

Hunter Business Chamber ('Business Hunter')

ABN 96 083 977 459

Annual Report - 30 June 2021

The directors present their report, together with the financial statements, on the Hunter Business Chamber (referred to as the 'company' or 'Business Hunter') for the year ended 30 June 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony (Tony) Rhodes (President)
Lauren Eyles (Senior Vice President)
Peter Gesling (Vice President)
Stephanus (Hennie) du Plooy (Immediate Past President)
James (Jim) Garis
Natalie Mitchell
Paul Tobin (appointed on 5 November 2020)
Glenn Thornton (appointed on 5 November 2020)
Holly Martin (appointed on 5 November 2020)
Robyn (Dianne) Hamer (appointed on 5 November 2020)
Narelle Redman (resigned on 5 November 2020)
Jane Moran (resigned on 5 November 2020)
Jonathan Vandervoort (resigned on 5 November 2020)
Geoffrey Crowe (resigned on 5 November 2020)

Objectives and strategy for achieving the objectives

Members

Maximise relevance and engagement with Business Hunter by providing quality events, access to advocacy and advice, and value adding products and services to members.

Key strategy/measures

- Mitigate business impacts of COVID-19 and connect business to what they need in a COVID-19 recovery
- Connection and engagement with Business Australia and Business NSW and support for local Chambers
- Strengthen Hunter First branding, membership and value proposition
- Advocacy reflecting the needs of business in the region and strong relationships with all levels of government
- Participate in united efforts to advance the interests of the region

Policy and advocacy

As the preeminent regional business organisation, Business Hunter continues to develop, promote and advocate the interests of business on key regional issues.

Key strategy/measures

- Develop and implement policy and project initiatives to drive regional economic growth;
- Reinforce political engagement at federal and state levels;
- Strengthen and fortify the Business Hunter's position as the peak business voice in the Hunter; and
- Lead ongoing collaboration with key allies throughout the region.

Events

Deliver an events program which responds to the educational, information and networking objectives of member organisations and the wider business community.

Key strategy/measures

- Maintain a diverse range of COVID safe events and networking programs that reflect the range of business size and sectors found within the membership;
- Improve the event patronage by continually assessing and improving the relevance of the program; and
- Stage business excellence awards that engage the membership and affiliates and link through to the State program.

Principal activities

During the financial year, the principal activity of the company continued to be the promotion and advocacy for the interests of business of the Hunter Region of NSW. This activity principally manifests through actions concerned with membership engagement, hosting networking events, facilitating the provision of business-related products and services and ongoing policy and advocacy initiatives and representation.

The company operates pursuant to a Related Party Deed ('RPD') executed with the NSW Business Chamber Limited ('NSWBC'). The RPD details elements of the relationship concerning the provision of membership, events, products and services in the Hunter Region. Business Hunter works with Business Australia and Business NSW across a range of NSWBC operational units to deliver services to members as well as acquitting the company's own operational and administrative functions. In this context, the Board of directors of the company also fulfil the role of the NSWBC Regional Area Council for the Hunter Region.

The company also promotes and supports the interests and membership of the Hunter First cohort and resources independent public affairs, policy and advocacy activities.

Significant events

The Coronavirus (COVID-19) pandemic continues to have wide ranging, variable and enduring impacts on member businesses and the operations of Business Hunter. This has impacted the decisions of businesses to either continue with membership and patronise events. The face to face events program was recommenced in late 2020 and ran through to June 30, 2021. The uncertainty around COVID-19 has impacted the financial performance of the organisation. The impact was mitigated through deferment of costs including postponement of the replacement of the Events and Marketing Coordinator role which was left vacant until January 2021. Hunter First membership renewals have experienced a high churn although the overall numbers have remained stable. Directors were deliberate in ensuring contact and communication with members was maintained since the onset of the pandemic.

In March 2021, the company launched the Business Hunter branding which included a new website and other corporate collateral. Whilst this came at a one-off cost, the rebranding was well received and assisted in boosting recognition of the company and its exposure.

There were no other significant changes in the state of affairs of the company during the financial year.

