

Riverina Water County Council

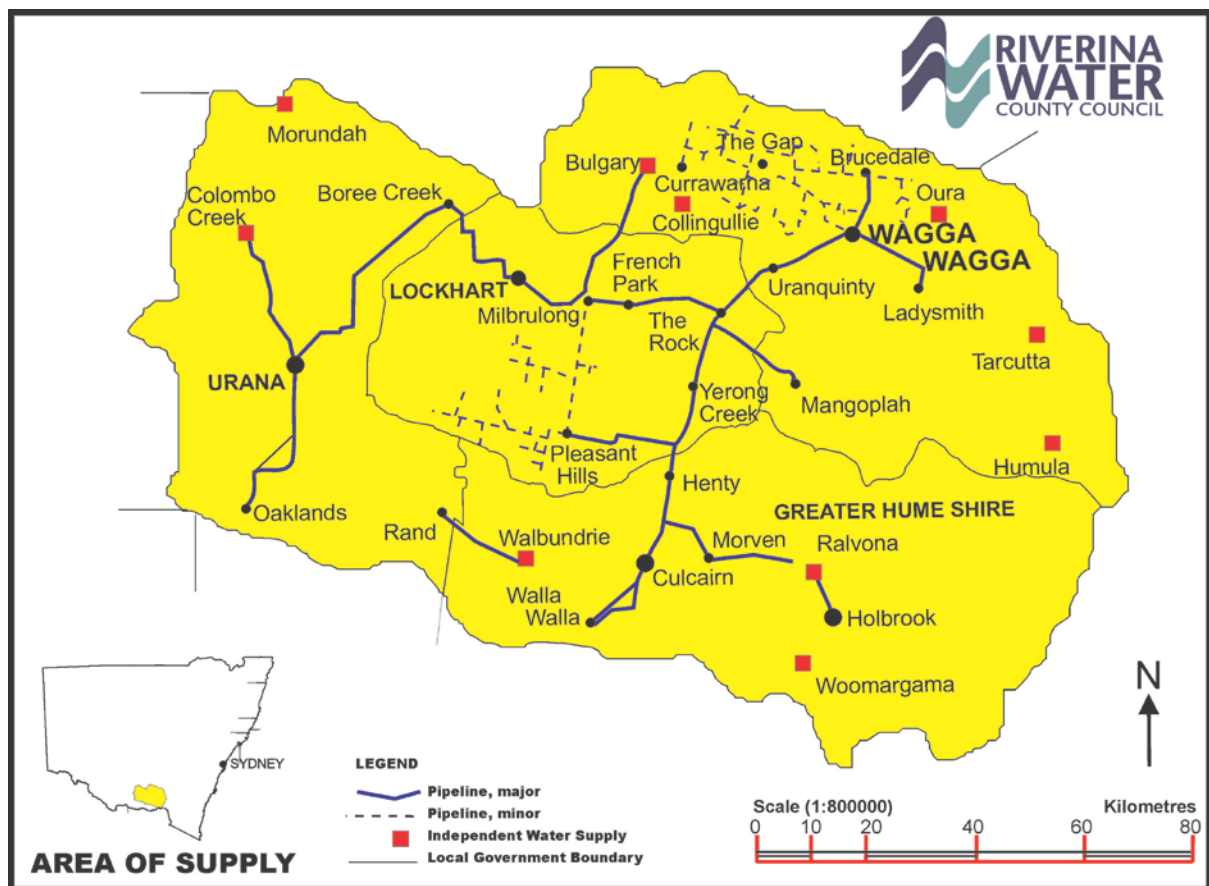
Annual Report

2011/2012



Riverina Water County Council

AREA OF SUPPLY



Front Cover

Naturestrip Rebate Program

Riverina Water County Council Flooding – March 2012

New Electrical / Fitters Workshop Construction

CONTENTS

	Page
MISSION STATEMENT	3
DIRECTORY	4
REPRESENTATION	5
COUNCILLORS – TERM OF OFFICE	9
INTRODUCTION	
Organisation Structure	10
Chairperson's Message	11
NATIONAL COMPETITION POLICY	12
COUNCILLORS' FEES, FACILITIES AND EXPENSES	
Section 428(2)(f)	13
PERSONNEL & DELEGATION	
Section 428(2)(g) Employment of Senior Staff	14
Section 428(2)(m) Human Resource Activities Undertaken by Council	14-21
Section 428(2)(n) Activities Taken by Council to Implement its Equal Employment Opportunity Management Plan	22
Section 428(2)(o) External Bodies which have Exercised Council-Delegated Functions	23
Section 428(2)(r) Total Remuneration for Senior Staff (General Regulation Clause 31[l] [b])	23
ENVIRONMENTAL MATTERS	
Section 428(2)(c) State of the Environment	24
Section 428(2)(i) Programmes undertaken to Preserve, Protect, Restore and Enhance the Environment	24
Section 428(2)(i1) Bush Fire Hazard Reduction	25
Section 428(2)(j) Programmes Promoting Services, and Access thereto, for people with diverse cultural and linguistic backgrounds	25
Section 428(2)(p) Companies in which Council held a controlling interest	25
Section 428(2)(g) Partnerships, Co-operatives and other joint ventures to which Council has been a party	25
Section 428(2)(r) Activities for Children (General Regulation Clause 31[l] [c])	25

OPERATION, CONSTRUCTION & MAINTENANCE

Section 428(2)(b)	Operational Plan - Performance Targets 2011/2012	30-31
Section 428(2)(h)	Contracts Awarded During the Year	31
Section 428(2)(k)	Private Works Under Section 67(3) of the Act	32
	Water Supplied	37-40
	New Customers	41-43
	Construction	43-44

FINANCIAL INFORMATION

	Charges for Water	45-46
Section 428(2)(d)	Condition of Public Works under Council's Control	47
Section 428(2)(e)	Summary of Disclosable Legal Proceedings	48
Section 428(2)(l)	Amounts Contributed / Granted Under Section 356	49
Section 428(2)(r)	Overseas Visits Funded by Council (General Reg. Clause 31[l] [a])	49
Section 428(2)(r)	Rates & Charges Written Off - (Rates & Charges Reg. Clause 12)	49
	Government Information (Public Access) Act, 2009	49
	Information Protection Act, 1998	49
	Certificate of Confirmation – Goods and Services Tax	50

FINANCIAL REPORTS

Section 428(2)(a)	Financial Reporting	51
-------------------	---------------------	----

GENERAL INFORMATION

Customer Information - Payment Facilities	52
Emergency Numbers	53



MISSION STATEMENT

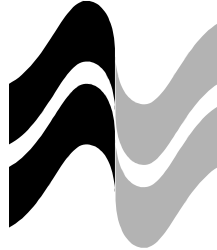
Mission:

To provide our Community with safe reliable water
at the lowest sustainable cost.

Goals include:

- (a) The provision of appropriate levels of service, building on our reputation, and providing a comprehensive water supply to customers.
- (b) Operation, maintenance and construction of assets to meet levels of service, incorporating continuous improvement / quality processes.
- (c) Recognition, training and care of our human resources to maximise effective skills and job satisfaction.
- (d) Financial policy and pricing that is both effective (in what it produces) and efficient (in what it costs).
- (e) Protecting the community and the environment as a good corporate citizen.

RIVERINA WATER COUNTY COUNCIL



DIRECTORY

HEADQUARTERS	91 Hammond Ave, Wagga Wagga
POSTAL ADDRESS	PO Box 456, Wagga Wagga 2650
E-MAIL ADDRESS	admin@rwcc.com.au
WEB ADDRESS	www.rwcc.com.au
TELEPHONE	(02) 6922 0608
OFFICE HOURS	8.30 am to 4.00 pm, Monday to Friday
BANKERS	National Australia Bank Ltd
SOLICITORS	Commins Hendriks
AUDITORS	John L. Bush & Campbell, Wagga Wagga

RIVERINA WATER COUNTY COUNCIL

For the construction, operation and maintenance of works of water supply
within the Shires of Lockhart, Urana and Part Greater Hume
and the City of Wagga Wagga.

ANNUAL REPORT

1st July 2011 to 30th June 2012

COUNCILLORS



Clr. Rod Kendall
Wagga Wagga
Chairperson

Clr. John McInerney
Greater Hume Shire
Deputy Chairperson

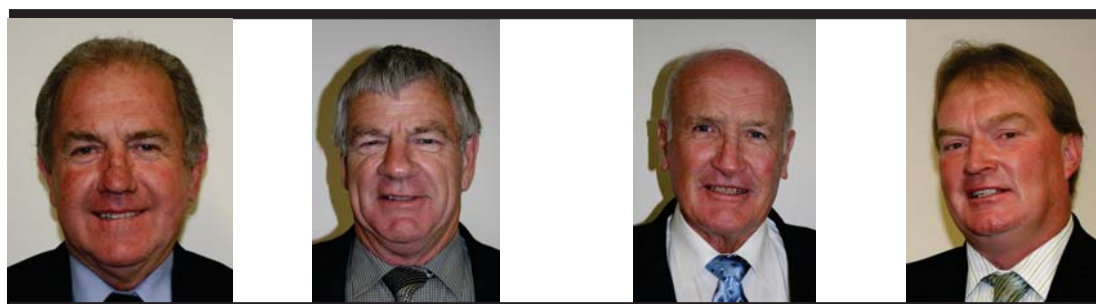


Clr. Alan Brown
Wagga Wagga

Clr. Wayne Geale OAM
Wagga Wagga

Clr. Ray Goodlass
Wagga Wagga
Retired February 2012

Clr. Lindsay Vidler
Wagga Wagga



Clr. Gary Hiscock
Wagga Wagga
April to June 2012

Clr. Ian Kreutzberger
Urana Shire Council

Clr. John Ross
Greater Hume Shire

Clr. Peter Yates
Lockhart Shire Council

MANAGERS

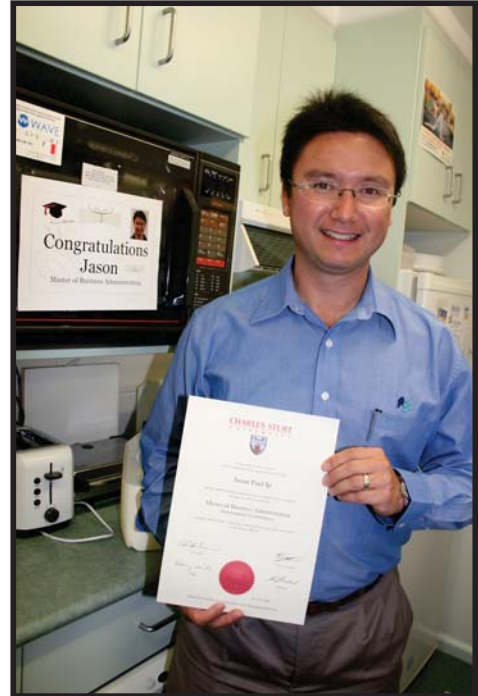


Graeme Haley
General Manager

Greg Finlayson
Director of Engineering



Chairperson Clr. Rod Kendall and Deputy
Chairperson John McInerney
Elected at Council's meeting held
5th October 2011



Riverina Water's Operational Engineer Jason Ip
receives his
Master of Business Administration in
Information Technology
at Charles Sturt University
December 2011

I would like to personally thank
Riverina Water County Council
for once again sponsoring the
**Institute Primary Industries
and Natural Resources
Faculty Award** at our Institute
Awards function celebrating
excellence in Wagga Wagga on
30th March 2012.

**Adele Ritchie studied the
Advanced Diploma of Applied
Environment Management** by
distance education through the
National Environment Centre,
graduating with Distinction



Kerry Penton
Institute Director
TAFE
April 2012

Kerry Penton (Institute Director), Adele Ritchie,
Daryl Maguire MP

35 YEARS OF SERVICE



Kerrie Fawcett
celebrated 35 years of service with Council

5,10,15 YEARS OF SERVICE



L-R Collin James (15), Andrew Clarke (10), Chairperson Clr. Rod Kendall, Kerrie Fawcett (35),
Byron Heycox (5) and Dane Garside (5) celebrated years of service with Council
Absent: Virginia DeBrito Ricardo and Peter Anderson (5) years.
Norm Kerslake, Greg Vidler and Natalie Eisenhauer (10) years.
Kathy Ovens (15) years.

FLOODING MARCH 2012

Floodwaters entered Riverina Water's site from Marshalls Creek, rising to a height of 10.56 m on 6th March 2012 (exceeding 2010 height of 9.65 m)



Riverina Water's Industrial Electrician Bryce McDonnell disconnecting the automatic gate controls



Riverina Water's Operation Superintendent Peter Outtrim standing at entrance to Riverina Water's site where water levels rose to meet water on Hammond Avenue

COUNCILLORS – TERM OF OFFICE

Blackett, Dennis	Wagga Wagga	1 st July 1997 to 1999
Brassil AM, Patrick	Wagga Wagga	1 st July 1997 to 27 th March 2004
Brown, Alan	Wagga Wagga	Sept 2008 to Current
Coghill, Ian	Urana	1 st July 1997 to Oct 2003
Dale, Peter	Wagga Wagga	1 st July 1997 to March 2004
Edwards, Ross	Lockhart	1 st July 1997 to 1999
Fifield AM, Alan	Culcairn	28 th Sept 1999 to 26 th May 2004
Geale OAM, Wayne	Wagga Wagga	Sept 2008 to Current
Georgiou, Michael	Wagga Wagga	25 th Oct 1999 to April 2004
Goodlass, Ray	Wagga Wagga	Sept 2008 to Current
Harding, John	Wagga Wagga	25 th Oct 1999 to April 2004
Kendall, Rod	Wagga Wagga	April 2004 to Current
Kidson, Mary	Wagga Wagga	1 st July 1997 to 1999
Kotzur, Elwyn	Culcairn	1 st July 1997 to 1999
Kreutzberger, Ian	Urana	April 2004 to Current
McInerney, John	Holbrook	22 nd Sept 1999 to 26 th May 2004
McInerney, John	Greater Hume	27 th April 2005 to Current
Peardon, Robert	Holbrook	1 st July 1997 to 1999
Ross, John	Greater Hume Shire	27 th April 2005 to Current
Sexton, David	Administrator, Greater Hume Shire	26 th May 2004 to 23 rd Feb 2005
Simpson, Diana	Wagga Wagga	April 2004 to Sept 2008
Wright, Karen	Wagga Wagga	April 2004 to Sept 2008
Vidler, Lindsay	Wagga Wagga	1 st July 1997 to Current
Wales, Kevin	Wagga Wagga	April 2004 to Sept 2008
Yates, Peter	Lockhart	20 th Sept 1999 to Current

Chairperson

Brassil, AM, Patrick	1 st July 1997 to 27 th March 2004
Vidler, Lindsay	10 th May 2004 to 31 st Oct 2007
Yates, Peter	31 st Oct 2007 to Oct 2008
Kendall, Rod	Oct 2008 to Current

Deputy Chairperson

Coghill, Ian	1 st July 1997 to Oct 2003
Yates, Peter	Oct 2003 to 31 st Oct 2007 & Oct 2010 to Oct 2011
Kendall, Rod	31 st Oct 2007 to Oct 2008
McInerney, John	Oct 2008 to Oct 2010 & Oct 2011 to present

General Manager - Graeme Haley	17 th January 2011 to present
Pieper, Gerald	1 st July 1997 to 14 th January 2011

Senior Staff:

