

Riverina Water County Council

Annual Report

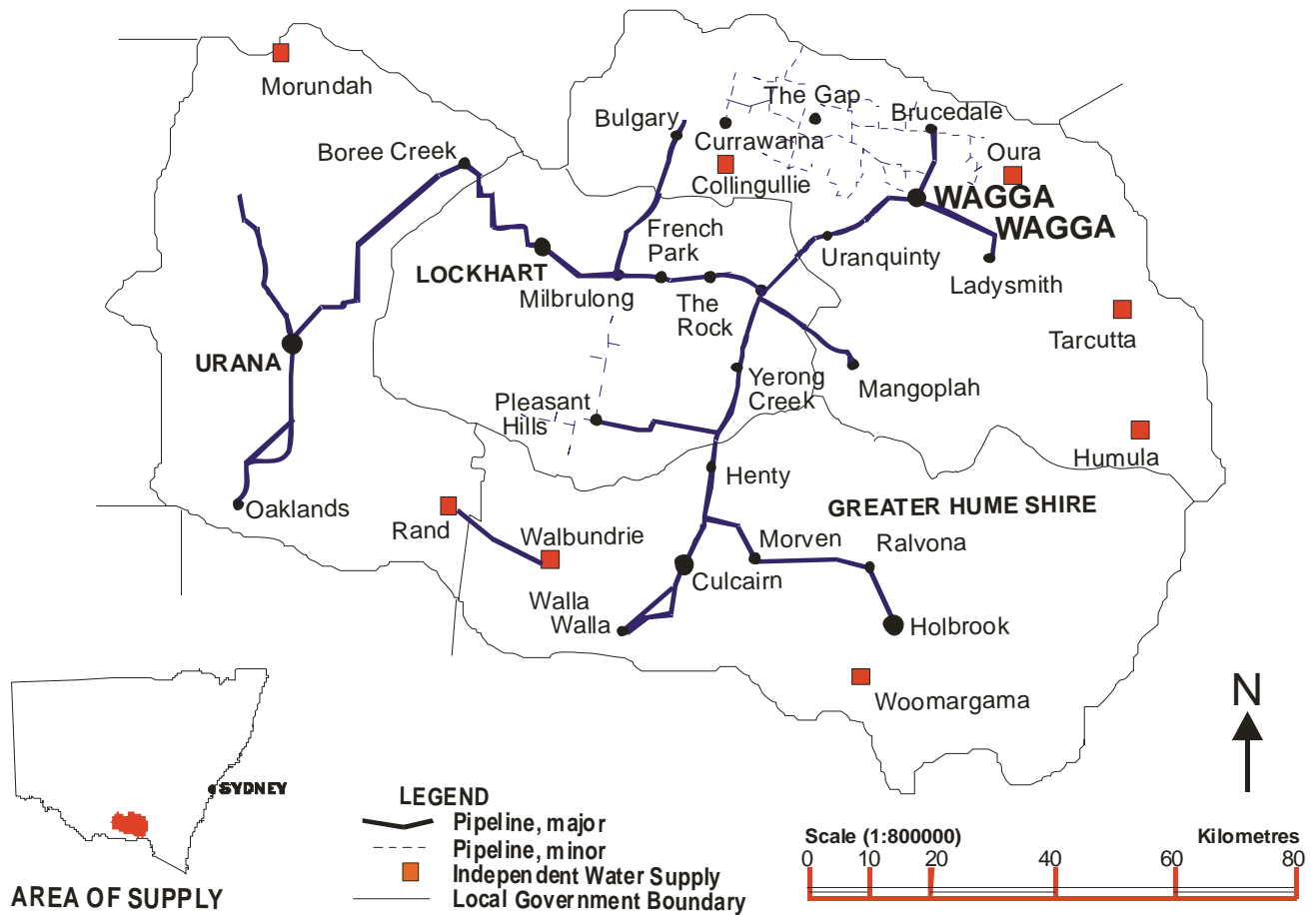
2005/2006



**Riverina Water County Council
receives Green Globe Award for Excellence**

Riverina Water County Council

AREA OF SUPPLY



Front Cover

Gerald Pieper, General Manager; Clr. Lindsay Vidler, Chairperson;
Clr. Peter Yates, Deputy Chairperson and
Peter Clifton, Director of Engineering
with 2005 "Green Globe" Award for Excellence
at Council's February 2006 Meeting

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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	Messrs. Farrell Lusher
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

For the Year June 2005 to June 2006

COUNCILLORS



Clr. L. Vidler
Wagga Wagga
Chairperson

Clr. P. Yates
Lockhart Shire Council
Deputy Chairperson



Clr. R. Kendall
Wagga Wagga

Clr. D. Simpson
Wagga Wagga

Clr. K. Vidler
Wagga Wagga

Clr. K. Wales
Wagga Wagga

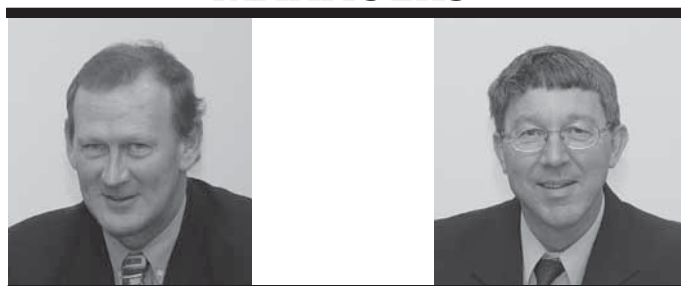


Clr. J. McInerney
Greater Hume Shire

Clr. J. Ross
Greater Hume Shire

Clr. I. Kreutzberger
Urana Shire Council

MANAGERS



G.W. Pieper
General Manager

P.H. Clifton
Director of Engineering

Cover Picture



RIVERINA WATER COUNTY COUNCIL RECEIVES GREEN GLOBE AWARD FOR EXCELLENCE

The Director-General, Department of Energy, Utilities and Sustainability advised that Council was one of the top 10 performers for water supply as measured by the latest Performance Monitoring Report.

Council has received a framed Energy & Water Green Globe Award 2005 Certificate for Excellence.

This is the seventh year, the Department of Energy, Utilities & Sustainability's annual Energy and Water Green Globe Awards recognizing sustainable use of energy and water in NSW.

The Director-General expressed his admiration for our achievement of best practice in water Supply Management and thanked us for demonstrating a high level of excellence across a wide range of key performance areas.

Pictured at Council's February 2006 Meeting
Gerald Pieper, General Manager; Clr. Lindsay Vidler, Chairperson; Clr. Peter Yates, Deputy Chairperson and Peter Clifton, Director of Engineering.



Election of Chairperson &
Deputy Chairperson
October 2005

Clr. Peter Yates
(Deputy Chairperson)
and
Clr Lindsay Vidler
(Chairperson)

35, 30, 25 YEARS OF SERVICE



35 YEARS SERVICE

L-R- Clr Peter Yates (Deputy Chairman), **Dennis Glazier**, **Graeme Geaghan**, **Rodney Walmsley**, **Peter Clifton**, Gerald Pieper (General Manager), Clr. Lindsay Vidler (Chairman) and **Pat Davis**



30 YEARS SERVICE

L-R- Clr. Lindsay Vidler congratulates **Gerald Pieper** (General Manager) on attaining 30 years service, with Clr. Peter Yates.



25 YEARS SERVICE

L-R- Clr. Peter Yates & Clr. Lindsay Vidler, congratulate **Darryl Grosvenor** on attaining 25 years service with Council

20, 15, 10 YEARS OF SERVICE



20 YEARS SERVICE

L-R- Gerald Pieper (General Manager), Clr Peter Yates (Deputy Chairman), **Garry Meyers**, Clr. Lindsay Vidler (Chairman), **Peter Elliott** and Peter Clifton (Director of Engineering)
(Absent: Joseph Gibbons and Craig Price)

15 YEARS SERVICE

L-R Standing - Gerald Pieper, Clr Peter Yates, **Colin Fisher**, **Carl Graetz**, Clr. Lindsay Vidler, **Daryl Ryan**, **John Reynoldson**, **Ross Hawkins**, **Phillip McAlister** and Peter Clifton

L-R Sitting - **Robert Woodward**, **Peter Looney**, **Leigh Trevaskis** and **Brent O'Brien**

(Absent: Aundre Haggard, Darrell Kenny, Bryce McDonnell and Spencer Osborn)



10 YEARS SERVICE

L-R - Gerald Pieper, **Mark McIntyre**, Clr. Peter Yates, **Kane Cathro**, **Darren Burkinshaw**, Clr. Lindsay Vidler, **Judi Dunning**, **Trevor White**, **Robert McIntyre**, **Ron Scott**, **Paul Gibbons** and Peter Clifton

(Absent: Neil Sainsbury and Craig Willis)

**RIVERINA WATER'S AUGUST MEETING
and the OFFICIAL OPENING of the
WALBUNDRIE / RAND WATER SUPPLY SCHEME
held at WALBUNDRIE SPORTS PAVILLION
on 24TH AUGUST 2005**



Council Meeting
Walbundrie Sports Pavilion



Clrs Routley, Vidler and Ross join in a celebratory toast of "aqua pura" in recognition of the excellent quality of water now available to the residents of Walbundrie, Rand and surrounding rural properties.

Pictured at the official opening are (L-R) Clr. Peter Routley, Mayor of Urana Shire, Clr. Lindsay Vidler, Chairman of Riverina Water, Clr. John Ross, Mayor of Greater Hume Shire and Mr. Gerald Pieper, General Manager of Riverina Water, following the unveiling of the commemorative plaque.



WALBUNDRIE / RAND WATER SUPPLY SCHEME

Summary Description of System

Bore

Location: approximately 2.5 km east of Walbundrie
Diameter: 219mm (outside diameter of casing)
Depth: 95 metres
Screens: 77 to 83 metres and 89 to 95 metres
Rated Output: 15 litres per second
Equipped Output: 11.5 litres per second

Treatment

Aeration to remove dissolved gasses, particularly carbon dioxide. This is done via a fan forced aeration tower (the equipment used for aeration is a Superchill water cooler. It is used for aeration - not cooling in this application).

The bore water is chlorinated, for disinfection purposes, prior to aeration. Chlorination is such that a chlorine residual remains present throughout the Walbundrie and Rand Systems.

Clear Water Storage Tank

A 100 kl clear water storage tank provides chlorine contact time and storage for the high lift pumps

High Lift Pumps

Water is pumped by these pumps from the clear water tank to Walbundrie and Rand Town reservoirs. There are two pumps operating as duty and standby.

The pumps deliver 11.5 litres per second (approx. 1 million litres per day).

Pipelines

21 kilometres of 150mm diameter PVC pipeline were constructed between the bore site and Rand. The pipeline delivers water to the existing Walbundrie and Rand reservoirs.

Control and Monitoring Systems

The pumps are controlled by Riverina Water's SCADA (Supervisory Control and Data Acquisition) system. This links all sites, by radio signals, back to a central computer system in Wagga Wagga. The SCADA system also allows operators to monitor pump operations, flows and reservoir levels.

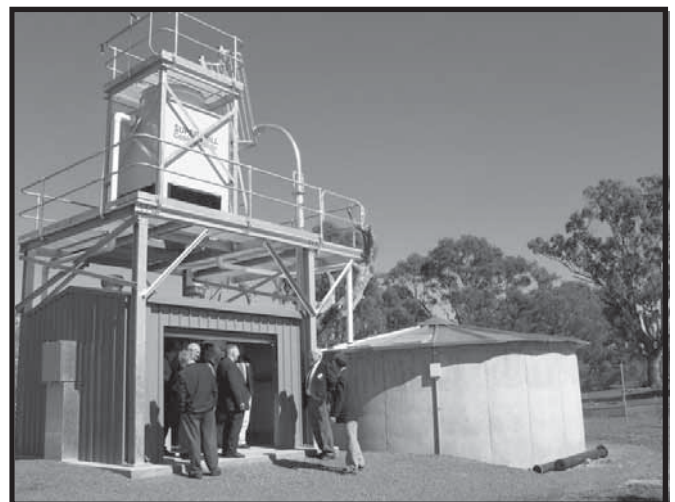
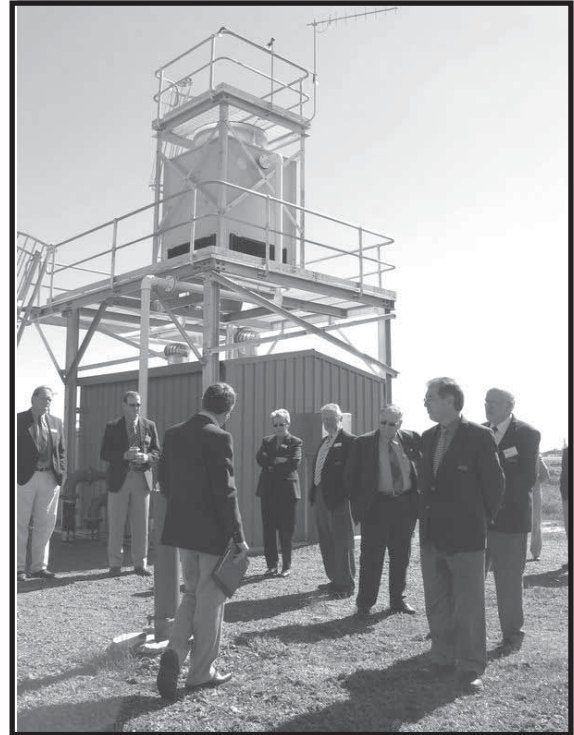
Consumers

There are approximately 100 connections to the water supply systems at Walbundrie and Rand. The new pipelines connected a further 11 rural consumers. The total population served is currently about 200.

Cost

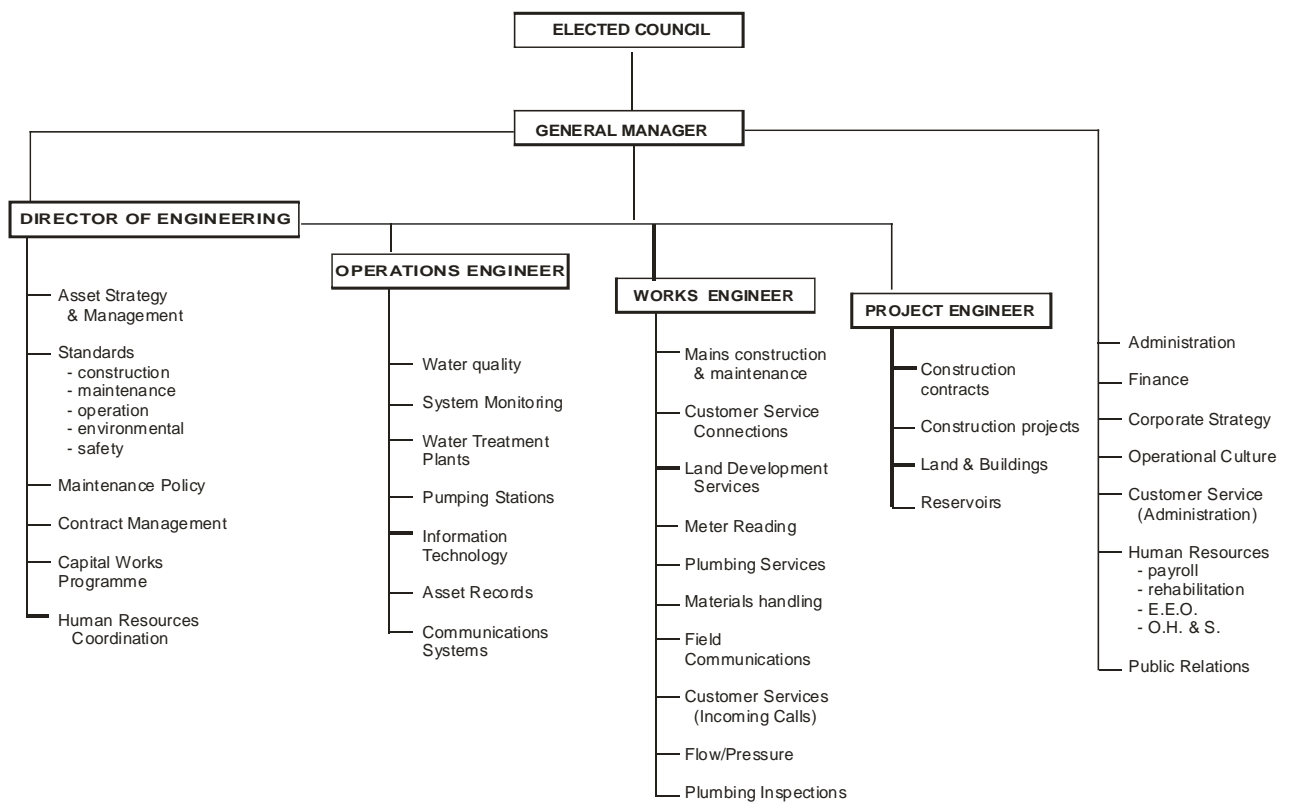
The cost of the system is approximately \$1 million. There is some further expenditure yet for a backup bore. This will cost in the order of \$100,000.

The new Walbundrie /Rand system received 11.9% subsidy from the State Government under the Country Towns Water Supply and Sewerage Program.



INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE

The 2005/2006 year was a productive year for Council, whose task is to provide water to the City of Wagga Wagga and the Shires of Greater Hume, Lockhart and Urana, which includes the towns of Uranquinty, Ladysmith, Tarcutta, Yerong Creek, Mangoplah, Humula, Henty, Morven, Ralvona, Holbrook, Woomargama, Culcairn, Walla Walla, Walbundrie, Rand, Oaklands, Pleasant Hills, Urana, The Rock, French Park, Milbrulong, Lockhart, Boree Creek, Morundah, Bulgary, Currawarna, Collingullie, The Gap, Bruceedale, Oura and rural areas. With increased rainfall from June to October, than in previous years, water consumption returned to normal, hot and dry climate conditions returned in December and continued to June. Cash reserves decreased by \$414,000 which was an excellent result considering that \$7.3 million was spent on assets and services.

