

18<sup>TH</sup> August 2011

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# NOTICE OF MEETING OF THE COUNCIL

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The meeting of the Council will be held at

**RIVERINA WATER COUNTY COUNCIL CHAMBERS  
91 HAMMOND AVENUE, WAGGA WAGGA**

on

**WEDNESDAY, 24<sup>TH</sup> AUGUST 2011  
at 1:30 pm**

and your attendance is requested accordingly.

Yours faithfully



G J Haley  
GENERAL MANAGER



# **\* AGENDA \***

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# **GENERAL MANAGER'S REPORT TO THE COUNCIL**

16<sup>th</sup> August 2011

The Chairperson and Councillors:

## **1. FINANCIAL STATEMENTS – LIST OF INVESTMENTS**

**RECOMMENDED** that the report detailing Council's external investments for the months of June and July 2011 be received.

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In accordance with the provisions of Clause 19(3) of the Local Government (Financial Management) Regulation 1993, I report details of the Council's external investments as at 31<sup>st</sup> June and July 2011 be received (refer to APPENDIX 1: INVESTMENT REPORTS).

## **2. FINANCIAL STATEMENT - FUND POSITION AS AT 30TH OF JUNE 2011**

**RECOMMENDED** that the unaudited statement of the financial position as at 30th June 2011 be received.

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The unaudited statement of RWCC Financial Position as at 30th June 2011 is submitted for examination by Council (refer to APPENDIX 2: FINANCIAL STATEMENTS 2010/11). The anticipated operating result for 2010/2011 is a deficit of \$2,168,000. The original estimate was for a surplus of \$1,551,000.

Notes on material budget variations in the Financial Statements are included on pages 43 and 44 of the Statements.

## **3. FINANCIAL STATEMENTS 2010/2011**

**RECOMMENDED** that:

- (i) Council's Draft Financial Statements be referred to audit by Council's auditors, John L Bush and Campbell,
- (ii) Council make a resolution in accordance with section 413 (2c) that the annual financial report is in accordance with:
  - the Local Government Act 1993 (as amended) and the Regulations made there under,
  - the Australian Accounting Standards and professional pronouncements,
  - the Local Government Code of Accounting Practice and Financial Reporting,

- presents fairly the councils operating results and financial position for the year,
  - accords with Council's accounting and other records, and
  - that Council is not aware of any matter that would render this report false or misleading in any way.
- (iii) That Council adopt the abovementioned Statement and that the Chairman, Deputy Chairman and General Manager be authorised to “Statement by Members of the Council” in relation to Council's 2010/11 Financial Statements and Special Purpose Financial Reports and be attached thereto.
- (iv) That Council delegate to the General Manager the authority to “finalise the date” at which the Audit Report and Financial Statements are to be presented to the public.
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Council's Financial Statements and Special Purpose Financial reports for 2010/2011 have been completed and are ready to be forwarded to Council's Auditors.

Under the provisions of Section 412(2c) of the Local government Act 1993, the Financial Statements and Special Purpose Financial Reports shall be accompanied by a statement made in accordance with a resolution by Council, signed by 2 Councillors, General Manager and Responsible Accounting Officer along the lines of the recommendation (ii) above.

Following receipt of the Auditor's Report, it will be necessary to give public notice for a period of at least seven (7) days prior to the adoption of the Financial Statements.

It will be necessary to hold an extraordinary meeting of Council to adopt the Financial Statements and present them to the public. It is suggested that an extraordinary meeting be held on 28<sup>th</sup> September 2011 for this purpose. Council's Annual Report for 2010/2011 can be adopted at the same meeting.

#### **4. UNCOMPLETED CAPITAL WORKS 2010/2011**

**RECOMMENDED** that expenditure totalling **\$880,000** be transferred to and included in the 2011/2012 Capital works Programme.

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After reviewing the status of the 2010/2011 Capital Works Programme generally, with the Director of Engineering and Senior Officers, I am of the opinion that some **\$880,000** should be transferred to finance additional items of expenditure which have been ordered or which were ordered but not received prior to the end of June 2011, or for works commenced but were not completed before 30<sup>th</sup> June 2011.

#### **5. VOTING OF EXPENDITURE FOR THE FINANCIAL YEAR 2011/2012**

**RECOMMENDED** that the amounts provided in the Operational Plan, adopted by the Council for the year 2011/2012, by Resolution No. 11/58, be and are hereby voted for the several purposes for the 2011/2012.

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It is necessary for the Council to authorise expenditure, as provided for in the Operational Plan, adopted on 22nd June 2011 for the financial year 1st July 2002 to 30th of June 2012.

## 6. COUNCILLOR'S EXPENSES AND FACILITIES POLICY

**RECOMMENDED** that the existing Councillor's Expenses and Facilities policy be adopted as council policy for 2011/2012.

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Under section 253 of The Local Government Act (as amended) 1993, Council is required, within five months of 30th June, to adopt a policy concerning councillor's expenses and facilities. Council is required annually to consider whether it wishes to amend its expenses and facilities policy or adopt the current policy with no changes, engaging public notification of its attention, only if significantly changed, considering submissions received and make a resolution saying the matter.

Council's existing Councillor's Expenses and Facilities policy is as follows:

**POLICY TITLE:** *Payment of Councillors' and Chairperson's Fees, Expenses and Facilities.*

**OBJECTIVES:** *To define, in conformity with the requirements of the Local Government Act, 1993, the Council's policy on the provision of facilities for and the payment of expenses to Councillors and the Chairperson.*

**POLICY STATEMENT:**

*That in accordance with Division 5 of Chapter 9 of the Local Government Act (as amended) 1993, the Council pay fees and adopt the following policies concerning the payment of expenses incurred or to be incurred by Councillors and the provision of facilities to the Chairperson and some other Councillors in relation to discharging the functions of the County Council:*

1. *During the month of June in each year, the Council will review the fees and expenses paid to or facilities provided for the Chairperson and Councillors and determine the amounts to be paid for the ensuing year.*
2. *The amount of the annual fee for the Chairperson and Councillors will take into account the minimum and maximum amount determined by the Remuneration Tribunal and will be paid monthly in arrears.*
3. *The amount of expenses for conveyance by car will be determined by the rates provided in the Council's Award and will be paid monthly in arrears.*
4. *Provided that where a Councillor ceases to be the Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month that the Councillor remained the Chairperson.*
5. *Similarly, where a Councillor is elected Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month in which the Councillor became Chairperson.*
6. *Expenses incurred in attendance, authorised by the Chairperson or Council, at conference, seminars, training sessions, inspections and other authorised activities in relation to discharging of functions of the County Council, shall be conference etc., registration fee plus accommodation costs plus reasonable meal and out-of-pocket costs as verified by documentation normally required in accordance with internal audit procedures. Expenses incurred of spouses, partners or accompanying persons associated with attendance of conferences be the cost of registration and the official conference dinners.*

7. *Facilities will be provided to allow the Chairperson to discharge the functions of the County Council by way of the necessary administrative services. The Chairperson is to be provided with a facsimile machine for the purpose of facilitating communication.*

**SUSTENANCE EXPENSE:**

*That Council provide a lunch expense to any Councillor that is required to travel over their lunch time.*

**7. PECUNIARY INTEREST REGISTER-DISCLOSURE OF INTERESTS**

**RECOMMENDED** that the information be received and noted.

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Sections 441-448 of the Local Government Act, 1993, specify that returns in relation to disclosures of interest, are to be completed by councillors and designated persons, that is, General Manager and other senior staff of councils.

The returns must be completed and lodged with the General Manager within three months after 30th of June 2011.

The returns have been issued to each Councillor and designated person to have completed and lodged with the General Manager by 30 September 2011.

**8. MEETING DATES**

**RECOMMENDED** that:

- i. Council's October Meeting be held on Wednesday 19<sup>th</sup> October 2011
  - ii. Council's December Council Meeting be held on Friday 9<sup>th</sup> December 2011.
- 

Council meeting dates are the fourth Wednesday of February, April, June, August, October and December, with the December meeting usually being held on the same day as the Staff Christmas Gathering.

The remaining scheduled dates for 2011 are:

26<sup>th</sup> October  
9<sup>th</sup> December

Council's October meeting, clashes with the Annual Conference of the Local Government Association of New South Wales. Given that a number of councillors from Wagga Wagga City Council will, in all probability, be in attendance, it is recommended that Council give some consideration to changing the date of its October meeting

At the October meeting, Council will be electing its Chairman and Vice-Chairman. It is important that all councillors have the opportunity to be in attendance.

It is suggested that Council hold its Ordinary Meeting for that month on 19th October 2011.

The Council normally conducts its Ordinary December meeting of this in conjunction with a Christmas Function. Last year the meeting was held on Friday, 10 December 2010. A similar time this year would be on Friday, 9th December 2011.

## **9. PERFORMANCE REVIEW – GENERAL MANAGER**

**RECOMMENDED** that the Council consider the Chairman's Report "Performance Review – General Manager" whilst the meeting is closed to the public as it relating to personnel matters about an individual, as prescribed by Section 10A(2)(a) of the Local Government Act 1993.

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## **10. PERFORMANCE REVIEW – DIRECTOR OF ENGINEERING**

**RECOMMENDED** that the Council consider the report "Performance Review – Director of Engineering" whilst the meeting is closed to the public as it relating to personnel matters about an individual, as prescribed by Section 10A(2)(a) of the Local Government Act 1993.

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## **11. ACQUISITION OF EASEMENTS – URANGALINE/BIDGEEMIA PIPELINE**

**RECOMMENDED** that:

- a) Council acquire easements on:
  - (i) Lot 83 DP664604 & Lot 10 DP1014879
  - (ii) Lot 11 DP1014879
  - (iii) Pt Lot 103 DP756449, Lot 14 DP661937, Lot 1 DP134786, Lot 4 DP134786, Lot 5 DP134786, Lot 3 DP134786, Lot 94 DP756449, Lot 4 DP134789 & Lot 101 DP658052
  - (iv) Pt Lot 107 DP756442 & Pt Lot 106 DP1109372
  - (v) Lot 17 DP756442 & Lot 44 DP756442
  - (vi) Lot 144 DP756416, Lot 1 DP178972 & Pt Lot 1 DP325505
  - (vii) Lot 34 DP756442 & Part Lot 87 DP756442
  - (viii) Lot 35 DP756442
  - (ix) Lot 91 DP 756442 & Lot 72 DP756442
  - (x) Lot 121 DP756442, Lot 1 DP1084890, Lot 2 DP1084890 & Lot 89 DP756416
  - (xi) Lot 1 DP391693
  - (xii) Lot 46 DP756416 & Lot 47 DP756416
  - (xiii) Lot 1 DP174302
  - (xiv) Lot 142 DP756416 & Lot 145 DP756416
  - (xv) Lot 143 DP756416
  - (xvi) Lot 2 DP601738 & Lot 107 DP756416
  - (xvii) Lot 164 DP756445 & Lot 105 DP756445
  - (xviii) Lot 104 DP756445
  - (xix) Lot 85 DP756445 & Lot 140 DP756448
  - (xx) Lot 47 DP756442, Lot 1 DP134772 & Lot 1 DP188149
  - (xxi) Lot 49 DP756442, Lot 22 DP756442, Lot 2 DP455213, Lot 50 DP756442, Lot 48 DP756442 & Lot 124 DP756442
  - (xxii) Lot 18 DP756403, Lot 28 DP661868 & Lot 1 DP610216
  - (xxiii) Lot 43 DP 756403 & Pt Lot 16 DP756403

and

- b) Authority be and is hereby given to affix the Council's Seal on the transfer documents.

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Council has negotiated the acquisition of easements on land in respect to the Urangaline/Bidgeemia water pipeline.

There are twenty three (23) separate parcels of land.

- (i) Lot 83 DP664604 & Lot 10 DP1014879
- (ii) Lot 11 DP1014879
- (iii) Pt Lot 103 DP756449, Lot 14 DP661937, Lot 1 DP134786, Lot 4 DP134786, Lot 5 DP134786, Lot 3 DP134786, Lot 94 DP756449, Lot 4 DP134789 & Lot 101 DP658052
- (iv) Pt Lot 107 DP756442 & Pt Lot 106 DP1109372
- (v) Lot 17 DP756442 & Lot 44 DP756442
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- (xvii) Lot 164 DP756445 & Lot 105 DP756445
- (xviii) Lot 104 DP756445
- (xix) Lot 85 DP756445 & Lot 140 DP756448
- (xx) Lot 47 DP756442, Lot 1 DP134772 & Lot 1 DP188149
- (xxi) Lot 49 DP756442, Lot 22 DP756442, Lot 2 DP455213, Lot 50 DP756442, Lot 48 DP756442 & Lot 124 DP756442
- (xxii) Lot 18 DP756403, Lot 28 DP661868 & Lot 1 DP610216
- (xxiii) Lot 43 DP 756403 & Pt Lot 16 DP756403

To comply with the requirements pursuant to the Local Government Act in acquiring the easements and having them registered on the various properties, authority is required to proceed with the registration of the easements and, for authentication, to execute documents under the seal of the Council.

## 12. OVERDRAFT FACILITY

**RECOMMENDATION** that Council formalise an overdraft facility and market rate facility to assist with cash flow.

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An overdraft facility on Council's operating bank account, to assist daily operations, is a standard facility in place at most Councils. The Council's bankers, National Australia Bank, also offers a market rate facility, which can be drawn on when additional funds are required at short notice. The



interest rate for this facility is lower than the overdraft rate and would be the preferred method of funding, where a drawdown is required.

Proposed limits and current rates are listed below:

Business Overdraft - \$250,000 (8.76%)

Market Rate Facility - \$500,000 (6.35%)

### 13. PURCHASING POLICY

**RECOMMENDATION** that Riverina Water County Council adopt the Draft Purchasing Policy.

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It has been identified that Riverina Water County Council does not have a Policy to guide staff in the purchase of Goods and Services.

A Draft Policy has been prepared for consideration by Council and is attached (refer to APPENDIX 3: DRAFT PURCHASING POLICY).

It is necessary for Council to adopt a Policy that gives guidance to staff in a clear manner as to what processes are to take place when purchasing goods and services.

In the past purchasing has been undertaken in accordance with a memo from the General Manager, outlining procedures for the ordering of goods.

### 14. INTERNAL AUDIT

**RECOMMENDATION** that

- (a) Riverina Water County Council determine whether it desires to appoint an Internal Audit contractor or share Internal Audit resources with Wagga Wagga City Council,
- (b) Riverina Water County Council appoint a subcommittee for the purpose of interviewing and recommending for appointment prospective members of Council's proposed Audit and Risk Management Committee.
- (c) Riverina Water County Council call for expressions of interest from suitably qualified members of the community for appointment to council's Audit and Risk Management Committee.

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In October 2008 the Department of Local Government issued Internal Audit Guidelines for Councils and County Councils.

Following a review, revised Internal Audit Guidelines were issued to councils by the Division of Local Government in September 2010.

Within the guidelines internal audit is described as *an independent, objective assurance and consulting activity designed to add value and improving organisation's operations*

*It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

The guidelines go on to describe internal audit's core competencies are in the area of internal control, risk and governance. Typically, internal audit's scope will include some more or all of the following areas:

- Reliability and integrity of financial and operational information,
- Effectiveness and efficiency of operations and resource usage,

- Safeguarding of assets,
- Compliance with laws, regulations, policies, procedures and contracts,
- Adequacy and effectiveness of the risk management framework.

It further states that all councils should have an internal audit function for the following reasons:

- it supports good internal governance,
- to ensure consistency with other levels of government,
- to improve the effectiveness of risk management, control and governance processes,
- helps to restore public confidence in an organisation's ability to operate effectively,

It also states that when considering an internal audit function Council should considering the following issues:

- The need to extend council's understanding of risk management beyond traditional areas of public liability and occupational health and safety, into areas such as internal governance, fraud risk and broader regulatory risk.
- Whether council should have a uniform approach to assessing and managing risk, regardless of size or location.
- Whether it is feasible for Council to pool resources with like councils or arrange through regional organisations of councils for internal services.
- Whether small management teams can feasibly conduct audits or internal reviews in the absence of an audit function, with an appropriate degree of independence and objectivity.
- How council can properly resource internal audit and internal control programs.

### APPOINTMENT OF INTERNAL AUDITOR

The Division of Local Government pointed that providing that independence requirements are adhered to, councils can contract the internal audit functions to private sector accounting firms or internal audit service providers. If this is the preferred option, then councils need to ensure that the service provided is for a professional internal audit service and is not an extension of the financial assurance based external audit.

Councillor should note that outsourcing or outsourcing the internal audit function does not abrogate council's responsibility to oversee and manage the internal audit function. There are several options for outsourcing internal audit function these are:

- Private sector accounting firms - most large accounting firms have specialist internal audit divisions, which provide a good service. Internal audit is a specialised skill and hence councils are advised to only use firms who have a specialised internal audit division.
- Boutique firms - a number of boutique firms exist that specialise in internal audit services.
- Internal audit contractors - there are a range of experienced internal audit contractors available for this sort of work.
- New South Wales GTE - IAB Services is a State Government agency that provides internal audit services to the public sector.

The Division of Local Government also state that they encourage councils to consider resourcing their internal audit functions via collaborative arrangements with other councils or through a regional organisation of council (ROC). A ROC or some other body (such as a Strategic Alliance) could agree to jointly employ or contract an appropriately qualified internal auditor. This may have

benefits in terms of cross-council benchmarking, reduction in travel costs and access to a bigger resource pool than would be to a single council.

Each council should nevertheless establish its own independent audit committee and the internal auditor would need to report separately to each council, maintaining confidentiality. A funding model could be established that shares the costs on a user-pays basis between participating councils, with internal audit costs based on an agreed cost sharing basis.

Under this model, the appointed internal auditor would prepare an audit plan for each council, based on individual council requirements. There will be some common systems and shared knowledge and tools, such as audit planning, risk assessment, audit programs and procedures.

The reporting framework will need to ensure the independence of the auditors and confidentiality of the findings. The internal auditor would report directly to the General Manager and the Audit Committee of each council.

A proposal has been received from J.B. Consulting, an internal audit contractor to provide services to Riverina Water County Council. This audit contractor already provides internal audit services to Greater Hume Shire Council, Junee Shire Council, Coolamon Shire Council, Temora Shire Council, Corowa Shire Council and Gundagai Shire Council. There would be benefits and savings in travel from utilising such a contractor. A copy of his proposal is attached (refer to APPENDIX 4: JB CONSULTING INTERNAL AUDIT PROPOSAL).

Initial discussions have also been held with the General Manager of Wagga Wagga City Council. He advised that Wagga Wagga City Council has recently appointed a specialist internal auditor and indicated that they were willing to consider sharing resources with Riverina Water County Council by way of providing internal auditing services.

### INTERNAL AUDIT COMMITTEE

An essential early step in establishing the internal audit function at Riverina Water County Council would be to appoint an Internal Audit Committee. An Internal Audit Committee plays a pivotal role in the governance framework. It provides the council with independent oversight and monitoring the council audit processes, including the council's internal controls activities. This oversight includes internal and external reporting, risk management activities, internal and external audit, and compliance. Given the key role of the audit committee, for it to be most effective it is important that it is properly constituted of appropriately qualified independent members.

A strong relationship between the audit committee and internal audit enables the committee to meet its responsibilities and carry out its functions. An audit committee establishes the role and direction for internal audit and maximise the benefits from the internal audit function.

The audit committee would achieve its independence by having a majority of independent members external to the council and its operations. In addition it is highly desirable that all members chosen exhibit an independence of mind in their deliberations and do not act as a representative of a particular area Council, or with conflicts of interest. Regular rotation of some or all members is also desirable to keep it fresh approach.

Ideally the audit committee should consist of at least three and preferably no more than five members comprised of independent external members, who should be in the majority and councillors other than the chairman. Staff should not be members of the audit committee

When selecting committee members is important to ensure they have appropriate qualifications and experience to fulfil their role. The following qualities are desirable in appointing members:

Individual should have:

- Knowledge of local government
- Strong communication skills
- High levels of personal integrity and ethics
- Sufficient time available to devote to their responsibilities as a committee member
- High levels of financial literacy and, if possible accounting; financial; legal compliance and/or risk management experience or qualifications.

The audit committee as a whole should have:

- At least one member with financial qualifications and experience.
- Skills and experience relevant to discharge its responsibilities including experience in business, financial and legal compliance and risk management.

The Division of Local Government recommends that committee members and the audit committee chair be appointed by the council. This could be done on the recommendation of a committee which has been convened by the council with the power to interview and recommend suitable candidates. It's important that process is transparent and accountable

If the council wishes to use this process then the committee should prepare a written report for the Council that provides details on qualifications and experience of all eligible applicants for the position(s) of independent audit committee member(s) or audit committee chair from which the council can select the most suitable appointees.

Sufficient funds need to be allocated to the audit committee for it to be able to operate effectively. Council should resolve to provide a budget and funds for the audit committee; this should include fees payable to the audit committee members.

A suggested structure for an audit committee for a small Council is as follows:

- 1 councillor (excluding the chair)
- 2 independents - at least one with financial expertise

A draft charter, based upon recommendations from the Division of Local Government is attached for information and as a starting point (refer to APPENDIX 5: AUDIT & RISK MANAGEMENT COMMITTEE CHARTER).



