



Financial Reports Water Supply Authority Central Coast Council

1 July 2022 to 30 June 2023

Central Coast Council - Water Supply Authority

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by the Administrator and Chief Executive Officer	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements	56

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

Central Coast Council - Water Supply Authority

General Purpose Financial Statements

for the year ended 30 June 2023

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 CCCWSA's operating result and financial position for the year
- accord with CCCWSA'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 31 October 2023.



Rik Hart
Administrator
31 October 2023



David Farmer
Chief Executive Officer
31 October 2023



Emma Galea
Responsible Accounting Officer
31 October 2023

Central Coast Council - Water Supply Authority

Income Statement

for the year ended 30 June 2023

\$ '000	Notes	Actual 2023	Restated Actual 2022
Income from continuing operations			
Annual charges	B1-1	106,386	85,670
User charges and fees	B1-2	87,644	78,136
Other revenues	B1-3	18	112
Grants and contributions provided for operating purposes	B1-4	432	117
Grants and contributions provided for capital purposes	B1-4	34,571	18,777
Interest and investment income	B1-5	5,830	1,959
Other income	B1-6	1,121	–
Net gain from the disposal of assets	B3-1	–	9
Total income from continuing operations		236,002	184,780
Expenses from continuing operations			
Employee benefits and on-costs	B2-1	30,309	27,242
Materials and services	B2-2	73,942	56,794
Borrowing costs	B2-3	9,435	10,489
Depreciation, amortisation and impairment of non-financial assets	B2-4	85,562	78,520
Other expenses	B2-5	755	3,102
Net loss from the disposal of assets	B3-1	2,507	–
Total expenses from continuing operations		202,510	176,147
Net operating result for the year attributable to Central Coast Council Water Supply Authority		33,492	8,633
Net operating result for the year before grants and contributions provided for capital purposes		(1,079)	(10,144)

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 2023

\$ '000	Notes	2023	Restated 2022
Net operating result for the year – from Income Statement		33,492	8,633
Other comprehensive income:			
Amounts that will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>257,995</u>	<u>264,965</u>
Total other comprehensive income for the year		<u>257,995</u>	<u>264,965</u>
Total comprehensive income for the year attributable to Central Coast Council Water Supply Authority		<u>291,487</u>	<u>273,598</u>

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

Central Coast Council - Water Supply Authority

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	10,153	11,236	9,377
Investments	C1-2	96,084	59,696	52,352
Receivables	C1-4	43,174	37,900	31,435
Current assets classified as held for sale	C1-7	480	–	–
Other	C1-7	503	138	222
Total current assets		150,394	108,970	93,386
Non-current assets				
Investments	C1-2	79,376	79,376	79,376
Receivables	C1-4	2,549	3,065	3,067
Infrastructure, property, plant and equipment (IPPE)	C1-5	4,376,819	4,127,672	3,891,512
Intangible assets	C1-6	–	–	1,703
Right of use assets	C2-1	928	–	–
Total non-current assets		4,459,672	4,210,113	3,975,658
Total assets		4,610,066	4,319,083	4,069,044
LIABILITIES				
Current liabilities				
Payables	C3-1	19,017	15,365	13,658
Contract liabilities	C3-2	10,747	398	2,480
Lease liabilities	C2-1	206	–	–
Borrowings	C3-3	42,584	41,928	56,250
Employee benefit provisions	C3-4	9,846	8,842	8,713
Provisions	C3-5	1,390	1,756	1,759
Total current liabilities		83,790	68,289	82,860
Non-current liabilities				
Contract liabilities	C3-2	4,528	4,502	2,266
Lease liabilities	C2-1	844	–	–
Borrowings	C3-3	148,287	165,173	175,725
Provisions	C3-5	1,939	1,928	2,593
Total non-current liabilities		155,598	171,603	180,584
Total liabilities		239,388	239,892	263,444
Net assets		4,370,678	4,079,191	3,805,600
EQUITY				
Accumulated surplus		3,486,192	3,452,700	3,444,074
IPPE revaluation reserve	C4-1	884,486	626,491	361,526
Equity interest		4,370,678	4,079,191	3,805,600
Total equity		4,370,678	4,079,191	3,805,600

