 revenues**

\$ '000	2022	2021
Sales – general	–	25
Other supply/ services	111	40
Other	1	–
<b>Total other revenue</b>	<b>112</b>	<b>65</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised at a point in time	112	65
<b>Total other revenue</b>	<b>112</b>	<b>65</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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## B1-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Drainage / environment	-	-	1,246	505
Environmental programs	42	207	-	97
LIRS subsidy	20	387	-	-
Water / sewer infrastructure	-	-	5,665	5,816
Other specific grants	10	13	-	-
Sewerage (excl. section 64 contributions)	-	-	138	200
Water supplies (excl. section 64 contributions)	-	-	45	134
Other contributions	45	101	9	14
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>117</b>	<b>708</b>	<b>7,103</b>	<b>6,766</b>
<b>Non-cash contributions</b>				
Other	-	-	-	9,931
<b>Total other contributions – non-cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,931</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>117</b>	<b>708</b>	<b>7,103</b>	<b>16,697</b>
<b>Total grants and non-developer contributions</b>	<b>117</b>	<b>708</b>	<b>7,103</b>	<b>16,697</b>
<b>Comprising:</b>				
- Commonwealth funding	-	101	351	10,186
- State funding	72	607	6,605	6,511
- Other funding	45	-	147	-
	<b>117</b>	<b>708</b>	<b>7,103</b>	<b>16,697</b>
<b>Developer contributions</b>				
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G5			
<b>Cash contributions</b>				
S 64 – water supply contributions	-	-	4,705	3,392
S 64 – sewerage service contributions	-	-	2,293	3,010
S 7.11 – drainage assets	-	-	1,151	1,153
<b>Total developer contributions – cash</b>	<b>-</b>	<b>-</b>	<b>8,149</b>	<b>7,555</b>
<b>Non-cash contributions</b>				
S 64 – water supply contributions	-	-	293	127
S 64 – sewerage service contributions	-	-	334	-
S 7.11 – stormwater contributions	-	-	-	251
<b>Total developer contributions non-cash</b>	<b>-</b>	<b>-</b>	<b>627</b>	<b>378</b>
<b>Total developer contributions</b>	<b>-</b>	<b>-</b>	<b>8,776</b>	<b>7,933</b>
<b>Total contributions</b>	<b>-</b>	<b>-</b>	<b>8,776</b>	<b>7,933</b>
<b>Total grants and contributions</b>	<b>117</b>	<b>708</b>	<b>15,879</b>	<b>24,630</b>
<b>Timing of revenue recognition for grants and contributions</b>				
Grants and contributions recognised over time	107	-	15,879	-
Grants and contributions recognised at a point in time	10	708	-	24,630
<b>Total grants and contributions</b>	<b>117</b>	<b>708</b>	<b>15,879</b>	<b>24,630</b>

continued on next page ...

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Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**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 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	9	72	2,255	3,504
<b>Add:</b> Funds received and not recognised as revenue in the current year	77	9	120	-
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(9)	(72)	-	(1,249)
<b>Unspent funds at 30 June</b>	<b>77</b>	<b>9</b>	<b>2,375</b>	<b>2,255</b>

Capital grant unspent and held as a restriction at year end \$2,255k relates to the Climate Change Fund.

**Contributions**

Unspent funds at 1 July	-	-	58,893	86,099
<b>Add:</b> contributions received and not recognised as revenue in the current year	-	-	9,392	7,241
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(4,540)	(34,447)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>63,745</b>	<b>58,893</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 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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**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	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue annual charges	593	445
– Cash and investments	1,365	1,677
Other	1	3
<b>Total interest and investment income</b>	<b>1,959</b>	<b>2,125</b>

**Accounting policy**

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

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**B2 Costs of providing services****B2-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
Salaries and wages	25,047	27,322
Employee termination costs	-	1,676
Employee leave entitlements	2,359	5,487
Superannuation	1,611	2,411
Payroll tax	1,990	2,577
Workers Compensation	56	343
<b>Total employee costs</b>	<b>31,063</b>	<b>39,816</b>
Less: capitalised costs	(3,821)	(3,598)
<b>Total employee costs expensed</b>	<b>27,242</b>	<b>36,218</b>

**Accounting policy**

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

All employees of 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.

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**B2-2 Materials and services**

\$ '000	2022	2021
Raw materials and consumables	9,212	9,575
Contractor and consultancy costs	6,687	9,478
Agency Hire	352	661
<b>Previously other expenses:</b>		
Administration support	20,152	28,361
Advertising	24	13
Computer software charges	473	631
Electricity and heating	8,993	9,214
Gas charges	179	125
Insurance	174	77
Licences	447	503
Plant hire	4,849	4,975
Printing and stationery	23	13
Subscriptions and publications	-	18
Telephone and communications	9	6
Tipping fees	4,363	4,407
Training costs (other than salaries and wages)	30	18
Water purchases	480	1,398
Other expenses	347	393
<b>Total materials and services</b>	<b>56,794</b>	<b>69,866</b>

**Accounting policy**

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

**B2-3 Borrowing costs**

\$ '000	2022	2021
Interest on loans	10,428	14,430
Other debts	61	9
<b>Total borrowing costs expensed</b>	<b>10,489</b>	<b>14,439</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.

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

\$ '000	Notes	2022	2021 Restated
<b>Depreciation and amortisation</b>			
Plant and equipment		14	27
Office equipment		29	32
Furniture and fittings		13	13
Land improvements (depreciable)		32	14
<b>Infrastructure:</b>	C1-5		
– Buildings – specialised		712	704
– Other structures		853	53
– Roads		–	1
– Stormwater drainage		11,924	14,561
– Water supply network		29,591	24,401
– Sewerage network		33,396	32,745
<b>Other assets:</b>			
– Other		8	5
<b>Total gross depreciation and amortisation costs</b>		<b>76,572</b>	<b>72,556</b>
<b>Impairment / revaluation decrement/(increment) of IPPE</b>			
Land improvements (depreciable)		167	–
<b>Infrastructure:</b>	C1-5		
– Other structures		59	–
Intangible assets	C1-6	1,703	–
<b>Total impairment costs charged to Income Statement (IPPE)</b>		<b>1,929</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>78,501</b>	<b>72,556</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. When a net revaluation increment reverses a net revaluation decrement previously recognised as an expense in the trading result in respect of the same class of non-current asset, it must be recognised immediately as revenue in the trading account.



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**B2-5 Other expenses**

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
Other		-	3
<b>Total impairment of receivables</b>	C1-4	<b>-</b>	<b>3</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		3,102	-
<b>Total Fair value decrement on investments</b>	C1-2	<b>3,102</b>	<b>-</b>
<b>Total other expenses</b>		<b>3,102</b>	<b>3</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	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		56	-
Less: carrying amount of property assets sold/written off		(10)	-
<b>Gain (or loss) on disposal</b>		<b>46</b>	<b>-</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		(37)	(2,413)
<b>Gain (or loss) on disposal</b>		<b>(37)</b>	<b>(2,413)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		11,812	10,790
Less: carrying amount of investments sold/redeemed/matured		(11,812)	(10,790)
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>-</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>9</b>	<b>(2,413)</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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2022	2021
Cash equivalent assets		
– Deposits at call	11,236	9,377
<b>Total cash and cash equivalents</b>	<b>11,236</b>	<b>9,377</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. CCCWSA does not have a bank overdraft facility.

**C1-2 Financial investments**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	–	13,688	–	17,715
NCD's, FRN's	6,927	55,608	12,019	47,670
<b>Total</b>	<b>6,927</b>	<b>69,296</b>	<b>12,019</b>	<b>65,385</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	52,769	10,080	40,333	13,991
<b>Total</b>	<b>52,769</b>	<b>10,080</b>	<b>40,333</b>	<b>13,991</b>
<b>Total financial investments</b>	<b>59,696</b>	<b>79,376</b>	<b>52,352</b>	<b>79,376</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>70,932</b>	<b>79,376</b>	<b>61,729</b>	<b>79,376</b>

**Accounting policy**

Financial instruments are recognised initially on the date that 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**

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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

### C1-2 Financial investments (continued)

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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 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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**C1-3 Restricted and allocated cash, cash equivalents and investments**

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>150,308</b>	141,105
Less: Externally restricted cash, cash equivalents and investments	<b>(69,218)</b>	(64,407)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>81,090</b>	76,698