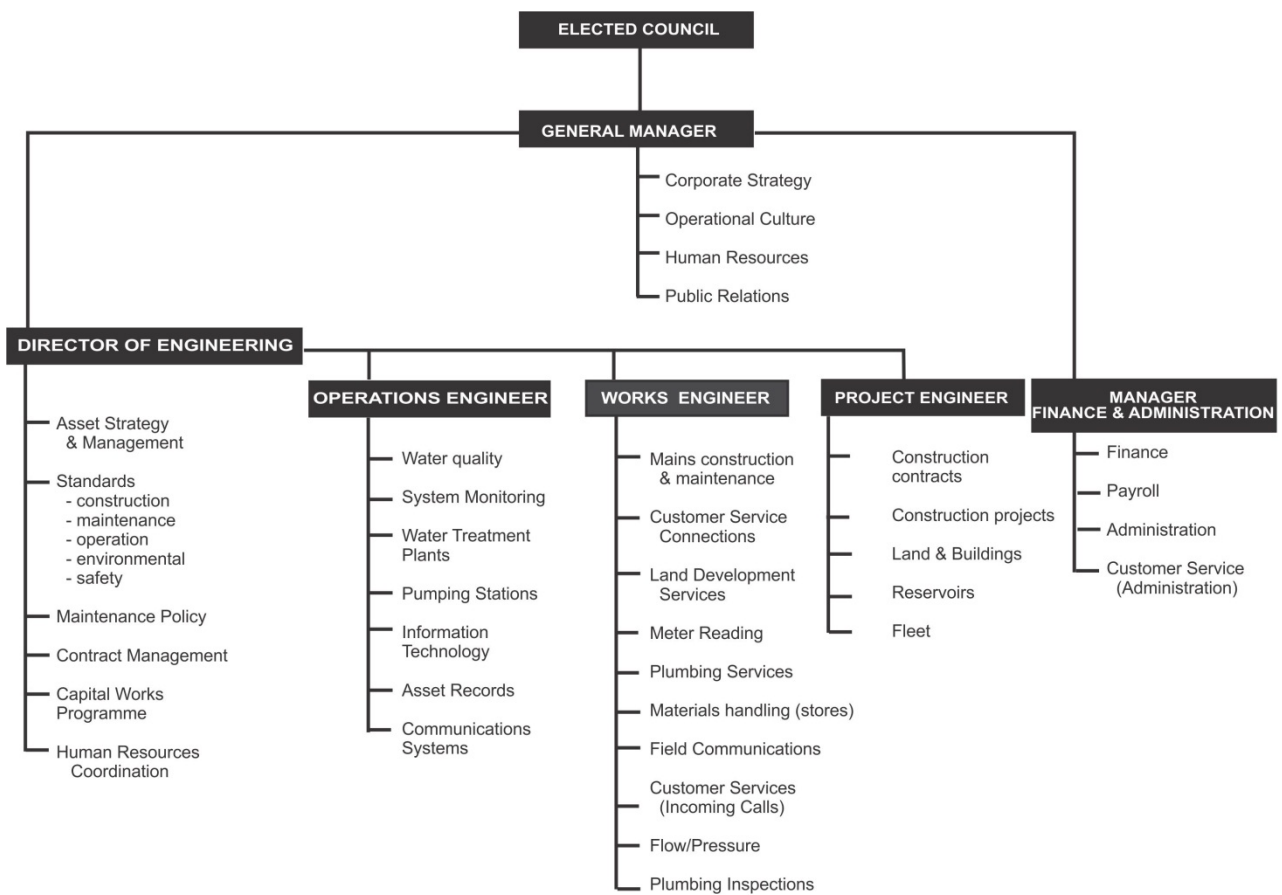
Nash, Murray (Director of Engineering)	1 st July 1997 to 14 th May 2004
Clifton, Peter (Director of Engineering)	10 th May 2004 to 3 rd July 2009
Finlayson, Greg (Director of Engineering)	29 th June 2009 to Current

MEETING ATTENDANCE 2011/2012

COUNCILLOR	NUMBER OF MEETINGS	ATTENDANCE
A. Brown	7	6
W. Geale OAM	7	6
R. Goodlass	4	1
R. Kendall	7	7
I. Kreutzberger	7	6
J. McInerney	7	7
J. Ross	7	6
L. Vidler	7	6
P. Yates	7	7
G. Hiscock	3	3

INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE 2011/2012

We continue to live in interesting and unpredictable times. After many years of devastating drought we have just experienced one of the wettest years and certainly one of the wettest summers on record.

This wet period brought with it severe flood conditions that, in many areas, were amongst the worst on record. These floods caused devastation within most of the communities and rural areas that we serve. I give special thanks to RWCC staff and to the staff of our constituent councils who worked tirelessly throughout these events to ensure people were brought to safety and that vital services, especially safe drinking water, were restored at the earliest possible time. Thank you all.

Finances

A business that relies solely on the sale of water for its income is going to suffer a marked reduction in income in a year that had continuous summer rainfall. Our water demand for the last 12 months has been at historic lows with a reduction of income in the order of \$2.5 million experienced resulting in a significantly smaller surplus for the year. This has in part contributed to the increase in the basic cost of water by 15% in Wagga Wagga and 5% in non urban areas. It is anticipated that increases will be required over the next several years to allow RWCC to continue trading on a sound financial basis whilst improving our infrastructure, particularly a new water treatment plant in Wagga Wagga, and the quality of water provided to our customers.

Strategy

Following the completion of our Integrated Water Cycle Management Plan in 2011 work has continued on key components of the plan. Construction has commenced on a new workshop at our Hammond Avenue site. This will free up space for the construction of the proposed new Water Treatment Plant at Wagga Wagga. Feasibility studies, looking at a number of options for this plant. It is anticipated that tenders for the detailed design and construction of this plant will proceed in the coming financial year. It is also envisaged that a new major reservoir will be constructed south of Wagga Wagga to serve the future needs of rural consumers served by the Southern Trunk Main System. During the completion of Council's Strategic Business Plan, a long term Asset Management Plan has been prepared. This has been integrated with a Long Term Financial Plan and Staff Resourcing Plan. As mentioned above I expect that a program of moderate ongoing water price increases will be required.

Water Quality

The availability of good quality drinking water remains one of the most important factors in the ongoing good health of any population. Put simply, poor quality water can kill. RWCC continues to be a leading supplier of the highest standard drinking water. I acknowledge the ongoing dedication, commitment and hard work of all our employees. I thank them all for all they have achieved in this eventful year.

In Conclusion

We are fortunate to have an experienced and diverse board that provides strong support and challenge to our executive team. The board has continued to provide a sound and supportive base to RWCC and myself. I wish to acknowledge them all for their commitment to RWCC. It is anticipated that there will be a number of changes to the board at the upcoming Local Government Elections. I am sure that we have left the County organisation in a state for our successors. Finally I wish to acknowledge our constituent Councils and all of our customers for the support they give to us. Thank you.



Clr. Rod Kendall
CHAIRPERSON

NATIONAL COMPETITION POLICY

The Commonwealth State and Territory Governments endorsed National Competition Policy through a series of inter-governmental agreements in 1995. The State Governments were given the responsibility to ensure that the National Competition Principles were applied to the Local Government authorities under their jurisdiction.

In June 1996 the New South Wales Government released a Policy Statement on the Application of National Competition Policy to Local Government. Under the guidelines established by the State Government the following actions have to be undertaken by Councils within New South Wales:

i) Identify Council's business activities and categorise them in accordance with the guidelines:

The New South Wales Government proposes two categories of business activities – Category 1 Businesses (which have annual sales turnover/annual gross operating income of \$2M and above) and Category 2 Business (which have annual sales turnover/annual gross operating income less than \$2M). The treatment that Councils have to apply to each of these business categories varies, with the Category 1 Businesses being subject to more detailed requirements. Council's activity is a Category 1 business.

ii) Creation of a complaints mechanism to deal with a competitive neutrality complaints.

Council has developed a complaints management system.

iii) Application of tax equivalents, debt guarantee fees and dividend payments.

As one of the intentions of the National Competition Policy is to provide a "level playing field" between Council's business activities and those provided by the private sector. The guidelines require calculations to be made to determine tax equivalents, debt guarantee fees (where the activity may obtain a lower borrowing rate than it may have faced if it were a private organisation) and dividends. These calculations do not have to appear in Council's external accounting processes but need to be calculated and recognised in Council's internal accounting arrangements. Calculations have been completed and included in the statistical notes of the financial statements for the 2011/12 financial year.

iv) Separation of the costs associated with operating a business activity.

A business undertaking must have its accounting and other operations structured in such a way as to provide a distinct reporting framework. This means that all the costs, both direct and indirect, associated with that business activity must be allocated to it.

v) The Council has not received any complaints in respect of Competition Neutrality during 2010/2011.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

Section 428 (2) (f)

Chairperson's Allowance	\$ 8,196
Councillors' Fees	\$44,928
Councillors' Expenses	\$ 9,208
Conference / Seminar Fees	\$ 3,641
Spouse/Partner Conference expenses	\$ 225

Council's Policy in respect of these matters is detailed below.

POLICY 5.3 - COUNCILLORS' EXPENSES & FACILITIES

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.

PERSONNEL & DELEGATION

EMPLOYMENT OF SENIOR STAFF

Section 428 (2) (g)

During the year 2011/2012 Council employed two senior staff, the General Manager and Director of Engineering, at a total remuneration cost of \$386,143 including salaries, superannuation, private use of a Council car and fringe benefits tax.

HUMAN RESOURCE ACTIVITIES - UNDERTAKEN BY COUNCIL

Section 428 (2) (m)

Riverina Water employs a workforce of 90 people to carry out the range of responsibilities in administering the organisation and supplying water to the communities. From time to time this workforce is supplemented by a small number of temporary staff. Three (3) apprentices have been employed during the year through G.T.E.S.

Riverina Water's commitment to developing a skilled workforce is demonstrated in its apprenticeship and trainee program. Apprentices are employed in the Electrical (1), Welding (1) and Fitting (1) trades. Trainees are employed in Maintenance Operations (2). These five (5) apprentice/trainee positions represent 7% of Council's staff.

The General Manager and Director of Engineering are senior staff positions as defined in the Act.

	Admin	Engineering	Waterworks	Depot Base	Rural	Totals
Perm. June 2011	9	8	23	43	7	90
Temp. June 2011						
TOTAL June 2011	9	8	23	43	7	90
Retired						
Resigned				2	1	3
Terminated	1					1
Appointed	1	1				2
Casual		1				1
Internal Transfer						
Transfer to Perm.						
Temp. Appointed		2				2
Temp. Terminated				1		1
Perm. June 2012	9	10	20	42	7	88
Temp. June 2012						
TOTAL June 2012	9	12	20	42	7	90

Recruitment practices follow the EEO guidelines.

Training

Staff training is a significant part of our human resources activity, and in addition to on-the-job training a number of specific courses were undertaken to a training plan, throughout the year. Essential training costs are met in full, and assistance is also given to staff undertaking desirable (extra) training.

Training Undertaken 2011/2012

TRAINING COURSE	NUMBER OF
First Aid – Refresher	23
First Aid – Full Course	8
Dangerous Goods	4
Traineeship Training	2
Dogging Reassessments	2
Fluoride Training	3
Asset Management	1
Coagulation and Flocculation	1
Fleet Management Workshop	1
WorkCover Licence – Vehicle Crane	1
WorkCover Licence – Dogging	4
WorkCover Licence – Forklift	2
Backhoe Competency Training	2
Confined Space Training	19
Traffic Controller – Stop / Slow	11
Supervisor Training	19
Manual Handling Training	75
StateCover – Ageing Workforce & Psychological Injury	2
WHS Whitecard	2
Shoring	11
Fringe Benefit Tax Update	2
Civica Payroll – SIG	2
Intermediate Excel 2010	2
Advanced Excel 2010	2
Intermediate Word 2010	2
TOTAL	203

Enterprise Award

In 2009/2010 A revised enterprise award was negotiated with the various unions. Riverina Water County Council Enterprise Award 2010 continues the concept of an effective and cohesive workplace, and covers a three year which commenced July 2010.

The Revised Riverina Water County Council Enterprise Award has been signed off by all concerned parties and has been registered with the Industrial Relations Tribunal.

Remuneration to all staff is based on a logical and fair system, commensurate with modern base standards and practices. The system includes an annual review of skills attained and used."

Staff Committees

A number of staff committees have operated successfully throughout the year, each making an important contribution to the operation of the organisation.

- Occupational Health & Safety Committee
- Staff Consultative Committee
- Promotional Committee

Occupational Health and Safety Management 2011 - 2012

We are constantly promoting there is an expectation that all staff will do their bit to ensure our workplace is safe. "If it isn't safe, it shouldn't be done. No ifs, buts or maybes. There is no economical compromise on OHS". We must never underestimate the importance of workplace safety. Everyone has the right to return home safely from work each day. New laws were introduced on 1 January 2012 that have brought some changes to the way work health and safety is administered, but the basics remain the same. Safety is still the top priority. 'Work health and safety' (WHS) replaces the term 'occupational health and safety' (OHS).

Objective/goal

Riverina Water's OH&S goal for 2011/12 is **to continually improve on our OH&S performance – to be achieved through eliminating unsafe work conditions and/or actions** which will result in providing a safe workplace and safe systems of work. Our aim over the period 1st July, 2011 – 30th June, 2012 is to implement or continue with the following strategies to achieve the overall objective / goal for this 12-month period.

Objectives	Means of achieving	Target/Measure
Continue promotion of responsibilities within the OHS Management System	<ul style="list-style-type: none"> Promote OHS responsibilities to all staff through regular Newsflash articles and induction processes. 	<p>OHS responsibilities undertaken by all staff. Can be measured through annual staff evaluations.</p> <p><i>Current staff evaluations are not designed to adequately measure safety performance of individual employee; However a review of evaluation system is ongoing.</i></p>
Provide effective staff support through provision of appropriate and sufficient resources.	<ul style="list-style-type: none"> Regular discussion with work teams on needs. Ensure monitoring of human resources & equipment. 	<p>Minutes of meetings or discussions between employees and supervisors/managers.</p> <p><i>Regular Manager/Supervisor/Employee meetings held at water works& rural operations. Administration and engineering sections also hold monthly meetings. Works section needs to have similar communications implemented</i></p>
Improve Communication and Consultation	<ul style="list-style-type: none"> Continue promotion of "Take & Break & Talk Safety" & incentive by way of rewards (i.e. Kit Kats / Fruit / Luncheon) New requirement for manager to attend at least one meeting per team per quarter. 	<p>Monthly meetings held with all work teams with documented evidence being provided by Supervisors. <i>100% compliance</i></p> <p>Team meetings sheets show manager attendance. (1 per quarter) <i>Water works, Rural, Admin, Engineering, Building, Welding, Mechanics teams compliant. Construction, Plumbing, Meter teams need improvement.</i></p>

	<ul style="list-style-type: none"> • Provide timely and appropriate feedback. 	<p>Outstanding issues raised are discussed with management & outcomes reached with feedback directly to the work team within a reasonable time frame. <i>No outstanding issues.</i></p> <p>Diary or other appropriate recording of meetings with timely feedback to employees on raised issues. <i>Information sharing needs improvement</i></p>
Develop & Review Safe Work Procedures	<ul style="list-style-type: none"> • Review, reformat & consolidate existing SWMS • Ongoing review of OHS Policies & procedures with a view to their effectiveness and legal compliance 	<p>Up to date supervisor manuals. <i>Manuals are up to date.</i></p> <p>Review all current policies/procedures within 12 months. <i>Most reviews complete but still some policies and procedures overdue for review and updates.</i></p>
Develop & complete an annual CIAP (Continuous Improvement Action Plan)	<ul style="list-style-type: none"> • Develop CIAP in consultation with Management following annual OHS audits <ul style="list-style-type: none"> - Internal audits - StateCover Self Evaluation Tool & manager's consultation with work groups 	<p>CIAP developed & progress made on required actions. <i>CIAP developed but management meeting to review and check on actions have not yet been held. Internal audits not done.</i></p> <p>>95% evaluation result. <i>Result 96%</i></p>
Identification of hazards & elimination/reduction of risks	<ul style="list-style-type: none"> • Workplace inspections to be undertaken every 4-6 months • Timely reporting of accident/incidents/near misses • Improved investigation reports. • Manager involvement and response to incidents • Hazard register in place & reviewed regularly 	<p>Inspection schedules up to date. Identified issues controlled within an appropriate time frame. <i>Inspection schedule incomplete.</i></p> <p>All reports and investigations received within the required timeframes. <i>Some reports overdue. Still poor investigations on some reports. Manager response and involvement has improved over this 12 months.</i></p> <p>Interim controls in place immediately, permanent controls considered, reviewed 6 monthly by management. Feedback to be given to staff. <i>Executive meetings not held regularly to review hazard register items. Individual managers have made some reviews.</i></p>
Continue on-going OHS training of new & existing staff	<ul style="list-style-type: none"> • Undertake inductions of new staff. • Continue internal and external training programs for staff. • As procedures/SWMS are released, appropriate training or instruction is given. 	<p>Induction & review of all new staff (evidence available through completion of Individual Induction Booklets). <i>All new staff inducted.</i></p> <p>Annual training plan in place and skills gap analysis. <i>Training plan completed but process needs improving.</i></p> <p>Training record sheets received & skills database updated. <i>Need to improve process for training new staff on internal procedures.</i></p>

Improve Safety Culture	<ul style="list-style-type: none"> • Continuous promotion and monitoring of safety performance • Ensure follow up actions are scheduled and implemented where incident investigations identify employee actions are less than desired • Senior staff to lead by example ('walk the talk') • Continue with Watch Out Award 	<p>Noticeable reduction in incidents relating to human factors. <i>Human factor is still prevalent in most incidents.</i></p> <p>Noticeable increase in senior staff presence on job sites and areas outside of office. <i>Small improvement.</i></p> <p>All incident reports involving human error element have follow up actions planned and implemented. <i>Still requires action.</i></p> <p>Bi-monthly award winners. <i>Award still available but less nominations being received.</i></p>
Maintain & Improve Health & Well Being of Staff	<ul style="list-style-type: none"> • Continue with \$100 health incentive subsidy • Target (specific) health programs • Provision of EAP program 	<p>Take up" of staff into fitness programs. walking, cycling sports etc. outside of work hours. <i>Very small uptake of gym trials & membership.</i></p> <p>Participation and interest show in health promotions/training in house. <i>Positive response to in-house programs.</i></p> <p>Monitor usage of this service. <i>Service is being utilised and is beneficial.</i></p>

ACHIEVEMENTS THIS YEAR

- Onsite manual handling training for all staff
- Safety breakfast in October, raising the awareness of nutrition and fitness to maintain health and wellbeing
- Employee Assistance Policy rewritten and endorsed by Council
- EEO Policy rewritten and endorsed by Council
- Loss of Licence policy revised and endorsed by Council
- Election of 5 Health & Safety Representatives (HSR's)
- OHS Committee to continue as HSC with new reps
- Workers Compensation premium just below scheme average
- 92% of notifications ledged with 2 days
- 96% score for self audit program
- \$20,297.08 rebate to Council from Insurer
- Program implemented to replace pit lids to reduce manual handling
- Modifications to sludge shed to eliminate risk when moving sludge truck
- Procedure and policy updates and reviews
- Reduction in days lost (108 down to 49 at present)
- Reduction of lost time incidents (6 down to 4)

ENGINEERING CONTROLS OF RISK

Safety related projects for the past year include:

- Construct a 1/20 year Levee at Hammond Avenue
- Widening of the sludge shed entrance gates
- Upgrade access track to Red Hill Reservoir 3
- Upgrade access and recovery system for Red Hill Reservoir 3 (as variation to the construction contract)
- Installation of boiling water unit with sink tap in administration kitchen

Watchout Safety Incentive Award Recipients

This is the TENTH year for the safety incentive award program developed in conjunction with Wagga Mutual Credit Union to recognise individuals or teams that have shown excellence, either by their actions, suggestions, or innovations in developing safety in the workplace. RWCC has now taken over the sole sponsorship of this event after the withdrawal of WMCU funding for this initiative.