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
					Restated	Restated	Restated
Opening balance at 1 July		3,452,700	626,491	4,079,191	3,443,004	361,526	3,804,530
Correction of prior period errors	F4-1	–	–	–	1,063	–	1,063
Restated opening balance		3,452,700	626,491	4,079,191	3,444,067	361,526	3,805,593
Net operating result for the year		33,492	–	33,492	5,754	–	5,754
Correction of prior period errors	F4-1	–	–	–	2,879	–	2,879
Restated net operating result for the period		33,492	–	33,492	8,633	–	8,633
Other comprehensive income							
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	257,995	257,995	–	264,965	264,965
Total comprehensive income		33,492	257,995	291,487	8,633	264,965	273,598
Restated closing balance at 30 June		3,486,192	884,486	4,370,678	3,452,700	626,491	4,079,191

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 2023

\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities			
Receipts:			
Rates and annual charges		105,789	85,412
User charges and fees		87,705	75,592
Interest received		5,267	1,671
Grants and contributions		39,302	15,031
Bonds, deposits and retentions received		20	–
Other		(4,487)	(3,021)
Payments:			
Payments to employees		(28,853)	(27,512)
Payments for materials and services		(70,627)	(54,452)
Borrowing costs		(9,435)	(10,489)
Bonds, deposits and retentions refunded		–	(195)
Other		(260)	(373)
Net cash flows from operating activities	G1-1	124,421	81,664
Cash flows from investing activities			
Receipts:			
Sale of investments		131,272	11,812
Proceeds from sale of IPPE		–	56
Payments:			
Purchase of investments		(167,128)	(22,260)
Acquisition of term deposits		–	2
Payments for IPPE		(73,331)	(44,541)
Net cash flows from investing activities		(109,187)	(54,931)
Cash flows from financing activities			
Receipts:			
Proceeds from borrowings		–	31,432
Payments:			
Repayment of borrowings		(16,230)	(56,306)
Principal component of lease payments		(87)	–
Net cash flows from financing activities		(16,317)	(24,874)
Net change in cash and cash equivalents		(1,083)	1,859
Plus: cash and cash equivalents – beginning of period		11,236	9,377
Cash and cash equivalents at end of year	C1-1	10,153	11,236
plus: Investments on hand at end of year	C1-2	175,460	139,072
Total cash, cash equivalents and investments		185,613	150,308

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

Central Coast Council - Water Supply Authority

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Sources of income	14
B1-1 Annual charges	14
B1-2 User charges and fees	14
B1-3 Other revenues	15
B1-4 Grants and contributions	16
B1-5 Interest and investment income	18
B1-6 Other income	18
B2 Costs of providing services	19
B2-1 Employee benefits and on-costs	19
B2-2 Materials and services	20
B2-3 Borrowing costs	20
B2-4 Depreciation, amortisation and impairment of non-financial assets	21
B2-5 Other expenses	22
B3 Gains or losses	22
B3-1 Gain or loss from the disposal, replacement and de-recognition of assets	22
C Financial position	23
C1 Assets we manage	23
C1-1 Cash and cash equivalents	23
C1-2 Financial investments	23
C1-3 Restricted and allocated cash, cash equivalents and investments	25
C1-4 Receivables	26
C1-5 Infrastructure, property, plant and equipment	27
C1-6 Intangible assets	30
C1-7 Other	30
C2 Leasing activities	30
C2-1 Council as a lessee	30
C3 Liabilities of Council	33
C3-1 Payables	33
C3-2 Contract Liabilities	34
C3-3 Borrowings	34
C3-4 Employee benefit provisions	36
C3-5 Provisions	37
C4 Reserves	39
C4-1 Nature and purpose of reserves	39
D Risks and accounting uncertainties	40
D1-1 Risks relating to financial instruments held	40
D2-1 Fair value measurement	43
D3-1 Contingencies	49

Central Coast Council - Water Supply Authority

Contents for the notes to the Financial Statements for the year ended 30 June 2023

E People and relationships	50
E1 Related party disclosures	50
E1-1 Key management personnel (KMP)	50

Central Coast Council - Water Supply Authority

Contents for the notes to the Financial Statements for the year ended 30 June 2023

F Other matters	51
F1-1 Statement of Cash Flows information	51
F2-1 Commitments	52
F3-1 Events occurring after the reporting date	53
F4 Changes from prior year statements	53
F4-1 Correction of errors	53

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 31 October 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.

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.