**External restrictions****External restrictions – included in liabilities**

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

**External restrictions**

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

Developer contributions – water fund	6,209	1,665
Developer contributions – sewer fund	18,442	19,510
Developer contributions – drainage	36,061	34,655
Developer contributions – VPA – water	1,059	1,053
Developer contributions – VPA – sewer	497	495
Developer contributions – VPA – drainage	1,377	1,369
Specific purpose unexpended grants (recognised as revenue) – water fund	2,311	2,255
Specific purpose unexpended grants (recognised as revenue) – sewer fund	14	–
Specific purpose unexpended grants (recognised as revenue) – drainage fund	127	9
Water fund	–	45
Sewer fund	29	–
Drainage	100	100
Self insurance – sewer	1,633	2,164
Self insurance – water	1,359	1,087
<b>External restrictions</b>	<b>69,218</b>	64,407
<b>Total external restrictions</b>	<b>69,218</b>	64,407

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
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**(b) Internal allocations****Internal allocations**

At 30 June, Council has internally allocated funds to the following:

Employee leave entitlement – water	908	924
Employees leave entitlement – sewer	877	794
Employee leave entitlement – drainage	20	14
<b>Total internal allocations</b>	<b>1,805</b>	1,732

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2022	2021
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**(c) Unrestricted and unallocated**

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>79,285</b>	74,966
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Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Interest and extra charges	736	–	836	–
User charges and fees	10,704	2,827	7,668	2,827
Accrued revenues				
– Interest on investments	388	–	–	–
– User charges and fees	10,702	–	12,420	–
– Government grants and subsidies	3,618	–	2,824	–
Drainage annual charges	1,635	–	1,512	–
Net GST receivable	777	–	–	–
Sewerage annual charges	8,130	–	5,004	–
Water annual charges	1,265	–	1,068	–
Other debtors	–	238	157	240
<b>Total</b>	<b>37,955</b>	<b>3,065</b>	<b>31,489</b>	<b>3,067</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	–	–	(6)	–
Other debtors	(55)	–	(48)	–
<b>Total provision for impairment – receivables</b>	<b>(55)</b>	<b>–</b>	<b>(54)</b>	<b>–</b>
<b>Total net receivables</b>	<b>37,900</b>	<b>3,065</b>	<b>31,435</b>	<b>3,067</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.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	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
\$ '000														
Capital work in progress	74,056	-	74,056	45,140	-	-	-	-	(47,778)	-	-	71,418	-	71,418
Plant and equipment	1,320	(1,153)	167	-	-	-	(14)	-	-	-	-	1,320	(1,167)	153
Office equipment	173	(87)	86	-	-	-	(29)	-	-	-	-	173	(116)	57
Furniture and fittings	183	(79)	104	-	-	-	(13)	-	-	-	-	183	(92)	91
<b>Land:</b>														
- Operational land	82,644	-	82,644	-	-	(10)	-	-	-	10,673	93,307	-	93,307	
- Crown and Community land	12,410	-	12,410	-	-	-	-	-	-	4,581	16,991	-	16,991	
Land improvements – depreciable	662	(28)	634	-	-	-	(32)	(167)	-	(1)	542	(108)	434	
<b>Infrastructure:</b>														
- Buildings – specialised	51,909	(20,329)	31,580	-	-	-	(712)	-	508	152	5,213	61,730	(24,989)	36,741
- Other structures	1,716	(513)	1,203	-	-	(37)	(853)	(59)	-	(122)	30	204	(42)	162
- Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bulk earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater drainage	1,561,678	(474,395)	1,087,283	-	-	-	(11,924)	-	254	4	96,391	1,704,934	(532,926)	1,172,008
- Water supply network	2,186,967	(973,500)	1,213,467	-	-	-	(29,591)	-	47,077	(32)	70,532	2,362,055	(1,060,602)	1,301,453
- Sewerage network	2,314,878	(928,196)	1,386,680	-	-	-	(33,396)	-	-	34	77,545	2,447,521	(1,016,658)	1,430,863
<b>Other assets:</b>														
- Other	133	(5)	128	-	-	-	(8)	-	-	(68)	-	58	(6)	52
<b>Total infrastructure, property, plant and equipment</b>	<b>6,288,729</b>	<b>(2,398,287)</b>	<b>3,890,442</b>	<b>45,140</b>	<b>-</b>	<b>(47)</b>	<b>(76,572)</b>	<b>(226)</b>	<b>61</b>	<b>(33)</b>	<b>264,965</b>	<b>6,760,436</b>	<b>(2,636,706)</b>	<b>4,123,730</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount Restated	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 / (decrements) to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>												
Capital work in progress	92,192	–	92,192	64,792	–	–	(87,932)	5,004	–	74,056	–	74,056
Plant and equipment	1,320	(1,126)	194	–	–	(27)	–	–	–	1,320	(1,153)	167
Office equipment	196	(149)	47	–	–	(32)	71	–	–	173	(87)	86
Furniture and fittings	866	(749)	117	–	–	(13)	–	–	–	183	(79)	104
<b>Land:</b>												
– Operational land	68,947	–	68,947	–	–	–	–	–	13,698	82,644	–	82,644
– Crown and Community land	12,249	–	12,249	–	–	–	–	–	161	12,410	–	12,410
Land improvements – depreciable	146	(14)	132	–	–	(14)	516	–	–	662	(28)	634
<b>Infrastructure:</b>												
– Buildings – specialised	51,690	(19,623)	32,067	–	–	(704)	219	–	–	51,909	(20,329)	31,580
– Other structures	1,716	(459)	1,257	–	–	(53)	–	–	–	1,716	(513)	1,203
– Roads	42	(21)	21	–	–	(1)	–	–	(20)	–	–	–
– Bulk earthworks (non-depreciable)	16	–	16	–	–	–	–	–	(16)	–	–	–
– Stormwater drainage	1,500,124	(484,044)	1,016,080	9,929	(34)	(14,561)	9,862	–	66,006	1,561,678	(474,395)	1,087,283
– Water supply network	1,862,057	(823,378)	1,038,679	–	(994)	(24,401)	33,696	7	166,479	2,186,967	(973,500)	1,213,467
– Sewerage network	2,347,464	(934,973)	1,412,491	–	(1,385)	(32,745)	43,435	690	(35,808)	2,314,878	(928,198)	1,386,680
<b>Other assets:</b>												
– Other	–	–	–	–	–	(5)	133	–	–	133	(5)	128
<b>Total Infrastructure, property, plant and equipment</b>	<b>5,939,025</b>	<b>(2,264,536)</b>	<b>3,674,489</b>	<b>74,721</b>	<b>(2,413)</b>	<b>(72,556)</b>	<b>–</b>	<b>5,701</b>	<b>210,500</b>	<b>6,288,729</b>	<b>(2,398,287)</b>	<b>3,890,442</b>

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### 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	3 to 50	Buildings	5 to 170
Other plant and equipment	2 to 37		
<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	15 to 200	Flood control structures	20 to 100
<b>Transportation assets</b>		<b>Land improvements - depreciable</b>	6 to 100
Bridges	80 to 100	<b>Other assets</b>	5 to 500

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.



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**C1-6 Intangible assets**

Intangible assets are as follows:

\$ '000	2022	2021
<b>Drainage Easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,172	4,172
Accumulated amortisation and impairment	(2,469)	(2,469)
<b>Net book value – opening balance</b>	<b>1,703</b>	<b>1,703</b>
<b>Movements for the year</b>		
Impairment charges	(1,703)	–
<b>Closing values at 30 June</b>		
Gross book value	4,172	4,172
Accumulated amortisation and impairment	(4,172)	(2,469)
<b>Total drainage easements – net book value</b>	<b>–</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.

**C1-7 Other****Other assets**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	138	–	222	–
<b>Total other assets</b>	<b>138</b>	<b>–</b>	<b>222</b>	<b>–</b>

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**C2 Liabilities of Council****C2-1 Payables**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Payables</b>				
Prepaid annual charges	4,639	-	4,891	-
Goods and services – operating expenditure	6,197	-	3,855	-
Accrued expenses:				
– Interest on borrowings	632	-	941	-
– Salaries and wages	-	-	20	-
– Other expenditure accruals	3,807	-	3,666	-
Security bonds, deposits and retentions	90	-	285	-
<b>Total payables</b>	<b>15,365</b>	<b>-</b>	<b>13,658</b>	<b>-</b>
<b>Total payables</b>	<b>15,365</b>	<b>-</b>	<b>13,658</b>	<b>-</b>

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

\$ '000	2022	2021
Payables – overpayments, security bonds, deposits and retentions	4,812	4,548
<b>Total payables</b>	<b>4,812</b>	<b>4,548</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 represent liabilities for goods and services provided to CCCWSA prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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**C2-2 Contract Liabilities**

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Unexpended Capital Grants and Contributions (to construct CCCWSA controlled assets)	(i)	220	2,255	2,400	–
Unexpended Operating Grants and Contributions (received prior to performance obligation being satisfied – AASB 15)	(ii)	107	1,826	80	2,266
Deposits and payments received in advance of services provided		71	421	–	–
<b>Total contract liabilities</b>		<b>398</b>	<b>4,502</b>	<b>2,480</b>	<b>2,266</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 or contributions 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	2022	2021
<b>Grants and contributions received in advance:</b>		
Funds to construct CCCWSA controlled assets	–	1,249
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	54	72
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>54</b>	<b>1,321</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured	14,891	145,088	26,875	154,304
Loans – unsecured	27,037	20,085	29,375	21,421
<b>Total borrowings</b>	<b>41,928</b>	<b>165,173</b>	<b>56,250</b>	<b>175,725</b>

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**C2-3 Borrowings (continued)****(a) Changes in liabilities arising from financing activities**

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	181,179	(21,200)	--	--	--	--	159,979
Loan – unsecured	50,796	(3,674)	--	--	--	--	47,122
<b>Total liabilities from financing activities</b>	<b>231,975</b>	<b>(24,874)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>207,101</b>

\$ '000	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
Loans – secured	212,824	(31,645)	--	--	--	--	181,179
Loan – unsecured	48,835	3,961	--	--	--	--	50,796
<b>Total liabilities from financing activities</b>	<b>259,659</b>	<b>(27,684)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>231,975</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 CCCWSA.