Performance measures

The company's performance is consistently measured against the following key performance indicators and drivers:

Key performance indicators

- Consolidate the Hunter First membership base;
- Develop, launch and promote new branding and website;
- Connection, communication and engagement with local Chambers of Commerce;
- Promote and present the program of events (subject to COVID-19 restrictions) including webinars live events and Hunter Business Awards;
- Produce effective and engaging communications including eDM's, and social media;
- Engage with key federal, state and local decision makers through events and meetings;
- Develop and execute an engagement and communication plan; and
- Active involvement with other key regional stakeholders on matters that promote growth and business development in the region.

Key internal drivers

- Participating in the development of and assimilation with Business Australia and Business NSW initiatives across membership, engagement and branding;
- Work with Business NSW on the policy and advocacy agenda to optimise the recovery from the Coronavirus (COVID-19) pandemic impacts;
- Ensure operational structure and responsibilities are relevant and meet organisational and member needs; and
- Communication and engagement with Local Chambers on the revised Alliance package.

Key external drivers

- Government relations, strategies, policies and funding initiatives in a COVID-19 recovery;
- Engagement with key regional organisations across policy and project priorities; and
- Hunter First member engagement and communication to ensure continued relevance.

Information on directors



Tony Rhodes



Lauren Eyles



Peter Gesling



Hennie du Plooy



Jim Garis



Natalie Mitchell



Paul Tobin



Glenn Thornton



Holly Martin



Dianne Hamer

Name: Anthony ('Tony') Rhodes
 Title: President
 Experience and expertise: Tony started his career as a plumbing apprenticeship at H.L. Mullane. Working through management and leadership roles he purchased the company from the Mullane family in 1999. The company now has 260 people on the team at Mullane, including 56 apprentices. Tony also have an interest in a small electrical business and a hydraulic design consultancy. He is the past president of both Newcastle Rotary Club and Newcastle Master Builders Association and has served on advisory boards for Sudden Infant Death Syndrome ('SIDS') and Royal Institute for Deaf and Blind Children ('RIDBC'). Tony strongly believes that co-operation, communication and healthy relationships are key to building strong organisations.
 Special responsibilities: Chairs the Executive Committee and member of the Audit and Governance Committee

Name: Lauren Eyles
 Title: Senior Vice President
 Qualifications: B Arts (Communication Studies), MBA, GAICD
 Experience and expertise: Lauren is a qualified coach and change manager, who specialises in collaborative leadership and building healthy, high performing teams. She has held senior communication and leadership roles with the Port of Newcastle, Hunter Water, the Hunter Medical Research Institute and Great Ormond Street Hospital Children's Charity in London. Lauren is a graduate of the Australian Institute of Company Directors and holds a Master of Business Administration with Distinction from the University of Newcastle, achieving the Louis & Marjorie Karpin Memorial Prize for the highest GPA across the MBA program in 2020.
 Special responsibilities: Member of the Executive Committee

Name: Peter Gesling
Title: Vice President
Qualifications: MBus., B.Eng. (Civil), A Dip Town Planning, FIE Aust., FAIM, FAICD
Experience and expertise: Peter is self-employed as a Director, facilitator, trainer and mentor. He has accreditation in several career and organisational development products. Former Chair of Newcastle Airport Board, Peter now serves as the Board Ambassador and Corporate Mentor. He has a personal consultancy trading as petergesling.com and has extensive experience as a Non-executive Director on 'not for profit', community, public and private Boards across the aviation, legal, lifestyle, local government and tourism industries/sectors. Peter has spent his career working and living in local and regional communities assisting them to find their potential, recover from adverse conditions and celebrate their successes. He is clear on the importance of businesses' role in establishing, growing and maintaining a community, its economy, culture and history. This has involved successful time in rural, remote/isolated, urban and city environments both in Australia and internationally including the Hunter, Norfolk Island, Sudan, Papua New Guinea, Kiribati and central and north-west NSW.

Special responsibilities: Member of the Executive Committee

Name: Stephanus ('Hennie') du Plooy
Title: Immediate Past President
Qualifications: B.Eng. (Extractive Metallurgical), B.Com., GAICD
Experience and expertise: Hennie has been the Chief Executive Officer of Port Waratah Coal Services since 2011 and has led this company through periods of strong growth and expansion as well as a material downturn in the coal industry requiring adaptability to cost pressures and customer demand for efficiencies. Hennie's key interest is advancing the mutually beneficial relationship between local business and the Hunter community. Having a strong track record of positive community engagement, his contribution to the Chamber focus on how current strengths can be leveraged in the interest of sustainable economic growth that improves all aspects of the wellbeing of the Region.