Water restrictions were not implemented as Council continued its extensive education campaign promoting the efficient use of our precious resource. This was a result of our customers working with Council's voluntary restrictions of not watering during the hours of 10.00 am to 5.00 pm, and I thank our customers for working with us.

Council held a meeting at Walbundrie in August to coincide with the official opening of the Walbundrie/Rand pipeline, most of the customers from these townships attended the opening held at the Walbundrie Sports Pavilion. I thank all the people that attended and for the ladies who provided the luncheon, afternoon tea and refreshments. Council will continue to hold at least one meeting annually in a Shire area.

Council adopted a Developer Servicing Plan as part of the requirements under the Department of Energy, Utilities and Sustainability Best Practice Management of Water Supplies. There are six criteria under these guidelines in which Council has met 5 of them to date. An Integrated Water Cycle Management Plan (IWCM) is the one to be completed, Council is presently working on this in partnership with the Wagga Wagga City Council. On the completion of the (IWCM) Council will have demonstrated achievement in all of the Best Practice Management guidelines.

Council received a Green Globe Award for Excellence from the Director-General, Department of Energy, Utilities and Sustainability as Council was one of the top 10 performers for Water Supply as measured in the Department's monitoring reports. I along with my fellow Councillors acknowledge the efforts of the General Manager and staff in achieving this recognition.



Council continued working in partnership with the National Safety Council of Australia (NSCA) 5 Star Program until January. In January Council engaged Corporate Risk Services to build on our program with (NSCA) in ensuring all requirements of the Occupational Health and Safety legislation have been introduced. The OH & S Committee continues to be pro-active in providing a safe working environment.

Councillors and staff are very dedicated to providing our customers with a safe and reliable water supply. Finally, I thank my fellow Councillors for the way in which they have worked together and in particular Deputy Chairman Clr. Peter Yates for his assistance.



Clr. Lindsay Vidler
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 \$2 M). 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 2005/2006 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 2005/2006.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

Section 428 (2) (f)

Chairperson's Allowance	\$ 4,500
Councillors' Fees	\$27,000
Councillors' Expenses	\$ 2,638

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, 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 Local Government State 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.

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.

- 5) 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.
- 6) 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 2005/2006 Council employed two senior staff, the General Manager and Director of Engineering, at a total remuneration cost of \$273,058 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 86 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 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), Fitting (1), Welding (1) and Plumbing (2) trades. Trainees are employed in Filtration Plant Operations (1) and Maintenance Operations (2). These eight (8) apprentice/trainee positions represent 9% of Council's staff.

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

Staff turnover remains relatively low at approximately 5% of permanent staff.

	Admin	Engineering	Waterworks	Depot Base	Rural	Totals
Perm.June 2005	6	7	21	38	5	77
Temp.June 2005		1	1	1		3
TOTAL June 2005	6	8	22	39	5	80
Retired					1	1
Resigned		2	1	2		5
Terminated						-
Appointed	1	1	1	8	1	12
Internal Transfer			1	2	1	4
Transfer to Perm.				2		2
Temp. Appointed	1	1				2
Temp.Terminated	1	1	1			2
Perm.June 2006	7	6	22	42	6	83
Temp.June 2006		1		1		2
TOTAL June 2006	7	7	22	43	6	85

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 2005/2006

TRAINING COURSE	NUMBER OF PARTICIPANTS
Backflow Prevention	2
Bearing Maintenance – SKF	5
Chainsaw Training	3
Chemcert – Chemical User	10
Coagulation / Flocculation	2
Confined Space – Full Course	3
Confined Space – Refresher	14
Controllogix 500 Training	1
Dangerous Goods Full Licence	2
Dangerous Goods Refresher	4
Dangerous Goods Renewal	4
Elevated Work Platform	6
First Aid – Full Course	4
First Aid Refresher	22
Fluoride Training	1
GIS Training	27
H2O Net Hydraulic Analysis	3
HC – Driver Training	8
Laboratory Skills	3
Macteck Radiodetection Training	16
Munsys Training	7
OH & S Construction Induction	5
OH & S Construction Induction (GC)	3
OH&S Conference	1
OTEN enrolments	2
Plant Operator Training – Part 2	4
Risk Management Conference	2
Statecover Training Workshop	2
TAFE enrolments	4
Traffic Controller – Stop/Slow	25
University enrolments	2
Water Quality & Distribution Systems	4
Worksite Planning – RTA L3	17
TOTAL	218

Enterprise Award

In 2003/2004 a revised Enterprise Award was negotiated with the various unions. The Riverina Water County Council Enterprise Award 2004 continues the concepts of an effective and cohesive workplace, and covers a three-year period, which commenced July 2004.

Remuneration to all staff is based on a logical and fair system, commensurate with modern day 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

Over the past four years Riverina Water has invested considerable resources in the NSCA 5 Star Program to ensure continued improvement with our occupational health & safety management systems (OHSMS). After careful consideration and consultation a decision was made to withdraw from external services provided by 5 Star Program consultants and use this opportunity to consolidate the OHS achievements made thus far. The On-Line version of the 5 Star Program was purchased for internal auditing purposes and an external annual audit has been undertaken by CRS (Corporate Risk Services). By engaging a different consultancy firm it was envisaged this would provide Riverina Water with a new perspective of the effectiveness of current OHS policies and processes.

Riverina Water developed OHS Goals and Objectives for 2005/2006 with a focus on reducing injury and illness within the workplace and promoting greater employee involvement and consultation. Measurable targets were set and the results are detailed in the table below.

Objective/goal	Means of achieving	Target/Measure – KPI's	Result/Achievement
Create an ongoing comprehensive structured system for managing health & safety at RWCC	NSCA 5-Star safety system with focus on achieving target in an external annual grading audit Annual internal audit	5 Star Rating 90% StateCover RiskChase	1 Star Rating Achieved 87%
Achieve maximum employee involvement in safety & provide feedback to staff & management	Quarterly safety performance review of all work teams Annual performance reviews	90% (minimum score) by all work teams	Averaged 87% (Ranging from 80-90%) Annual performance reviews not undertaken
Ongoing development of safety system to satisfy legal obligations, monitor, report & improve	CIAP review with involvement in particular from supervisory & management levels. Realistic time frames to be documented	100% of action items completed by the due date	CIAP was ineffective. % of items completed was very low.
Integrate health & safety into "core" business goals, plans & improvement programs	Safety to be included as a topic for discussion at all official meetings, including Councillor meetings. Promote "duty of care" expectations of senior management & Councillors. Verified by record keeping e.g. record in minutes	All official meetings to include SAFETY as an agenda item and to be recorded in minutes	Safety is included at all meetings. Recording of minutes has improved but not yet 100%.
Meet legal requirements, promote awareness of individual safety responsibilities	Review legal requirements, assess training needs on an annual basis & provide training as identified.	All staff to be trained to the specific level of OH & S knowledge required as per their individual skills list; ie. Basic, Advanced	OHS skills need to be described better on skills lists. % of staff trained to relevant level not obtained.

Objective/goal	Means of achieving	Target/Measure – KPI's	Result/Achievement
Identify hazards to reduce workplace injury/accidents	Hazards being identified by employees & formal reporting of near misses, incidents, accidents. Maintenance of one (1) central hazard register.	100% completion of recorded hazard items either eliminated or controlled successfully by the due date	Hazard register has been underutilised to date. Working group now looking at improved system for monitoring and actioning items.
Create a culture where everyone is involved in safety	Facilitate team meetings; encourage all employees to freely share ideas, promote & encourage involvement & provide feedback	Team meetings to be held every month	Formal team meetings still not occurring in all teams. Other programs required to promote the safety culture.
Identify near misses	Employees to report and document all reported sightings, or verbal confirmation of near misses utilising supplied Near Miss/Incident forms. Managers, supervisors to continually promote importance of identifying & reporting Near Miss occurrences	3 times the number of accident reports	This target has never been obtained. Further promotion to allow Riverina Water to be proactive in controlling hazards rather than reactive is required to encourage near miss reporting. Reported Near Misses: 15 First aid reports: 16 Reported Incidents: 44 (incl of lost time days) Accidents (LTI>=1day): 10 Full work days lost: 106
Reduce motor vehicle incidents	Promote compliance with safe driving policy; monitor rosters & stand down times to combat fatigue levels; investigate motor vehicle incidents; provide information, instruction & training	Zero 'at fault' motor vehicle incidents.	Total number of m/v incidents = 6 Number of at fault incidents = 5
Reduce risk of injury in the workplace	Safe work procedures to be discussed, developed, trialled, & communicated following consultation with staff. Encourage involvement in workplace design, methods & changes	Improved work place methods, and a safe work procedure developed for all tasks identified as high risk	Some procedures developed and some reviewed. Still require a large number of SWP's to be developed.
Compliance with Council's policies and safe work procedures to reduce the risk of injury in the workplace	Consultation & input from staff when developing policies & safe work procedures. Employees not complying with Council's policies & safe working procedures will be counselled & requested to comply. Any subsequent failure to comply will be reported & the disciplinary procedures as stated in Council's award will then be applied	Policies & procedures to be endorsed by OH & S committee. No evidence of the need for disciplinary action to be implemented within the past 12 month period	AIRC developed. No formal disciplinary hearings.
Higher morale amongst employees	Consultation, guidance & expectations to be clearly defined during a one-to-one private interchange session. Informative discussion on business goals & future company directions to be included	Performance & development review meeting (exchange of information between the individual & their supervisor) on an annual basis. To be formally documented.	Some personal development reviews undertaken

Objective/goal	Means of achieving	Target/Measure – KPI's	Result/Achievement
Provide information & support for wellbeing of staff and families	Regular distribution of information – Safety Newsflash, Tapped In take home magazine, Employee Assistance Program, Free external counselling service	Staff usage of Counselling Service Feedback from employees	6% usage. (This is comparable with the “hit rate” of other organisations approx. our size). Positive feedback once employees had seen a counsellor face-to-face. Negative response about connecting to the service, and having appointment times scheduled. (Have researched other organisations, they also make their appointment in the same way).
Facilitate communication between management & staff	OH&S Committee established to provide support, facilitate communication & make recommendations to management on safety issues	Meetings schedules every two months Review minutes of meetings to ensure issues are resolved	OH & S committee meeting every two months. Committee should discuss their role and whether they are meeting this requirement for consultation. Does the committee add value or does it need to be rearranged?
Reduce the cost of injuries & premiums	Prompt reporting of injuries & timely injury management	Suitable duties provided & RTW plans for individual case management	RTW plans implemented where possible. Time constraints and staffing levels, particularly during holiday periods, and the number of staff already being accommodated around the workplace on suitable duties, reduced the practicality of arranging suitable duties on occasions.

The OH&S Committee distributed a workplace survey to all employees providing them with the opportunity to respond with their thoughts on various OHS & other issues. As a result of comments obtained from the employee survey there have been additional items included in the OHS Goals and Objectives for next year.

Achievements this Year

- Annual external audit no longer related to 5 star program. Audit conducted in February, 2006 by Corporate Risk Services Pty. Ltd.
- Further development of the OHS&R Management System Manual
- Formation of engineering working group to address hazard controls
- Formation of a Safe Work Procedures writing group
- Review and communication of accident reporting & investigation process
- Employee survey distributed covering the areas of :-
 - Inspections, reporting, investigation, emergency procedures
 - Communication/Consultation/Information
 - Training, Instruction, Performance Reviews
 - Policy & Procedures
 - Participation in Safety Related Activities
 - Health & Wellness
 - Organisational Communication
 - Management Commitment/Attitude to Safety
 - Equipment and facilities,
 - Management Actions & response to safety issues
- Continued improvements to workstations following ergonomic workplace survey
- Revised induction package developed with follow-ups and final review process included

Engineering controls of risk

- Waterworks security fence erected enclosing Sludge Treatment plant
- Security grilles fitted to pipe work next to footbridge at Waterworks to prevent pedestrians walking on pipes
- Sludge treatment plant platforms, stairs, ladders and gantries installed for access and confined space recovery from tanks
- Access gate installed in front of Milbrulong Balance Tank to improve access
- Bulgary Aeration galvanised platform and FRP ladders installed for access into tank.
- Apply non-slip coating to stairs at Waterworks entrance
- Repair access roadway to Humula pump house
- Install security fence around perimeter of the North Wagga Aeration site.
- Install polycrrete conduits for hoses from waterworks to clear water storage (removal of trip hazard).

Watchout Safety Incentive Award Recipients

This is the fourth 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.

August 2005	Awarded to Nicole Vonarx (Water Quality Officer) "For the implementation of the fluorodose system at Gardiner's Crossing, Bulgary & Urana – eliminates the risks associated with handling fluoride powder".
December 2005	Leigh Trevaskis (Storeperson) "For additional control measure of erecting temporary signage at hazard points where scheduled controls have not yet been put in place. This will provide extra protection from issues listed on the hazard register that only have interim controls implemented. This suggestion has been adopted by the working group that address hazard register issues".
February 2006	Awarded to Filtration Plant Operators Section (Phil McAlister, Rob McIntyre, Peter Outtrim, Garry Watson, Aundre Haggard & Adam Gadd) "For the building of a three tiered shelving system, which they built using the space under the stairs to the top electrical store – they eliminated 2 hazards of :- Possible trip hazards of containers/equipment being left on the floor, risk eliminated because containers/equipment are now in a safe storage area, and Possible back injury – due to lifting of containers and equipment, risk eliminated because they can now slide containers and equipment straight onto the jackable trolleys.
April 2006	Awarded to Filtration Plant Operators Section (Adam Gadd, Rob McIntyre, Garry Watson, Aundre Haggard, Phil McAlister, Peter Outtrim) "Introduction of a system to eliminate the need to access the sludge/lime pit and regularly hose off excess sludge build up etc." Eliminates manual handling, slip/trip and pit entry hazards.

Riverina Water's Workers Compensation Performance

The benchmark for measurement of Workers Compensation performance is "Average Rate" (Premium/wages%). At Riverina Water \$6.20 out of every \$100 wages paid goes towards Workers Compensation Premium.

Due to the large increase in lost time days during 2005 (106 days), there was also a sharp increase in medical & rehabilitation costs.

Like previous years, manual handling injuries accounted for half of the claims that resulted in time lost. Some of the high wage/medical/rehabilitation costs have come from two hernia injuries, one shoulder repair, and one fractured jaw that required surgical intervention and several weeks away from work before being able to return on suitable duties for an extended period of time. Muscle injuries, particularly to backs also contributed significantly to medical & rehabilitation costs requiring regular, ongoing treatment from providers.

In addition to the costs from injuries sustained over the past year, Riverina Water continues to have a small proportion of ongoing costs from old injuries sustained in earlier years.

As a means to reducing the number of lost time injuries, the following strategies have been recommended for consideration by management:-

- Training of supervisors
- Develop a more structured induction program with follow-ups
- Develop a safety manual for supervisors
- Formalise the ways SWP's are written & provide training
- Ensure team meetings are documented
- Refine and review the current investigation process
- Focus also needs to be retained on offering suitable duties
- Consider utilising an Occupational Therapist to work onsite with individual work teams presenting with muscle injuries.

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

Section 428 (2) (n)

The aim of Council's policy on EEO is as follows:

To eliminate and ensure the absence of discrimination in employment on the grounds of race, sex, marital status and physical impairment and to promote EEO for women, members of racial minorities and physically handicapped persons.

Council's EEO policy statement was endorsed by its Consultative Committee on 6th November 1997.

E.E.O. Strategies are:

- Maintain the wording of all of Riverina Water's advertisements for vacant positions to ensure that they offer all potential applicants equal employment opportunities.
- Review application forms to ensure fair selection and decision procedures.
- Provide career counselling.
- Improve career opportunities for staff currently employed in areas of limited career structure.
- Reinforce the staff appeal system and grievance procedures.
- Prevent harassment of staff.
- Continue the training programme for all staff.
- Continue with job rotation programmes and enhance these where possible.
- Inform all staff about E.E.O. programme, work being done under it and subsequent progress and results.
- Make E.E.O. responsibilities a routine part of management and supervision functions.
- 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.