Graeme J. Haley  
GENERAL MANAGER

## DIRECTOR OF ENGINEERING'S REPORTS TO COUNCIL MEETING AUGUST 2011

8th July 2011

### 1. **WORKS REPORT COVERING JUNE 2011**

**RECOMMENDATION** That this report be received and noted.

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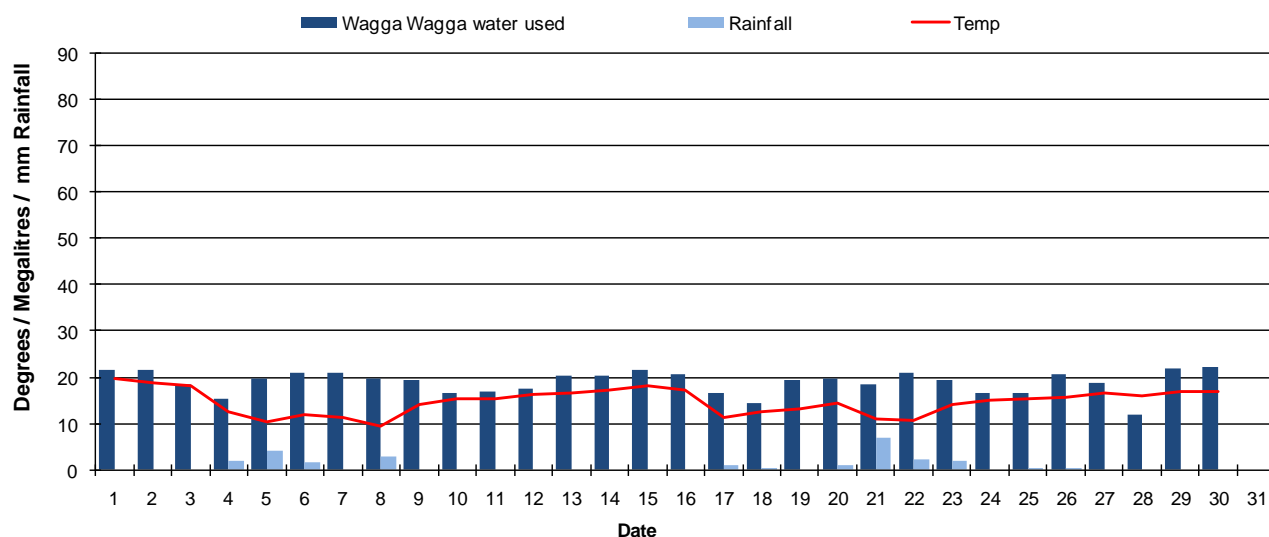
#### 1.1 **WATER SOURCED AND USED**

June	2009	2010	2011
Rainfall	45.6	64.8	24.0
Wet Days	14	11	12
<b>WATER SOURCED June 2011 (MI)</b>			
North Wagga bores	165.74	132.35	126.19
West Wagga bores	290.94	267.92	313.49
East Wagga bores	74.04	52.65	114.30
Murrumbidgee River	191.34	221.56	84.68
<b>SUB-TOTAL</b>	<b>722.06</b>	<b>674.48</b>	<b>638.66</b>
Bulgary Bores	25.93	20.26	25.64
Urana Source	0.00	0.00	0.00
Ralvona Bores	16.28	15.41	13.47
Walla Walla Bores	0.00	0.00	0.00
Goldenfields Water Supply System	0.89	0.94	1.10
<b>SUB-TOTAL</b>	<b>43.10</b>	<b>36.61</b>	<b>40.21</b>
Woomargama	0.93	0.92	1.16
Humula	0.66	0.53	0.46
Tarcutta	2.58	3.01	2.47
Oura	1.67	2.38	2.66
Walbundrie	1.84	1.77	1.72
Morundah	0.29	0.35	0.41
Collingullie	3.98	2.91	3.12
<b>SUB-TOTAL</b>	<b>11.95</b>	<b>11.87</b>	<b>12.00</b>
<b>TOTALS</b>	<b>777.11</b>	<b>722.96</b>	<b>690.87</b>

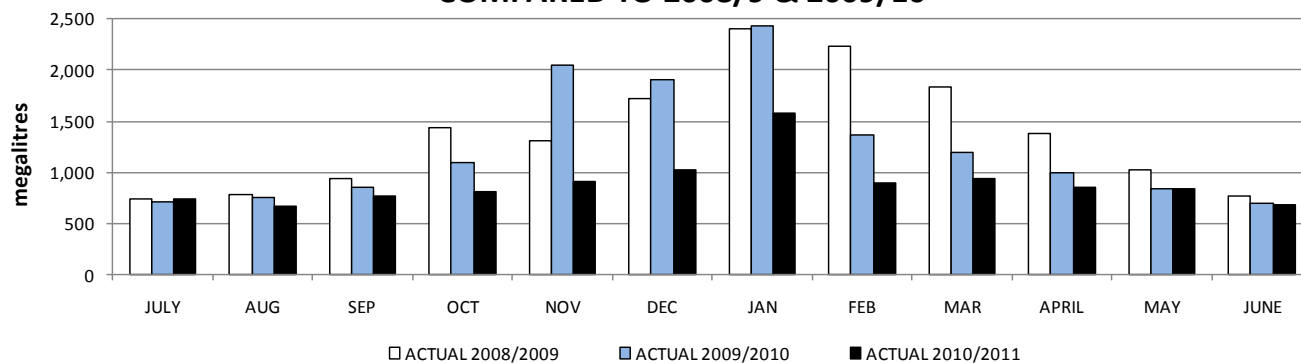
## WATER USED June 2011 (MI)

	2009	2010	2011
East Bomen	21.06	13.98	10.59
Estella	52.21	40.20	30.73
North Wagga	74.54	58.95	75.05
Wagga Wagga – Low Level	124.96	126.56	121.34
Wagga Wagga – High Level	304.01	295.46	282.47
Wagga Wagga – Bellevue Level	34.39	27.40	29.14
<b>SUB-TOTAL</b>	<b>611.17</b>	<b>562.55</b>	<b>549.32</b>
Ladysmith	3.35	2.82	2.89
Brucedale	13.07	11.01	9.04
Currawarna	6.29	4.81	2.96
Rural south from Wagga Wagga	76.36	74.05	74.95
Rural from Walla Walla Bore	0.00	0.00	0.00
Milbrulong, Lockhart and Boree Creek	13.36	9.03	11.78
Urana and Oaklands	11.35	9.19	12.51
Holbrook	16.28	15.41	13.47
<b>SUB-TOTAL</b>	<b>140.06</b>	<b>126.32</b>	<b>127.60</b>
Woomargama	0.93	0.92	1.16
Humula	0.66	0.53	0.46
Tarcutta	2.58	3.01	2.47
Oura	1.67	2.38	2.66
Walbundrie/Rand	1.84	1.77	1.72
Morundah	0.29	0.35	0.41
Collingullie	3.98	2.91	3.12
<b>SUB-TOTAL</b>	<b>11.95</b>	<b>11.87</b>	<b>12.00</b>
<b>TOTALS</b>	<b>763.18</b>	<b>700.74</b>	<b>688.92</b>

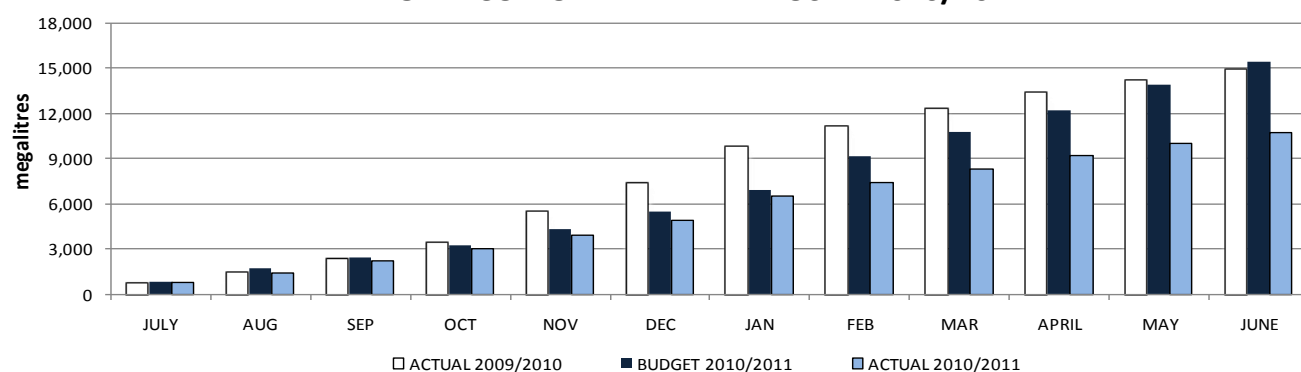
## DAILY WATER USED, WAGGA WAGGA, June 2011



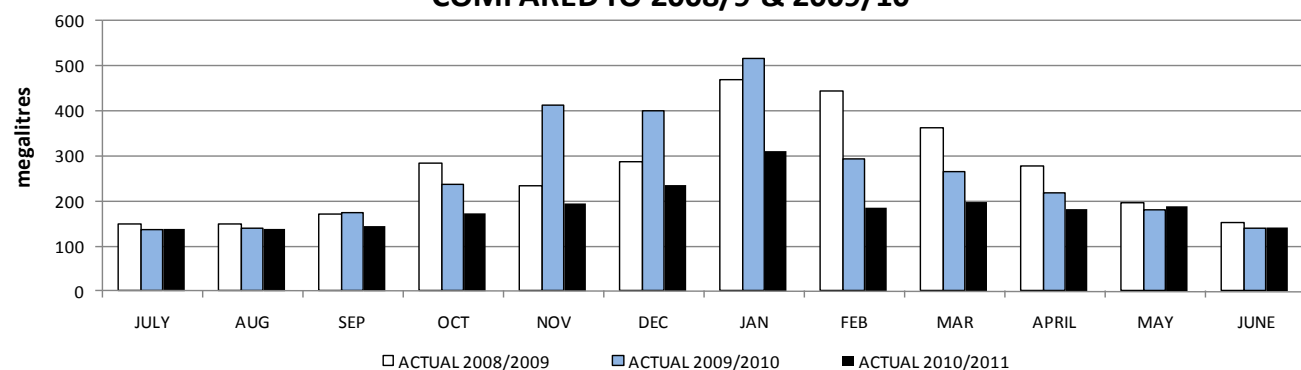
### MONTHLY TOTAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



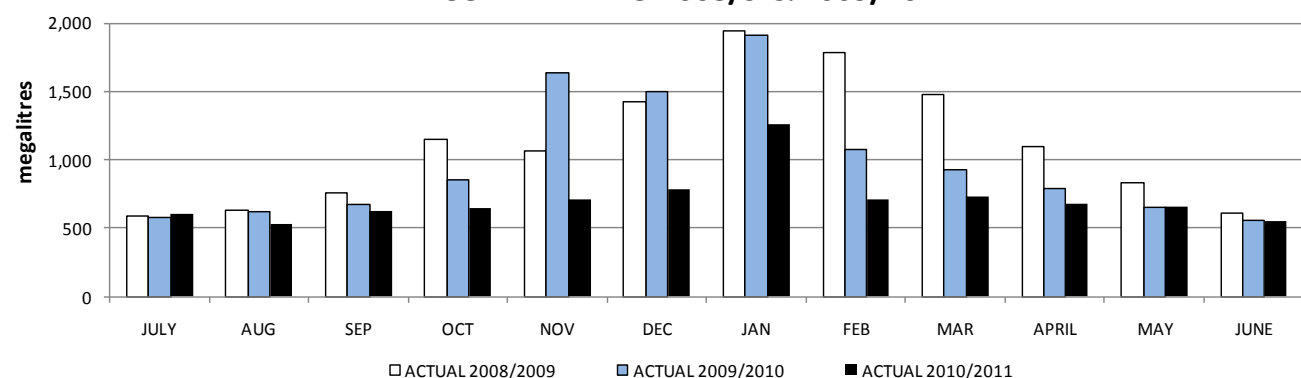
### TOTAL CUMULATIVE WATER USED 2010/2011



### MONTHLY RURAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



### MONTHLY WAGGA WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



## 1.2 NEW SERVICE CONNECTIONS, REPAIRS, METERS, LOCATIONS & COMPLAINTS FOR THE MONTH OF JUNE 2011

Location	New Connect., Residential	New connect., Non Residential	Services Renewed	Services Repaired	Quality Complaints	Supply Complaints *	Customer dealings complaints	Other Complaints	Frost damage	Meter or Metercock fault	Leaking valves or hydrants	Locations
Wagga Wagga	11		1	25	11	4				21	7	11
Brucedale												
Currawarna												
Euberta												
Humula				1								
Ladysmith				1								
Oura												
San Isidore												
Tarcutta												
The Gap												
Bulgary												
Collingullie				1						1		
French Park										1		
Lockhart			1	1								
Mangoplah				2								
Milbrulong				1								
Pleasant Hills												
The Rock				4								
Uranquinty	1				1							
Yerong Creek				1								
Culcairn											1	
Henty												
Holbrook				2	1	1				1		
Morven												
Walbundrie						1						
Walla Walla		1										
Woomargama												
Boree Creek											2	
Morundah											2	
Oaklands												
Rand												
Urana												
<b>TOTAL</b>	12	1	2	39	13	6	0	0	0	24	12	11



### 1.3 WATER SYSTEM REPAIRS

WAGGA WAGGA								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
2	2/10 Werribee St	Bourklands	100 BPVC	T/ Band Broken/Leaking	Yes	0:00	0	21
11	74 Gardiner St	North Wagga	50 PVC	Accidental damage	No	2:00	16	5
16	92 Plumpton Rd	Wagga Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	35
16	Erin St	Turvey Park	100 BPVC	Leaking collar	No	14:00	1	5
25	84 Johnston St	Wagga Wagga	100 CI	T/ Band Broken/Leaking	No	1:00	24	7
26	30 Brunskill Rd	Lake Albert	100 AC	Pipe Failure (not specified)	Yes	0:00	0	11
TOTALS						17:00	41	84
				Breaks needing		Breaks affecting		
	Total Breaks –	6		shut off -	3		customers –	3

RURAL								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
6	ELM ST	Henty	75 AC	Tree Roots	Yes	0:00	0	10
11	Gap Hall Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	43
15	Wagga Rd	Oura	100 WPVC	Leaking collar	No	1:30	18	16
17	ellis lane	Boree Creek	200 WPVC	Pipe Failure - Ground Movement	No	0:00	5	100
17	Pattersons Rd	Brucedale	50 PVC	Pipe Failure (not specified)	Yes	0:00	0	21
21	STATION AND CAPE	Milbrulong	100 AC	Tree Roots	Yes	0:00	0	15
23	LOCKHART RD BETWEEN	Tootal	200 CI	Pipe Failure (not specified)	No	4:00	0	0
25	Downside Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	21
26	Becks Lane	The Gap	80 PVC	Pipe Failure (not specified)	Yes	0:00	0	11
28	OAKLANDS - URANA RD	Oaklands	100 WPVC	Pipe Failure - Ground Movement	Yes	0:00	0	400
29	Wagga Rd	Oura	100 WPVC	Pipe Failure (not specified)	No	1:00	18	6
30	Shepherds Siding Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	21
TOTALS						30:30	41	664
			Breaks needing shut off -			Breaks affecting customers -		
	Total Breaks –	12		4			3	

## 1.4 WATER QUALITY COMPLAINTS

Water quality complaints received during June 2011 were:

Date	Location	Problem	Action Taken
2/06/2011	3/25 Monaro Crt, Tatton	Dirty water	Flushed mains
1/06/2011	11 Railway Pde, Holbrook	Air & dirt	Flushed service
2/06/2011	30 Hampden Ave, Nth Wagga	Dirty water	Flushed service
3/06/2011	33 McPherson St,Nth	Dirty water	Flushed service
8/06/2011	42 Balala Cr, Bourkelands	Dirty water	Flushed hydrant
2/06/2011	4 Monaro Cr, Tatton	Taste	Flushed hydrant
8/06/2011	42 Walana Cres, Koorungal	Cloudy, dirty water	Flush house
10/06/2011	Station St, Milbrulong	Strong chlorine	Flushed mains
7/06/2011	25 Balleroo Cres, Glenfield	Strong chlorine, funny taste	All CI reserves within ADWG. Problem seems OK now
14/06/2011	4 Monaro Cr, Tatton	Still metallic taste	Results within ADWG. Follow up call-problem OK now
16/06/2011	3 Talbot St, Tatton	Dirty water	Flushed mains
24/06/2011	Golf Club Sturt Hwy, Ashmont	Dirty water	Flushed mains
27/06/2011	72 Chaston St, Wagga	Dirty water	Old pipes, flushed house
23/06/2011	17 King St, Quinty	Sick kids	Water analysed & within ADWG.
18/06/2011	49 Chifley Cr, Koorungal	Dirty water	Meter flushed

## 1.5 MAINS CONSTRUCTIONS

### 1.5.1 MAINS EXTENSIONS AND NEW WORKS

New water mains laid during June 2011 include:

LOCATION	PROJECT	100		150		200	250	600
		DICL	OPVC	OPVC	DICL	DICL	DICL	DICL
Red Hill	New Construction							80
Redbank Rd	New Construction	47						
Ben St Uranquinty	New Construction		36					
Hoolbrook	New subdivision			642				
Houtman St	Road crossing				18			
Barooma St 1	New Subdivision		66			222		
Estella St 10	New Subdivision				28		22	
	<b>TOTAL</b>	47	102	642	46	222	22	80

### 1.5.2 REPLACEMENT OF EXISTING MAINS

Mains replaced during June 2011 include:

LOCATION	PROJECT	100
		DICL
	Replacement	185.5
	<b>TOTAL</b>	185.5

### 1.6 OTHER CONSTRUCTION

Other construction works during June 2011 include:

LOCATION OR PROJECT	WORK DONE
Oaklands	Hydrant Maintenance
Walla Walla	100mm Fire Service
Jennings Lane	Install 100mm Magflow Meter
Jennings Lane	Install 100mm Magflow Meter

### 1.7 MAJOR REPAIRS / OVERHAULS

No major repairs/overhauls during June 2011.

### 1.8 STAFF TRAINING & SAFETY

The following training and/or safety activities were undertaken during June 2011:

Training or Programme	Number of Staff
Authorised Service Provider - L2	1
Chainsaw - L1	3
WorkCover Licence - CV Training	1
ChemCert Chemical Training	4
OH & S White Card	1
First Aid Refresher	1
DAF Training	1
Traffic Control RTA L3 - Red Card	11
Traffic Controller - Blue Card	9
Traffic Control - Apply Signs Yellow Card	22



Greg Finlayson  
DIRECTOR OF ENGINEERING

## 2. WORKS REPORT COVERING JULY 2011

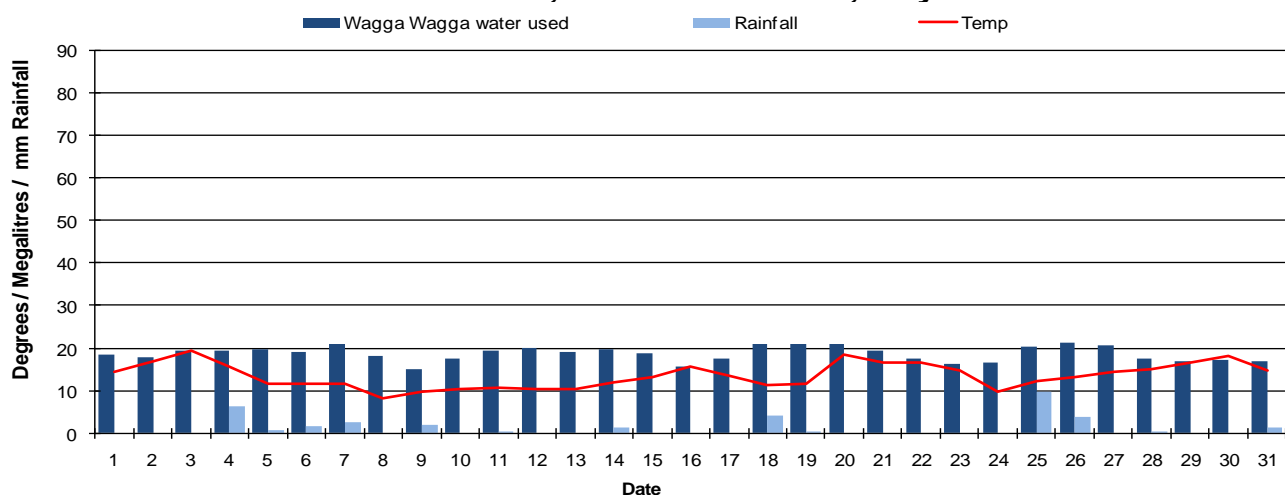
**RECOMMENDATION** That this report be received and noted.

### 1.9 WATER SOURCED AND USED

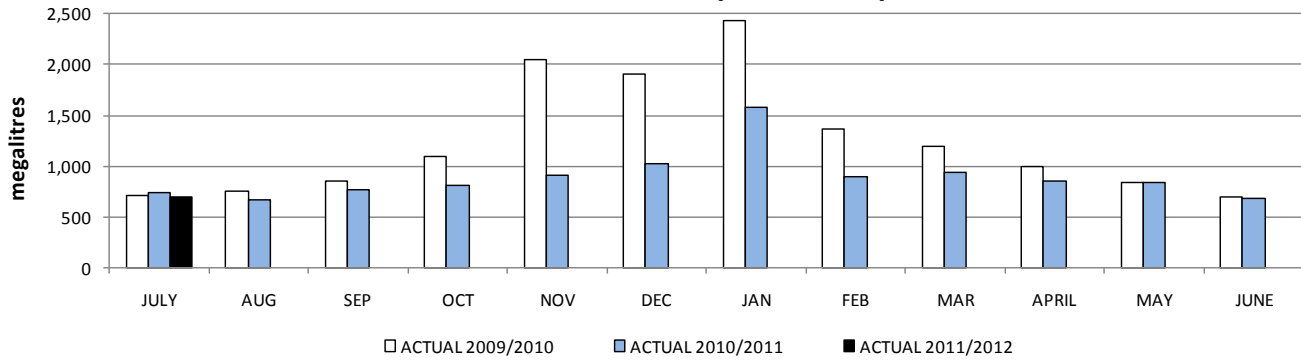
July	2009	2010	2011
Rainfall	28.6	70.6	34.2
Wet Days	11	19	13
<b>WATER SOURCED July 2011 (MI)</b>			
North Wagga bores	161.11	149.86	131.91
West Wagga bores	364.70	314.18	319.00
East Wagga bores	158.24	162.91	61.63
Murrumbidgee River	21.89	84.75	138.37
<b>SUB-TOTAL</b>	<b>705.94</b>	<b>711.70</b>	<b>650.91</b>
Bulgary Bores	24.17	0.00	28.83
Urana Source	0.00	0.00	0.00
Ralvona Bores	14.75	13.90	11.93
Walla Walla Bores	0.00	0.00	0.00
Goldenfields Water Supply System	0.60	0.61	0.98
<b>SUB-TOTAL</b>	<b>39.52</b>	<b>14.51</b>	<b>41.74</b>
Woomargama	1.05	0.82	0.78
Humula	0.66	0.47	0.48
Tarcutta	2.75	2.61	2.33
Oura	1.65	2.28	1.78
Walbundrie/Rand	1.15	1.63	1.54
Morundah	0.33	0.32	0.31
Collingullie	2.96	4.20	2.13
<b>SUB-TOTAL</b>	<b>10.55</b>	<b>12.33</b>	<b>9.35</b>
<b>TOTALS</b>	<b>756.01</b>	<b>738.54</b>	<b>702.00</b>

<b>WATER USED July 2011 (MI)</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>
East Bomen	18.46	14.87	10.98
Estella	37.41	38.41	22.19
North Wagga	59.51	85.35	87.02
Wagga Wagga – Low Level	131.27	142.46	126.79
Wagga Wagga – High Level	301.71	293.72	291.38
Wagga Wagga – Bellevue Level	25.59	28.37	25.70
<b>SUB-TOTAL</b>	<b>573.95</b>	<b>603.18</b>	<b>564.06</b>
Ladysmith	4.05	2.89	3.04
Brucedale	8.96	11.89	9.45
Currawarna	4.27	5.19	4.41
Rural south from Wagga Wagga	69.90	73.87	69.81
Rural from Walla Walla Bore	0.00	0.00	0.00
Milbrulong, Lockhart and Boree Creek	13.37	10.77	8.74
Urana and Oaklands	10.61	8.26	17.21
Holbrook	14.75	13.90	11.93
<b>SUB-TOTAL</b>	<b>125.91</b>	<b>126.77</b>	<b>124.59</b>
Woomargama	1.05	0.82	0.78
Humula	0.66	0.47	0.48
Tarcutta	2.75	2.61	2.33
Oura	1.65	2.28	1.78
Walbundrie/Rand	1.15	1.63	1.54
Morundah	0.33	0.32	0.31
Collingullie	2.96	4.20	2.13
<b>SUB-TOTAL</b>	<b>10.55</b>	<b>12.33</b>	<b>9.35</b>
<b>TOTALS</b>	<b>710.41</b>	<b>742.28</b>	<b>698.00</b>