**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.

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### C2-4 Employee benefit provisions

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Annual leave	3,294	–	3,008	–
Sick leave	946	–	1,019	–
Long service leave	4,281	–	4,302	379
Other leave	321	–	384	–
<b>Total employee benefit provisions</b>	<b>8,842</b>	<b>–</b>	<b>8,713</b>	<b>379</b>

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,599	4,649
	<u>4,599</u>	<u>4,649</u>

#### 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.

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**C2-5 Provisions**

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	1,065	1,928	1,037	2,214
Self insurance – public liability	267	–	106	–
Payroll tax	424	–	437	–
Other	–	–	179	–
<b>Sub-total – other provisions</b>	<b>1,756</b>	<b>1,928</b>	<b>1,759</b>	<b>2,214</b>
<b>Total provisions</b>	<b>1,756</b>	<b>1,928</b>	<b>1,759</b>	<b>2,214</b>

**Movements in provisions**

\$ '000	Other provisions		
	Self insurance	Other (Payroll Tax)	Total
<b>2022</b>			
At beginning of year	3,357	617	3,974
Additional provisions	209	1,952	2,161
Amounts used (payments)	(307)	(2,145)	(2,452)
Other	1	–	1
Total other provisions at end of year	3,260	424	3,684
<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	3,357	617	3,974

**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 a borrowing cost.

**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 Council 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*.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

### 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:

- A wage inflation index was used for future claims escalation. A bond yield of between 0.850% and 3.845% 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 2022.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2022.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2022 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **IPPE 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 while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with s625 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 and 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	2022	2021
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	1,503	1,411
Impact of a 10% movement in price of investments		
– Equity / Income Statement	15,031	14,111

#### (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.

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

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

## Credit risk profile

## Receivables – Annual Charges

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

\$ '000	Not yet due	Overdue rates and charges		Total
		< 5 years	> 5 years	
<b>2022</b>				
Gross carrying amount	4,160	6,565	305	11,030
<b>2021</b>				
Gross carrying amount	1	7,411	173	7,585

## Receivables - Non-rates and Annual Charges

Council applies the simplified approach for non-rates and annual charges debtors and contract assets 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-rates and annual charges debtors and contract assets 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 due	Overdue debts				Total
		< 30 days	31 - 60 days	61 - 90 days	> 90 days	
<b>2022</b>						
Gross carrying amount	3,896	-	-	-	26,094	29,990
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.21%	0.18%
ECL provision	-	-	-	-	55	55
<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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## 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 in extenuating circumstances.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. 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>2022</b>							
Payables	0.00%	–	10,636	4,729	–	15,365	15,365
Borrowings	5.56%	–	25,689	105,731	124,339	255,759	207,101
<b>Total financial liabilities</b>		–	<b>36,325</b>	<b>110,460</b>	<b>124,339</b>	<b>271,124</b>	<b>222,466</b>
<b>2021</b>							
Payables	0.00%	285	7,541	–	–	7,826	8,767
Borrowings	4.94%	–	37,112	95,022	105,523	237,657	186,792
<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>

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## 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:

		Fair value measurement hierarchy								
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total		
		2022	2021	2022	2021	2022	2021	2022	2021	
\$ '000	Notes									
						Restated		Restated		
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial investments	C1-2									
At fair value through profit or loss		76,223	77,404	–	–	–	–	76,223	77,404	
<b>Total financial assets</b>		<b>76,223</b>	<b>77,404</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>76,223</b>	<b>77,404</b>	
<b>Infrastructure, property, plant and equipment</b>										
Plant and equipment		–	–	–	–	153	167	153	167	
Office equipment		–	–	–	–	57	86	57	86	
Furniture and fittings		–	–	–	–	91	104	91	104	
Crown and Community land		–	–	–	–	16,991	12,410	16,991	12,410	
Operational land		–	–	93,307	82,644	–	–	93,307	82,644	
Land improvements - depreciable		–	–	–	–	434	634	434	634	
Buildings – specialised		–	–	–	–	36,741	31,580	36,741	31,580	
Other structures		–	–	–	–	162	1,203	162	1,203	
Roads		–	–	–	–	–	–	–	–	
Bulk earthworks (non depreciable)		–	–	–	–	–	–	–	–	
Stormwater drainage		–	–	–	–	1,172,002	1,087,283	1,172,002	1,087,283	
Water supply network		–	–	–	–	1,301,453	1,213,467	1,301,453	1,213,467	
Sewerage network		–	–	–	–	1,430,863	1,386,680	1,430,863	1,386,680	
Other assets		–	–	–	–	52	128	52	128	
<b>Total infrastructure, property, plant and equipment</b>	C1-5	<b>–</b>	<b>–</b>	<b>93,307</b>	<b>82,644</b>	<b>3,958,999</b>	<b>3,793,742</b>	<b>4,052,306</b>	<b>3,816,386</b>	

**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
  - Major plant items – tractors, excavators, street sweepers, tippers, rollers, forklifts, backhoes, beach cleaners
  - Minor plant items – generators, mowers, weed harvester, trailers, chainsaws, wood chippers, power hand tools
  - 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 2022 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 2022 using the VG valuations published on 1 July 2022.

##### 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.

CCCWSA considered the movement in the NSW non-residential building construction index from the last comprehensive revaluation in order to assess buildings for fair value. The movement was considered material and the carrying value of buildings was adjusted accordingly.

### Other structures

This asset class is comprised of holiday park structures, cemetery assets, water tanks, fountains, fencing and structures which do 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 gross replacement cost for each asset was calculated using the current replacement cost 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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Other Heavy and Civil Engineering Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this class was adjusted accordingly.

### 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 current replacement cost 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.

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

### 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 current replacement cost approach. Significant

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

#### D2-1 Fair value measurement (continued)

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

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

**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.

	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
<b>Infrastructure, property, plant and equipment</b>		
Plant and equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Furniture and fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Crown and Community land	Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land improvements - depreciable	Cost approach	Pattern of consumption, useful life and residual value
Buildings specialised	Market value	Pattern of consumption, useful life, residual value, asset condition and componentisation
Other structures	Cost approach	Useful life, pattern of consumption and asset condition
Stormwater drainage	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Water supply network	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Sewerage network	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Other assets	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

### 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	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	167	194	86	47	104	117	12,410	12,249
Purchases (GBV)	-	-	-	71	-	-	-	-
Depreciation and impairment	(14)	(27)	(29)	(32)	(13)	(13)	-	-
Revaluation increments / (decrements) to equity (ARR)	-	-	-	-	-	-	4,581	161
<b>Closing balance</b>	153	167	57	86	91	104	16,991	12,410

\$ '000	Buildings specialised		Other structures		Roads		Bulk earthworks	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	31,580	32,065	1,203	1,256	-	21	-	16
Transfers from/(to) another asset class	660	-	(122)	-	-	-	-	-
Purchases (GBV)	-	219	-	-	-	-	-	-
Disposals (WDV)	-	-	(37)	-	-	-	-	-
Depreciation and impairment	(712)	(704)	(853)	(53)	-	(1)	-	-
Recognised in profit or loss – realised (refer to Note B2-4)	-	-	(59)	-	-	-	-	-
Revaluation increments / (decrements) to equity (ARR)	5,213	-	30	-	-	(20)	-	(16)
<b>Closing balance</b>	36,741	31,580	162	1,203	-	-	-	-