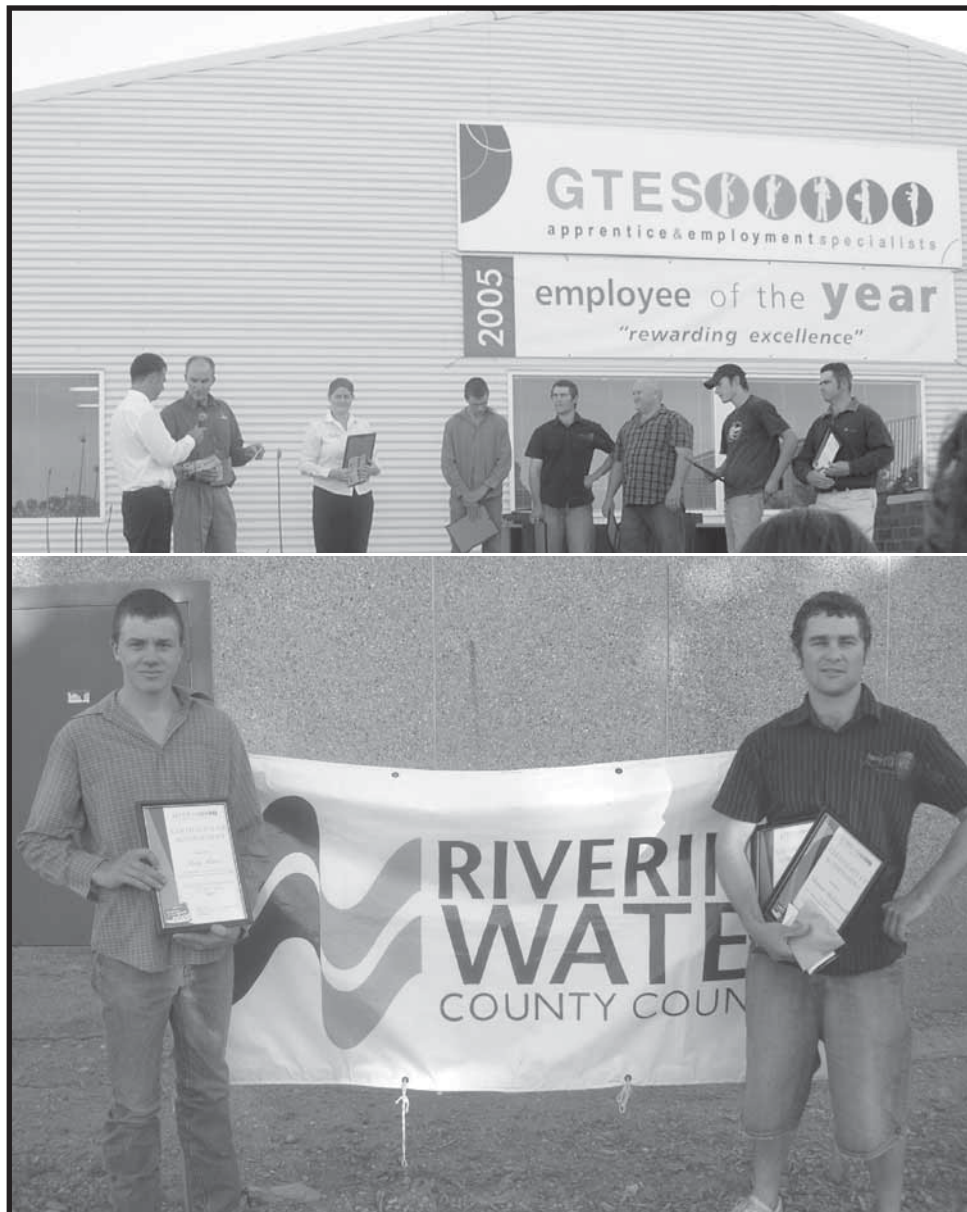
General Manager	\$138,318
Director of Engineering	\$134,740



Riverina Water County Council Councillors

Standing: L-R Gerald Pieper (General Manager), Cirs John Ross (Greater Hume), Ian Kreutzberger (Urana), Rod Kendall (Wagga Wagga), John McNerney (Greater Hume), Kevin Wales (Wagga Wagga), Peter Clifton (Director of Engineering)

Sitting: L-R Cirs. Diana Simpson (Wagga Wagga), Deputy Chairperson Peter Yates (Lockhart), Chairperson Lindsay Vidler (Wagga Wagga) & Karen Vidler (Wagga Wagga)



G.T.E.S. “Apprentice of the Year”

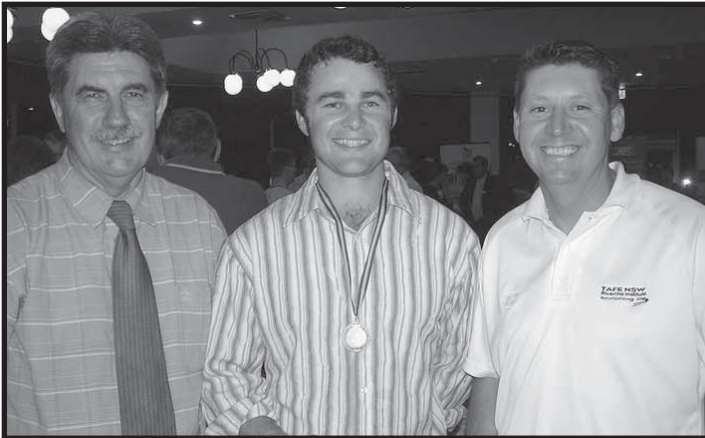
Riverina Water’s Electrical Apprentice
Dermot McCormack
was successful in the Year 2 Category
Apprentice of the Year.

Dermot along with Council’s Rory Winter (Electrical Fitter Apprentice) were in
the final 5 (out of approx. 250)

The judging was based on their Technical results, Supervisors report and
GTES Interview Panel.

Dermot received \$500 for his win.

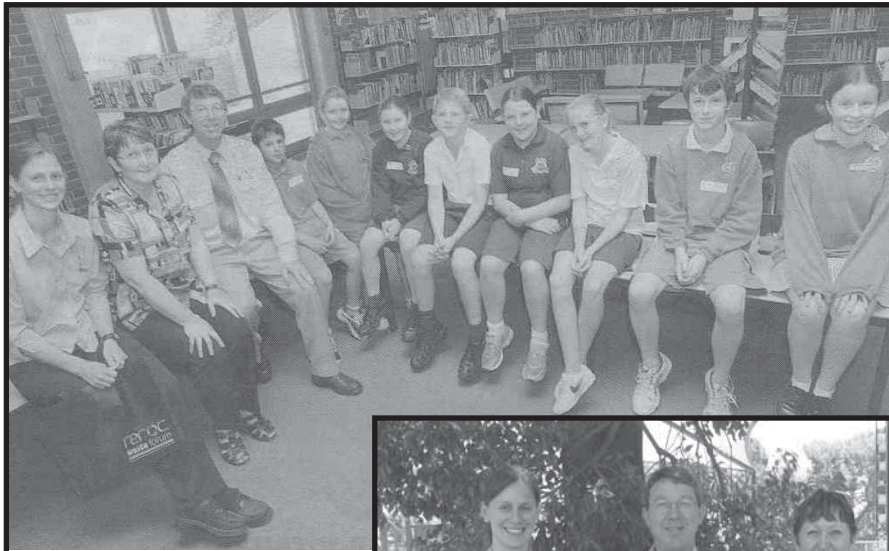
Pictured: Rory Winter & Dermot McCormack



Dermot McCormack Awarded a Bronze Medal

For gaining 3rd place in the recent **Worldskills Competition** at a presentation evening held at The Garden Court Restaurant on Thursday 4th November.

Worldskills is a competition that sees apprentices from the same industry, in this case Electrical, compete against one another to complete a pre-determined task in a set period of time.



Water Forum - Pupils learn how to be Water Wise.

Engineering Assistant for Riverina Water Natalie Eisenhauer, Assistant Principal South Wagga Public School Margaret Whalan and Director of Engineering for Riverina Water Peter Clifton teach students the importance of conserving water.

And Riverina Water's Waterwise Kids Education Winners October 2005





WATCHOUT

SUPPORTING WORKPLACE SAFETY “Watchout” Safety Incentive Scheme

SAFETY AWARD WINNERS



AWARDED TO

NICOLE VONARX (Water Quality Officer)

“For the implementation of the fluorodose system at Gardiner’s Crossing, Bulgary and Urana - eliminates the risks associated with handling fluoride powder”

L-R Daryl Ryan, OHS Co-ordinator; Colin Fisher OHS Chairman, Sonia Clarke, Wagga Mutual Credit Union; Nicole Vonarx, Water Quality Officer and Judi Dunning, Return-to-Work Coordinator
August 2005



AWARDED TO

LEIGH TREVASKIS (Store Supervisor)

“For additional control measure of erecting temporary signage at hazard points where scheduled controls have not yet been put in place.

This will provide extra protection for issues listed on the hazard register that only have interim controls implemented.

This suggestion has been adopted by the working group that address hazard register issues”

L-R Daryl Ryan, OHS Coordinator; Colin Fisher OHS Chairman, Leigh Trevaskis (Store Supervisor), Sonia Clarke, Wagga Mutual Credit Union; Judi Dunning, Return-to-Work Coordinator, and Gerald Pieper (General Manager)

December 2005



WATCHOUT

SUPPORTING WORKPLACE SAFETY “Watchout” Safety Incentive Scheme

SAFETY AWARD WINNERS



L-R Gerald Pieper (General Manager), Colin Fisher (OHS Chairman), Phil McAlister, Rob McIntyre (Filtration Plant Operators), Peter Outtrim (Operations. Co-ordinator), Sonia Clarke (Wagga Mutual Credit Union) and Daryl Ryan (OHS Co-ordinator)

“For the building of a three tiered shelving system. Which they built using the space under the stairs to the top electrical store - they eliminated 2 hazards of:-

Possible trip hazards of containers/equipment being left on the floor, risk eliminated because containers/equipment are now in a safe storage area, and

Possible back injury - due to lifting of containers and equipment, risk eliminated because they can now slide containers and equipment straight onto the jackable trolleys”.

FEBRUARY 2006

“Introduction of a system to eliminate the need to access the sludge/lime pit and regularly hose off excess sludge build up etc.”

Eliminates manual handling, slip/trip and pit entry hazards.

APRIL 2006



L-R Peter Outtrim (Operations Coordinator), Adam Gadd, Rob McIntyre, Garry Watson, Aundre Haggar (Filtration Plant Operators), Sonia Clarke (Wagga Mutual Credit Union) and Peter Clifton (Director of Engineering)
(Absent: Phil McAlister)



WATCHOUT

SUPPORTING WORKPLACE SAFETY “Watchout” Safety Incentive Scheme

SAFETY AWARD WINNERS

**AWARDED TO
Mick Trotman
(Building Foreperson)**

“For the implementation of a new section to be included on the RHS-Job Sheets for 2nd gangs work - previous gang to record anything unusual with the job, to ensure safety to staff and property”

JUNE 2006



L-R Peter Clifton (Director of Engineering), Mick Trotman (Building Foreperson), Jennifer Adams (Wagga Mutual Credit Union) and Daryl Ryan (OH&S Coordinator)



RWCC Waterworks employees

L-R Andrew Clarke, Rory Winter, Kane Cathro, Craig Price, Dermott McCormack, Adam Gadd, Aundre Haggard and Bryce McDonnell participated and were narrowly

(100-98) defeated in an

INDOOR CRICKET GRAND FINAL

in April 2006

ENVIRONMENTAL & SOCIAL 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 Natural 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 programme includes:

System Extensions and Improvements

2005/06 has seen continued strong growth in new residential developments in Wagga Wagga, particularly in rural residential areas on the southern edge of the city. To meet the demands of this growth has required system improvements as well as the routine mains extensions into the new developments.

System improvements have included a 375mm mains extension along Springvale Road to strengthen supply to the southern rural residential areas, a pipeline along the Holbrook Road to provide an interconnection between the Glen Oak and Bellevue systems and new pipelines to improve pressures in the Quambi Place, Amsterdam Crescent .

Mains Replacements

An extensive mains replacement program continued throughout 2005/06. This program is needed to ensure that the aging sections of our infrastructure are replaced as needed and remain reliable.

The more significant mains replacement works included 4 km of 375mm mains at Bomen and the Cullen Road/ Gormly Avenue area in Wagga Wagga.

The Bomen mains replacement project also provided an opportunity to increase the size of the pipelines (they were originally 200mm) to cater for future demands on the north side of the Murrumbidgee River.

Rural Trunk Mains

There has been no significant construction of rural trunk mains during 2005/06.

The proposed rural extension to serve the Urangeline/Bidgeemia area has been designed and materials ordered. Construction is planned to commence in late July 2006. This scheme will initially supply 24 rural consumers and has been financed by property owner contributions and Federal Government assistance through a DOTORS (Department of Transport and Regional Services) Regional Partnerships Funding Agreement.

Pumping Stations

A booster pumping station was completed at Lockhart prior to the 2005/06 summer. The pumping station includes variable speed pumps that automatically adjust to cater for varying demands in the rural system west of Lockhart.

Work has also commenced on extensions to the main pumphouse structure at the West Wagga Aeration site. This work will complete the structural work that was commenced with the duplication of aeration facilities in 2003/04. The extended pumphouse allows for installation of additional pumps to service future demands from Wagga Wagga (South), rural areas and San Isadore area.

Treatment Plants

The \$1.6 million sludge treatment plant at the Wagga Wagga water treatment facility was completed prior to the 2005/06 summer demand period. This plant treats all the sludge and backwash water produced from the filtration plant so that any waste returned to the river meet EPA licence requirements.

The remaining sludge is in a dewatered stated and is disposed of in landfill.

Completion of the Sludge Treatment Plant has allowed the full capacity of the water treatment plant to be utilised. Prior to completion of the sludge plant, and in order to meet EPA requirements, the water treatment plant was only able to operate at half capacity.

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.

Water extracted from the river bores is measured by large bulk meters and over a year this volume is compared with the volume of water measured through all the customers individual meters. The difference is usually about 13% unaccounted for, but including such things as evaporation, flushing mains, firefighting, repairing burst mains, faulty customer meters, and illegal use of water. A major customer meter replacement program is scheduled to commence towards the end of 2005. This will see some 10,000 older meters replaced, resulting in improved accuracy of metering water consumption.

Riverina Water gives strong support to the wise use of water, by involvement in Waterwise Programmes, and through publicity, advertising and editorial contributions when water is featured in the regional press. Riverina Water participated in the REROC sustainability project and, as part of this, designed and manufactured two water saving shower displays. These displays were lent to other Council's through the REROC area.

A range of helpful and supportive fact sheets is available and on display at 91 Hammond Avenue and other locations, including Council's website.

Plumbing Inspectors are happy to give advice on household plumbing and leak detection and can be contacted on 69220630.

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)

The Council is currently not party to any partnerships, cooperatives and/or joint ventures.

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. Planning has commenced for a Waterweek school forum involving students from various local primary schools. The forum will give students an opportunity to share waterwise activities that occur at their schools as well as to research other waterwise and sustainability opportunities.

OPERATION, CONSTRUCTION & MAINTENANCE

MANAGEMENT PLAN – PERFORMANCE TARGETS 2005/2006

Section 428 (2) (b)

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2005/2006 Management Plan.

	2005/2006		Exp to date \$'000	Progress as at 30 th June 2006
	Wagga Urban \$'000	Townships & Rural \$'000		
LAND & BUILDINGS				
Depot buildings upgrade	80	15	23	Master Plan being finalised – Future of electricity easements across site being determined. Gangers Office Completed
Depot Buildings – Sign Store	10			
Waterworks, upgrade workshops and roof	300		17	
Access parking, landscaping (incl shading)	45		65	North and West Wagga Access, Security Fencing Marshal's Creek
Access, parking, landscaping rural		35	1	Planning commenced. Work deferred to 06/07
Environmental works (incl. Marshalls Ck)	15		15	Completed
Environmental works, dump area, storage	15			No further work required in 05/06
Air conditioning	60		39	Completed (HQ office)
Residences		125	139	Urana Residence complete, Hammond Avenue residence demolished
Storeyard Shade	25			Not started
SUB-TOTAL LAND & BUILDINGS	550	175	299	
MAINS AND SERVICES				
Hydrants & valves refurbish	60		121	Continuing Program
Hydrants & valves refurbish		60		Continuing Program that is normally performed as part of rural operations
System improvements	310		344	Stanley Street link to Bellevue System, Amsterdam Cres, Quambi Pl, Springvale Dve, Holbrook Rd
System improvements Rural		20	133	Connection of Pleasant Hills system to Milbrulong includes work not completed in 04/05
Retic. Mains extensions, Wagga	100			Completed as per Developer needs
Retic. Mains extensions, Rural		30	493	
Reticulation etc for developers, Wagga	200		573	
Reticulation etc for developers, Rural		10		
Trunk mains extensions, Wagga	1000		208	Stirling Bvd completed. Planning progressing for West Wagga trunk main-construction re-scheduled for 2006-2008
Service connections, new	239		326	As required
Service connections, new		20	71	As required
TOTAL NEW WORKS	1909	140	2269	
Renew retic mains, Wagga	250		482	Kincaid, Evans Streets, Cullen Rd, Gormly Ave, Fernleigh Rd
Renew retic mains, Rural		80	40	Holloways Rd (Shepherd's Siding), Sydney Rd (Tarcutta)
Renew mains, waterworks to Bomen	125		1083	Stage 1 completed in advance due to deterioration of existing main
Renew trunk mains, rural		1117	2	Planning continuing for rural mains replacement at Wagga
Renew Services	120	30	150	As required
TOTAL RENEWALS	495	1227	1757	
SUB-TOTAL MAINS AND SERVICES	2404	1367	4026	
RESERVOIRS				
Replace Ten Mill Reservoir	100			Strategic Planning in progress – this item is for planning stage only. Purchase of land to occur in 06/07
Reservoirs, protective treatments, Wagga	130		21	Deferred to 06/07
Reservoirs, protective treatments, Rural		62		Deferred to 06/07

	2005/2006		Exp to date \$'000	Progress as at 30 th June 2006
	Wagga Urban \$'000	Townships & Rural \$'000		
Reservoirs, refurbish (Bruceedale)		36		Deferred to 06/07
Reservoirs, upgrade ladders and access, Wagga	45		5	Minor works only required
Reservoirs, upgrade ladders and access, Rural		20	40	Milbrulong reservoir Access renewed
Reservoirs, control valves and sys., Wagga	15		6	Minor works only required
Reservoirs, control valves and systems, Rural (incl. PSV)		20		Not started
SUB-TOTAL RESERVOIRS	290	138	72	
PUMP STATIONS AND BORES				
Pump stations, General improvements	10		6	Solar Cells for Estella PH control
Pump stations, flow recorders, Wagga	50		5	Minor work only – continue in 06/07
Pump stations, flow recorders, Rural		30	6	Minor work only – continue in 06/07
Renew pumps, motors & switchboards, Wagga	100		47	North Wagga No.2 Bore starter Koorungal No1 High Lift
Renew pumps, motors & switchboards, Rural		125	42	Ralvona and other rural switchboards updated
Upgrade pumps/additional pumps, Wagga	325		144	Pumphouse framing for West Wagga completed, brickwork and roofing to continue in 06/07. Bore Pumps upgraded at North and East Wagga
Upgrade pumps/additional pumps, Rural		110		Deferred to 06/07 due to delays in contruction of new Ralvona Bore
Refurbish pipework/fittings/structures, Wagga	25			Not started
Wagga bores renew/refurbish	150		74	Re-line No.2 Bore North Wagga
Rural bores, renew/refurbish		100	5	Ralvona Bore drilling finished, development proceeding
Walbundrie Bore includes 2 nd bore		80	16	Drilling finished, development proceeding
SUB-TOTAL PUMPSTATIONS & BORES	660	445	345	
TREATMENT PLANTS				
Treatment plants, general improvements, Wagga	195		166	New Chemical dosing systems, Water sampling system and HACCP plan development (including quality process gap analysis). Also includes some Sludge plant items
Treatment plants, general improvements, Rural		95	165	Lockhart Pump Station
Treatment plants, Safety Equipment, Wagga	20		41	Chlorination Upgrades
Treatment plants, Safety Equipment, Rural		5		No requirement this period
Specific improve., Wagga Rate Control Valve	20			Valves Maintained
Specific improvements, North Wagga – chlorination upgrade	25		10	Required Work complete
Specific improvements, Waterworks – CWS mixing	15			Deferred 06/07
Specific improvements, Rural Tarcutta Filters		60	36	Pilot work proceeding
Specific improvements, Collingullie upgrade		25	2	Planning and land acquisition completed. Work to proceed in 06/07
Specific improvements, Morundah upgrade		25	2	Minor Works completed. Remainder in 06/07
Specific improvements, Rural Chlorine Boosters		25		None this period
Environmental upgrading of plants (incl. Wagga)	180		622	Sludge Plant Commissioned
SUB-TOTAL TREATMENT PLANTS	455	235	1044	
METERS				
Water meters, replacement/upgrade Wagga	125		284	Replaced as required. Major replacement program commenced in November with 2000 meters replaced up to June 06
Water meters, replacement/upgrade Rural		45		As above
Water meters, additional Wagga	20			Progressing as required
Water meters, additional Rural		5		Progressing as required
Remote Metering	10	40		Progressing as required
SUB-TOTAL METERS	155	90	284	