Sept/Oct 2011 Awarded to Robert Jeffery (Rural Water Supply Operator)
install site tube in Milbrulong Reservoir pit over meter to eliminate entry to pit.

Nov/Dec 2011 Awarded to Andrew Matthews (Maintenance Operator)
Use of ratchet dogs to fasten machinery trailer. This will eliminate any chance of injury caused by "pipe handle" slipping and hitting employee.

RIVERINA WATER'S WORKERS COMPENSATION PERFORMANCE

Often the investigation following a workplace incident focuses on the systems, safe work procedures, etc. however some form of human error precipitates many workplace injuries, but the underlying attitudes and behaviours of workers are largely ignored. RWCC needs to focus on identifying an individuals overall safety attitude and belief and identifying those who may need further encouragement in developing a safer attitude. We need to ensure that all employees are clear about the rules, which behaviours are prohibited in the workplace, and which behaviours are required under policy, regulation and law. Employees need to understand that speaking out about safety issues is an important part of their job. Strategies to encourage open communication at all levels may include:- encourage & reward people for having open and direct conversations about important issues, hold people to account for turning a blind eye to important safety issues, coach, mentor and support people to be able to openly discuss issues.

RIVERINA WATER COUNTY COUNCIL

SAFETY BREAKFAST 25TH OCTOBER 2011



Choose Healthy Living

Riverina Water staff and guests attended it's annual Safety Breakfast held on Tuesday 25th October, all staff attended and listened to Personal Trainer Nick Collins talk on exercise and nutrition.



SUPPORTING WORKPLACE SAFETY “Watchout” Safety Incentive Scheme SAFETY AWARD WINNERS

**AWARDED TO
ROBERT JEFFERY
September/October 2011**



Robert Jeffery
Rural WS Operator

Installed site tube in Milbrulong Reservoir pit over
meter to eliminate entry to pit

**AWARDED TO
ANDREW MATTHEWS
November/December 2011**

Use of ratchet dogs to fasten machinery to trailer.

This will eliminate
any danger of injury
caused by “pipe-
handle” slipping and
hitting employee as
recently occurred.

Pull down dogging
has been
responsible for a
number of workplace
injuries in the past.



Graeme Haley, General Manager presenting Andrew Matthews with
his cheque, watched by Judi Dunning (RTW Coordinator)

EQUAL EMPLOYMENT OPPORTUNITY - ACTIVITIES TAKEN BY COUNCIL TO IMPLEMENT ITS MANAGEMENT PLAN

Section 428 (2) (n)

PURPOSE

Riverina Water County Council is an equal opportunity employer, that means every employee and every potential employee is treated equally & fairly. Riverina Water is committed to managing its activities and business affairs so that the philosophy and principles of equal opportunity are part of its core values.

SCOPE

This policy applies to all employees & potential employees of Riverina Water. An employee or potential employee will not be disadvantaged because of age, carer status, disability, sexual orientation, marital status, parental status, physical features, political belief or activity, pregnancy, breastfeeding, race, religious belief or activity, gender or any other factors that are not related to individual job performance and the ability to develop in the workplace. Nor will an employee or potential employee be disadvantaged through personal association with someone who has (or is assumed to have) one of these characteristics.

ADVERTISING STAFF POSITIONS

To inform the workforce and the community in general that Riverina Water is committed to a discrimination free workplace, the following standard wording is to be placed in all advertisements for staff positions:

“Riverina Water County Council is an E.E.O. Employer”

E.E.O. STRATEGIES

During the course of the preparation of the E.E.O. Program the following strategies will be observed:

- Maintain the wording of advertisements for vacant positions to ensure they offer all potential applicants equal employment opportunities
- Ensure equal employment opportunity underpins Riverina Water's recruitment, promotion, training, development, personnel policies and management practices & support material (including handbooks, manuals, forms, induction booklets etc.)
- Applications for positions, including transfers and promotions and for career development (e.g. training, study assistance programs) are to be assessed without bias on the basis of availability and individual merit
- Riverina Water will keep records of job applications, interviews, selection & training programs
- Provide career counselling
- Improve career opportunities for staff currently employed in areas of limited career structure
- Reinforce the staff grievance procedure
- Prevent harassment of staff
- Continue the training program for all staff
- Continue with job rotation program where practicable
- Ensure all new policies and procedures adhere to EEO principles
- Make E.E.O. responsibilities a routine part of management and supervisory functions
- Provide mechanisms for resolving employment discrimination complaints
- Continue to improve staff access to information about Riverina Water and conditions of employment

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL-DELEGATED FUNCTIONS

Section 428 (2) (o)

The Council has not delegated any functions to external bodies. The water supply for the township of Culcairn is undertaken by the Greater Hume Shire Council in accordance with the proclamation of 2nd May 1997.

TOTAL REMUNERATION FOR SENIOR STAFF

Section 428 (2) (r) General Regulation (Clause 31 [I] [b])

The information required by this sub-section is the total of the salary component, employer's contribution to superannuation, private use of motor vehicle and fringe benefit taxes, for the positions of General Manager and Director of Engineering was \$386,143

ENVIRONMENTAL MATTERS

STATE OF THE ENVIRONMENT

Section 428 (2) (c)

Unlike a general purpose council, Riverina Water County Council is not required to address the general state of the environment, however it is responsible for environmental protection in relation to all its works and activities. The movement and treatment of water, and the disturbance of soil during construction work must have due regard for environmental issues.

Water is a finite resource, and although most of Riverina Water's sources of raw water are adequate and reliable through the driest years, there is a wider responsibility to eliminate any inefficient or wasteful practices in the use of water.

Environmental Protection – objectives and targets

Water is arguably the most important resource and its use must include long term consideration of protection and sustainability.

While Riverina Water draws only a small percentage of the surface and groundwater resource in the Murrumbidgee and Murray Valleys, it is bound by state water management policies, administered by the Department of Water Resources. It is also essential that any water we return to the environment is of an appropriate quality.

Any disturbance of the soil during pipe laying, or other water supply work is protected by recognised soil and water conservation practices during the project, and returned to a state equal or better than pre-existing on completion of the work.

Riverina Water also works to minimise the amount of electricity used, and thus contribute to programmes which reduce greenhouse gas emissions.

Land and buildings owned by Riverina Water are cared for in an environmentally sustainable way.

Riverina Water works to reduce wastage and make customers aware that water is a finite resource, that the provision of water supply is costly, and that inefficient and wasteful practices should be eliminated.

PROGRAMMES UNDERTAKEN TO PRESERVE, PROTECT, RESTORE AND ENHANCE THE ENVIRONMENT

Section 428 (2) (i)

A programme is well advanced to progressively upgrade the sludge and backwash disposal system at each filtration plant, to minimise suspended matter in effluent leaving the plant. Work currently scheduled in the capital works programmes includes Tarcutta Water Treatment Plan to more effectively remove dissolved iron and manganese from the waters pumped from local bores.

Protection of soil – Field construction supervisors have undertaken a course on practical soil and water management.

Practices such as site containment, storm flow and sediment control, and re-vegetation are undertaken wherever needed on work sites.

A sludge tanker is on hand and used in conjunction with underboring, to eliminate any flow of muddy waters from the work site.

Riverina Water will reduce electricity consumption, by installing higher efficiency equipment and minimising power losses. This will assist the reduction in greenhouse gas emissions in NSW.

An environmental project to restore native vegetation and generally improve the Murrumbidgee River bank and Marshalls Creek, at Council's Hammond Avenue property continued. Exotic Species were removed and native trees and shrubs have been planted along a section of the river bank adjacent to the filtration plant.

BUSH FIRE HAZARD REDUCTION

Section 428 (2) (i1)

Bush fire hazard reduction activities are undertaken by constituent Councils, and are not an activity or responsibility of Riverina Water County Council

PROGRAMS PROMOTING SERVICES, AND ACCESS THERETO, FOR PEOPLE WITH DIVERSE CULTURAL AND LINGUISTIC BACKGROUNDS

Section 428 (2) (j)

Council, as a single purpose water supply authority is not involved or responsible for this activity.

COMPANIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST

Section 428 (2) (p)

The Council does not have an interest or a controlling interest in any company or companies.

PARTNERSHIPS, CO-OPERATIVES AND OTHER JOINT VENTURES TO WHICH COUNCIL HAS BEEN A PARTY

Section 428 (2) (g)

During 2011/12 the process was commenced to end the formal agreement with NUWG. This process is continuing, primarily relating to land matters.

ACTIVITIES FOR CHILDREN

Section 428 (2) (r) General Regulation (Clause 31[I] [c])

Activities for children are generally undertaken by, and the responsibility of constituent Councils. Riverina Water has participated in "Little Big Day Out" in Wagga Wagga where various aspects of water supply and treatment are presented to school children.

Council also liaises with local schools and arranges tours through our water treatment facilities as required.

Riverina Water's NATURE STRIP REBATE SCHEME

Before



The nature strip rebate scheme commenced in Wagga Wagga in December 2011. To date there has been strong interest and a reasonable expectation that the take up rate will continue on track. There have been over 350 hotline inquiries, over 300 on-site interviews and inspections, over 150 rebates offered totalling over \$200,000 and approximately 25 nature strips completed.



Michael Daley measuring up lawn area to be replaced.

After



Plans are currently being established for the roll-out to all other areas in July 2012. Lockhart Shire Council has adopted a new guideline and Urana and Greater Hume will have similar arrangements.

Riverina Water has engaged a communication consultant and the next stage of promotion will focus on turning interest into action, the stage two roll-out, and engagement with local landscaping contractors.



**In 2011/2012 Riverina Water County Council
hosted two workshops
for the
Great Green Challenge,
the key message was demand management.**



Brenden Bates, Judi Dunning & Greg Finlayson

**Riverina Water hosts
Great Green Challenge
20th August 2011**

The Great Green Challenge workshop, hosted by Riverina Water in conjunction with Wagga Wagga City Council, was held on 20 August at the beautiful Erin Earth Gardens.



Brenden Bates with the Savewater display

Shannon Ford, NSW Regional Manager, presented at the workshop, providing information to Riverina residents about water efficiency in and around the home. Additionally, presentations made by Greg Finlayson and Brenden Bates from Riverina Water were well received.

The savewater! Alliance Mobile Display was on site and was a huge success with the workshop attendees and Riverina Water staff.



**Riverina Water hosts
GREAT GREEN CHALLENGE
at the
Garden Court Restaurant
2nd June 2012**

In June Riverina Water hosted a “Waterwise Living” Workshop at the Garden Court Restaurant in Wagga Wagga's beautiful Botanical Gardens.

This was part of Wagga Wagga City Council's Great Green Challenge. The workshop was a huge success with close to sixty participants coming along to hear what Riverina Water had to say.



A number of important topics were covered throughout the morning giving local residents valuable information on how to save water in and around the home. Topics included information on the Nature Strip Rebate Scheme, proposed water pricing increases, a detailed overview on what we do here at Riverina Water and an exciting interactive games session, plus lots more. All the feedback received by participants has been very positive.

Thank you to Greg Finlayson, Brenden Bates, Michael Daley and Judi Dunning for making the day such a success.



HOME EXPO held in March 2012



Graeme Haley, General Manager and Leanne Hastings, Environmental Officer drawing the winners of Riverina Water's Crossword Competition held at Home Expo, Wagga Wagga on 30/31st March and 1st April 2012

WINNERS

\$250 - Steven & Lexi Neylan, Wagga Wagga

\$200 - Kimberley Telford, Wagga Wagga

\$150 - Phil Marshall, Wagga Wagga



Leanne Hastings and Graeme Haley presenting cheque to Steven Neylan winner of Riverina Water's crossword competition held during the Home Expo in March

OPERATION, CONSTRUCTION & MAINTENANCE

OPERATIONAL PLAN – PERFORMANCE TARGETS 2011/2012

Section 428 (2) (b)

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2011/2012 Operational Plan.

Services

Strategies / Actions	Progress to 30 June 2012
Monitor urban and rural per capita demands and determine if they significantly exceed the design peak demand levels of service.	Average kilolitres per quarter not exceeding design- wet weather assisting.
Manage demand effectively using a range of measures	Water targets, Permanent Conservation Measure continue and Nature Strip Rebates commenced.
Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs	New IWCM strategy adopted for rural growth. Numbers refined for new Strategic Business Plan.
Maintain network analysis of Wagga urban water system	Staff running model as required
Maintain the water supply infrastructure in good working order.	Some but infrequent breakdowns.
Monitor the operation of the water supply system to ensure continuity of supply.	Continuity of supply maintained other than isolated customers during flood.
Reinforce throughout the organisation that we are customer orientated. Maintain a request and complaint handling system that ensures both attention to the request and advice of action taken or to be taken.	Timely responses. CRM managed and reported
Use customer news-sheets to disseminate information to customers. Utilise the local media when appropriate to increase awareness within the community. Meet with sectional or interest groups or invite them to meet with us to communicate and receive feedback on relevant issues.	Numerous media outlets used to advise customers on demand management. Senior staff attend various meetings as required.
Increase inspection and documentation of consumer pipework where there is potential for contamination from backflow.	Required protection devices in use.

Asset Replacement

Strategies / Actions	Progress to 30 June 2012
Develop and maintain a rolling replacement plan for all assets with review every 3 years.	Consultants engaged for Asset Management Planning.
Identify potential system capacity deficiencies and incorporate in capital works programme.	Monitoring, pressure testing and failure analysis undertaken. Replacement of Wagga WTP adopted.
Maintain water network analysis programme to identify timetable of system improvements and extensions.	Network model calibrated and run.
Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs.	Pipe break definitions improved in reports.

Human Resources

Strategies / Actions	Progress to 30 June 2012
Identify and develop leadership potential in staff. Extend delegation and matching accountability to all levels of the organisation. Establish mechanisms for team building and operation.	Responsibilities accepted and met. Shift structure and financial delegations reviewed.
Continue system of position descriptions and skills based remuneration. Promote, enable and encourage multi-skilling.	Skills review completed Skills and needs reviewed regularly.
Continue practical operations of Work Health & Safety Committee, and Staff Consultative Committee.	Committee reinstated in accordance with new WHS Act.
Continue staff training system (refer to training plan Section 7.5).	Training Plan being completed.