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Other assets	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021
<b>Opening balance</b>	1,087,282	1,016,080	1,213,466	1,038,679	1,386,680	1,412,491	128	-
Transfers from/(to) another asset class	259	9,862	47,046	7	34	44,127	-	-
Purchases (GBV)	-	9,929	-	33,696	-	-	(68)	133
Disposals (WDV)	-	(34)	-	(994)	-	(1,385)	-	-
Depreciation and impairment	(11,924)	(14,561)	(29,591)	(24,401)	(33,396)	(32,745)	(8)	(5)
Revaluation increments / (decrements) to equity (ARR)	96,391	66,006	70,532	166,479	77,545	(35,808)	-	-
<b>Closing balance</b>	1,172,008	1,087,282	1,301,453	1,213,466	1,430,863	1,386,680	52	128

\$ '000	Land improvement - depreciable		Total	
	2022	2021	2022	2021 Restated
<b>Opening balance</b>	634	132	3,733,740	3,513,347
Transfers from/(to) another asset class	(1)	-	47,876	53,996
Purchases (GBV)	-	516	(68)	44,564
Disposals (WDV)	-	-	(37)	(2,413)
Depreciation and impairment	(32)	(14)	(76,572)	(72,556)
Recognised in profit or loss – realised (refer to Note B2-4)	(167)	-	(226)	-
Revaluation increments / (decrements) to equity (ARR)	-	-	254,292	196,802
<b>Closing balance</b>	434	634	3,959,005	3,733,740

continued on next page ...

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## 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**

##### **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 2021-22 were recognised as an expense. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

The position is monitored annually and the actuary has estimated that, as at 30 June 2022, 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 the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Compensation:</b>		
Short-term benefits	655	1,091
Other long-term benefits	53	55
Termination benefits	3	131
<b>Total</b>	<b>711</b>	<b>1,277</b>

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

**F Other matters****F1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

\$ '000	2022	2021 Restated
<b>Net operating result from Income Statement</b>	<b>5,754</b>	<b>(9,002)</b>
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	76,572	72,556
(Gain) / loss on disposal of assets	(9)	2,413
Non-cash capital grants and contributions	(627)	(11,280)
– Investments classified as 'at fair value' or 'held for trading'	3,102	–
Revaluation decrements / impairments of IPP&E direct to P&L	1,929	–
<b>Changes in assets and liabilities</b>		
(Increase) / decrease of receivables	(6,464)	13,014
Increase / (decrease) in provision for impairment of receivables	1	(7)
(Increase) / decrease of other current assets	84	(61)
Increase / (decrease) in payables	2,342	(62)
Increase / (decrease) in other accrued expenses payable	121	(6,062)
Increase / (decrease) in other liabilities	(756)	420
Increase / (decrease) in contract liabilities	154	(1,312)
Increase / (decrease) in employee benefit provision	(250)	(784)
Increase / (decrease) in other provisions	(289)	6
<b>Net cash flows from operating activities</b>	<b>81,664</b>	<b>59,839</b>

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## F2-1 Commitments

## Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Other – Stormwater Management	3,007	159
Sewerage and Water Infrastructure	35,323	13,488
<b>Total commitments</b>	<b>38,330</b>	<b>13,647</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	38,330	13,647
<b>Total payable</b>	<b>38,330</b>	<b>13,647</b>

## Details of capital commitments

Major projects to continue next year include:

- \* Sewer Infrastructure Reinforcements - Gosford CBD
- \* Water Infrastructure Reinforcements - Gosford CBD
- \* Sewer Main Rehabilitation Program - Region Wide
- \* Water Main Renewal Program - Region Wide
- \* Lakedge Ave - Drainage Upgrade
- \* Sewer Rising Main Upgrade - Bungary Road Norah Head (TO08A)
- \* Sewage Treatment Plant Major Augmentation Works - Charmhaven
- \* Water Treatment Plant Major Upgrade - Mardi
- \* Sewer Reactive and Program Planning - Region Wide
- \* Sewerage System Low Pressure Installation - South Tacoma

### F3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## F4 Changes from prior year statements

### F4-1 Correction of errors

#### Nature of prior period error - 1 July 2020

##### Adjustment to Opening IPPE (note C1-5) and Opening Accumulated Surplus

At 30 June 2022 CCCWSA undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all drainage, water and sewer assets. During this process a number of found and disposed assets that had not been accounted for previously were identified:

- Drainage assets - decreased GBV (\$14.724M) giving rise to a decrease in NBV of (\$14.551M)
- Water Supply assets - decreased GBV (\$12.215M) giving rise to a decrease in NBV of (\$5.172M), and
- Sewer assets - decreased GBV (\$6.367M) giving rise to a decrease in NBV of (\$2.722M)

The net decrease in the NBV of the above is (\$22.445M)

CCCWSA has determined that these assets either existed or were disposed prior to 1 July 2020.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

#### Nature of prior period error - 30 June 2021

##### Adjustment to Opening IPPE (note C1-5) and Asset Revaluation Reserve

At 30 June 2022 CCCWSA undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all drainage, water and sewer assets. During the process, inputs (including unit rates, measurements and condition assessments) for a number of assets were updated, which resulted in changes to the previous valuation. The revaluation adjustments are as follows:

- Water supply network increased valuation by \$67.488M
- Sewerage network increased valuation by \$46.921M
- Stormwater drainage increased valuation by \$9.632M

The net revaluation increase was \$124.041M

##### Adjustment to Opening IPPE (note C1-5) and Opening Accumulated Surplus

The revaluation adjustment for sewerage network assets of \$46.921M (noted above) resulted in the 30 June 2021 previously reported \$7.843M revaluation decrement being reversed.

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## F4-1 Correction of errors (continued)

## Changes to the opening Statement of Financial Position at 1 July 2020

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
<b>Total current assets</b>	205,116	–	205,116
Infrastructure, property, plant and equipment	3,696,934	(22,445)	3,674,489
Other	21,408	–	21,408
<b>Total non-current assets</b>	3,718,342	(22,445)	3,695,897
<b>Total assets</b>	<b>3,923,458</b>	<b>(22,445)</b>	<b>3,901,013</b>
<b>Total current liabilities</b>	94,532	–	94,532
<b>Total non-current liabilities</b>	203,449	–	203,449
<b>Total liabilities</b>	<b>297,981</b>	<b>–</b>	<b>297,981</b>
<b>Net assets</b>	3,625,477	(22,445)	3,603,032
Accumulated surplus	3,474,451	(22,445)	3,452,006
Revaluation reserves	151,026	–	151,026
<b>Total equity</b>	<b>3,625,477</b>	<b>(22,445)</b>	<b>3,603,032</b>



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2022

## F4-1 Correction of errors (continued)

## Adjustments to the comparative figures for the year ended 30 June 2021

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
<b>Total current assets</b>	93,386	-	93,386
Infrastructure, property, plant and equipment	3,781,003	109,439	3,890,442
Other	84,146	-	84,146
<b>Total non-current assets</b>	3,865,149	109,439	3,974,588
<b>Total assets</b>	<b>3,958,535</b>	<b>109,439</b>	<b>4,067,974</b>
<b>Total current liabilities</b>	82,860	-	82,860
<b>Total non-current liabilities</b>	180,584	-	180,584
<b>Total liabilities</b>	<b>263,444</b>	<b>-</b>	<b>263,444</b>
<b>Net assets</b>	3,695,091	109,439	3,804,530
Accumulated surplus	3,457,606	(14,602)	3,443,004
Revaluation reserves	237,485	124,041	361,526
<b>Total equity</b>	<b>3,695,091</b>	<b>109,439</b>	<b>3,804,530</b>

## Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
<b>Total income from continuing operations</b>	<b>186,493</b>	<b>-</b>	<b>186,493</b>
Depreciation and amortisation	80,399	(7,843)	72,556
Other expenses from continuing operations	122,939	-	122,939
<b>Total expenses from continuing operations</b>	<b>203,338</b>	<b>(7,843)</b>	<b>195,495</b>
<b>Net operating result for the year</b>	<b>(16,845)</b>	<b>7,843</b>	<b>(9,002)</b>

## Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Prior year adjustment to gain/(loss) on revaluation of infrastructure, property, plant and equipment	86,459	124,041	210,500

End of the audited financial statements



## 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

#### Opinion

I have audited the accompanying financial statements of Central Coast Council Water Supply Authority (the Authority), which comprise the Statement by the Administrator and Chief Executive Officer, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, 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, 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 Opinion

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

I am independent of the 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).

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

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

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

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

**Other Information**

The Authority's annual report for the year ended 30 June 2022 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, 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.

I have nothing to report in this regard.