	2005/2006		Exp to date \$'000	Progress as at 30 th June 2006
	Wagga Urban \$'000	Townships & Rural \$'000		
PLANT & EQUIPMENT				
Information technology, upgrade	300		127	IT audit completed – planning of implementation continuing
Office furniture and equipment	27	1	35	as required
Working plant and vehicles-purchases	750		749	as required
Fixed plant/tools/equipment	70	5	79	as required
SCADA system, upgrades	20	130	126	Upgrades ordered
CAD/GIS/Asset management system	80		78	Ongoing development
Communications equipment	40		28	Mobile phones upgraded
Laboratory Equipment	10	15	13	
SUB-TOTAL PLANT & EQUIPMENT	1297	151	1235	
GRAND TOTALS	5811	2601	7305	
GRAND TOTALS- WAGGA & RURAL COMB.	8412			

Services

Strategies / Actions	Progress to 30 th June 2006
<ul style="list-style-type: none"> Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs 	Customer needs met. Pipeline between Glen Oak and Hilltop developments completed. Springvale improvements completed.
<ul style="list-style-type: none"> Maintain network analysis of Wagga urban water system 	Data current. Network Analysis being integrated with GIS
<ul style="list-style-type: none"> Maintain the water supply infrastructure in good working order. Monitor the operation of the water supply system to ensure continuity of supply. 	Some but infrequent breakdowns. Continuity of supply.
<ul style="list-style-type: none"> 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. 	Response time.
<ul style="list-style-type: none"> 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. 	Level of complaints.
<ul style="list-style-type: none"> 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 th June 2006
<ul style="list-style-type: none"> Develop and maintain a rolling replacement plan for all assets with review every 3 years. Identify potential system capacity deficiencies and incorporate in capital works programme. Maintain water network analysis programme to identify timetable of system improvements and extensions. Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs. 	Program documented and being executed.

Sale of Assets

Strategies / Actions	Progress to 30 th June 2006
<ul style="list-style-type: none"> Monitor the plant and motor vehicle second hand market. Offer plant and vehicles for trade-in or alternate separate sale when appropriate. If all offers are unsatisfactory, consider disposal at an established public auction. 	Plant and vehicle replacements are up to date. Trade-in and auction prices monitored to achieve best outcome.
Scrap metal and other surplus sundry items will be made available for sale by written sealed offers.	Quotations received and Scrap Sold

Human Resources & OH & S

Objective	Means of achieving	Target – KPI's
Create an ongoing comprehensive structured system for managing health & safety at RWCC	NSCA 5-Star safety system with focus on achieving target in an annual grading audit. Annual audit.	4 Star Rating. 90% StateCover RiskChase.
Achieve maximum employee involvement in safety & provide feedback to staff & management	Quarterly safety performance review of all work teams Annual performance reviews.	90% (minimum score) by all work teams.
Ongoing development of safety system to satisfy legal obligations, monitor, report & improve	CIAP review with involvement in particular from supervisory & management levels. Realistic time frames to be documented.	100% of action items completed by the due date.
Integrate health & safety into "core" business goals, plans & improvement programs	Safety to be included as a topic for discussion at all official meetings, including Councillor meetings. Promote "duty of care" expectations of senior management & Councillors. Verified by record keeping e.g. record in minutes.	All official meetings to include SAFETY as an agenda item and to be recorded in minutes. Measured by internal team audit report.
Meet legal requirements, promote awareness of individual safety responsibilities	Review legal requirements, assess training needs on an annual basis & provide training as identified.	All staff to be trained to the specific level of OH & S knowledge required as per their individual skills list; ie. Basic, Advanced.
Identify hazards to reduce workplace injury/accidents	Hazards being identified by employees & formal reporting of near misses, incidents, accidents. Maintenance of one (1) central hazard register.	Items on Hazard Register being prioritised and addressed. Regular meetings to ensure progress through Hazard Register.
Create a culture where everyone is involved in safety	Facilitate team meetings; encourage all employees to freely share ideas, promote & encourage involvement & provide feedback	Team meetings to be held every month. Measured by internal team audit report.
Identify near misses	Employees to report and document all reported sightings, or verbal confirmation of near misses utilising supplied Near Miss/Incident forms. Managers, supervisors to continually promote importance of identifying & reporting Near Miss occurrences	Incidents and near misses being reported.
Reduce motor vehicle incidents	Promote compliance with safe driving policy; monitor rosters & stand down times to combat fatigue levels; investigate motor vehicle incidents; provide information, instruction & training	Zero "at fault" vehicle incidents.
Reduce risk of injury in the workplace	Safe work procedures to be discussed, developed, trialled, & communicated following consultation with staff. Encourage involvement in workplace design, methods & changes.	Improved work place methods, and a safe work procedure developed for all tasks identified as high risk. Accident and Incident Review Committee established

Objective	Means of achieving	Target – KPI's
Compliance with Council's policies and safe work procedures to reduce the risk of injury in the workplace	Consultation & input from staff when developing policies & safe work procedures. Employees not complying with Council's policies & safe working procedures will be counselled & requested to comply. Any subsequent failure to comply will be reported & the disciplinary procedures as stated in Council's award will then be applied.	No evidence of the need for disciplinary action to be implemented within the past 12 month period. Accident and Incident Review Committee will make recommendations to G.M. in this regard.
Higher morale amongst employees	Consultation, guidance & expectations to be clearly defined during a one-to-one private interchange session. Informative discussion on business goals & future company directions to be included	Performance and development review meeting (exchange of information between the individual & their supervisor) on an annual basis. To be formally documented.
Provide information & support for wellbeing of staff and families	Regular distribution of information – safety newflash, tapped in take home magazine, Employee Assistance Program, Free external counselling service	Staff usage of Counselling Service. Feedback from employees.
Facilitate communication between management & staff	OH&S Committee established to provide support, facilitate communication & make recommendations to management on safety issues	Meetings scheduled every two months, measured on internal team audit report. Review minutes of meetings to ensure issues are resolved.
Reduce the cost of injuries & premiums	Prompt reporting of injuries & timely injury management	Suitable duties provided & Return-to-Work plans for individual case management.

Environmental Protection

Strategies / Actions	Progress to 30 th June 2006
<ul style="list-style-type: none"> Water returned to the environment from the filtration plant will be monitored for quality. 	EPA standards achieved.
<ul style="list-style-type: none"> All field work-sites will be protected and restored to eliminate degradation. 	No soil loss or siltation. Vegetation restored.
<ul style="list-style-type: none"> Soiled water from Urban field site works will be returned for proper disposal. 	No soiled water entering town drainage systems.
<ul style="list-style-type: none"> Electrical efficiency will be considered in infrastructure design. 	Reduced electricity use per kilolitre of water produced. Lockhart variable speed pumps installed
<ul style="list-style-type: none"> Marshalls Creek environmental project to restore native vegetation and protect creek bed. 	Native vegetation restored. Stable creek bed.
<ul style="list-style-type: none"> Unaccounted for water measured wherever possible, and identified losses reduced. Early detection and repair of leaks. 	Percentage of water unaccounted for is 12.5% (target 10%). Meter replacement program commenced and continuing on full time basis
<ul style="list-style-type: none"> Participation in joint activities. 	Group outcomes. IWCM with Wagga Wagga City Council
<ul style="list-style-type: none"> Co-operation with other Councils in effluent re-use. 	Increased re-use where appropriate.
<ul style="list-style-type: none"> Water pricing that gives incentive to avoid waste, coupled with customer education and information. 	Two part tariff achieved. Reduced consumption per tenement.
<ul style="list-style-type: none"> Encourage and advise on possible water saving devices. 	Reduced consumption per tenement. Extensive education via various media. Participation in Schools Water Week forum

Financial & Revenue Pricing

Strategies / Actions	Progress to 30 th June 2006
<ul style="list-style-type: none"> To continue a two part tariff, with a differential applying between Wagga Wagga & Rural, subject to some concession for large year round users. 	Two part pricing applied, concessional pricing for large industry.
<ul style="list-style-type: none"> New capital works are to continue to require capital contributions from developers. Specific works will be at full cost to the developer while headworks will be partly developer and partly water sales funded, as per the Development Servicing Plan 	Funding balance achieved. Developer Servicing Plan in use.

CONTRACTS AWARDED DURING THE YEAR

Section 428 (2) (h)

VINIDEX	Supply of pipes	\$114,550
IPLEX	Supply of pipes	\$214,539

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)

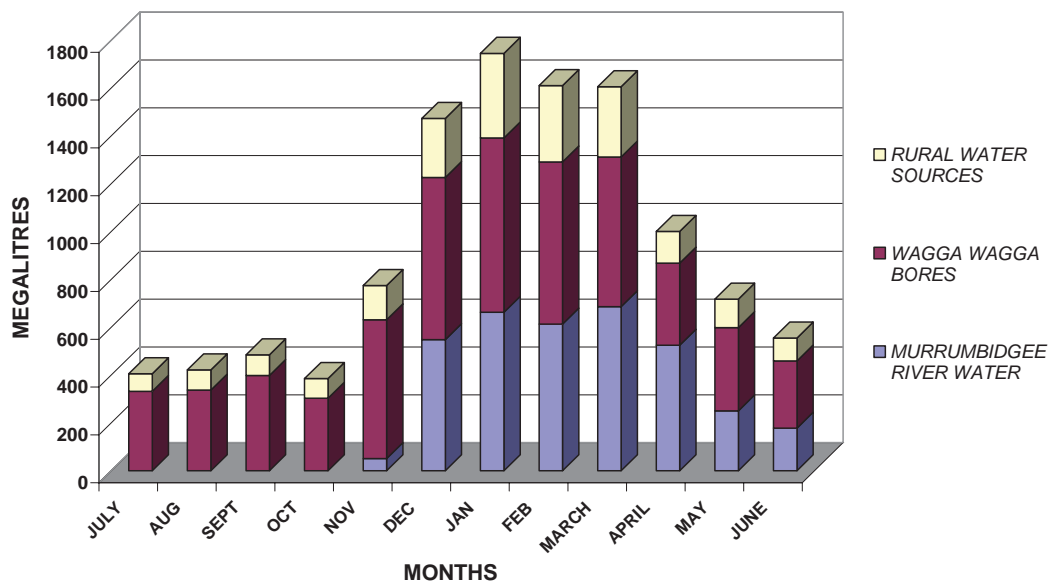
In accordance with Department of Energy, Utilities and Sustainability Best-Practice Management of Water Supply Council adopted Development Service Plan at its Meeting on 21st October 2004. The draft DSP was placed on public exhibition after Council's meeting on 25th August 2004.

The Calculated Developer charge in the DSP is \$4388 and Council resolved to incrementally increase the current charge of \$1800 to \$3300. The charge for 2005/06 was \$2300, and as reported in Council's 2005/06 financial statements that a total cross-subsidy in developer charges for 2005/06 was \$2088 per equivalent tenement.

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 2408 megalitres in January 2006 compared to the record of 2635 megalitres in January 2002, while the full year total of 16,390 megalitres, this was a 2.7% increase on last years consumption of 15,954 megalitres.

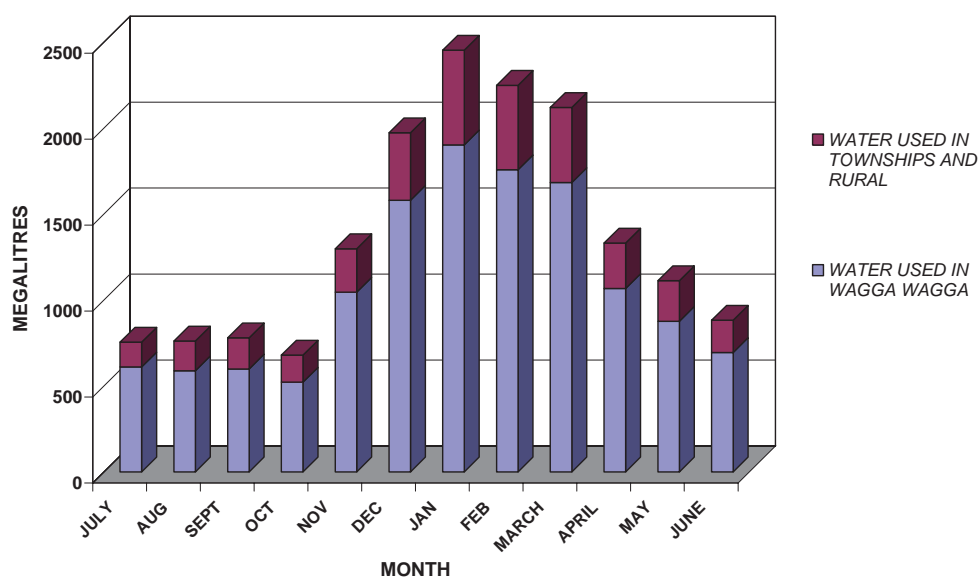
2005/ 2006 WATER PRODUCED



Water Use

	MEGALITRES USED			
	2002/2003	2003/2004	2004/2005	2005/2006
East Bomen	487	410	382	287
Estella	768	689	735	748
North Wagga	1044	1043	1171	1007
Wagga Wagga – Low Level	2809	2596	2808	2531
Wagga Wagga – High Level	8294	7563	7349	7857
Wagga Wagga – Bellevue Level	498	463	494	495
SUB-TOTAL	13,900	12,764	12,939	12,924
Ladysmith	78	72	57	77
Brucedale	330	291	307	295
Currawarna	145	131	136	150
Rural south from Wagga Wagga	1767	1494	1274	1555
Rural from Walla Walla Bore	203	181	140	165
Milbr., Lockhart and Boree Creek	384	339	332	383
Urana and Oaklands	305	260	241	249
Holbrook	364	330	295	343
SUB-TOTAL	3575	3098	2772	3218
Woomargama	21	17	14	18
Humula	13	14	17	10
Tarcutta	70	58	51	59
Oura	46	45	39	47
Walbundrie	11	10	16	34
Rand	19	19	16	0
Morundah	11	9	8	10
Collingullie	85	75	82	71
SUB-TOTAL	275	247	243	248
TOTAL	17,750	16,109	15,954	16,390
AVERAGE RESIDENTIAL CONSUMPTION	KILOLITRES			
	2002/2003	2003/2004	2004/2005	2005/2006
Urban	404	378	341	370
Non Urban	549	484	449	462

2005/2006 WATER USED



NEW CUSTOMERS

New consumers were connected at the various centres listed below:

LOCATION	NUMBER CONNECTED					
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Boree Creek			2			1
Brucedale-The Gap	3	4	1	3	8	3
Bulgary		2			2	
Collingullie	2	2				
Culcairn		1				1
Currawarna	1	1	2	2		1
Forest Hill		4				
Henty	1	2	1	5	2	3
Holbrook		5	1	7	13	7
Humula		1				
Ladysmith	2	2				1
Lockhart		2	1	6	5	1
Mangoplah	1		4		6	
Milbrulong		1				
Morundah		1				
Morven		1				1
Oaklands		1				
Oura	1			3	2	2
Pleasant Hills	3		6			
Rand						
San Isidore						
Tarcutta	3			1	1	
The Rock		1	5	7	7	5
Urana	3		2	5	1	1
Uranquinty	3	6		5	1	1
Wagga Wagga	166	278	280	334	380	329
Walbundrie			1			1
Walla Walla	1		3	1	5	6
Woomargama				1		
Yerong Creek		1				1
TOTALS	190	316	309	380	433	365

Total customers at 30th June 2006:

Residential - single dwellings	23,553
multiple dwellings	435
Non-Residential	<u>2,149</u>
Total connected customers	<u>26,137</u>

Pipeline Losses

Estimated pipeline losses due to bursts over the past 3 years are shown in the following table. While every burst or leak is of concern, the total is not excessive for a network of 1270 km of pipelines.

YEAR	WAGGA WAGGA		RURAL	
	BURST MAINS	ESTIMATED LOSS ML	BURST MAINS	ESTIMATED LOSS ML
2000/2001	111	13.3	260	50
2001/2002	138	5.8	174	28
2002/2003	156	21.1	153	26
2003/2004	149	1.9	121	18
2004/2005	156	1.0	119	19
2005/2006	200	1.1	138	24

CONSTRUCTION

Pipeline Construction

Pipelines were constructed in sizes ranging from 50mm diameter to 450 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	10965.5	8272.5
Rural & Village	210	475.5

An extensive capital works programme was carried out in 2005/2006 including among other things, the following significant items:

System Extensions and Improvements

2005/06 has seen continued strong growth in new residential developments in Wagga Wagga, particularly in rural residential areas on the southern edge of the city. To meet the demands of this growth has required system improvements as well as the routine mains extensions into the new developments.