Environmental Protection

Strategies / Actions	Progress to 30 June 2012
Water returned to the environment from the filtration plant will be monitored for quality.	EPA standards achieved.
All field work-sites will be protected and restored to eliminate degradation.	No soil loss or siltation.
Soiled water from Urban field site works will be returned for proper disposal.	No soiled water entering town drainage systems.
Electrical efficiency will be considered in infrastructure design.	Electrical efficiency taken into account.
Fleet replacements to consider environmental criteria	Taken into account at all times. Diesel preference.
Decommission of Bores	Decommissioned as per DWE guidelines.

CONTRACTS AWARDED DURING THE YEAR

Section 428 (2) (h)

Company	Description of Work	Cost \$
ICG Wagga Wagga Pty Ltd	Shed/Workshop	1,485,214
Hydroscience	Best Practice Management Plans	145,000
Great Southern Electrical	Upgrade transformer to supply power to workshop	50,774
EnPower Solutions	Supply and install low voltage busbar – Waterworks	59,050
Hunter Water Australia	Wagga Wagga WTP Feasibility Study	136,693
NSW Public Works	Technical assistance for feasibility study	38,500
AGE Development	Wagga Bore inspection and repairs	158,020
Tasco	Fuel	273,321
Elster Metering	Water meters	361,189
Vinidex	Pipes and fittings	333,235
Tyco Water	Pipes and fittings	547,422
Orica Water Care	Chlorine	134,583

PRIVATE WORKS UNDER SECTION 67(3) OF THE ACT

Section 428 (2) (k)

Council does not undertake work to any significant extent on private property on a regular basis. Section 67(3) requires Council to report on any resolution to undertake work at a rate that is less than the rates fixed by the Council.

During the review period no such work was undertaken by the Council.

Work was undertaken (at full cost) for Gumly Gumly Private Irrigation District.

Development Servicing Plan (DSP)

In accordance with Department of Water and Energy Best-Practice Management of Water Supply Council adopted Development Service Plan at its Meeting on 21st October 2004. The draft DSP was placed on public exhibition after Council's meeting on 25th August 2004.

The Calculated Developer charge in the DSP is \$4,388 and Council resolved to incrementally increase the current charge of \$3,600 to \$3,700. The charge for 2011/2012 was \$3,700 and as reported in Council's 2011/2012 financial statements that a total cross-subsidy in developer charges for 2011/2012 was \$688 per equivalent tenement.



Water Filling Station installed in
Farrer Road, Wagga Wagga



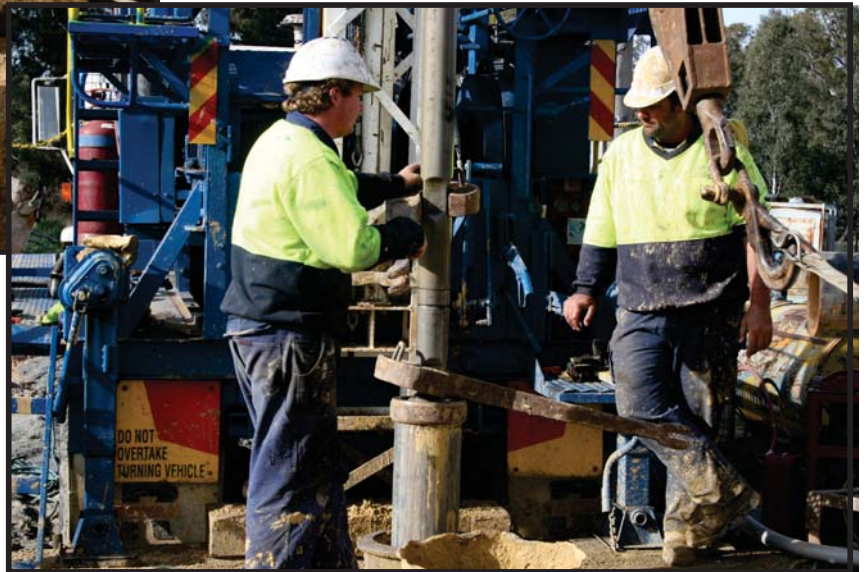
Trunk main repair near levee,
Michael Ray, Ken McGilvray and
Barry Collins



Bolton Park Repair
August 2011



Replacement of Walla Walla Bore No. 1
by NSW Office of Water
Groundwater Drilling Unit.



Kristian Kendall and
Stephen McIntyre,
Bidgeemia



**1 in 20 Year Levee
Construction
and widening of road
at Riverina Water's Site
Hammond Avenue
Wagga Wagga
May /June 2012**

The 1 in 20 year levee bank associated with new Industrial Workshop development is completed.

The work was undertaken by Council staff and certified by a local consultant.

The access road was also improved as part of the project.



Installation of large fire service,
Wagga Wagga



INDUSTRIAL WORKSHOP CONSTRUCTION by ICG Construction May/June/July 2012

The tender for the construction of the industrial workshop for our fitters and electricians was awarded to the local company ICG. Work has commenced and good progress is being made. Completion, barring wet weather, is anticipated in October 2012.



Aran Beckett, Assistant Storeperson.
Store issue of PVC pipes

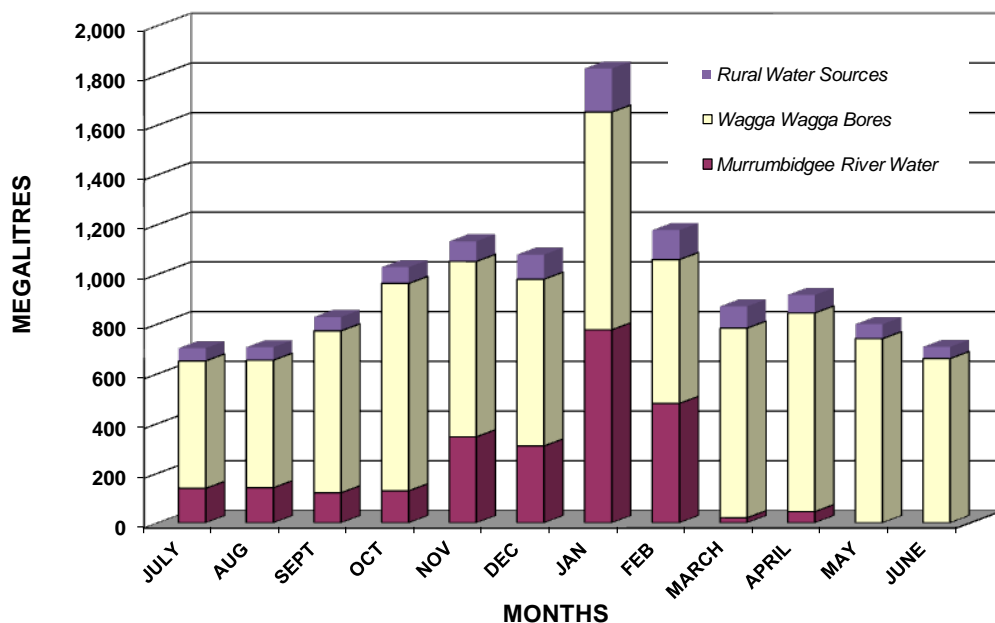
WATER SUPPLIED

Riverina Water draws its supply from several sources, then treats and pumps water to Wagga Wagga and other towns, villages and rural areas in the region.

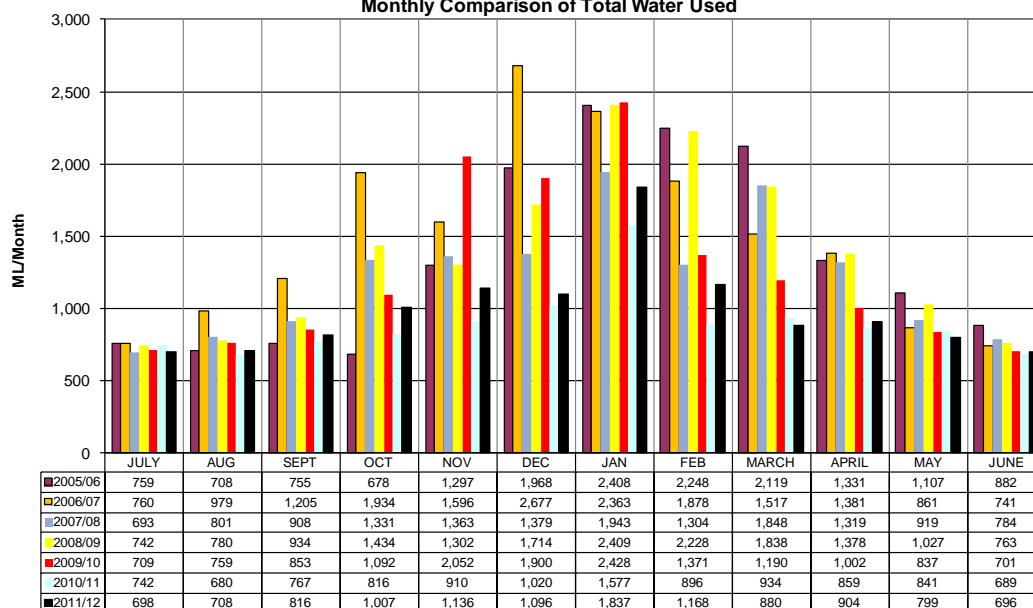
Monthly consumption peaked at 1,837 megalitres in January 2012.

The full year's total of 11,746 megalitres was an increase of 9.5% on last year's consumption of 10,732 megalitres. Wagga Wagga urban water use is up by 10.7%. The 2011/2012 rainfall of 853mm was well above average and resulted in significantly reduced summer demand.

2011 / 2012 WATER PRODUCED



Monthly Comparison of Total Water Used

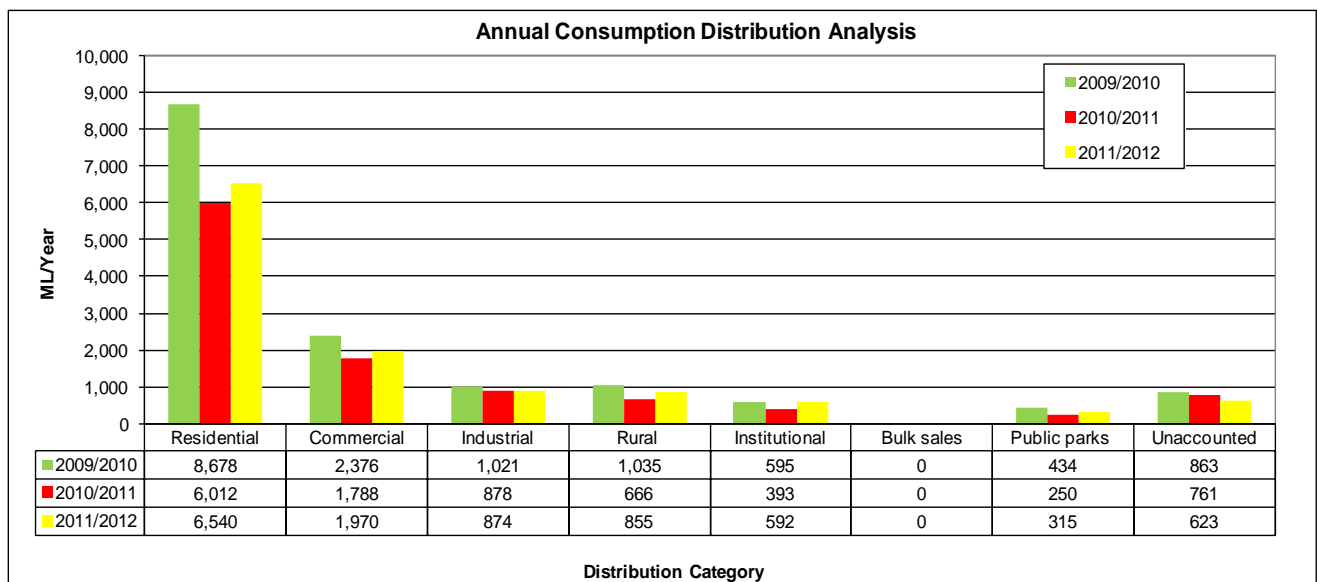


Distribution

Annual Distribution Analysis

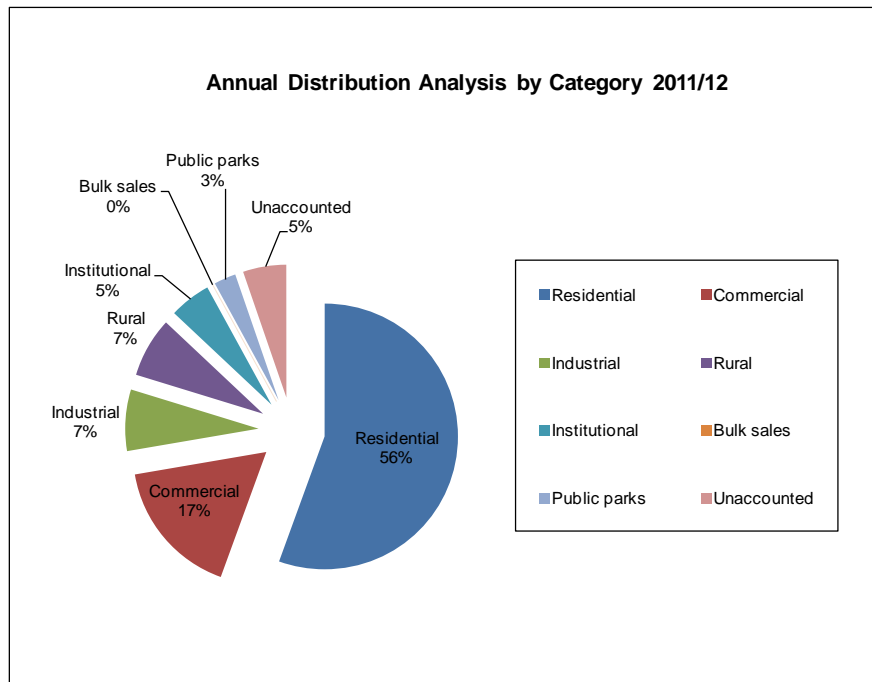
	2010/2011		2011/2012		% change from previous year
	Consumption (ML)	Percentage	Consumption (ML)	Percentage	
Residential	6,012	55.9%	6,540	55.6%	8.8%
Commercial	1,788	16.6%	1,970	16.7%	10.2%
Industrial	878	8.2%	874	7.4%	-0.5%
Rural	666	6.2%	855	7.3%	28.4%
Institutional	393	3.7%	592	5.0%	50.6%
Bulk Sales	0	0%	0	0%	0%
Public parks	250	2.3%	315	2.7%	26.0%
Unaccounted (Including flushing, firefighting, unmetered use)	761	7.1%	623	5.3%	-18.1%
	10,748	100.0%	11,769	100%	9.5%

The total annual unaccounted water for 2011/12 is, as a percentage of all water produced, is 5.3%, a decrease from 7.1% in 2010/11. The actual volume of unaccounted water has reduced to 623 ML, down 18.1% when compared to 761 ML in 2010/11.



The chart above shows that water use is significantly reduced by rainfall in all sectors other than industrial.

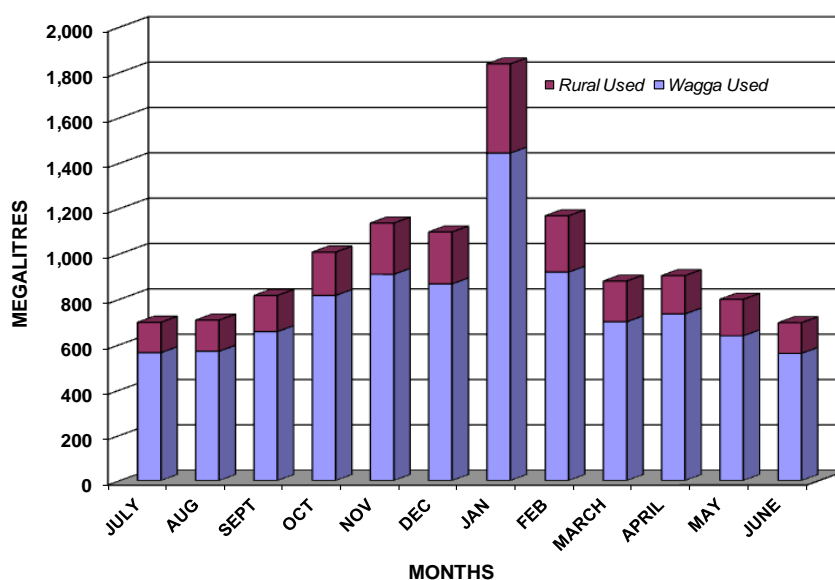
There have been no bulk sales in recent years. In previous years the military establishments were bulk sales, these are now classified as commercial.