A1-1 Basis of preparation (continued)

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 2023 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 all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

- *AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

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

B Financial Performance

B1 Sources of income

B1-1 Annual charges

\$ '000	2023	2022
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Water supply services	23,341	13,056
Sewerage services	65,687	58,385
Drainage	18,891	15,609
Liquid trade waste	585	307
Less: pensioner rebates (State Government funded)	(2,214)	(2,174)
Less: pensioner rebates (CCCWSA funded)	(1,813)	(1,858)
Annual charges levied	104,477	83,325
Pensioner annual charges subsidies received:		
– Water	1,028	1,167
– Sewerage	881	1,178
Total annual charges	106,386	85,670

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	2023	2022
User charges		
Water supply services	62,892	55,925
Sewerage services	18,783	16,607
Liquid trade waste	3,036	2,766
Total user charges	84,711	75,298

B1-2 User charges and fees (continued)

\$ '000	2023	2022
Fees		
Building services – other	305	299
Inspection services	258	119
Regulatory/ statutory fees	242	294
Registration fees	6	4
Water connection fees	989	1,079
Sewer connection fees	501	472
Sewer diagrams	347	389
Special water meter reading fees	37	42
Water carters licence fees	156	70
Other	92	70
Total fees	2,122	2,122
Total other user charges and fees	2,933	2,838
Total user charges and fees	87,644	78,136
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	87,644	78,136
Total user charges and fees	87,644	78,136

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	2023	2022
Sales – general	2	–
Other supply/ services	15	111
Other	1	1
Total other revenue	18	112
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	18	112
Total other revenue	18	112

Accounting policy for other revenue

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

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

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

B1-4 Grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Drainage / environment	–	–	1,136	1,246
Environmental programs	60	42	–	–
LIRS subsidy	4	20	–	–
Water / sewer infrastructure	–	–	18,419	5,665
Other specific grants	275	10	–	–
Sewerage (excl. section 64 contributions)	–	–	–	138
Water supplies (excl. section 64 contributions)	–	–	–	45
Other contributions	93	45	2	9
Total special purpose grants and non-developer contributions – cash	432	117	19,557	7,103
Non-cash contributions				
Donated assets ¹	–	–	4,426	2,898
Total other contributions – non-cash	–	–	4,426	2,898
Total special purpose grants and non-developer contributions (tied)	432	117	23,983	10,001
Total grants and non-developer contributions	432	117	23,983	10,001
Comprising:				
– Commonwealth funding	–	–	145	351
– State funding	338	72	19,412	6,605
– Other funding	94	45	4,426	3,045
	432	117	23,983	10,001
Developer contributions				
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):				
G5				
Cash contributions				
S 64 – water supply contributions	–	–	3,325	4,705
S 64 – sewerage service contributions	–	–	2,851	2,293
S 7.11 – drainage assets	–	–	2,677	1,151
Total developer contributions – cash	–	–	8,853	8,149
Non-cash contributions				
S 64 – water supply contributions	–	–	1,015	293
S 64 – sewerage service contributions	–	–	720	334
Total developer contributions non-cash	–	–	1,735	627
Total developer contributions	–	–	10,588	8,776
Total contributions	–	–	10,588	8,776
Total grants and contributions	432	117	34,571	18,777
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time	377	107	10,590	15,879
Grants and contributions recognised at a point in time	55	10	23,981	2,898
Total grants and contributions	432	117	34,571	18,777

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	77	9	2,375	2,255
Add: Funds received and not recognised as revenue in the current year	83	77	10,477	120
Less: Funds received in prior year but revenue recognised and funds spent in current year	(77)	(9)	(120)	–
Unspent funds at 30 June	83	77	12,732	2,375

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	–	–	63,745	58,893
Add: contributions received and not recognised as revenue in the current year	30	–	7,168	9,392
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(5,957)	(4,540)
Unspent contributions at 30 June	30	–	64,956	63,745

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.

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	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue annual charges	715	593
– Cash and investments	5,115	1,365
Other	–	1
Total interest and investment income	5,830	1,959

Accounting policy

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

B1-6 Other income

\$ '000	2023	2022
Fair value increment on investments		
Fair value increment on investments through profit and loss	1,121	–
Total Fair value increment on investments	1,121	–
Total other income	1,121	–

B2 Costs of providing services

B2-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	23,935	25,047
Employee termination costs	143	–
Employee leave entitlements	3,966	2,359
Superannuation	4,613	1,611
Payroll tax	1,768	1,990
Workers Compensation	(91)	56
Total employee costs	34,334	31,063
Less: capitalised costs	(4,025)	(3,821)
Total employee costs expensed	30,309	27,242

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.