System improvements have included a 375mm mains extension along Springvale Road to strengthen supply to the southern rural residential areas, a pipeline along the Holbrook Road to provide an interconnection between the Glen Oak and Bellevue systems and new pipelines to improve pressures in the Quambi Place, Amsterdam Crescent .

Mains Replacements

An extensive mains replacement program continued throughout 2005/06. This program is needed to ensure that the aging sections of our infrastructure are replaced as needed and remain reliable.

The more significant mains replacement works included 4 km of 375mm mains at Bomen and the Cullen Road/ Gormly Avenue area in Wagga Wagga.

The Bomen mains replacement project also provided an opportunity to increase the size of the pipelines (they were originally 200mm) to cater for future demands on the north side of the Murrumbidgee River.

Rural Trunk Mains

There has been no significant construction of rural trunk mains during 2005/06.

The proposed rural extension to serve the Urangeline/Bidgeemia area has been designed and materials ordered. Construction is planned to commence in late July 2006. This scheme will initially supply 24 rural consumers and has been financed by property owner contributions and Federal Government assistance through a DOTORS (Department of Transport and Regional Services) Regional Partnerships Funding Agreement.

Pumping Stations

A booster pumping station was completed at Lockhart prior to the 2005/06 summer. The pumping station includes variable speed pumps that automatically adjust to cater for varying demands in the rural system west of Lockhart.

Work has also commenced on extensions to the main pumphouse structure at the West Wagga Aeration site. This work will complete the structural work that was commenced with the duplication of aeration facilities in 2003/04. The extended pumphouse allows for installation of additional pumps to service future demands from Wagga Wagga (South), rural areas and San Isadore area.

Treatment Plants

The \$1.6 million sludge treatment plant at the Wagga Wagga water treatment facility was completed prior to the 2005/06 summer demand period. This plant treats all the sludge and backwash water produced from the filtration plant so that any waste returned to the river meet EPA licence requirements.

The remaining sludge is in a dewatered state and is disposed of in landfill.

Completion of the Sludge Treatment Plant has allowed the full capacity of the water treatment plant to be utilised. Prior to completion of the sludge plant, and in order to meet EPA requirements, the water treatment plant was only able to operate at half capacity.

WATER QUALITY MEASURES

A pilot iron and manganese pilot plant has continued to run successfully at Collingullie over the last 12 months. Some design modifications have been made and the conversion to a permanent installation will proceed in late 2006.

Investigations into iron removal options at Tarcutta have continued. Arrangements for a pilot water treatment plant at Tarcutta have taken longer than expected to arrange. It is anticipated that a pilot dissolved air flotation plant will be available for pilot testing before the end of 2006. More effective removal of iron is required at Tarcutta before a chlorination system can be commissioned.

During the latter part of the 2004/05 financial year, a risk management and quality management approach to water quality was formally commenced at Riverina Water. The basis of this approach is the HACCP (Hazard Analysis and Critical Control Point) system which has been adopted internationally by the food industry. This approach fits in well with the quality approach recommended by the 2004 Australian Drinking Water Guidelines and is not dissimilar to the quality approach we have adopted with safety.

The Australian Drinking Water Guidelines states, in relation to preventative strategies, "The most effective means of assuring drinking quality and the protection of public health is through adoption of a preventative management approach that encompasses all steps in water production from catchment to consumer". The HACCP process has been guiding us through such a strategy and assisted in producing a "Water Quality Management System and Manual".

The Water Quality Management System has involved input from all areas of Council's operation and recognises how all work areas have responsibilities to ensure that our consumers receive a quality water supply product.

It is anticipated that a final draft water quality manual will be ready for approval and that HACCP certification will occur by the end of 2006.

RAAF BASE

Towards the end of 2005/06, the Defence Forces advise Council that they would require a potable water supply to the Forest Hill RAAF Base. They have now decided to retain their existing bore supplies for non-potable use (mainly irrigation of gardens, golf course, parade grounds etc). Riverina Water will provide all potable water to the base.

Design will proceed for interim supply as well as future supplies to the RAAF base and Forest Hill in general.

SUSTAINABILITY OF UNDERGROUND WATER SUPPLIES

The Department of Natural Resources have commenced a project to assist Riverina Water in determining the long term sustainability of the underground aquifers at Wagga Wagga. Modelling of the underground water system was well advanced at the end of 2005/6 and was proceeding through a rigorous validation process.

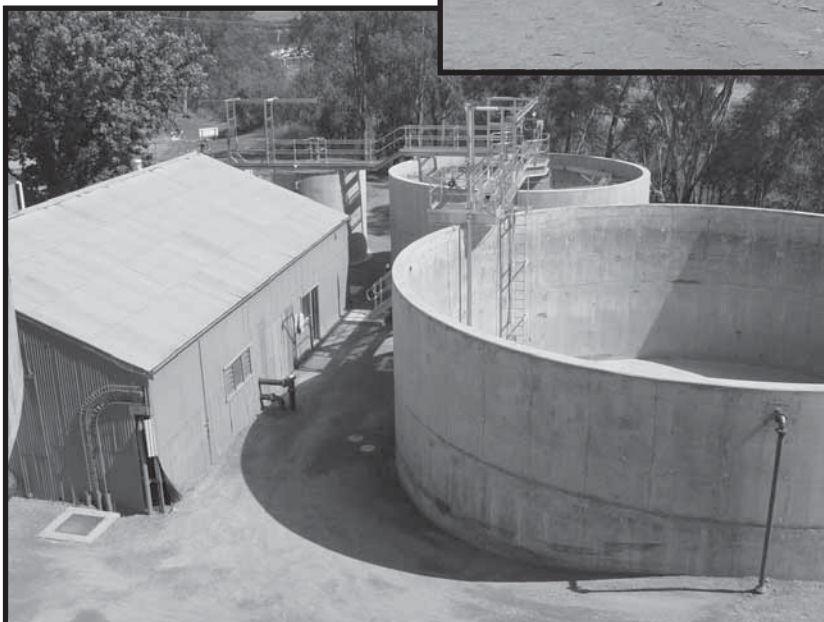
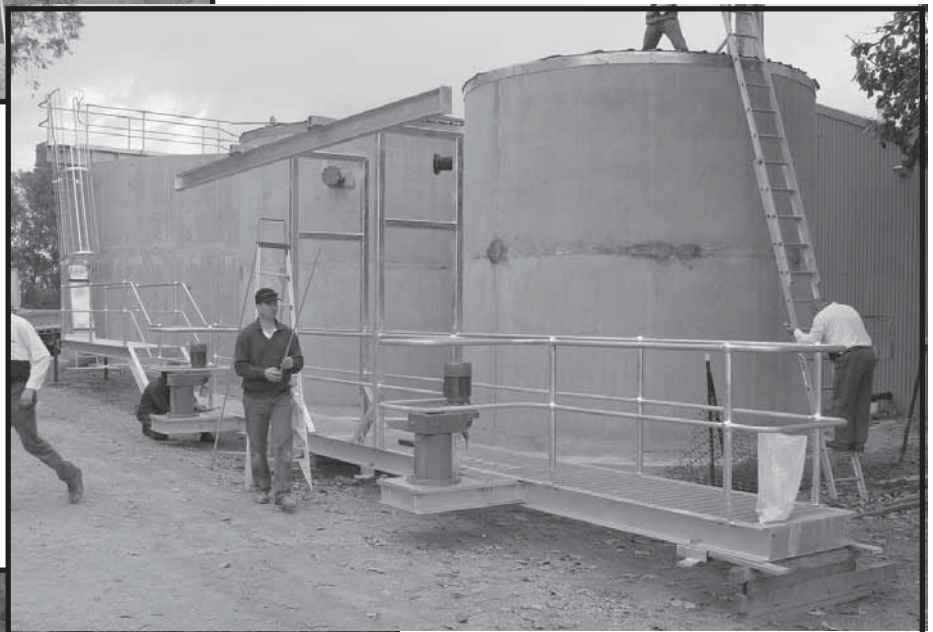
Once the model is validated, various scenarios will be put to the model and the results will provide direction for our future utilisation of the underground resources. Complex optimisation techniques will also be used to assist in developing operational and longer term management plans for the underground resource.

Sludge Treatment Plant Waterworks Hammond Avenue Wagga Wagga

Installation of washwater pumpstation. Pumpstation 5 m deep, picture shows fill being compacted after the first section of the station has been installed.



Assembled bridge between Thickened Sludge Tanks and Thickener reading to be placed on tanks



View of the Sludge Treatment Plant from Floc Tanks, showing the completed tanks, walkways, access ladders and gantries.



Tarcutta Pilot Plant
Peter Outtrim

Inspection of Holbrook
Balance Tank
May 2006



**Country Energy's
"Energy Safety
Solutions" Field Day
Held in Dubbo June
2006**

Riverina Water's OHS Coordinator Daryl Ryan (standing) and Director of Engineering Peter Clifton (seated) give a presentation on Confined Space Procedures



Urangeline/Bidgeemia
main construction
Kristian Kendall
at controls of Trencher



Construction of
Bomen Rising Main
Using 450mm sleeved
ductile iron pipe

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 2005/2006 are set out below:

Urban Section:

(i) Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2005/2006	Non-Stepped Tariff	70 c per kl	\$20.00	\$10.00

(ii) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2005/2006	1- 3000 kls/month Balance above 3000 kls/month	70 c per kl 60 c per kl	\$30.00	\$10.00

(Access Charge for non-metered connected Commercial premises \$60.00 per quarter).

Non-Urban Section:

(iii) Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2005/2006	Non-stepped tariff	82 c per kl	\$25.00	\$10.00

(iv) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2005/2006	1 to 3000 kls/month Balance above 3000 kls/month	82 c per kl 72 c per kl	\$31.25	\$10.00

(Access Charge for non-metered connected Commercial premises \$62.50 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	Weighted Remaining Life	Remaining Life Value at June 2006 \$'000
Water Mains – distribution, rural & reticulation	Iron 75 yrs Other 50 yrs	124,595	38.0 yrs	69,992
Reservoirs – 61 off	Steel 75 yrs Conc. 100 yrs	33,252	62.8 yrs	18,647
Pumping Stations – 70 off	*	13,110	-	6,555
Water Treatment Plants – 14 off Aeration – 7 Filtration – 7	75/100 yrs	32,551	55.1 yrs	16,512
Water Supply Bores – 26	25 yrs Stainless steel-40 yrs	2,406	20.3 yrs	1,098
Land & Buildings – other	-	3,295	-	3,118
TOTAL		209,209		115,922

* Pumping stations include components of various ages and life spans. An average remaining life of 50% has been assumed.

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 2004/2005 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.

Works	Improvement Need \$000	Annual Upgrading or Renewal Need \$000	2005/2006 Upgrading or Renewal Programme \$000	Annual Maintenance Need \$000	2005/2006 Maintenance Programme \$000
Water Mains – Trunk & Rural	9,194	2,200	1,250	723	540
Water Mains – Reticulation					
Reservoirs	58	200	58	74	110
Pumping Stations & Bores	500	460	215	437	550
Treatment Plants	850	400	48	73	56

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[I] [a])

No overseas visits undertaken by Councillors and others representing Council during 2005/2006.

RATES & CHARGES WRITTEN OFF

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

Pensioner Rebates written off totalled	\$334,972
A Pensioner subsidy was received for the value of	\$192,841
Sundry Write-offs totalled	\$ NIL

FREEDOM OF INFORMATION

In accordance with the provisions of the *Freedom of Information Act, 1989*, Council has completed its annual statistics for the twelve month period ended 30th June 2005. No applications were received by Council during the 2004/2005 period. Council has not received any enquiries from the Ombudsman under the *Freedom of Information Act* nor has it received any appeals under that Act to the District Court or the Supreme Court.

Statistical Details

F.O.I. REQUESTS	PERSONAL	OTHER	TOTAL
NEW	NIL	NIL	NIL
<u>BROUGHT FORWARD</u>	NIL	NIL	NIL
TOTAL TO BE PROCESSED	NIL	NIL	NIL
COMPLETED	NIL	NIL	NIL
TRANSFERRED OUT	NIL	NIL	NIL
<u>WITHDRAWN</u>	NIL	NIL	NIL
<u>TOTAL PROCESSED</u>	NIL	NIL	NIL
UNFINISHED (C/F)	NIL	NIL	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 2005/2006 period.

CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX (GST)

In accordance with a resolution of the members of Riverina Water County Council, we declare on behalf of Riverina Water County Council that in our opinion Council:

- (i) Council has the necessary design documentation and maintenance of its
GST Management system, and
- (ii) Complies with the requirements of the GST legislation.

*Signed in accordance with a Resolution of Council
Dated 23rd August 2006*



.....
Clr. L. Vidler
CHAIRPERSON



.....
Clr. P. Yates
DEPUTY CHAIRPERSON



.....
Mr. G.W. Pieper
GENERAL MANAGER



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER

FINANCIAL REPORTS

Section 428 (2) (a) - Financial Reporting

Financial Reports for the year ending 30th June 2006

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RIVERINA WATER COUNTY COUNCIL**GENERAL PURPOSE FINANCIAL REPORT****INDEPENDENT AUDITORS' REPORT****SCOPE**

We have audited the general purpose financial reports of Riverina Water County Council for the year ended 30 June 2006, comprising the Statement by Councillors and Management of the Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with those Australian Accounting concepts and standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the result of their operations and their cash flows.


The audit opinion expressed in this report has been formed on the above basis.

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.

Yours faithfully

JOHN L BUSH & CAMPBELL
A blue ink signature of P J King, written in a cursive style, is placed over the firm's name and title.
P J King
Partner

8 September 2006

PK/TH/RIVERWA/HIS

29 September 2006

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

Dear Sir:

Having completed an examination of the books of account and associated records of the Riverina Water County Council for the 12 months ended 30 June 2006 we 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 2006 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 \$1.674 million. In addition Council received contributions for capital purposes of \$1.089 million and recorded a net loss on disposal of assets of \$17 thousand. The total change in net assets resulting from operations was \$2.763 million.

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

	2006 \$000	2005 \$000	2004 \$000	2003 \$000	2002 \$000
Net Assets 1 July 1997	20,627	20,627	20,627	20,627	20,627
Asset Revaluation	81,439	81,439	81,439	78,745	75,207
Change in net assets resulting from operations	26,695	23,932	21,647	17,409	12,849
Net Assets 30 June	<u>\$128,761</u>	<u>\$125,998</u>	<u>\$123,713</u>	<u>\$116,781</u>	<u>\$108,683</u>

The years operations both in terms of the result for the year and the contribution that result had to the financial position of the Council was excellent.

Australian Equivalents to International Financial Reporting Standards

The 2006 financial report is the first report prepared under Australian Equivalents to International Financial Reporting Standards. The standards apply retrospectively with the transition date being 1 July 2004.

The major change for Riverina Water County Council is that previously the Council was recognising their non current assets at valuation. Under the transitional provisions the Council is able to recognise the value of non current assets at 1 July 2004 at deemed cost. Under deemed cost the Council does not need to revalue their non-current assets every year reducing compliance costs and time. The result of taking up this option for the Council was as follows:-

- a revaluation performed in 2005 had to be written back. The effect of this entry was to reduce the value of non current assets by \$3.770 million and the asset revaluation reserve by \$3.061 million and retained earnings by \$709 thousand.
- a review of the non current assets at 1 July 2004 indicated that their value in the accounts was impaired. Under new standards this required the non current assets to be written down by \$710 thousand with a corresponding reduction to retained earnings.

Cash Investments and Working Capital

The operating result for the year has increased Council's equity and working capital. This result is directly attributable to increased income whilst containing operating expenses.

	2006 \$000	2005 \$000	2004 \$000	2003 \$000	2002 \$000
Cash (overdraft)	5	17	73	73	4
Investment	15,058	15,460	15,297	13,813	11,265
Working Capital	13,485	16,363	16,243	14,322	11,705

Cash and Investments held at the close of the year amounted to \$15.063 million. The statement of cashflows which includes bank overdrafts shows a decrease in cash of \$414 thousand. Cash and Investments have not been restricted in their use by any externally imposed requirements. However they are restricted by internally imposed requirements. The healthy position of Council's working capital is reflected in the performance indicators detailed in the financial reports.

Actual Performance Compared to Budget

	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2005 Budget \$000	2004 Actual \$000	2004 Budget \$000
Revenue						
Rates and Annual Charges	2,448	2,433	2,406	2,383	2,364	2,352
User charges and fees	10,262	9,562	9,112	8,737	9,514	8,736
Interest	853	525	771	456	698	470
Grants and Contributions	1,288	844	1,882	1,675	189	185
Other	427	410	716	397	732	323
Gain on disposal of assets	(17)	27	(23)	27	82	27
	15,261	13,801	14,864	13,675	13,579	12,093
Expenses	12,498	12,190	11,870	11,636	9,341	10,509
Operating Result	\$2,763	\$1,611	\$2,994	\$2,039	\$4,238	\$1,584

Equity

The equity of council has increased each year and demonstrates the steady growth arising from yearly positive operating results.

	2006 \$000	2005 \$000	2004 \$000	2003 \$000	2002 \$000
Non Current Assets	119,741	116,639	114,956	110,467	105,304
Non Current Liabilities	4,465	7,004	7,486	8,008	8,326
Working Capital	13,485	16,363	16,243	14,322	11,705
Equity	\$128,761	\$125,998	\$123,713	\$116,781	\$108,683


Other Matters

It is evident that at June 2006 the Council continues to preside over a fundamentally sound balance sheet. The excellent result for 2006 on top of the previous years continues Councils very strong position.

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.

Yours faithfully

JOHN L BUSH & CAMPBELL

P J King
Partner

RIVERINA WATER COUNTY COUNCIL

STATEMENT BY COUNCILLORS AND MANAGEMENT OF THE COUNCIL

Pursuant to Section 413 (2) (c) of the Local Government Act 1993 (as amended), and in accordance with a resolution of the members of Riverina Water County Council, we declare on behalf of Riverina Water County Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Riverina Water County Council as at 30th June 2006 and transactions for the twelve months then ended.
2. The Statements have been prepared in accordance with the provisions of 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.
3. All information provided has been prepared in accordance with the requirements of the Financial Statement Guidelines for NSW Councils.