**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 / is] 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.



Caroline Karakatsanis  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2023  
SYDNEY



**Item No:** 2.8  
**Title:** Governance Lighthouse Report as at 31 December, 2022  
**Department:** Corporate Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15537191  
Author: Alysha Croussos, Senior Governance Officer, Governance  
Manager: Teresa Chadwick, Section Manager, Governance  
Edward Hock, Unit Manager Governance Risk and Legal  
Executive: Marissa Racomelara, Director Corporate Services

### **Recommendation**

- 1 *That the Committee note the Governance Lighthouse report as at 31 December 2022.*
- 2 *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

*The information provided in this report is current as at 24/02/2022.*

### **Summary**

The purpose of this report is to provide the Committee with the Governance Lighthouse Report as at 31 December 2022 (end of Q2) for their information.

The Governance Lighthouse Report is updated at the end of each quarter in accordance with the Council resolution of 27 July 2020 and provided to the Audit, Risk and Improvement Committee prior to reporting to Council.

The report is based on the Governance Lighthouse strategic early warning system developed by the NSW Audit Office which outlines eight principles and 17 governance components. As well as quantitative information, the report includes commentary to provide context.

The Governance Lighthouse report for Q2 2022-23 is **Attachment 1**.

### **Attachments**

- 1 Governance Lighthouse Report Q2 2022-23 D15559789



## GOVERNANCE LIGHTHOUSE REPORT



This report is based on the Governance Lighthouse strategic early warning system developed by the NSW Audit Office. The Governance Lighthouse model outlines eight principles and 17 governance components and provides a solid basis for the periodic assessment of Council's governance framework, including identifying trends and areas for improvement.

The report is updated at the end of each quarter and is provided to Audit, Risk and Improvement Committee prior to being reported to Council.

**REPORT DATE: Quarter 2, ending 31 December 2022**

### GENERAL COMMENTS:

During this quarter, Council began reviewing the method of reporting each metric of the report to provide more comprehensive and meaningful data. This continues to be an ongoing process improvement but is intended to increase the value of the report to both ARIC and the community.

Governance Lighthouse Report – Q2 2022/23

## LIGHTHOUSE PRINCIPLE: STAKEHOLDER RIGHTS

### Measure: Number of Code of Conduct complaints

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Office of the Internal Ombudsman

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Trend
# complaints (total)	5	9	4	9	7	4	2	0	3	4	↑
% upheld	40%	0%	0%	11%	0%	0	100%	N/A	0%	25%	↑
# complaints (Clrs + CEO)	2	4	0	3	1	0	0	0	0	1	↑
% upheld	50%	0%	N/A	0%	0%	N/A	N/A	N/A	N/A	0%	↑

#### What does this tell us?

While the suspension of Councillors has resulted in low Code of Conduct complaints overall, Council is developing a culture which encourages staff to feel safe and empowered to report undesired behaviour or conduct.

## LIGHTHOUSE PRINCIPLE: STAKEHOLDER RIGHTS

### Measure: % of Tier 1 customer complaints resolved at first point of contact

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Section Manager Customer Service

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Total
Number of community complaints	97	97	99	84	43	83	77	98	50	83	↑ 66%
Number of total compliments	Data previously not included in this report. Resolved for inclusion at ARIC meeting held 9 March 2022.						100	94	119	131	↑ 10%
% resolved at fpoc	100%	100%	100%	100%	100%	99%	100%	100%	100%	99.99%	↓ 0.01%

#### What does this tell us?

##### Complaints overview:

There was a 66% increase in community complaints compared to Q1 F22/23 due to an increase in all complaint categories, except fees and charges. This follows the trend from last year where there were fewer complaints in Q1 and then an increase in complaints in Q2. However, Council received the same number of community complaints in Q2 F21/22 and Q2 F22/23.

There was one review reported due to a complaint that was recategorized and a decision made to reinstate it as a complaint. This resulted in 99.99% of complaints being resolved at first point of contact.

##### Compliments overview:

There was an 10% increase in compliments compared to Q1 F22/23. The main contributor was a 38% increase in staff compliments.



## LIGHTHOUSE PRINCIPLE: RISK MANAGEMENT

## Measure: Number of GIPA applications % of reviews

Reporting cycle: Quarterly  
 Current as at: 31 December 2022  
 Data provided by: GIPA team

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Trend
Formal GIPA applications	31	28	28	36	27	34	34	40	23	19	↑
Number of reviews	2	2	6	1	4	2	0	0	1	0	↓
Access granted in full	-	-	-	-	-	-	-	-	-	52%	-
Access granted in part	-	-	-	-	-	-	-	-	-	38%	-
Information not held	-	-	-	-	-	-	-	-	-	10%	-
Avg. days to complete	-	-	-	-	-	-	-	-	-	35	-
Invalid applications	-	-	-	-	-	-	-	-	-	2	-
Informal information requests	450	247	305	341	307	319	339	420	545	269	↓
Avg. days to complete	40	45	50	40	50	45	60	55	50	26.5	↓

**What does this tell us?**

In Q2, Council adopted the use of the IPC's GIPA Tool to track and monitor all formal information access applications under the *Government Information (Public Access) Act 2009*. The GIPA Tool allows Council to provide accurate and more comprehensive statistics in relation to its activities and compliance with the Act.

Q2 saw a decrease in the number of both formals and informal requests for information compared to the previous quarter. This is likely due to the Christmas shutdown period, as a similar decrease can be seen in previous Q2s. There was also a significant decrease in the average completion date for responding to an informal information request due to process improvements.

Requests for reviews of Council's decisions also remain low, demonstrating the quality of decisions provided in the first instance.

## LIGHTHOUSE PRINCIPLE: RISK MANAGEMENT

### Measure: Risk profile against Council’s Risk Management Framework

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Enterprise Risk Manager

Total number of risks		Risk by type			
Total number of Extreme risks	0	Asset	29	IM	1
Total number of High risks	19	Business	37	Legal	14
Total number of Medium risks	91	Fraud and Corruption	26	Operational	61
Total number of Low risks	108	Governance	21	Resources	10
		HR	4	Strategic	15

#### What does this tell us?

Of the 20 highest risks currently identified: four are business related, two are governance related, five are human resources related, four are related to operations, four are strategic and one is related to legal activities.

The controlled risk management heat map is included below as Figure 1 on the next page.

Governance Lighthouse Report – Q2 2022/23

Central Coast Council Risk Management Heat Map						
CONSEQUENCE						
		Catastrophic	Major	Moderate	Minor	Insignificant
LIKELIHOOD	Almost Certain	0	0	1	1	0
	Likely	0	3	6	4	1
	Possible	0	3	18	26	6
	Unlikely	7	13	31	53	7
	Rare	5	3	11	9	7

Figure 1: Central Coast Council Risk Management Heat Map.

## LIGHTHOUSE PRINCIPLE: DISCLOSURE

### Measure: % of annual disclosures within statutory timeframes

Reporting cycle: Annual  
Current as at: 31 December 2022  
Data provided by: Senior Governance Officer

	17/18	18/19	19/20	20/21	21/22
% completed by 30 Sep (staff)	97%	96%	100%	100%	100%
% completed by 30 Sep (CIs)	100%	100%	100%	53%	N/A
% completed by 30 Sep (Admin)	N/A	N/A	N/A	N/A	N/A
% completed by 30 Sep (ARIC)	N/A	N/A	100%	100%	100%

#### What does this tell us?

Annual pecuniary interest returns for the period of 2021/22 were tabled at the Ordinary Council Meeting held on 11 October 2022. The redacted returns have been published on Council's website in accordance with both the GIPA Act and the NSW Information and Privacy Commission's Guideline 1.

Returns for newly designated persons (those who commence employment with Council in a Designated Role) and those who have new interests to disclose will be tabled at the appropriate Council meeting as and when required in accordance with the GIPA Act, Guideline 1 and Council's Code of Conduct.

## LIGHTHOUSE PRINCIPLE: CORPORATE REPORTING

### Measure: Financial statements completed within timeframes

Reporting cycle: Annual  
Current as at: 31 December 2022  
Data provided by: Group Financial Controller, Finance

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 23/22
Date resolved	26/03/2018	10/12/2018	9/03/2020	27/04/2021	28/02/2022	TBA	TBA

**What does this tell us?** Council has been granted an extension from the Office of Local Government to lodge Council's 2021-2022 Financial Statements by 28 February 2023.