B2-2 Materials and services

\$ '000	2023	2022
Raw materials and consumables	12,575	9,212
Contractor costs	12,466	6,687
Audit Fees	10	–
Agency Hire	360	352
Previously other expenses:		
Administration support	22,575	20,152
Advertising	8	24
Computer software charges	636	473
Electricity and heating	11,645	8,993
Gas charges	15	179
Insurance	83	174
Licences	482	447
Plant hire	5,786	4,849
Printing and stationery	58	23
Subscriptions and publications	15	–
Telephone and communications	35	9
Tipping fees	6,277	4,363
Training costs (other than salaries and wages)	121	30
Water purchases	567	480
Other expenses	227	347
Total materials and services	73,942	56,794

Accounting policy

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

B2-3 Borrowing costs

\$ '000	2023	2022
Interest on leases	54	–
Interest on loans	9,283	10,428
Other debts	98	61
Total borrowing costs expensed	9,435	10,489

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		38	14
Office equipment		29	29
Furniture and fittings		13	13
Land improvements (depreciable)		23	32
Infrastructure:	C1-5		
– Buildings – specialised		859	712
– Other structures		10	853
– Stormwater drainage ¹		13,381	11,943
– Water supply network		34,641	29,591
– Sewerage network		36,355	33,396
Right of use assets	C2-1	209	–
Other assets:			
– Other		4	8
Total gross depreciation and amortisation costs		85,562	76,591
Impairment / revaluation decrement/(increment) of IPPE			
Land improvements (depreciable)		–	167
Infrastructure:	C1-5		
– Other structures		–	59
Intangible assets	C1-6	–	1,703
Total impairment costs charged to Income Statement (IPPE)		–	1,929
Total depreciation, amortisation and impairment for non-financial assets		85,562	78,520

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.

(1) Restated 2021/22

B2-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		166	–
Total impairment of receivables	C1-4	166	–
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		589	3,102
Total Fair value decrement on investments	C1-2	589	3,102
Total other expenses		755	3,102

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	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	56
Less: carrying amount of property assets sold/written off		(14)	(10)
Gain (or loss) on disposal		(14)	46
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-5	–	–
Less: carrying amount of infrastructure assets sold/written off		(2,493)	(37)
Gain (or loss) on disposal		(2,493)	(37)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	131,272	11,812
Less: carrying amount of investments sold/redeemed/matured		(131,272)	(11,812)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(2,507)	9

Accounting policy

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

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash equivalent assets		
– Deposits at call	10,153	11,236
Total cash and cash equivalents	10,153	11,236

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Financial assets at fair value through the profit and loss				
Government and semi-government bonds	–	14,727	–	13,688
NCD's, FRN's	14,916	60,060	6,927	55,608
Total	14,916	74,787	6,927	69,296
Debt securities at amortised cost				
Long term deposits	81,168	4,589	52,769	10,080
Total	81,168	4,589	52,769	10,080
Total financial investments	96,084	79,376	59,696	79,376
Total cash assets, cash equivalents and investments	106,237	79,376	70,932	79,376

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.

C1-2 Financial investments (continued)

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.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	185,613	150,308
Less: Externally restricted cash, cash equivalents and investments	<u>(80,357)</u>	<u>(69,218)</u>
Cash, cash equivalents and investments not subject to external restrictions	105,256	81,090

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	10,288	6,209
Developer contributions – sewer fund	18,086	18,442
Developer contributions – drainage	33,493	36,061
Developer contributions – VPA – water	1,079	1,059
Developer contributions – VPA – sewer	507	497
Developer contributions - VPA - drainage	1,403	1,377
Specific purpose unexpended grants (recognised as revenue) – water fund	2,286	2,311
Specific purpose unexpended grants (recognised as revenue) – sewer fund	10,498	14
Specific purpose unexpended grants (recognised as revenue) – drainage fund	31	127
Sewer fund	–	29
Specific purpose unexpended contributions (recognised as revenue) – drainage fund	130	100
Self insurance – sewer	1,078	1,633
Self insurance – water	1,478	1,359
External restrictions	80,357	69,218
Total external restrictions	80,357	69,218

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	2023	2022
---------	------	------

(b) Internal allocations

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employee leave entitlement – water	974	908
Employees leave entitlement – sewer	935	877
Employee leave entitlement – drainage	21	20
Multi-year projects	48	–
Total internal allocations	1,978	1,805

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2023	2022
---------	------	------

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	103,278	79,285
--	----------------	--------