Further, we are not aware at this time of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

*Signed in accordance with a Resolution of Council
dated 23rd August 2006.*



.....
Clr. L. Vidler
CHAIRPERSON
23rd August 2006



.....
Clr. P. Yates
DEPUTY CHAIRPERSON
23rd August 2006



.....
Mr. G.W. Pieper
GENERAL MANAGER
23rd August 2006



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER
23rd August 2006

RIVERINA WATER COUNTY COUNCIL

INCOME STATEMENT For the year ended 30th June 2006

Original Budget 2006 \$'000		Notes	Actual 2006 \$'000	Actual 2005 \$'000
	INCOME FROM CONTINUING OPERATIONS			
2,433	Rates and Annual Charges	3(a)	2,448	2,406
9,562	User Charges and Fees	3(b)	10,262	9,112
525	Interest and Investment Income	3(c)	853	771
410	Other revenues	3(d)	427	716
194	Grants and Contributions provided for operating purposes	3(e&f)	199	195
650	Grants and Contributions provided for capital purposes	3(e&f)	1,089	1,687
27	Net gain from the disposal of assets	5		
13,801	TOTAL INCOME FROM CONTINUING OPERATIONS		15,278	14,887
	EXPENSES FROM CONTINUING OPERATIONS			
5,086	Employee benefits and on-costs	4(a)	4,230	4,072
760	Borrowing Costs	4(b)	730	755
1,175	Materials and Contracts	4(c)	1,761	1,202
3,830	Depreciation	4(d)	3,875	3,940
1,339	Other expenses	4(e)	1,902	1,901
	Net loss from the disposal of assets	5	17	23
12,190	TOTAL EXPENSES FROM CONTINUING ACTIVITIES		12,515	11,893
1,611	NET OPERATING RESULT FOR THE YEAR		2,763	2,994
961	NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES		1,674	1,307

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

RIVERINA WATER COUNTY COUNCIL

BALANCE SHEET as at 30th June 2006

	Notes	Actual 2006 \$'000	Actual 2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6a	15,063	15,477
Receivables	7	1,671	1,775
Inventories	8	1,078	890
Other	8	48	134
TOTAL CURRENT ASSETS		17,860	18,276
NON-CURRENT ASSETS			
Infrastructure, Property, Plant and Equipment	9	119,741	116,639
TOTAL NON-CURRENT ASSETS		119,741	116,639
TOTAL ASSETS		137,601	134,915
CURRENT LIABILITIES			
Payables	10	915	474
Interest bearing liabilities	10	2,492	605
Provisions	10	968	834
TOTAL CURRENT LIABILITIES		4,375	1,913
NON-CURRENT LIABILITIES			
Interest bearing liabilities	10	2,492	4,978
Provisions	10	1,973	2,026
TOTAL NON-CURRENT LIABILITIES		4,465	7,004
TOTAL LIABILITIES		8,840	8,917
NET ASSETS		128,761	125,998
EQUITY			
Retained earnings		47,322	44,559
Reserves		81,439	81,439
TOTAL EQUITY		128,761	125,998

The above Balance Sheet should be read in conjunction with the accompanying notes.

RIVERINA WATER COUNTY COUNCIL

STATEMENT OF CHANGES IN EQUITY
For the Year ended 30th June 2006

	TOTAL		ACCUMULATED SURPLUS		ASSET REVALUATION RESERVE	
	ACTUAL 2006 \$'000	ACTUAL 2005 \$'000	ACTUAL 2006 \$'000	ACTUAL 2005 \$'000	ACTUAL 2006 \$'000	ACTUAL 2005 \$'000
Balance at beginning of the reporting period	125,998	123,004	44,559	41,565	81,439	81,439
Change in equity recognised in the statement of financial performance	2,763	2,994	2,763	2,994		
Transfers to asset revaluation reserve						
Transfer from asset revaluation reserve						
Balance at end of the reporting period	128,761	125,998	47,322	44,559	81,439	81,439

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

RIVERINA WATER COUNTY COUNCIL

STATEMENT OF CASH FLOWS **For the Year ended 30th June 2006**

Budget 2006 \$'000		Notes	Actual 2006 \$'000	Actual 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<u>Receipts:</u>				
2,433	Rates and annual charges		2,433	2,383
9,562	User charges and fees		10,173	9,100
525	Investment revenue and interest		885	1,058
844	Grants and Contributions		1,301	1,929
410	Other		424	723
<u>Payments:</u>				
(3,450)	Employee benefits and on-costs		(4,230)	(4,072)
(295)	Materials and contracts		(1,761)	(1,202)
(760)	Borrowing Costs		(732)	(758)
(4,130)	Other		(1,313)	(2,151)
5,139	Net cash provided (or used) in operating activities	11(b)	7,180	7,010
CASH FLOWS FROM INVESTING ACTIVITIES				
<u>Receipts:</u>				
302	Sale of investments			
364	Sale of infrastructure, property, plant and equipment		310	464
<u>Payments:</u>				
(8,334)	Purchase of infrastructure, property, plant and equipment		(7,305)	(6,819)
(7,668)	Net cash provided by (or used in) investing activities		(6,995)	(6,355)
CASH FLOWS FROM FINANCING ACTIVITIES				
<u>Payments:</u>				
(605)	Borrowings and advances		(599)	(548)
(605)	Net cash provided by (or used in) financing activities		(599)	(548)
(3,134)	Net increase/(decrease) in cash and cash equivalents		(414)	107
14,944	Cash and cash equivalents at beginning of reporting period	11(a)	15,477	15,370
11,810	Cash and cash equivalents at end of reporting period	11(a)	15,063	15,477

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

RIVERINA WATER COUNTY COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2006**

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. The Local Government Reporting Entity**

Council's office is located at 91 Hammond Avenue, Wagga Wagga NSW 2650.

2. Basis of Accounting

Council is responsible for the water supply functions within Lockhart, Urana, Wagga Wagga and part Greater Hume local government areas.

2.1 Compliance

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations, and Financial Reporting Guidelines for NSW Councils.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the financial statements and notes of NSW Council comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements until 30th June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. Council has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1st January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Council's equity and its net income are given in note 21.

Council is required to comply with AAS 27 Financial Reporting by Local Government, and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied. Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply. The specific "not for profit" reporting requirements also apply.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

3. Revenue Recognition

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 annual year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the charge.

A provision for doubtful debts has not been established as unpaid annual charges and user charges represent a charge against the 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.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution and it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

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

User charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Sale of plant, property, infrastructure 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

Interests and 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.

4. Principles of Consolidation**(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.

(ii) The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all moneys 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 moneys.

5 Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. 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.

6. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for 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.

7. 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.

8. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. A provision for doubtful 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 receivables.

9. Investments

Investments are recognised at cost. Interest revenues are recognised as they accrue.

10. Investment and other Financial Assets

From 1st July 2004 to 30th June 2005

Council has taken the exemption available under AASB1 to apply AASB 132 and AASB 139 only from 1st July 2005. Council has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Adjustments on transition date: 1st July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivable which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1st July 2005) changes to carrying amounts are taken to retained earnings or reserves.

From 1st July 2005

Council classifies its investments in the following categories; financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

11. 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 nominal value less estimated adjustments of trade receivables and payables are assumed to approximately 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.

12. Infrastructure, Property, Plant and Equipment

All infrastructure, property, plant and equipment (except for investment properties – refer note 1(n)) is stated at cost (or deemed cost) less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant & Equipment	Capitalise if value > \$1,000
Office Equipment	Capitalise if value > \$1,000
Furniture & Fittings	Capitalise if value > \$1,000
Land - council land	Capitalise
Buildings - construction / extensions	Capitalise
- renovations	Capitalise if value > \$1,000
Other Structures	Capitalise if value > \$1,000

The asset's residual values and useful lives are reviewed, and adjusted if 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

13. Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

14. Borrowings

Loans are carried at their principal amounts, which represent the preset value of future cash flows associated with servicing the debt. Interest is accrued over the period it became due and is recorded as part of other creditors.

15. Borrowing Costs

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

16. Employee Benefits

(i) Wages and salaries, annual leave and sick-leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(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.

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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

"The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119. Sufficient information is not available to account for the Scheme as a defined benefit plan because the assets to the Scheme are pooled together for all Councils. The last valuation of the Scheme was performed by Mr. Martin Stevenson BSc, FIA, FIAA on 18th March 2004 and covers the period ended 30th June 2003. This valuation found that the Scheme's assets were \$2,453.7million and its past service liabilities \$2,251.7million, giving it a surplus of \$202.0million. The existence of this surplus has resulted in Council's contributing in 2005/2006 at half the normal level of contributions. The financial position is monitored annually".

Contributions to defined contributions 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.

17. Rounding of amounts

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

18. Allocation between Current and Non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liabilities 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. 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

19. New Accounting Standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30th June 2006 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

(i) *UIG 4 Determining whether an Asset contains a Lease*

UIG 4 is applicable to annual periods beginning on or after 1st January 2006. Council has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. Council will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1st July 2006. Implementation of UIG 4 is not expected to change the accounting for any of Council's current arrangements.

(ii) *UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

Council does not have interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation will not affect the Council's financial statements.

(iii) *AASB 2005-9 Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 & AASB 132)*

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1st January 2006. The amendments relate to the accounting for financial guarantee contracts. Council has not entered into any financial guarantee contracts and there will be no effect on the Council's financial statements.

(iv) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038)*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1st January 2007. Council has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the financial instruments.

(v) *UIG 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

UIG 6 is applicable to annual reporting periods beginning on or after 1st December 2006. Council has not sold any electronic or electrical equipment on the European market and has not incurred any associated liabilities. This interpretation will not affect Council's financial statements.

(vi) *AASB 2005-6 Amendments to Australian Accounting Standards (AASB 121)*

AASB2005-6 is applicable to annual reporting periods ending on or after 31st December 2006. The amendment relates to monetary items that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. Council does not have any monetary items forming part of a net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 2(a)

FUNCTIONS

	INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE WATER SUPPLY FUNCTIONS. DETAILS OF THIS FUNCTION IS PROVIDED									
	INCOME FROM CONTINUING OPERATIONS		EXPENSES FROM CONTINUING OPERATIONS		OPERATING RESULTS FROM CONTINUING OPERATIONS		GRANTS INCLUDED IN INCOME FROM CONTINUING OPERATIONS		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
FUNCTION	Orig Budget 2006 \$'000	Actual 2006 \$'000	Orig Budget 2006 \$'000	Actual 2006 \$'000	Orig Budget 2006 \$'000	Actual 2006 \$'000	Orig. Budget 2006 \$'000	Actual 2006 \$'000	Orig. Budget 2006 \$'000	Actual 2006 \$'000
Water Supplies	13,801	15,278	12,190	12,515	1,611	2,763	194	199	142,277	119,741
TOTALS	13,801	15,278	12,190	12,515	1,611	2,763	194	199	142,277	119,741

NOTES TO THE FINANCIAL STATEMENTS

Note 3

REVENUE FROM CONTINUING OPERATIONS

	Actual 2006 \$'000	Actual 2005 \$'000		
a) RATES & ANNUAL CHARGES				
<u>Annual Charges</u> (pursuant to s.496 & s.501)				
Water Supply Services	2,448	2,406		
Total Rates & Annual Charges	2,448	2,406		
b) USER CHARGES & FEES				
<u>User Charges</u> (pursuant to s.502)	10,265	9,105		
Total User Charges	10,265	9,105		
<i>Fees</i>				
Private works	(3)	7		
Total User Charges & Fees	10,262	9,112		
c) INTEREST AND INVESTMENT REVENUE				
Interest on investments	853	771		
Total Interest Revenue	853	771		
d) OTHER REVENUES				
Lease Rental	8	6		
Connection Fees	238	560		
Other	181	150		
Total Other Revenue from Ordinary Activities	427	716		
	OPERATING Actual 2006 \$'000	OPERATING Actual 2005 \$'000	CAPITAL Actual 2006 \$'000	CAPITAL Actual 2005 \$'000
e) GRANTS				
General Purpose (Untied)				
- Pensioners' Rates Subsidies	193	189		
- Diesel and Alternative Fuels	6	6		
- Water Supplies			176	242
Total Grants	199	195	176	242
f) CONTRIBUTIONS & DONATIONS				
Water			913	1,445
Total Contributions & Donations			913	1,445
TOTAL GRANTS & CONTRIBUTIONS	199	195	1,089	1,687

NOTES TO THE FINANCIAL STATEMENTS

Note 4

EXPENSES FROM CONTINUING OPERATIONS

	Actual 2006 \$'000	Actual 2005 \$'000
(a) EMPLOYEE COSTS		
Salaries and Wages	2,907	2,818
Travelling	433	390
Employee Leave Entitlements	561	835
Superannuation	324	204
Worker's Compensation Insurance	303	141
FBT	20	24
Payroll Tax	251	253
Training Costs (excluding salaries)	106	76
Less Capitalised Costs	(675)	(669)
Total Employee Costs Expensed	4,230	4,072
Number of FTE employees	85.5	80.5
(b) BORROWING COSTS		
Interest on Loans	730	755
Total Borrowing Cost Expensed	730	755
(c) MATERIALS AND CONTRACTS		
Contractor and Consulting costs		
Audit Fees	14	13
Other	1,747	1,189
Total Materials and Contracts	1,761	1,202
(d) DEPRECIATION		
Plant and equipment	846	1,016
Office equipment/Furniture	28	24
Buildings	91	85
Infrastructure		
- Water supply	2,910	2,815
Total Depreciation Costs Expensed	3,875	3,940
(e) OTHER EXPENSES		
Chairperson Fee	5	4
Member's Fees & Allowances	27	20
Members' Expenses	2	3
Insurance	83	71
Electricity & Heating	1,318	1,352
Telephone	91	76
Other	376	375
Total Other Expenses from Ordinary Activities	1,902	1,901

NOTES TO THE FINANCIAL STATEMENTS

Note 5

GAIN OR LOSS FROM DISPOSAL OF ASSETS

	Actual 2006 \$'000	Actual 2005 \$'000
GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	310	464
Less: Carrying amount of assets sold	327	487
	<hr/>	<hr/>
GAIN (OR LOSS) ON DISPOSAL	(17)	(23)
	<hr/>	<hr/>
TOTAL GAIN (OR LOSS) ON DISPOSAL OF ASSETS	(17)	(23)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Note 6a

CASH AND CASH EQUIVALENTS

	Actual 2006		Actual 2005	
	Current \$'000	Non- Current \$'000	Current \$'000	Non- Current \$'000
CASH				
Cash at Bank and on hand	5		17	
Deposits at Call	15,058		15,460	
TOTAL CASH ASSETS	15,063		15,477	
TOTAL CASH ASSETS AND INVESTMENT SECURITIES	15,063		15,477	

NOTES TO THE FINANCIAL STATEMENTS

Note 6b

INVESTMENTS

Restrictions	Notes	MOVEMENTS				PROPOSED UTILISATION OF RESTRICTION		
		Opening Balance 30 June 2005 \$'000	Transfers to Restriction \$'000	Transfers from Restriction \$'000	Closing Balance 30 June 2006 \$'000	Less than 1 Year	Between 1 and 5 Years	Greater than 5 Years
Internal								
<i>Mains Replacement</i>	6a	1,000			1,000		1,000	
<i>Loan Sinking Fund</i>	6a	800			800		800	
<i>Sales Fluctuation</i>	6a	1,200			1,200		1,200	
<i>Employee Leave Entitlement</i>	6a	858	24		882			882
Total		3,858	24		3,882		3,000	882

NOTES TO THE FINANCIAL STATEMENTS

Note 6c

RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS

	Actual 2006		Actual 2005	
	Current \$'000	Non- Current \$'000	Current \$'000	Non- Current \$'000
TOTAL INTERNAL RESTRICTIONS				
Included in liabilities				
- Employee Leave Entitlements	882		858	
Other				
- Mains replacement	1,000		1,000	
- Sinking Funds	800		800	
- Sales Fluctuation	1,200		1,200	
TOTAL INTERNAL RESTRICTIONS	3,882		3,858	

a) Employee Leave Entitlements

The standard provision in local government is to fund 30% of the total Employee Leave Entitlement Liability. A provision of 30% of the Employee Leave Entitlement has been made.

b) Mains Replacement

Due to Council's aging infrastructure, provision is made to create a fund for mains replacements.

c) Sinking Fund

A provision for early repayment of loan funds has been made.

d) Sales Fluctuation Reserve

Income from sales of water is largely dependent on seasonal weather conditions. Consumption for 2005/2006 has been based on the trend analysis undertaken, an amount of 13,200 megalitres. Should Council experience an abnormal year, such as 1993, then the consumption could be more around 10,710 megalitres. A sales fluctuation reserves purpose is to afford the Council's consumers some protection against extraordinary increases in the price of water resulting from a decrease in water sales due to unfavourable weather conditions.

NOTES TO THE FINANCIAL STATEMENTS

Note 7

RECEIVABLES

	Actual 2006		Actual 2005	
	Current \$'000	Non- Current \$'000	Current \$'000	Non- Current \$'000
Rates and Annual Charges	275		260	
User Charges & Fees	1,032		940	
Accrued Interest on Investments	25		57	
Government Grants & Subsidies	20		33	
Other	319		485	
Total	<u>1,671</u>	<u></u>	<u>1,775</u>	<u></u>

Rates and Annual Charges

Annual charges are secured.

User Charges and Fees

User charges and fees are secured.

Government Grants

Government grants and subsidies have been guaranteed.

Private works

Private works have only been undertaken where a deposit has been received and the works are secured against those deposits.