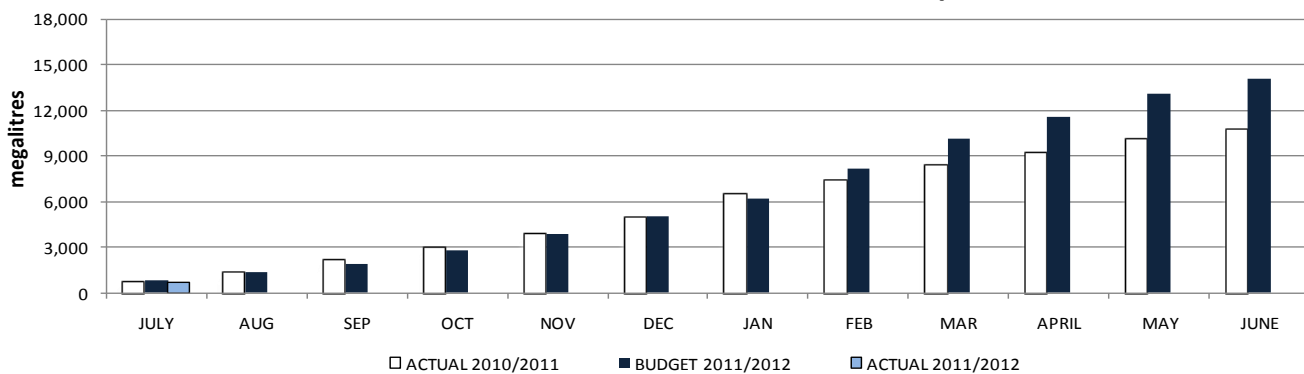
### DAILY WATER USED, WAGGA WAGGA, July 2011



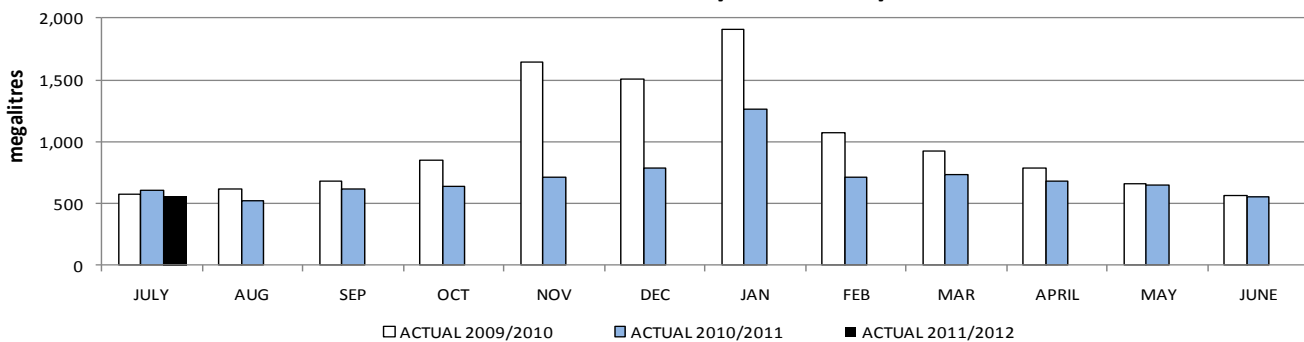
### MONTHLY TOTAL WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



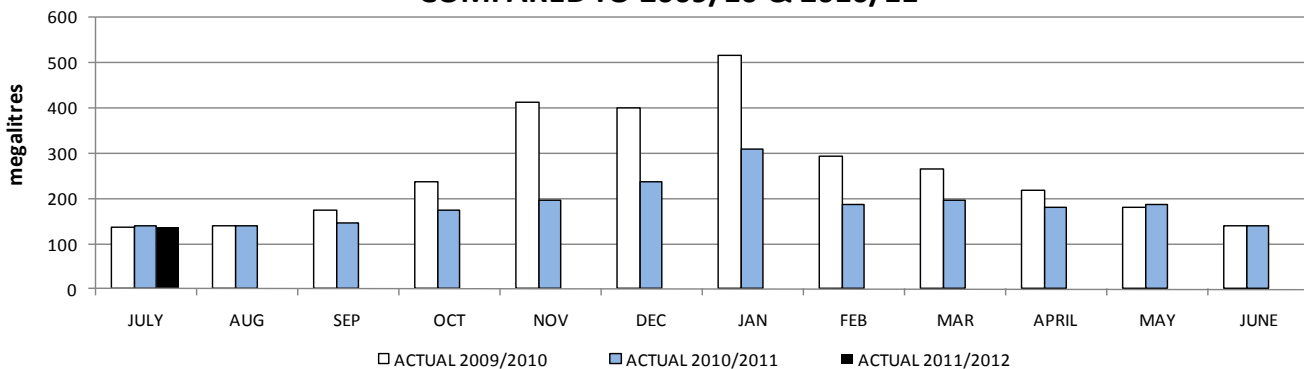
### TOTAL CUMULATIVE WATER USED 2011/2012



### MONTHLY WAGGA WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



### MONTHLY RURAL WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



# **1.10 NEW SERVICE CONNECTIONS, REPAIRS, METERS, LOCATIONS & COMPLAINTS FOR THE MONTH OF JULY 2011**

Location	New Connect., Residential	New connect., Non Residential	Services Renewed	Services Repaired	Quality Complaints	Supply Complaints *	Customer dealings complaints	Other Complaints	Frost damage	Meter or Metercock fault	Leaking valves or hydrants	Locations
Wagga Wagga	11	1	2	33	5	5				23	5	10
Brucedale				1						1		
Currawarna												
Euberta												
Humula												
Ladysmith												1
Oura	1											
San Isidore												
Tarcutta												
The Gap												
Bulgary				1							1	
Collingullie										1		
French Park												
Lockhart	1			2								
Mangoplah				1								
Milbrulong												
Pleasant Hills							1					
The Rock				1								
Uranquinty												
Yerong Creek			1	2		1						
Culcairn												
Henty											1	
Holbrook				2						1		
Morven												
Walbundrie												
Walla Walla				2								
Woomargama												
Boree Creek										1		
Morundah				1								
Oaklands											1	
Rand												
Urana				1								
<b>TOTAL</b>	<b>13</b>	<b>1</b>	<b>3</b>	<b>47</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>8</b>	<b>11</b>

## 1.11 WATER SYSTEM REPAIRS

WAGGA WAGGA								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
15	17 William St	North Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	28
17	45 Bedervale St	Bourklands	150 BPVC	T/ Band Broken/Leaking	Yes	0:00	0	14
22	Hammond & Blaxland	East Wagga	150 AC	T/ Band Broken/Leaking	Yes	0:00	0	5
Breaks needing shut off -					0	Breaks affecting customers -		
Total Breaks – 3						0		

RURAL								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
11	61 Dunnings Rd	Bruceale	25 PVC	Pipe Failure (not specified)	Yes	0:00	0	9
15	Bardwell St	Tarcutta	50 PVC	Pipe Failure (not specified)	No	1:00	3	10
20	Dunns Rd	Bruceale	32 PVC	Pipe Failure (not specified)	Yes	0:00	0	9
21	62 CHAPLIN LANE	The Rock	50 PVC	Pipe Failure (not specified)	Yes	0:00	0	10
21	COLLINGULLIE RD	The Rock	100 WPVC	Pipe Failure - Ground Movement	Yes	0:00	0	10
25	Frances Lane	Bruceale	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	64
28	ROHANS ROAD	Bulgary	32 PVC	Pipe Failure (not specified)	No	2:45	2	1
28	30 TABER ST	Uranquinty	100 AC	Tree Roots	No	1:45	10	3
30	SOUTH BOUNDARY RD	Collingullie	32 PVC	Leaking collar	No	15:00	1	3
<b>TOTALS</b>						20:30	16	119
Breaks needing shut off -					4	Breaks affecting customers -		
Total Breaks – 9						4		

## 1.12 WATER QUALITY COMPLAINTS

Water quality complaints received during July 2011 were:

Date	Location	Problem	Action Taken
8/07/1974	12 Kildare St, Wagga	Oily, cloudy	Air in hot water. WQ all OK
19/07/2011	133 Undurra Dr, Glenfield	Dirty	Flush hydrant
21/07/2011	12 Wooden St, Turvey Pk	Dirty	Flush service
25/07/2011	308 Lake Albert Rd, Koorlingal	Very dirty water filters	Hydrants either side of home flushed

## 1.13 MAINS CONSTRUCTIONS



### 1.13.1 MAINS EXTENSIONS AND NEW WORKS

New water mains laid during July 2011 include:

LOCATION	PROJECT	100		150		200		600
		DICL	OPVC	OPVC	DICL	DICL	OPVC	DICL
Governor's Hill	Mains Extension		60.5	546			335	
Uranquinty	Mains Extension		72					
Red Hill Rd	Mains Extension							
Red Hill Rd	Mains Extension							38.5
	<b>TOTAL</b>	0	133	546	0	0	335	38.5

### 1.13.2 REPLACEMENT OF EXISTING MAINS

No replacement of existing mains during July 2011.

### 1.13.3 OTHER CONSTRUCTION

Other construction works during July 2011 include:

LOCATION OR PROJECT	WORK DONE
Oaklands	Refurbish Hydrants & Valves in Township
Walbundrie	Refurbish Hydrants & Valves in Township
Morundah	Refurbish Hydrants & Valves in Township
Red Hill Rd	Tapping for 100mm Water Filling Station
Walla Walla Bore No.1	Trenching for Electrical
Estella Pump House	Replace Faulty 200mm Mag Flow

### 1.14 MAJOR REPAIRS / OVERHAULS

No major repairs/overhauls during July 2011.

### 1.15 STAFF TRAINING & SAFETY

The following training and/or safety activities were undertaken during July 2011:

Training or Programme	Number of Staff
First Aid Refresher	10
Dangerous Goods	4
Traineeship Training	2
Dogging Reassessments	2

### 1.16 IWCM PROGRESS

The IWCM Detailed Strategy technical papers are completed and the final Project Reference Group meeting will be held on the 6<sup>th</sup> September 2011. The recommended strategy will be put to Council in October 2011.

### **1.17 NATURE STRIP PROGRAM**

A further deferment of the proposed nature strip lawn replacement program has been necessary. The new date for commencement is October 2011. The Commonwealth Department of Sustainability, Environment, Water, Population and Communities has generously agreed to this adjustment to the funding agreement. The completion date must remain as June 2013 so the program has been compressed.

The funding agreement for the project, valued at \$910,000 has been signed and forward to the Department. The funding is dependent on the first milestone being achieved. This milestone is the completion by Wagga Wagga City Council of suitable policies and guidelines to meet Riverina Water rebate criteria.

A handwritten signature in black ink, appearing to read 'G. Finlayson', with a long horizontal stroke extending to the right.

Greg Finlayson  
**DIRECTOR OF ENGINEERING**

## **DIRECTOR OF ENGINEERING'S REPORTS TO COUNCIL MEETING AUGUST 2011**

15<sup>th</sup> August 2011

### **3. ANNUAL REPORT STATISTICS FOR 2010/2011**

**RECOMMENDATION:** That the Director of Engineering's Report covering 2010/2011 annual statistics be accepted and the contents noted.

Statistics and activities of Riverina Water County Council have been compiled in the following report for Councillors and staff information and reference:

#### **3.1. Annual water sourced and water used for the last four years is summarised in Tables 3.1.1 & 3.1.2**

**Table 3.1.1 - Water Sourced:**

	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>
Rainfall (mm)	477	347	641	984
Wet Days	88	79	101	133
	<b>Megalitres</b>	<b>Megalitres</b>	<b>Megalitres</b>	<b>Megalitres</b>
North Wagga bores	2346	2602	2323	1789
West Wagga bores	4177	4726	4345	3728
East Wagga bores	3178	2676	2676	2110
Murrumbidgee River	3921	5359	4384	2335
<b>TOTAL WAGGA SOURCES</b>	<b>13,622</b>	<b>15,363</b>	<b>13,728</b>	<b>9,962</b>
Bulgary Bores	517	573	534	315
Urana Channel	43	55	56	16
Ralvona Bores	267	306	269	191
Walla Walla Bores	133	198	165	66
Goldenfields Water Supply System	24	24	22	19
<b>TOTAL RURAL SOURCES</b>	<b>984</b>	<b>1,155</b>	<b>1,046</b>	<b>607</b>
Woomargama	13	20	15	12
Humula	12	14	13	8
Tarcutta	57	51	43	38
Oura	42	45	48	40
Walbundrie	35	38	35	24
Rand	0	0	0	0
Morundah	8	10	10	7
Collingullie	67	76	63	50
<b>TOTAL INDEPENDENT SOURCES</b>	<b>234</b>	<b>254</b>	<b>227</b>	<b>179</b>
<b>GRAND TOTALS</b>	<b>14,840</b>	<b>16,772</b>	<b>15,002</b>	<b>10,748</b>
<b>PROPORTION FROM SURFACE</b>	<b>27.1%</b>	<b>32.7%</b>	<b>30.0%</b>	<b>22.0%</b>
<b>PROPORTION FROM GROUNDWATER (BORES)</b>	<b>72.9%</b>	<b>67.3%</b>	<b>70.0%</b>	<b>78.0%</b>

### 2010 / 2011 WATER PRODUCED

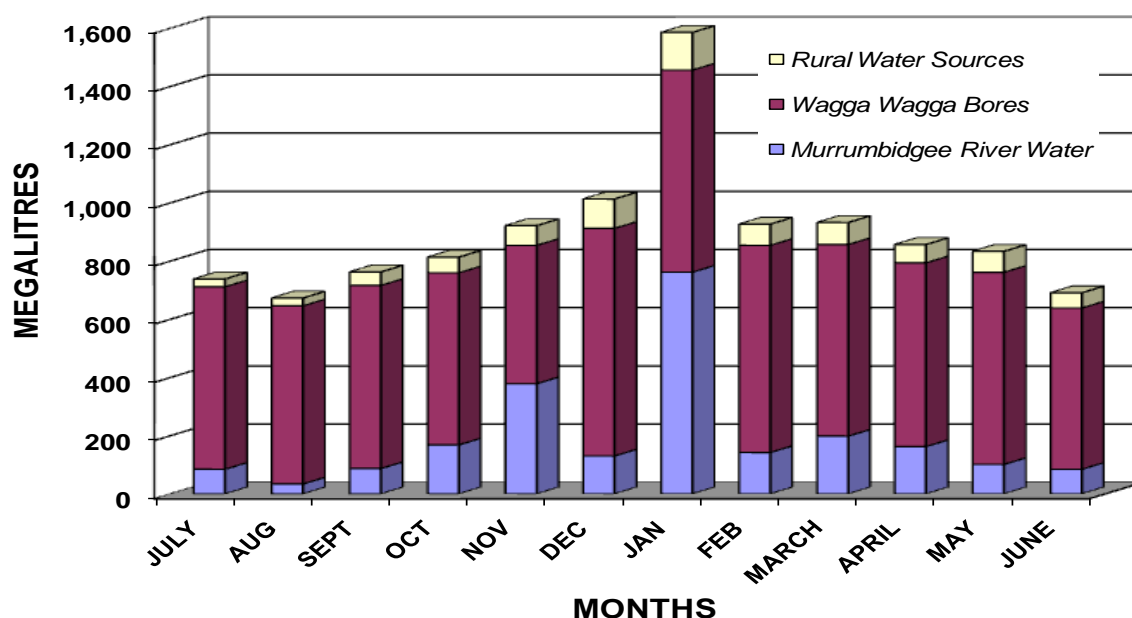
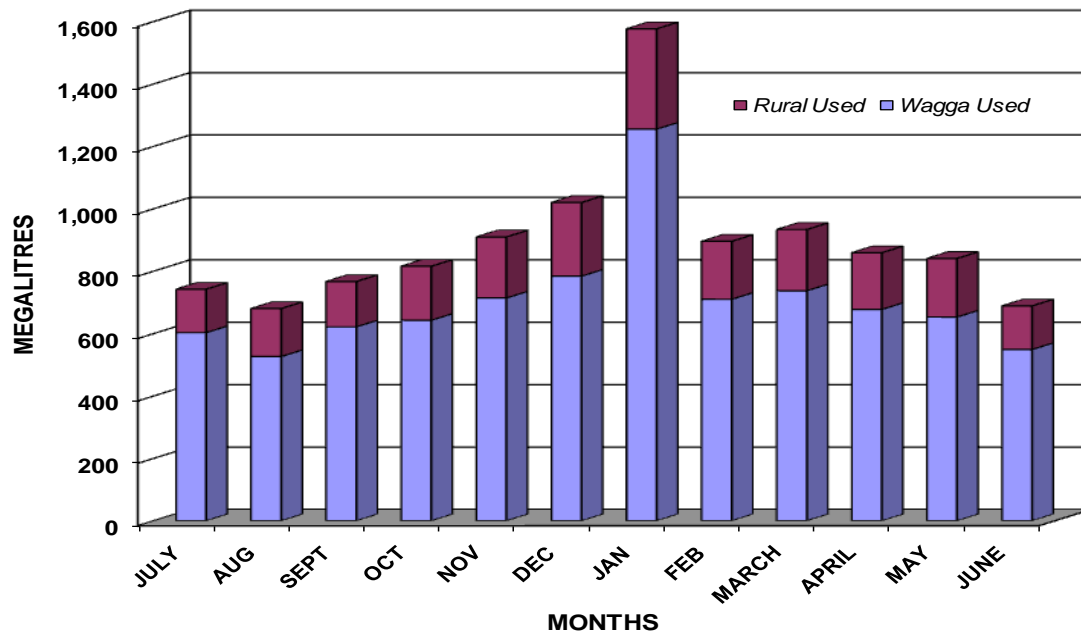


Table 3.1.2 – Water Used:

	MEGALITRES USED			
	2007/2008	2007/2008	2009/2010	2010/2011
East Bomen	327	282	233	151
Estella	791	898	804	545
North Wagga	841	1015	902	837
Wagga Wagga – Low Level	2278	2537	2148	1812
Wagga Wagga – High Level	6738	7761	6910	4660
Wagga Wagga – Bellevue Level	725	886	784	471
<b>SUB-TOTAL</b>	<b>11,700</b>	<b>13,379</b>	<b>11,781</b>	<b>8,477</b>
Ladysmith	64	73	61	45
Brucedale	242	274	239	212
Currawarna	143	151	142	83
Rural south from Wagga Wagga	1381	1330	1458	1130
Rural from Walla Walla Bore	9	0	155	66
Milbrulong, Lockhart and Boree Creek	298	326	307	184
Urana and Oaklands	255	287	255	164
Holbrook	267	307	269	191
<b>SUB-TOTAL</b>	<b>2,659</b>	<b>2,748</b>	<b>2,886</b>	<b>2,076</b>
Woomargama	13	20	15	12
Humula	12	14	13	8
Tarcutta	57	51	43	38
Oura	42	45	48	40
Walbundrie	35	38	35	24
Rand	0	0		0
Morundah	8	10	10	7
Collingullie	67	76	63	50
<b>SUB-TOTAL</b>	<b>234</b>	<b>254</b>	<b>227</b>	<b>179</b>
<b>TOTAL</b>	<b>14,593</b>	<b>16,381</b>	<b>14,895</b>	<b>10,732</b>
<b>AVERAGE RESIDENTIAL CONSUMPTION</b>				
Urban (Wagga Wagga)	327	382	337	232
Non-Urban (Townships and rural)	423	475	432	274

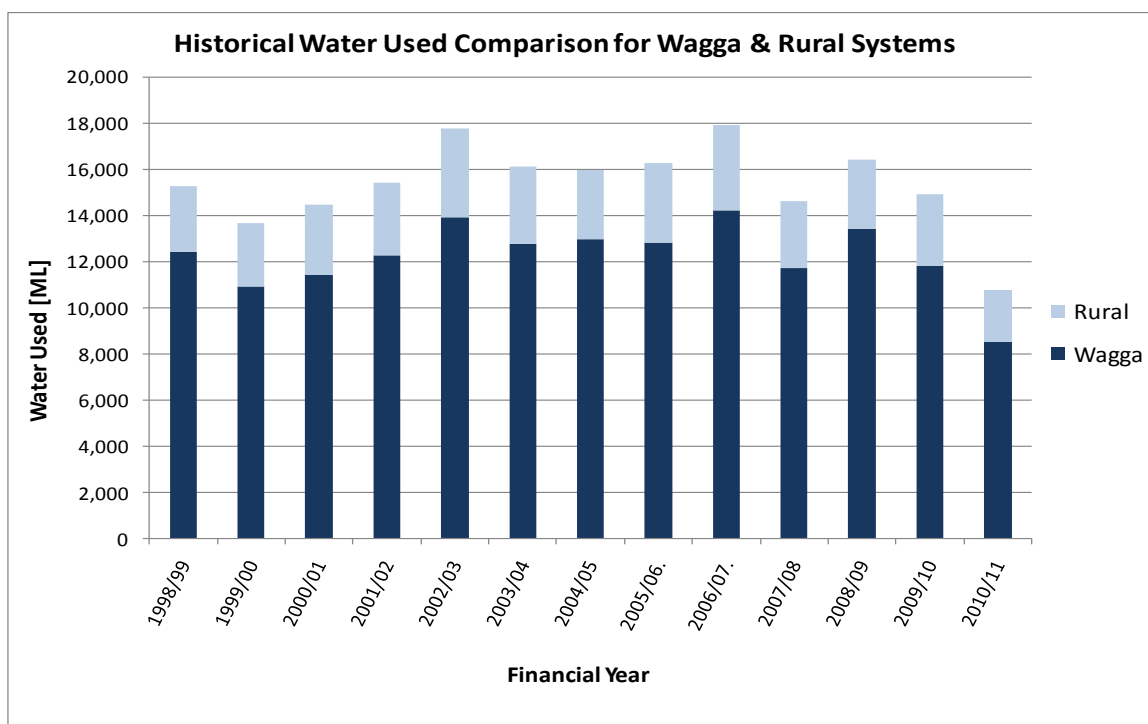
### 2010/2011 WATER USED



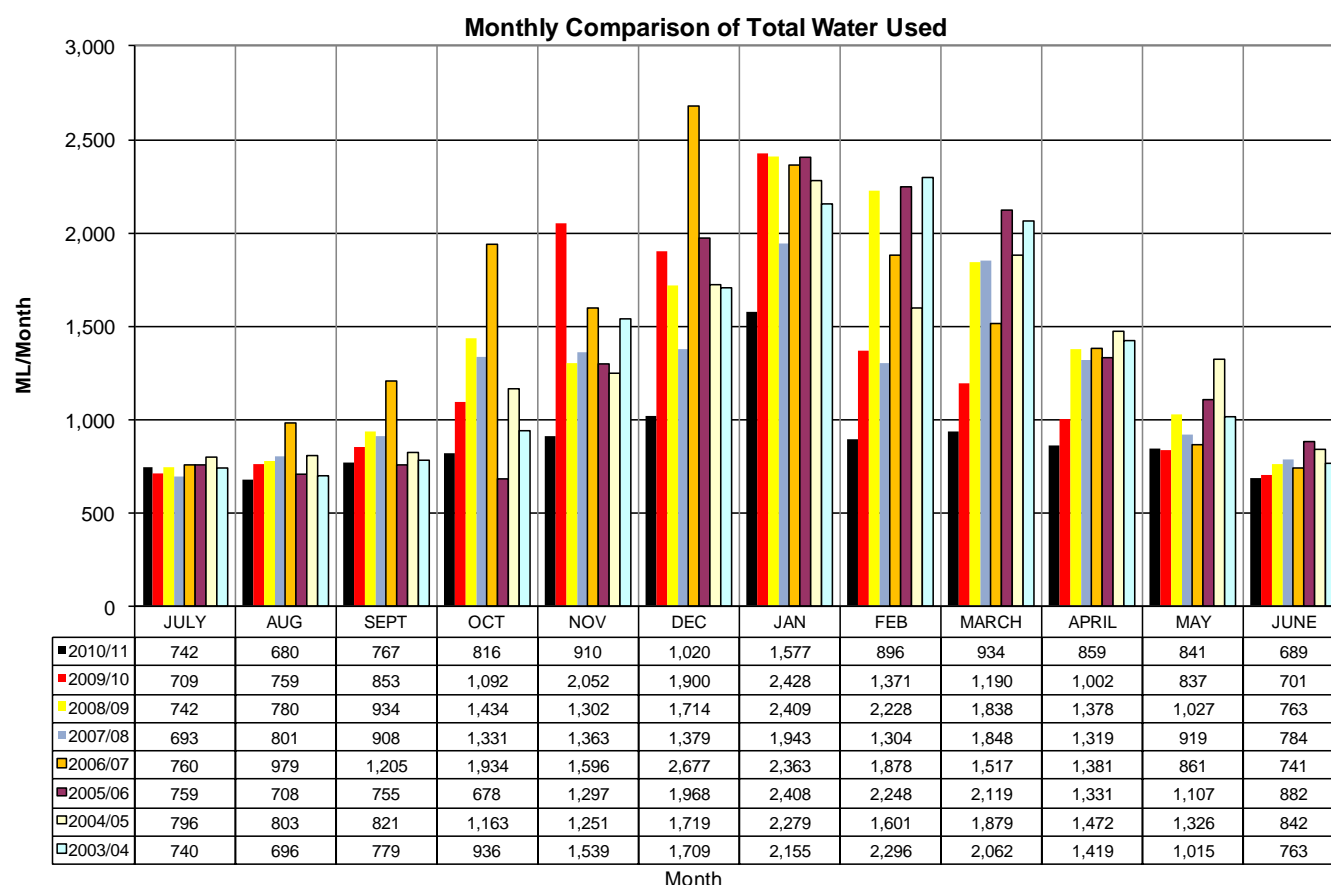
Monthly consumption peaked at 1,577 megalitres in January 2011.