Water Use

	MEGALITRES USED			
	2007/2008	2009/2010	2010/2011	2011/2012
East Bomen	282	233	151	191
Estella	898	804	545	513
North Wagga	1015	902	837	1002
Wagga Wagga – Low Level	2537	2148	1812	2120
Wagga Wagga – High Level	7761	6910	4660	4990
Wagga Wagga – Bellevue Level	886	784	471	569
SUB-TOTAL	13,379	11,781	8,477	9,385
Ladysmith	73	61	45	47
Brucedale	274	239	212	189
Currawarna	151	142	83	123
Rural south from Wagga Wagga	1330	1458	1130	1091
Rural from Walla Walla Bore	0	155	66	91
Milbrulong, Lockhart and Boree Creek	326	307	184	212
Urana and Oaklands	287	255	164	204
Holbrook	307	269	191	220
SUB-TOTAL	2,748	2,886	2,076	2,177
Woomargama	20	15	12	11
Humula	14	13	8	8
Tarcutta	51	43	38	35
Oura	45	48	40	37
Walbundrie	38	35	24	33
Rand	0		0	0
Morundah	10	10	7	8
Collingullie	76	63	50	51
SUB-TOTAL	254	227	179	184
TOTAL	16,381	14,895	10,732	11,746
AVERAGE RESIDENTIAL CONSUMPTION				
Urban (Wagga Wagga)	382	337	232	251
Non-Urban (Townships and rural)	475	432	274	327

2011 / 2012 WATER USED



NEW CUSTOMERS

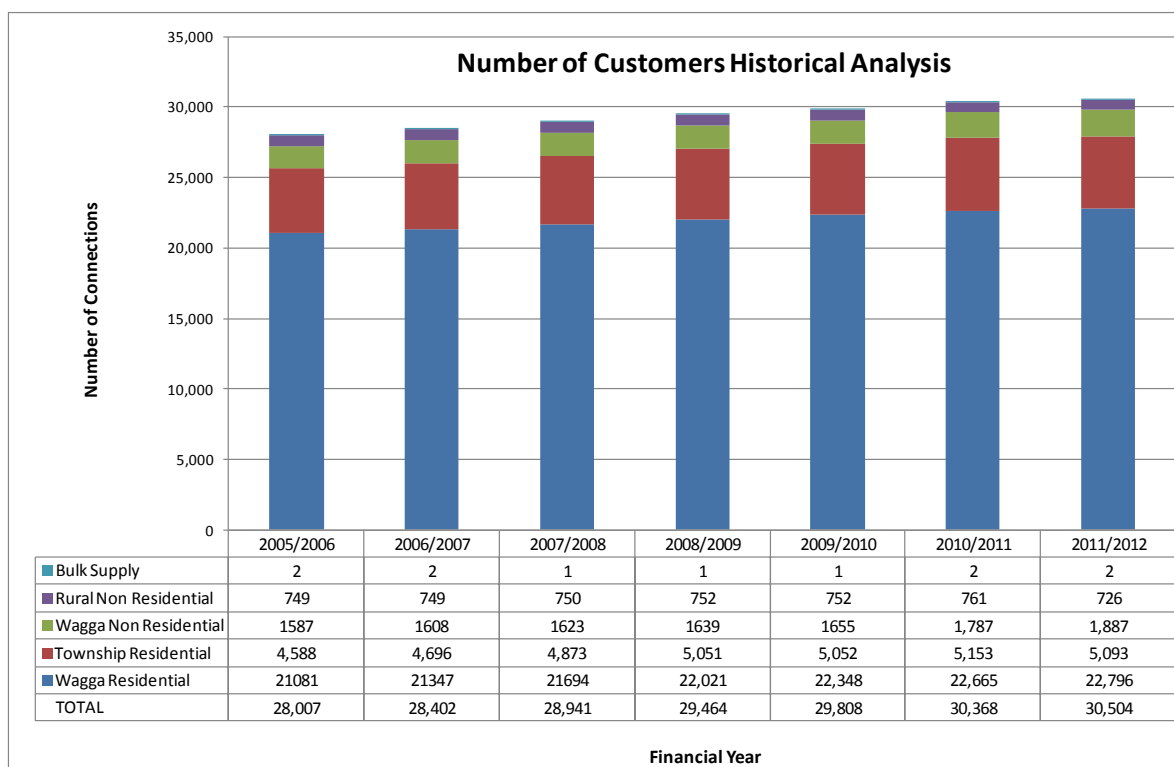
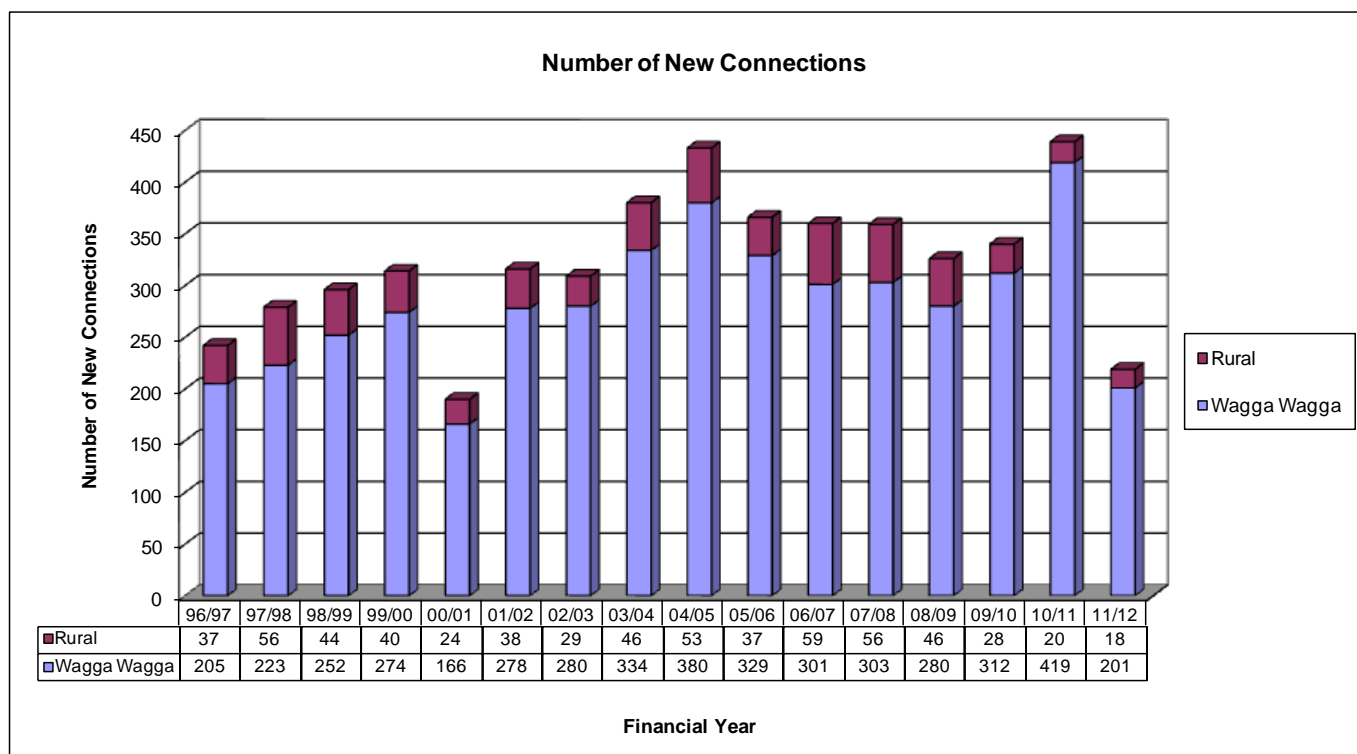
New consumers were connected at the various centres listed below:

LOCATION	NUMBER CONNECTED					
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Bidgeemia	6					
Boree Creek				1		
Brucedale-The Gap	8	3	2		2	1
Bulgary	1					
Collingullie	1			2		
Coorabin	1					
Culcairn	1	3	1			
Currawarna	5	5	3		1	2
Forest Hill						
French Park		1				
Henty	5	3	2	3	1	1
Holbrook	4	8	5	4	5	
Humula			1			
Ladysmith	1	3		2		6
Lockhart	1	4	8	2	1	
Mangoplah	5			1		
Milbrulong	1		1			
Morundah						
Morven	3		2		3	
Oaklands		2		2	1	
Oura	1		1			2
Pleasant Hills	3		3	1		
Rand	1		1			
San Isidore						
Tarcutta	1		4	1		
The Rock	3	14	4	2	1	1
Urana	1	3		1		
Uranquinty	2	3	5	3	3	3
Wagga Wagga	301	303	280	312	419	201
Walbundrie		1	2			
Walla Walla	4	1	1	1	1	1
Woomargama		2				
Yerong Creek				2	1	1
TOTALS	360	359	326	340	439	219

Total customers at 30th June 2012: 30,504

Growth in customers in 2011/12 was 0.7%, whereas in 2010/11 was double that at 1.4%. This generally matches the 1% growth adopted in the 30 year IWCM Strategy.

Number of connections 1996/97 to 2011/2012



The growth in total customers has averaged 1.45% per annum over the past 6 years.

Pipeline Losses

Estimated pipeline losses due to bursts over the past 6 years are shown in the following table.

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
2011/2012	101	2.2	136	14.1

CONSTRUCTION

Pipeline Construction

Pipelines were constructed in sizes ranging from 50mm diameter to 375 mm diameter to extend the water supply system and to replace pipelines that had reached the end of their useful life. A range of pipe material is used including PVC and Ductile iron.

	System Extensions Metres	Replacements Metres
Wagga Wagga	6,179	7,868
Rural & Village	5,667	2,435

CAPITAL WORKS

An extensive capital works programme was carried out in 2011/2012 including the following significant items:

System Extensions and Improvements

Numerous Wagga Wagga subdivisions including Lloyd West, Estella and the ROBE development. Lockhart West. Improvements include new Rural gang maintenance of rural trunk and reticulation main fittings and inspections. After floods at Lockhart Urana and The rock extensive cleanup of valves and hydrants.

Mains Replacements

Substantial of the Brucedale mains. These were PVC installed in 1980's and had suffered numerous failures from an inherent resin defect. Old parts of Lake Albert including trenchless replacements.

Reservoirs

Completed work at Red Hill Reservoir No.3, including fence and landscaping.

Water Treatment Plants

Commenced Feasibility Study for new Wagga Wagga WTP. Conducted further pilot plant work of innovative processes.

Sources

Replaced Walla Walla No.1 Bore.

Strategic Planning

Commenced a wide range of strategic plans to satisfy NSW Office of Water best practice and Division of Local Government IP&R. This included Strategic Business Plan, Demand Management Strategy, Long Term Financial Plan, Workforce Plan, and numerous others.

Depots and Buildings

New Fitters and Electricians workshop commenced. Commenced 1 in 20 year levee bank at Hammond Ave site.

Wagga Wagga Sources and Allocations

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

	Water Access Licence (MI)	Extraction Limit (MI)	Used (MI)	% of Allocation
Surface Water	7,000	7,000	2,505	35.8%
Ground Water	14,000	12,371	8,303	67.1%
Total Water	21,000	19,371	10,808	55.8%

FINANCIAL INFORMATION

CHARGES FOR WATER

"User Pay" system

The pricing allows customers to have control of their bills with two kinds of charges being applied, a fixed charge and a usage charge.

The level of fixed charges (availability charge) and usage charges applied in 2011/2012 are set out below:

Urban Section:

(i) *Domestic*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 125 kilolitres per quarter Balance per kilolitre per unit	0.95c per kl 1.42c per kl	\$25.00	\$12.50

(ii) *Industrial*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 41 kilolitres per month 42 to 3000 kilolitres per month Balance above 3000 kilolitres per month Applicable to large scale processing or manufacturing industries with consistent year round usage and specifically approved by Council First 3,000 kls per month Balance above 3,000 kls per month	0.95c per kl 1.42c per kl 1.42c per kl 0.95c per kl 0.95 c per kl	\$35.00	\$12.50

(iii) *Commercial*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 125 kilolitres per quarter / 41 kilolitres per month Balance per kilolitre per quarter	0.95c per kl 1.42c per kl	\$35.00	\$12,50

(Access Charge for non-metered connected Commercial premises \$70.00 per quarter).

Non-Urban Section:

(iv) *Domestic*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 125 kilolitres per quarter Balance per kilolitre per unit	1.05c per kl 1.58c per kl	\$25.00	\$10.00

(v) *Industrial*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 50 kilolitres per month 51 to 3000 kilolitres per month Balance above 3000 kilolitres per month	1.05c per kl 1.58c per kl 1.58c per kl	\$31.25	\$10.00

(vi) *Commercial*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2011/2012	First 125 kilolitres per quarter / 41 kilolitres per month Balance per kilolitre per quarter	1.05c per kl 1.58c per kl	\$31.25	\$10.00

(Access Charge for non-metered connected Commercial premises \$72.50 per quarter).

CONDITION OF PUBLIC WORKS UNDER COUNCIL'S CONTROL

Section 428 (2) (d)

Council is required to report on the condition of public works under its control including estimates to bring each works up to a satisfactory standard, maintenance needs and maintenance programmes.

The public works owned and operated by Riverina Water County Council are summarised in the following table:

Asset Description	Asset Life	Replacement Cost \$'000	Remaining Life Value at June 2012 \$'000
Water Mains – distribution, rural & reticulation	Iron 75 yrs Other 50 yrs	198,915	92,057
Reservoirs – 69 off	Steel 60 yrs Conc. 100 yrs	48,186	34,962
Pumping Stations – 65 off	20-50 yrs	12,485	8,741
Water Treatment Plants – 14 off Aeration – 10 Filtration – 6	50 yrs	38,564	29,755
Water Supply Bores – 28	30 yrs Stainless steel-40 yrs	9,990	7,511
Land & Buildings – other	50	12,133	10,928
TOTAL		320,273	183,954

NB Independent valuers were engaged to revalue all water supply assets.

The work required to bring those sections of the work that need improvement up to a satisfactory standard, the annual maintenance to maintain the standard, and the 2011/2012 programme of maintenance for the works is outlined in the following tables. The major need is for renewal of older water mains, based on the theoretical lifespan of each type of pipe. Some of these mains are however still serving their intended purpose and the relative urgency of renewal is not critical.

Special Schedule No. 7 – Condition of Public Works as at 30th June 2012

\$'000

Asset Class	Asset Category	Dep'n Rate (%)	Dep'n. Expense (\$)	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition #	Est. cost to bring up to a satisfactory condition/ standard (1)	Required (2) Annual Maintenance	Current (3) Annual Maintenance
Buildings		Per Note 1	Per Note 4	Per Note 9				Per Sec 428 (2d)		
	Council Offices/Depots	1.25%	91	8,689	1,145	7,544	2	10	5	345
	Council Houses	1.25%	5	485	59	426	2	4	2	7
	Sub Total		96	9,174	1,204	7,970		14	7	352
Water	Treatment Plants	1.30%	501	38,564	8,809	29,755	2	,2000	450	728
	Bores	4.00%	224	9990	2,479	7,511	2	600	100	232
	Reservoirs	1.00%	472	48,186	13,224	34,962	2	2,500	300	336
	Pipelines	2.00%	1,659	198,915	106,858	92,057	3	14,036	2,000	891
	Pump Stations	1.30%	291	12,485	3,744	8,741	2	1,500	450	384
	Sub Total		3,147	308,140	135,114	173,026		20,636	3,300	2,571
	TOTAL – ALL ASSETS		3,243	317,314	136,318	180,996		20,650	3,307	2,923

Notes:

- (1) Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2) Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3) Current Annual Maintenance is what has been spent in the current year to main assets.

Asset Condition "Key"- as per the DLG Integrated Planning & Reporting Manual

- 1 – Excellent – No work required (normal maintenance)
- 2 – Good – Only minor maintenance work required
- 3 – Average – Maintenance work required
- 4 – Poor – Renewal required
- 5 – Very Poor – Urgent renewal / upgrading required

SUMMARY OF DISCLOSABLE LEGAL PROCEEDINGS

Section 428 (2) (e)

During the review period Council did not incur any legal expenses or become involved in any legal proceedings.