NOTES TO THE FINANCIAL STATEMENTS

Note 8

INVENTORIES AND OTHER ASSETS

	Actual 2006		Actual 2005	
	Current \$'000	Non- Current \$'000	Current \$'000	Non- Current \$'000
Inventories				
- Stores and Materials	1,078		890	
	<u>1,078</u>		<u>890</u>	
Other				
Prepayments	48		134	
	<u>48</u>		<u>134</u>	

NOTES TO THE FINANCIAL STATEMENTS

Note 9a

INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

	At 30/6/2005				MOVEMENTS DURING YEAR				At 30/6/2006			
	At cost	At Valuation	Accum Depn	Book Value	Asset Purchases	Asset Disposals	Depn	Net Revaluation	At Cost	At Valuation	Accum Depn	Book Value
Plant & Equipment	10,470		7,107	3,363	1,483	327	846		11,625		7,953	3,672
Office Equipment/ Furniture	428		288	140	35		28		463		316	147
Land & Buildings	2,995		85	2,910	299		91		3,294		176	3,118
Infrastructure - Water Supply Network	113,041		2,815	110,226	5,488		2,910		118,529		5,725	112,804
TOTALS	126,934		10,295	116,639	7,305	327	3,875		133,911		14,170	119,741

NOTES TO THE FINANCIAL STATEMENTS

Note 10a

PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	Actual 2006		Actual 2005	
	Current \$'000	Non- Current \$'000	Current \$'000	Non- Current \$'000
<u>Payables</u>				
Goods and Services	764		451	
Accrued Expenses	151		23	
TOTAL PAYABLES	915		474	
<u>Interest Bearing Liabilities</u>				
Loans	2,492	2,492	605	4,978
TOTAL INTEREST BEARING LIABILITIES	2,492	2,492	605	4,978
<u>Provisions</u>				
Annual Leave	473		481	
Sick Leave	211	403	160	433
Long Service Leave	284	1,570	193	1,593
TOTAL PROVISIONS	968	1,973	834	2,026

NOTES TO THE FINANCIAL STATEMENTS

Note 11

RECONCILIATION OF CASH FLOWS MOVEMENTS

		Actual 2006 \$'000	Actual 2005 \$'000
a) Reconciliation of Cash			
Total Cash and Cash Equivalents	6A	15,063	15,477
Balances as per statement of cash flows		<u>15,063</u>	<u>15,477</u>
b) Reconciliation of Surplus/(Deficit) from Ordinary Activities to Cash from Operating Activities			
Surplus/(deficit) from ordinary activities		2,763	2,994
Add: Depreciation		3,875	3,940
Decrease in Receivables		104	343
Increase in employee leave entitlements		81	
Increase in payables		441	
Decrease in other current assets		86	
Loss on Sale Assets		17	23
		<u>7,367</u>	<u>7,300</u>
Less:			
Decrease in employee leave entitlements			133
Increase in Inventories		187	10
Increase in other current assets			85
Decrease in payables			62
Net Cash provided by (or used in) operating activities		<u>7,180</u>	<u>7,010</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 12

COMMITMENTS FOR EXPENDITURE

CAPITAL COMMITMENTS

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

- Residence Urana

Actual 2006 \$'000	Actual 2005 \$'000
--------------------------	--------------------------

_____	75
-------	----

These expenditures are payable as follows:

Not later than one year

NIL	75
-----	----

Later than one year and not later than 2 years

Later than 2 years and not later than 5 years

Later than 5 years

_____	_____
NIL	75

NOTES TO THE FINANCIAL STATEMENTS

Note 13

STATEMENT OF PERFORMANCE MEASUREMENT FOR THE YEAR 2005/2006

	Amounts	Current Yr Indicators	2005	2004	2003
1. CURRENT RATIO					
Factors					
<u>Current Assets</u>	<u>\$17,860</u>	Ratio <u>4.08:1</u>	<u>9.55:1</u>	<u>8.47:1</u>	<u>8.96:1</u>
<u>Current Liabilities</u>	<u>\$ 4,375</u>				
2. UNRESTRICTED CURRENT RATIO					
Factors					
<u>Current Assets less All External Restrictions</u>	<u>\$17,860</u>	Ratio <u>4.08:1</u>	<u>9.55.1</u>	<u>8.47:1</u>	<u>8.96:1</u>
<u>Current Liabilities less Specific Purpose Liabilities</u>	<u>\$ 4,375</u>				
3. DEBT SERVICE RATIO					
Factors					
<u>Debt Service cost</u>	<u>\$ 1,329</u>				
<u>Revenue from Continuing Operations excluding capital items and specific purpose grants/contributions</u>	<u>\$14,189</u>	9.37%	9.87%	10.09%	9.57%
4. RATE COVERAGE RATIO					
Factors					
<u>Rate & Annual Charges</u>	<u>\$ 2,448</u>	16.02%	16.16%	15.05%	15.47%
<u>Revenue for Continuing Operations</u>	<u>\$15,278</u>				
5. RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGE					
Factors					
<u>Rates & Annual Charges Outstanding</u>	<u>\$ 275</u>	10.16%	9.84%	9.10%	9.20%
<u>Rates & Annual Charges Collectable</u>	<u>\$2,708</u>				

NOTES TO THE FINANCIAL STATEMENTS

Note 14

INVESTMENT PROPERTIES

	Actual 2006 \$'000	Actual 2005 \$'000
AT FAIR VALUE		
Opening balance at 1 st July		
Acquisitions		
Capitalised subsequent expenditure		
Classified as held for sale or disposals		
Net gain (loss) from fair value adjustment		
Transfer (to) from inventories and owner occupied property		
CLOSING BALANCE AT 30th JUNE	<u>NIL</u>	<u>NIL</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 15

FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

The Council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the Council intends to hold as fixed rate assets and liabilities to maturity.

2006	Notes	Floating interest rate \$'000	Fixed interest maturing in: ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets							
Cash and Cash Equivalents	6	3,241	11,822				15,063
Receivables	7					1,671	1,671
Total		3,241	11,822			1,671	16,734
Weighted Ave. Interest Rate		6.12%	6.05%				
Financial Liabilities							
Bank overdraft & loans	11,10		2,492	2,492			4,984
Bills Payable	10					915	915
Total			2,492	2,492		915	5,899
Weighted Ave. Interest Rate		10.14%					
Net Financial assets/(liabilities)		3,241	9,330	(2,492)		756	10,835
2005							
2005	Notes	Floating interest rate \$'000	Fixed interest maturing in: ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets							
Cash and Deposits	6	3,226	12,251				15,477
Receivables	7					1,775	1,775
Total		3,226	12,251			1,775	17,252
Weighted Ave. Interest Rate		5.47%	5.92%				
Financial Liabilities							
Bank overdraft & loans	11,10		605	2,000	2,978		5,583
Bills Payable	10					474	474
Total			605	2,000	2,978	474	6,057
Weighted Ave. Interest Rate		10.14%					
Net Financial assets/(liabilities)		3,226	11,646	(2,000)	(2,978)	1,301	11,195

NOTES TO THE FINANCIAL STATEMENTS

Note 15 Continued

FINANCIAL INSTRUMENTS

Reconciliation of Net Financial Assets

	Notes	2006 \$'000	2005 \$'000
Net financial assets from previous page		10,835	11,195
Non-financial assets and liabilities			
- Inventories	8	1,078	890
- Property, plant & equipment	9	119,741	116,639
- Other Assets	8	48	134
- Provisions	10	(2,941)	(2,860)
Net Assets per Statement of Financial Position		<u>128,761</u>	<u>125,998</u>

Net fair value of Financial Assets

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary assets and liabilities is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Unlisted equity investments, the net fair value is an assessment by the Council based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer also to note 6).

The carrying amounts of net fair values of financial assets and liabilities at balance date are as follows:

		2006		2005	
	Notes	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<u>Financial Assets</u>					
Trade debtors	7	1,307	1,307	1,200	1,200
Other debtors	7	364	364	575	575
Unlisted investments	6	15,063	15,063	15,477	15,477
Total		<u>16,734</u>	<u>16,734</u>	<u>17,252</u>	<u>17,252</u>
<u>Financial Liabilities</u>					
Other loans	10	4,984	4,984	5,583	5,583
Other liabilities	10	915	915	474	474
Total		<u>5,899</u>	<u>5,899</u>	<u>6,057</u>	<u>6,057</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 16

MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the Management Plan adopted by Council on 22nd June 2005. The original projections on which the budget was based have been affected by climate conditions, interest rates and increase in capital expenditure.

This Note sets out the details of material variations between the original budget and actual results for the Operating Statement. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount, or of significant relevance.

Revenues

1. User Charges & Fees

User Charges & Fees were over budget by \$700 (F) (7.3%) primarily due to weather patterns.

2. Interest Received

The actual amount of interest revenue received was over budget by some \$328 (F) (62%). This was due to increase in funds as a result of better than expected results.

3. Grants & Contributions

Increase in Urban residential subdivision and an increase due to drought conditions of rural main extensions resulted in \$444 (F) (53%) over budget.

Expenses

1. Employee Costs

Due to increase in capital works and holiday for Superannuation contribution continuing for 2005/2006 this resulted in \$856 (F) (20%) under budget.

2. Materials and Contracts

As a result of increase in maintenance of water connections resulted in \$586 (U) (50%) over budget.

3. Other Expenses

Due to drought conditions increase in electricity costs and usage and maintenance on pumps and reservoirs resulted in \$563 (U) (42%) over budget.

NOTES TO THE FINANCIAL STATEMENTS

Note 17

STATEMENT OF DEVELOPER CONTRIBUTIONS

Contributions received during the year where for water mains extensions to supply residential subdivision and rural mains extensions.

Purpose	Opening Balance	Contributions received during year*		Interest earned during year	Expended During Year	Expended in Advance	Held as restricted asset**	Works Provided to date
	\$'000	Cash \$'000	Non- Cash \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Water Supply	NIL	913						913
Total Contributions	NIL	913						913

NOTES TO THE FINANCIAL STATEMENTS

Note 18

CONTINGENCIES

There are no assets and liabilities not recognised in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

Note 19

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Council has no joint venture partnerships

NOTES TO THE FINANCIAL STATEMENTS

Note 20

REVALUATION RESERVES AND RETAINED EARNINGS

	Notes	Actual 2006 \$'000	Actual 2005 \$'000
(a) Revaluation reserves			
Infrastructure, property, plant and equipment revaluation reserve		81,439	81,439
Available-for-sale investments revaluation reserve			
		<u>81,439</u>	<u>81,439</u>
(b) Retained earnings			
Movements in retained earnings were as follows:			
At beginning of year		44,559	42,274
Adjustment on adoption of AASB 132 and AASB 139			(709)
Net operating result for the year		2,763	2,994
At end of year		<u>47,322</u>	<u>44,559</u>

(c) Nature and purpose of reserves

(i) *Infrastructure, property, plant and equipment revaluation reserve*

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(ii) *Available-for-sale investments revaluation reserve*

Changes in fair value are taken to the available-for-sale investments revaluation reserve, as described in Note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(d) Correction of error in previous years

Council had not previously recognised a parcel of community land due to an error in the property records. An adjustment has been made to the opening balances of prior year IPPE and Retained Earnings to correct the error.

NOTES TO THE FINANCIAL STATEMENTS

Note 21

EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

- (1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

- (a) At the date of transition to AIFRS: 1 July 2004

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS				
Current assets				
Cash and cash equivalents		15,370		15,370
Receivables		2,118		2,118
Inventories		880		880
Other		49		49
Non-current assets classified as held for sale				
Total current assets		18,417		18,417
Non-current-assets				
Investments				
Receivables				
Inventories				
Infrastructure, property, plant and equipment		114,956	(710)	114,246
Investments accounted for using equity method				
Investment property				
Other				
Total non-current assets		114,956		114,246
Total assets		133,373	(710)	132,663
LIABILITIES				
Current liabilities				
Payables		536		536
Interest bearing liabilities		500		500
Provisions		1,138		1,138
Total current liabilities		2,174		2,174
Non-current liabilities				
Interest bearing liabilities		5,631		5,631
Provisions		1,855		1,855
Total non-current liabilities		7,486		7,486
Total liabilities		9,660		9,660
Net assets		123,713	(710)	123,003
EQUITY				
Retained earnings		42,274	(710)	41,564
Revaluation reserves		81,439		81,439
Council equity interest				
Minority equity interest				
Total equity		123,713	(710)	123,003

NOTE 21 Explanation of transition to Australian equivalents to IFRSs (continued)

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS				
Current assets				
Cash and cash equivalents		15,477		15,477
Investments				
Receivables		1,775		1,775
Inventories		890		890
Other		134		134
Non-current assets classified as held for sale				
Total current assets		18,276		18,276
Non-current-assets				
Investments				
Receivables				
Inventories				
Infrastructure, property, plant and equipment		120,409	(3,770)	116,639
Investments accounted for using equity method				
Investment property				
Other				
Total non-current assets		120,409	(3,770)	116,639
Total assets		138,685	(3,770)	134,915
LIABILITIES				
Current liabilities				
Payables		474		474
Interest bearing liabilities		605		605
Provisions		834		834
Total current liabilities		1,913		1,913
Non-current liabilities				
Interest bearing liabilities		4,978		4,978
Provisions		2,026		2,026
Total non-current liabilities		7,004		7,004
Total liabilities		8,917		8,917
Net assets		129,768	(3,770)	125,998
EQUITY				
Retained earnings		45,268	(709)	44,559
Revaluation reserves		84,500	(3,061)	81,439
Council equity interest				
Minority equity interest				
Total equity		129,768	(3,770)	125,998

**NOTE 21 Explanation of transition to Australian equivalents to IFRSs
(continued)**

(2) Reconciliation of operating result under previous AGAAP to operating result under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of operating result for the year ended 30 June 2005

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Income from continuing operations				
Revenue:				
Rates and annual charges		2,406		2,406
User charges and fees		9,112		9,112
Interest and investment revenue		771		771
Other revenues		716		716
Grants and contributions provided for capital purposes		1,687		1,687
Grants and contributions provided for non-capital purposes		195		195
Other Income:				
Net Gain from the disposal of non financial assets				
Share of interests in joint ventures and associates using the equity method				
Total income from continuing operations		14,887		14,887
Expenses from continuing operations				
Employee benefits and on-costs		4,072		4,072
Borrowing costs		755		755
Materials and contracts		1,202		1,202
Depreciation		3,940		3,940
Impairment				
Other expenses		1,901		1,901
Net Loss from the disposal of non financial assets		23		23
Share of interests in joint ventures & associates using the equity method				
Total expenses from continuing operations		11,893		11,893
Operating result from continuing operations		2,994		2,994
Operating result from discontinued operations				
Net operating result for the year		2,994		2,994
Attributable to:				
– Council		2,994		2,994
– Minority interests				
Net operating result for the year before grants and contributions provided for capital purposes		1,307		1,307

NOTE 21 Explanation of transition to Australian equivalents to IFRSs (continued)

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adopting of AIFRSs has not resulted in any material adjustments to the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

Note 22

REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

Council does not have any items of property, plant and equipment that requires obligations to “decommissioning, restoration or similar liabilities”

NOTES TO THE FINANCIAL STATEMENTS

Note 23

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Council has no non-current assets classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

Note 24

EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no events that have occurred after 30th June 2006 to be included in balance sheet as at 30th June 2006

NOTES TO THE FINANCIAL STATEMENTS

Note 25

DISCONTINUED OPERATION

Council business is a continuing operation.

NOTES TO THE FINANCIAL STATEMENTS

Note 26

INTANGIBLE ASSETS

No intangible assets as at 30th June 2006.

**Special Purpose Financial Reports and Special Schedules
for the year ending 30th June 2006**

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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 2006, comprising the Statement by Council, Income Statement of Water Supply Business Activity, Balance Sheet of Water Supply Business Activity, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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.


Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the result of their operations.

The audit opinion expressed in this report has been formed on the above basis.

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.

Yours faithfully

JOHN L BUSH & CAMPBELL
A blue ink signature of P J King, written in a cursive style.
P J King
Partner

8th September 2006

RIVERINA WATER COUNTY COUNCIL

STATEMENT BY COUNCILLORS AND MANAGEMENT OF THE COUNCIL

In accordance with a resolution of the members of Riverina Water County Council we declare on behalf of Riverina Water County Council that in our opinion:

1. The accompanying special purpose financial reports exhibit a true and fair view of the financial position of Riverina Water County Council declared business activity as at 30th June 2006.
2. The special purpose financial reports have been prepared in accordance with:
 - NSW Government Policy Statement "Application of National Competition Policy to Local Government",
 - Department of Local Government Guidelines "Pricing and Costing for Council Businesses; A guide to Competitive Neutrality",
 - The Local Government Code of Accounting Practice and Financial Reporting, and
 - The Department of Energy, Utilities and Sustainability Best Practice Management of Water Supply guidelines.
3. All information provided has been prepared in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting.

Further, we are not aware at this time of any circumstances which would render any particulars included in the special purpose financial reports to be misleading or inaccurate.