Special responsibilities: Board member Committee for the Hunter as representative of Business Hunter

Name: James ('Jim') Garis
Title: Director
Qualifications: BCom., ACA
Experience and expertise: Jim founded The Garis Group in Hamilton some 27 years ago with a focus then on tax advice, diversifying over the years to focus on small business growth strategies, tax strategies, superannuation and wealth creation strategies. Throughout the years The Garis Group has remained a professional family owned and operated financial services firm, with clients throughout Australia. The Garis Group works to create a beautiful financial future for families and businesses alike. Jim's recent focus has been on sharing his expertise with the Hunter community via his role as treasurer of the Hamilton Chamber of Commerce, deputy chairman of The Newcastle Tourism Industry Group, committee member of The Newcastle Business Club, life member of Merewether Carlton Rugby Club, a strong supporter of Business for Good, and board member Newcastle & Hunter Rugby Union Inc.

Special responsibilities: Chamber Alliance Partner Program representative; Chairs the Audit and Governance Committee

Name: Natalie Mitchell
Title: Director
Qualifications: Master of Commerce
Experience and expertise: Natalie was elected to Business NSW's Council in 2015 and was elected to the Board in February 2020 and the HBC Board in March 2020. Natalie's 25 year career in business management began with accounting and finance roles with Arthur Andersen, AGL and Dairy Farmers. These roles led to involvement in business management and inventory control software, taking her overseas to lead sales and software design and implementation teams in Tokyo, Singapore and Chicago. Upon returning to Australia 18 years ago, Natalie founded her own business, Capital Office Business Solutions. Capital Office Business Solutions provides business advisory services to businesses in the mid and north coast of New South Wales, including risk management, financial modelling, strategic planning, management accounting and systems implementation services. Natalie is passionate about promoting and developing businesses in regional Australia and was, for the last two years, the Chair of Business NSW's Regional Presidents' Forum. Natalie holds a Master of Commerce (Professional Accounting) from the University of New England and is a graduate of the Australian Institute of Company Directors.

Special responsibilities: Director appointed by the NSWBC Ltd pursuant to the provisions of the Related Party Deed

Name: Paul Tobin
Title: Director
Qualifications: B Sc., B Laws, Master of Laws.
Experience and expertise: Paul Tobin is a partner of Sparke Helmore, a national law firm which started in Newcastle in 1882 and now has more than 870 people in nine offices around Australia, including Newcastle and Muswellbrook. Paul leads the firm's national Construction, Projects and Infrastructure group, advising clients involved in infrastructure projects, building developments and the procurement of major plant and equipment. Paul has been involved with many of the Hunter's major projects over the last decade. Paul grew up in Newcastle before spending time working at Clayton Utz in Sydney and Taiwan. His specific focus as a Board member is in the planning and provision of economic and social infrastructure to drive the future of the Hunter region.

Special responsibilities: Member of the Audit and Governance Committee

Name: Glenn Thornton
Title: Director
Qualifications: B.Com., MBA, MStrat PR, FCPA, GAICD
Experience and expertise: Glenn Thornton is the Executive Manager Projects, with the Port of Newcastle, overseeing a major infrastructure and capital works program designed to directly contribute to the region's economic prosperity and long-term sustainability. Glenn joined the Port of Newcastle from global engineering professional services consulting firm WSP, where he was the NSW Regional Director and Director Advisory for Australia. Glenn has successfully delivered major infrastructure projects totalling billions of dollars, with hands-on experience in advisory, planning, design, governance and project management. Glenn is also a former Hunter Business Chamber CEO who has strong relationships with senior leaders within business and government.

Special responsibilities: Chairs the Regional Infrastructure Committee

Name: Holly Martin
Title: Director
Qualifications: B Comms, Masters of Marketing, GAICD
Experience and expertise: Holly Martin is a successful and practiced marketing expert with almost two decades of experience helping companies and professionals to become more engaging to their audiences through effective marketing. She runs a successful marketing agency, The Marketing GP, that has helped regional businesses, multi-nationals, small businesses and start-up seeking to lead their industry. She is a past President (2018) of Newcastle Business Club and has board experience across a range of not-for-profit organisations such as the Hunter Academy of Sport, ConnectAbility and Hunter Breast Cancer Foundation.

Special responsibilities: Member of the Executive Committee

Name: Robyn (Dianne) Hamer
Title: Director
Qualifications: B App Sci., Grad Dip Ed, Grad Dip Mgt, MBA Mgt, MAICD
Experience and expertise: Dianne Hamer is passionate about building a more inclusive community and ensuring people facing adversity, such as a disability, can enjoy fulfilling and meaningful lives. She has extensive experience working with youth, indigenous Australians, migrants, refugees, single parents, ex-offenders, people with disability, mental health conditions and addictions and helping businesses find the right staff by ensuring inclusive recruitment processes. Dianne has qualifications in Applied Science, Education and Business and has 30 years' experience in government and private sector employment services. She is a director of 20:20 Consultancy Services and an Honorary Commander in the Hunter Defence Support Network linked to the RAAF airbase at Williamstown.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Executive	
	Attended	Held	Attended	Held
Tony Rhodes	9	9	9	9
Lauren Eyles	9	9	6	6
Peter Gesling	9	9	5	6
Hennie du Plooy	9	9	3	3
Jim Garis	5	9	-	-
Natalie Mitchell	6	9	-	-
Paul Tobin	6	6	-	-
Glenn Thornton	5	6	-	-
Holly Martin	5	6	6	6
Dianne Hamer	6	6	-	-
Narelle Redman	2	3	-	-
Jane Moran	3	3	3	3
Jonathan Vandervoort	3	3	3	3
Geoffrey Crowe	3	3	-	-
			Audit and Governance	
			Attended	Held
Hennie du Plooy			2	2
Tony Rhodes			3	3
Geoffrey Crowe			2	2
Jim Garis			1	1
Paul Tobin			1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Company secretary

Robert (Bob) Hawes (BEc, GAICD) joined the company in 2017 and is the Chief Executive Officer and Company Secretary. He has held previous roles as Interim CEO of Dantia (The Lake Macquarie Economic Development Company Limited) and General Manager of the Hunter Development Corporation.

Contributions on winding up

In the event of the company being wound up, voting members or within one year after they ceased to be a voting member, are required to contribute a maximum of \$50 each. Non-voting members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is \$21,050, based on 421 current voting members as at 30 June 2021.

The Constitution does not permit the return of capital or the distribution of surplus by way of dividend to members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Rhodes
Director



Lauren Eyles
Director

24 September 2021
Newcastle



Auditor's Independence Declaration

As lead auditor for the audit of Hunter Business Chamber Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'James McElvogue', written in a cursive style.

James McElvogue
Partner
PricewaterhouseCoopers

Sydney
24 September 2021

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General information

The financial statements cover Hunter Business Chamber as an individual entity. The financial statements are presented in Australian dollars, which is Hunter Business Chamber's functional and presentation currency.

Hunter Business Chamber is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 1
165 Lambton Road
Broadmeadow NSW 2292

A description of the nature of the company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

Further information is available on the company's websites:
<http://www.businesshunter.com>

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2021. The directors have the power to amend and reissue the financial statements.

Hunter Business Chamber ('Business Hunter')
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

**BUSINESS
HUNTER**

	Note	2021 \$	2020 \$
Revenue	3	614,261	681,660
Interest revenue calculated using the effective interest method		7,491	11,416
Expenses			
Advertising and marketing expense		(4,151)	(745)
Consultants, governance, legal and professional expenses		(41,182)	(45,807)
Employee benefits expense		(338,672)	(312,409)
Events and training		(143,538)	(204,191)
Finance and investment costs		(13,335)	(12,149)
Reversal of impairment of receivables		110	-
Information technology expense		(8,871)	(8,087)
Motor vehicle expense		(22,849)	(16,460)
Commercial products		-	(6,897)
Rent, building and occupancy costs		(21,984)	(18,120)
Telecommunication expense		(3,394)	(4,800)
Travel and entertaining expense		(3,942)	(9,679)
Other expenses		(10,112)	(6,718)
Surplus before income tax expense		9,832	47,014
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Hunter Business Chamber		9,832	47,014
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Hunter Business Chamber		<u>9,832</u>	<u>47,014</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hunter Business Chamber ('Business Hunter')
Statement of financial position
As at 30 June 2021