## LIGHTHOUSE PRINCIPLE: CORPORATE REPORTING

### Measure: Management actions identified as part of audits completed by risk rating

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Audit and Risk Coordinator

	Extreme	High	Medium	Low	Total	Date	
<b>2022/23</b>							
National Vehicle Accreditation Scheme	0	5	4	3	<b>12</b>	Nov-22	Internal Audit
TfNSW DRIVES Compliance	0	0	5	2	<b>7</b>	Nov-22	Internal Audit
<b>2022/23</b>							
Asset Management	0	2	4	1	<b>7</b>	Mar-22	Internal Audit
Audit-like Recommendations	0	6	6	1	<b>13</b>	May-22	Internal Audit
Insurer Claims Management	0	0	0	3	<b>3</b>	Jan-22	Internal Audit
Child Protection Compliance	0	11	4	0	<b>15</b>	Dec-22	Internal Audit
<b>2020/21</b>							
Management Letter	0	7	18	5	<b>30</b>	May-22	NSW Audit Office
<b>TOTAL</b>					<b>87</b>		

#### What does this tell us?

From 87 action items, there are 41 (47%) in progress, 42 (48%) completed, one ongoing (1%) and three (4%) overdue. This is made up of seven audits, one conducted by the NSW Audit Office, and six conducted by Centium. There are no overdue actions with a high-risk rating.

## LIGHTHOUSE PRINCIPLE: ETHICS

### Measure: No instances of failure to meet legislative deadlines

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Senior Governance Officer

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Trend
# of missed deadlines	2	3	0	1	0	1	0	5	0	0	↑

#### What does this tell us?

On 2 July 2020, a Legislative Compliance Policy was adopted by Council. From 1 July 2020, a Legislative Compliance Register was established and implemented.

There was a total of 22 items due in Q2 2022/23 and no instance of failure to meeting legislative reporting deadlines. There were 2 items completed or reported late.

## LIGHTHOUSE PRINCIPLE: STRUCTURE

### Measure: Number of Council actions completed

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Team Leader Civic Support

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Trend
Number of open actions (at end of quarter)	86	71	64	69	55	60	71	42	53	39	↓
Number closed actions (during quarter)	62	104	57	71	41	48	42	22	33	68	↑
Open and overdue (at end of quarter)	14	14	5	3	3	13	27	15	17	10	↓

#### What does this tell us?

Open and overdue actions are as at the end of each quarter. Closed actions are those completed during the quarter. 2<sup>nd</sup> quarter had a high number of closed reports prior to shut down. Updates on outstanding Council actions are provided by the Unit Manager, Governance Risk and Legal to the Executive Leadership Team on a monthly basis.



Governance Lighthouse Report – Q2 2022/23

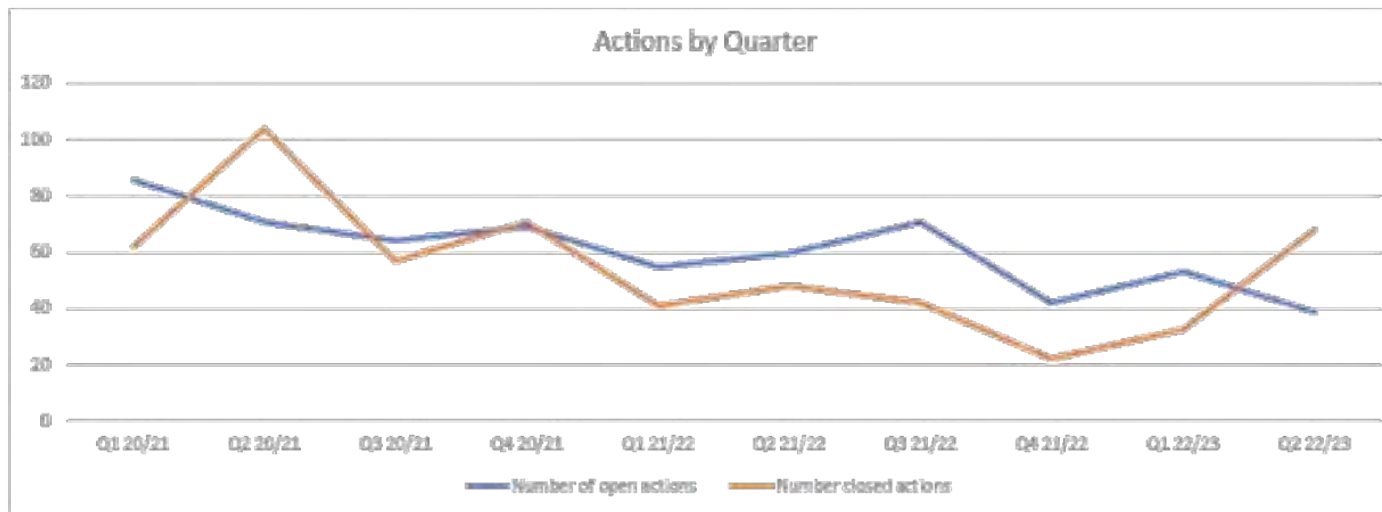


Figure 2: Number of actions arising from Council meetings by quarter.

Governance Lighthouse Report – Q2 2022/23

## LIGHTHOUSE PRINCIPLE: STRUCTURE

### Measure: % of items considered in Confidential Session of Council

Reporting cycle: Quarterly  
Current as at: 31 December 2022  
Data provided by: Team Leader Civic Support

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Trend
Total number of items	90	150	100	106	120*	56	45	51	48	72	↑
% in closed session	2%	10%	6%	1%	<1%	0%	0%	0%	0%	0%	-

\* As noted at the end of Q2 2021-22, it is expected there was an error in the data prior to Q2 2021-22. The data collection method has since been modified and verified.

#### What does this tell us?

In Q2 2022/23, there were no items considered in a Confidential Session of Council. There continues to be a focus on providing as much as practicable in open sessions of Council by using Confidential attachments.

## LIGHTHOUSE PRINCIPLE: MANAGEMENT OVERSIGHT

### Measure: % of actions delivered against Community Strategic Plan

Reporting cycle: Annual  
Current as at: 31 December 2022  
Data provided by: Section Manager Corporate Planning and Reporting

	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Actions due to be completed	157	147	24	10
Number of actions completed	121	109	71	40

#### What does this tell us?

There was a total of 67 actions for 2021-22. Noting that the above does not include the 2 actions that were closed during the year and incorporated into other deliverables, and the 15 that were KPIs for the financial year and were not achieved due to COVID-19 and weather-related issues.

Details of final progress, as well as other highlights and challenges for the 2021-22 financial year as available in Council's Annual Report which is available here: <https://www.centralcoast.nsw.gov.au/council/forms-and-publications/annual-reports/annual-report-2021-22>

**2.9 COUNCIL'S INSURANCE ARRANGEMENTS (34/2022)**

*Verbal report*

Unit Manager Governance, Risk and Legal

**Item No:** 2.11  
**Title:** Service Reviews  
**Department:** Community and Recreation Services

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8 March 2023 Audit, Risk and Improvement Committee Meeting

Reference: F2023/00346 - D15552541  
Author: Taylor Marks, Senior Advisor Policy and Projects Community and Recreation Services  
Sharon McLaren, Section Manager Corporate Planning and Reporting  
Executive: Melanie Smith, Director Community and Recreation Services

### **Recommendation**

- 1 *That the Committee note the report on the recommended approach to service reviews and the draft Service Review Framework contained in Attachment 1.*
- 2 *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

*The information provided in this report is current as at 3/03/2023.*

### **Summary**

The purpose of this report is to provide information on Council's approach to service reviews and present the draft Service Review Framework.

### **Background**

As per the Office of Local Government, service reviews are covered under the Integrated Planning & Reporting Guidelines for Local Government in NSW ('the IP&R Guidelines'). A revision to the IP&R Guidelines in late 2021 requires all Councils to have a 'Service Review' program included in their Delivery Program and Operational Plan by the commencement of the next IP&R cycle in 2024.

In compliance with the IP&R Guidelines an action is already included in the Delivery Program 2022-2025 (including Operational Plan 2022-23):

## 2.11 Service Reviews (contd)

Reference	Year 1 2022-23		Year 2 2023-24		Year 3 2024-25	
	Project / KPI	Timeline / Target	Project / KPI	Timeline / Target	Project / KPI	Timeline / Target
DP_188	Develop and implement a framework and approach to Service Reviews	Framework and approach developed by 30 June 2023	Develop and implement a framework and approach to Service Reviews	Service review conducted (based on Framework and approach) by 30 June 2024	N/A	N/A

As part of the IP&R Guidelines, councils are required to also keep its Audit, Risk and Improvement Committee (ARIC) informed of its progress in implementing services reviews.

### Current Status

Council staff have progressed work on the above Operational Plan action and have drafted a Service Review Framework ('the Framework'), presented in Attachment 1. The Framework provides Council with an overarching and structured approach to how it will conduct service reviews and details the first steps required to select the services for review. The draft Framework has been reviewed and endorsed by Council's Executive Leadership Team and is now presented to ARIC for information and advice.

### Report

The draft Framework, presented in Attachment 1, ensures that Council complies with the IP&R Guidelines and has a Service Review Program in place and underway at the commencement of the new IP&R cycle, following the local government elections in 2024.