AMOUNTS CONTRIBUTED / GRANTED UNDER SECTION 356

Section 428 (2) (l)

Section 356 enables Council to contribute funds to persons for the purpose of exercising its functions. In the event of the proposed recipient acting for private gain, public notice of Council's proposal to grant financial assistance must be given.

During the period under review, the Council did not make any contributions under this Section.

OVERSEAS VISITS FUNDED BY COUNCIL

Section 428 (2) (r) General Regulation (Clause 31[l] [a])

No overseas visits undertaken by Councillors and others representing Council during 2011/2012.

RATES & CHARGES WRITTEN OFF

Section 428 (2) (r) Rates & Charges General Regulation (Clause 12)

Pensioner Rebates written off totalled	\$366,450.14
A Pensioner subsidy was received for the value of	\$201,547.58
Sundry Write-offs totalled	\$164,902.56

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT, 2009

In accordance with the provisions of the *Government Information (Public Access) Act, 2009*, Council has completed its annual statistics for the twelve month period ended 30th June 2012. No applications were received by Council during the 2011/2012 period. Council has not received any enquiries from the Ombudsman under the *Government Information (Public Access) Act, 2009* nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged.

Statistical Details:

<u>Information Requests</u>	<u>Number of Requests</u>
Access Applications	Nil
Refused Applications	Nil
Applications to access excluded information	Nil

INFORMATION PROTECTION ACT, 1998

In accordance with the provisions of the Information Protection Act 1998 Section 33(e) Council adopted a Privacy Management Plan, vide resolution No. 00/69.

The Privacy Management Plan provides for the protection of personal information and for the protection of the privacy of individuals. No applications were received by Council for review under Part 5 of the Act during the 2011/2012 period.

**CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX
CERTIFICATE**

RIVERINA WATER COUNTY COUNCIL

GOODS AND SERVICES TAX CERTIFICATE

Payment of Voluntary GST 1 July 2011 to 30 June 2012

To assist compliance with Section 114 of the Commonwealth Constitution, we certify that:

- Voluntary GST has been paid by *Riverina Water County Council* for the period 1 July 2011 to 30 June 2012.
- Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.

A handwritten signature in black ink, appearing to read "Graeme Haley".

.....
Mr Graeme Haley
GENERAL MANAGER

A handwritten signature in black ink, appearing to read "M.C. Curran".

.....
Ms Michele Curran
RESPONSIBLE ACCOUNTING OFFICER

Date: 22 August 2012

FINANCIAL REPORTS

Section 428 (2) (a) - Financial Reporting

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

**"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 2012

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	57
- On the Conduct of the Audit (Sect 417 [3])	58

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 09/10/12.
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 2012

Understanding Council's Financial Statements

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 2012.

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 & Equipment.

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 specialise 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 2012

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 22 August 2012.



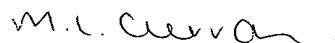
Clr R Kendall
CHAIRPERSON



Clr J McInerney
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾			Actual	Actual
2012	\$ '000	Notes	2012	2011
Income from Continuing Operations				
Revenue:				
3,097	Rates & Annual Charges	3a	3,229	2,281
15,348	User Charges & Fees	3b	11,975	9,994
100	Interest & Investment Revenue	3c	187	274
422	Other Revenues	3d	271	277
200	Grants & Contributions provided for Operating Purposes	3e,f	213	207
700	Grants & Contributions provided for Capital Purposes	3e,f	1,747	1,453
Other Income:				
36	Net gains from the disposal of assets	5	-	4
19,903	Total Income from Continuing Operations		17,622	14,490
Expenses from Continuing Operations				
8,376	Employee Benefits & On-Costs	4a	7,460	7,243
161	Borrowing Costs	4b	69	-
1,235	Materials & Contracts	4c	1,600	1,388
4,600	Depreciation & Amortisation	4d	5,035	4,481
-	Impairment	4d	200	808
2,298	Other Expenses	4e	2,751	2,738
-	Net Losses from the Disposal of Assets	5	22	-
16,670	Total Expenses from Continuing Operations		17,137	16,658
3,233	Operating Result from Continuing Operations		485	(2,168)
3,233	Net Operating Result for the Year		485	(2,168)
3,233	Net Operating Result attributable to Council		485	(2,168)
2,533	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(1,262)	(3,621)

(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 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		485	(2,168)
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(2,833)	32,440
Total Other Comprehensive Income for the year		(2,833)	32,440
Total Comprehensive Income for the Year		(2,348)	30,272
Total Comprehensive Income attributable to Council		(2,348)	30,272

Riverina Water County Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	6,191	1,561
Receivables	7	1,991	2,531
Inventories	8	3,567	3,475
Other	8	179	44
Total Current Assets		11,928	7,611
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	9	187,505	189,712
Intangible Assets	25	1,500	1,700
Total Non-Current Assets		189,005	191,412
TOTAL ASSETS		200,933	199,023
LIABILITIES			
Current Liabilities			
Payables	10	973	417
Borrowings	10	110	-
Provisions	10	2,875	2,342
Total Current Liabilities		3,958	2,759
Non-Current Liabilities			
Borrowings	10	3,059	-
Total Non-Current Liabilities		3,059	-
TOTAL LIABILITIES		7,017	2,759
Net Assets		193,916	196,264
EQUITY			
Retained Earnings	20	62,199	61,714
Revaluation Reserves	20	131,717	134,550
Council Equity Interest		193,916	196,264
Total Equity		193,916	196,264

Riverina Water County Council

Statement of Changes in Equity for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		61,714	134,550	196,264	-	196,264
Revised Opening Balance (as at 1/7/11)		61,714	134,550	196,264	-	196,264
c. Net Operating Result for the Year		485	-	485	-	485
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(2,833)	(2,833)	-	(2,833)
Other Comprehensive Income		-	(2,833)	(2,833)	-	(2,833)
Total Comprehensive Income (c&d)		485	(2,833)	(2,348)	-	(2,348)
Equity - Balance at end of the reporting period		62,199	131,717	193,916	-	193,916

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		63,858	102,134	165,992	-	165,992
Revised Opening Balance (as at 1/7/10)		63,858	102,134	165,992	-	165,992
c. Net Operating Result for the Year		(2,168)	-	(2,168)	-	(2,168)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	32,440	32,440	-	32,440
- Other Movements	20b (ii)	24	(24)	-	-	-
Other Comprehensive Income		24	32,416	32,440	-	32,440
Total Comprehensive Income (c&d)		(2,144)	32,416	30,272	-	30,272
Equity - Balance at end of the reporting period		61,714	134,550	196,264	-	196,264

Riverina Water County Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
<u>Receipts:</u>				
2,991	Rates & Annual Charges		3,131	2,254
14,824	User Charges & Fees		11,777	10,142
100	Investment & Interest Revenue Received		162	310
900	Grants & Contributions		1,954	1,660
-	Bonds, Deposits & Retention amounts received		5	16
2,258	Other		2,104	1,366
<u>Payments:</u>				
(8,229)	Employee Benefits & On-Costs		(6,908)	(7,465)
(1,225)	Materials & Contracts		(1,831)	(2,927)
(161)	Borrowing Costs		(69)	(4,018)
(2,279)	Other		(3,181)	-
9,179	Net Cash provided (or used in) Operating Activities	11b	7,144	1,338
Cash Flows from Investing Activities				
<u>Receipts:</u>				
411	Sale of Infrastructure, Property, Plant & Equipment		293	614
<u>Payments:</u>				
(9,459)	Purchase of Infrastructure, Property, Plant & Equipment		(5,976)	(8,584)
(9,048)	Net Cash provided (or used in) Investing Activities		(5,683)	(7,970)
Cash Flows from Financing Activities				
<u>Receipts:</u>				
3,247	Proceeds from Borrowings & Advances		3,200	-
<u>Payments:</u>				
(48)	Repayment of Borrowings & Advances		(31)	-
3,199	Net Cash Flow provided (used in) Financing Activities		3,169	-
3,330	Net Increase/(Decrease) in Cash & Cash Equivalents		4,630	(6,632)
4,358	Cash & Cash Equivalents - beginning of year	11a	1,561	8,193
7,688	Cash & Cash Equivalents - end of the year	11a	6,191	1,561
Total Cash, Cash Equivalents & Investments			6,191	1,561

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 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	25
2(b)	Council Functions / Activities - Component Descriptions	25
3	Income from Continuing Operations	26
4	Expenses from Continuing Operations	29
5	Gains or Losses from the Disposal of Assets	31
6(a)	Cash & Cash Equivalent Assets	32
6(b)	Investment Securities	32 n/a
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	33
7	Receivables	34
8	Inventories & Other Assets	35
9(a)	Infrastructure, Property, Plant & Equipment	36
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	37 n/a
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	37
10(a)	Payables, Borrowings & Provisions	37
10(b)	Description of (& movements in) Provisions	38
11	Statement of Cash Flows - Additional Information	39
12	Commitments for Expenditure	40
13a	Statements of Performance Measures:	
	(i) Local Government Industry Indicators (Consolidated)	41
	(ii) Local Government Industry Graphs (Consolidated)	42
14	Investment Properties	43 n/a
15	Financial Risk Management	43
16	Material Budget Variations	47
17	Statement of Developer Contributions	49
18	Contingencies and Other Liabilities/Assets not recognised	50
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	51 n/a
20	Equity - Retained Earnings and Revaluation Reserves	52
21	Financial Result & Financial Position by Fund	53 n/a
22	"Held for Sale" Non Current Assets & Disposal Groups	53 n/a
23	Events occurring after Balance Sheet Date	53
24	Discontinued Operations	54 n/a
25	Intangible Assets	54
26	Reinstatement, Rehabilitation & Restoration Liabilities	54 n/a

Additional Council Disclosures

27	Financial Commentary & Review	55
28	Council Information & Contact Details	56

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements.

(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) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) 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.

(vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured.

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

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 rates.

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.

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 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(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.

Council is a single fund entity and as such the water supply is the only entity operation.

(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 2012.

(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 and 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 Statement of Cash Flows.

(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**.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 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 and Sewerage 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 and sewerage 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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Capitalisation Thresholds

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

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

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method 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:

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years
Buildings	
- Buildings : Masonry	50 to 100 years
Water Assets	
- 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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

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

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 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 such as roads, drains, public buildings etc - 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

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income

Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing costs

Borrowing costs are expensed.

(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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(x) Employee benefits

(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.

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.

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 in respect of services provided by employees up to the reporting date (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 then discounted using market yields at the reporting date based 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 4 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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2012 was \$331,962. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2012 a deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$162,864.

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

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

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined 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 30/6/12.

(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).

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 Statement of Cash Flows 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 2012.

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.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

None

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

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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.

(ae) Disclaimer

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Water Supplies	19,903	17,622	14,490	16,670	17,137	16,658	3,233	485	(2,168)	339	268	200,933	199,023
Operating Result from Continuing Operations	19,903	17,622	14,490	16,670	17,137	16,658	3,233	485	(2,168)	340	268	200,933	199,023

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

Details relating to the Council's functions / activities as reported in Note 2(a) 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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water Supply Services		3,229	2,281
Total Annual Charges		3,229	2,281
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>3,229</u>	<u>2,281</u>
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		11,328	9,555
Total User Charges		11,328	9,555
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Private Works		19	(29)
Section 603 Certificates		87	-
Total Fees & Charges - Statutory/Regulatory		106	(29)
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Leaseback Fees - Council Vehicles		17	-
Water Connection Fees		524	468
Total Fees & Charges - Other		541	468
<u>TOTAL USER CHARGES & FEES</u>		<u>11,975</u>	<u>9,994</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		58	-
- Interest earned on Investments (interest & coupon payment income)		129	274
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>187</u>	<u>274</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		58	-
General Council Cash & Investments		(58)	-
Restricted Investments/Funds - External:			
Water Fund Operations		187	274
<u>Total Interest & Investment Revenue Recognised</u>		<u>187</u>	<u>274</u>
(d). Other Revenues			
Sales - General		266	268
Lease Rental		5	9
<u>TOTAL OTHER REVENUE</u>		<u>271</u>	<u>277</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Nil				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	202	191	-	-
Water Supplies	-	-	127	61
Diesel and Alternative Fuels	11	16	-	-
Total Specific Purpose	213	207	127	61
Total Grants	213	207	127	61
Grant Revenue is attributable to:				
- State Funding	11	16	127	61
- Other Funding	202	191	-	-
	213	207	127	61
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 64 - Water Supply Contributions	-	-	1,620	1,392
Total Developer Contributions	-	-	1,620	1,392
Total Contributions	-	-	1,620	1,392
TOTAL GRANTS & CONTRIBUTIONS	213	207	1,747	1,453

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		5,254	4,853
Travelling		59	43
Employee Leave Entitlements (ELE)		1,368	1,392
Superannuation		929	925
Workers' Compensation Insurance		422	239
Fringe Benefit Tax (FBT)		32	5
Payroll Tax		357	388
Training Costs (other than Salaries & Wages)		208	224
Uniforms		41	70
Total Employee Costs		8,670	8,139
less: Capitalised Costs		(1,210)	(896)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>7,460</u>	<u>7,243</u>
Number of "Equivalent Full Time" Employees at year end		88	90
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		69	-
Total Interest Bearing Liability Costs Expensed		69	-
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>69</u>	<u>-</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Contractor & Consultancy Costs		1,485	1,271
Auditors Remuneration ⁽¹⁾		23	67
Legal Expenses:			
- Legal Expenses: Other		92	40
Prior Year Expense re Asset Revaluation		-	10
Total Materials & Contracts		1,600	1,388
TOTAL MATERIALS & CONTRACTS		1,600	1,388

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	16	26
- Other audit & assurance services	7	41
Remuneration for audit and other assurance services	23	67
Total Auditor Remuneration	23	67

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	698	461
Office Equipment		-	-	1,094	346
Buildings - Non Specialised		-	-	41	45
Buildings - Specialised		-	-	55	61
Infrastructure:					
- Water Supply Network		-	-	3,147	3,568
Total Depreciation & Impairment Costs		200	808	5,035	4,481
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		200	808	5,035	4,481

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		35	131
Bank Charges		80	16
Computer Software Charges		202	130
Members Expenses - Chairperson's Fee		8	8
Members Expenses - Members Fee		48	43
Members Expenses (incl. Chairperson's) - Other (excluding fees above)		11	15
Donations, Contributions & Assistance to other organisations (Section 356)		29	22
Electricity & Heating		1,890	1,693
Insurance		122	106
Office Expenses (including computer expenses)		75	231
Postage		74	67
Printing & Stationery		34	84
Subscriptions & Publications		33	42
Telephone & Communications		101	82
Valuation Fees		9	68
Total Other Expenses		2,751	2,738
<u>TOTAL OTHER EXPENSES</u>		<u>2,751</u>	<u>2,738</u>

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		293	614
less: Carrying Amount of P&E Assets Sold / Written Off		(315)	(610)
Net Gain/(Loss) on Disposal		(22)	4
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(22)</u>	<u>4</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		245	-	60	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1	-	1	-
- Short Term Deposits		5,945	-	1,500	-
Total Cash & Cash Equivalents		6,191	-	1,561	-
Investment Securities (Note 6b)					
Nil					
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS</u>		<u>6,191</u>	<u>-</u>	<u>1,561</u>	<u>-</u>

¹ 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

a. "At Fair Value through the Profit & Loss"

	6,191	-	1,561	-
--	--------------	----------	--------------	----------

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	6,191	-	1,561	-
attributable to:				
External Restrictions (refer below)	-	(23)	-	-
Internal Restrictions (refer below)	4,320	23	1,202	-
Unrestricted	1,871	-	359	-
	6,191	-	1,561	-

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Other

Developer Contributions - General (D)	-	1,620	(1,620)	-
Specific Purpose Unexpended Grants (F) - Water Fund	-	-	(23)	(23)
External Restrictions - Other	-	1,620	(1,643)	(23)
Total External Restrictions	-	1,620	(1,643)	(23)

Internal Restrictions

Employees Leave Entitlement (B)	702	161	-	863
Asset Replacement (C)	500	668	(499)	669
Sales Fluctuation (D)	-	600	-	600
Unexpended Loans	-	2,211	-	2,211
Total Internal Restrictions	1,202	3,640	(499)	4,343
TOTAL RESTRICTIONS	1,202	5,260	(2,142)	4,320

B A provision of 30% of Employee Leave Entitlement has been made.

C Asset Replacement - provision is made to create a fund for asset replacement replacements.

D Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions. Wet weather in recent years resulted in this reserve being reduced to nil in 2010/11, with the intention to build back up for future provision requirements.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		554	-	456	-
User Charges & Fees		995	-	797	-
Accrued Revenues					
- Interest on Investments		29	-	4	-
Government Grants & Subsidies		151	-	145	-
Sundry Debtors		262	-	1,129	-
Total		1,991	-	2,531	-
less: Provision for Impairment					
Nil					
<u>TOTAL NET RECEIVABLES</u>		<u>1,991</u>	<u>-</u>	<u>2,531</u>	<u>-</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		151	-	-	-
- Rates & Availability Charges		554	-	-	-
- Other		1,286	-	-	-
Total External Restrictions		1,991	-	-	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		-	-	2,531	-
TOTAL NET RECEIVABLES		1,991	-	2,531	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		3,567	-	3,475	-
Total Inventories		3,567	-	3,475	-
Other Assets					
Prepayments		179	-	44	-
Total Other Assets		179	-	44	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>3,746</u>	<u>-</u>	<u>3,519</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	6,713	3,384	-	3,329	499	(250)	(698)	-	-	-	5,138	2,258	-	2,880
Office Equipment	-	5,969	4,319	-	1,650	180	(65)	(1,094)	-	-	-	1,061	390	-	671
Land:															
- Operational Land	-	2,765	-	-	2,765	196	-	-	(3)	-	-	2,958	-	-	2,958
Buildings - Non Specialised	-	3,704	441	-	3,263	16	-	(41)	-	149	-	3,841	454	-	3,387
Buildings - Specialised	-	5,153	726	-	4,427	546	-	(55)	(335)	-	-	5,333	750	-	4,583
Infrastructure:															
- Preliminary Construction Costs	-	-	-	-	-	203	-	-	-	-	-	203	-	-	203
- Water Supply Network	-	304,947	130,669	-	174,278	4,336	-	(3,147)	(2,644)	-	-	307,938	135,115	-	172,823
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	329,251	139,539	-	189,712	5,976	(315)	(5,035)	(2,982)	149	-	326,472	138,967	-	187,505

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2,268) and New Assets (\$2,826). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 2012	Actual 2011
(i) Impairment Losses recognised in the Income Statement include:			
Water Rights Licence - decrease in value of water due to wet weather		(200)	(808)
Total Impairment Losses		(200)	(808)
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	(200)	(808)

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		32	-	21	-
Accrued Expenses:					
- Salaries & Wages		98	-	76	-
- Other Expenditure Accruals		822	-	304	-
Security Bonds, Deposits & Retentions		21	-	16	-
Total Payables		973	-	417	-
Borrowings					
Loans - Secured ¹		110	3,059	-	-
Total Borrowings		110	3,059	-	-
Provisions					
Employee Benefits;					
Annual Leave		700	-	596	-
Sick Leave		5	-	4	-
Long Service Leave		2,170	-	1,742	-
Sub Total - Aggregate Employee Benefits		2,875	-	2,342	-
Total Provisions		2,875	-	2,342	-
Total Payables, Borrowings & Provisions		3,958	3,059	2,759	-

(i) Liabilities relating to Restricted Assets

None

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2011
(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	426	381
Payables - Security Bonds, Deposits & Retentions	21	16
	447	397

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	596	446	(363)	21	-	700
Sick Leave	4	-	-	1	-	5
Long Service Leave	1,742	361	(59)	126	-	2,170
TOTAL	2,342	807	(422)	148	-	2,875

a. 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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	6,191	1,561
BALANCE as per the STATEMENT of CASH FLOWS		6,191	1,561
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		485	(2,168)
Adjust for non cash items:			
Depreciation & Amortisation		5,035	4,481
Net Losses/(Gains) on Disposal of Assets		22	(4)
Impairment Losses Recognition - I,PP&E		200	808
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		540	(95)
Decrease/(Increase) in Inventories		(92)	(1,549)
Decrease/(Increase) in Other Assets		(135)	208
Increase/(Decrease) in Payables		11	84
Increase/(Decrease) in other accrued Expenses Payable		540	(147)
Increase/(Decrease) in Other Liabilities		5	16
Increase/(Decrease) in Employee Leave Entitlements		533	(296)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		7,144	1,338

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		250	-
Credit Cards / Purchase Cards		45	-
Total Financing Arrangements		295	-
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities			-
- Credit Cards / Purchase Cards		12	-
Total Financing Arrangements Utilised		12	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

Nil

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	11,928	3.40 : 1	3.22	4.13
Current Liabilities less Specific Purpose Liabilities ^(2,3)	3,511			
2. Debt Service Ratio				
Debt Service Cost	69	0.44%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	15,662			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	3,229	18.32%	15.75%	13.71%
Income from Continuing Operations	17,622			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	554	14.80%	16.83%	14.60%
Rates, Annual & Extra Charges Collectible	3,743			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	2,958	91.21%	136.23%	68.00%
Depreciation, Amortisation & Impairment	3,243			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

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

Asset Renewals include building and infrastructure assets only.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p>1. Unrestricted Current Ratio</p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2009</td><td>4.5</td></tr><tr><td>2010</td><td>4.13</td></tr><tr><td>2011</td><td>3.22</td></tr><tr><td>2012</td><td>3.40</td></tr></table>	Year	Ratio : 1	2009	4.5	2010	4.13	2011	3.22	2012	3.40	<p>Purpose of Unrestricted Current Ratio</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>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 3.40 : 1</p> <p>This ratio has remained relatively constant compared to last year. Eventhough cash has increased, so has borrowings.</p>
Year	Ratio : 1											
2009	4.5											
2010	4.13											
2011	3.22											
2012	3.40											
<p>2. Debt Service Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>0.00%</td></tr><tr><td>2010</td><td>0.00%</td></tr><tr><td>2011</td><td>0.00%</td></tr><tr><td>2012</td><td>0.44%</td></tr></table>	Year	Ratio %	2009	0.00%	2010	0.00%	2011	0.00%	2012	0.44%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 0.44%</p> <p>\$3.2m borrowings drawn down during the year have resulted in an increase in the debt service ratio, which has been nil in the last few years.</p>
Year	Ratio %											
2009	0.00%											
2010	0.00%											
2011	0.00%											
2012	0.44%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>14.00%</td></tr><tr><td>2010</td><td>13.71%</td></tr><tr><td>2011</td><td>15.75%</td></tr><tr><td>2012</td><td>18.32%</td></tr></table>	Year	Ratio %	2009	14.00%	2010	13.71%	2011	15.75%	2012	18.32%	<p>Purpose of Rates & Annual Charges Coverage Ratio</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>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 18.32%</p> <p>An increase in the availability charge during the 2011/12 year has increased this ratio.</p>
Year	Ratio %											
2009	14.00%											
2010	13.71%											
2011	15.75%											
2012	18.32%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2012</td><td>14.80%</td></tr></table>	Year	Ratio %	2009	12.33%	2010	14.60%	2011	16.83%	2012	14.80%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 14.80%</p> <p>A slight reduction in this ratio during the year, most likely attributed to the introduction of interest charges and an external debt recovery agent.</p>
Year	Ratio %											
2009	12.33%											
2010	14.60%											
2011	16.83%											
2012	14.80%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2012</td><td>91.21%</td></tr></table>	Year	Ratio %	2009	91.00%	2010	68.00%	2011	136.23%	2012	91.21%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 91.21%</p> <p>50% of capital expenditure during the year was spent renewing existing assets, the remaining 50% spent on new assets. The increased proportion of spending on new assets has seen a reduction in this ratio from 2010/11.</p>
Year	Ratio %											
2009	91.00%											
2010	68.00%											
2011	136.23%											
2012	91.21%											

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	6,191	1,561	6,191	1,561
Receivables	1,991	2,531	1,991	2,531
Total Financial Assets	8,182	4,092	8,182	4,092
Financial Liabilities				
Payables	973	417	973	417
Loans / Advances	3,169	-	3,169	-
Total Financial Liabilities	4,142	417	4,142	417

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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
2012				
Possible impact of a 1% movement in Interest Rates	37	37	(37)	(37)
2011				
Possible impact of a 1% movement in Interest Rates	45	45	(45)	(45)

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(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:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	349	1,079	385	1,741
Past due by up to 30 days	205	358	71	334
	554	1,437	456	2,075

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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		
2012									
Trade/Other Payables	21	952	-	-	-	-	-	973	973
Loans & Advances	-	110	98	102	108	114	2,637	3,169	3,169
Total Financial Liabilities	21	1,062	98	102	108	114	2,637	4,142	4,142
2011									
Trade/Other Payables	16	401	-	-	-	-	-	417	417
Total Financial Liabilities	16	401	-	-	-	-	-	417	417

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	973	0.0%	417	0.0%
Loans & Advances - Fixed Interest Rate	3,169	6.4%	-	
	<u>4,142</u>		<u>417</u>	

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 15 June 2011.

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	2012 Budget	2012 Actual	2012 Variance* -----		
REVENUES					
Rates & Annual Charges	3,097	3,229	132	4%	F
User Charges & Fees	15,348	11,975	(3,373)	(22%)	U
Due to above average rainfall, resulting water sales were lower than budgeted.					
Interest & Investment Revenue	100	187	87	87%	F
Cash and investments were higher than budgeted due to borrowings not being fully expended on capital works. Cash was therefore invested to earn higher than budgeted interest income.					
Other Revenues	422	271	(151)	(36%)	U
Connection fees were included in other revenues for budget figures. In actual figures, connection fees have been included in user charges and fees.					
Operating Grants & Contributions	200	213	13	7%	F
Capital Grants & Contributions	700	1,747	1,047	150%	F
Developer contributions were significantly higher than anticipated.					
Net Gains from Disposal of Assets	36	-	(36)	(100%)	U
Loss on sale of assets due lower than anticipated sale value of plant in addition to disposal of old office equipment.					

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	8,376	7,460	916	11%	F
Larger portion of wages used on capital projects than anticipated, therefore reducing operational wage costs. Overall distribution of costs varies slightly to budget - materials and contracts and other expenses were higher due to this distribution of costs.					
Borrowing Costs	161	69	92	57%	F
Loan costs incurred later than anticipated, therefore borrowing costs lower than budgeted.					
Materials & Contracts	1,235	1,600	(365)	(30%)	U
Overall distribution of costs varied to budget - corresponding reduction in costs associated with employee costs.					
Depreciation & Amortisation	4,600	5,035	(435)	(9%)	U
Impairment Expenses	-	200	(200)	0%	U
Other Expenses	2,298	2,751	(453)	(20%)	U
Overall distribution of costs varied to budget - corresponding reduction in costs associated with employee costs.					
Net Losses from Disposal of Assets	-	22	(22)	0%	U
Loss on sale of assets due lower than anticipated sale value of plant in addition to disposal of old office equipment.					

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	-	1,620	-	-	(1,620)	-	-	1,300	(1,300)		
Total Contributions	-	1,620	-	-	(1,620)	-	-	-	-	-	-

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 in future years.

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 2012

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) Sick Leave Payable on Retirement due to Medical Grounds

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$137,000.

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

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 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		61,714	63,858
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	24
d. Net Operating Result for the Year		485	(2,168)
Balance at End of the Reporting Period		62,199	61,714

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	131,717	134,550
Total	131,717	134,550

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	134,550	102,134
- Revaluations for the year	9(a) (2,833)	32,440
- Transfer to Reserves	-	(24)
- Balance at End of Year	131,717	134,550

TOTAL VALUE OF RESERVES

131,717	134,550
----------------	----------------

(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.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a Water Fund for its operations.

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

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, 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 09/10/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

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

	Actual 2012 Carrying Amount	Actual 2011 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7/11)	3,608	3,608
Accumulated Impairment (1/7/11)	(1,908)	(1,100)
Net Book Value - Opening Balance	1,700	2,508
Movements for the year		
- Impairment charges	(200)	(808)
Closing Values:		
Gross Book Value (30/6/12)	3,608	3,608
Accumulated Impairment (30/6/12)	(2,108)	(1,908)
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>1,500</u>	<u>1,700</u>
^{1.} The Net Book Value of Intangible Assets represent:		
- Water Licences	1,500	1,700
	<u>1,500</u>	<u>1,700</u>

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 2012

Note 27. Financial Commentary & Review (continued)

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	3,229	2,281	2,251	2,573	2,520
User Charges Revenue	11,975	9,994	13,753	12,557	10,392
Interest & Investment Revenue (Losses)	187	274	308	547	720
Grants Income - Operating & Capital	340	268	207	197	190
Total Income from Continuing Operations	17,622	14,490	18,879	18,257	17,391
Sale Proceeds from I,PP&E	293	614	437	365	625
New Loan Borrowings & Advances	3,200	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	7,460	7,243	5,743	5,405	4,992
Borrowing Costs	69	-	-	-	-
Materials & Contracts Expenses	1,600	1,388	2,156	2,386	1,683
Total Expenses from Continuing Operations	17,137	16,658	16,215	14,294	12,805
Total Cash purchases of I,PP&E	5,976	8,584	6,660	-	-
Total Loan Repayments (incl. Finance Leases)	31	-	-	-	-
Operating Surplus/(Deficit) (excl. Capital Income)	(1,262)	(3,621)	692	2,654	1,838
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	11,928	7,611	12,807	11,142	13,986
Current Liabilities	3,958	2,759	3,102	3,369	1,844
Net Current Assets	7,970	4,852	9,705	7,773	12,142
Available Working Capital (Unrestricted Net Current Assets)	4,857	5,992	10,520	8,664	12,142
Cash & Investments - Unrestricted	1,871	359	4,901	4,501	7,742
Cash & Investments - Internal Restrictions	4,343	1,202	3,292	3,170	3,090
Cash & Investments - Total	6,191	1,561	8,193	7,671	10,832
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	3,169	-	-	-	-
Total Value of I,PP&E (excl. Land & Earthworks)	323,514	326,486	179,868	171,461	159,324
Total Accumulated Depreciation	138,967	139,539	29,891	25,624	21,623
Indicative Remaining Useful Life (as a % of GBV)	57%	57%	83%	85%	86%

Source: Published audited financial statements of Council (current year & prior year)

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 28. Council Information & Contact Details

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

Email: 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. J. McInerney (Greater Hume Shire)

COUNCILLORS

Clr. P. Yates	(Lockhart Shire Council)
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. G. Hiscock	(City of Wagga Wagga)

Other Information

ABN: 52 084 883 210

We have audited the general purpose financial reports of Riverina Water County Council for the year ended 30 June 2012, comprising the Statement by Councillors and Management of the Council, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts.

Councillors and Managements responsibility for the financial report

The Councillors and Management of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Governments Act 1993* and for such internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluation the overall presentation of the financial report.

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

AUDIT OPINION

In our opinion:

- a) The accounting record of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
- b) The general purpose financial report:
 - i. has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
 - ii. is consistent with the Council's accounting records; and
 - iii. presents fairly the Council's financial position and the results of its operation;
- c) we have been able to obtain all the information relevant to the conduct of our audit; and
- d) no material deficiencies in the records or financial reports were detected in the course of the audit.

JOHN L BUSH & CAMPBELL


Peter King
Partner

9 October 2012

9 October 2012

**The Chairman
 Riverina Water County Council
 PO Box 456
 WAGGA WAGGA NSW 2650**

Dear Sir

Having completed an audit of the financials statements and the associated records of the Riverina Water County Council for the 12 months ended 30 June 2012 and have pleasure in submitting our report in accordance of Section 417(3) of the Local Government Act 1993.

The financial statements for the year ended 30 June 2012 have been prepared to comply with Statements of Accounting Concepts and Applicable Australian Accounting Standards including the requirements under Australian equivalents of International Financial Reporting Standards, the requirements of the Local Government Act 1993 and Regulations thereto, the Local Government Code of Accounting Practice and Financial Reporting and Local Government Asset Accounting Manual.

Operating Result and Financial Position

The operating result for the year was a surplus of \$485 thousand. Included in this surplus the Council received contributions for capital purposes of \$1.747 million and recorded a net loss on disposal of assets of \$22 thousand. The operating result includes an impairment expense of \$200 thousand on the carrying value of water licenses in the financial statements. The total change in net assets resulting from operations was a reduction of \$2.3 million. This includes a decrease in the Asset Revaluation Reserve of \$2.8 million resulting from revaluation of non current assets for the year.

The financial position of Council increased during the year as follows:

	2012	2011	2010	2009	2008
	\$000	\$000	\$000	\$000	\$000
Net Assets 1 July 1997	20,627	20,627	20,627	20,627	20,627
Asset Revaluation	131,717	134,550	102,134	99,632	95,538
Change in net assets resulting from operations	41,572	41,087	43,231	40,567	35,874
Net Assets 30 June	193,916	\$196,264	\$165,992	\$160,826	\$152,039

Cash Investments and Working Capital

The operating result for the year has decreased Council's equity and working capital. This result is directly attributable to decreased revenue from User Charges and Fees.