**BUSINESS
HUNTER**

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5	892,447	731,888
Trade and other receivables	6	175,592	279,128
Prepayments		3,276	3,392
Total current assets		<u>1,071,315</u>	<u>1,014,408</u>
Total assets		<u>1,071,315</u>	<u>1,014,408</u>
Liabilities			
Current liabilities			
Trade and other payables	7	162,582	179,767
Contract liabilities and unearned income	8	262,894	203,143
Employee benefits		16,518	17,258
Total current liabilities		<u>441,994</u>	<u>400,168</u>
Non-current liabilities			
Employee benefits		12,297	7,048
Total non-current liabilities		<u>12,297</u>	<u>7,048</u>
Total liabilities		<u>454,291</u>	<u>407,216</u>
Net assets		<u>617,024</u>	<u>607,192</u>
Equity			
Retained surpluses		<u>617,024</u>	<u>607,192</u>
Total equity		<u>617,024</u>	<u>607,192</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Hunter Business Chamber ('Business Hunter')
Statement of changes in equity
For the year ended 30 June 2021



	Retained surpluses \$	Total equity \$
Balance at 1 July 2019	560,178	560,178
Surplus after income tax expense for the year	47,014	47,014
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	47,014	47,014
	<hr/>	<hr/>
Balance at 30 June 2020	<u>607,192</u>	<u>607,192</u>
	Retained surpluses \$	Total equity \$
Balance at 1 July 2020	607,192	607,192
Surplus after income tax expense for the year	9,832	9,832
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	9,832	9,832
	<hr/>	<hr/>
Balance at 30 June 2021	<u>617,024</u>	<u>617,024</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Hunter Business Chamber ('Business Hunter')
Statement of cash flows
For the year ended 30 June 2021



	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		831,284	463,704
Payments to suppliers and employees (inclusive of GST)		<u>(686,027)</u>	<u>(682,948)</u>
Interest received		145,257	(219,244)
Other revenue		7,491	11,416
		<u>7,811</u>	<u>14,955</u>
Net cash from/(used in) operating activities	16	<u>160,559</u>	<u>(192,873)</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		160,559	(192,873)
Cash and cash equivalents at the beginning of the financial year		<u>731,888</u>	<u>924,761</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>892,447</u></u>	<u><u>731,888</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASB') and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention

These financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investments in cash managed trusts.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Fee for services and other related income

Fee for services, are recognised over time, on delivery of service in accordance with engagement letters or other relevant contracts or agreements.

Membership fees

Membership fees comprise annual subscriptions and are recognised over time as revenue on a monthly basis over the period of membership.

Note 1. Significant accounting policies (continued)

Events

Events revenue is recognised at a point in time, when the event has occurred.

Other revenue

Other revenue is recognised at the point in time when it is received or when the right to receive payment is established.

Investment income

Interest income from managed investments is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Volunteer services

The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Employee benefits

Short-term employee benefits

Liabilities for employee benefits leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long-term employee benefits

Liabilities for employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation guarantee contribution expense

Contributions to superannuation guarantee plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that <https://www.appifrssystem.com/SelectNote.aspx> have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Revenue

	2021 \$	2020 \$
<i>Revenue from contracts with customers</i>		
Fee for service and other related income	27,971	28,834
Membership fees	361,138	326,620
Events	217,341	311,251
	<u>606,450</u>	<u>666,705</u>
<i>Other revenue</i>		
Other revenue	7,811	14,955
Revenue	<u><u>614,261</u></u>	<u><u>681,660</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2021 \$	2020 \$
<i>Geographical regions</i>		
Australia	<u>606,450</u>	<u>666,705</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	217,341	311,251
Services transferred over time	389,109	355,454
	<u><u>606,450</u></u>	<u><u>666,705</u></u>

Note 4. Expenses

	2021 \$	2020 \$
Surplus before income tax includes the following specific expenses:		
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>32,802</u>	<u>36,153</u>