The full year's total of 10,732 megalitres was a decrease of 28.0% on last year's consumption of 14,895 megalitres. Wagga Wagga urban water use is down 28.1%. The 2010/2011 rainfall of 984mm was well above average (572mm) and resulted in significantly reduced summer demand.

### Graph – Historical Water Used Comparison for Wagga & Rural Systems



**Graph - Historical Monthly Comparison of Total Water Used**



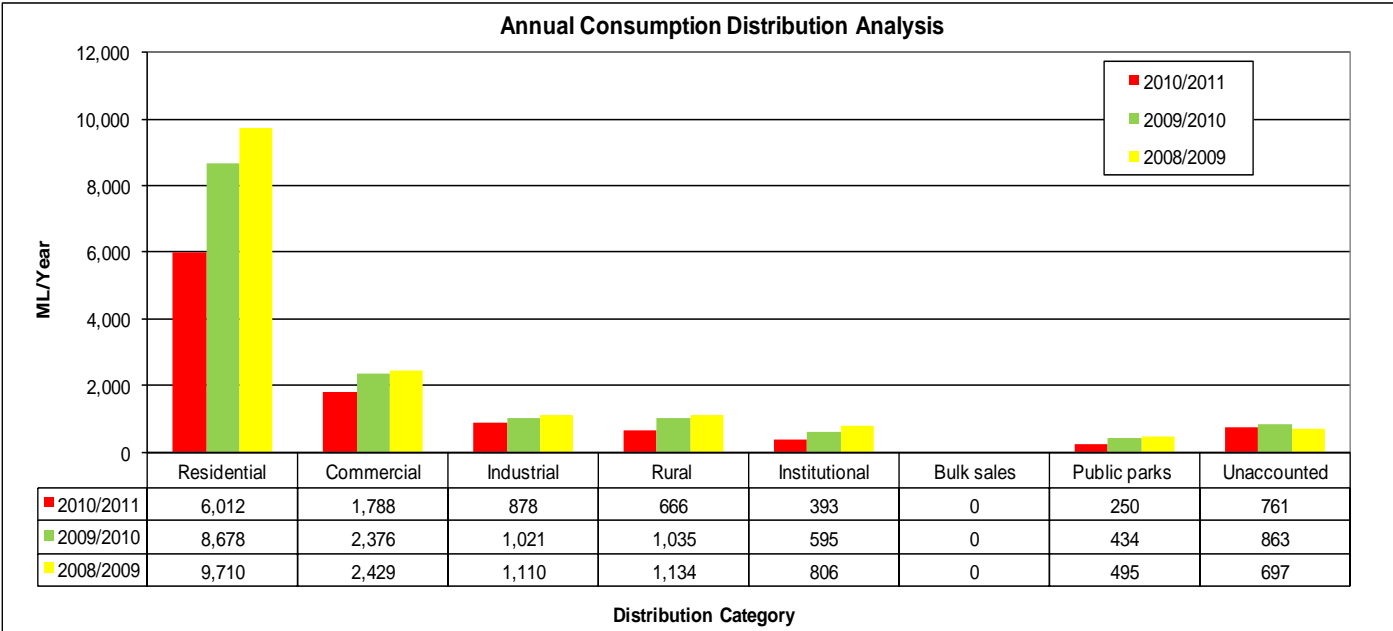
### 3.2. Distribution

**Table 3.2.1 – Annual Distribution Analysis**

	2009/2010		2010/2011		% change from previous year
	Consumption (MI)	Percentage	Consumption (MI)	Percentage	
Residential	8,678	57.8%	6,012	55.9%	-30.7%
Commercial	2,376	15.8%	1,373	12.8%	-42.2%
Industrial	1,021	6.9%	878	8.2%	-14.0%
Rural	1,035	6.9%	666	6.2%	-35.7%
Institutional	595	4.0%	393	3.7%	-33.9%
Bulk Sales	0	0.0%	415	3.9%	0.0%
Public parks	434	2.9%	250	2.3%	-42.4%
Unaccounted (Including flushing, firefighting, unmetered use)	863	5.7%	761	7.1%	-11.8%
	15,002	100.0%	10,748	100.0%	-28.4%

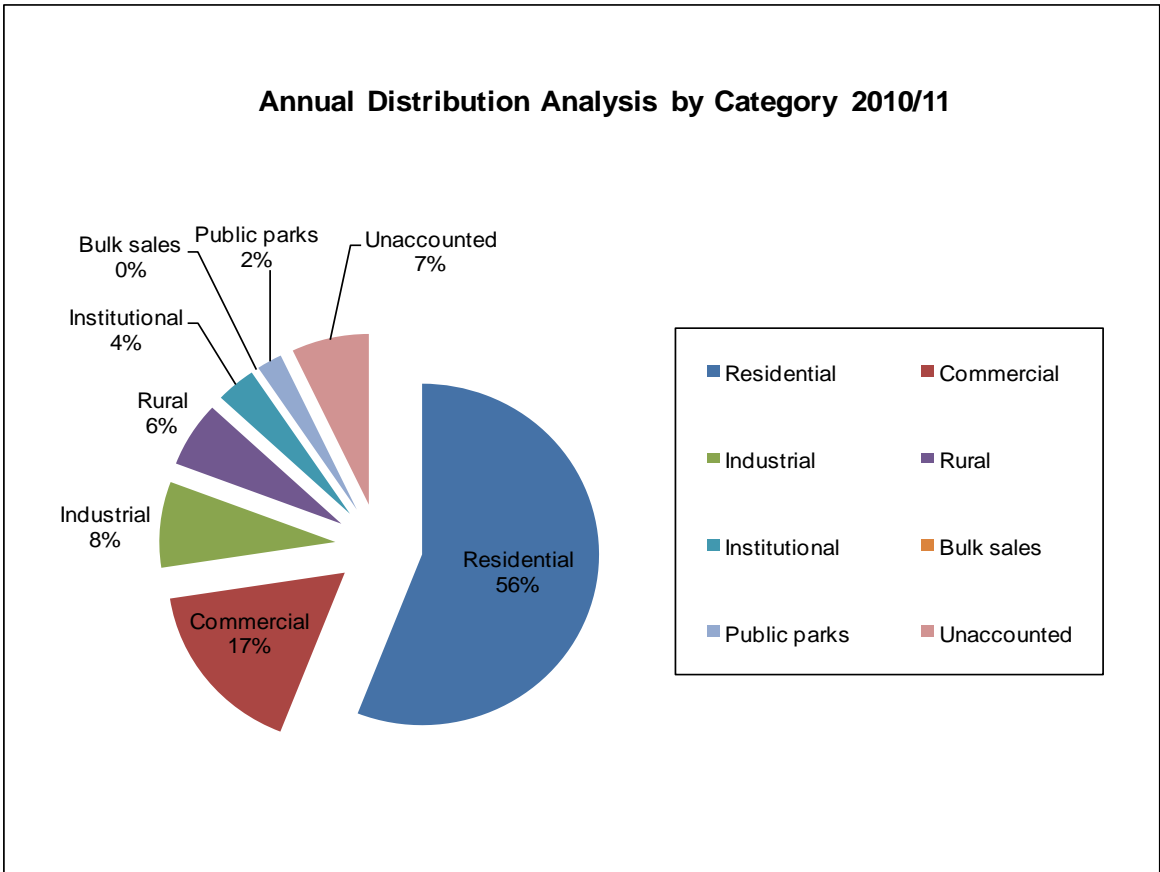
The total annual unaccounted water for 2010/11 is, as a percentage of all water produced, is 7.1%, an increase from 5.7% in 2009/10. However the actual volume of unaccounted water has significantly reduced to 761 ML. Measuring water losses as a percentage can only be used as a general guide and is particularly prone to error in wet or restricted years.

Graph – Annual Consumption Distribution Analysis



The chart above shows that water use is significantly reduced by rainfall in all sectors other than industrial. There have been no bulk sales in recent years. In previous years the military establishments were bulk sales, these are now classified as commercial.

Graph – Annual Distribution Analysis by Category 2010/11



## **New Customers**

New consumers were connected at the various centres listed below:

**Table 3.3.1 – New Customers**

LOCATION	NUMBER CONNECTED					
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Bidgeemia		6				
Boree Creek	1				1	
Bruce-dale-The Gap	3	8	3	2		2
Bulgary		1				
Collingullie		1			2	
Coorabin		1				
Culcairn	1	1	3	1		
Currawarna	1	5	5	3		1
Forest Hill						
French Park			1			
Henty	3	5	3	2	3	1
Holbrook	7	4	8	5	4	5
Humula				1		
Ladysmith	1	1	3		2	
Lockhart	1	1	4	8	2	1
Mangoplah		5			1	
Milbrulong		1		1		
Morundah						
Morven	1	3		2		3
Oaklands			2		2	1
Oura	2	1		1		
Pleasant Hills		3		3	1	
Rand		1		1		
San Isidore						
Tarcutta		1		4	1	
The Rock	5	3	14	4	2	1
Urana	1	1	3		1	
Uranquinty	1	2	3	5	3	3
Wagga Wagga	329	301	303	280	312	419
Walbundrie	1		1	2		
Walla Walla	6	4	1	1	1	1
Woomargama			2			
Yerong Creek	1				2	1
<b>TOTALS</b>	<b>365</b>	<b>360</b>	<b>359</b>	<b>326</b>	<b>340</b>	<b>439</b>

Total customers at 30<sup>th</sup> June 2011: 30,368

The number of new customers in 2010/11 is relatively high.

The total of 439 new customers includes the following;

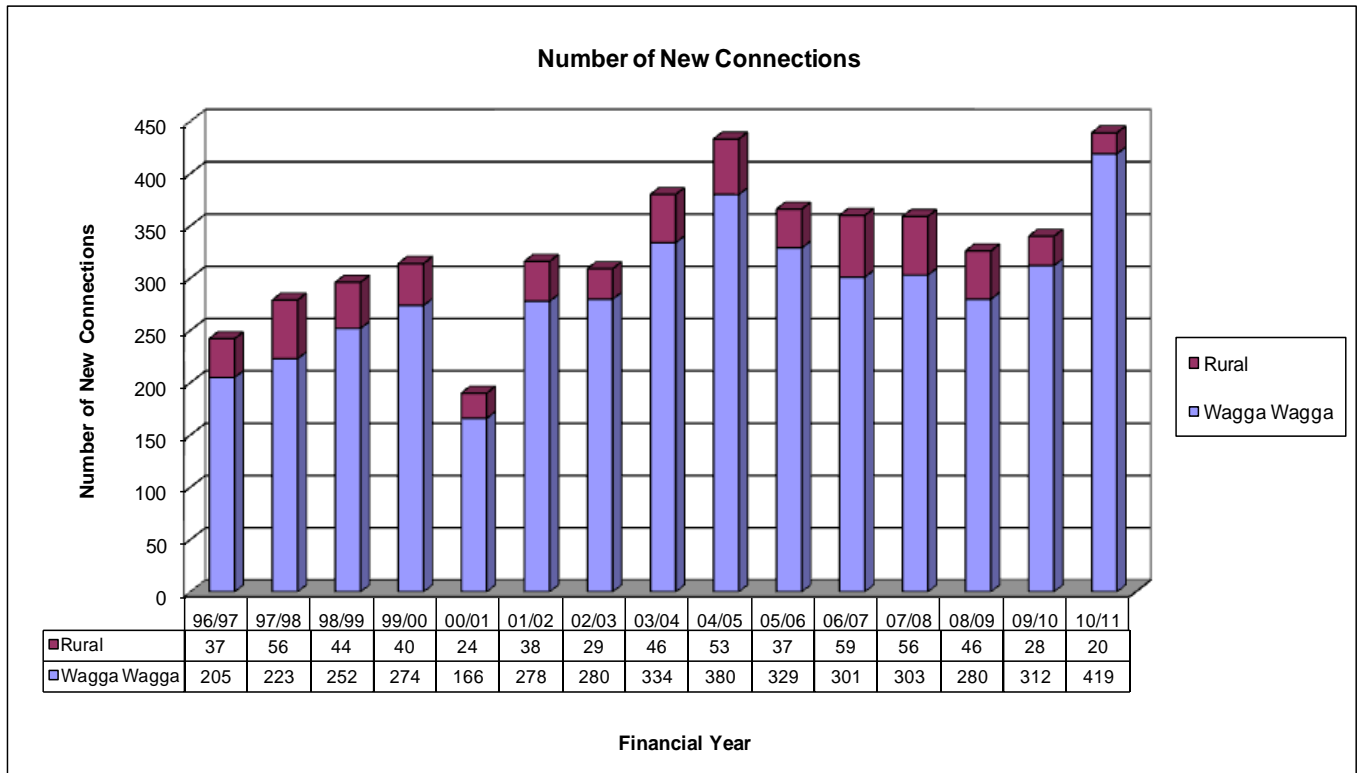
- 232 new regular customers in Wagga Wagga.
- 187 new sub-metered customers in Wagga Wagga. (these include strata's, community title and multi-commercial) There has been a large number of Dept. of Housing developments and retirement units during 2010/11.
- 20 new rural customers.

Also, the definition of "customer" was reviewed and is now agreed to be any premise that pays an availability charge. ( this differs to the numerous other definitions such as meter numbers, property numbers, services, etc.) The running total of 30,368 customers has been revised to take account of;

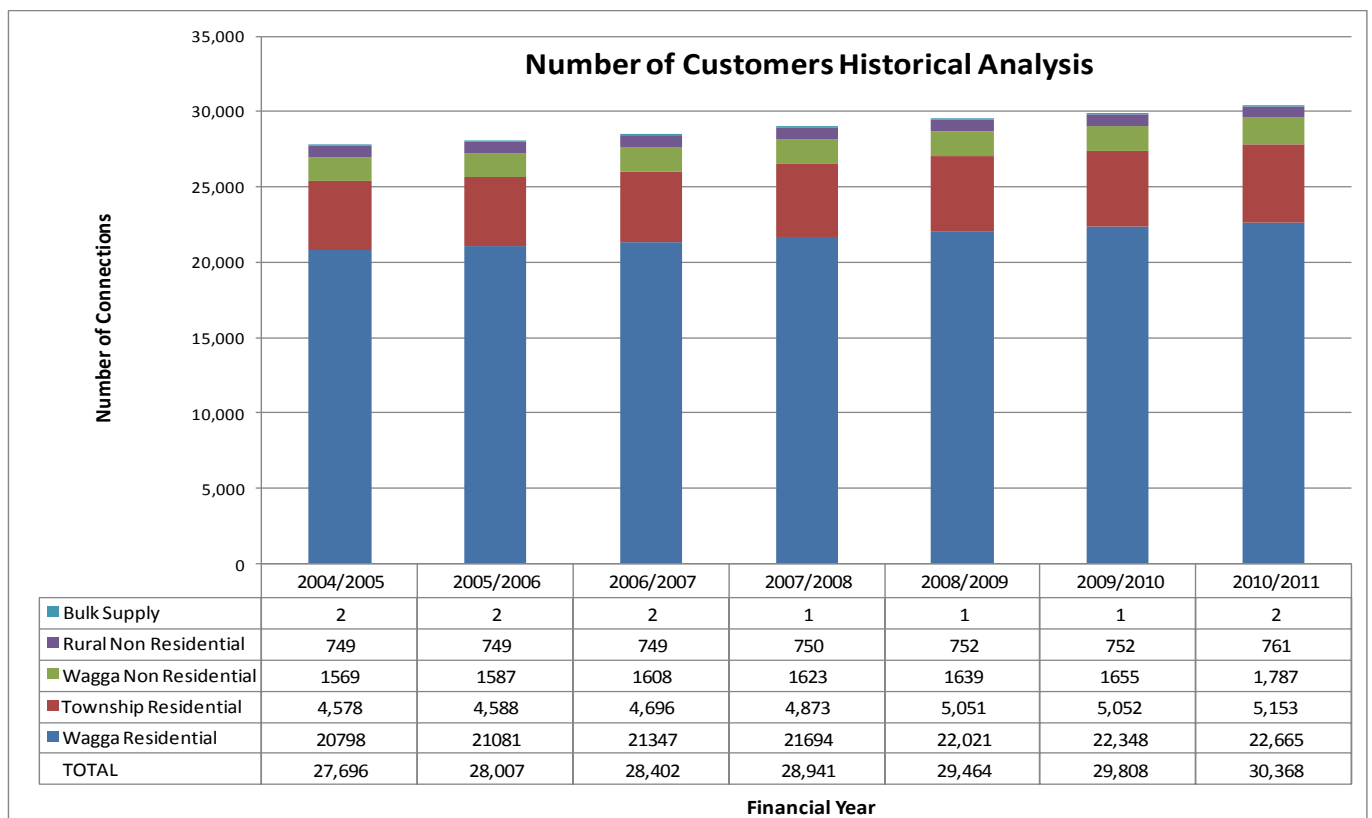
- 88 newly identified flats. (taken from WWCC records)
- 33 corner strata blocks previously counted as one customer.



**Graph – Number of New Connections 1996/97 to 2010/2011**



**Graph – Number of Customers Historical Analysis**



The growth in total customers has been consistent averaging 1.55% per annum over the past 6 years.

### 3.3. Plant & Motor Vehicles

**Table 3.4.1 - Total distances travelled covered by Council's fleet over the past 6 years:**

YEAR	TOTAL KILOMETRES	NUMBER OF VEHICLES	AVERAGE KILOMETRES PER VEHICLE
2005/2006	1,182,380	51	23,184
2006/2007	1,199,906	54	22,220
2007/2008	1,275,098	57	22,370
2008/2009	1,219,458	59	20,669
2009/2010	1,240,820	65	19,090
2010/2011	1,262,931	62	20,370

### 3.4. Pipeline Losses

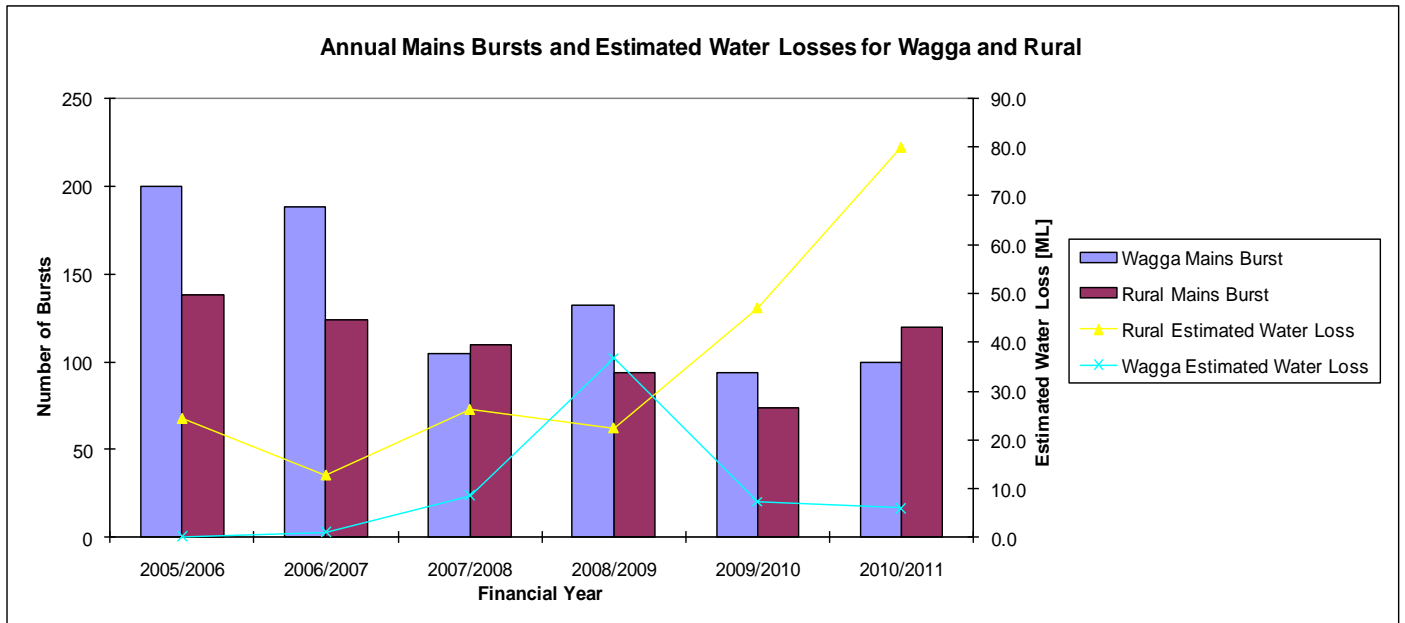
Estimated pipeline losses due to bursts for each month are shown in Table 3.5.1. The daily average over the past 6 years is shown in Table 3.5.2 for comparison.

**Table 3.5.1 - Monthly analysis of pipeline breaks and rainfall for July 2010 - June 2011:**

MONTH	RAINFALL Forest Hill	WET DAYS	WAGGA MAIN BREAKS	WAGGA MAIN LOSSES (kl)	RURAL MAIN BREAKS	RURAL MAIN LOSSES (kl)
Jul-10	70.6	19	5	5	7	1110
Aug-10	94.8	20	6	234	4	5451
Sep-10	64.4	9	4	23	8	149
Oct-10	166.2	10	6	120	9	2314
Nov-10	78.6	10	7	64	7	711
Dec-10	151.2	12	14	155	13	2132
Jan-11	30.8	5	18	376	18	1654
Feb-11	187.8	10	15	305	9	2128
Mar-11	62.6	10	3	313	11	9901
Apr-11	21.6	6	9	358	10	1472
May-11	31.8	10	7	155	12	1532
Jun-11	24	12	6	84	12	664
TOTALS	984.4	133	100	2192	120	29218

**Table 3.5.2 – Average daily losses due to burst mains over the past 6 years:**

YEAR	WAGGA WAGGA		RURAL	
	BURST MAINS	ESTIMATED LOSS kl/day	BURST MAINS	ESTIMATED LOSS kl/day
2005/2006	200	1.1	138	24
2006/2007	188	1.1	124	13
2007/2008	105	3.1	110	9.6
2008/2009	132	36.7	94	22.4
2009/2010	94	7.5	74	47.1
2010/2011	100	6.0	120	80.0



Extreme rain events during 2010/2011 have promoted a slight increase in mains failures.