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Cash	245	60	188	153	56	55
Investment	5,946	1,501	8,005	7,518	10,776	11,264
Working Capital	7,970	4,852	9,705	7,773	12,142	11,472

Cash and Investments held at the close of the year amounted to \$6.191 million. The cash flow statement shows an increase in cash of \$4.63 million. The increase in cash is mainly due to the increase in User Charges and Fee income and also a reduction in purchases of materials and contracts. Cash balance also increased due to the borrowing of \$3.2 million of cash during the year. Cash and Investments have not been restricted in their use by any externally imposed requirements. However they are restricted by internally imposed requirements.

Actual Performance Compared to Budget

	2012 Actual \$000	2012 Budget \$000	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2009 Budget \$000
Revenue								
Rates and Annual Charges	3,229	3,097	2,281	2,720	2,251	2,698	2,573	2,519
User charges and fees	11,975	15,348	9,994	13,387	13,753	13,871	12,557	12,178
Interest	187	100	274	120	308	100	547	350
Grants and Contributions	1,960	900	1,660	815	2,168	810	1,506	910
Other	271	422	277	502	399	490	984	542
Gain on disposal of assets		36	4	27	(11)	27	90	27
	17,622	19,903	14,490	17,571	18,868	17,996	18,257	16,526
Expenses	17,137	16,670	16,658	16,020	16,204	14,679	14,294	13,593
Operating Result	485	3,233	(\$2,168)	\$1,551	\$2,664	\$3,317	\$3,963	\$2,933

The main fluctuation in budget to actual was the reduced User Charges and Fees.

Equity

The equity of the Council has decreased for the 2012 year due to the write down of non current assets decreasing the Asset Revaluation Reserve.

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Non Current Assets	189,005	191,412	156,287	153,053	141,757
Non Current Liabilities	3,059	-	-	-	1,860
Working Capital	7,970	4,852	9,705	7,773	12,142
Equity	193,916	\$196,264	\$165,992	\$160,826	\$152,039

Other Matters

As discussed earlier in the report the water licenses previously shown at cost in the balance sheet were written down to their current recoverable value. At cost the water licenses were recorded at \$3.6 million. This was from the purchase of 1000 mega litres at \$3,600 per mega litre in 2008. Current values of mega litres for high security river water are \$1,500. The difference in cost and current value is \$2.1 million which represents the accumulated impairment losses. An impairment loss of \$200 thousand has been recorded this year.

During the year the Council incurred expenditure of \$130 thousand for strategic planning documents. We have accepted Council's advice that this planning document was not completed at 30 June 2012. The expenditure to date has been shown as a prepayment. Additional expenditure will be incurred to complete this document in 2013. When this occurs the total expenditure will be expensed.

The council also during the year incurred expenditure for demand management program (\$53 thousand) and Lawn Replacement Program (\$150 thousand). We were advised by management, through written representation, that these costs were primarily incurred as part of the preliminary cost of establishing a future water treatment plant. These costs have therefore been capitalised but unamortised as a preliminary building cost. Should this building not commence then these costs will be expensed.

As detailed in the financial report a former employee of the Council is currently under a police investigation for misappropriation of Council Assets. This matter has progressed during the year to charges having been prepared and processed against the former employee. At the date of this report, it is not possible to quantify the likelihood of recovery of misappropriated assets.

In general Council's books of account and other records appear to have been maintained in a satisfactory and up to date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the excellent assistance and co-operation extended to us by the General Manager and his Staff during the conduct of the audit and from whom we have attained all the information and explanations which we required.

Sincerely

JOHN L BUSH & CAMPBELL
Chartered Accountants



Peter King
Partner

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

**"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 2012

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
- 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
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	11

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 2012

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 22 August 2012.



Clr R Kendall
CHAIRPERSON



Clr J McInerney
COUNCILLOR



Mr G Haley
GENERAL MANAGER



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 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	3,229	2,281	2,588
User charges	11,975	9,993	12,983
Interest	187	274	308
Grants and contributions provided for non capital purposes	213	207	196
Profit from the sale of assets	-	4	-
Other income	271	275	832
Total income from continuing operations	15,875	13,034	16,907
Expenses from continuing operations			
Employee benefits and on-costs	7,460	7,243	5,743
Borrowing costs	69	-	-
Materials and contracts	1,600	1,407	2,627
Depreciation and impairment	5,036	5,289	5,480
Water purchase charges	51	54	101
Loss on sale of assets	22	-	11
Calculated taxation equivalents	36	26	23
Other expenses	2,900	2,662	2,253
Total expenses from continuing operations	17,174	16,681	16,238
Surplus (deficit) from Continuing Operations before capital amounts	(1,299)	(3,647)	669
Grants and contributions provided for capital purposes	1,747	1,453	1,972
Surplus (deficit) from Continuing Operations after capital amounts	448	(2,194)	2,641
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	448	(2,194)	2,641
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(792)
SURPLUS (DEFICIT) AFTER TAX	448	(2,194)	1,849
plus Opening Retained Profits	48,600	50,770	48,921
plus/less: Transfers from Reserves	-	24	-
Closing Retained Profits	49,048	48,600	50,770
Return on Capital %	-0.7%	-1.9%	0.4%
Subsidy from Council	6,911	13,531	-
Calculation of dividend payable:			
Surplus (deficit) after tax	448	(2,194)	1,849
less: Capital grants and contributions (excluding developer contributions)	(128)	-	-
Surplus for dividend calculation purposes	320	-	1,849
Potential Dividend calculated from surplus	160	-	925

Riverina Water County Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	6,190	1,561
Receivables	1,991	2,531
Inventories	3,567	3,475
Other	179	44
Non-current assets classified as held for sale	-	-
Total Current Assets	11,927	7,611
Non-Current Assets		
Infrastructure, property, plant and equipment	187,505	189,712
Intangibles	1,500	1,700
Total non-Current Assets	189,005	191,412
TOTAL ASSETS	200,932	199,023
LIABILITIES		
Current Liabilities		
Payables	973	417
Interest bearing liabilities	110	-
Provisions	16,025	15,456
Total Current Liabilities	17,108	15,873
Non-Current Liabilities		
Interest bearing liabilities	3,059	-
Total Non-Current Liabilities	3,059	-
TOTAL LIABILITIES	20,167	15,873
NET ASSETS	180,765	183,150
EQUITY		
Retained earnings	49,048	48,600
Revaluation reserves	131,717	134,550
Council equity interest	180,765	183,150
TOTAL EQUITY	180,765	183,150

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012

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 Notes 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 2012

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 **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

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 Business 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 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 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

Riverina Water County Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

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 3.03% at 30/6/12.

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.

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 assessments at 30 June 2012 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 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

2012

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	36,000
(ii)	No of assessments multiplied by \$3/assessment	95,235
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	36,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	160,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	916,350
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(25,000)

2012 Surplus	320,000	2011 Surplus	(2,194,000)	2010 Surplus	1,849,000
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(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]	
(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	YES

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated) **2012**

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	17,388
NWI F4	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)]	%	71.65%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	183,954
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,341
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	5,977
NWI F17	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)]	%	1.50%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	127

- 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 PURPOSE FINANCIAL REPORTS
INDEPENDENT AUDITORS' REPORT**

SCOPE

We have audited the special purpose financial reports of Riverina Water County Council for the year ended 30 June 2012, comprising the Statement by Councillors and Management, Income Statement of Water Supply Business Activity, Balance Sheet of Water Supply Business Activity, and accompanying Notes to the Accounts.

Councillors and Managements responsibility for the financial report

The Councillors and Management of the Council are responsible for the preparation of the financial report in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier Cabinet. The Councillors and Managements responsibility includes establishing and maintaining internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluation the overall presentation of the financial report.

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

AUDIT OPINION

In our opinion, the Special Purpose Financial Reports of the Riverina Water County Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

JOHN L BUSH & CAMPBELL
Chartered Accountants

Peter King
Partner
9 October 2012

Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2012

**"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 2012

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
- Special Schedule No. 4	Water Supply - Balance Sheet	9
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		10
- Special Schedule No. 7	Condition of Public Works	11
- Special Schedule No. 8	Financial Projections	12

¹ Special Purpose Schedules are not audited.

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 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	-	-	-	-
Administration	-	-	-	-
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
Total Public Order & Safety	-	-	-	-
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
Total Environment	-	-	-	-
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
Total Community Services & Education	-	-	-	-
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	-	-	-	-
Water Supplies	17,137	15,875	1,747	485
Sewerage Services	-	-	-	-

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
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	-	-	-	-
Total Recreation and Culture	-	-	-	-
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	-	-	-
Transport and Communication				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - 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	-	-	-	-
Total Transport and Communication	-	-	-	-
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
Total Economic Affairs	-	-	-	-
Totals – Functions	17,137	15,875	1,747	485
General Purpose Revenues⁽²⁾		-		-
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	17,137	15,875	1,747	485

(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. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	3,200	31	-	-	69	110	3,059	3,169
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	-	-	-	3,200	31	-	-	69	110	3,059	3,169
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	-	-	-	3,200	31	-	-	69	110	3,059	3,169

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

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 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	2,106	993
b. Engineering and Supervision	993	867
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	830	165
d. Maintenance expenses	890	1,060
- Reservoirs		
e. Operation expenses	35	165
f. Maintenance expenses	303	193
- Pumping Stations		
g. Operation expenses (excluding energy costs)	32	658
h. Energy costs	1,890	1,693
i. Maintenance expenses	353	739
- Treatment		
j. Operation expenses (excluding chemical costs)	57	659
k. Chemical costs	312	641
l. Maintenance expenses	673	145
- Other		
m. Operation expenses	258	884
n. Maintenance expenses	558	829
o. Purchase of water	51	54
3. Depreciation expenses		
a. System assets	3,243	3,675
b. Plant and equipment	1,793	806
c. Impairment	200	808
4. Miscellaneous expenses		
a. Interest expenses	68	-
b. Revaluation Decrements	-	-
c. Other expenses	2,493	1,621
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	17,138	16,655

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	2,866	1,719
b. Usage charges	7,243	6,653
7. Non-residential charges		
a. Access (including rates)	362	561
b. Usage charges	3,738	2,094
c. Other	347	808
8. Extra charges	58	-
9. Interest income	129	274
10. Other income	941	714
11. Grants		
a. Grants for acquisition of assets	127	61
b. Grants for pensioner rebates	202	191
c. Other grants	11	16
12. Contributions		
a. Developer charges	1,620	1,392
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	17,644	14,483
14. Gain (or loss) on disposal of assets	(22)	4
15. Operating Result	484	(2,168)
15a. Operating Result (less grants for acquisition of assets)	357	(2,229)

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,400	3,579
c. Renewals	1,898	3,472
d. Plant and equipment	679	1,533
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	5,977	8,584
Non-operating funds employed		
20. Proceeds from disposal of assets	293	614
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	293	614
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	27,889	27,818
b. Residential (unoccupied, ie. vacant lot)	1,241	1,475
c. Non-residential (occupied)	2,615	2,548
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	308 ET	175 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 327,703	\$ 337,706

Riverina Water County Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
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 land value from access charges (ie rates)?			
<input type="checkbox"/>			
NB. 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
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 2011/12 (page 47 of Guidelines)			<input type="text" value="1,220"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b + 27c + 27d + 28b)			<input type="text" value="1,220"/>
<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 not 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 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	(23)	-	(23)
c. Accrued leave	863	-	863
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,350	-	5,350
31. Receivables			
a. Specific purpose grants	151	-	151
b. Rates and Availability Charges	554	-	554
c. Other (including User Charges)	1,286	-	1,286
32. Inventories	3,567	-	3,567
33. Property, plant and equipment			
a. System assets	-	183,954	183,954
b. Plant and equipment	-	3,551	3,551
34. Other assets	178	1,500	1,678
35. Total assets	11,926	189,005	200,931
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	952	-	952
38. Borrowings			
a. Loans	110	3,059	3,169
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,896	-	2,896
40. Total liabilities	3,958	3,059	7,017
41. NET ASSETS COMMITTED	7,968	185,946	193,914
EQUITY			
42. Accumulated surplus			62,196
43. Asset revaluation reserve			131,718
44. TOTAL EQUITY			193,914
Note to system assets:			
45. Current replacement cost of system assets			320,274
46. Accumulated current cost depreciation of system assets			(136,320)
47. Written down current cost of system assets			183,954

Riverina Water County Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2012

Administration ⁽¹⁾

(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 ⁽¹⁾

(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 ⁽²⁾ (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 ⁽²⁾ (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:

⁽¹⁾ 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).

⁽²⁾ 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.

as at 30 June 2012

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
Buildings		per Note 1		<<<<<<<<< per Note 9 >>>>>>>>>>							
	Council Offices/Depots	1.25%	91		8,689	1,145	7,544	2	10	5	345
	Council Houses	1.25%	5		485	59	426	2	4	2	7
	sub total		96	-	9,174	1,204	7,970		14	7	352
Water											
	Treatment Plants	1.30%	501		38,564	8,809	29,755	2	2,000	450	728
	Bores	4.00%	224		9,990	2,479	7,511	2	600	100	232
	Reservoirs	1.00%	472		48,186	13,224	34,962	2	2,500	300	336
	Pipeline	2.00%	1,659		198,915	106,858	92,057	3	14,036	2,000	891
	Pump Station	1.30%	291		12,485	3,744	8,741	2	1,500	450	384
	sub total		3,147	-	308,140	135,114	173,026		20,636	3,300	2,571
	TOTAL - ALL ASSETS		3,243	-	317,314	136,318	180,996		20,650	3,307	2,923

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

1	Excellent - No work required (normal maintenance)
2	Good - Only minor maintenance work required
3	Average - Maintenance work required
4	Poor - Renewal required
5	Very Poor - Urgent renewal/upgrading required

Riverina Water County Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	17,622	21,074	22,482	23,996	25,623
Expenses from continuing operations	17,137	17,986	19,799	21,285	22,061
Operating Result from Continuing Operations	485	3,088	2,683	2,711	3,562
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	10,790	14,745	23,076	18,901	7,024
Total Capital Budget	10,790	14,745	23,076	18,901	7,024
Funded by:					
– Loans	3,200	6,000	16,000	1,100	-
– Asset sales	-	-	-	-	-
– Reserves	-	-	-	-	-
– Grants/Contributions	700	1,300	1,300	1,300	1,300
– Recurrent revenue	6,890	7,445	5,776	16,501	5,724
– Other	-	-	-	-	-
	10,790	14,745	23,076	18,901	7,024

Notes:

(1) From 11/12 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.

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.

CUSTOMER INFORMATION

PAYMENT FACILITIES

TELEPHONE Australia Post Telephone Billpay

BILLPAY Please call **13 18 16** to pay your bill using your credit card, or register to pay using your savings or cheque account from your bank, building society or credit union. Please have your water account ready as you will be required to key in payment details. **Your Billpay code and reference number is located beside the Australia Post symbol on the front of your account.** This service is available 7 days a week, 24 hours per day.
(For the cost of a local call).

CREDIT CARDS Ring the **13 18 16** number as listed above.

**TO PAY BY THE
INTERNET**

www.postbillpay.com.au

(Access to this option is also available via Council's Internet site listed above).

BPAY

Phone your participating Bank, Credit Union or Building Society to make this payment from your cheque, savings or credit card account. **Your Biller Code and Reference Number is located beside the BPAY symbol located on the front of your account.**

MAIL

Send cheques to PO Box 456, Wagga Wagga with the "tear off payment slip". Keep the top portion of the account (with details of cheque etc.) for your record. No receipts will be issued unless the whole of the account is returned with the cheque.

IN PERSON

Bring your account with you to pay at Australia Post Shops or Post Offices anywhere throughout Australia.
Riverina Water County Council office at 91 Hammond Avenue, Wagga Wagga. ***(Bring your account with you to pay at any of the above locations).***

EMERGENCY NUMBERS

ADMINISTRATIVE OFFICE, WATER DEPOT, WATERWORKS
LOCATED ON SITE AT
91 HAMMOND AVENUE, WAGGA WAGGA, NSW

GENERAL ENQUIRIES: (02) 6922 0608
SERVICE CENTRE: (02) 6922 0608
FAX: (02) 6921 2241
EMAIL: admin@rwcc.com.au
WEBSITE: www.rwcc.com.au

EMERGENCY

Wagga Wagga
The Rock
Lockhart
Uranquinty
Urana/Oaklands
Culcairn/Holbrook/Walla Walla

(02) 6922 0608 All hours.