Note 5. Current assets - cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	313,456	163,956
Deposits at call	578,991	567,932
	<u><u>892,447</u></u>	<u><u>731,888</u></u>

Note 6. Current assets - trade and other receivables

	2021 \$	2020 \$
Trade receivables	87,989	91,337
Less: Allowance for expected credit losses	-	(110)
	<u>87,989</u>	<u>91,227</u>
Receivable from NSW Business Chamber Limited	80,883	187,675
Other receivables	6,720	226
	<u>175,592</u>	<u>279,128</u>

Allowance for expected credit losses

The company has reversed an impairment of \$110 (2020: \$nil) in profit or loss in respect of impairment of receivables for the financial year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$
Not overdue	-	-	66,191	65,730	-	-
30 - 90 days	-	-	18,836	15,930	-	-
90 days and over	-	1.1%	2,962	9,677	-	110
			<u>87,989</u>	<u>91,337</u>	<u>-</u>	<u>110</u>

Movements in the allowance for expected credit losses are as follows:

	2021 \$	2020 \$
Opening balance	110	110
Unused amounts reversed	(110)	-
Closing balance	<u>-</u>	<u>110</u>

Note 7. Current liabilities - trade and other payables

	2021 \$	2020 \$
Trade payables	35,968	-
Amount due to NSW Business Chamber Limited	94,461	123,242
Other payables	32,153	56,525
	<u>162,582</u>	<u>179,767</u>

Refer to note 9 for further information on financial instruments.

Note 8. Current liabilities - contract liabilities and unearned income

	2021 \$	2020 \$
Membership fee and subscription fee received in advance	<u>262,894</u>	<u>203,143</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	203,143	242,645
Payments received in advance	262,894	203,143
Transfer to revenue - other balances	<u>(203,143)</u>	<u>(242,645)</u>
Closing balance	<u>262,894</u>	<u>203,143</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$262,894 as at 30 June 2021 (\$203,143 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	2021 \$	2020 \$
Within 6 months	74,262	44,218
6 to 12 months	127,113	113,737
12 to 18 months	61,519	45,188
18 to 24 months	-	-
	<u>262,894</u>	<u>203,143</u>

Note 9. Financial instruments

Financial risk management objectives

The company's activities expose it to interest rate risk, credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include regular review of trade receivables ageing analysis for credit risk.

Risk management is carried out by the Chief Executive Officer ('CEO') and overseen, under policies approved, by the Board of Directors. The Executive Committee and CEO identify and evaluate financial risks in co-operation with the NSW Business Chamber Limited. The Audit and Governance Committee and CEO provide written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Market risk

Foreign currency risk

The company does not have any assets or liabilities denominated in foreign currency.

Price risk

The company is not exposed to price risk.

Interest rate risk

The company's interest bearing assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Note 9. Financial instruments (continued)

2021	Basis points increase Effect on			Basis points decrease Effect on		
	Basis points change	profit before tax	Effect on equity	Basis points change	profit before tax	Effect on equity
Cash and cash equivalents	100	<u>8,924</u>	<u>8,924</u>	100	<u>(8,924)</u>	<u>(8,924)</u>

2020	Basis points increase Effect on			Basis points decrease Effect on		
	Basis points change	profit before tax	Effect on equity	Basis points change	profit before tax	Effect on equity
Cash and cash equivalents	100	<u>7,319</u>	<u>7,319</u>	100	<u>(7,319)</u>	<u>(7,319)</u>

Credit risk

Credit risk arises from exposure to counterparties that may not meet their contractual obligations with the company. The company's exposure to credit risk primarily arises from its trade receivables.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets, net of any expected credit losses, as disclosed in the statement of financial position and notes to the financial statements.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

	2021 \$	2020 \$
Credit quality of financial assets held at the reporting date, net of impairment:		
A rated cash and cash equivalents	892,447	731,888
Trade receivables counterparties without credit rating		
Membership	74,288	90,861
Other	<u>74,149</u>	<u>188,377</u>
	<u>1,040,884</u>	<u>1,011,126</u>

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above.

Liquidity risk

The company's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

Note 9. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	35,968	-	-	-	35,968
Amounts due to related party	94,461	-	-	-	94,461
Other payables	32,153	-	-	-	32,153
Total non-derivatives	<u>162,582</u>	-	-	-	<u>162,582</u>

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2020					
Non-derivatives					
<i>Non-interest bearing</i>					
Amounts due to related party	123,242	-	-	-	123,242
Other payables	56,525	-	-	-	56,525
Total non-derivatives	<u>179,767</u>	-	-	-	<u>179,767</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 10. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 11. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2021 \$	2020 \$
Short-term employee benefits	386,476	380,557
Post-employment benefits	<u>32,802</u>	<u>36,153</u>
	<u><u>419,278</u></u>	<u><u>416,710</u></u>

During the financial year, based on the Related Party Deed the company's key personnel management remuneration is partially recharged to NSW Business Chamber Limited. The amount recharged is \$211,940 (2020: \$231,463).

Note 12. Related party transactions

The company has negotiated a Related Party Deed ('Deed') with NSW Business Chamber Limited ('NSWBC'). As part of the Deed, the company receives various services from NSWBC throughout the financial year, including corporate administration, finance, company secretarial, treasury, payroll, human resources, information and communication technology, marketing, member services, member entitlements, policy and advocacy support. Further, the company is covered under NSWBC's insurance policies.

Note 12. Related party transactions (continued)

Provided the Strategic Plan and Budget for the company is approved each year during the term of the Deed by the respective Boards of the company and NSWBC as part of the annual business planning and budget cycle, NSWBC will be responsible for any operating deficit incurred by the company for the period of the approved Strategic Plan and Budget and will provide the Board of the company with a letter of comfort so as to provide the directors of the company the required level of protection.

Subject to the above paragraph, nothing in the Deed is intended to constitute a guarantee by NSWBC of all or any of the debts or obligations of the company to third parties and the company must not hold itself out as having NSWBC as a surety or guarantor of the liabilities of the company.

The company promotes a Member to Member Program, whereby members are encouraged to purchase each other's goods and services. As members of the company, the directors and their businesses participate in the program. All transactions between the directors and the company are no more favourable to either party than that which is available to members. The company also endeavours to purchase goods and services from members.

Parent entity

NSW Business Chamber Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Provision to related party of goods and services:		
Sponsorship from NSWBC	21,873	28,834
NSWBC presidency honorarium payment to HBC	10,000	-
Less: Event profit sharing to NSWBC	(29,114)	(57,812)
Provision by related party of goods and services:		
Provision of management services by NSWBC	37,251	42,067

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021	2020
	\$	\$
Current receivables:		
Trade receivables from NSWBC	80,883	187,675
Current payables:		
Trade payables to NSWBC	94,461	123,242

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions. The amount due to NSWBC is interest free, unsecured and payable within 30 days

Note 13. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	2021 \$	2020 \$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit of the financial statements	<u>10,609</u>	<u>10,609</u>

Note 14. Contingent liabilities

The company had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 15. Commitments

The company had no commitments as at 30 June 2021 and 30 June 2020.

Note 16. Reconciliation of surplus after income tax to net cash from/(used in) operating activities

	2021 \$	2020 \$
Surplus after income tax expense for the year	9,832	47,014
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	103,536	(232,047)
Decrease in prepayments	116	5,919
Increase/(decrease) in trade and other payables	(17,185)	18,025
Increase/(decrease) in contract liabilities and unearned income	59,751	(39,502)
Increase in employee benefits	<u>4,509</u>	<u>7,718</u>
Net cash from/(used in) operating activities	<u>160,559</u>	<u>(192,873)</u>

Note 17. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the company, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the company's operations going forward. The company now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards and associated regulations and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Rhodes
Director



Lauren Eyles
Director

24 September 2021
Newcastle



Independent auditor's report

To the members of Hunter Business Chamber Limited

Our opinion

In our opinion:

The accompanying financial report of Hunter Business Chamber Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the Statement of financial position as at 30 June 2021
- the Statement of changes in equity for the year then ended
- the Statement of cash flows for the year then ended
- the Statement of profit or loss and other comprehensive income for the year then ended
- the Notes to the financial statements, which include significant accounting policies and other explanatory information
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'James McElvogue', written in a cursive style.

James McElvogue
Partner

Sydney
28 September 2021