### 3.5. Mains Construction

Table 3.6.1 – Pipes Laid – New & Extensions – Size, length (metres) and location of all watermain constructed during 2010/2011:

NEW MAINS - WAGGA WAGGA	Month	63 PE	100 OPVC	100 DICL	150 OPVC	150 DICL	200 OPVC	200 DICL	250 OPVC	250 DICL	600 DICL	All Sizes
Boorooma (Stage 2)	Sep-10				75				60			135
Elizabeth Ave, Forest Hill	Sep-10							86				86
Bourkelands (Stage 24B)	Oct-10		91									91
Brunslea Park (Stage 9 & 10)	Nov-10							22				22
Bourkelands (Stage 20A)	Dec-10						75					75
Red Hill Reservoir (250mm Scour)	Jan-11								136			136
Red Hill Reservoir (250mm Scour)	Feb-11								170			170
Red Hill Reservoir (600mm)	Feb-11										170	170
Boorooma (Stage 1)	Feb-11		17					9				26
Red Hill Reservoir (250mm Scour)	Mar-11								214			214
Red Hill Reservoir (600mm)	Mar-11										202	202
Governors Hill	Apr-11			22		22		22				66
Bonney Pl, Tatton	Apr-11		131									131
Red Hill Reservoir (600mm)	May-11										102	102
Governors Hill	May-11							44				44
Coolamon Rd	May-11	620										620
Red Hill Reservoir (600mm)	Jun-11										80	80
Boorooma (Stage 1)	Jun-11		66					222				288
Redbank Rd, Gregadoo	Jun-11			47								47
Houtman St	Jun-11					18						18
Estella (Stage 10)	Jun-11					28				22		50
<b>Total Wagga New</b>		<b>620</b>	<b>305</b>	<b>69</b>	<b>75</b>	<b>68</b>	<b>75</b>	<b>405</b>	<b>580</b>	<b>22</b>	<b>554</b>	<b>2,772</b>
<b>NEW MAINS - RURAL</b>												
Urana Pipeline	Aug-10						24					24
Cottee Rd, Currawarna	Sep-10	920										920
Morven	May-11		130	22								152
Ben St, Uranquinty	Jun-11		36									36
Holbrook (New Subdivision)	Jun-11				642							642
<b>Total Rural New</b>		<b>920</b>	<b>166</b>	<b>22</b>	<b>642</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,774</b>
<b>TOTAL NEW MAINS</b>		<b>1,540</b>	<b>471</b>	<b>91</b>	<b>717</b>	<b>68</b>	<b>99</b>	<b>405</b>	<b>580</b>	<b>22</b>	<b>554</b>	<b>4,546</b>

**Table 3.6.2 - Pipes Laid – Renewed mains – Size, length (metres) and location of all watermain replaced during 2010/2011:**

<b>RENEWED MAINS - WAGGA WAGGA</b>	<b>Month</b>	<b>80 WPVC</b>	<b>100 OPVC</b>	<b>100 DICL</b>	<b>150 DICL</b>	<b>200 OPVC</b>	<b>200 DICL</b>	<b>250 OPVC</b>	<b>250 DICL</b>	<b>375 DICL</b>	<b>All Sizes</b>
Mitchelmore St	Jul-10			83							83
Edward St (Levee Bank)	Jul-10		33	17							50
Mitchelmore St	Aug-10			128							128
Hodson Ave	Sep-10			171							171
Croaker St	Sep-10			11							11
Gregadoo Rd (The Grange)	Sep-10							52	35		87
Croaker St	Oct-10			99							99
Gregadoo Rd (The Grange)	Oct-10								162		162
Cochrane St	Oct-10			4							4
Edward St (Bolton Park)	Oct-10						22				22
Croaker St	Nov-10			145							145
Dalton St	Nov-10			214							214
Croaker St	Dec-10			98							98
Dalton St	Dec-10			77							77
Croaker St	Jan-11			40							40
Croaker St	Mar-11		4	3							7
Glenfield Rd	Mar-11									247	247
Farrer Rd	Mar-11						31				31
Bakers Ln	Apr-11					220					220
Governors Hill	May-11					96					96
<b>Total Wagga Renewed</b>		<b>0</b>	<b>37</b>	<b>1,089</b>	<b>0</b>	<b>316</b>	<b>53</b>	<b>52</b>	<b>197</b>	<b>247</b>	<b>1,991</b>
<b>RENEWED MAINS - RURAL</b>											<b>0</b>
Bulgary Rising Main	Jul-10	30									30
Argent St, Tarcutta	Nov-10			242							242
Argent St, Tarcutta	Dec-10			269							269
Spring St, Tarcutta	Dec-10				44						44
Cynthia St, Tarcutta	Jan-11			120							120
Bardwell St, Tarcutta	Jan-11			130							130
Tarcutta Reservoir	Jan-11			11							11
Jennings Ln, Henty	Mar-11					2,206					2,206
Oura Village	Mar-11		20								20
Jennings Ln, Henty	Apr-11					2,178	28				2,206
Jennings Ln, Henty	May-11					130					130
Allen St, Henty	Jun-11			186							186
<b>Total Rural Renewed</b>		<b>30</b>	<b>20</b>	<b>958</b>	<b>44</b>	<b>4,514</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,593</b>
<b>TOTAL MAINS RENEWED</b>		<b>30</b>	<b>57</b>	<b>2,046</b>	<b>44</b>	<b>4,830</b>	<b>81</b>	<b>52</b>	<b>197</b>	<b>247</b>	<b>7,584</b>

**Table 3.6.3 - Watermain constructed 2004 to June 2011 (metres)  
(New & Replacement)**

<b>Diameter ID</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
25mm					65		
32mm	5,823				300		
40mm	5,130						
50mm	9,566	600	33,747	11,448		1,590	
63mm						192	1,540
80mm	485	12					30
90mm				70			
100mm	10,137	4,868	22,933	17,732	5,843	3,670	2,665
150mm	24,130	5,936	15,385	9,460	2,787	5,435	829
200mm	892	1,634	2,970	927	12,038	21,655	5,415
250mm	346	1,282	3,203	119		450	851
300mm			765				
375mm	1,314	5,567	61	8,329		480	247
400mm				96			
450mm		26	140				
600mm			50				554
WAGGA (all sizes)	13,620	19,238	14,187	22,747	8,780	10,248	4,762
RURAL (all sizes)	44,202	686	65,067	25,433	15,672	23,224	7,367
<b>TOTALS (metres)</b>	<b>57,822</b>	<b>19,924</b>	<b>79,203</b>	<b>48,180</b>	<b>24,452</b>	<b>33,472</b>	<b>12,129</b>
<b>Total length of main in the system – 1,683.194 km</b>							

### **3.6. Staff Movements**

**Table 3.7.1 - Staff Movements**

	<b>Admin</b>	<b>Engineering</b>	<b>Waterworks</b>	<b>Depot Base</b>	<b>Rural</b>	<b>Totals</b>
Perm. June 2010	8	10	23	41	6	88
Temp. June 2010						
<b>TOTAL June 2010</b>	<b>8</b>	<b>10</b>	<b>23</b>	<b>41</b>	<b>6</b>	<b>88</b>
Retired	2			1	2	5
Resigned				2	1	3
Deceased		1				1
Appointed	3		1	6	2	12
Internal Transfer				-2	2	
Transfer to Perm.						
Temp. Appointed						
Temp.Terminated		1				1
Perm.June 2011	9	8	24	42	7	90
Temp.June 2011						
<b>TOTAL June 2011</b>	<b>9</b>	<b>8</b>	<b>24</b>	<b>42</b>	<b>7</b>	<b>90</b>

**Table 3.7.2 - Training Undertaken 2010/2011**

TRAINING COURSE	NUMBER OF
Authorised Service Provider - L2	1
Auto Tech - Sensor Operation & Diagnosis	2
AutoCAD Training	1
Blue Green Algae	1
Bonded Asbestos Removal	4
Bonded Asbestos for Supervisors	3
Bullying & Harassment Training	82
Certificate II Traineeship - 1 Day Training	2
Chainsaw Training & Assessment - L1	6
ChemCert - Chemical User Refresher	1
ChemCert - Chemical User Training	8
Confined Space - Refresher	8
Consultative Committee Training	9
DAF Training	1
Enlighten Upgrade Training	1
Filtration Training	1
First Aid - Refresher	17
First Aid Certificate	1
Fringe Benefit Tax	2
HC - Truck Licence RPOS	2
HR - Truck Licence	1
OH & S White Card	1
Sedimentation & Clarification	1
Traffic Control RTA L1 - Blue Card	9
Traffic Control RTA L2 - Yellow Card	46
Traffic Control RTA L3 - Red Card	20
Traffic Control RTA L4 - Orange Card	3
Vehicle Management Workshop	1
WIOA - Coagulation & Flocculation Workshop	7
WIOA - Operators Conference	3
Workcover Licence - C6 - Crane	4
Workcover Licence - CV Training	1
Workcover Licence - Dogging	3
Workcover Licence - Hiab	9
<b>TOTAL</b>	<b>262</b>

### **3.7. Capital Works**

An extensive capital works programme was carried out in 2010/2011 including the following significant items:

System Extensions and Improvements

Subdivision construction in Wagga Wagga and Shires areas.

Completion of 8 new water filling stations.

Construction of 600mm diameter mains to the new Red Hill Reservoir.

#### **Mains Replacements**

Replacement of 4.5 km of water main in Jennings Lane.

#### **Pumps Stations**

Completion and commissioning of Urana Raw Water Pump Station.

Automation of Wagga Wagga High Level Pumps.

## **Reservoirs**

Completion of new 11 ML Red Hill Reservoir.  
Fabrication of new roof for Walla Walla Reservoir

## **Water Treatment Plants**

Partial completion of designs for relocating high voltage powerlines at Wagga Waterworks site.

## **Sources**

Completion of Wagga aquifer yield modelling and negotiating groundwater water sharing plans.  
Bore replacements;

- Oura Bore No 1
- East Wagga Bore 2

## **Strategic Planning**

Completion of 30 year rural strategy.  
IWCM Detailed Strategy technical papers completed.

## **Depots and Buildings**

Administration building plant platform and relocation of air conditioner units.  
Repair to Wagga Wagga Waterworks footbridge.  
Upgrade office for Operations staff.

### **3.8. Wagga Wagga Sources and Allocations**

The following table compares water abstracted at Wagga Wagga to our Town Water Licence Allocations.

	<b>Allocation (ML)</b>	<b>Used (ML)</b>	<b>% of Allocation</b>
Surface Water	7,000	2,335	33.4%
Ground Water	14,000	7,627	54.5%
<b>Total Water</b>	<b>21,000</b>	<b>9,962</b>	<b>47.4%</b>

During 2010/11 the NSW Office of Water conducted consultation and new draft water sharing plans were made for the Mid-Murrumbidgee and Billabong aquifers.



Greg Finlayson  
DIRECTOR OF ENGINEERING



## **QUESTIONS & STATEMENTS**

### **CLOSURE OF MEETING TO THE PUBLIC** **(Confidential Reports)**

# **CHAIRMAN'S MEMO TO THE COUNCIL** **MEETING**

Dear Councillors:

## **1. GENERAL MANAGER'S PERFORMANCE REVIEW**

***RECOMMENDED*** that this report be received and noted.

---

I wish to report that on 30 June 2011, the General Manager's Performance Review Committee, comprising the undersigned as Chairperson, the Deputy Chairperson, Cr Yates, together with Councillors Brown and McInerney, carried out a performance review on the General Manager Mr G.J. Haley. The Performance Review Committee also developed a performance agreement, in conjunction with Mr Haley, at this time.

The Committee found that Mr Haley's performance to be satisfactory in all applicable areas.

The Committee negotiated with Mr Haley a suitable amount to be deducted from the General Manager's Salary Package for the full private use of a Council vehicle, currently a 6 cylinder Holden Caprice. The amount negotiated was \$10,000 per annum.

Mr Haley's contract commenced on 17 January 2011, for a period of five years.

A handwritten signature in black ink, appearing to read 'R.K. 1.11', is written over a light blue rectangular background.

Clr. Rod Kendall  
**CHAIRMAN**

# **GENERAL MANAGER'S MEMO TO THE COUNCIL MEETING**

Dear Councillors:

## **1. PERFORMANCE REVIEW - DIRECTOR OF ENGINEERING**

***RECOMMENDED*** that this information be received and noted.

---

In accordance with the Performance Agreement of the Director of Engineering, Mr Greg Finlayson, I conducted a Performance Review on 19 July 2011, using the criteria specified in the Performance Agreement previously agreed with the Director of Engineering.

For all criteria found Mr Finlayson to be either satisfactory or more than satisfactory.

A handwritten signature in black ink on a light blue background. The signature is cursive and appears to read 'Graeme J Haley'.

Graeme J Haley  
**GENERAL MANAGER**

## **APPENDIX 1: INVESTMENT REPORTS**

### Monthly Investment Report as at 30/6/11

**a) Council's Investments as at 30/6/11**

Investment	Inception Date	Term (Days)	Maturity Date	S&P Rating	Interest Rate (%)	Performance Benchmark	Benchmark Rate	Percentage of Portfolio	Principal Value	Market Value
<b>Term Deposits</b>										
Wagga Mutual Credit Union	13/06/2011	88	09/09/11	Unrated	5.95	BBSW	4.83	33.310%	\$500,000.00	\$500,000.00
Westpac	15/06/2011	30	15/07/11	A-1	5.10	BBSW	4.87	33.310%	\$500,000.00	\$500,000.00
Bendigo Bank	15/06/2011	61	15/08/11	A-2	5.30	BBSW	4.84	16.655%	\$250,000.00	\$250,000.00
Bendigo Bank	13/06/2011	60	12/08/11	A-2	5.30	BBSW	4.84	16.655%	\$250,000.00	\$250,000.00
								<b>99.931%</b>	<b>\$1,500,000.00</b>	<b>\$1,500,000.00</b>
<b>Cash Deposit Account</b>										
T Corp				A-1+	5.37	Cash Rate	4.75	0.069%	\$1,033.55	\$1,033.55
AMP				A-1	5.60	UBSA Bank Bill Index	4.75	0.000%	\$0.00	\$0.00
								<b>0.069%</b>	<b>\$1,033.55</b>	<b>\$1,033.55</b>
<b>TOTAL INVESTMENTS</b>								<b>100.000%</b>	<b>\$1,501,033.55</b>	<b>\$1,501,033.55</b>
Cash at Bank										\$63,000.06
<b>TOTAL FUNDS</b>										<b>\$1,564,033.61</b>

**b) Application of Investment Funds**

Restricted Funds	Description	Value
Externally Restricted		
		\$0.00
Internally Restricted		
	Employee Leave Entitlements	\$867,000.00
	Mains Replacement	\$1,000,000.00
	Sales Fluctuation	\$0.00
		\$1,867,000.00
Unrestricted Funds		-\$302,966.39
<b>TOTAL FUNDS</b>		<b>\$1,564,033.61</b>

\* Externally & Internally Restricted Reserve figures are subject to final adjustment and external audit at 30 June each year.

Figures shown above are estimate only.

**CERTIFICATE**

I hereby certify that all the above investments have been made in accordance with the provision of Section 625 of the Local Government Act 1993 and the regulations thereunder.

*M. L. Curran*

**M Curran**

**FINANCE / ADMINISTRATION MANAGER**

### Monthly Investment Report as at 31/7/11

**a) Council's Investments as at 31/7/11**

Investment	Inception Date	Term (Days)	Maturity Date	S&P Rating	Interest Rate (%)	Performance Benchmark	Benchmark Rate	Percentage of Portfolio	Principal Value	Market Value
<b>Term Deposits</b>										
Wagga Mutual Credit Union	13/06/2011	88	09/09/11	Unrated	5.95	BBSW	4.85	43.439%	\$500,000.00	\$500,000.00
Bendigo Bank	15/06/2011	61	15/08/11	A-2	5.30	BBSW	4.86	21.720%	\$250,000.00	\$250,000.00
Bendigo Bank	13/06/2011	60	12/08/11	A-2	5.30	BBSW	4.86	21.720%	\$250,000.00	\$250,000.00
								<b>86.878%</b>	<b>\$1,000,000.00</b>	<b>\$1,000,000.00</b>
<b>Cash Deposit Account</b>										
T Corp				A-1+	5.37	Cash Rate	4.75	0.090%	\$1,038.92	\$1,038.92
AMP				A-1	5.60	Cash Rate	4.75	13.032%	\$150,000.00	\$150,000.00
								<b>13.122%</b>	<b>\$151,038.92</b>	<b>\$151,038.92</b>
<b>TOTAL INVESTMENTS</b>								<b>100.000%</b>	<b>\$1,151,038.92</b>	<b>\$1,151,038.92</b>
Cash at Bank										\$211,789.26
<b>TOTAL FUNDS</b>										<b>\$1,362,828.18</b>

**b) Application of Investment Funds**

Restricted Funds	Description	Value
Externally Restricted		
		\$0.00
Internally Restricted		
	Employee Leave Entitlements	\$702,000.00
	Mains Replacement	\$500,000.00
	Sales Fluctuation	\$0.00
		\$1,202,000.00
Unrestricted Funds		\$160,828.18
<b>TOTAL FUNDS</b>		<b>\$1,362,828.18</b>

\* Externally & Internally Restricted Reserve figures are subject to final adjustment and external audit at 30 June each year.  
 Figures shown above are estimate only.

**CERTIFICATE**

I hereby certify that all the above investments have been made in accordance with the provision of Section 625 of the Local Government Act 1993 and the regulations thereunder.

*M. Curran*

**M Curran**

**FINANCE / ADMINISTRATION MANAGER**



## **APPENDIX 2: FINANCIAL STATEMENTS 2010/11**

# Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

---

**"to provide our community with safe reliable  
water at the lowest sustainable cost"**



# Riverina Water County Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Riverina Water County Council.
- (ii) Riverina Water County Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
  - (iv) These financial statements were authorised for issue by the Council on dd/mm/yy.  
Council has the power to amend and reissue the financial statements.
-

# Riverina Water County Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council & Community.

### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2011.

The format of the Financial Statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

### About the Councillor/Management Statement

The Financial Statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the Financial Statements.

### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

#### 1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

This Statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. A Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equip.

#### 3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

#### 4. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

### 5. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This Statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the Financial Statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The Financial Statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the Financial Statements.

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

## Riverina Water County Council

### General Purpose Financial Statements for the financial year ended 30 June 2011

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 24 August 2011.**

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Clr R Kendall  
**CHAIRPERSON**

---

Clr P Yates  
**COUNCILLOR**

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Mr G Haley  
**GENERAL MANAGER**

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Ms M Curran  
**RESPONSIBLE ACCOUNTING OFFICER**

# Riverina Water County Council

## Income Statement

for the financial year ended 30 June 2011

Budget <sup>(1)</sup> 2011 \$ '000		Notes	Actual 2011	Actual 2010
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
2,720	Rates & Annual Charges	3a	2,281	2,251
13,387	User Charges & Fees	3b	9,994	13,753
120	Interest & Investment Revenue	3c	274	308
502	Other Revenues	3d	277	399
215	Grants & Contributions provided for Operating Purposes	3e,f	207	196
600	Grants & Contributions provided for Capital Purposes	3e,f	1,453	1,972
<b>Other Income:</b>				
27	Net gains from the disposal of assets	5	4	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>17,571</b>	<b>Total Income from Continuing Operations</b>		<b>14,490</b>	<b>18,879</b>
<b>Expenses from Continuing Operations</b>				
7,099	Employee Benefits & On-Costs	4a	7,243	5,828
-	Borrowing Costs	4b	-	-
1,719	Materials & Contracts	4c	1,388	2,627
4,454	Depreciation & Amortisation	4d	4,481	4,380
-	Impairment	4d	808	1,100
2,748	Other Expenses	4e	2,738	2,354
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	11
<b>16,020</b>	<b>Total Expenses from Continuing Operations</b>		<b>16,658</b>	<b>16,300</b>
<b>1,551</b>	<b>Operating Result from Continuing Operations</b>		<b>(2,168)</b>	<b>2,579</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>1,551</b>	<b>Net Operating Result for the Year</b>		<b>(2,168)</b>	<b>2,579</b>
1,551	Net Operating Result attributable to Council		(2,168)	2,579
-	Net Operating Result attributable to Minority Interests		-	-
<b>951</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(3,621)</b>	<b>607</b>

(1) Original Budget as approved by Council - refer Note 16

# Riverina Water County Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
<hr/>			
Net Operating Result for the year (as per Income statement)		(2,168)	2,579
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	32,440	2,502
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
		<hr/>	<hr/>
Total Other Comprehensive Income for the year		32,440	2,502
		<hr/>	<hr/>
Total Comprehensive Income for the Year		30,272	5,081
		<hr/>	<hr/>
Total Comprehensive Income attributable to Council		30,272	5,081
Total Comprehensive Income attributable to Minority Interests		-	-
		<hr/>	<hr/>

# Riverina Water County Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	1,561	8,193	7,671
Investments	6b	-	-	-
Receivables	7	2,531	2,436	2,292
Inventories	8	3,475	1,926	1,133
Other	8	44	252	46
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>7,611</b>	<b>12,807</b>	<b>11,142</b>
<b>Non-Current Assets</b>				
Receivables	7	-	-	-
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	189,712	153,779	149,445
Investment Property	14	-	-	-
Intangible Assets	25	1,700	2,508	3,608
<b>Total Non-Current Assets</b>		<b>191,412</b>	<b>156,287</b>	<b>153,053</b>
<b>TOTAL ASSETS</b>		<b>199,023</b>	<b>169,094</b>	<b>164,195</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	417	464	864
Borrowings	10	-	-	-
Provisions	10	2,342	2,638	2,505
<b>Total Current Liabilities</b>		<b>2,759</b>	<b>3,102</b>	<b>3,369</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	-	-	-
Provisions	10	-	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,759</b>	<b>3,102</b>	<b>3,369</b>
<b>Net Assets</b>		<b>196,264</b>	<b>165,992</b>	<b>160,826</b>
<b>EQUITY</b>				
Retained Earnings	20	61,714	63,858	61,194
Revaluation Reserves	20	134,550	102,134	99,632
Council Equity Interest		196,264	165,992	160,826
Minority Equity Interest		-	-	-
<b>Total Equity</b>		<b>196,264</b>	<b>165,992</b>	<b>160,826</b>



# Riverina Water County Council

## Statement of Changes in Equity for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		63,858	102,134	<b>165,992</b>	-	<b>165,992</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/10)</b>		<b>63,858</b>	<b>102,134</b>	<b>165,992</b>	-	<b>165,992</b>
<b>c. Net Operating Result for the Year</b>		<b>(2,168)</b>	-	<b>(2,168)</b>	-	<b>(2,168)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	32,440	<b>32,440</b>	-	<b>32,440</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	24	(24)	-	-	-
<b>Other Comprehensive Income</b>		<b>24</b>	<b>32,416</b>	<b>32,440</b>	-	<b>32,440</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(2,144)</b>	<b>32,416</b>	<b>30,272</b>	-	<b>30,272</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>61,714</b>	<b>134,550</b>	<b>196,264</b>	-	<b>196,264</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		60,464	99,632	<b>160,096</b>	-	<b>160,096</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	815	-	<b>815</b>	-	<b>815</b>
<b>Revised Opening Balance (as at 1/7/09)</b>		<b>61,279</b>	<b>99,632</b>	<b>160,911</b>	-	<b>160,911</b>
<b>c. Net Operating Result for the Year</b>		<b>2,579</b>	-	<b>2,579</b>	-	<b>2,579</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,502	<b>2,502</b>	-	<b>2,502</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>2,502</b>	<b>2,502</b>	-	<b>2,502</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>2,579</b>	<b>2,502</b>	<b>5,081</b>	-	<b>5,081</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>63,858</b>	<b>102,134</b>	<b>165,992</b>	-	<b>165,992</b>

# Riverina Water County Council

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b><u>Receipts:</u></b>				
2,720	Rates & Annual Charges		2,254	2,510
13,387	User Charges & Fees		10,142	13,196
120	Investment & Interest Revenue Received		310	269
815	Grants & Contributions		1,660	2,170
-	Bonds & Deposits Received		16	-
502	Other		1,366	832
<b><u>Payments:</u></b>				
(5,327)	Employee Benefits & On-Costs		(7,465)	(6,232)
(398)	Materials & Contracts		(2,927)	(2,813)
(3,108)	Other		(4,018)	(3,187)
<b>8,711</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>1,338</b>	<b>6,745</b>
<b>Cash Flows from Investing Activities</b>				
<b><u>Receipts:</u></b>				
364	Sale of Infrastructure, Property, Plant & Equipment		614	437
<b><u>Payments:</u></b>				
(13,077)	Purchase of Infrastructure, Property, Plant & Equipment		(8,584)	(6,660)
<b>(12,713)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(7,970)</b>	<b>(6,223)</b>
<b>Cash Flows from Financing Activities</b>				
<b><u>Receipts:</u></b>				
Nil				
<b><u>Payments:</u></b>				
Nil				
<b>-</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>(4,002)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(6,632)</b>	<b>522</b>
6,427	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	8,193	7,671
<b>2,425</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>1,561</b>	<b>8,193</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	-	-
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>1,561</b>	<b>8,193</b>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASB's), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

#### (a) Basis of preparation

##### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

##### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

**Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.**

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

##### (iii) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

##### (iv) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

##### (v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

#### Annual Charges, Grants and Contributions

Annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rate charges.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

A detailed Note relating to developer contributions can be found at Note 17.