C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	2	–	–	–
Interest and extra charges	691	–	736	–
User charges and fees	11,075	2,310	10,704	2,827
Accrued revenues				
– Interest on investments	996	–	388	–
– User charges and fees	13,480	–	10,702	–
– Government grants and subsidies	5,296	–	3,618	–
Drainage annual charges	1,914	–	1,635	–
Net GST receivable	1,129	–	777	–
Sewerage annual charges	6,425	–	8,130	–
Water annual charges	2,049	–	1,265	–
Other debtors	172	239	–	238
Total	43,229	2,549	37,955	3,065
Less: provision for impairment				
Other debtors	(55)	–	(55)	–
Total provision for impairment – receivables	(55)	–	(55)	–
Total net receivables	43,174	2,549	37,900	3,065

Accounting policy

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

Impairment

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

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

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

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

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

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

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

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	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)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	71,418	–	71,418	75,100	–	–	(41,688)	–	–	104,830	–	104,830
Plant and equipment	1,320	(1,167)	153	–	–	(38)	249	73	–	1,655	(1,219)	436
Office equipment	173	(116)	57	–	–	(29)	–	–	–	173	(144)	29
Furniture and fittings	183	(92)	91	–	–	(13)	–	–	–	183	(105)	78
Land:												
– Operational land	93,307	–	93,307	–	–	–	–	(360)	(13,716)	79,231	–	79,231
– Crown and Community land	16,991	–	16,991	–	–	–	–	50	(46)	16,995	–	16,995
Land improvements – depreciable	542	(108)	434	–	–	(23)	–	–	27	578	(140)	438
Infrastructure:												
– Buildings – specialised	61,730	(24,989)	36,741	584	(14)	(859)	492	(296)	4,395	66,479	(25,438)	41,041
– Other structures	204	(42)	162	–	–	(10)	–	5	–	212	(55)	157
– Stormwater drainage	1,708,881	(532,926)	1,175,955	3,842	(329)	(13,381)	9,032	–	59,852	1,808,984	(574,018)	1,234,966
– Water supply network	2,362,053	(1,060,602)	1,301,451	2	(1,374)	(34,641)	8,366	–	98,210	2,549,500	(1,177,486)	1,372,014
– Sewerage network	2,447,518	(1,016,658)	1,430,860	21	(791)	(36,355)	23,549	–	109,273	2,657,725	(1,131,169)	1,526,556
Other assets:												
– Other	58	(6)	52	–	–	(4)	–	–	–	58	(10)	48
Total infrastructure, property, plant and equipment	6,764,378	(2,636,706)	4,127,672	79,549	(2,508)	(85,353)	–	(528)	257,995	7,286,603	(2,909,784)	4,376,819

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

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 ¹	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 Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '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
Land:														
– 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
Infrastructure:														
– 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
– Stormwater drainage	1,562,748	(474,395)	1,088,353	–	2,898	–	(11,943)	–	254	4	96,391	1,708,881	(532,926)	1,175,955
– Water supply network	2,186,967	(973,500)	1,213,467	–	–	–	(29,591)	–	47,077	(32)	70,532	2,362,053	(1,060,602)	1,301,451
– Sewerage network	2,314,878	(928,198)	1,386,680	–	–	–	(33,396)	–	–	34	77,545	2,447,518	(1,016,658)	1,430,860
Other assets:														
– Other	133	(5)	128	–	–	–	(8)	–	–	(68)	–	58	(6)	52
Total infrastructure, property, plant and equipment	6,289,799	(2,398,287)	3,891,512	45,140	2,898	(47)	(76,591)	(226)	61	(33)	264,965	6,764,378	(2,636,706)	4,127,672

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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:

Plant and equipment	Years	Buildings	Years
Office furniture	3 to 50	Buildings	10 to 80
Other plant and equipment	2 to 37		
Water and sewer assets		Stormwater assets	
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
Transportation assets		Land improvements - depreciable	6 to 100
Bridges	80 to 100	Other assets	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 and Environment.

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

C1-6 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Drainage Easements		
Opening values at 1 July		
Gross book value	4,172	4,172
Accumulated amortisation and impairment	(4,172)	(2,469)
Net book value – opening balance	–	1,703
Movements for the year		
Impairment charges	–	(1,703)
Closing values at 30 June		
Gross book value	–	4,172
Accumulated amortisation and impairment	–	(4,172)
Total drainage easements – net book value	–	–

Accounting policy

Drainage easements

Easements (the right of access over land) are no longer recognised as intangible assets.

C1-7 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	503	–	138	–
Total other assets	503	–	138	–

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

C2-1 Council as a lessee (continued)

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 & Equipment	Ready to use	Total
2023			
Reclassified to Water and Sewer	–	1,137	1,137
Depreciation charge	–	(209)	(209)
Balance at 30 June	–	928	928

(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
2023					
Cash flows	206	844	–	1,050	1,050

(c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2023	2022
Interest on lease liabilities	54	–
Depreciation of right of use assets	209	–
	263	–

(d) Statement of Cash Flows

Total cash outflow for leases	248	–
	248	–

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.

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-

C2-1 Council as a lessee (continued)

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.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Payables				
Prepaid annual charges	4,044	-	4,639	-
Goods and services – operating expenditure	9,512	-	6,197	-
Accrued expenses:				
– Interest on borrowings	554	-	632	-
– Salaries and wages	452	-	-	-
– Other expenditure accruals	4,345	-	3,807	-
Security bonds, deposits and retentions	110	-	90	-
Total payables	19,017	-	15,365	-
Total payables	19,017	-	15,365	-

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

\$ '000	2023	2022
Payables – overpayments, security bonds, deposits and retentions	4,687	4,812
Total payables	4,687	4,812

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.

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Unexpended Capital Grants and Contributions (to construct CCCWSA controlled assets)	(i)	10,577	2,255	220	2,255
Unexpended Operating Grants and Contributions (received prior to performance obligation being satisfied – AASB 15)	(ii)	113	1,923	107	1,826
User fees and charges received in advance:					
Deposits and payments received in advance of services provided		57	350	71	421
Total contract liabilities		10,747	4,528	398	4,502

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	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	120	–
Operating grants (received prior to performance obligation being satisfied)	76	–
Capital contributions (to construct Council controlled assets)	–	54
Total revenue recognised that was included in the contract liability balance at the beginning of the period	196	54

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.

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured	15,462	129,626	14,891	145,088
Loans – unsecured	27,122	18,661	27,037	20,085
Total borrowings	42,584	148,287	41,928	165,173

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	159,979	(14,891)	–	–	–	–	145,088
Loan – unsecured	47,122	(1,339)	–	–	–	–	45,783
Lease liability (Note C2-1b)	–	1,050	–	–	–	–	1,050
Total liabilities from financing activities	207,101	(15,180)	–	–	–	–	191,921

	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
\$ '000							
Loans – secured	181,179	(21,200)	–	–	–	–	159,979
Loan – unsecured	50,796	(3,674)	–	–	–	–	47,122
Total liabilities from financing activities	231,975	(24,874)	–	–	–	–	207,101

(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.

C3-4 Employee benefit provisions

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	3,588	–	3,294	–
Vested sick leave	919	–	946	–
Long service leave	4,974	–	4,281	–
Other leave	365	–	321	–
Total employee benefit provisions	9,846	–	8,842	–

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,844	4,599
	4,844	4,599

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.

C3-5 Provisions

\$ '000	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	617	1,939	1,065	1,928
Self insurance – public liability	349	–	267	–
Payroll tax	424	–	424	–
Sub-total – other provisions	1,390	1,939	1,756	1,928
Total provisions	1,390	1,939	1,756	1,928

Movements in provisions

\$ '000	Other provisions		
	Self insurance	Other (Payroll Tax)	Total
2023			
At beginning of year	3,260	424	3,684
Additional provisions	(27)	1,768	1,741
Amounts used (payments)	(328)	(1,768)	(2,096)
Total other provisions at end of year	2,905	424	3,329
2022			
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

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*.

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

C3-5 Provisions (continued)

- 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 2023.

- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2023.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2023 for the financial position as at 30 June 2023 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

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	2023	2022
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	1,856	1,503
Impact of a 10% movement in price of investments		
– Equity / Income Statement	18,561	15,031

(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.

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	
2023				
Gross carrying amount	6,050	4,051	287	10,388
2022				
Gross carrying amount	4,160	6,565	305	11,030

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	
2023						
Gross carrying amount	3,495	–	–	–	31,722	35,217
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.17%	0.15%
ECL provision	–	–	–	–	54	54
2022						
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

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		
2023							
Payables	0.00%	–	14,863	4,154	–	19,017	19,017
Borrowings	6.13%	–	25,542	95,836	108,594	229,972	190,871
Total financial liabilities		–	40,405	99,990	108,594	248,989	209,888
2022							
Payables	0.00%	–	10,636	4,729	–	15,365	15,365
Borrowings	5.56%	–	25,689	105,731	124,339	255,759	207,101
Total financial liabilities		–	36,325	110,460	124,339	271,124	222,466

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

\$ '000	Notes	Fair value measurement hierarchy						Total	
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2023	2022 ¹
		2023	2022	2023	2022	2023	2022 ¹	2023	2022 ¹
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss		89,703	76,223	–	–	–	–	89,703	76,223
Total financial assets		89,703	76,223	–	–	–	–	89,703	76,223
Infrastructure, property, plant and equipment									
Plant and equipment		–	–	–	–	436	153	436	153
Office equipment		–	–	–	–	29	57	29	57
Furniture and fittings		–	–	–	–	78	91	78	91
Crown and Community land		–	–	–	–	16,995	16,991	16,995	16,991
Operational land		–	–	–	–	79,231	93,307	79,231	93,307
Land improvements - depreciable		–	–	–	–	438	434	438	434
Buildings – specialised		–	–	–	–	41,041	36,741	41,041	36,741
Other structures		–	–	–	–	157	162	157	162
Roads		–	–	–	–	–	–	–	–
Bulk earthworks (non depreciable)		–	–	–	–	–	–	–	–
Stormwater drainage		–	–	–	–	1,234,966	1,175,955	1,234,966	1,175,955
Water supply network		–	–	–	–	1,372,014	1,301,453	1,372,014	1,301,453
Sewerage network		–	–	–	–	1,526,556	1,430,863	1,526,556	1,430,863
Other assets		–	–	–	–	48	52	48	52
Total infrastructure, property, plant and equipment	C1-5	–	–	–	–	4,271,989	4,056,259	4,271,989	4,056,259

(1) Restated 2021/22

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture and fittings

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

These asset categories include:

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

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

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

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

Operational land

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

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2023. The land was valued using level 3 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.

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 3 observable inputs.

Crown and Community land have been valued at 30 June 2023 using the VG valuations for 2022-2023.

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

D2-1 Fair value measurement (continued)

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 2023. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account CCCWSA's asset management practices.

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

Other structures

This asset class is comprised of water tanks, 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 2022. 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 2023 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 2023 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 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 2023 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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
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

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	153	167	57	86	91	104	16,991	12,410
Transfers from/(to) another asset class	73	–	–	–	–	–	50	–
Purchases (GBV)	248	–	–	–	–	–	–	–
Depreciation and impairment	(38)	(14)	(28)	(29)	(13)	(13)	–	–
Revaluation increments / (decrements) to equity (ARR)	–	–	–	–	–	–	(46)	4,581
Closing balance	436	153	29	57	78	91	16,995	16,991

\$ '000	Buildings specialised		Other structures		Stormwater drainage		Water supply network	
	2023	2022	2023	2022	2023	2022 ¹	2023	2022
Opening balance	36,741	31,580	162	1,203	1,175,955	1,088,353	1,301,453	1,213,466
Transfers from/(to) another asset class	(296)	660	5	(122)	9,031	259	–	47,046
Purchases (GBV)	1,075	–	–	–	3,840	2,898	8,367	–
Disposals (WDV)	(14)	–	–	(37)	(329)	–	(1,374)	–
Depreciation and impairment	(859)	(712)	(10)	(853)	(13,381)	(11,943)	(34,641)	(29,591)
Recognised in profit or loss – realised (refer to Note B2-4)	–	–	–	(59)	–	–	–	–
Revaluation increments / (decrements) to equity (ARR)	4,394	5,213	–	30	59,850	96,388	98,209	70,532
Closing balance	41,041	36,741	157	162	1,234,966	1,175,955	1,372,014	1,301,453

(1) Restated 2021/22

\$ '000	Sewerage network		Other assets		Land improvement - depreciable		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	1,430,863	1,386,680	52	128	434	634	3,962,952	3,734,811
Transfers from/(to) another asset class	–	34	–	–	–	(1)	8,863	47,876
Purchases (GBV)	23,568	–	–	(68)	–	–	37,098	2,830
Disposals (WDV)	(791)	–	–	–	–	–	(2,508)	(37)
Depreciation and impairment	(36,355)	(33,396)	(4)	(8)	(23)	(32)	(85,352)	(76,591)
Recognised in profit or loss – realised (refer to Note B2-4)	–	–	–	–	–	(167)	–	(226)
Revaluation increments / (decrements) to equity (ARR)	109,271	77,545	–	–	27	–	271,705	254,289
Closing balance	1,526,556	1,430,863	48	52	438	434	4,192,758	3,962,952

D2-1 Fair value measurement (continued)

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

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 2022-23 were recognised as an expense. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The position is monitored annually and the actuary has estimated that, as at 30 June 2023, 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 CCWSA are those persons having the authority and responsibility for planning, directing and controlling the activities of CCWSA, directly or indirectly.

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	525	655
Other long-term benefits	74	53
Termination benefits	-	3
Total	599	711

Other transactions with KMP and their related parties

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

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	33,492	8,633
Add / (less) non-cash items:		
Depreciation and amortisation	85,562	76,572
(Gain) / loss on disposal of assets	2,507	(9)
Non-cash capital grants and contributions	(6,161)	(627)
– Investments classified as ‘at fair value’ or ‘held for trading’	(532)	3,102
Revaluation decrements / impairments of IPP&E direct to P&L	–	1,929
Changes in assets and liabilities		
(Increase) / decrease of receivables	(4,758)	(6,464)
Increase / (decrease) in provision for impairment of receivables	–	1
(Increase) / decrease of other current assets	(365)	84
Increase / (decrease) in payables	3,315	2,342
Increase / (decrease) in other accrued expenses payable	990	121
Increase / (decrease) in other liabilities	(653)	(756)
Increase / (decrease) in contract liabilities	10,375	154
Increase / (decrease) in employee benefit provision	1,004	(250)
Increase / (decrease) in other provisions	(355)	(289)
Net cash flows from operating activities	124,421	84,543

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
---------	------	------

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

Property, plant and equipment

Other – Stormwater Management	913	3,007
Sewerage and Water Infrastructure	41,196	35,323
Total commitments	42,109	38,330

These expenditures are payable as follows:

Within the next year	42,109	38,330
Total payable	42,109	38,330

Details of capital commitments

Major projects to continue next year include:

- * Sewer Infrastructure Reinforcements - Gosford CBD
- * Sewer Main Rehabilitation Program - Region Wide
- * Water Main Renewal Program - Region Wide
- * Sewage Treatment Plant Major Augmentation Works - Charmhaven
- * Water Treatment Plant Major Upgrade - Mardi
- * Sewerage System Low Pressure Installation - South Tacoma
- * Sewage Treatment Plant Process Improvements - Bateau Bay
- * Water Treatment Plant Trunk Mains to Clear Water Tank upgrades - Mardi
- * Sewer Pump Station Renewal - Crystal St Forresters Beach
- * Sewer System Upgrades - Gosford CBD Racecourse precinct

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

During 2022-2023, CCCWSA recognised drainage assets that had not previously been recognised. These assets were several years old at the time of first recognition and were constructed by others and handed over to Council prior to 2022-2023. The financial statements have been adjusted to reflect that these assets relate to periods earlier than the current reporting period. These errors have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustments through to accumulated surplus at that date. Comparatives for (2021/22) have also been restated, where applicable, to reflect the correction of errors. The impact on each line item of the financial statements is shown in the tables below:

F4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Total current assets	93,386	–	93,386
Infrastructure, property, plant and equipment	3,890,442	1,070	3,891,512
Total non-current assets	3,974,588	1,070	3,975,658
Total assets	4,067,974	1,070	4,069,044
Net assets	3,804,530	1,070	3,805,600
Accumulated surplus	3,443,004	1,070	3,444,074
Total equity	3,804,530	1,070	3,805,600

F4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Total current assets	108,970	–	108,970
Infrastructure, property, plant and equipment	4,123,730	3,942	4,127,672
Total non-current assets	4,206,171	3,942	4,210,113
Total assets	4,315,141	3,942	4,319,083
Net assets	4,075,249	3,942	4,079,191
Accumulated surplus	3,448,758	3,942	3,452,700
Total equity	4,075,249	3,942	4,079,191

Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Grants and contributions provided for capital purposes	15,879	2,898	18,777
Total income from continuing operations	181,882	2,898	184,780
Depreciation and amortisation	78,501	19	78,520
Total expenses from continuing operations	176,128	19	176,147
Net operating result for the year	5,754	2,879	8,633

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Net operating result for the year	5,754	2,879	8,633
Total comprehensive income for the year	270,719	2,879	273,598

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 Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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 2023 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 free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the 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

31 October 2023
SYDNEY