The draft Framework confirms Council's commitment to undertake two Service Reviews per financial year but recognises the business as usual business improvement initiatives already underway within the organisation, and aims to continue to build the integration and robustness of these.

The implementation of this draft Framework will enable the conduct of formal service reviews, providing Council with the evidence base to make informed decisions about its ongoing services to the community, thereby ensuring it is fit-for-purpose and meeting community needs, as well as, considering future needs in terms of quality, efficiency and effectiveness.

### Consultation

In developing this draft Framework, Council engaged with other councils (Blacktown City Council and Northern Beaches Council) on their framework and process, gaining key

## **2.11 Service Reviews (contd)**

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learnings and insight from the conduct of their service reviews. The assistance of University of Technology Sydney (UTS) was also obtained, with this draft Framework informed by UTS' *Service Review Delivery Practice Manual*.

The draft Framework presented in Attachment 1 has been considered and endorsed by Council's Executive Leadership Team.

ARIC are welcome to provide feedback on the draft Service Review Framework contained in Attachment 1.

### **Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

The conduct of service reviews will require the use of Council resources and an ongoing budget. This will be managed within Council's existing budget management process.

### **Link to Community Strategic Plan**

Theme 4: Responsible

#### **Goal G: Good governance and great partnerships**

R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.

### **Risk Management**

The following risks have been considered in the development of the Framework:

- Legislative compliance – development of the draft Framework, ensures Council's ongoing compliance in accordance with the IP&R Guidelines regarding Service Reviews.
- Risk Mitigation – external expert involvement of UTS in the design of the Framework ensures that a consistent and structured approach has been considered. The UTS will also assist Council in the implementation of the Framework and conduct of the Service Reviews to provide guidance and advice in any matters that the team need to navigate through. This will ultimately ensure that present and future community service needs are met by Council, without any risk of internal bias.

**Critical Dates or Timeframes**



Please note, the document details (i.e., policy number, document owner etc) in the draft Service Review Framework will be updated before being presented to Council on 26 April.

**Attachments**

- 1 Draft Service Review Framework D15562620





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# Service Review Framework

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Month YEAR

Policy No: CCC #####

Policy owner: Business Unit, Directorate Title,  
Approved by: Directorate  
Date of approval: Day/Month/Year  
Policy category: Statutory / Strategic / Operational / Internal  
Content Manager No: D#####  
Review date: DD/MM/YY

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## Introduction

### Purpose of the Framework

The purpose of the Central Coast Council Service Review Framework ('the Framework') is to outline Council's approach to reviewing its delivery of services. Using a structured approach, the Framework will support Council to develop transparent processes and a clear evidence base to improve its services and deliver better outcomes to the community.

### The Framework

- Provides a planned, structured and consistent approach to how Council will conduct Service Reviews;
- Defines roles and responsibilities within Council; and
- Details Council's commitments in implementing this Framework and conducting Service Reviews

The development of this Framework has been informed by the *Service Review Delivery Practice Manual* developed by the University of Technology Sydney, Institute of Public Policy and Governance, and by various Service Review Frameworks utilised by other councils across NSW.

### Benefits of Service Reviews

The key benefit of conducting structured service reviews is that it will provide Council with the evidence base to make informed decisions about its ongoing services to the community, thereby ensuring it is fit-for-purpose and meeting community needs, as well as, considering future needs in terms of quality, efficiency and effectiveness.

Further, service reviews will provide accountability for the organisation and allow Council to adapt to changing circumstances, needs and expectations of the community. They will also build Council's capacity to think critically and systematically about serving the community better and improving internal operations to ensure Council is using its resources for public good.

Other specific benefits and outcomes of formal service reviews include, but not be limited to:

- Aligning service provision to agreed quality of service
- Identifying cost savings and possibilities for income generation
- Adapting to working within limited resources and ensuring that resources are being appropriately allocated
- Adopting most efficient delivery models
- Highlighting areas for improvement or in need of potential realignment
- Increasing partnerships and networks
- Identifying gaps and/or inequities
- Increasing staff productivity
- Assists in identifying optimal delivery methods and/or service levels.
- Developing an understanding of future community needs

## Scope and Definitions

Within this Framework the following terms have the follow meaning:

<b>Service</b>	refers to an activity initiative or program that is delivers some form of service to the community, either directly or indirectly.
<b>Review</b>	refers to the review and analysis of a service to determine if it is fit for purpose, and, allows for evidence based decision making.
<b>Business improvement</b>	refers to business improvement initiatives and continuous improvement activities not covered in this Framework, including the various toolkits and practices that currently exist within the organisation.
<b>Portfolio</b>	refers to the collection of council services that are delivered directly or indirectly to the community. For the purposes of this Framework a Portfolio Review is not included.
<b>Executive Leadership Team</b>	refers to Council's CEO's and Directors
<b>Elected Body</b>	refers to the governing body of Central Coast Council and makes decisions on behalf of and in the best interest the community.
<b>Audit, Risk and Improvement Committee (ARIC)</b>	refers to the body that provide independent oversight, advice and assurance of Council's risk management, regulatory and compliance activities, and overall governance and performance of the organisation.
<b>Community</b>	refers to those who own property within, reside in, or visit the Central Coast LGA.

## Background and Context

### Legislative Requirements

As per the Office of Local Government, service reviews are covered under the *Integrated Planning & Reporting Guidelines for Local Government in NSW* ('the IP&R Guidelines'). A revision to the IP&R Guidelines in late 2021 requires all Councils to have a 'Service Review' program included in their Delivery Program and Operational Plan by the commencement of the next IP&R cycle. This Framework ensures that Council has a Service Review Program in place and underway at the commencement of the new IP&R cycle, following the local government elections in 2024.

The Community Strategic Plan is the highest level of strategic planning undertaken by a council as it reflects the community's values and aspirations. As part of the community's aspirations the CSP details the community's wants for affordable, equitable, flexible and value for money quality services. The implementation of this Framework and conduct of Service Reviews will ensure Council is performing within its capacity and to a standard that achieves the desired outcomes for the community.

### Central Coast Council Organisational Direction

In 2022, the Organisational Direction, known as *5 Pillars*, was established for Council. The *5 Pillars* established Council to be an organisation that embraces a Central Coast way and actively works to build a culture that is informed and driven by strategic priorities and Corporate Values. This cultural change commitment shifts the organisation toward a future state that is a *'capable, responsible and efficient organisation that is trusted and respected by its staff and community'*.

The Framework aligns with the 'One Way' Pillar, providing a consistent, effective and efficient approach to Service Reviews. Similarly, the conduct of a Service Review will have a strong alignment with the 'Service' Pillar, determining the fit for purpose of the services Council delivers to the community. The outcomes of a Service Review may also link with the 'Asset Management / Project Management' Pillar, 'People' Pillar and 'Financial Discipline' Pillar, depending on the problems to be resolved and recommendations of each review.

The outcomes of Service Reviews, aim to collectively build Council's capacity to think critically and systematically about the community's service needs and its internal operations, to make meaningful changes that ensure Council stays relevant in serving the community and is sustainable. This will be achieved through a culture of continuous improvement, with the improvements that are identified as a result of a Service Review, informing the current implementation of business improvement initiatives within the organisation. Further consideration on the conduct of business improvement within the organisation may be required to ensure it is appropriately structured and remains affective.

### Central Coast Council Services

The Central Coast has population of 348,379, with a projected population of over 415,000 by 2036. Central Coast Council delivers a range of services to the community, as well its internal services that assist with the operations of Council. Council delivers more than 100 services across 30 key service areas, with details of Council's Service Portfolio provided in in *Attachment A* to the Framework.

## Council's Approach to Service Reviews

### Council's Commitment

Council commits to undertake a minimum of two (2) major community facing Service Reviews per financial year. The outcomes of the Service Reviews aim to:

- Improve customer experience
- Enhance service effectiveness and accessibility
- Provide good value for money and reduce inefficiencies
- Address current and emerging opportunities and risks regarding social, environmental and financial sustainability.

Council will continue to undertake its business as usual business improvement activities, utilising current tools and practices, and building on these through the implementation of this Framework and conduct of Service Reviews.

Council will appropriately resource the conduct of its Service Reviews through inhouse subject matter experts and the utilisation of external expertise as necessary. The Service Reviews will follow sound budget and project management and be completed through structured processes that are industry supported.

As expanded upon below, Council's ELT will be responsible for determining the services to be subject to evaluation and review.

### Process for selecting a service to review

Services requiring a review will be determined using a risk based matrix. The matrix will assess:

- IMPACT – the importance of the Service to the Community
- VALUE – the cost of providing the Service and return on investment
- SENSITIVITY – the Service has been the subject of significant feedback or complaints
- OUTCOME – the Service impacts and influences in terms of its Social, Technological, Economic, Environmental, Political, Legal and Ethical outlooks (STEEPLE).

Those rated as highest through the matrix will produce a short list. Input will be sought from Council's elected body and a final determination on the services selected for review will be made by Council's Executive Leadership Team (ELT), with consideration to the scope, resourcing requirements and budget. Other Business Improvement tools and resources across the organisation, such as the Business Capability Model ('the BCM'), Customer Service Survey Results and Internal Audit results, may also inform the ELT in their final selection.

A four year Service Review Work Plan will be determined, with 8 services selected for review over the term. This will be a rolling works plan and will be reviewed on an annual basis utilising the evidence based risk matrix to assess the most priority services.

## Governance

### Structured Approach to Service Reviews

The Framework requires Council staff to use a systematic, staged approach to undertaking Service Reviews, with the goal of providing decision makers with the evidence and data they need to make informed decisions.

This staged approach to Service Reviews provides a robust and unbiased pathway to deliver advice, options and recommendations for continual improvement.



Roles and Responsibilities

RACI Key		
Responsible	R	Person working on the activity. Responsible is a task-oriented designation that applies to the person (or people) completing the work. A whole team can be responsible for the execution of one task.
Accountable	A	Person with decision authority. Accountable is an outcome-oriented designation that applies to a single person who reports on the work, whether in status updates or upon delivery. Accountable means, you must answer for and/or sign off on the deliverable and deal with the consequences if it falls short of goals.



<b>Consult</b>	<b>C</b>	Key stakeholder who should be included in decision or work activity. Every deliverable is strengthened by review and consultation from more than one team member. Consulted parties are typically the people who provide input based on either how it will impact their future project work or their domain of expertise on the deliverable itself.
<b>Inform</b>	<b>I</b>	Needs to know of decision or action. These stakeholders simply need to be kept in the loop on project progress, rather than roped into the details of every deliverable.

Roles and Responsibilities					
Sponsors	Level of (low, medium, high):			Role	Involvement
	Interest	Impact	Influence		
<b>CEO</b>	High	High	High	<b>A</b>	Approve the concept of Service Reviews and associated collateral.
<b>Executive Leadership Team</b>	High	High	High	<b>A</b>	Approve the Framework, Service Review Work Plan and conduct of Service Reviews.
<b>Service Review Team</b>	Medium	High	Medium	<b>R</b>	Project management of Service Review process, facilitation of structured review requirements, advisory role and final report writing. Prepare recommendations for endorsement through governance lines.
<b>Service Review Working Group</b>	Medium	Medium	Medium	<b>C</b>	Involved in all aspects of the review process. Subject matter expertise and data control with the service being reviewed. Review of documents and input.
<b>ARIC</b>	High	Medium	High	<b>I</b>	Informed of Framework and conduct of Service Reviews. Input and advice welcomed.
<b>Elected Body</b>	High	High	High	<b>C</b>	Consulted throughout the process, seeking input to inform the development of the Service Review Work Plan and also through each of the Service Reviews.
<b>Community</b>	Medium to High	Medium to High	Medium to High	<b>C</b>	Participate in consultation activities and provide experience and input on Council's service delivery.

## Records Management

Staff must maintain all records relevant to administering this Framework in a recognised Council record keeping system.

## Related Resources

Future revisions of this document will refer to related material and resources developed throughout the Service Review process.

## Appendix

### Attachment 1 – Council’s Service Portfolio

Service Area	Service	CSP Alignment
<b>Community Facing Service</b>		
<b>Arts and Entertainment</b>	Galleries	Belongung – B
	Stadium	Smart – C
	Theatres	Smart – C
<b>Building Certification</b>	Building Regulation and Compliance	Responsible – I
<b>Cemeteries</b>	Cemeteries	Responsible – G
<b>Childcare</b>	Childcare	Liveable – L
<b>Community Connections</b>	Community Development	Belongung – A & B
	Community Education	Liveable – K
	Community Grants and Sponsorship	Responsible – G
	Community Programs	Responsible – G
<b>Community Facilities</b>	Community Facilities Management	Liveable – K & L
	Public Toilets	Liveable – K & L
<b>Corporate and Community Relations</b>	Communications and Engagement	Responsible – G
	Customer Services	Responsible – G
<b>Development Assessment</b>	Development Advisory Service	Responsible – I
	Development Application Determination	Responsible – I
<b>Development Control and Land Use Compliance</b>	Development Control and Land Use Compliance	Smart – C & D
		Responsible – G
<b>Economic Growth</b>	Airport	Smart – C & D
	Business Development and Innovation	Responsible – G
	Commercial Properties and Leasing	Responsible – G
	Events	Belongung – B
	Holiday Parks	Belongung – B

Service Area	Service	CSP Alignment
	Major Economic Projects Marketing and Tourism Town and City Centre Management	
<b>Engineering Services</b>	Engineering Design and Certification	Responsible – I & G
<b>Environmental Regulation, Protection and Reporting</b>	Environmental Regulation	Green – E & F
	Environmental Protection	Responsible – G
	Environmental Reporting	Responsible – G
<b>Environmental Resilience and Recovery</b>	Natural Disaster Impact Mitigation	Green – E
	Natural Disaster and Emergency Management	Responsible – G
<b>Libraries</b>	Libraries	Livable – L
<b>Natural Assets</b>	Beach Cleaning and Maintenance	Green – E & F
	Biodiversity Management and Planning	Responsible – I
	Biosecurity	Responsible – I
	Bushfire Mitigation	
	Bushland Reserve Management	
	Coastal and Estuary Management	
	Dredging and Lagoon Openings	
	Environmental and Sustainability Education	
	Environmental Volunteering Program	
	Flood Planning	
	Public Tree Risk Management	
	Stormwater Quality Improvement Operations	
	Wrack and Algae Collection	
<b>Public Health and Safety</b>	Community Safety	Belonging – A
	Public Health Protection	Green – E & F Responsible – G
<b>Sports, Leisure and Fitness</b>	Beach Safety	Belonging – A
	Leisure Centres and Pools	
	Park and Playgrounds	Livable – K & L
	Recreational Aquatic Infrastructure	
	Sportgrounds	
<b>Stormwater Drainage</b>	Drainage Network	Responsible – H
<b>Strategic Urban Planning</b>	Contribution Plans	Green – E & F
	Urban Planning	Responsible – G, H & I Smart – C Belonging – B

Service Area	Service	CSP Alignment
		Liveable – J
<b>Transport Network</b>	Bridges	Planning – A
	Car Parking Operations	Responsible – G & H
	Roads	Liveable – J & K
	Shared Pathways	Responsible – G & H
	Street Lighting	Liveable – J & K
	Street Scapes	Responsible – G & H
	Traffic and Safety Regulation	Responsible – G & H
	Wharves and Jetties	Responsible – G & H
<b>Waste Services</b>	Public Place Waste Management	Responsible – G & H
	Resource Recovery	Responsible – G
	Waste and Recycling Collection	Responsible – G
<b>Water and Sewer</b>	Water Source	Responsible – G
	Water Treatment and Storage	Responsible – G
	Water Delivery	Responsible – G
	Sewage Removal	Responsible – G
	Sewage Treatment	Responsible – G
	Sewage Disposal	Responsible – G
	Capital Works and Asset Management	Responsible – G
Service Area	Service	CSP Alignment
<b>Inward Facing Services</b>		
<b>Asset Management Planning</b>	Asset Management	Responsible – G & H
<b>Business Support</b>	Business Support	Responsible – G
<b>Corporate Facilities</b>	Administration Offices and Depot Facility Management	Responsible – G & H
	CCTV Network Management	Responsible – G & H
	Plant and Fleet Management	Responsible – G & H
	Stores and Inventory	Responsible – G & H
<b>Corporate Governance</b>	Civic Services	Responsible – G
	Governance	Responsible – G
	Insurance and Risk Management	Responsible – G
	Internal Audit	Responsible – G
	Ombuds Services	Responsible – G
	Organisational Governance	Responsible – G
	Legal	Responsible – G
<b>Corporate Strategy</b>	Integrated Planning and Reporting	Responsible – G
	Organisational Integrated Planning and Reporting	Responsible – G
<b>Finance</b>	Financial Analysis and Business Support	Responsible – G
	Financial Control and Compliance	Responsible – G

Service Area	Service	CSP Alignment
	Organisational Financial Planning and Reporting	
<b>Human Resource Management</b>	Employee Industrial Relations	
	People Development and Expertise	
	People Services	
<b>Information and Technology</b>	Information Management	
	Systems Development	
	Systems Maintenance and Support	
<b>Procurement</b>	Contract Management	
	Project Management	
	Purchasing	