#### User Charges, Fees and Other Income

User charges, fees and other income are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

#### (i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- Water Supply Operations

#### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Council did not hold any funds in trust at 30 June 2011.

#### (iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

#### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

#### (v) County Councils

Council is not a member of any County Councils.

#### (vi) Additional Information

Council does not have any Joint Venture Entities, Associated Entities or Joint Venture Operations.

#### (d) Leases

Council does not have any Finance Leases or Operating Leases.

#### (e) 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, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

#### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

#### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (ii) Subsequent Measurement

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables** and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

#### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

##### (g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

#### (h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

#### (i) Inventories

##### Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

##### Land Held for Resale/Capitalisation of Borrowing Costs

Council does not hold any land held for resale.

#### (j) Infrastructure, Property, Plant and Equipment (I,PP&E)

##### Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Water Networks**  
(External / Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

#### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

#### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow

to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

#### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

<b>Land</b>	100% Capitalised
<b>Plant &amp; Equipment</b>	> \$1,000
<b>Furniture &amp; Fittings</b>	> \$1,000
<b>Buildings - construction</b>	> \$5,000
<b>Buildings - renovations</b>	> \$5,000
<b>Other Structures</b>	> \$5,000
<b>Water Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000

#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

<b>Plant &amp; Equipment</b>	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

<b>Water Assets</b>	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated

recoverable amount – refer Note 1(s) on Asset Impairment.

#### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

#### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

#### (l) Land under roads

Council does not hold any land under roads.

#### (m) Intangible Assets

##### Water Licence Rights

Costs capitalised include external direct costs associated with the purchase of the licence.

These rights are valued each year and any associated impairment or fair valuation increment are included.

#### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

#### (o) Rural Fire Service assets

Council does not hold any Rural Fire Service assets.

#### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every five years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/11.

#### (q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Council does not have any requirement to provide for close down, restoration or environmental clean up costs.

#### (r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

#### (s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

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 non-cash generating assets of Council value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### (t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

#### (u) Borrowings

Council does not have any borrowings.

#### (v) Borrowing costs

Council does not have any borrowings.

#### (w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;

- it is more likely than not that an outflow of resources will be required to settle the obligation; and

- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

#### (x) Employee benefits

A change of accounting policy has occurred during the 2010/11 financial year in relation to the calculation method used for employee benefits. As such, prior year adjustments have been made.

#### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

#### (ii) Other Long Term Obligations

The liability for all long service and annual leave (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

These liabilities are measured at the present value of the expected future payments to be made 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 reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 5 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

#### (iii) Retirement benefit obligations

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

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

#### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

Council's share any deficiency associated with the scheme cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

#### Define Contribution Plans

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.

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

#### (y) Self insurance

Council does not self insure.

#### (z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

#### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

#### (ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

**Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)***

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

**Applicable to Local Government but no implications for Council;**

***AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)***

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

***AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)***

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

**Applicable to Local Government but not relevant to Council at this stage;**

None

**Not applicable to Local Government per se;**

***Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)***

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

***AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting***



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies (continued)

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#### ***Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)***

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

#### ***AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)***

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

#### **(ae) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

#### **(ac) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

#### **(ad) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Water Supplies	17,571	14,490	18,879	16,020	16,658	16,300	1,551	(2,168)	2,579	268	207	199,023	169,094
<b>Operating Result from Continuing Operations</b>	<b>17,571</b>	<b>14,490</b>	<b>18,879</b>	<b>16,020</b>	<b>16,658</b>	<b>16,300</b>	<b>1,551</b>	<b>(2,168)</b>	<b>2,579</b>	<b>268</b>	<b>207</b>	<b>199,023</b>	<b>169,094</b>

#### Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported at Note 2(a) above are as follows:

##### **WATER SUPPLIES**

Comprising the water supply functions servicing the Local Government Areas of Lockhart, Urana, Wagga Wagga and part of the Greater Hume Shire.

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2011

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Nil			
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Water Supply Services		2,281	2,251
<b>Total Annual Charges</b>		<b>2,281</b>	<b>2,251</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>2,281</b>	<b>2,251</b>
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,555	13,323
<b>Total User Charges</b>		<b>9,555</b>	<b>13,323</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Private Works		(29)	(3)
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>(29)</b>	<b>(3)</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.610C))			
Water Connection Fees		468	433
<b>Total Fees &amp; Charges - Other</b>		<b>468</b>	<b>433</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>9,994</b>	<b>13,753</b>
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest earned on Investments (interest & coupon payment income)		274	308
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>274</b>	<b>308</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
General Council Cash & Investments		-	308
<b>Restricted Investments/Funds - External:</b>			
Water Fund Operations		274	-
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>274</b>	<b>308</b>

## Riverina Water County Council

Notes to the Financial Statements  
for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(d). Other Revenues</b>			
Sales - General		268	-
Lease Rental		9	8
Other		-	391
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>277</u></b>	<b><u>399</u></b>

	2011 Operating	2010 Operating	2011 Capital	2010 Capital
--	-------------------	-------------------	-----------------	-----------------

**(e). Grants****Specific Purpose**

## Pensioners' Rates Subsidies:

- Water	191	192	-	-
Water Supplies	-	-	61	11
Diesel and Alternative Fuels	16	4	-	-
<b>Total Specific Purpose</b>	<b>207</b>	<b>196</b>	<b>61</b>	<b>11</b>
<b>Total Grants</b>	<b>207</b>	<b>196</b>	<b>61</b>	<b>11</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	-	-	-	-
- State Funding	16	196	61	11
- Other Funding	191	-	-	-
	<b>207</b>	<b>196</b>	<b>61</b>	<b>11</b>

**(f). Contributions****Developer Contributions:****(s93 & s94 - EP&A Act, s64 of the NSW LG Act):**

S 64 - Water Supply Contributions	-	-	1,392	1,961
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>1,392</b>	<b>1,961</b>

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**Other Contributions:**

Nil

<b>Total Contributions</b>	<b>-</b>	<b>-</b>	<b>1,392</b>	<b>1,961</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>207</u></b>	<b><u>196</u></b>	<b><u>1,453</u></b>	<b><u>1,972</u></b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		4,853	3,303
Employee Termination Costs		-	-
Travelling		43	637
Employee Leave Entitlements (ELE)		1,392	1,331
Superannuation		925	866
Workers' Compensation Insurance		239	111
Fringe Benefit Tax (FBT)		5	46
Payroll Tax		388	344
Training Costs (other than Salaries & Wages)		224	114
Uniforms		70	-
<b>Total Employee Costs</b>		<b>8,139</b>	<b>6,752</b>
less: Capitalised Costs		(896)	(924)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>7,243</u></b>	<b><u>5,828</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>90</b>	<b>87</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Nil			
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>(c) Materials &amp; Contracts</b>			
Contractor & Consultancy Costs			
- Contractor & Consultancy Costs		1,271	2,597
Auditors Remuneration			
- Audit Services: Council's Auditor		67	30
Legal Expenses:			
- Legal Expenses: Other		40	-
Prior Year Expense re Asset Revaluation		10	-
<b>Total Materials &amp; Contracts</b>		<b>1,388</b>	<b>2,627</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>1,388</u></b>	<b><u>2,627</u></b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	461	1,041
Office Equipment		-	-	346	18
Buildings - Non Specialised		-	-	45	48
Buildings - Specialised		-	-	61	65
Infrastructure:					
- Water Supply Network		-	-	3,568	3,208
Intangible Assets	25	808	1,100	-	-
<b>Total Depreciation &amp; Impairment Costs</b>		<b>808</b>	<b>1,100</b>	<b>4,481</b>	<b>4,380</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>808</u></b>	<b><u>1,100</u></b>	<b><u>4,481</u></b>	<b><u>4,380</u></b>

	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		131	-
Bank Charges		16	-
Computer Software Charges		130	-
Members Expenses - Chairperson's Fee		8	8
Members Expenses - Members Fees		43	42
Members Expenses (incl. Chairperson's) - Other (excluding fees above)		15	14
Donations, Contributions & Assistance to other organisations (Section 356)		22	-
Electricity & Heating		1,693	1,962
Insurance		106	107
Office Expenses (including computer expenses)		231	-
Postage		67	-
Printing & Stationery		84	-
Subscriptions & Publications		42	-
Telephone & Communications		82	86
Valuation Fees		68	-
Other		-	135
<b>Total Other Expenses</b>		<b>2,738</b>	<b>2,354</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,738</u></b>	<b><u>2,354</u></b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		614	437
less: Carrying Amount of P&E Assets Sold		(610)	(448)
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>4</u></b>	<b><u>(11)</u></b>

### Note 6a. - Cash Assets and Investment Securities

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents</b>					
Cash on Hand and at Bank		60	-	188	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1	-	8,005	-
- Short Term Deposits		1,500	-	-	-
<b>Total Cash &amp; Cash Equivalents</b>		<b><u>1,561</u></b>	<b><u>-</u></b>	<b><u>8,193</u></b>	<b><u>-</u></b>
<b>Investment Securities</b>					
Nil					
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>		<b><u>1,561</u></b>	<b><u>-</u></b>	<b><u>8,193</u></b>	<b><u>-</u></b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were  
classified at year end in accordance with  
AASB 139 as follows:**

#### **Cash & Cash Equivalents**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>	<b><u>1,561</u></b>	<b><u>-</u></b>	<b><u>8,193</u></b>	<b><u>-</u></b>
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#### **Investments**

Nil

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 6b. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>1,561</b>	<b>-</b>	<b>8,193</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	-	-	-	-
Internal Restrictions (refer below)	1,202	-	3,292	-
Unrestricted	359	-	4,901	-
	<b>1,561</b>	<b>-</b>	<b>8,193</b>	<b>-</b>
<b>2011 \$ '000</b>	<b>Opening Balance</b>	<b>Transfers to Restrictions</b>	<b>Transfers from Restrictions</b>	<b>Closing Balance</b>
<b>Details of Restrictions</b>				
<b>External Restrictions - Included in Liabilities</b>				
Nil				
<b>External Restrictions - Other</b>				
Developer Contributions - General (A)	-	1,392	(1,392)	-
<b>External Restrictions - Other</b>	<b>-</b>	<b>1,392</b>	<b>(1,392)</b>	<b>-</b>
<b>Total External Restrictions</b>	<b>-</b>	<b>1,392</b>	<b>(1,392)</b>	<b>-</b>
<b>Internal Restrictions</b>				
Employees Leave Entitlement (B)	1,092	-	(390)	702
Mains Replacement (C)	1,000	-	(500)	500
Sales Fluctuation (D)	1,200	-	(1,200)	-
<b>Total Internal Restrictions</b>	<b>3,292</b>	<b>-</b>	<b>(2,090)</b>	<b>1,202</b>
<b>TOTAL RESTRICTIONS</b>	<b>3,292</b>	<b>1,392</b>	<b>(3,482)</b>	<b>1,202</b>

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** A provision of 30% of Employee Leave Entitlement has been made.
- C** Mains Replacement - due to Council's ageing infrastructure, provision is made to create a fund for mains replacements.
- D** Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions. Consumption for 2010/11 was low due to wet weather conditions. This has resulted in this reserve being reduced to nil.



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		456	-	429	-
User Charges & Fees		797	-	945	-
Accrued Revenues					
- Interest on Investments		4	-	40	-
Government Grants & Subsidies		145	-	145	-
Sundry Debtors		1,129	-	-	-
Other Debtors		-	-	877	-
<b>Total</b>		<b>2,531</b>	<b>-</b>	<b>2,436</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Nil					
<b>TOTAL NET RECEIVABLES</b>		<b>2,531</b>	<b>-</b>	<b>2,436</b>	<b>-</b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

### Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		3,475	-	1,926	-
<b>Total Inventories</b>		<b>3,475</b>	<b>-</b>	<b>1,926</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		44	-	252	-
<b>Total Other Assets</b>		<b>44</b>	<b>-</b>	<b>252</b>	<b>-</b>
<b><u>TOTAL INVENTORIES / OTHER ASSETS</u></b>		<b><u>3,519</u></b>	<b><u>-</u></b>	<b><u>2,178</u></b>	<b><u>-</u></b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

Notes to the Financial Statements  
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2010					Asset Movements during the Reporting Period				as at 30/6/2011				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
\$ '000			Deprec.	Impairment								Dep'n	Impairment	
Plant & Equipment	-	6,470	3,221	-	3,249	1,151	(610)	(461)	-	-	6,713	3,384	-	3,329
Office Equipment	-	4,796	3,808	-	988	381	-	(346)	-	-	5,191	4,168	-	1,023
<b>Land:</b>														
- Operational Land	-	-	-	-	-	-	-	-	2,765	-	2,765	-	-	2,765
Buildings - Non Specialised	-	1,867	252	-	1,615	57	-	(45)	1,636	-	3,704	441	-	3,263
Buildings - Specialised	-	2,528	341	-	2,187	76	-	(61)	2,225	-	5,153	726	-	4,427
<b>Infrastructure:</b>														
- Water Supply Network	-	168,601	22,861	-	145,740	6,919	-	(3,568)	25,814	-	305,725	130,820	-	174,905
<b><u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</u></b>	-	<b>184,262</b>	<b>30,483</b>	-	<b>153,779</b>	<b>8,584</b>	<b>(610)</b>	<b>(4,481)</b>	<b>32,440</b>	-	<b>329,251</b>	<b>139,539</b>	-	<b>189,712</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

### Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2011	Actual 2010
(i) Impairment Losses recognised in the Income Statement include:			
Water Rights Licence - decrease in value of water due to wet weather		(808)	-
<b><u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u></b>		<b><u>(808)</u></b>	<b><u>-</u></b>

**NB.** Impairment Adjustments relating to I,PP&E assets may have been recognised direct to Equity - refer Note 20 (ii).

### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		325	-	241	-
Accrued Expenses:					
- Salaries & Wages		76	-	-	-
- Other Expenditure Accruals		-	-	223	-
Security Bonds, Deposits & Retentions		16	-	-	-
<b>Total Payables</b>		<b>417</b>	<b>-</b>	<b>464</b>	<b>-</b>
<b>Borrowings</b>					
Nil					
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		596	-	596	-
Sick Leave		4	-	198	-
Long Service Leave		1,742	-	1,844	-
<b>Total Provisions</b>		<b>2,342</b>	<b>-</b>	<b>2,638</b>	<b>-</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>2,759</b>	<b>-</b>	<b>3,102</b>	<b>-</b>

#### (i) Liabilities relating to Restricted Assets

Nil

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2011	2010
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	382	-
Payables - Security Bonds, Deposits & Retentions	16	-
	<b>398</b>	<b>-</b>

### Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	596	416	(427)	11	-	596
Sick Leave	198	47	(242)	1	-	4
Long Service Leave	1,844	563	(547)	(118)	-	1,742
<b>TOTAL</b>	<b>2,638</b>	<b>1,026</b>	<b>(1,216)</b>	<b>(106)</b>	<b>-</b>	<b>2,342</b>

Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	1,561	8,193
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>1,561</b>	<b>8,193</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(2,168)</b>	<b>2,579</b>
Adjust for non cash items:			
Depreciation & Amortisation		4,481	5,480
Net Losses/(Gains) on Disposal of Assets		(4)	11
Impairment Losses Recognition - I,PP&E		808	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(95)	(144)
Decrease/(Increase) in Inventories		(1,549)	(793)
Decrease/(Increase) in Other Assets		208	(206)
Increase/(Decrease) in Payables		84	(423)
Increase/(Decrease) in other accrued Expenses Payable		(147)	23
Increase/(Decrease) in Other Liabilities		16	-
Increase/(Decrease) in Employee Leave Entitlements		(296)	218
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>1,338</b>	<b>6,745</b>

### (c) Non-Cash Investing & Financing Activities

Nil

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Nil			
(b) Other Expenditure Commitments (exclusive of GST)			
Nil			
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
Nil			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		354	175
Later than one year and not later than 5 years		1,040	556
Later than 5 years		-	-
<b>Total Payable</b>		<b>1,394</b>	<b>731</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 20102009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	7,611	3.22 : 1	4.13	4.50
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	2,361			
2. Debt Service Ratio				
Debt Service Cost	-	0.00%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	12,830			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	2,281	15.74%	13.71%	14.00%
Income from Continuing Operations	14,490			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	456	16.83%	14.60%	12.33%
Rates, Annual & Extra Charges Collectible	2,710			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	5,005	136.23%	68.00%	91.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	3,674			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2011

### Note 13a(i). Statement of Performance Measurement - Graphs (Consolidated)

<p><b>1. Unrestricted Current Ratio</b></p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2008</td><td>7.58</td></tr><tr><td>2009</td><td>4.50</td></tr><tr><td>2010</td><td>4.13</td></tr><tr><td>2011</td><td>3.22</td></tr></table>	Year	Ratio : 1	2008	7.58	2009	4.50	2010	4.13	2011	3.22	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio    3.22 : 1</b></p> <p>A reduction in Council's cash funds during the year due to wet weather has seen a reduction in this ratio. Council's ratio is still at a reasonable level to satisfy obligations.</p>
Year	Ratio : 1											
2008	7.58											
2009	4.50											
2010	4.13											
2011	3.22											
<p><b>2. Rates &amp; Annual Charges Coverage Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>14.00%</td></tr><tr><td>2009</td><td>14.00%</td></tr><tr><td>2010</td><td>13.71%</td></tr><tr><td>2011</td><td>15.74%</td></tr></table>	Year	Ratio %	2008	14.00%	2009	14.00%	2010	13.71%	2011	15.74%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio    15.74%</b></p> <p>As annual charges a relatively static, the reduction in water sales this year has seen an increase in this ratio. Annual charges are still make up a relatively small portion of Council's income base.</p>
Year	Ratio %											
2008	14.00%											
2009	14.00%											
2010	13.71%											
2011	15.74%											
<p><b>3. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>9.78%</td></tr><tr><td>2009</td><td>12.33%</td></tr><tr><td>2010</td><td>14.60%</td></tr><tr><td>2011</td><td>16.83%</td></tr></table>	Year	Ratio %	2008	9.78%	2009	12.33%	2010	14.60%	2011	16.83%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio    16.83%</b></p> <p>There has been a gradual increase in this ratio, which could be reasonably be assumed to be a sign of current economic climate.</p>
Year	Ratio %											
2008	9.78%											
2009	12.33%											
2010	14.60%											
2011	16.83%											
<p><b>4. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>57.00%</td></tr><tr><td>2009</td><td>91.00%</td></tr><tr><td>2010</td><td>68.00%</td></tr><tr><td>2011</td><td>136.23%</td></tr></table>	Year	Ratio %	2008	57.00%	2009	91.00%	2010	68.00%	2011	136.23%	<p><b>Purpose of Bldg &amp; Infrastructure Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on Result</b></p> <p><b>2010/11 Ratio    136.23%</b></p> <p>Majority of asset purchases during the current financial year were asset renewals, rather than new assets, which has seen a significant increase in this ratio.</p>
Year	Ratio %											
2008	57.00%											
2009	91.00%											
2010	68.00%											
2011	136.23%											



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

### Note 15. Financial Risk Management

#### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

Council 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 Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,561	8,193	1,561	8,193
Receivables	2,531	2,436	2,532	2,436
<b>Total Financial Assets</b>	<b>4,092</b>	<b>10,629</b>	<b>4,093</b>	<b>10,629</b>
<b>Financial Liabilities</b>				
Payables	417	464	418	512
<b>Total Financial Liabilities</b>	<b>417</b>	<b>464</b>	<b>418</b>	<b>512</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 15. Financial Risk Management (continued)

\$ '000

#### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss', "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2011</b>				
Possible impact of a 1% movement in Interest Rates	45	45	(45)	(45)
<b>2010</b>				
Possible impact of a 1% movement in Interest Rates	51	51	(51)	(51)

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2011

### Note 15. Financial Risk Management (continued)

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\$ '000

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#### (b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

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

A profile of Council's receivables credit risk at balance date follows:

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	385	1,741	429	2,007
Past due by up to 30 days	71	334	-	-
	<b>456</b>	<b>2,075</b>	<b>429</b>	<b>2,007</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 15. Financial Risk Management (continued)

\$ '000

#### (c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	16	401	-	-	-	-	-	417	417
Total Financial Liabilities	16	401	-	-	-	-	-	417	417
2010									
Trade/Other Payables	-	464	-	-	-	-	-	464	464
Total Financial Liabilities	-	464	-	-	-	-	-	464	464

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	417	0.0%	464	0.0%
	<u>417</u>		<u>464</u>	

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 23 June 2010.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>2,720</b>	<b>2,281</b>	<b>(439)</b>	<b>(16%)</b>	<b>U</b>
Includes \$337k pensioner rebate, the Council cost portion, which gets partially offset by pensioner rebate grant, which is included in operating grants.					
<b>User Charges &amp; Fees</b>	<b>13,387</b>	<b>9,994</b>	<b>(3,393)</b>	<b>(25%)</b>	<b>U</b>
Due to extremely wet weather, water sales were significantly lower than anticipated.					
<b>Interest &amp; Investment Revenue</b>	<b>120</b>	<b>274</b>	<b>154</b>	<b>128%</b>	<b>F</b>
Term deposit and at call rates were higher than anticipated during the year.					
<b>Other Revenues</b>	<b>502</b>	<b>277</b>	<b>(225)</b>	<b>(45%)</b>	<b>U</b>
Connection fees were included in other revenues for budget figures. In actual figures connection fees have been included in user charges and fees.					
<b>Operating Grants &amp; Contributions</b>	<b>215</b>	<b>207</b>	<b>(8)</b>	<b>(4%)</b>	<b>U</b>
No Budget Variation Details Are Required - Variance is < 10%					
<b>Capital Grants &amp; Contributions</b>	<b>600</b>	<b>1,453</b>	<b>853</b>	<b>142%</b>	<b>F</b>
Council received significantly higher developer contributions than was initially budgeted for.					
<b>Net Gains from Disposal of Assets</b>	<b>27</b>	<b>4</b>	<b>(23)</b>	<b>(85%)</b>	<b>U</b>
Used car sales were lower than budgeted for, mainly as a result of the used car market.					