*Signed in accordance with a Resolution of Council
dated 23rd August 2006.*



.....
Clr. L. Vidler
CHAIRPERSON
23rd August 2006



.....
Mr. G.W. Pieper
GENERAL MANAGER
23rd August 2006



.....
Clr. P. Yates
DEPUTY CHAIRPERSON
23rd August 2006



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER
23rd August 2006

RIVERINA WATER COUNTY COUNCIL

INCOME STATEMENT OF WATER SUPPLY BUSINESS ACTIVITY FOR THE YEAR ENDED 30TH JUNE 2006

	Actual 2006 \$'000	Actual 2005 \$'000	Actual 2004 \$'000
Income from continuing operations			
Access charges	2,448	2,406	2,364
User charges	10,262	9,112	9,514
Fees			
Interest	853	771	698
Grants and contributions provided for non capital purposes	199	195	189
Profit from the sale of assets			82
Other income	427	716	732
Total income from continuing operations	14,189	13,200	13,579
Expenses from continuing operations			
Employee benefits and on-costs	4,230	4,072	4,174
Borrowing costs	730	755	825
Materials and contracts	1,761	1,202	1,113
Depreciation and impairment	3,875	3,940	3,541
Water purchase charges	58	54	59
Loss on sale of assets	17	23	
Calculated taxation equivalents	12	10	13
Debt guarantee fee (if applicable)			
Other expenses	1,844	1,847	1,755
Total expenses from continuing operations	12,527	11,903	11,480
Surplus (deficit) from continuing operations before capital amounts	1,662	1,297	2,099
Grants and contributions provided for capital purposes	1,089	1,687	2,126
Surplus (deficit) from continuing operations after capital amounts	2,751	2,984	4,225
Surplus (deficit) from all operations before tax	2,751	2,984	4,225
Less Corporate Taxation Equivalent (30%) [based on result before capital]	825	895	1,268
Surplus (deficit) after tax	1,926	2,089	2,957
Opening retained profits			
Adjustments for amounts unpaid			
Taxation equivalent payments			
Debt guarantee fees			
Corporate taxation equivalent	825	895	1,268
Less:			
– TER dividend paid			
– Surplus dividend paid			
Closing retained profits	2,751	2,994	4,238
Return on Capital %	2.00%	1.70%	2.54%
Subsidy from Council			
Calculation of dividend payable:			
Surplus (deficit) after tax	1,926	2,089	2,957
Less: Capital grants and contributions (excluding developer contributions)	1,089	1,687	2,126
Surplus for dividend calculation purposes	837	402	831
Dividend calculated from surplus	412	191	402

RIVERINA WATER COUNTY COUNCIL

BALANCE SHEET OF WATER SUPPLY BUSINESS ACTIVITY AS AT 30th JUNE 2006

WATER CATEGORY 1

	Notes	Actual 2006 \$'000	Actual 2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents		15,063	15,477
Receivables		1,671	1,775
Inventories		1,078	890
Other		48	134
TOTAL CURRENT ASSETS		<u>17,860</u>	<u>18,276</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment		119,741	116,639
TOTAL NON-CURRENT ASSETS		<u>119,741</u>	<u>116,639</u>
TOTAL ASSETS		<u>137,601</u>	<u>134,915</u>
CURRENT LIABILITIES			
Bank overdraft			
Payables		915	474
Provisions		9,258	8,283
Interest bearing liabilities		2,492	605
TOTAL CURRENT LIABILITIES		<u>12,665</u>	<u>9,362</u>
NON-CURRENT LIABILITIES			
Provisions		1,973	2,026
Interest bearing liabilities		2,492	4,978
TOTAL NON-CURRENT LIABILITIES		<u>4,465</u>	<u>7,004</u>
TOTAL LIABILITIES		<u>17,130</u>	<u>16,366</u>
NET ASSETS		<u>120,471</u>	<u>118,549</u>
EQUITY			
Retained Profits		39,032	37,110
Asset Revaluation reserve		81,439	81,439
TOTAL EQUITY		<u>120,471</u>	<u>118,549</u>

RIVERINA WATER COUNTY COUNCIL

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

These accounting policies are supplemental to the Policy Notes contained in the General Purpose Financial Report and only apply to the Special Purpose Financial Reports (SPFRs). A statement summarising the supplemental accounting policies adopted in the preparation of the SPFRs for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and Department of Local Government. For the purposes of these statements, the Council is not a reporting entity.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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 Department 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 Council is a Category 1 business.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures A513). As required by the Department of Energy and Utilities, the amounts shown in Notes 2 are shown in whole dollars.

(i) Taxation Equivalent Payments

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFRs as expenses. 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 Tax Rate	30 %
Land Tax	1.7 %

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 and Sewerage 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 and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 (Operating Result 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 Operating Result before Capital Amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the overall operations of the council.

Accordingly, there is no need for disclosure of internal charges in the General Purpose Financial Reports (GPFRs). The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations which may have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all Category 1 businesses have been applied to all 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. The debt guarantee fee represents the difference between the commercial and discount rate multiplied by the loan amount. Council re-structured its Loan portfolio during 1998/99 in which the borrowing costs is at commercial costs. No debt guarantee fee is payable.

(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. The overall subsidies from council is contained within the Operating Statement and is consistent with those subsidies disclosed in council's management plans.

(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". The rates of return achieved from councils major business activities are paid to the council as owner of the business. The rate of return is calculated as follows:

$$\frac{\text{Operating Result before capital Amounts} + \text{Interest Expense}}{\text{Total Written Down Current Replacement Cost of P, P \& E}}$$

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return can be calculated for each of council's business activities from the Statement of Business Activities and Statement of Financial Position and is disclosed at the bottom of the Statement of Business Activities. The return on capital achieved for Council's business is 2.00% and is consistent with that required for "Long Term Sustainability".

(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 and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply assessments at 30th June 2005 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 submitted to the Department of Energy, Utilities and Sustainability.

RIVERINA WATER COUNTY COUNCIL

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 2

WATER SUPPLY BUSINESS BEST PRACTICE MANAGEMENT DISCLOSURE REQUIREMENTS

Calculation and Payment of Tax-Equivalents

\$

(i)	Calculated Tax- Equivalents	12,137
(ii)	No. of assessments multiplied by \$3/assessment	84,021
(iii)	Amounts payable for Tax-Equivalents (lesser of (i) and (ii))	12,137
(iv)	Amounts paid for Tax-Equivalents	12,137
Dividend from Surplus		
(i)	50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)</i>	412,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	828,073
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 th June 2006, less the cumulative Dividends Paid for the 2 years to 30 th June 2005	6,945,000
(iv)	Maximum Dividend from Surplus (least of (i),(ii) and (iii))	412,000
(v)	Dividend paid from Surplus	NIL

Required Outcomes for 6 Criteria

	YES	NO
(1) Completion for Strategic Business Plan (including Financial Plan)	✓	
(2) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of the Best Practice Guidelines)	✓	
Complying charges (a) Residential (Item 2(b) in Table 1)		✓
(b) Non-residential (Item 2(b) in Table 1)		✓
DSP with Commercial Developer Charges (Item 2(e) in Table 1)	✓	
(3) Complete performance Reporting Form by 31 st October each year	✓	
(4) Sound Demand Management implemented	✓	
(5) Sound Drought Management implemented (by June 2006)	✓	
(6) Integrated Water Cycle Management Strategy (by June 2006)		✓

**Special Schedules
for the year ending 30th June 2006**

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RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 1

NET COST OF SERVICES For the year ended 30th June 2006

(\$'000)

FUNCTION OR ACTIVITY	EXPENSES FROM CONTINUING OPERATIONS		INCOME FROM CONTINUING OPERATIONS		NET COST OF SERVICES	
	Expenses	Group totals	Revenues	Group totals	Net Cost	Group totals
WATER SUPPLIES TOTALS – FUNCTIONS						
CAPITAL GRANTS CONTRIBUTIONS ¹						
GENERAL PURPOSE REVENUES ²	12,515	12,515	15,278	15,278	2,763	2,763
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	12,515	12,515	15,278	15,278	2,763	2,763

¹Each function and activity should record the operating and expenses excluding any capital contributions.

All capital contributions are to be recorded in total for the Council

²General purpose Revenue consists of:

- Rates & Annual Charges (incl. Ex-gratia payments)
- Interest on Investments
- Interest on overdue rates and charges
- General Purpose Grants (Financial Assistance Grants & Pensioners' Rates Subsidies)

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 2(a)

STATEMENT OF LONG-TERM DEBT (ALL PURPOSE) For the year ended 30th June 2006

(\$'000)

Classification of Debt	Principal Outstanding at beginning of Year (1)			New Loans Raised during the year (2)	Debt Redemption during the Year (3)		Interest applicable for year	Principal Outstanding at end of Year		
	Current	Non-Current	Total		From Revenue	Sinking Funds		Current (4)	Non-Current (5)	Total
LOANS (By source)										
Treasury Corporation										
Other State Government										
Financial institutions	605	4,978	5,583		599		730	2,492	2,492	4,984
Other										
TOTAL LOANS										
TOTAL LONG TERM DEBT										

Exclude: Internal Loans

Refinancing of loans except for any additional borrowings

Please check that for each debt line category:

Principal outstanding (previous year) + New Loans Raised – Debt Redemption = Principal Outstanding (Current Year)

(1) Show same values as reported on previous year's Special Schedule 5(1). If values are different, please provide reason for variation.

(2) Values should agree with Proceeds from Loans and Other Borrowings shown on the Cash Flow Statement (Financing Activities).

(3) Values should agree with Reduction of Loans and Other Liabilities shown n the Cash Flow Statement (Financing Activities).

(4) Total should agree with Current Liabilities – Borrowings (Statement of Financial Position).

(5) Total should agree with Non-Current Liabilities – Borrowings (Statement of Financial Position).

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 3

**INCOME STATEMENT
(GROSS INCLUDING INTERNAL TRANSACTIONS)
for the year ended 30th June 2006**

	2006 \$'000	2005 \$'000
<u>A. EXPENSES & REVENUES</u>		
Expenses		
Management	1,459	1,285
- Administration	488	442
- Engineering & Supervision		
Operation and Maintenance Expenses		
Mains		
- Operation Expenses	83	72
- Maintenance Expenses	723	566
Reservoirs		
- Operation Expenses	83	72
- Maintenance Expenses	74	52
Pumping Stations		
- Operation Expenses (excl. energy costs)	333	290
- Energy Costs	1,318	1,352
- Maintenance Expenses	437	549
Treatment		
- Operation Expenses (excl. chemical costs)	260	226
- Chemical Costs	503	412
- Maintenance Expenses	73	64
Other		
- Operation Expenses	493	453
- Maintenance Expenses	403	396
- Purchase of Water	58	54
Depreciation	3,001	2,900
- System Assets	874	1,040
- Plant and Equipment		
Miscellaneous	730	755
- Interest	1,105	890
- Other Expenses		
Total Expenses	12,498	11,870
Revenues		
Rates & Service Availability Charges		
- Residential	2,144	2,137
- Commercial	245	209
- Other	60	60

	2006 \$'000	2005 \$'000
User Charges		
- Sales of Water: Residential	7,208	6,214
- Sales of Water: Commercial	2,607	2,550
- Sales of Water: Other	450	341
Interest Income	853	771
Other Revenue (includes Profit on Sale)	405	700
Grants		
- Grants for Acquisition of Assets	176	242
- Other Grants	199	195
Contributions		
- Developer Charges	914	1,445
Total Revenues	15,261	14,864
Operating Result	2,763	2,994
<u>Operating Result</u>		
(less Grants for Acquisition of Assets)	2,587	2,752

B. CAPITAL TRANSACTIONS

Non-Operating Expenditure

Acquisition of Fixed Assets		
- Subsidised Scheme	224	931
- Other New System Assets	3,265	2,177
- Renewals	2,581	2,590
- Plant & Equipment	1,235	1,121
Repayment of Debt		
Loans	599	548
TOTALS	7,904	7,367
Non-Operating Funds Employed		
Proceeds from Disposal of Assets	310	464
TOTALS	310	464

C. RATES & CHARGES

(a) Urban

1. Number of Assessments		
- Residential (occupied)	21,081	20,798
- Residential (unoccupied)	612	585
- Non-Residential (occupied)	1,587	1,569
- Non-Residential (unoccupied)		

2. User Charge

If charge varies with usage, charges for various ranges:

Up to 125 Kl/a

Over 125 Kl/a

Non-stepped Tariff	0.70 c/Kl	0.65 c/Kl
--------------------	-----------	-----------

(b) Non-Urban

1. Number of Assessments		
- Residential (occupied)	4,588	4,578
- Residential (unoccupied)	531	554
- Non-Residential (occupied)	751	751

Non-Residential (unoccupied)

2. User Charge

If charge varies with usage, specify charges for various ranges

Up to 125 Kl/a

Over 125 Kl/a

Non-Stepped Tariff	0.82 c/Kl	0.77 c/Kl
--------------------	-----------	-----------

3. Annual Water Allowance for Minimum Rate or Charge

	2006 \$'000	2005 \$'000
4. Does Council have a Land Value component in its charging for:		
- Residential	NO	NO
- Non-Residential	NO	NO
5. Typical Developer Charge	\$3,200	\$2,700
6. Number of ET's for which Developer Charges were received	311	599
7. Total Amount of Pensioner Rebates	335	344

WATER SUPPLY – CROSS SUBSIDIES for the year ended 30th June 2006

D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES

27. Annual Charges

a. Does Council have best-practice water supply annual charges and usage charges*?

Yes	No	Amount \$
	✓	

If Yes, go to 28a.

If No, please report if Council has removed land value from access charges (ie rates)?.

* Such charges for both residential customers and non-residential customers comply with section 3.2 of "Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Land and Water Conservation, December, 2002. Such charges do not involve significant cross-subsidies.

Council has not used land values since 1994

b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)

c. Cross- subsidy to non-residential customers (page 24 of Guidelines)

d. Cross- subsidy to large connections in unmetered supplies (page 26 of Guidelines)

28. Developer Charges

a. Has Council completed a water supply Development Servicing** Plan?

✓	
---	--

b. Total cross-subsidy in water supply developer charges for 2005/06 (page 47 of Guidelines)

\$2,088/ET

** In accordance with page 9 of *Developer Charges Guidelines for Water Supply, Sewerage and Stormwater*, Department of Land & Water Conservation, December, 2002.

29. Disclosure of Cross Subsidies

\$2088/ET

TOTAL OF CROSS SUBSIDIES (27b + 27c + 27d + 28b)

Councils which have not yet implemented best-practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

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.

RIVERINA WATER COUNTY COUNCIL

NOTES TO THE SPECIAL SCHEDULES NO. 3

Administration* (item 1a of Special Schedules 3 and 5) comprises the following:

- Administration Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads
- Meter Reading
- Bad and Doubtful Debts
- Other Administrative/Corporate Support Services

Engineering and Supervision * (item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads
- Other Technical and Supervision Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads

Operation 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 capitalization principles and the distinction between capital and maintenance expenditure).

Other Expenses (item 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere.

Residential Charges** (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all revenues from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges.

Non-residential Charges** (items 6a, 7b of Special Schedules 3 and 5) include all revenues from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User Charges.

Other Revenues (items 10 and 11 of Special Schedules 3 and 5 respectively) include all revenues not recorded elsewhere.

Other Contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

* 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).

** To enable accurate reporting of **average residential bills**, it is essential for councils to accurately separate their residential (item 6) and non-residential (item 7) charges.

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 4

**WATER SUPPLY – NET ASSETS COMMITTED
(GROSS INCLUDING INTERNAL TRANSACTIONS)
as at 30th June 2006**

(\$'000)

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
<u>ASSETS</u>			
<i>Cash and Investments</i>	15,063		15,063
- Other			
<i>Receivables</i>			
- Specific Purpose Grants	20		20
- Rates and Availability Charges	1,307		1,307
- Other	344		344
<i>Inventories</i>	1,078		1,078
<i>Property, Plant and Equipment</i>			
- System Assets		115,922	115,922
- Plant & Equipment		3,819	3,819
<i>Other Assets</i>	48		48
Total Assets	<u>17,860</u>	<u>119,741</u>	<u>137,601</u>
<u>LIABILITIES</u>			
<i>Bank Overdraft</i>			
<i>Creditors</i>	915		915
<i>Borrowings</i>			
- Loans	2,492	2,492	4,984
<i>Provisions</i>	968	1,973	2,941
Total Liabilities	<u>4,375</u>	<u>4,465</u>	<u>8,840</u>
NET ASSETS COMMITTED	<u>13,485</u>	<u>115,276</u>	<u>128,761</u>
<u>EQUITY</u>			
Accumulated Surplus	13,485	33,837	47,322
Asset Revaluation Reserve		81,439	81,439
Total Equity	<u>13,485</u>	<u>115,276</u>	<u>128,761</u>

Notes to System Assets:

Current Replacement Cost of System Assets	209,209
Accumulated Current Cost Depreciation of system Assets	93,287
Written Down Current Cost of System Assets	115,922

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 7

CONDITION OF PUBLIC WORKS
AS AT 30th JUNE 2006

(\$'000)

Asset Class	Asset Category	Depreciation Rate (5)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	WDV	Asset Condition	Estimated cost to bring to satisfactory	Annual Maintenance Expense	Program Maintenance Works
									(i)	(ii)	(iii)
		Per Note 1	Per Note 3	Per Note 9				Per Section 428(2d)			
Public Buildings	Council Offices/Depots	2.5	88	3,209		88	3,118	S			
	Houses	2.5	3			3		S			
Water	Treatment Plants	1.3	348	16,860		348	16,512	S	850	73	56
	Bores	4	76	1,173		76	1,097	S	Included in Pump Stations		
	Reservoirs	1	281	18,928		281	18,647	S	58	74	110
	Pipelines	2	2,019	72,011		2,019	69,992	S	9,194	723	540
	Pump Stations	1.3	186	6,742		186	6,556	S	500	437	550
Total – Classes	Total – All Assets		3,001	118,923		3,001	115,922		10,602	1,307	1,256

S = Satisfactory

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 8

FINANCIAL PROJECTIONS

	2006 ⁽¹⁾ \$m	2007 \$m	2008 \$m
Recurrent budget			
Income from continuing operations	15	16	15
Expenses from continuing operations	13	14	13
Operating result from continuing operations	2	2	2
Capital budget			
New capital works ⁽²⁾	4	3	3
Funded by:			
– Loans			
– Asset sales			
– Reserves	2	1	1
– Grants/Contributions	1	1	1
– Recurrent revenue	1	1	1
– Other			

Notes:

(1) From Income Statement

(2) New Capital Works are major non-current projects – new services, mains extensions

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).***

BillEXPRESS Look for the **Bill EXPRESS** logo at participating newsagencies to pay this bill with cash, cheque, debit card, Visa, Master Card or Bankcard. Or, use the ServiceATM at most Coles Supermarkets (cards only). For locations call 1300 739 250 or visit www.billexpress.com.au **Biller ID and reference number is located beside the Bill EXPRESS symbol on the front of your account.**

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) 6921 4170
FAX:	(02) 6921 2241
EMAIL:	admin@rwcc.com.au
WEBSITE:	www.rwcc.com.au

EMERGENCY & FIELD SERVICE

Wagga Wagga	(02) 6921 4170 All hours.
The Rock	0428 694856
Lockhart	0428 694326
Uranquinty	0429 448968
Urana/Oaklands	0429 448969
Culcairn/Holbrook/Walla Walla	0427 102174