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>7,099</b>	<b>7,243</b>	<b>(144)</b>	<b>(2%)</b>	<b>U</b>
No Budget Variation Details Are Required - Variance is < 10%					
<b>Materials &amp; Contracts</b>	<b>1,719</b>	<b>1,388</b>	<b>331</b>	<b>19%</b>	<b>F</b>
Original budget figures inadvertently included employee costs in materials & contracts, resulting in slight variances in both cost areas.					
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	<b>8,711</b>	<b>1,338</b>	<b>(7,373)</b>	<b>(84.6%)</b>	<b>U</b>
Cash inflows from water sales was significantly lower than originally budgeted, due to wet weather. Employee cost outflows of cash were much higher than budgeted for, as 3 long term employees retired during the year - this was not included in Council's original budget.					
<b>Cash Flows from Investing Activities</b>	<b>(12,713)</b>	<b>(7,970)</b>	<b>4,743</b>	<b>(37.3%)</b>	<b>F</b>
Council did not complete the original capital works plan. Capital works were reduced in both the December and March quarterly budget reviews as the original plan was unattainable.					

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Contributions	-	1,392	-	-	(1,392)	-	-	700	(700)		
<b>Total Contributions</b>	<b>-</b>	<b>1,392</b>	<b>-</b>	<b>-</b>	<b>(1,392)</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>(700)</b>	<b>-</b>	<b>-</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

##### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

###### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

###### (ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

###### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

#### ASSETS NOT RECOGNISED:

###### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

###### (ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

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\$ '000

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##### **ASSETS NOT RECOGNISED:**

##### **(i) Recovery of Assets**

Investigations are currently underway after alledged misappropriation of Council assets. This may lead to recovery action being taken in future financial years. The extent of this possible recovery and cost of such recovery cannot be quantified at the date of this report.

#### Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

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Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		63,858	60,464
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	815
c. Other Comprehensive Income (excl. direct to Reserves transactions)		24	-
d. Net Operating Result for the Year		(2,168)	2,579
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>61,714</b>	<b>63,858</b>

### b. Reserves

#### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	134,550	102,134
<b>Total</b>	<b>134,550</b>	<b>102,134</b>

#### (ii). Reconciliation of movements in Reserves:

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	102,134	99,632
- Revaluations for the year	32,440	2,502
- Other movements	(24)	-
<b>- Balance at End of Year</b>	<b>134,550</b>	<b>102,134</b>

##### TOTAL VALUE OF RESERVES

<b>134,550</b>	<b>102,134</b>
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#### (iii). Nature & Purpose of Reserves

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
Council made no correction of errors during the current reporting period.			
<b>d. Voluntary Changes in Accounting Policies</b>			
- Different calculation method of Employee Leave Entitlements			815
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)			-
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)			815
<b>Total Prior Period Adjustments - Accounting Policy Changes</b>			<b>815</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 21. Financial Result & Financial Position by Fund

<b>Income Statement by Fund</b> \$ '000	<b>Actual 2011</b>	<b>Actual 2011</b>	<b>Actual 2011</b>	<b>Actual 2011</b>
	<b>Other</b>	<b>Water</b>	<b>Sewer</b>	<b>General</b>
<b><u>Continuing Operations</u></b>				
<b>Income from Continuing Operations</b>				
Rates & Annual Charges	-	2,281	-	-
User Charges & Fees	-	9,994	-	-
Interest & Investment Revenue	-	274	-	-
Other Revenues	-	277	-	-
Grants & Contributions provided for Operating Purposes	-	207	-	-
Grants & Contributions provided for Capital Purposes	-	1,453	-	-
<b>Other Income</b>				
Net Gains from Disposal of Assets	-	4	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>-</b>	<b>14,490</b>	<b>-</b>	<b>-</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs	-	7,889	-	(646)
Borrowing Costs	-	-	-	-
Materials & Contracts	-	742	-	646
Depreciation & Amortisation	-	4,481	-	-
Impairment	-	808	-	-
Other Expenses	-	2,738	-	-
Interest & Investment Losses	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>-</b>	<b>16,658</b>	<b>-</b>	<b>-</b>
<b>Operating Result from Continuing Operations</b>	<b>-</b>	<b>(2,168)</b>	<b>-</b>	<b>-</b>
<b><u>Discontinued Operations</u></b>				
Net Profit/(Loss) from Discontinued Operations	-	-	-	-
<b>Net Operating Result for the Year</b>	<b>-</b>	<b>(2,168)</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>-</b>	<b>(2,168)</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>-</b>	<b>(3,621)</b>	<b>-</b>	<b>-</b>

# Riverina Water County Council

## Notes to the Financial Statements

as at 30 June 2011

### Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011	Actual 2011
	Other	Water	Sewer	General
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	-	1,561	-	-
Investments	-	-	-	-
Receivables	-	2,531	-	-
Inventories	-	3,475	-	-
Other	-	44	-	-
Non-current assets classified as 'held for sale'	-	-	-	-
<b>Total Current Assets</b>	-	7,611	-	-
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, Property, Plant & Equipment	-	189,712	-	-
Investments Accounted for using the equity method	-	-	-	-
Investment Property	-	-	-	-
Intangible Assets	-	1,700	-	-
<b>Total Non-Current Assets</b>	-	191,412	-	-
<b>TOTAL ASSETS</b>	-	199,023	-	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	-	417	-	-
Borrowings	-	-	-	-
Provisions	-	2,342	-	-
<b>Total Current Liabilities</b>	-	2,759	-	-
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Borrowings	-	-	-	-
Provisions	-	-	-	-
<b>Total Non-Current Liabilities</b>	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	2,759	-	-
<b>Net Assets</b>	-	196,264	-	-
<b>EQUITY</b>				
Retained Earnings	-	61,714	-	-
Revaluation Reserves	-	134,550	-	-
Council Equity Interest	-	196,264	-	-
Minority Interests	-	-	-	-
<b>Total Equity</b>	-	196,264	-	-

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

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\$ '000

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after Balance Sheet Date

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Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd/mm/yy.

Events that occur after the Reporting Date represent one of two types:

##### **(i) Events that have provided evidence of conditions that existed at the Reporting Date**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

##### **(ii) Events that have provided evidence of conditions that arose after the Reporting Date**

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

#### Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued".

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2011 Carrying Amount	Actual 2010 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	3,608	3,608
Accumulated Amortisation & Impairment	(1,100)	-
<b>Net Book Value - Opening Balance</b>	<b>2,508</b>	<b>3,608</b>
<b>Movements for the year</b>		
- Amortisation & Impairment charges	(808)	(1,100)
<b>Closing Values:</b>		
Gross Book Value (30/6)	3,608	3,608
Accumulated Amortisation & Impairment	(1,908)	(1,100)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>1,700</u></b>	<b><u>2,508</u></b>

<sup>1</sup>. The Net Book Value of Intangible Assets represent:

- Water Licences	1,700	2,508
	<b>1,700</b>	<b>2,508</b>

### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.



## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### Note 27. Council Information & Contact Details

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##### Principal Place of Business:

91 Hammond Avenue  
Wagga Wagga NSW 2650

##### Contact Details

##### Mailing Address:

PO Box 456  
Wagga Wagga NSW 2650

##### Opening Hours:

Monday - Friday 8:30am - 4pm

**Telephone:** 02 6922 0608

**Facsimile:** 02 6921 2241

**Internet:** [www.rwcc.com.au](http://www.rwcc.com.au)

**Email:** [admin@rwcc.com.au](mailto:admin@rwcc.com.au)

##### Officers

##### GENERAL MANAGER

Mr G Haley

##### RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

##### PUBLIC OFFICER

Mr G Haley

##### AUDITORS

John L Bush & Campbell  
Chartered Accountants  
30 Blake Street  
Wagga Wagga

##### Elected Members

##### CHAIRPERSON

Clr R Kendall (City of Wagga Wagga)

##### DEPUTY CHAIRPERSON

Clr. P. Yates (Lockhart Shire Council)

##### COUNCILLORS

Clr. J. McInerney	(Greater Hume Shire)
Clr. I. Kruetzberger	(Urana Shire Council)
Clr. J. Ross	(Greater Hume Shire)
Clr. L. Vidler	(City of Wagga Wagga)
Clr. A. Brown	(City of Wagga Wagga)
Clr. W. Geale	(City of Wagga Wagga)
Clr. R. Goodlass	(City of Wagga Wagga)

##### Other Information

**ABN:** 52 084 883 210

# Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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**"to provide our community with safe reliable  
water at the lowest sustainable cost"**



# Riverina Water County Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
- Income Statement of Water Supply Business Activity	3
- Income Statement of Sewerage Business Activity	n/a
- Income Statement of Other Business Activities	n/a
- Balance Sheet of Water Supply Business Activity	4
- Balance Sheet of Sewerage Business Activity	n/a
- Balance Sheet of Other Business Activities	n/a
<b>3. Notes to the Special Purpose Financial Statements</b>	5
<b>4. Auditor's Report</b>	

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

## Riverina Water County Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 24 August 2011.**

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Clr R Kendall  
**CHAIRPERSON**

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Clr P Yates  
**DEPUTY CHAIRPERSON**

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Mr G Haley  
**GENERAL MANAGER**

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Ms M Curran  
**RESPONSIBLE ACCOUNTING OFFICER**

# Riverina Water County Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
<b>Income from continuing operations</b>			
Access charges	2,281	2,588	2,573
User charges	9,993	12,983	12,557
Fees	-	-	-
Interest	274	308	547
Grants and contributions provided for non capital purposes	207	196	197
Profit from the sale of assets	4	-	90
Other income	275	832	984
<b>Total income from continuing operations</b>	<b>13,034</b>	<b>16,907</b>	<b>16,948</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	7,243	5,828	5,405
Borrowing costs	-	-	-
Materials and contracts	1,385	2,627	2,386
Depreciation and impairment	5,289	5,480	4,107
Water purchase charges	54	101	42
Loss on sale of assets	-	11	-
Calculated taxation equivalents	22	23	23
Debt guarantee fee (if applicable)	-	-	-
Other expenses	2,662	2,253	2,354
<b>Total expenses from continuing operations</b>	<b>16,655</b>	<b>16,323</b>	<b>14,317</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(3,621)</b>	<b>584</b>	<b>2,631</b>
Grants and contributions provided for capital purposes	1,453	1,972	1,309
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(2,168)</b>	<b>2,556</b>	<b>3,940</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(2,168)</b>	<b>2,556</b>	<b>3,940</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(766)	(1,182)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,168)</b>	<b>1,790</b>	<b>2,758</b>
plus Opening Retained Profits	50,796	47,402	43,439
plus/less: Prior Period Adjustments	24	815	-
plus/less: Other Adjustments ( <a href="#">details here...</a> )	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	22	23	23
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	766	1,182
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>48,674</b>	<b>50,796</b>	<b>47,402</b>
<b>Return on Capital %</b>	<b>-1.9%</b>	<b>0.4%</b>	<b>1.8%</b>
<b>Subsidy from Council</b>	<b>13,505</b>	<b>-</b>	<b>-</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	(2,168)	1,790	2,758
less: Capital grants and contributions (excluding developer contributions)	-	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>1,790</b>	<b>2,758</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>895</b>	<b>1,379</b>

# Riverina Water County Council

## Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

<b>\$ '000</b>	<b>Actual 2011</b>	<b>Actual 2010</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,561	8,193
Investments	-	-
Receivables	2,531	2,436
Inventories	3,475	1,926
Other	44	252
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>7,611</b>	<b>12,807</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	189,712	153,779
Intangibles	1,700	2,508
Investments accounted for using equity method	-	-
Investment property	-	-
<b>Total non-Current Assets</b>	<b>191,412</b>	<b>156,287</b>
<b>TOTAL ASSETS</b>	<b>199,023</b>	<b>169,094</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	417	464
Interest bearing liabilities	-	-
Provisions	15,382	15,700
<b>Total Current Liabilities</b>	<b>15,799</b>	<b>16,164</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>15,799</b>	<b>16,164</b>
<b>NET ASSETS</b>	<b>183,224</b>	<b>152,930</b>
<b>EQUITY</b>		
Retained earnings	48,674	50,796
Revaluation reserves	134,550	102,134
Council equity interest	183,224	152,930
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>183,224</b>	<b>152,930</b>

## Riverina Water County Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	9
3	Sewerage Business Best Practice Management disclosure requirements	n/a

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### **Riverina Water County Council**

Water supply operations servicing the local government areas of Wagga Wagga City, Lockhart, Urana Shire & Greater Hume Shire.

##### Category 2

(where gross operating turnover is less than \$2 million)

Nil

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Note 2 are disclosed in whole dollars.

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector



## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies (continued)

businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

##### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies (continued)

exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

#### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.21% at 30/6/11.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

#### (iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Local Government Water Supply Businesses are permitted to pay an annual dividend from its water supply surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2011 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

# Riverina Water County Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

### Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

**2011**

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	22,000
(ii)	No of assessments multiplied by \$3/assessment	95,523
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	22,000
(iv)	Amounts actually paid for Tax Equivalents	22,199

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	933,230
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	2,380,000

2011 Surplus	(2,168,000)	2010 Surplus	1,790,000	2009 Surplus	2,758,000
		2010 Dividend	-	2009 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

#### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

# Riverina Water County Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

### Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	14,148
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	79.47%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	185,360
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,745
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	8,584
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.47%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	61

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

# Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2011

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**"to provide our community with safe reliable  
water at the lowest sustainable cost"**



# Riverina Water County Council

## Special Schedules

for the financial year ended 30 June 2011

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<sup>1</sup> Special Purpose Schedules are not audited.

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### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water,
  - the Department of Environment, Climate Change and Water, and
  - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

# Riverina Water County Council

## Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	-	-	-	-
<b>Administration</b>	-	-	-	-
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	-	-	-	-
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
<b>Total Environment</b>	-	-	-	-
<b>Community Services and Education</b>				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Childrens Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	-	-	-	-
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	-	-	-	-
<b>Water Supplies</b>	16,658	13,037	1,453	(2,168)
<b>Sewerage Services</b>	-	-	-	-

# Riverina Water County Council

## Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	-	-	-	-
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	-	-	-	-
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
<b>Total Transport and Communication</b>	-	-	-	-
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
<b>Total Economic Affairs</b>	-	-	-	-
<b>Totals – Functions</b>	<b>16,658</b>	<b>13,037</b>	<b>1,453</b>	<b>(2,168)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		-		-
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>16,658</b>	<b>13,037</b>	<b>1,453</b>	<b>(2,168)</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)



# Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	993	1,929
b. Engineering and Supervision	867	764
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	165	124
d. Maintenance expenses	1,060	805
<b>- Reservoirs</b>		
e. Operation expenses	165	124
f. Maintenance expenses	193	85
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	658	498
h. Energy costs	1,693	1,962
i. Maintenance expenses	739	499
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	659	388
k. Chemical costs	641	561
l. Maintenance expenses	145	110
<b>- Other</b>		
m. Operation expenses	884	450
n. Maintenance expenses	829	628
o. Purchase of water	54	101
<b>3. Depreciation expenses</b>		
a. System assets	3,675	3,321
b. Plant and equipment	806	1,059
c. Impairment	808	1,100
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	1,599	1,792
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>16,633</b>	<b>16,300</b>

# Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	1,719	2,274
b. Usage charges	6,653	9,151
c. Other	-	60
<b>7. Non-residential charges</b>		
a. Access (including rates)	561	254
b. Usage charges	2,094	3,364
c. Other	808	471
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	274	308
<b>10. Other income</b>	714	829
<b>11. Grants</b>		
a. Grants for acquisition of assets	61	11
b. Grants for pensioner rebates	191	-
c. Other grants	16	196
<b>12. Contributions</b>		
a. Developer charges	1,392	1,961
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<b>14,483</b>	<b>18,879</b>
<b>14. Gain or loss on disposal of assets</b>	4	-
<b>15. Operating Result</b>	<b>(2,146)</b>	<b>2,579</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(2,207)	2,568

# Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,579	2,346
c. Renewals	3,472	2,247
d. Plant and equipment	1,533	2,067
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>8,584</b>	<b>6,660</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	614	437
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>614</b>	<b>437</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	27,818	27,400
b. Residential (unoccupied, ie. vacant lot)	1,475	1,321
c. Non-residential (occupied)	2,548	2,407
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	175 ET	354 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 337,706	\$ 337,000

# Riverina Water County Council

## Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2010/11 (page 47 of Guidelines)			<input type="text" value="955"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b + 27c + 27d + 28b)</b>			<input type="text" value="955"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.</p>			

# Riverina Water County Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,561	-	1,561
<b>31. Receivables</b>			
a. Specific purpose grants	145	-	145
b. Rates and charges	1,253	-	1,253
c. Other	1,133	-	1,133
<b>32. Inventories</b>	3,475	-	3,475
<b>33. Property, plant and equipment</b>			
a. System assets	-	185,360	185,360
b. Plant and equipment	-	4,352	4,352
<b>34. Other assets</b>	44	1,700	1,744
<b>35. Total assets</b>	<b>7,611</b>	<b>191,412</b>	<b>199,023</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	417	-	417
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,342	-	2,342
<b>40. Total liabilities</b>	<b>2,759</b>	<b>-</b>	<b>2,759</b>
<b>41. NET ASSETS COMMITTED</b>	<b>4,852</b>	<b>191,412</b>	<b>196,264</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			61,714
<b>43. Asset revaluation reserve</b>			134,550
<b>44. TOTAL EQUITY</b>			<b>196,264</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			317,347
<b>46. Accumulated current cost</b> depreciation of system assets			(131,987)
<b>47. Written down current cost</b> of system assets			185,360

# Riverina Water County Council

## Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2011

### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

**\$'000**

**Notes:**

- # Asset Condition "Key" - as per NSW Local Government Asset Accounting Manual:**

**5 Asset Unserviceable** - Critical, Beyond Repair

## Riverina Water County Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	14,490	19,867	20,637	21,452	22,053
Expenses from continuing operations	16,658	16,670	17,722	19,080	19,742
<b>Operating Result from Continuing Operations</b>	<b>(2,168)</b>	<b>3,197</b>	<b>2,915</b>	<b>2,372</b>	<b>2,311</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	3,579	9,459	15,828	18,348	7,581
Replacement/Refurbishment of Existing Assets	5,005				
<b>Total Capital Budget</b>	<b>8,584</b>	<b>9,459</b>	<b>15,828</b>	<b>18,348</b>	<b>7,581</b>
<b>Funded by:</b>					
– Loans		3,247	5,660	10,700	
– Asset sales	614	411	419	428	436
– Reserves		(600)			
– Grants/Contributions					
– Recurrent revenue	7,970	6,401	9,749	7,220	7,145
– Other					
	<b>8,584</b>	<b>9,459</b>	<b>15,828</b>	<b>18,348</b>	<b>7,581</b>

**Notes:**

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.



## **APPENDIX 3: DRAFT PURCHASING POLICY**

## **Policy 5.16 PURCHASING**

<b>POLICY NAME:</b>	Puchasing
<b>POLICY NO:</b>	5.16
<b>MINUTE NO:</b>	
<b>ADOPTION DATE:</b>	24 August 2011
<b>NEXT REVISION DATE:</b>	
<b>LAST REVISED:</b>	

### **OBJECTIVE:**

The purpose of this policy is to outline the purchasing standards of Riverina Water County Council (RWCC) and to provide a guide to employees and agents of the Council for purchasing. The following principles should be observed when purchasing goods and services for Council:

- Compliance with the Local Government Act 1993 and relevant Regulations;
- Ethical behaviour and fair dealing;
- Value for money;
- Open and effective competition;
- Business needs being met.

### **SCOPE:**

This policy applies to all Riverina Water County Council employees and agents authorised to purchase goods and services on behalf of the Council.

RWCC personnel are not to commit the organisation to the purchase of goods and services other than in accordance with the policy and budget. As a rule, purchase orders are required to be raised prior to purchase of goods and services.

Goods and services purchased as part of a tender can be obtained on issue of a letter of acceptance. Purchase orders must follow in order to record committal of costs.

Council is required to call tenders for goods or services with an estimated value exceeding the NSW Department of Local Government tender limit of \$150,000.

This policy does not apply to goods and services purchased:

- From internal Council sources;
- In an emergency;
- By contractors or subcontractors of Council.

### **POLICY:**

All goods and services are to be purchased using the appropriate order form except in the following circumstances:

- Insurances
- Professional fees when a written instruction has been issued
- Freight
- Fees imposed under an Act of Parliament
- Petty cash purchases
- Corporate credit card purchases
- Fuel card purchases

If it is impractical to issue the appropriate order form due to an urgent situation prior to the event, a confirmation order should be issued as soon as practical after the event.

### Specific Provisions:

- *Petty Cash*: May be used for one-off or urgent purchases of goods with a value of less than \$100 where such goods are not available through inventory. Staff should use their knowledge of the market to ensure they secure value for money.
- *Corporate Credit Cards*: May be used in accordance with Council's Corporate Credit Card Policy.
- *Existing Supplier Arrangements*: Where Council has existing arrangements with a particular supplier or contractor, and it is in Council's best interests to continue using such a supplier or contractor for ongoing or related services, Council may engage such a supplier or contractor for such ongoing or related services, provided such engagement is authorised by both the General Manager and Director of Engineering and, if over \$10,000, is reported to Council at the earliest opportunity.

### Levels of Ordering:

Orders or contracts of any value may be authorised by Council Officers who have been delegated financial decision-making power by the General Manager provided that the supplies, consultants or professional services are provided under a State Government contract.

In all other situations the following limitations apply:

<b>Purchases under \$1,000</b>	May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed with at least one verbal quotation, subject to: <ul style="list-style-type: none"> <li>• the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;</li> <li>• prices/rates being considered reasonable;</li> <li>• prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.</li> </ul>
<b>Purchases from \$1,000 to \$2,000</b>	May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed with at least one written quotation, subject to: <ul style="list-style-type: none"> <li>• the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;</li> <li>• prices/rates being considered reasonable;</li> <li>• prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc; and</li> <li>• quotation being obtained in writing (email / fax is acceptable).</li> </ul>
<b>Purchases from \$2,000 to \$10,000</b>	May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed after seeking at least 2 written quotes, subject to: <ul style="list-style-type: none"> <li>• the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;</li> <li>• prices/rates being considered reasonable;</li> </ul>

	<ul style="list-style-type: none"> <li>• prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc; and</li> <li>• all quotations being obtained in writing (email / fax is acceptable).</li> </ul>
<b>Purchases from \$10,000 to \$150,000</b>	<p>May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed after seeking at least 3 written quotes, subject to:</p> <ul style="list-style-type: none"> <li>• the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;</li> <li>• prices/rates being considered reasonable;</li> <li>• prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc; and</li> <li>• all quotations being obtained in writing (email / fax is acceptable).</li> </ul>
<b>Purchases over \$150,000</b>	<p>Public tenders shall be invited in accordance with the Local Government Act 1993 (Section 55) and the Local Government (Tendering) Regulation 1993 and a written specification detailing the Council's requirements.</p>

### **Exceptions to the Requirement to Seek Tenders or Quotations:**

Section 55(3) of the NSW Local Government Act 1993 specifies:

*'This section does not apply to the following contracts:*

- *A contract entered into by a council with the Crown (whether in right of a Commonwealth, New South Wales or any other State or Territory), a Minister of the Crown or a statutory body representing the Crown.*
- *A contract entered into by a council with another council.*
- *A contract for the purchase or sale of land by a council.*
- *A contract for the leasing of land by a council.*
- *A contract for the purchase or sale by a council at public auction.*
- *A contract for the purchase of goods, materials or services specified by the State Contracts Control Board or the Department of Administrative Services of the Commonwealth, made with a person so specified, during a period so specified and at a rate not exceeding the rate so specified.*
- *A contract for the employment of a person as an employee of the council.*
- *A contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders.*
- *A contract for which, because of provisions made by or under another Act, a council is exempt from the requirement to invite a tender.*
- *A contract made in a case of emergency.*
- *A contract involving an estimated expenditure or receipt of an amount of less than \$100 000 or such other amount as may be prescribed by the regulations.'*

### **Tenders from Selected Persons:**

The following purchasing arrangements may be established to comply with Section 55(4) of the NSW Local Government Act 1993:

*A council that invites tenders from selected persons only is taken to comply with the requirements of this section if those persons are selected:*

- a) from persons who have responded to a public advertisement for expressions of interest in the particular contract for which tenders are being invited, or*

- b) from persons who have responded to a public advertisement for recognition as recognised contractors with respect to contracts of the same kind as that for which tenders are being invited.*

### **Standing Offer Arrangement or a Preferred Supplier Arrangement:**

Council may establish and use a standing offer arrangement or a preferred supplier arrangement if:

- the supply of goods or services is needed in large volumes or frequently;
- it is able to obtain better value for money by aggregating demand for the goods or services needed; and
- the requirement for the goods or services can be stated in terms that would be well understood in the industry concerned.

### **Establishing and Using a Register of Pre-Qualified Suppliers:**

Council may establish and use a register of pre-qualified suppliers if:

- it would be costly to prepare and evaluate invitations each time the goods or services were needed; or
- the capability or financial capacity of the supplier is critical; or
- there are significant security considerations; or
- compliance with defined standards is a pre-condition of offer to contract; or
- the ability of local business to supply the goods or services needed by the local government needs to be found out or encouraged.

### **Purchasing Arrangements to be for a Maximum of Two Years:**

Council may enter a purchasing arrangement for longer than two years only if it is satisfied that better value will be achieved by entering into a longer arrangement.

## **APPENDIX 4: JB CONSULTING INTERNAL AUDIT PROPOSAL**

# **PROPOSAL**

**FOR THE PROVISION OF**

**INTERNAL AUDIT, RISK, FRAUD & RELATED  
SERVICES**

**FOR**

**RIVERINA WATER COUNTY COUNCIL**

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## 1. Executive Summary

### 1.1. Introduction to JB Consulting

JB Consulting has been established as a specialty provider of internal audit, risk management and fraud related services for small to medium entities, particularly local government.

JB Consulting is owned and operated by James Broadbent and Rebecca Lindwall. With combined experience in providing risk and audit services of more than 30 years, James and Rebecca bring a wealth of knowledge to the business.

Our priority is to provide world class audit and risk services to organisations that may not have the budgets or internal expertise to effectively operate this kind of function themselves.

As a small specialist business, we pride ourselves on providing a personalised service that can be tailored to meet your needs regardless of the financial or geographical restraints you may face.

### 1.2. Capability

Through our experience in working with local government and our previous experience working with larger federal government departments, we have developed a range of skills and expertise that can assist in the development and running of your internal audit function.

The table below provides an indication of the types of audit and risk services we can provide.

Services	Capability
<i>Strategic Audit Plan</i>	An audit program should come from a strategic audit plan that considers key business and fraud risks. From this assessment a program of audit assignments can be identified that will add most value to the organisation.
<i>Audit Committee Support</i>	For many of our clients we have assisted in establishing their internal audit committees. We can also provide ongoing support to ensure that meetings run smoothly and that committee papers are prepared and disseminated in a timely manner.
<i>General Audit Services</i>	These form the bulk of services that we provide to our internal audit clients. We conduct internal audit assignments including legislative compliance reviews, performance reviews that consider the efficiency and effectiveness of organisational functions, IT reviews, process improvement reviews, and any combination of these depending on the requirements of the audit program.

<i>Risk Management and Fraud Control Plans</i>	All audit assignments conducted place a focus on risk and fraud control, identifying potential control weaknesses and ways to improve them. For many clients we develop specific fraud control plans that consider the overall framework for mitigating potential fraud and also the mechanisms for identifying and investigating instances of fraud. We also develop business continuity and recovery plans.
<i>Provision of ad-hoc advice</i>	We believe in building constructive, long-term relationships with our clients and provision of ad-hoc advice is part of our service. Our audit knowledge and experience can often be of use to your staff. We provide this type of advice both informally as part our normal work, and when specifically requested by the client.  This can be at an operational level or for senior management.
<i>Reporting and meeting requirements</i>	As a matter of course we attend Audit Committee meetings to present our report on recent audit activity. This ensures we understand the Audit Committee requirements and can participate in discussions and provide advice as required.  We will attend other meetings as required and are keen that Internal Audit be seen as a useful management tool within the Council.
<i>Value-added services</i>	As required, we can provide additional briefings, workshops or other training on relevant topics.

## 2. Methodologies

### 2.1. Internal Audit

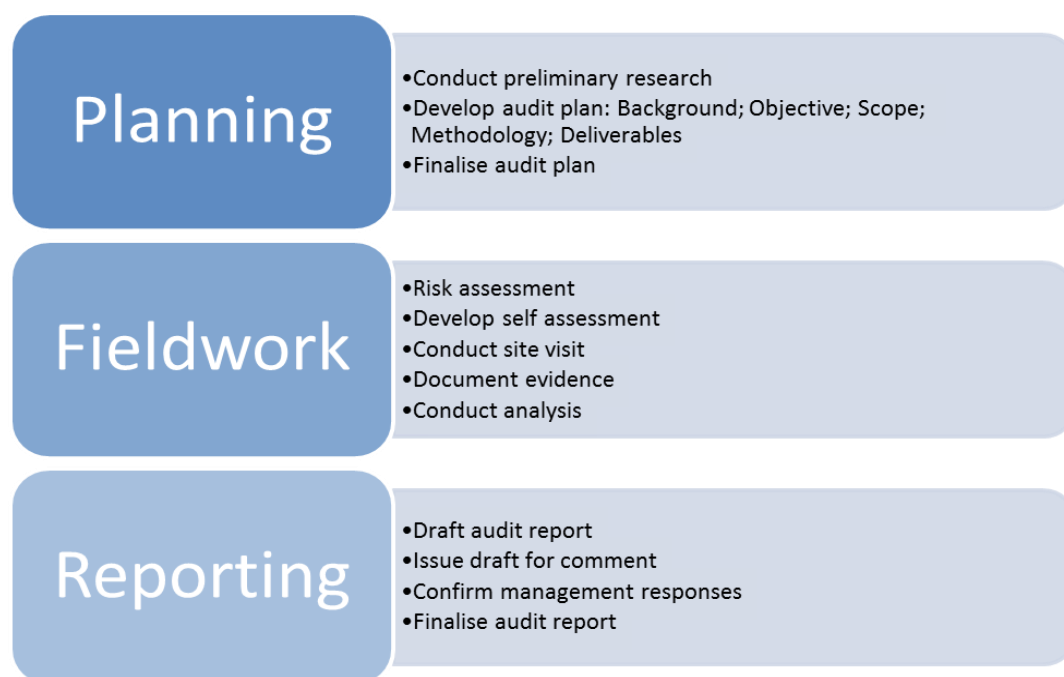
JB Consulting has developed an audit methodology over many years of working with public sector organisations. Our methodology is compatible with, and fits within, the Professional Practices Framework as applied by the Institute of Internal Auditors Australia.

Our approach to internal auditing is based on the application of the ‘internal control structure’ model developed by the Committee of Sponsoring Organisations (COSO) of the U.S. Treadway Commission, and endorsed by the Australian National Audit Office.

Use of the COSO model ensures we consider key business and fraud risks within each assignment, either through review of management’s own risk assessments where they have been undertaken, or by our own risk assessment. In either case, the consideration of risk is utilised in our preliminary planning phase to scope the assignment and focus on areas of highest risk.

The following provides a detailed overview of JB Consulting’s approach to undertaking each individual audit assignment.

Figure 2.1 – Audit delivery methodology



At the conclusion of the audit, the audit recommendations can be recorded in the Audit Recommendation database, together with the area responsible and the estimated completion date for each recommendation provided by the responsible manager.

If required by the client, then as part of our Audit Committee support, we will maintain the database and prior to each Audit Committee meeting, we will ask for a status update from each responsible area and provide a report for the committee.

These will include requests to close recommendations because the agreed action has been completed; and requests to extend the estimated completion date.

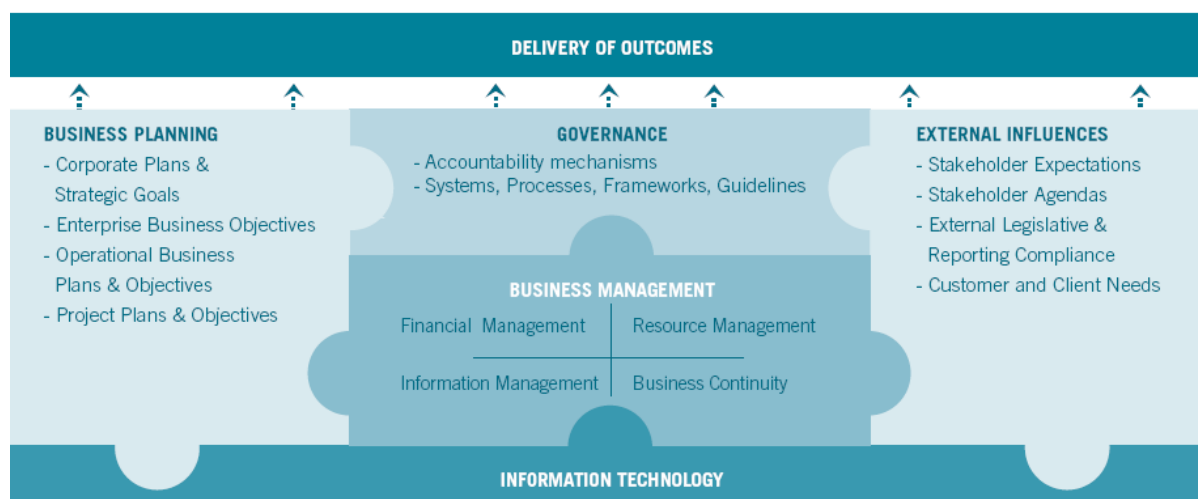
## 2.2. Risk Management & Business Continuity

In addition to using risk as an important element of our audits, we can also undertake risk assessments should this be required. Our risk management methodology has been designed on better practice and is in accordance with the:

- AS 31000 (formally the Australian / New Zealand Standard Risk Management AS/NZS 4360: 2004 for risk management)
- HB 221:2003 for Business Continuity Planning
- AS8001 for Fraud and Corruption Control.

Our approach to providing risk management consultancy services to our clients involves developing and maintaining strong relationships with key stakeholders in order to understand and appreciate the nuances of the existing risk climate. This also includes being able to understand and work to assist the effectiveness of the governance and planning frameworks.

Our Risk Model enables a comprehensive understanding of an organisation's business context and the outcomes it delivers. It allows us to piece together the various components of the organisational 'jig-saw' (and the relationships that exist between the components) to identify the best approach for managing the organisation's risks. The key components of our Risk Model are represented below.



Based on an underlying risk framework that has the support of the executive, JB Consulting uses a variety of methods to identify strategic, enterprise, operational, and project risks.

### 2.3. Fraud and Corruption

JB Consulting maintains a diverse range of general and specialised fraud and business forensic capabilities including:

- Fraud control planning
- Fraud advisory services to executives, boards and audit committees
- Fraud risk assessment
- Fraud, security and administrative (misconduct) investigation services
- Fraud awareness training

JB Consulting uses a risk-based approach to managing fraud and related issues. We recognise the importance of having sound mechanisms in place across an organisation to prevent fraud from occurring in the first place, and to identify and manage instances of fraud should they occur.

## 3. Our Experience

James has provided internal audit, fraud, risk and related consultancy services to a number of federal and local government organisations.

Below is a list of some of the past and present organisations James has provided services to.

• Australian Bureau of Statistics (ABS)	• Coolamon Shire Council
• Australian Communication and Media Authority (ACMA)	• Junee Shire Council
• Department of Health and Ageing (DOHA)	• Temora Shire Council
• Department of Family, Housing, Community Services, and Indigenous Affairs (FaHCSIA)	• Gundagai Shire Council
• Office of National Assessments (ONA)	• Greater Hume Shire Council
• Family Court of Australia	• Corowa Shire Council
• Grains Research and Development Corporation (GRDC)	• Department of Prime Minister and Cabinet (PM&C)

#### 4. Proposed approach

On the basis of recent discussions with the Riverina Water County Council, JB Consulting proposes the following approach for establishing an internal audit function for the Council.

##### Establish internal audit committee

Identify membership  
Develop and adopt charter

##### Conduct business and fraud risk review

Identify business and fraud risks across the Council  
Assess effectiveness of controls and key priority areas

##### Develop strategic audit plan

Based on outcomes of risk review develop a program of audit assignments

##### Commence delivery of audit assignments (3 to 4 per annum)

#### 5. Pricing

Local government clients of JB Consulting that receive internal audit services enjoy the security of knowing that audit assignments are conducted on a fixed price basis. Ad hoc assignments, provision of training and awareness sessions, and audit committee support services are provided at a discounted daily rate.

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The table below contains these rates.

***Please note that the fixed price rate for provision of audit assignments is an average price. This price could be higher or lower depending on the complexity and scope of each assignment. As part of the audit planning process (see figure 2.1 on page 4) the scope and price for an individual assignment is agreed with Council prior to the commencement of each audit. The price below has been provided as a guide to the average cost of an individual audit assignment.***

<b><i>Service type</i></b>	<b><i>Price (inclusive of GST)</i></b>
<i>Audit assignments</i>	<i>\$4750.00</i>
<i>Ad hoc services</i>	<i>\$550.00 per day</i>

Payment for audit assignments is required on a milestone basis given the successful completion of each audit phase, i.e. Planning (1/3<sup>rd</sup> of total); Fieldwork (1/3<sup>rd</sup> of total); and Reporting (remainder of total).

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## James Broadbent - Resume



### DIRECTOR

#### KEY EXPERTISE

- Risk Management
- Fraud Control
- Compliance Audits
- Performance Audits

#### SECURITY CLEARANCE

- Protected  
(PM&C, 2007)

### OVERVIEW

James is an experienced auditor having been a Senior Audit Manager with the Australian National Audit Office, National Business Manager for Centrelink Internal Audit, and a Principal Consultant with Acumen Alliance and Oakton.

James also has expertise in providing risk management and fraud and corruption advice for a range of public sector organisations. In this role he has provided both operational and high level risk advice on a range of strategic and program related functions.

James is an experienced facilitator having conducted many workshops on a range of topics from risk identification, process improvement, as well as training and awareness sessions.

As Director of JB Consulting James' focus is on developing open and honest relationships with clients and providing tailored services that add value and promote better practice.

### QUALIFICATIONS AND MEMBERSHIPS

- Bachelor of Arts (Politics/Economics), LaTrobe University, Melbourne
- Certificate IV Fraud Control and Fraud Investigation
- Member Risk Management Institution of Australasia
- Member of the Australian Institute of Management
- Member of the Institute of Internal Auditors Australia
- Member of Standards Australia

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## RELEVANT ASSIGNMENTS

James has fifteen years experience in the provision of audit and risk related services. Below is a summary of the types of assignments he has been responsible for delivering.

**Enterprise risk frameworks** – James has developed comprehensive risk management frameworks for a range of private and government organisations that ensure valuable corporate information is captured and reported to those that need to know it. This type of assignment often includes the development of internal systems and structures to ensure that an enterprise risk management framework is able to operate effectively given the unique nature of each environment.

**Strategic risk assessments** – James has facilitated and developed strategic risk assessments for a number of clients including the Department of Health & Ageing, the Office of National Assessments, the Grains Research & Development Corporation, and Geoscience Australia. These assessments have identified the risks to achieving long term corporate objectives and have included the development and implementation of appropriate mitigation strategies.

**Operational risk assessments** – James has completed complex operational risk assessments for organisations including the Department of Health and Ageing and the Department of Immigration and Citizenship (DIAC). Using risk based techniques to assess the effectiveness of processes enables a redesign of those processes. James was responsible for redeveloping DIAC's system for processing unlawful non-citizens given the political and media attention brought about by the Alvarez and Rau cases.

**Fraud** – James has completed fraud risk assessments that identify areas of control weakness across all aspects of an organisation's business. He also has developed many fraud control frameworks and is a qualified fraud investigator.

**Business continuity** – James has developed business continuity plans (BCPs) for a range of clients including a national plan for the Department of Health and Ageing that included a separate pandemic plan. Other clients include a number of local government authorities, the Department of Prime Minister and Cabinet, and the Department of Resources and Tourism. James has also developed and facilitated live BCP testing and subsequent review and write-up.

**Training and facilitation** – James is an accomplished public speaker and has facilitated training sessions and workshops that have included up to 50 senior executives being flown in from around the country.

**Audit and review** – James has over ten years experience as a performance auditor. This experience enables James to conduct complex reviews of operations to identify control weaknesses and opportunities to improve efficiency and effectiveness.



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## EMPLOYMENT HISTORY

### **Oakton (previously Acumen Alliance)**

#### **2004 - 2011**

James was a Principal Consultant at Oakton. In this role he was responsible for the delivery of internal audit services for a range of clients. He also headed up the risk management business line.

During his time at Oakton James worked closely with Federal Government Agencies at the highest level. He also developed the risk management and fraud methodologies that have been adopted by client agencies and accepted as better practice for the Australian public sector.

### **Centrelink**

#### **2002 – 2004**

As Business Manager for Centrelink Internal Audit, James was responsible for the strategic and operational management of the audit function. This included various functions such as:

- Development and implementation of Centrelink Audit related policies, procedures, and audit methodologies.
- Liaison with the Audit and Risk Committee of the Board, including secretariat duties at meetings, and Quality Assurance on audit activity to the board.
- Risk Management; and introduction of Project Management methodologies.

### **Australian National Audit Office**

#### **1999 - 2002**

James was a Senior Audit Manager with the ANAO and was responsible for managing teams of auditors during the conduct of financial control audits and performance audits.

He was also responsible for researching and writing a number of Better Practice Guides covering Contract Management, Business Continuity, and Management of Consultants.

### **VIP Consulting (Melbourne)**

#### **1998 – 1999**

James was a senior consultant preparing and delivering facilitated training sessions to groups of various sizes and levels of industry experience. In this role James was responsible for liaising with peak industry bodies, development and delivery of industry specific training sessions.

### **Nillumbik Council (Melbourne)**

#### **1995 – 1998**

James was a project officer in the organisational development section of a local government organisation with a revenue base of around \$50 million per annum. James was responsible for risk management, business planning, contract management and human resources.

## **APPENDIX 5: AUDIT & RISK MANAGEMENT** **COMMITTEE CHARTER**

## **AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**

### **1. Objective**

The objective of the Audit and Risk Management Committee (Committee) is to provide independent assurance and assistance to the Riverina Water County Council on risk management, control, governance, and external accountability responsibilities.

### **2. Authority**

The Council authorises the Committee, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
- Request the attendance of any employee or councillor at Committee meetings.
- Obtain external legal or other professional advice considered necessary to meet its responsibilities.

### **3. Composition and Tenure**

The Committee will consist of:

#### **3.1 Members (voting)**

- 1 Councillor
- 2 Independent external members (not a member of the Council).
- Independent external member (not a member of the Council to be the chairperson).

#### **3.2 Attendee (non-voting)**

- General Manager
- Manager Finance and Administration
- Internal Auditor

#### **3.3 Invitees (non-voting) for specific Agenda items**

- Representatives of the external auditor.
- Other officers may attend by invitation as requested by the Committee.

The independent external members will be appointed for the term of council, after which they will be eligible for extension or re-appointment following a formal review of their performance.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Riverina Water County Council. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

#### **4. Role and Responsibilities**

The Committee has no executive powers, except those expressly provided by the Council.

In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the General Manager as defined by the Local Government Act.

The responsibilities of the Committee may be revised or expanded by the Council from time to time. The Committee's responsibilities are:

##### **4.1 Risk Management**

- Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Review the impact of the risk management framework on its control environment and insurance arrangements; and
- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

##### **4.2 Control Framework**

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations; and
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

##### **4.3 External Accountability**

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and supported by appropriate management sign-off on the statements and the adequacy of internal controls.

- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.
- To consider contentious financial reporting matters in conjunction with council's management and external auditors.
- Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.
- Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

#### 4.4 Legislative Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

#### 4.5 Internal Audit

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.
- Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan.
- Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan.
- Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices.
- Monitor the implementation of internal audit recommendations by management.
- Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Periodically review the performance of Internal Audit.

#### 4.6 External Audit

Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.

- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit, and provide feedback on the external audit services provided.
- Review all external plans and reports in respect of planned or completed external audits, and monitor the implementation of audit recommendations by management.
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

#### 4.7 Responsibilities of Members

Members of the Committee are expected to:

- Understand the relevant legislative and regulatory requirements appropriate to Riverina Water County Council
- Contribute the time needed to study and understand the papers provided.
- Apply good analytical skills, objectivity and good judgment.
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

### **5. Reporting**

At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report of:

- The performance of Internal Audit for the financial year as measured against agreed key performance indicators.
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.

The Committee may, at any time, consider any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chair of the Committee.

The Committee will report regularly, and at least annually, to the governing body of council on the management of risk and internal controls.

### **6. Administrative arrangements**

#### 6.1 Meetings

The Committee will meet at least four times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Audit Committee Charter.

#### 6.2 Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members, including at least one independent member. Meetings can be held in person, by telephone or by video conference.

The Internal Auditor will be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee may also request the Manager of Finance and Administration or any other employees to participate for certain agenda items, as well as the external auditor.

The General Manager may attend each meeting but will permit the Committee to meet separately with each of the Internal Auditor and the External Auditor in the absence of management on at least one occasion per year.

#### 6.3 Secretariat

The Committee has appointed the Internal Auditor to be responsible for ensuring that the Committee has adequate secretariat support. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

#### 6.4 Conflict of Interests

Councillors, council staff and members of council committees must comply with the applicable provisions of Council's code of conduct in carrying out the functions as council officials. It is the personal responsibility of council officials to comply with the standards in the code of conduct and regularly review their personal circumstances with this in mind.

Guidelines under section 23A of the Local Government Act 1993 September 2010 57

Committee members must declare any conflict of interests at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

#### 6.5 Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

#### 6.6 Assessment Arrangements

The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chair), with appropriate input from management and any other relevant stakeholders, as determined by the Chair.

#### 6.7 Review of Audit and Risk Management Committee Charter

At least once every two years the Audit and Risk Management Committee will review this Audit and Risk Management Committee Charter.

The Audit and Risk Management Committee will approve any changes to this Audit and Risk Management Committee Charter.

**Approved:**      Audit and Risk Management Committee Meeting      Date: