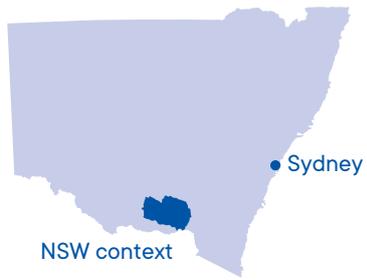
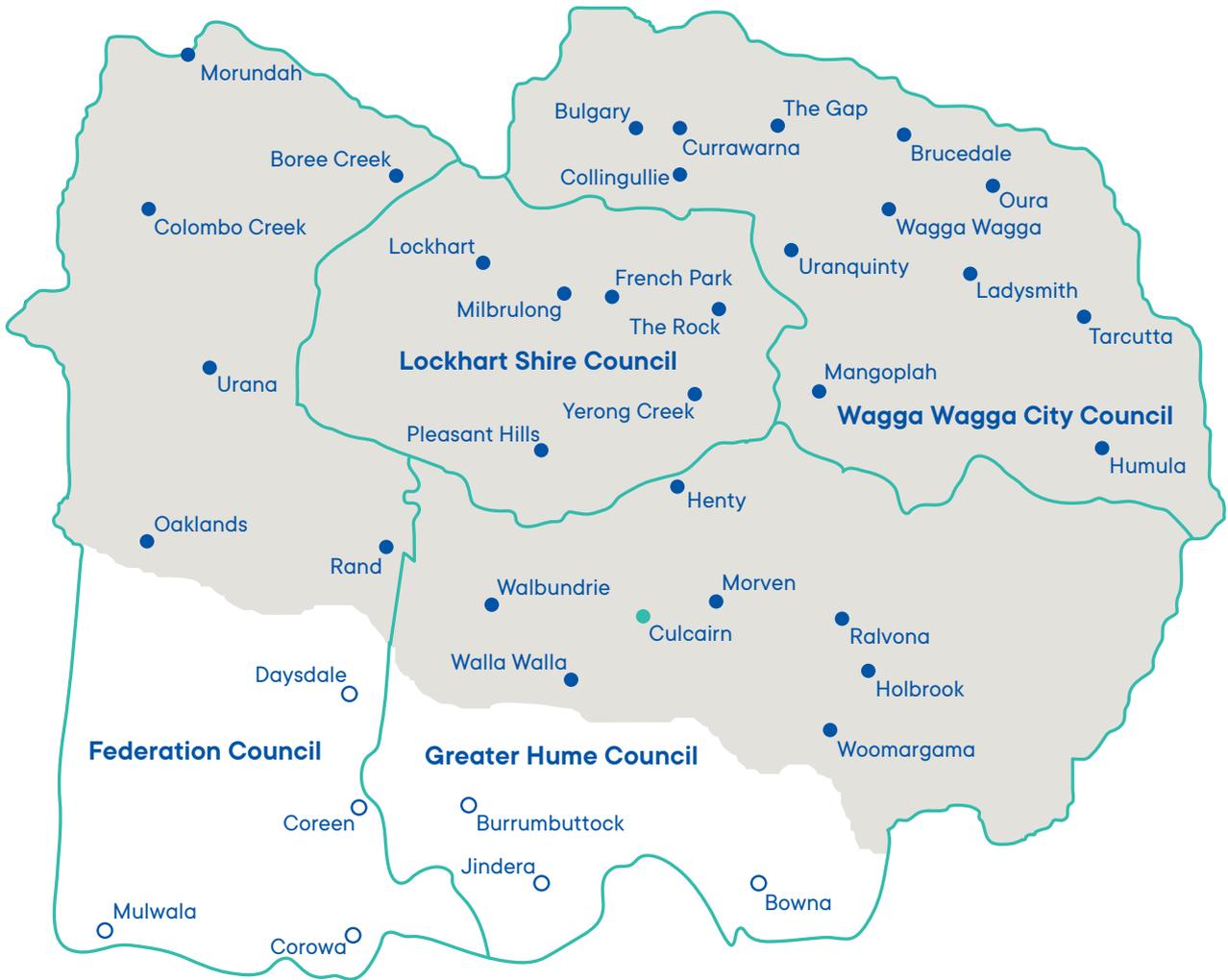




Riverina Water Annual Report 2019-2020

Area of supply



- Water supplied to these areas
- Local government boundary
- Towns in supplied area
- Water is not supplied to all parts of Culcairn
- Towns outside supplied area

All Images: Riverina Water County Council

Mission statement

Our mission

- › To provide our community with safe reliable water at the lowest sustainable cost.

Our values

- › Respect
- › Honesty
- › Integrity

Our goals



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Chairperson and General Manager message

2019/2020

We are pleased to present Riverina Water's Annual Report for 2019/20.

At the time of the writing of this report, Riverina Water's supply area continues to enjoy one of its best starts to the annual cropping period. Increased rainfall will underpin economic activity for the region and importantly, restore confidence that will drive investment for the region.

In marking Riverina Water's 22nd year, this report highlights our ongoing success in supporting the health and prosperity of our region.

We again enjoyed a very successful financial year, with increased water sales improving Council's financial position. Overall water production for 2019/20 was close to 15,900 megalitres, a decrease of only 500 megalitres on the 2019 overall production (which was a year of high water sales).

In 2019/20, we continued to implement our Community Engagement Strategy to support the residents who are at the centre of what we do. Projects and initiatives included continuing our drinking water refill station program for our constituent councils, the launch of our first Community Grants Program with almost \$390,000 awarded to 42 projects, and the launch of our new customer-focused website that will create a stronger focus on digital communications.

Riverina Water again supported the popular Fusion festival in Wagga as the event's major sponsor. We engaged directly with thousands of people from our local community while promoting the sustainable use of water our portable refill stations, which were the event's official water source as single-use plastic bottled water was not available for sale by stallholders.

Finances

We are committed to providing water at the lowest sustainable cost. Council resolved not to increase its water charges or access charges at all in 2016/2017 and in 2017/18 water charges increased by 2.5% with no increase in the access charges. Council resolved

to increase water charges by 1.8% in 2018/2019 and to maintain access charges at the same level as that for the previous three years. In 2019/20 and in recognition of the dry seasonal conditions, Council decided not to increase any of its fees and charges.

The adopted budget for 2019/20 included a forecast operating result of \$10.8M. The actual result for 2019/20 was a surplus of \$12.2M, which was very pleasing and underscores our strong financial position.

In addition, Riverina Water continues with an extensive capital works program of \$20.3M in 2020/21, increasing to around \$22M per annum for the following three years.

One of the most pleasing aspects of annual budget are the sponsorships that we provide to various organisations across our four constituent Councils. During 2019/20, more than \$86,000 in financial support was provided to 29 events, organisations and initiatives.

Strategy

Early in 2018 Council commenced a review of its Integrated Water Cycle Management Plan (IWCMP), which was adopted in 2011. A new IWCMP will be adopted by Council during 2020/21 and will inform the future activities of Council which will support our growing communities.

The new water treatment plant was initially due for completion in 2017, however a succession of high river events at critical times of the construction process delayed the completion of the water inlet works for a year. The plant became fully operational in February 2020.

Construction of two, 11ML reservoirs was completed in July 2020 and these replace the large open air low level reservoir on Willans Hill.

These twin reservoirs formed part of a \$5.5M package of works that included the Glenoak 2 Reservoir. This 4.5ML reservoir was officially opened in December 2019 and will serve the growing Wagga suburbs below it well into the future.

Following the completion of Council's Strategic Business Plan (which is informed by the new IWCMP), the long term Asset Management Plan will be reviewed, as will the 2012 Long Term Financial Plan and Workforce Management Plan.

Water quality

The availability of good quality drinking water remains one of the most important factors in the ongoing good health of any population. Riverina Water continues to be a leading supplier of the highest standard drinking water. We acknowledge the ongoing dedication, commitment and hard work of all our employees. We thank them all for all they have achieved in this year of change.

Our team

We are fortunate to have an experienced and diverse Board that provides strong support to our executive team. The Board has continued to provide a sound and supportive base to Riverina Water and both of us. We wish to acknowledge them all for their commitment to Council. We also acknowledge the efforts of the senior management team for their timely and sound advice to the Board.

In particular, we acknowledge the efforts of Bede Spannagle (Director Engineering), Greg Vidler (Manager Projects) and Chris Moosbrugger (Project Engineer – Strategic Planning) for their outstanding efforts in successfully negotiating the contractual challenges associated with the completion of the East Wagga Water Filtration Plant project.

Finally, we wish to acknowledge and thank our constituent Councils and all of our customers for the support you provide to us.



A handwritten signature in black ink, appearing to read 'A Crakanthorp'.

Andrew Crakanthorp
General Manager



A handwritten signature in black ink, appearing to read 'G Verdon'.

Councillor Greg Verdon
Chairperson



About Council

Council 1 July 2019 – 30 June 2020

Board Members



Councillor Greg Verdon
Lockhart Shire Council
Chairperson



Councillor Paul Funnell
Wagga Wagga City Council
Deputy Chairperson



Councillor Pat Bourke
Federation Council



Councillor Yvonne Braid OAM
Wagga Wagga City Council



Councillor Greg Conkey OAM
Wagga Wagga City Council



Councillor Vanessa Keenan
Wagga Wagga City Council



Councillor Tim Koschel
Wagga Wagga City Council



Councillor Doug Meyer OAM
Greater Hume Shire



Councillor Tony Quinn
Greater Hume Shire

Management



Andrew Crakanthorp
General Manager



Bede Spannagle
Director Engineering

Terms of office

Chairperson

Verdon, Greg	October 2016 to present
Hiscock, Garry	October 2012 to October 2016
Kendall, Rod	October 2008 to October 2012
Yates, Peter	October 2007 to October 2008
Vidler, Lindsay	May 2004 to October 2007
Brassil AM, Patrick	July 1997 to March 2004

Deputy Chairperson

Funnell, Paul	October 2016 to present
Verdon, Greg	October 2013 to October 2016
McInerney, John	October 2011 to October 2013
Yates, Peter	October 2010 to October 2011
McInerney, John	October 2008 to October 2010
Kendall, Rod	October 2007 to October 2008
Yates, Peter	October 2003 to October 2007
Coghill, Ian	July 1997 to October 2003

Current Councillors

Braid OAM, Yvonne	Wagga Wagga	June 2016 to present
Bourke, Pat	Federation Council	October 2017 to present
Conkey OAM, Greg	Wagga Wagga	October 2016 to present
Funnell, Paul	Wagga Wagga	January 2014 to present
Keenan, Vanessa	Wagga Wagga	October 2016 to present
Koschel, Tim	Wagga Wagga	October 2016 to present
Meyer OAM, Doug	Greater Hume Shire	October 2012 to present
Quinn, Tony	Greater Hume Shire	October 2016 to present
Verdon, Greg	Lockhart	October 2012 to present

Meeting attendance 2019/2020

Councillor	Number of meetings	Attendance
Pat Bourke	6	5
Yvonne Braid OAM	6	4
Greg Conkey OAM	6	5
Paul Funnell	6	5
Vanessa Keenan	6	6
Tim Koschel	6	6
Doug Meyer OAM	6	6
Tony Quinn	6	6
Greg Verdon	6	5

Fees, facilities and expenses

Regulation 217 (1) (a1)

Chairperson's Allowance	\$18,014.12
Councillors' Fees	\$97,832.44
Councillors' Expenses	\$8,535.54
Conference / Seminar Fees	\$8,695.00
Spouse/Partner Conference expenses	\$0

Council's Policy in respect of these matters is detailed at page 54.



Personnel and delegation

Senior staff

General Manager

Andrew Crakanthorp

January 2018 to present

Contracted senior staff

Bede Spannagle (Director of Engineering)

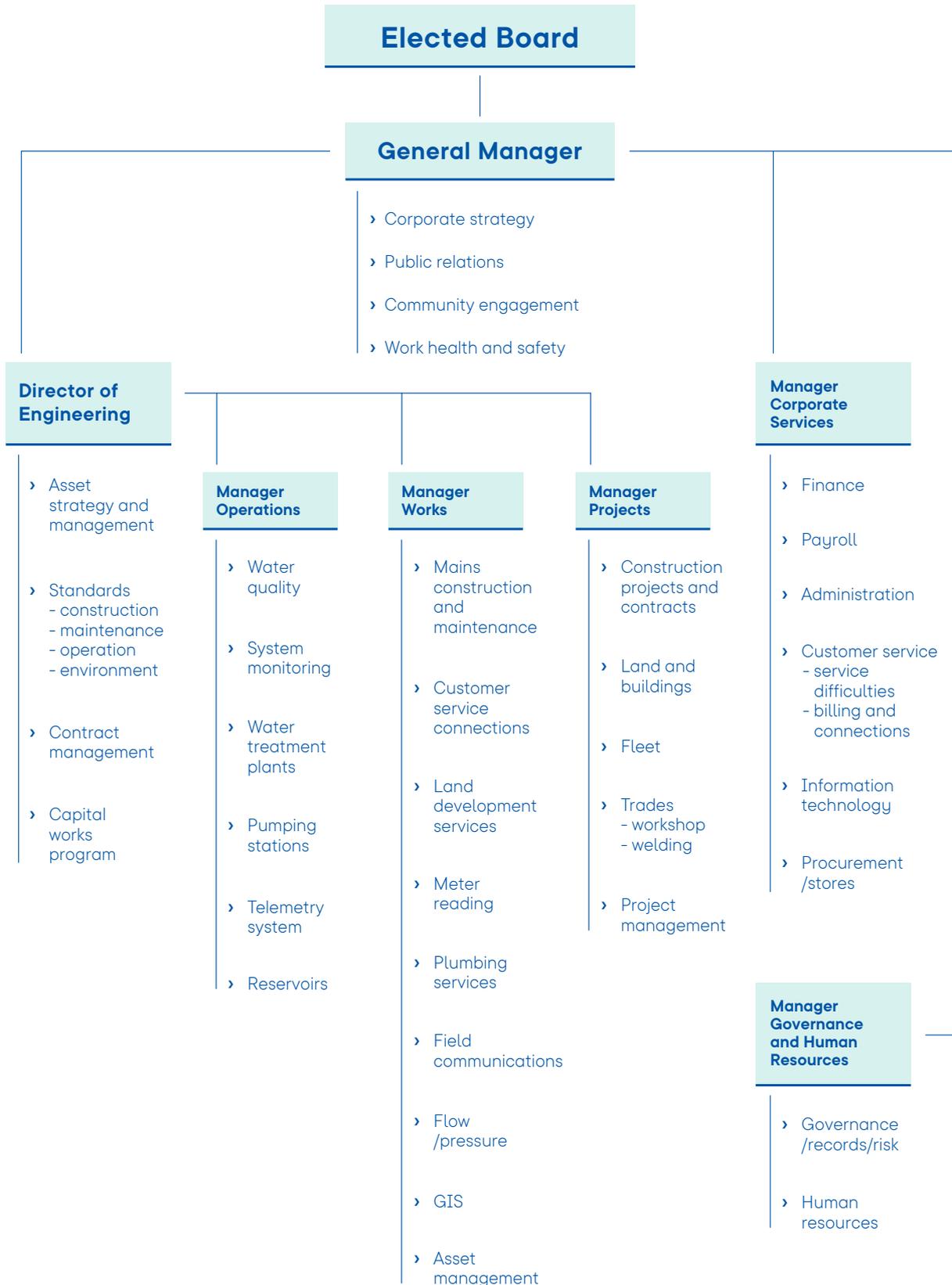
February 2014 to present

Total remuneration for senior staff

Regulation 217 (1) (b&c)

The total remuneration cost of the General Manager was \$235,653 including salaries, superannuation, private use of a Council car and fringe benefits tax. The total remuneration cost of the Director of Engineering was \$212,607 including salaries, superannuation, private use of a Council car and fringe benefits tax.

Organisation structure



Governance

Riverina Water has enhanced its commitment to Governance in 2019/20. Additional resources have been provided to ensure greater compliance and support. Enhanced governance support has included working closely with the Audit Risk and Improvement Committee (ARIC) to better engage the internal audit program, local governance compliance, awareness and training. Included in this has been policy framework review, implementation and programming.

There has been a refreshed emphasis on enterprise risk management also, with a total review of the enterprise risk register, development of an enterprise risk framework and policy and adoption of risk appetite statements to be included in council reporting. This work will be further consolidated in the 2020-21 financial year.

A major project has commenced that involves consolidating all relevant corporate records, appropriately capturing and digitising in line with NSW State Archives compliance requirements along with security disposal. This long-term project has commenced and is likely to continue for approximately the next 3 years and will include support, awareness and training for staff in the utilisation of our Electronic Document and Records Management System (EDRMs) for all records compliance.

Years of service

The following years of service were recognised on their anniversary during 2019/2020 financial year:

10 Years

Aran Beckett
Charles Rose

15 Years

David Badger
Lyle Burgess
Mark Carroll
Dermot McCormack
Peter Outtrim

20 Years

Jason Ip

25 Years

Judith Dunning
Mark McIntyre
Neil Sainsbury
Ronald Scott
Paul Gibbons
Darrin Burkinshaw

30 Years

Brent O'Brien
John Reynoldson
Daryl Ryan
Colin Fisher
Aundre Haggart
Phillip McAlister
Carl Graetz

Human resource activities undertaken by Council

Riverina Water employs a permanent workforce of 105 people to carry out the range of responsibilities in administering the organisation and supplying water to our communities. From time to time this workforce is supplemented by a small number of temporary staff. Recruitment practices follow all EEO guidelines.

Riverina Water's commitment to developing a skilled workforce within the local community is demonstrated through ongoing engagement of apprentices and trainees. Council hosted several school-based work experience placements throughout the year, and engaged the following traineeships and apprenticeships:

- › One Apprentice Electrician 3rd year
- › Two cadet engineers

Due to Covid-19 restrictions work experience and learning and development opportunities have been restricted and managed in 2020. This is being reviewed regularly along with a reengagement of apprentice and traineeships in 2020/21.

Riverina Water's Workforce Plan has been reviewed, updated (2020 – 2024) and seeks to align with relevant Council strategic objectives and plans.

	Corporate Services	General Manager	Senior Contracts	Governance & Human Resources	Operations	Projects	Works	Total
Perm. June 2019	9	2	2	3	22	14	40	92
Temp. June 2019				1	1	2		4
Total June 2019	9	2	2	4	23	16	40	96
Retired		1				1		
Resigned	1	2				1	5	
Terminated								
Appointed	2	3		3	1	2	7	
Casual				1				
Internal Transfer								
Transfer to Perm.								
Temp. Appointed						1	1	
Temp. Terminated	1					1		
Perm. June 2020	12	3	2	4	22	14	44	101
Temp. June 2020					1	3		4
Total June 2020	12	3	2	4	23	17	44	105

Table 1: Staff Turnover 2019/2020

Equal employment opportunity – activities taken by Council to implement its management plan

Regulation 217 (1) (a9)

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

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

To inform the workforce and the community in general that Riverina Water is committed to a discrimination free workplace, the following standard wording is to be placed in all advertisements for staff positions: **“Riverina Water County Council is an EEO Employer”**

EEO strategies

During the course of the preparation of the EEO Program the following strategies will be observed:

- › Maintain the wording of advertisements for vacant positions to ensure they offer all potential applicants equal employment opportunities
- › Ensure equal employment opportunity underpins Riverina Water’s recruitment, promotion, training, development, personnel policies and management practices and support material (including handbooks, manuals, forms, induction booklets etc.)
- › Applications for positions, including transfers and promotions and for career development (eg training, study assistance programs) are to be assessed without bias on the basis of availability and individual merit

- › Riverina Water will keep records of job applications, interviews, selection & training programs
- › Provide career counselling
- › Improve career opportunities for staff currently employed in areas of limited career structure
- › Reinforce the staff grievance procedure
- › Prevent harassment of staff
- › Continue the training program for all staff
- › Continue with job rotation program where practicable
- › Ensure all new policies and procedures adhere to EEO principles
- › Make EEO responsibilities a routine part of management and supervisory functions
- › Provide mechanisms for resolving employment discrimination complaints
- › Continue to improve staff access to information about Riverina Water and conditions of employment

Disability Inclusion Action Plan (DIAP)

Under advice from Local Government NSW, Riverina Water County Council is not defined as a public authority under the Local Government Act 1993. Therefore a plan is not required to comply with section 12 of the Disability Inclusion Act 2014 (DIA Act).

Regardless of this, Riverina Water continues to ensure compliance and accessibility to ensure that people have appropriate access and opportunity to Riverina Water services, support and inclusion.

Training

Staff learning and development is a significant commitment for Council and staff and in addition to the on-the-job training a number of specific courses were undertaken to a training plan throughout the year.

In addition to regular and ongoing compliance training Council and staff have committed to a number of learning initiatives to maintain and upskill staff.

Essential training costs are met in full and assistance is also given to staff undertaking desirable professional development.

**Training
2019/2020****Number of
participants**

Access Rail Corridor	6
AutoCad Fundamentals	1
Automation Group Training	1
Chemical User Training	3
Cert IV Procurement	1
Committee Training	12
First Aid	29
HR Truck Licence	3
HR Conference	2
IWES Drinking Water Guidelines	0
Leadership & Management (Leading Teams)	51
LG Procurement "Networking in the Bush Conference	1
Rail PO1 Recertification	2
Shoring/ Trenching	13
Traffic Plan Management & Design	6
Traffic Sign Implementation	6
WHS White Card	4
Workcover Licence EWP	2
Workcover Licence Excavator/ Backhoe	2
Workcover Licence Forklift	2

Nepalese Exchange Program

A small village in rural Nepal is thriving thanks to Riverina Water and the South Wagga Wagga Rotary Club.

In early 2020, the organisations combined to help expand the Sindhuli Community Technical Institute.

Riverina Water provided a \$5000 donation to the project, as well as sponsoring one of its industrial electricians, Stephen McIntyre, to work for two weeks on the ground in Nepal.

Mr McIntyre, Rotary and a team of volunteers were constructing the multi-storey nurses teaching block and the ground floor of a hostel, which will provide accommodation for 32 nursing students.

“Working alongside very motivated, passionate and charitable people who give their time up to help out communities in need was a rewarding experience,” Mr McIntyre said.

“On paper, the project looked almost unachievable within the timeframes, resources and conditions, but we worked together and helped each other.

“The highlight for me was knowing my time and effort went towards helping others to be educated; and remembering to appreciate things we take for granted such as basic education, power, running water, internet and a roof over our heads.”



Stephen McIntyre helped expand the Sindhuli Community Technical Institute and caught up with engineering student Sujita, who undertook six weeks' work experience with Riverina Water and Wagga Council in Australia.



Science Engineering Challenge

Riverina Water was proud to continue its support of the annual Science and Engineering Challenge.

The Wagga Wagga event was coordinated by Murrumbidgee Rotary and the University of Newcastle.

Along with donating \$2500 to help make the event possible, engineering staff shared their expertise with hundreds of school students from across the Riverina.

In March 2020, our staff helped budding engineers with creating networks and the ever-popular bridge building challenge.

Tamarin Taylor (top, centre) and Austin Morris (bottom, left) from Riverina Water's engineering directorate worked with local schoolchildren on a range of activities at the annual challenge.

Enterprise award

The Enterprise Award continues to be RWCC's industrial instrument. Remuneration to all staff is based on a logical and fair system, commensurate with modern base standards and practices.

Staff committees

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

- › Work, Health & Safety Committee (WHSC)
- › Staff Consultative Committee (SCC)
- › Health & Wellbeing Committee (HWC)

Each of these groups comprise members of staff who volunteer their input to represent employees on safety, wellness and workplace issues. It provides a forum for employee and management representatives to discuss issues and formulate actions to make the workplace a safer and better place to work.

Work health and safety management 2019/2020

Leadership training for Managers and Supervisors continued on 2019/2020. Management consultation with all staff to promote open discussion on safety issues and advise on workplace change has continued to increase.

Riverina Water continues to provide and promote healthy life options to all staff. Provisions of weekly fruit supplies and a \$100 annual rebate on purchase of health or safety related personal items has encouraged staff to incorporate healthy options into their personal and work lives. Unfortunately, COVID-19 interrupted the weekly supply of fruit and many staff were forced to work from home or an alternate location.

COVID-19 in the latter half of the financial year, required Riverina Water to implement and review current hygiene practices, alternate work practices and highlighted how our organization can adapt to external pressures and continue to deliver.

RWCC continued with the Watch Out Safety Award program that recognizes employee's contribution to eliminating or minimizing risks. This initiative combined with Riverina Water's risk management systems assists with the identification and elimination/control of workplace safety risks.

Work health and safety goals and objectives 2019/2020

Objective/Goal

Riverina Water's WHS goal for 2019/2020 is to eliminate workplace risk through good safety management practices. Where elimination is not achievable/practical, all risks will be reduced to the lowest practicable level using the hierarchy of controls. Unsafe work practices are to be eliminated through a combination of safety management, updated Safe Work Method Statements and an improved safety culture.

Objectives	Means of achieving	Target / Measure
Improve communication and consultation	<ul style="list-style-type: none"> › Kit Kat team meetings › Regular face to face discussion between managers and staff › Provide timely and appropriate feedback on all WHS issues › Work, Health & Safety Committee meetings to address issues raised and provide feedback 	<ul style="list-style-type: none"> › 12 x monthly meetings held by all teams. › Regular manager attendance at team meetings. › Workgroup meetings held quarterly. › WHS bi-monthly meeting minutes and communication with workgroups.

All teams met the monthly meeting requirements prior to COVID-19.
 Manager attendance at monthly meetings has improved but could improve further.
 An additional workgroup meeting is now held following the Council meetings to brief staff.
 Weekly COVID-19 email updates from the General Manager have been introduced to keep staff informed.
 Editions of Safety Newsflash have not been released monthly but only as required.

Elimination / reduction of workplace risks	<ul style="list-style-type: none"> › Develop & implement a Risk Management Action Plan (RMAP) › Develop, monitor & review safe working practices and procedures including SWMS › Provide adequate resources (staff & equipment) › Regular workplace inspections and audits › Conduct audit & analysis of incidents and near misses 	<ul style="list-style-type: none"> › RMAP activities at least 90% completion. › Procedures updated per schedule. SWMS reviewed and updated to reflect current and safe work methods. › Procedure/policy reviews at monthly team meetings. › Appropriate resources are allocated for the tasks required. › Audit and inspection schedule up to date. › Annual report of analysis. Register of all incidents to provide information / graphs.
---	---	---

The Risk Management Action Plan (RMAP) encompasses organizational risk management as a whole. The WHS element of the RMAP was completed.
 Procedure updates continue to be completed and are 75% completed by the due date.
 Staff turnover is very low and teams have been provided with appropriate and adequate equipment to perform their roles safely.
 Workplace inspection schedules are being met within reasonable time frames.

Raise the safety culture	<ul style="list-style-type: none"> › Training of staff › Promotion of WHS responsibilities › Monitor and address WHS performance of staff & human error component of incident reports › Regular editions of Safety Newsflash › Annual Safety Breakfast – theme relevant to current or priority WHS issue/s. 	<ul style="list-style-type: none"> › All staff trained to specified WHS requirements and levels. › All staff aware of their WHS role. › Human errors identified & addressed in incident reports. Reduced percentage of reports involving human error component. › Minimum of one Newsflash per month. › Annual safety breakfast held and feedback from employees discussed at HSC meeting.
---------------------------------	--	---

Staff awareness and training of WHS responsibilities and competencies is included in the induction process of new staff.
 Most incidents are being reported within the set time frame.
 Investigations of incidents is identifying any non-conformance issues and appropriate actions being undertaken.

Key performance indicators

Number of days lost through injury	Target < 52 days Result = 50
Cost of workplace injuries (Workers Compensation premium)	Target < \$185,725 Result = \$ 223,961.00
Percentage of sick leave to ordinary hours worked	Target < 3.5% (sector average) Result = 3.85%
Total hours worked compared to time lost through workplace injury & illness:	Target < 224.46 Result = 245.63
No of employees undertaking WHS related training and development	Target <ul style="list-style-type: none"> › All required training is current › 100% percent of training plan completed › Same quarter as previous year Result = 95% of scheduled training was completed despite the challenges posed by COVID-19

Achievements this year

- › Annual safety breakfast – Work Health and Safety Committee
- › Continuation of Weekly fresh fruit available for all staff – Health and Wellbeing Committee
- › Health Incentive scheme encouraging employees to engage in healthy activities outside of work – Health and Wellbeing Committee
- › Implementation of Hand Sanitiser Dispenser Stations at the main depot.

Engineering controls of risk

Safety related projects for the past year include:

Installation of

- › Raw Water gantry crane and winch system for pump maintenance at Wagga Filtration Plant
- › Fibre reinforced plastic ladder to replace metallic ladder (prone to corrosions)
- › Ladders and handrail on Vac truck
- › Access stair between mezzanine floor and pump floor at West Wagga WTP
- › Reversing camera on JCB telehandler

We have also

- › Replaced heavy pit lids at Mount Austin with aluminium lids
- › Fitted hand grabs and steps to the pipe lifting attachment
- › Implementation of lone worker monitoring system

Watchout Safety Incentive Award recipients

2019

August Hydrant Lid “Exerciser” - Allan Hall & Robert Woodward

2020

June Chemical PPE Rack in new treatment Plant – Gavin Smith

Riverina Water’s workers compensation performance

A key benchmark of RWCC’s Workers compensation performance is comparing our statistics to figures within the entire StateCover (Insurance) group.

Benchmark	Statecover average	Our performance
Average Premium Rate	2.79%	2.28%
Lost Time Injury Rate (claims per 100 employees)	5.35	8.57
Injury reporting timeframe	79%	89%
WHS Self Audit	75%	91.4%



Fusion 2019

Riverina Water again supported Wagga Wagga City Council's Fusion multicultural festival in 2019, providing \$25,000 to help make the popular event possible.

Thousands of people soaked up music, food, art and culture from around the world.

Our team were on hand to provide drink bottles and refilling stations as part of an effort to reduce single-use plastic waste at the event.



National competition policy

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

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

I. Identify Council's business activities and categorise them in accordance with the guidelines.

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

II. Creation of a complaints mechanism to deal with a competitive neutrality complaints.

Council has developed a complaints management system.

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

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 2018/2019 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 2018/2019.

External bodies which have exercised Council – delegated functions

Regulation 217 (1) (a6)

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.

Companies in which Council held a controlling interest

Regulation 217 (1) (a7)

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

Regulation 217 (1) (a8)

During 2013/14 the process was commenced to end the formal agreement with North Urana Water Group (NUWG). This process has now been completed, primarily relating to land matters.



Community engagement strategy

Community Engagement Strategy 2019/2021 progress report

1 Community Engagement and Events	Comment
1.1 We will sponsor and attend Fusion to 2020. We will lead the promotion of sustainable water practices and focus on minimising our waste footprint at the event	Achieved in 2018 and 2019. Portable refill stations utilised and reusable drink bottles distributed. Wagga Wagga City Council has cancelled the 2020 event due to COVID-19 restrictions.
1.2 We will run water treatment plant tours for students and other groups	On track. To be recommenced following completion of water treatment plant works
1.3 We will develop water wise gardens and green walls at our Wagga site in partnership with experts including CSU ecologists and ErinEarth. These sites will form part of tours to the water treatment plant.	In discussion with the General Manager, no action is planned in the term of this strategy
1.4 We will run water wise campaigns to promote the sustainable use of water/best practice and to create related behaviour change in our community	On track. Weekly water wise tip promoted on social media has been implemented. Larger multi-channel campaign to be developed for the start of daylight savings in 2020.
1.5 We will run tap water campaigns including the distribution of branded table water bottles to local cafes and restaurants in our supply area	In discussion with the General Manager, this initiative is on hold indefinitely
1.6 We will develop an interactive customer service area including display boards with current information, wall artwork/photography, iPad surveys on customer service levels, self-service functions, digital logins for guests etc	Has been included in the scope of the administration building refurbishment.
1.7 We will seek to consult with community during policy development in new and innovative ways	On track. Riverina Water has adapted its processes during COVID-19 and is continuing to look at other ways of gaining community input. Online submissions have been implemented on the new website.
2 Drinking water refill stations	Comment
2.1 Each calendar year we will have one drinking water refill station available upon request for each of our rural constituent Councils and two for Wagga City. We will also replace the existing plastic refill stations with stainless steel units	On track. A number of refill stations have been installed and constituent councils reminded of the opportunity annually.
2.2 As part of Fusion, we will provide tap water for attendees through portable refill stations and we'll promote BYO bottle in addition to supplying reusable bottles. We will also investigate using biocups for events	Achieved, as per item 1.1

3	Social Media	Comment
3.1	We will build our presence on Facebook by 10 per cent each calendar year	Ongoing. 1499 likes at 30 June 2019, 1924 at 30 June 2020 (28.3%)
3.2	We will build our presence on Twitter	Ongoing. 113 at 30 June 2019, 142 at 30 June 2020 (25.6%)
3.3	We will build our presence on Instagram	Ongoing. 442 at 30 June 2019, 747 at 30 June 2020 (69%)
3.4	We will build our presence on LinkedIn	Ongoing. 252 at 30 June 2019, 409 at 30 June 2020 (62.3%)
3.5	We will build our presence on other social media channels including YouTube and investigate emerging social media channels	YouTube is primarily utilised for Riverina Water purposes as online video storage and for integration to the website. There are no current plans to expand existing social media channels.
3.6	We will report quarterly on our social media analytics	Ongoing.
3.7	We will develop and implement a social media policy	Internal policy developed.
3.8	We will use social media to facilitate customer enquiries	Ongoing. Enquiries primarily received through Facebook, with requests actioned or responded to on the same or following business day.

4	Customer newsletter	Comment
4.1	We will produce a customer newsletter quarterly	Ongoing.
4.2	We will create an electronic direct marketing version of our newsletter, in line with privacy and data storage requirements	In development and will launch when there are sufficient addresses in the database.

5	Visual identity	Comment
5.1	We will develop a visual identity and verbal identity	Achieved and implemented 2019.
5.2	We will develop a brand style guide	Achieved and implemented 2019.
5.3	We will develop a suite of marketing, communications and business collateral materials using the new visual identity	Achieved and implemented 2019.
5.4	We will replace existing outdoor signage with new on brand signage	Ongoing
5.5	We will replace water refill station signage with new on brand signage	Ongoing.
5.6	We will investigate opportunities to incorporate branding and art onto infrastructure in creative ways	Ongoing, including artwork on water reservoirs.

6	Donations	Comment
6.1	We will develop a Donation Policy and program to replace our defunct Sponsorship Policy	Endorsed at December 2019 Board meeting.
6.2	We will develop application and acquittal forms to support the program	Achieved as part of policy implementation.
6.3	We will launch and promote the new program in late 2019	Achieved.
7	Grants	Comment
7.1	We will develop a community grants program	Achieved.
7.2	We will develop online application and acquittal forms to support the program	Achieved. Online portal has been reviewed for 2020 program.
7.3	We will launch and promote the new program in 2019	Achieved.
8	Environment	Comment
8.1	Promote water related days/weeks of significance including World Water Day World Water Week & National Water Week	Ongoing.
8.2	We will look for opportunities to use sustainable suppliers and sustainable production options (types of materials, printing, freight, supplier location etc) in the development of marketing and communications collateral	Ongoing.
8.3	We will take a digital-first approach to marketing and communications materials where appropriate to reduce the reliance on hard copy assets and production	Ongoing.
8.4	We will minimise instances of over ordering stock resulting in waste	Ongoing.
8.5	We will reduce our waster footprint by developing meaningful water-related/water wise merchandise with ability for reuse. In line with this approach, we will also not consider large merchandise requests and will not consider requests for merchandise not aligned with this approach	Ongoing.
9	Website	Comment
9.1	We will engage external suppliers to rebuild its website	Achieved. New website live in July 2020.
10	Media	Comment
10.1	We will develop and implement a media policy	Draft policy in development
10.2	We will identify opportunities for proactive media coverage	Ongoing.

Community Grants

Riverina Water's inaugural Community Grants Program awarded almost \$390,000 in funding to projects and initiatives across the region.

The new grants program was open to individuals, community groups and organisations across the four Local Government Areas that Riverina Water services – Federation, Greater Hume, Lockhart and Wagga Wagga.

Successful projects ranged from a movie projector for Morundah to a water tower mural at Milbrulong. A total of \$389,867 in funding flowed to 42 grassroots projects across three categories – Community Projects and Facilities, Arts and Culture, and Water Conservation.

"This was a new initiative Riverina Water is trialling for two years as another way to give back to the communities in our service area," Riverina Water Chair, Councillor Greg Verdon, said.

"The Community Grants Program allows Riverina Water to fund a diverse range of projects that will benefit our residents for many years to come.

"Whether it's a small or large project, the Community Grants Program is a fantastic way for southern Riverina communities to upgrade recreation facilities, do something creative or conserve water."



Riverina Water Community Grants Program 2019/2020

- › **\$389,867 awarded across Federation, Greater Hume, Lockhart and Wagga Wagga Local Government Areas**
- › **42 successful applications**
- › **Three grant categories: Community Projects and Facilities, Arts and Culture; and Water Conservation.**







Operations, construction and maintenance

Operational plan – performance targets 2019/2020

Section 428 (2) (b)

Services

Measure	Indicator	Progress to 30 June 2020
Customer Satisfaction Rating	>4	next survey to be completed in 2021
Water Quality Satisfaction	>4	next survey to be completed in 2021

Asset replacement

Measure	Indicator	Progress to 30 June 2020
Projects completed from Capital Works Program	>85%	99.89%

Demand management

Measure	Indicator	Progress to 30 June 2020
Peak Day Demand (weekly average)	< 65MI	77.3ML on 31 January 2020

WHS

Measure	Indicator	Progress to 30 June 2020
Number of days lost through injury	< previous period	Days lost in 2018/2019 was 44. Days lost in 2019/20 was 50
Percentage of sick leave hours to ordinary hours worked	<state of LG sector average (less than 3.5%)	3.85%
Total hours worked compared to time lost through injury & illness	IISI < previous period	245.63 IIS index in June 2020. The index in June 2019 was 201.36

Environmental protection

Measure	Indicator	Progress to 30 June 2020
Power used per MI of water produced KWh	833 kWh/MI	793 KWh/MI
Carbon emissions per megalitre of water produced	0.74 T/ML	0.705 T/ML

Equal employment opportunity

Measure	Indicator	Progress to 30 June 2020
Number of legitimate EEO complaints resolved	100	Nil lodged
Percentage of staff returning from parental leave	100	not applicable

Charges and Fees

Measure	Indicator	Progress to 30 June 2020
Water charges overdue compared to water sales for previous 12 months	<5%	2.55%
Level of sundry debtor accounts overdue compared to debtors raised for previous 12 months	<5%	1.75%

Contracts awarded during the year

Regulation 217 (1) (a2)

Under Regulation clause 217 of the Local Government Act, Council is required to report details of each contract awarded for amounts greater than \$150,000 for the 2018/19 year. These details are provided below.

Company	Description of work	Value \$ (GST ex)
Vinidex	Supply of 250mm Opvc pipe	\$273,808
Vinidex	Supply of DI CL pipe	\$730,740
Clover Pipelines	Supply of 300mm Opvc pipe	\$583,194
Hornick Constructions	Design and Construction of two 11ML Low Level Reservoirs at Willans Hill	\$4,020,000
Hornick Constructions	Design and Construction of 4.5ML Glenoak Reservoir	\$1,280,000
JCB Construction Equipment	Supply of three backhoe loaders	\$179,590

Private works under section 67(3) of the act

Regulation 217 (1) (a4)

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

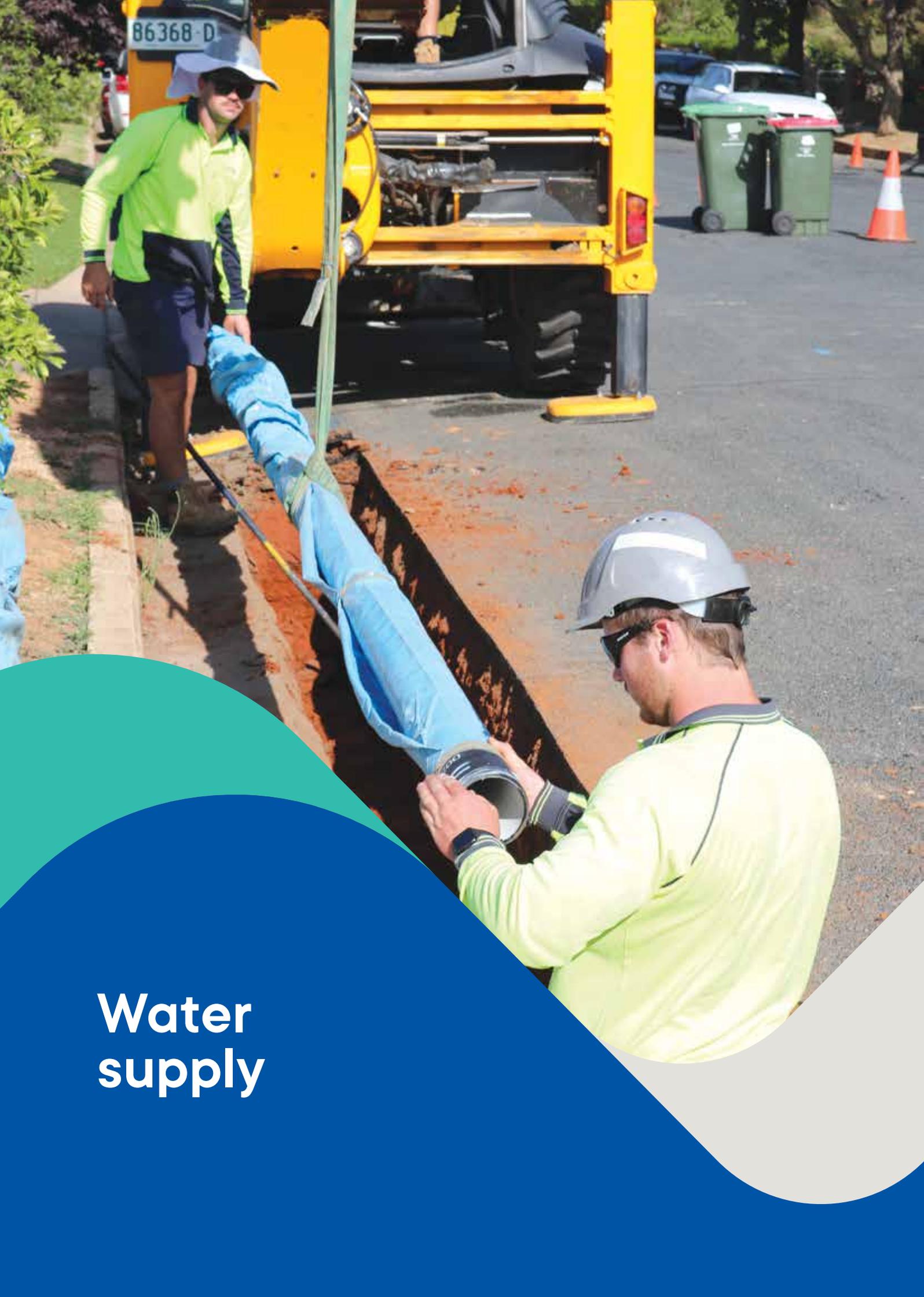
During the review period no such work was undertaken by the Council.

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

Development servicing plan (DSP)

In accordance with Department of Water and Energy Best-Practice Management of Water Supply Council adopted Development Service Plan at its Meeting on 26th June 2013. The draft DSP was placed on public exhibition after Council's meeting on 10th April 2013.

The Calculated Developer charge in the DSP for 2018/2019 was \$5053. The charge for 2017/2018 was \$5053.



Water supply

Riverina Water draws its supply from a number of sources, then treats and pumps water to Wagga Wagga and surrounding towns, villages and rural areas in the region.

The total amount of water sourced was 16,040 ML, which is approximately a 3.1% less than the previous year in 2018/19. Historical annual water sourced is illustrated below:

Historical total source works



Graph 1: 2019/2020 Historical Total Source Works

The majority of Riverina Water’s source works is located in Wagga Wagga, to which Riverina Water utilised 12,412 ML (or 88.6%) of its 14,000 ML Wagga Alluvial groundwater extraction entitlements, and 2,427 ML (or 34.7%) of its 7,000 ML Murrumbidgee River surface water entitlements. Completion and commissioning of a new surface water treatment plant in Wagga Wagga will increase council’s ability to treat Murrumbidgee River surface water a further 15 ML/day.

The full year’s total treated water production of 15,777 ML is a decrease of 5.4% from 2018/19, where 26.1% was supplied to non-urban areas (rural stock/domestic and townships) outside Wagga Wagga urban areas

Total monthly treated water production peaked at 2,345 ML in December 2019. The monthly. The maximum Wagga Wagga peak 24-hour demand was 77.3 ML (recorded on 31 January 2020) which is a decrease of 14.3% compared to the previous year (77.3 ML recorded on 17 January 2019).

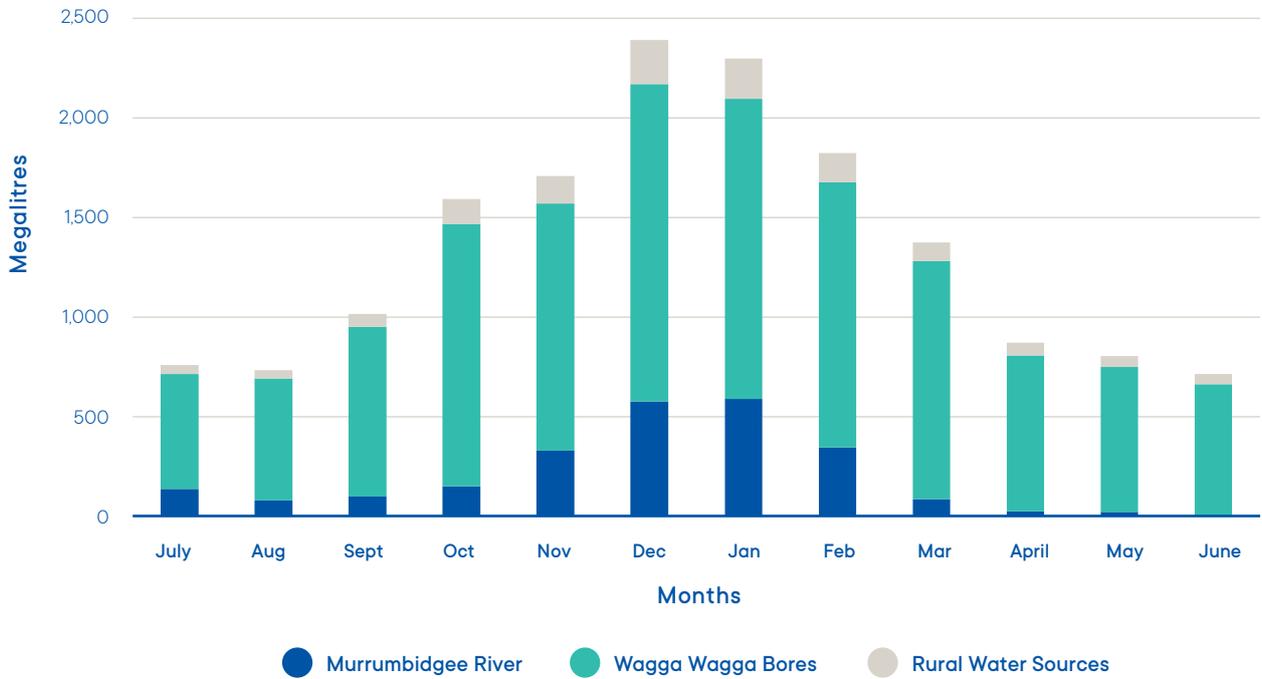
The total number of customer service connections increased from 31,486 to 31,871.

Water sourced

	2015/16	2016/17	2017/18	2018/19	2019/20
Rainfall (mm)	652.2	595.8	348.8	489.6	419.0
Wet Days	121	114	99	101	89
	Megalitres	Megalitres	Megalitres	Megalitres	Megalitres
North Wagga bores	2,489	2,434	2,709	2,901	2,779
West Wagga bores	4,637	5,003	5,592	3,764	4,650
East Wagga bores	4,607	4,202	3,507	4,313	4,982
Murrumbidgee River	2,200	1,390	2,912	4,235	2,427
Total Wagga sources	13,933	13,030	14,720	15,213	14,838
Bulgary bores	512	412	386	509	464
Urana Source	38	34	46	71	58
Ralvona bores	260	245	248	284	258
Walla Walla bores	162	169	144	164	172
Goldenfields Water Supply System	53	65	39	36	45
Total rural sources	1,026	924	863	1,064	997
Woomargama	19	17	18	22	16
Humula	9	7	6	5	9
Tarcutta	42	42	44	51	47
Oura	41	41	37	46	44
Walbundrie (Rand)	38	32	39	47	42
Morundah	11	11	10	13	10
Collingullie	63	58	66	87	81
Total independent sources	224	208	220	271	250
Grand totals	15,183	14,162	15,803	16,548	16,086
Proportion from surface	14.9%	10.2%	18.8%	26.1%	15.5%
Proportion from groundwater (bores)	84.8%	89.4%	81.0%	73.7%	84.2%

Table 2: Water Sourced

2019/2020 Water sourced



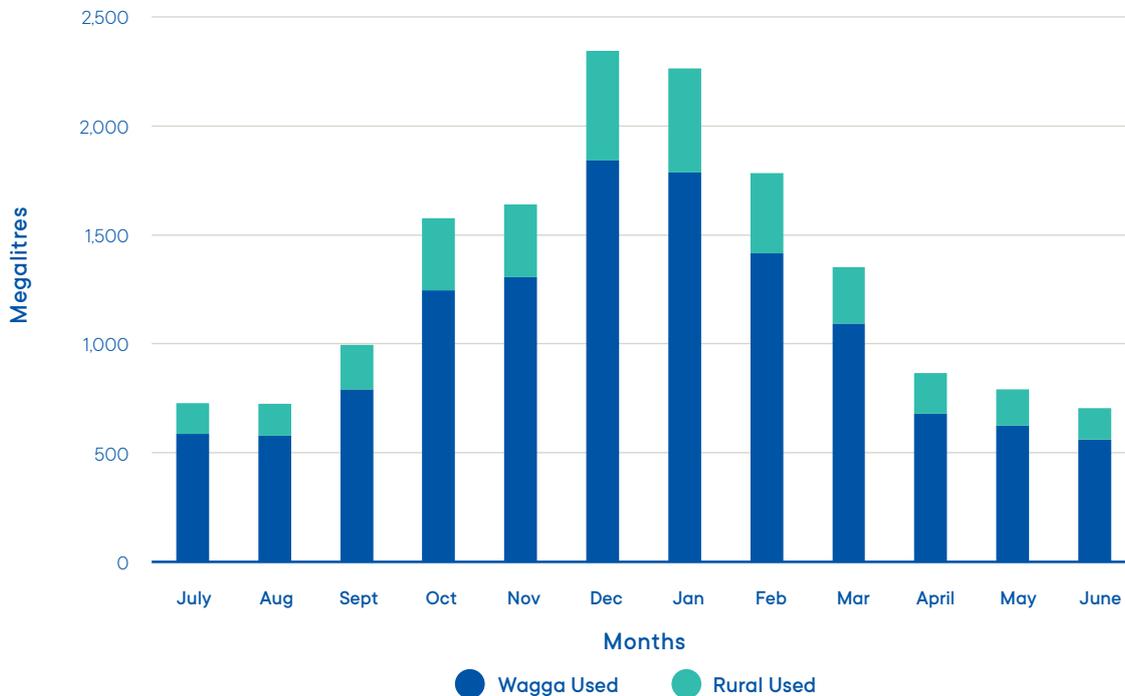
Graph 2: 2019/2020 Water Sourced by Month

Water treated

	2015/16	2016/17	2017/18	2018/19	2019/20
East Bomen	288	339	308	286	322
Estella	838	881	1,025	1,181	1,243
North Wagga	1,012	847	922	1,321	1,039
Wagga Wagga – Low Level	1,985	1,846	2,215	2,344	1,804
Wagga Wagga – High Level	6,756	6,429	6,981	7,001	7,034
Wagga Wagga – Bellevue Level	844	835	714	1,083	1,071
Sub-total	11,723	11,177	12,166	13,215	12,510
Ladysmith System	60	58	69	67	72
Brucedale Scheme	268	302	271	340	313
Currawarna Scheme	164	162	162	196	170
Rural Southern trunk main system	1,577	1,493	1,239	2,186	1,662
Rural Western trunk main system	558	453	458	132	546
Sub-total	2,628	2,468	2,199	2,922	2,762
Holbrook	260	245	239	282	258
Woomargama	19	17	18	22	13
Humula	9	7	6	5	9
Tarcutta	42	42	41	50	47
Oura	41	41	40	46	44
Walbundrie/Rand	38	32	38	47	42
Morundah	11	11	9	12	10
Collingullie	63	58	64	83	79
Sub-total	484	453	454	547	505
Totals	14,835	14,097	14,819	16,684	15,777

Table 3: Water Treated

2019/2020 Water treated



Graph 3: 2019/2020 Water Used by month

Water distribution

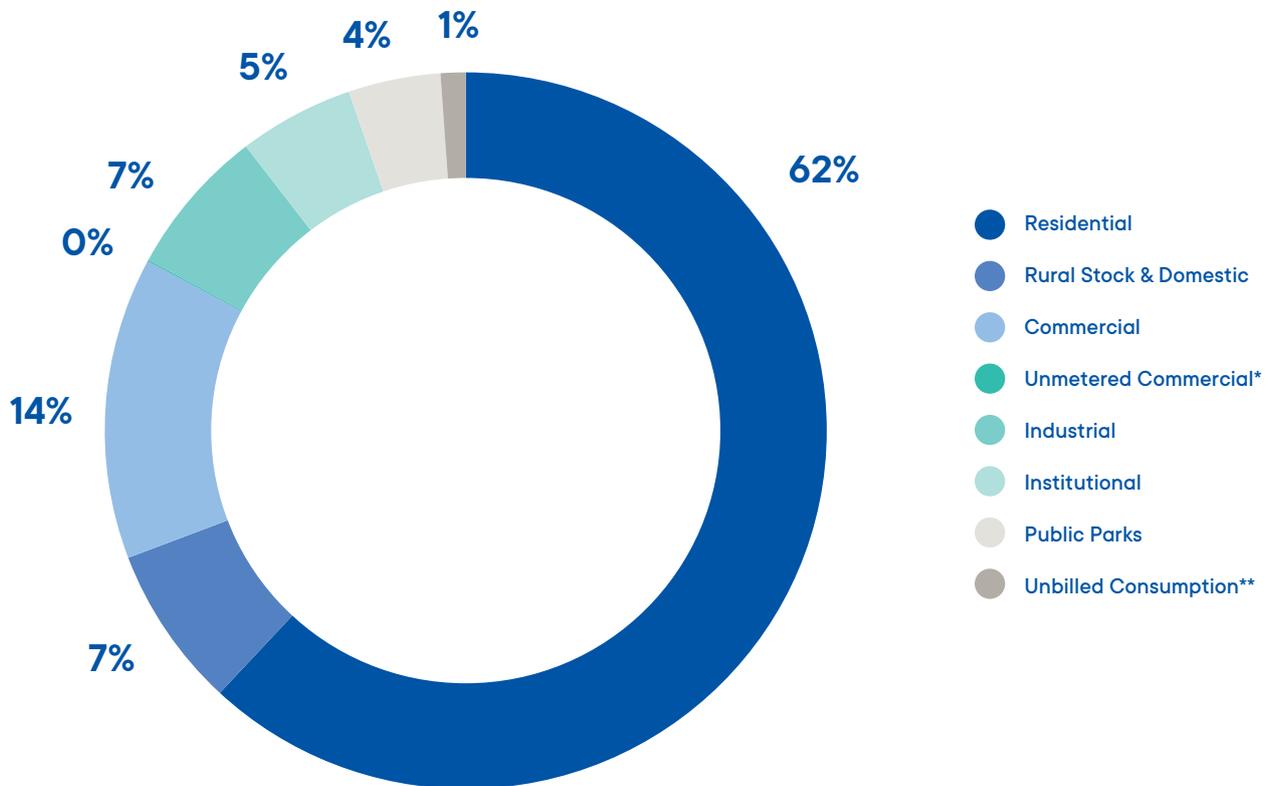
	2019/20	
	Consumption ML	Percentage
Residential	9,770	61.9%
Rural Stock & Domestic	1,151	7.3%
Commercial	2,149	13.6%
Unmetered Commercial*	9	0.1%
Industrial	1,053	6.7%
Institutional	816	5.2%
Public parks	651	4.1%
Unbilled Consumption**	176	1.1%
Total Treated Volume	15,777	100.0%

Table 4: Annual Distribution Analysis

Unaccounted water was calculated to be minimal, but this figure fluctuates typically between 3% to 7%, depending mostly on misclosure of meter reading cycles and the end of financial years. Unaccounted water also

includes system flushing associated with water quality, fire flows, mains bursts and system leakage before customers' water meters that are not measured.

Annual distribution analysis by category 2019/2020



Graph 4: Annual Distribution Analysis by category 2019/2020

Water license utilisations

The following table compares water abstracted at Wagga Wagga to our Town Water Licence Allocations for 2019/20.

	Water Access Licence (ML)	Sourced (ML)	% of Allocation
Surface water - Wagga	7,000	2,427	34.7%
Surface water - other	819	68	8.3%
Ground water - Wagga	14,000	12,412	88.7%
Ground Water - other	2,535	1,134	44.7%
Total Water	24,354	16,086	66.0%

Table 5: Water License Utilisations

Great water without the waste

Whether you're out and about or at a community event, fresh tap water is a clean, refreshing and environmentally sustainable option. Our network of Tap2Go refill stations give you safe and reliable drinking water, while helping to reduce single-use plastic. Simply fill up your drink bottle at one of our permanent Tap2Go stations in your community, or request to have our temporary Tap2Go stations at your next major event.



We have drinking water refill stations at the following locations across our supply network.

Wagga Wagga City Council

- › In front of the Marketplace, Baylis Street
- › In front of 175-179 Baylis Street
- › In front of 76 Morgan Street
- › Northern end of Lake Albert
- › Western side of Lake Albert
- › Eastern side of Lake Albert
- › Livvi's Place inclusive playground, Morgan Street

- › Jubilee Park (two stations)
- › Botanic Gardens
- › Rawlings Park
- › Paramore Park

Lockhart Shire Council

- › Main Street, The Rock
- › Next to the reservoir in Lockhart
- › Pleasant Hills
- › Walter Day Park, Lockhart
- › The Rock swimming pool
- › Lockhart swimming pool
- › Yerong Creek

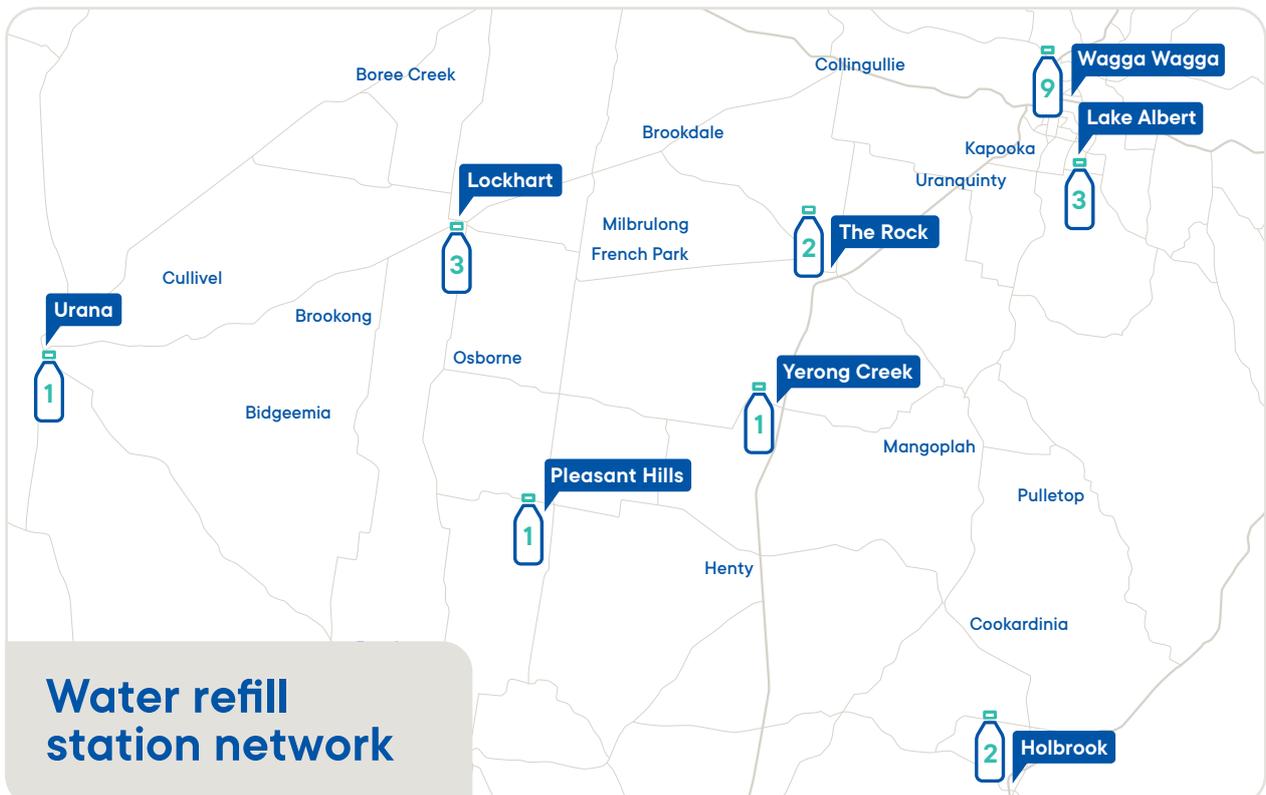
Greater Hume Shire Council

- › HMAS Otway submarine
- › Albury Street

Federation Shire

- › Urana Aquatic Centre

We donate new Tap2Go stations to each of our four constituent councils in our supply area each year. Contact your local Council if you've got a great location to suggest.



Water refill station network

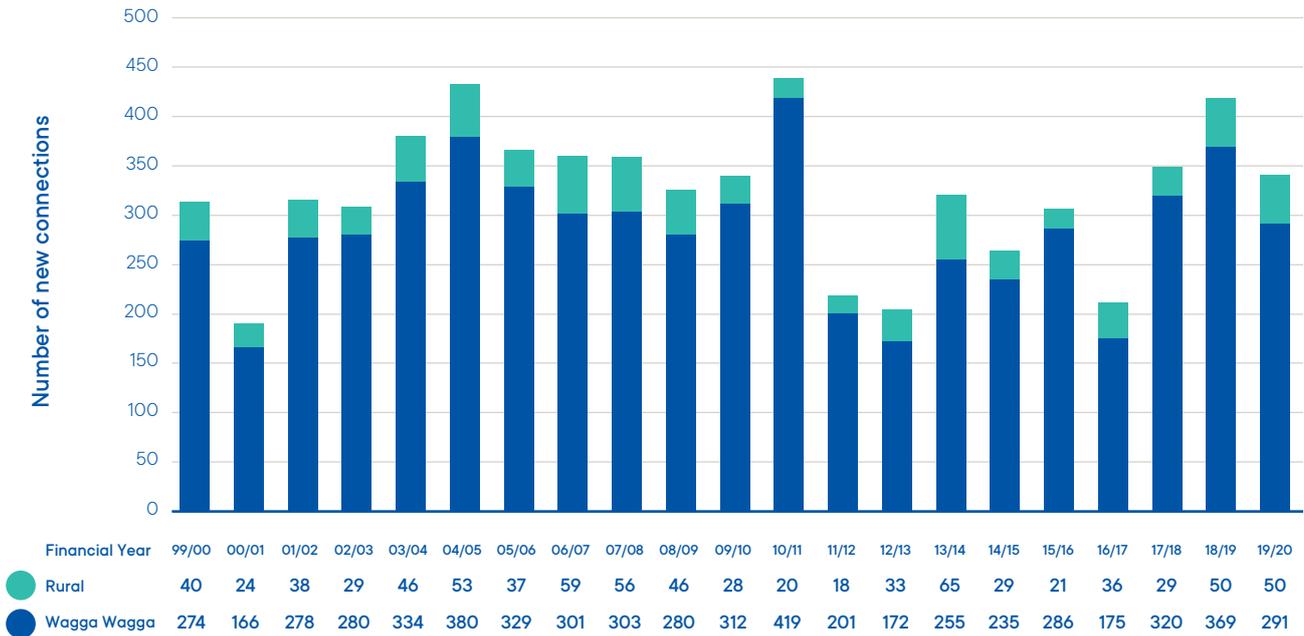
New customers

Location	Number connected					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Bidgeemia						
Boree Creek				1		1
Brucedale - The Gap	1				1	5
Bulgary						
Collingullie			2			2
Coorabin						
Culcairn						
Currawarna	1				3	1
French Park						
Forest Hill					19	5
Henty		3	5	8	2	3
Holbrook	2	3	2	3	2	2
Humula						
Ladysmith	1		2		1	1
Lockhart	4	6	5	3	6	2
Mangoplah		1			2	2
Milbrulong						
Morundah		1				
Morven	2	1	2	1	1	
Oaklands			2	1		
Oura	2		1			3
Pleasant Hills	1		2	1	2	1
Rand						
San Isidore					1	1
Tarcutta	1			1		
The Rock	1		2	4	4	7
Urana				1		2
Uranquinty	4	5	7		2	6
Wagga Wagga	235	286	175	320	369	291
Walbundrie			1	1		
Walla Walla	3		1	3	3	5
Woomargama	4	1	1		1	1
Yerong Creek	2		1	1		
TOTALS	264	307	211	349	419	341

Table 6: Number of New Connections 2014/2015 – 2019/2020

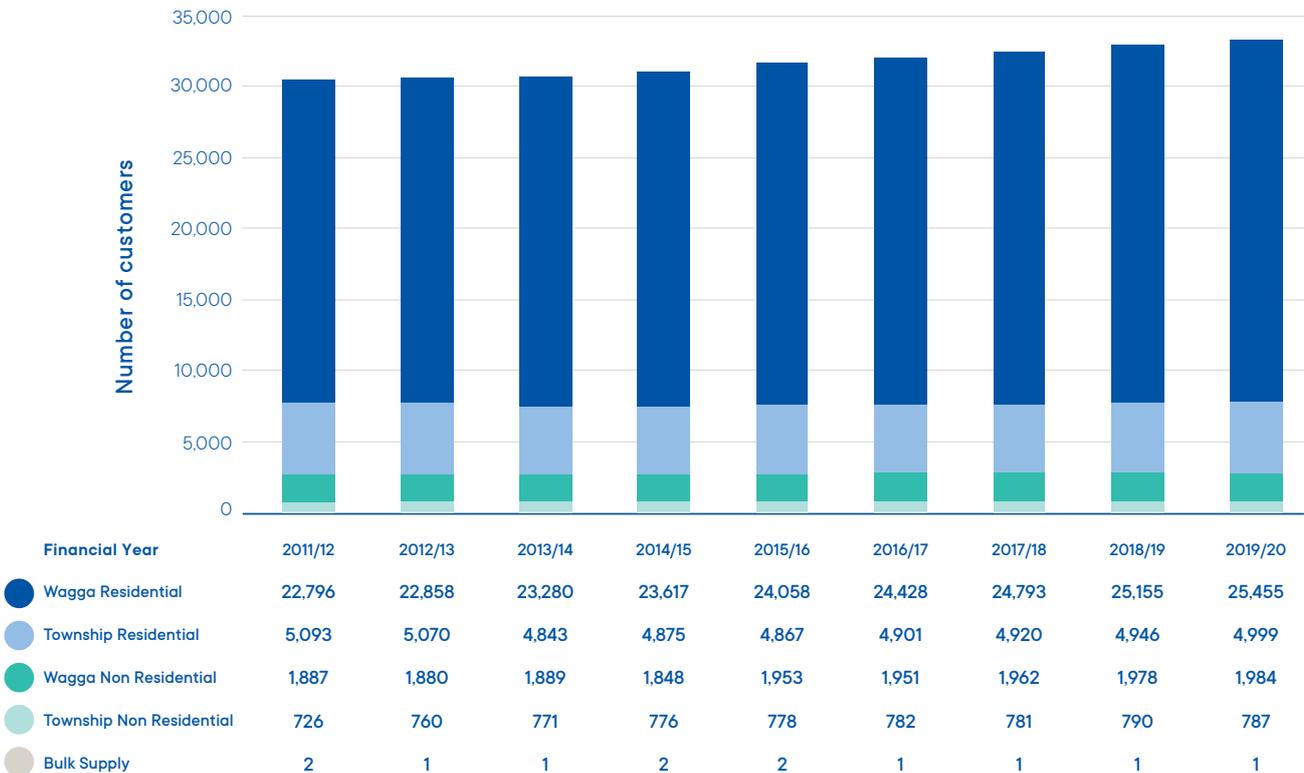
Total customers at 30th June 2019: 33,208

Number of new connections



Graph 5: Number of new connections 1999/2000 – 2019/2020

Number of customers historical analysis



Graph 6: Number of Riverina Water Customers 2011/2012 – 2019/2020

Pipeline losses

Estimated pipeline losses due to bursts for each month are shown in the following table. The estimated losses over the past 6 years are shown for comparison.

Month	Rainfall (Wagga Wagga Amo)	Wet days (<1.0mm)	Wagga main breaks	Wagga main losses (kl)	Rural main breaks	Rural main losses (kl)
Jul	13.6	11	4	0	12	89
Aug	12.4	8	0	0	15	168
Sep	19.8	3	0	0	6	179
Oct	8	2	4	12	7	84
Nov	63	3	8	110	12	154
Dec	7.6	1	3	25	10	81
Jan	12.8	4	9	95	24	763
Feb	18.2	3	16	80	15	163
Mar	77	4	4	40	12	181
Apr	98.4	7	7	52	9	329
May	26.2	4	13	139	15	331
Jun	55.2	7	6	58	5	62
Totals	412.2	57	74	611	142	2584

Table 7 Monthly analysis of pipeline breaks and rainfall for July 2019 – June 2020

Year	Wagga Wagga		Rural	
	Burst mains	Estimated loss ml	Burst mains	Estimated loss ml
2014/2015	136	10.5	186	8.3
2015/2016	105	2.1	189	49.4
2016/2017	89	1	110	3.15
2017/2018	70	1.28	127	2.96
2018/2019	38	10.2	118	2
2019/2020	74	0.6	142	2.58

Table 8: Water losses due to burst mains over the past 6 years

Capital Works

The 2019/20 capital works program was completed and included the following major projects.

Water treatment plants

Projects to improve the water treatment process included;

- › Replacing the aeration towers and covers in the West Wagga, Bulgary and Gardiners Crossing water treatment plants with stainless steel.
- › Retrofit of the lamella clarifiers in the Wagga Wagga water treatment plant to improve floc settling and sludge removal in the treatment process.
- › Walbundrie clear water storage tank replacement.

SCADA System

Digital upgrades were undertaken on 35 reservoirs and pump stations replacing the radio telemetry units and digital radio upgrades. Replacement of the analogue repeaters with digital radio repeaters at Galore, Mount Burngoogie and Yamba.

Source water

An additional 200ML license of groundwater was purchased in the mid-Murrumbidgee aquifer, to support growth beyond our existing groundwater licenses.

Depots

Purchase of vacant land between Forge and Copeland Streets for future expansion of the Wagga Wagga depot.

Pump stations

Bore pump and motor replacements at Wagga Wagga East and Bulgary.

Pump station renewals are Bellevue, Estella and North Wagga Wagga high lift.

Reservoirs

Construction and commissioning completed on the 4.5ML reservoir on Glenoak Hill to service the suburbs of Bourkelands, Lloyd and Lloyd West.

Construction and commissioning completed on the two 11ML reservoirs at Willans Hill to service the low-level zone of Wagga Wagga City.

Major trunk main replacement

Replacement of the 450mm diameter trunk main from Estella pump house to the Estella reservoir, and the San Isidore main and Milbrulong to Lockhart trunk main.

System improvements and reticulation mains replaced in Collingullie, Mangoplah, Mimosa Drive, East Street, Halloran Street, Edward Street and Darlow Streets in Wagga Wagga.

Construction of the Glenoak Reservoir in June 2019



Wagga Wagga sources and allocations

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

	Water access licence (ml)	Used (ML)	% of Allocation
Surface water - Wagga	7,000	2,912	41.5%
Surface water - other	819	56	6.8%
Ground water - Wagga	14,000	11,808	84.3% (or 95.4% of Long Term Extraction Limit, LTAEL)
Ground Water - other	2,535	989	39.0%
Total Water	24,354	15,764	64.7%

Financial information

Charges for water

Council's pricing allows customers to have control of their bills with a fixed charge and a usage charge. Water used for fire-fighting purposes is not charged. Shown below are the water charges for 2019-2020.

General tariff

First 125 kilolitres per quarter -	\$1.46
Balance per kilolitre per quarter -	\$2.19

Strata title units and flats

First 125 kl per quarter per unit	\$1.46
Balance per kilolitre per unit (For Strata complexes and Flats where units are not individually metered, the total metered consumption is evenly apportioned between units)	\$2.19

Industrial tariffs

Processing or manufacturing industries with consistent year round usage:

First 41 kilolitres per month	\$1.46
Balance above 42 kl per month	\$2.19
Balance above 3000 kl per month	\$2.19

Large scale processing or manufacturing industries with consistent year round usage and specifically approved by Council.

First 3000 kl per month	\$1.46
Balance above 3000 kl per month	\$1.46

Commercial tariff

First 125 kl per quarter / 41 kl per month	\$1.46
Balance per kilolitre per quarter	\$2.19

Community facilities

Hospitals, Schools/TAFE/University, Parks and Gardens, Council Swimming Pools	\$1.46
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Non-potable water

First 125 kilolitres per quarter -	\$0.73
Balance per kilolitre per quarter -	\$1.09

Bulk supply

Application of this tariff will be at the discretion of the Council	\$1.46
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Primary producers tariff

All rural services along Council's trunk mains	\$1.46
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(Riverina Water provides a Rural Peak Demand level of service of 11,000 litres per farm per day (stock and domestic) based on uniform flow over a 24 hour period.)

Condition of public works under Council's control

Riverina Water 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 are summarised in the following table:

Asset description	Asset life	Replacement cost \$'000	Remaining life value at 30 June 2020 \$'000
Water Mains	Iron 75 years/ Other 50 years	308,814	202,175
Reservoirs	Steel 60 years/ Conc. 100 years	65,531	47,451
Pumping Stations	20-50 years	17,047	8,872
Water Treatment Plants	50 years	90,610	72,243
Water Supply Bores	30 years/ Stainless steel 40 years	12,249	6,665
Land & Buildings	50 years	16,665	14,531
Total		510,916	351,937

Table 9: Condition of public works under Council's control

NB. Independent valuers were engaged to revalue all water supply assets in 2015/16.

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 2019/2020 programme of maintenance for

the works is outlined in the following tables. The capital works programme details the replacement of individual sections of the network. The major need is for renewal of older water mains, based on the theoretical lifespan of each type of pipe. Some of these mains are however still serving their intended purpose and the relative urgency of renewal is not critical.

Special schedule 7

Report on infrastructure assets as at 30 June 2020

\$,000s

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2019/20 Required maintenance*	2019/20 Actual maintenance*	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Building - non-specialised	-	-	310	251	3,458	4,094	38.4%	56.1%	5.5%	0.0%	0.0%
	Building - specialised	-	-	153	119	11,073	12,571	55.1%	11.7%	31.2%	1.9%	0.0%
	Sub-total	-	-	463	370	14,531	16,665	51.0%	22.6%	24.9%	1.4%	0.0%
Water supply network	Treatment Plants	1,109	1,109	725	704	72,243	90,610	67.3%	5.9%	12.3%	14.4%	0.0%
	Bores	100	100	185	142	6,665	12,249	4.8%	29.9%	62.1%	3.3%	0.0%
	Reservoirs	7,041	7,041	225	235	47,451	65,531	12.8%	10.7%	52.8%	22.4%	1.3%
	Pumping Stations	41	41	180	195	8,872	17,047	10.4%	10.1%	66.5%	7.4%	5.6%
	Pipeline	41	18,636	1,050	1,070	202,175	308,814	21.4%	44.2%	27.1%	7.4%	0.0%
	Sub-total	26,927	26,927	2,365	2,346	337,406	494,251	27.9%	31.2%	30.0%	10.6%	0.4%
Total - All assets	26,927	26,927	2,828	2,716	351,937	510,916	28.6%	30.9%	29.8%	10.3%	0.4%	

(a): Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Summary of disclosable legal proceedings

Regulation 217 (1) (a3)

During 2019/20 Council expended \$177,647.53 in legal fees. 2 water accounts were referred for external debt recovery action. Of these all but one had been satisfactorily resolved at the end of June 2020.

Amounts contributed / granted under section 356

Regulation 217 (1) (a5)

Section 356 enables Council to contribute funds to persons for the purpose of exercising its functions. During 2019/20, the Council made donations of \$76,577 under this Section.

Overseas visits funded by Council

Regulation 217 (1) (a)

Riverina Water was represented at the following overseas visits during 2019/20:

- › Nepalese Exchange Program
- › AWA Australia & Vietnam Water Utility Improvement Program

Council contributed to the cost of these visits.

Government information (public access) act, 2009

In accordance with the provisions of the Government Information (Public Access) Act, 2009, Council has completed its annual statistics for the twelve month period ended 30th June 2020. One application was received by Council during the 2019/2020 period. Council has not received any enquiries from the Ombudsman under the Government Information (Public Access) Act, 2009 nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged

Statistical details:

Information requests	Number of requests
Access Applications	Nil
Refused Applications	Nil
Applications to access excluded information	Nil

Information protection act, 1998

In accordance with the provisions of the Information Protection Act 1998 Section 33(e) Council adopted a Privacy Management Plan, vide resolution No. 00/69. The Privacy Management Plan provides for the protection of personal information and for the protection of the privacy of individuals. No applications were received by Council for review under Part 5 of the Act during the 2019/2020 period.

CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX

Riverina Water County Council Goods and Services Tax Certificate

Payment of Voluntary GST 1 July 2019 to 30 June 2020

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

- › Voluntary GST has been paid by Riverina Water County Council for the period 1 July 2019 to 30 June 2020.
- › Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- › No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.



Mr Andrew Crakanthorp

General Manager



Miss Emily Tonacia

Responsible Accounting Officer

Date: 1 July 2020



Councillor's expenses and facilities policy

Policy reference number POL 1.10

Original publication date 27 August 1997

Revision number	Issue date	Approved	Approved date
0	27 August 1997	Res: 97/57	27 August 1997
1		Res: 05/86	19 October 2005
2		Res: 06/77	17 October 2006
3		Res: 07/65	22 August 2007
4		Res: 08/54	27 August 2008
5		Res: 09/73	26 August 2009
6		Res: 10/100	25 August 2010
7		Res: 11/87	24 August 2011
8		Res: 12/144	24 October 2012
9		Res: 13/107	23 August 2013
10		Res: 14/92	20 August 2014
11		Res 15/120	2 September 2015
12		Res 16/133	24 August 2016
13		Res 16/189	26 October 2016

This document is to be reviewed in the first 12 months of the term of new Council.
Next review date: **October 2021**

Responsible officer General Manager

Part A – Introduction

1.0 General provisions

1.1 Purpose of the policy

The purpose of the Policy is to ensure there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by Councillors.

The Policy also ensures that the facilities provided to assist Councillors to carry out their civic duties are reasonable.

1.2 Objectives and coverage of the policy

To give guidance to the Chairman and Councillors as to what facilities and resources are available to them.

To provide direction for the payment of expenses incurred, or to be incurred, by Councillors and the provision of facilities to the Chairman and other Councillors in relation to discharging the functions of their office.

Implementation of our legislative responsibility, in adopting a policy concerning the payment of expenses and the provision of facilities and resources to the Chairman and Councillors in carrying out their civic duty (Sections 252 and 253 of the Local Government Act 1993).

1.3 Making and adoption of the policy

Council must implement section 253 of the Local Government Act 1993 before adopting or amending a policy. Council must give public notice of its intention and allow at least 28 days for public submissions.

Council must consider any submissions received and make any appropriate changes to the policy. Council does not need to give public notice of a proposed amendment to the policy, if the amendment is not substantial.

The term “not substantial” should be taken to mean minor changes to wording of the policy or changes to monetary provisions or rates that are less than 5%. It also means minor changes to the standard of the provision of equipment and facilities. Substantial amendments to the policy that could include larger changes to monetary limits than the limit noted above, and/or major changes to the standard provision of equipment and facilities, will require public notice of the amendment. Any new category of expenses, facilities and equipment included in the policy will also require public notice.

1.4 Promotion and availability of the policy

Council should promote its policies on the payment of expenses and the provision of facilities to councillors to the community by placing them on their websites and making them readily accessible. Council should ensure that the policy is easy to locate and view by the public.

1.5 Review

Councils are required within 12 months of the term of a new Council to review and submit their policy to the Chief Executive of the Office of Local Government within 28 days of adoption by Council.

1.6 Reporting requirements

- › Section 428 of the Local Government Act 1993 requires Council to include in its annual report:
- › the Councils policy on the provision of facilities for, and the payment of expenses to, mayors and councillors,
- › the total amount of money expended during the year on providing those facilities and paying those expenses,
- › additional information as required by the Local Government (General) Regulation 2005.

1.7 Legislative provisions

1.7.1 Provisions under the local government act 1993

Changes to sections 252(5) and 253 of the Local Government Act 1993, made by the Local Government Amendment Act 2005, require Councils to make and submit their Expenses and Provision of Facilities Policy annually to the Department of Local Government.

Section 252 of the Local Government Act 1993 requires Councils to adopt or amend a policy annually for the payment of expenses and the provision of facilities to mayors, deputy mayors and other councillors. Mayors and councillors can only be reimbursed for expenses and provided with facilities in accordance with this policy.

Section 252 also makes provision for a Council to reduce the amount payable to mayors and councillors (under sections 248-251 of the Local Government Act 1993) by the amount representing any private benefit of a facility provided by the Council to them. It also requires that the policy be made under the provisions of this Act, the Local Government (General) Regulation and any relevant guidelines issued under section 23A of the Act.

Section 253 specifies actions that Council must undertake before a policy concerning expenses and facilities can be adopted or amended. As earlier stated these actions include a requirement to give public

notice with a minimum period of 28 days for the making of submissions, procedure for consideration of any submissions received and circumstances where public notice is not required. This section also details the reporting requirements to the Chief Executive.

Section 254 requires that part of a Council or committee meeting which considers the adopting or amending of such a policy must not be closed to the public.

The Government Information Public Access Act 2009 and Regulation 2009 provides that the public is able to inspect during office hours at the Council, and at no charge, the current version and the immediately preceding version of the Council's expenses and facilities policy. The public are also entitled to a copy of the policy, either free of charge, or, on payment of a reasonable copying charge.

Section 23A makes provision for the Director-General of the Division of Local Government to prepare, adopt or vary guidelines that relate to the exercising by a Council of any of its functions. It also requires that a Council must take the relevant guidelines into consideration before exercising any of its functions.

Section 428(4)(b) requires that Councils must report on any other information required by the regulations.

1.7.2 Provisions under the local government (general) regulation 2005

Clause 217 Provides details of information to be included in Councils Annual Report in addition to the above provisions, such as details of overseas trips by councillors and staff representing Council and details of expenses paid to Councillors.

Clause 403 (Payment of expenses and provision of facilities) states:

A policy under section 252 of the Local Government Act 1993 must not include any provision enabling a Council:

- (a) *to pay any councillor an allowance in the nature of a general expense allowance, or*
- (b) *to make a motor vehicle owned or leased by the Council available for the exclusive or primary use or disposition of a particular Councillor other than a mayor.*

1.8 Other NSW government policy provisions

1.8.1 Department of local government guidelines

As previously noted under section 252(5) of the Local Government Act 1993 the Council expenses policy must comply with these guidelines issued under section 23A of the Act.

1.8.2 Department of local government circulars to Councils

The policy must take into account the following Circulars:

- › Circular 11/27 Findings from Review of Councillors Expenses and Facilities Policies
- › Circular 10/26 Misuse of Council Resources
- › Circular 09/36 Updated Guidelines for the Payment of Expenses and the provision of facilities to Mayors and Councillors – Additional annual reporting requirements and other matters
- › Circular 05/08 Legal Assistance for Councillors and Council Employees
- › Circular 02/34 Unauthorised Use of Council Resources

1.8.3 The model code of conduct for local Councils in nsw

The policy should be consistent with the Model Code of Conduct for Local Councils in NSW, Department of Local Government – June 2008.

1.8.4 ICAC publication – No excuse for misuse, preventing the misuse of Council resources

Councils should also be aware of and take account of the Independent Commission Against Corruption (ICAC) publication, No Excuse for Misuse, Preventing the Misuse of Council Resources (Guidelines 2) November 2002.

This publication is available on the ICAC website at www.icac.nsw.gov.au.

1.9 Approval arrangements

Approval of councillors to attend conferences and other Council business that involves travel and/or accommodation should be, where possible, approved by a full meeting of the Council. If this is not possible, the approval should be given jointly by the Chairperson and General Manager.

If the Chairperson requires approval to travel outside of Council meetings, it should be given jointly by the Deputy Chairperson, or another councillor, if the Deputy Chairperson is unavailable and the General Manager.

Part B – Payment of expenses

2.0 General provisions

2.1 Payment of expenses generally

This policy sets levels of expenses and facilities to realistically account for costs incurred by councillors independent of the level of their annual fees.

2.1.1 Allowances and expenses

The Local Government Remuneration Tribunal determines the minimum and maximum limit of fees payable to Chairperson and councillors according to the category of Council. The Council will determine the actual level of fees between these limits on an annual basis following the determination of the Local Government Remuneration Tribunal.

The amount of the annual fee for the Chairperson and Councillors will be paid monthly in arrears.

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.

The amount of expenses for conveyance to official Council functions by car will be determined by the rates provided in the Council's Award and will be paid monthly in arrears to Councillors that do not reside in the Local Government Area where the function is being held.

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.

2.1.2 Reimbursement and reconciliation of expenses

Actual expenses incurred by councillors in carrying out civic duty are only reimbursed upon the production of appropriate receipts, tax invoices and other documentation, together with the completion of the required claim forms. Expenses and costs incurred must be in accordance with the requirements of this policy.

2.1.3 Payment in advance

Councillors may request payment in advance in anticipation of expenses to be incurred in attending conferences, seminars and training away from home.

Councillors may also request an advance payment for the cost of any other service or facility covered by the policy. However, councillors must fully reconcile all expenses against the cost of the advance when they return within two months. No allowance type expense payment will be payable in any circumstances.

2.2 Establishment of monetary limits and standards

2.2.1 Monetary limits as to expenses

The monetary limit for expenses will be generally guided by the budgeted items in the Operational Plan under the following line items:

- › Travelling and Subsistence Allowance – Councillors
- › Councillor Expenses

Some expenses will have a specific limit or rate set.

2.2.2 Standard of provision of equipment and facilities

The standard of provision of equipment and facilities will be done so in conjunction with staff to ensure the most economically efficient method of delivery. This applies to accommodation, travel, services and facilities.

2.3 Spouse and partner expenses

There may be limited instances where certain costs incurred by the councillor on behalf of their spouse, partner or accompanying person are properly those of the councillor in the performance of his or her functions (hence they are properly incurred by, and reimbursable to the councillor). An accompanying person is a person who has a close personal relationship with the councillor and/or provides carer support to the councillor.

As a consequence, meeting the reasonable costs of spouses and partners or an accompanying person for attendance at official Council functions that are of a formal and ceremonial nature, is considered appropriate where accompanying councillors within the Riverina Water County Council area. Such functions would be those that a councillor's spouse, partner or accompanying person could be reasonably expected to attend. Examples could include, but not be limited to, Australia Day award ceremonies, civic receptions and charitable functions for charities formally supported by the Council.

Limited expenses of spouses, partners or accompanying persons associated with attendance at the Local Government New South Wales annual conference may be met by Council. These expenses will be limited to the cost of registration and the official conference dinner. Travel

expenses, any additional accommodation expenses, and the cost of partner/accompanying person tours etc. are the personal responsibility of individual councillors. Consideration will be given to the payment of expenses for the spouse, partner or accompanying person of the Chairperson, or councillor when they are representing the Chairperson, when they are called on to attend an official function of Council or carry out an official ceremonial duty while accompanying the Chairperson outside the Council area, but within the general region of the Council. Examples include charitable functions to which the Chairperson has been invited and award ceremonies and other functions to which the Chairperson is invited to represent the Council.

The above circumstances shall be distinguished from spouses, partners or accompanying persons who accompany a councillor at any event or function outside the Council area, including interstate or overseas, where the costs and expenses of the spouse or partner or accompanying person should not be paid by Council (with the exception of the attendance at the Local Government New South Wales annual conference, as noted above).

The above examples shall also be distinguished from circumstances where spouses, partners or accompanying persons accompany councillors at seminars and conferences and the like. In these situations all costs, including any additional accommodation costs, must be met by the councillor or the Spouse/partner/accompanying person.

The payment of expenses for spouses, partners or accompanying persons for attending appropriate functions as permitted above shall be confined specifically to the ticket, meal and/or the direct cost of attending the function. Peripheral expenses incurred by spouses, partners or accompanying persons such as grooming, special clothing and transport are not considered reimbursable expenses.

2.4 Incidental expenses

Reasonable out of pocket or incidental expenses associated with attending conferences, seminars or training courses that councillors incur may be reimbursed upon the presentation of official receipts and the completion of the necessary claim forms.

Incidental expenses could reasonably include telephone or facsimile calls, refreshments, internet charges, laundry and dry cleaning, newspapers, taxi fares and parking fees. In addition, the cost of meals not included in the registration fees for conferences or similar functions may be reimbursed after reconciliation.

All advanced payments are required to be reconciled.

2.5 Authorisation of claims

Travel claims will be authorised as follows:

- › The General Manager will authorise travel expense claims made by the Chairperson and Councillors. The Chairperson will authorise the General Manager's travel claims.
- › Travel expenses claimed by a traveller but not supported with receipts will not be paid for by Council
 - › supporting documentation should be dated to allow the authorising officer to determine if the expense item related to the authorised period of travel
 - › receipts should also contain details of the nature of the transaction to allow the authorising officer to determine if the item is valid or not
- › Registration fees for a conference can entitle the traveller to included meals at the conference venue. Claims for meals at other venues when these included conference meals are available will not be paid for by Council.
- › Claims for meals / drinks / entertainment for "other people" will only be considered for possible authorisation if the name / position / organisation of the "other people" are detailed - if no details are provided, Council will not pay the claim.
- › Payment in Advance - Provision of a payment in advance may be requested by a Councillor however such an advance must be fully accounted for upon return and any unspent portion returned to Council.

3.0 Specific expenses for chairperson and councillors

3.1 Attendance at seminars and conferences

Riverina Water Councillors are required to represent Council from time to time at a variety of seminars and conferences.

Attendance at these events will be approved by Council and recorded in the minutes of the relevant meeting. All travel, accommodation and seminar/conference fees, as well as incidental expenses will be met by Council.

Council will meet reasonable costs of accommodation and acknowledges the economic and practical benefits of being accommodated at the conference/seminar venue.

Council will also meet reasonable costs of main meals where any of these meals are not provided as part of the conference. Receipts of purchases will need to be

presented for reimbursement. Costs for mini bar use will not be paid by Council.

A written report shall be provided to the Council on the seminar/conference by the Councillor or accompanying staff member (Local Government New South Wales Annual Conferences excepted).

3.2 Training and educational expenses

It is desirable for Councillors to undertake training and development from time to time.

Attendance at these events will be approved by Council and recorded in the minutes of the relevant meeting. All travel, accommodation and training fees, as well as incidental expenses will be met by Council.

3.3 Motor vehicle travel arrangements and expenses

A Council vehicle shall be made available for the use of councillors wherever possible. However where it is not possible and councillors are required to provide their own private transport for travelling on authorised Council business then the councillors shall be paid an allowance for travelling at the rate specified in the Riverina Water Council Enterprise Award, currently:

- › Under 2.6 Litres - \$0.74 per kilometre
- › 2.6 Litres and Over - \$0.75 per kilometre

Council will also meet the costs associated with parking and road tolls. The driver of the vehicle is personally responsible for all traffic or parking fines incurred while travelling in private or Council owned vehicles and should abide by Council's Safe Driving Policy (Policy 3.4).

3.4 Overseas travel

Councils shall avoid international visits unless direct and tangible benefits can be established for the Council and the local community. Detailed proposals for overseas travel should be provided, including the nomination of the councillors undertaking the trip, purpose of the trip and expected benefits. The duration, itinerary and approximate total costs of each proposed visit, should also be provided.

Overseas travel must be approved by a meeting of the full Council prior to a councillor undertaking the trip. Travel must be approved on an individual trip basis. Council shall not allow the retrospective reimbursement of overseas travel expenses unless prior authorisation of the travel has been obtained.

Travel proposals should be included in the Council business papers. The use of a chairperson's minute to obtain Council approval for travel is not appropriate and

is not consistent with the principles of openness and transparency.

After returning from overseas, councillors, or accompanying member of Council staff, should provide a detailed written report to Council on the aspects of the trip relevant to council business and/or the local community. Councillors are also strongly encouraged to report back on their overseas travel to a full meeting of the Council.

Details of overseas travel must also be included in Council's annual reports.

3.5 Interstate travel

Prior approval of travel should generally be required for interstate travel. The application for approval shall include full details of the travel including itinerary, costs and reasons for the travel.

3.6 Attendance at dinners and other non-Council functions

Consideration will be given to meeting the cost of councillors' attendance at dinners and other non-Council functions which provide briefings to councillors from key members of the community, politicians and business. Approval to meet expenses shall only be given when the function is relevant to the Council's interest. Only the cost of the service provided shall be met. No payment shall be reimbursed for any component of a ticket that is additional to the service cost of the function, such as a donation to a political party or candidate's electoral fund, or some other private benefit. An additional payment to a registered charity may be acceptable as part of the cost of the function after prior approval by Chairman and General Manager.

3.7 Care and other related expenses

Riverina Water County Council will make the provision for the reimbursement of the reasonable cost of carer arrangements, including childcare expenses and the care of elderly, disabled and/or sick immediate family members of councillors, to allow councillors to undertake their Council business obligations. This is in accordance with the principles of participation, access and equity and is considered by the Division of Local Government to be a legitimate expense. Councillors claiming the carer expense should not be subject to criticism for doing so.

Consideration shall be given to the payment of other related expenses associated with the special requirement of councillors such as disability and access needs, to allow them to perform their normal civic duties and responsibilities. Application shall be made for such expenses.

3.8 Insurance expenses and obligations

Section 382 of the Local Government Act 1993 requires a Council to make arrangements for its adequate insurance against public liability and professional liability. Councillors are covered under such following insurance policies held by Riverina Water County Council:

- › Professional Indemnity (for matters arising out of councillors' performance of their civic duties and/or exercise of their Council functions)
- › Public Liability (for matters arising out of councillors' performance of their civic duties and/or exercise of their Council functions)
- › Statutory Liability (provides indemnity for fines and penalties arising out of conduct of the business of Council)
- › Personal Accident (provides for the payment of non-medical expenses and loss of wages resulting from an accident whilst on official business for the Council and a capital payment if the accident results in death)

3.9 Legal expenses and obligations

Council may indemnify or reimburse the reasonable legal expenses of a hearing into a Councillor's conduct by an appropriate investigative or review body in the following actions:

- a. A Councillor defending an action arising from the performance in good faith of a function under the Local Government Act (section 731 refers) or
- b. A Councillor defending an action in defamation provided the statements complained of were made in good faith in the course of exercising a function under the Act or
- c. A Councillor for proceedings before the Council's Conduct Review Committee/Reviewer, Office of the NSW Ombudsman, Independent Commission Against Corruption, Division of Local Government, Department of Premier and Cabinet, NSW Police Force, Director of Public Prosecutions Local Government Pecuniary Interest and Disciplinary Tribunal or an investigative body provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the Tribunal or investigative body makes a finding substantially favourable to the Councillor.

Council will not meet the costs of an action in defamation taken by a Councillor or Council employee as plaintiff in any circumstances. Council will not meet the costs of a Councillor or Council employee seeking

advice in respect of possible defamation or in seeking a non-litigious remedy for possible defamation.

Legal assistance and reimbursement as specified above will only be provided upon resolution of Council.

Part C – Provision of facilities

4.0 General provisions

4.1 Provision of facilities generally

Councillors are provided with access and use of the following:

- › Access to a room suitably furnished for use by all councillors
- › Access to a motor vehicle for the purpose of attending conferences, seminars, official functions or meetings outside of Wagga Wagga
- › Use of Council photocopiers, telephones, computers, facsimile machines and associated equipment in the course of undertaking official business.

Councillors should not generally obtain private benefit from the provision of equipment and facilities, nor from travel bonuses or any other loyalty schemes. However it is acknowledged that incidental use of Council equipment and facilities may occur from time to time. Such incidental use is not subject to a compensatory payment. Where more substantial private use has occurred, the Act provides that a payment may be made to cover the level of that private use.

5.0 Provision of equipment and facilities for councillors

Each Councillor will be provided with business cards, name badge and an iPad®. Any equipment issued to the Chairperson or Councillors remains the property of the Council and is to be returned to Council upon the Chairperson or councillor ceasing to hold office, unless Council makes a resolution otherwise.

6.0 Administrative support

The Chairperson shall be provided secretarial support in relation to official correspondence.

7.0 Sustenance/meals

Councillors shall, at the discretion of the General Manager, be provided with a meal and/or refreshments in conjunction with their attendance at Committee/ Council meetings or at any official ceremony or gathering authorised by Council or the Chairperson or in carrying out their Council responsibilities including meetings with its residents, ratepayers or guests of Riverina Water County Council.

8.0 Dispute process

Any dispute over the payment or reconciliation of expenses to a Councillor is to be addressed in writing to the General Manager outlining reasons. If available, the disputed claim should be supported with relevant documentation. The General Manager is to review the matter within 14 days and provide a written response detailing his/her resolution to the dispute.



Financial statements

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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



General Purpose Financial Statements

for the year ended 30 June 2020

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Statement of Financial Position	6
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Overview

Riverina Water County Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

91 Hammond Avenue
Wagga Wagga NSW 2650

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.rwcc.nsw.gov.au.

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

To the best of our knowledge and belief, these statements:

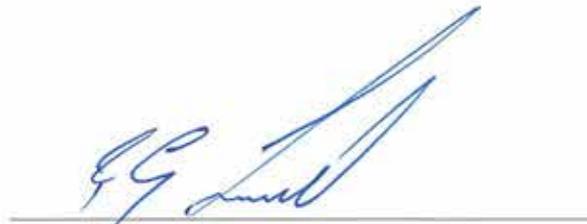
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 26 August 2020.



Clr G Verdon
Chairperson



Clr P Funnell
Councillor



Mr A Crakanthorp
General Manager



Ms E Tonacia
Responsible Accounting Officer

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		12,200	13,469
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10	2,703	4,454
Gain (loss) on revaluation of intangible assets		3,200	3,302
Total items which will not be reclassified subsequently to the operating result		5,903	7,756
Total other comprehensive income for the year		5,903	7,756
Total comprehensive income for the year		18,103	21,225
Total comprehensive income attributable to Council		18,103	21,225

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Financial Position
as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	13,218	13,184
Investments	7(b)	18,000	15,000
Receivables	8	4,366	4,789
Inventories	9	2,476	2,572
Total current assets		<u>38,060</u>	<u>35,545</u>
Non-current assets			
Infrastructure, property, plant and equipment	10	371,482	360,134
Intangible Assets	11	10,884	7,602
Right of use assets		–	–
Total non-current assets		<u>382,366</u>	<u>367,736</u>
Total assets		<u>420,426</u>	<u>403,281</u>
LIABILITIES			
Current liabilities			
Payables	13	1,886	1,685
Income received in advance	13	–	445
Borrowings	13	1,866	1,761
Provisions	14	5,307	4,268
Total current liabilities		<u>9,059</u>	<u>8,159</u>
Non-current liabilities			
Borrowings	13	5,400	7,258
Total non-current liabilities		<u>5,400</u>	<u>7,258</u>
Total liabilities		<u>14,459</u>	<u>15,417</u>
Net assets		<u>405,967</u>	<u>387,864</u>
EQUITY			
Accumulated surplus	15	147,578	135,378
Revaluation reserves	15	258,389	252,486
Council equity interest		<u>405,967</u>	<u>387,864</u>
Total equity		<u>405,967</u>	<u>387,864</u>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
5,052	Rates and annual charges		6,061	5,450
23,339	User charges and fees		25,071	25,708
319	Investment and interest revenue received		566	535
3,968	Grants and contributions		2,714	3,345
–	Bonds, deposits and retention amounts received		–	61
188	Other		4,696	1,883
Payments:				
(8,846)	Employee benefits and on-costs		(8,486)	(8,386)
(4,260)	Materials and contracts		(2,486)	(2,731)
(488)	Borrowing costs		(466)	(570)
–	Bonds, deposits and retention amounts refunded		(77)	–
(5,026)	Other		(7,239)	(5,929)
14,246	Net cash provided (or used in) operating activities	16b	20,354	19,366
Cash flows from investing activities				
Receipts:				
–	Sale of infrastructure, property, plant and equipment		216	279
Payments:				
–	Purchase of investment securities		(3,000)	(8,000)
(17,600)	Purchase of infrastructure, property, plant and equipment		(15,701)	(15,928)
–	Purchase of intangible assets		(82)	–
(17,600)	Net cash provided (or used in) investing activities		(18,567)	(23,649)
Cash flows from financing activities				
Payments:				
(1,761)	Repayment of borrowings and advances		(1,753)	(1,668)
(1,761)	Net cash flow provided (used in) financing activities		(1,753)	(1,668)
(5,115)	Net increase/(decrease) in cash and cash equivalents		34	(5,951)
13,352	Plus: cash and cash equivalents – beginning of year	16a	13,184	19,135
8,237	Cash and cash equivalents – end of the year	16a	13,218	13,184
7,000	plus: Investments on hand – end of year	7(b)	18,000	15,000
15,237	Total cash, cash equivalents and investments		31,218	28,184

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Notes to the Financial Statements

for the year ended 30 June 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 30 September 2020.

Council has the power to amend and reissue these financial statements.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 22 Related Party Disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 20 – Material budget variations

and are clearly marked.

(a) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

(b) Significant accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (ii) estimated fair values of intangibles – refer Note 11
- (iii) employee benefit provisions – refer Note 14

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 8.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Covid 19 has caused some disruption to council's business practices with a number of staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience, it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

There has not been any notable reductions in water rates, user charges or collections. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to covid. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to covid. For assets where fair value is determined by market value, Council has no evidence of material changes to these values.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 reporting period.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 15.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(a). Council functions/activities – financial information

	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
\$ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Water supplies	36,613	36,322	24,413	22,853	12,200	13,469	270	338	420,426	403,281
Other	—	—	—	—	—	—	—	206	—	(1,449)
Total functions and activities	36,613	36,322	24,413	22,853	12,200	13,469	270	544	420,426	401,832

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(b). Council functions/activities - component descriptions

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

Water supplies

Comprising the water supply functions servicing the Local Government Areas of Lockhart, Wagga Wagga and parts of the Greater Hume Shire and Federation Council.

Other

Comprising the Pensioner Rebate that is received by Council.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Water supply services – commercial	1058	493	491
Water supply services – residential	1058	4,894	4,854
Annual charges levied		<u>5,387</u>	<u>5,345</u>
Pensioner subsidies received:			
– Water	1058	205	206
Total annual charges		<u>5,592</u>	<u>5,551</u>
TOTAL RATES AND ANNUAL CHARGES		<u>5,592</u>	<u>5,551</u>

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

2019 accounting policy

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

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
<small>(per s.502 - specific 'actual use' charges)</small>			
Water supply services – commercial	15	7,455	7,576
Water supply services – residential	15	17,128	17,218
Total specific user charges		<u>24,583</u>	<u>24,794</u>
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67	15	12	14
Section 603 certificates	15	146	154
Total fees and charges – statutory/regulatory		<u>158</u>	<u>168</u>
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Leaseback fees – Council vehicles	15	40	34
Water connection fees	15	477	739
Standpipe fees	15	329	259
Total fees and charges – other		<u>846</u>	<u>1,032</u>
TOTAL USER CHARGES AND FEES		<u>25,587</u>	<u>25,994</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Accounting policy for user charges and fees

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

2019 accounting policy

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

\$ '000	AASB	2020	2019
(c) Other revenues			
Sales – general	15	36	190
Lease rental	15	30	35
Sales – scrap material	15	24	3
Sundry Income	1058	1,817	281
Temporary water allocation	15	145	153
<u>TOTAL OTHER REVENUE</u>		<u>2,052</u>	<u>662</u>

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental income is accounted for on a straight-line basis over the lease term.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
Specific purpose					
LIRS subsidy	1058	256	318	–	–
Diesel and alternative fuels	1058	14	20	–	–
Total specific purpose		270	338	–	–
Total grants		270	338	–	–
Grant revenue is attributable to:					
– Commonwealth funding		220	226	–	–
– State funding		50	112	–	–
		270	338	–	–

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 64 – water supply contributions		1058	–	–	2,443	3,013
Total developer contributions – cash			–	–	2,443	3,013
Total developer contributions	23		–	–	2,443	3,013
Total contributions			–	–	2,443	3,013
TOTAL GRANTS AND CONTRIBUTIONS			270	338	2,443	3,013

Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	102	67
– Cash and investments	562	624
Finance income on the net investment in the lease	–	–
<u>Total Interest and investment income</u>	<u>664</u>	<u>691</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	102	67
General Council cash and investments	562	624
<u>Total interest and investment revenue</u>	<u>664</u>	<u>691</u>

Accounting policy for interest and investment revenue

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	8,095	7,200
Travel expenses	280	153
Employee leave entitlements (ELE)	2,443	1,806
Superannuation	1,400	1,318
Workers' compensation insurance	268	248
Fringe benefit tax (FBT)	36	36
Payroll tax	531	484
Training costs (other than salaries and wages)	237	256
Uniforms	70	55
Safety Bonus	19	22
Sick leave bonus	143	151
Total employee costs	13,522	11,729
Less: capitalised costs	(3,895)	(2,757)
TOTAL EMPLOYEE COSTS EXPENSED	9,627	8,972
Number of 'full-time equivalent' employees (FTE) at year end	102	96

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 18 for more information.

\$ '000	2020	2019
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on loans	466	570
Total interest bearing liability costs	466	570
Total interest bearing liability costs expensed	466	570
(ii) Other borrowing costs		
Fair value adjustments on recognition of advances and deferred debtors	466	570
TOTAL BORROWING COSTS EXPENSED	466	570

Accounting policy for 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 as incurred.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	290	246
Contractor and consultancy costs	2,032	2,206
Auditors remuneration ¹	70	78
Strategic Documents	9	50
Legal expenses:		
– Legal expenses: other	178	–
Expenses from leases of low value assets (2020 only)	2	–
Total materials and contracts	2,581	2,580
TOTAL MATERIALS AND CONTRACTS	2,581	2,580
1. Auditor remuneration		
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	31	30
Remuneration for audit and other assurance services	31	30
Total Auditor-General remuneration	31	30
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	39	48
Remuneration for audit and other assurance services	39	48
Total remuneration of non NSW Auditor-General audit firms	39	48
Total Auditor remuneration	70	78

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		514	515
Office equipment		175	155
Infrastructure:	10		
– Buildings – non-specialised		51	50
– Buildings – specialised		143	143
– Water supply network		5,962	5,353
Right of use assets	12	–	–
Total gross depreciation and amortisation costs		6,845	6,216
Total depreciation and amortisation costs		6,845	6,216
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		6,845	6,216

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 11 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(e) Other expenses		
Advertising	491	146
Bank charges	96	89
Computer software charges	270	203
Contributions/levies to other levels of government		
Members expenses – chairperson’s fee	17	16
Members expenses – members fees	100	86
Members expenses (incl. chairperson) – other (excluding fees above)	17	24
Donations, contributions and assistance to other organisations (Section 356)	110	94
Demand management	125	63
Electricity and heating	2,832	2,938
Insurance	207	157
Office expenses (including computer expenses)	227	204
Postage	117	114
Printing and stationery	32	25
Rates and user charges	90	122
Subscriptions and publications	72	65
Telephone and communications	91	169
<u>TOTAL OTHER EXPENSES</u>	<u>4,894</u>	<u>4,515</u>

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Plant and equipment	10		
Proceeds from disposal – plant and equipment		216	279
Less: carrying amount of plant and equipment assets sold/written off		(211)	(206)
Net gain/(loss) on disposal		<u>5</u>	<u>73</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>5</u>	<u>73</u>

Accounting policy for disposal of assets

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	119	397
Cash-equivalent assets		
– Short-term deposits	13,099	12,787
Total cash and cash equivalents	13,218	13,184

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Amortised Cost'	18,000	–	15,000	–
Total Investments	18,000	–	15,000	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS				
	31,218	–	28,184	–
Financial assets at amortised cost				
Long term deposits	18,000	–	15,000	–
Total	18,000	–	15,000	–

Accounting policy for investments

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	31,218	–	28,184	–
attributable to:				
External restrictions	–	–	–	–
Internal restrictions	7,181	–	8,639	–
Unrestricted	24,037	–	19,545	–
	31,218	–	28,184	–

\$ '000	2020	2019
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Details of restrictions

Internal restrictions

Employees leave entitlement	2,653	2,134
Plant replacement	1,300	1,505
Sales fluctuation	3,000	5,000
Water Treatment Plant	228	–
Total internal restrictions	7,181	8,639
TOTAL RESTRICTIONS	7,181	8,639

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	932	–	840	–
User charges and fees	2,657	–	2,586	–
Accrued revenues				
Accrued interest on investments	327	–	229	–
Other Accrued Income	–	–	37	–
Government grants and subsidies	205	–	206	–
Sundry debtors	245	–	891	–
Total	4,366	–	4,789	–
<u>TOTAL NET RECEIVABLES</u>	4,366	–	4,789	–

Accounting policy for receivables**Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment/Measurement of ECL

Nil

Covid 19 Impact

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

Cashflows and interest income may be impacted in 2020/21 due to the State Government legislating that rate instalments can be deferred until September 30 and no interest can be charged for the first 6 months. The impact this may have is not able to be measured at this stage however it is not expected to be significant.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Inventories				
(i) Inventories at cost				
Stores and materials	2,476	–	2,572	–
Total inventories at cost	<u>2,476</u>	<u>–</u>	<u>2,572</u>	<u>–</u>
<u>TOTAL INVENTORIES</u>	<u>2,476</u>	<u>–</u>	<u>2,572</u>	<u>–</u>

Accounting policy for inventories and other assets

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment

	Asset movements during the reporting period							as at 30/06/20				
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	48,491	–	48,491	6,153	858	–	–	(46,931)	–	8,572	–	8,572
Plant and equipment	6,840	(3,332)	3,508	678	–	(208)	(514)	–	–	6,959	(3,495)	3,464
Office equipment	1,129	(865)	264	–	254	–	(175)	–	–	1,302	(961)	341
Land:												
– Operational land	4,518	–	4,518	–	140	–	–	–	–	4,658	–	4,658
– Land improvements	1,968	–	1,968	–	542	–	–	–	–	2,510	–	2,510
Infrastructure:												
– Buildings – non-specialised	3,807	(585)	3,222	287	–	–	(51)	–	–	4,094	(636)	3,458
– Buildings – specialised	12,431	(1,215)	11,216	–	–	–	(143)	–	–	12,431	(1,358)	11,073
– Water supply network	435,710	(148,763)	286,947	5,100	1,687	–	(5,962)	46,931	2,703	492,131	(154,725)	337,406
Total Infrastructure, property, plant and equipment	514,894	(154,760)	360,134	12,218	3,481	(208)	(6,845)	–	2,703	532,657	(161,175)	371,482

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

	Asset movements during the reporting period							as at 30/06/19				
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	40,345	–	40,345	6,518	1,628	–	–	–	–	48,491	–	48,491
Plant and equipment	6,140	(3,326)	2,814	1,414	–	(205)	(515)	–	–	6,840	(3,332)	3,508
Office equipment	1,080	(721)	359	–	60	–	(155)	–	–	1,129	(865)	264
Land:												
– Operational land	4,416	–	4,416	–	803	–	–	(701)	–	4,518	–	4,518
– Land improvements	–	–	–	–	1,267	–	–	701	–	1,968	–	1,968
Infrastructure:												
– Buildings – non-specialised	3,784	(535)	3,249	23	–	–	(50)	–	–	3,807	(585)	3,222
– Buildings – specialised	12,324	(1,072)	11,252	107	–	–	(143)	–	–	12,431	(1,215)	11,216
– Water supply network	427,149	(143,410)	283,739	3,232	875	–	(5,353)	–	4,454	435,710	(148,763)	286,947
Total Infrastructure, property, plant and equipment	495,238	(149,064)	346,174	11,294	4,633	(205)	(6,216)	–	4,454	514,894	(154,760)	360,134

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water network assets are indexed annually between full revaluations in accordance with the latest indices provided in the Rates Reference Manual issued by Department of Industry (DoI) - Water.

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

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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Water assets	Years
Office equipment	5 to 10	Reservoirs	80 to 100
Office furniture	10 to 20	Bores	20 to 40
Computer equipment	5	Reticulation pipes: PVC	80
Vehicles	5 to 10	Reticulation pipes: other	25 to 75
Heavy plant/road making equipment	5 to 10	Pumps and telemetry	15 to 20
Other plant and equipment	5 to 15	Buildings	
		Buildings: masonry	50 to 100

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
(a) Software		
Movements for the year		
– Purchases	52	–
Closing values at 30 june		
Gross book value	52	–
Total software – net book value	52	–
(b) High Security Water Licences		
Opening values at 1 July		
Gross book value	7,602	4,300
Net book value – opening balance	7,602	4,300
Movements for the year		
– Purchases	30	–
– Fair valuation (increment to Equity – Asset Revaluation Reserve)	3,200	3,302
Closing values at 30 june		
Gross book value	10,832	7,602
Total High Security Water Licences – net book value	10,832	7,602
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE	10,884	7,602

Accounting policy for intangible assets**IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

High Security Water Licences

Costs capitalised include external direct costs associated with the purchase of the licence. These rights are valued each year and any associated impairment or fair revaluation increment are included.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has no material leases over any assets including land and buildings, vehicles, machinery and IT equipment. Council has applied the exceptions to lease accounting for leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Office and IT equipment

Council holds one lease for office and IT equipment for a low value asset. The expense has been accounted for on a straight-line basis in the financial statements.

\$ '000

2020

Income Statement

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

Interest on lease liabilities	–
Variable lease payments based on usage not included in the measurement of lease liabilities	–
Income from sub-leasing right of use assets	–
Depreciation of right of use assets	–
Impairment of right of use assets	–
Expenses relating to short-term leases	–
Expenses relating to low-value leases	2
Expenses relating to Peppercorn leases	–
Other	–
	2

Accounting policy**Accounting policies under AASB 16 – applicable from 1 July 2019**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services – operating expenditure	237	–	238	–
Accrued expenses:				
– Salaries and wages	313	–	211	–
– Other expenditure accruals	716	–	1,100	–
Security bonds, deposits and retentions	59	–	136	–
Prepaid rates	561	–	–	–
Total payables	1,886	–	1,685	–
Income received in advance (2019 only)				
Payments received in advance	–	–	445	–
Total income received in advance	–	–	445	–
Borrowings				
Loans – secured ¹	1,866	5,400	1,761	7,258
Total borrowings	1,866	5,400	1,761	7,258
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>3,752</u>	<u>5,400</u>	<u>3,891</u>	<u>7,258</u>

(1) Loans are secured over the income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

\$ '000	2020	2019
(b) Current payables and borrowings not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	59	136
Total payables and borrowings	59	136

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

(c) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	9,019	(1,753)	–	–	–	–	7,266
TOTAL	9,019	(1,753)	–	–	–	–	7,266

\$ '000	2020	2019
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(d) Financing arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
Total financing arrangements	850	850

Drawn facilities as at balance date:

– Credit cards/purchase cards	17	15
Total drawn financing arrangements	17	15

Undrawn facilities as at balance date:

– Bank overdraft facilities	250	250
– Credit cards/purchase cards	83	85
– Market Rate Facility	500	500
Total undrawn financing arrangements	833	835

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

Payables

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	1,338	–	942	–
Sick leave	8	–	6	–
Long service leave	3,961	–	3,320	–
Sub-total – aggregate employee benefits	<u>5,307</u>	<u>–</u>	<u>4,268</u>	<u>–</u>
TOTAL PROVISIONS	<u>5,307</u>	<u>–</u>	<u>4,268</u>	<u>–</u>

\$ '000	2020	2019
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Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	4,423	3,342
	<u>4,423</u>	<u>3,342</u>

Employee benefits

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Defined Benefit Superannuation Disclosure

Council participates in an employer sponsored Defined Benefit Superannuation Scheme that is a multi-employer plan.

(a) a description of the funding arrangements, including method used to determine rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times employee contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% of salary
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

(b) a description of the extent to which Council can be liable to plan the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

(c) description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

There are no specific contributions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) entity's withdrawal from the plan

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact the plan is a defined benefit plan

Council confirms that the plan is a defined benefit plan.

(ii) why sufficient information is not available to enable Council to account for the plan as a defined benefit plan

1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
2. The contribution rates have been the same for all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
4. The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

(iii) the expected contribution to the plan for the next annual reporting period

The expected contributions by Council to the Fund for the next annual reporting period are \$230,984.04.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

<i>Employer reserves only*</i>	<i>\$M</i>	<i>Asset Coverage</i>
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

* excluding member accounts and reserves in both assets and liabilities

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment Return	5.75% per annum
Salary Inflation (plus promotional increases)	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers.

(v) an indication of the level of Council's participation in the plan compared with other participating entities

Council's participation in the Scheme compared with other entities is about 0.28% based on the Council's current level of annual additional contributions against total contributions. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA, as at 30 June 2019.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

(b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

(ii) AASB 15 and AASB 1058

There was no transition impact and ongoing assessment has been made and no impact on current year financial position or result was required.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. Council has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer. The operational grants received by Council are all general revenue assistance arrangements that allow the funds to be used for the broad objectives of the public sector recipient. Such funding is unlikely to meet the 'sufficiently specific' criteria in AASB 15. Accordingly, Council has recognised these as income under AASB 1058 when the entity obtains control of the cash.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Changes in presentation

In accordance with the above changes in accounting policies, Council has not amended the presentation of any items to align them with the requirements of AASB 15 and AASB 1058 as it has assessed that there will be no impact with the implementation of the new accounting standards.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

(iii) AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Financial statement impact of adoption of AASB 16

Council have applied the practical expedient of low value assets to all leases which resulted in no recognition of a ROU asset or lease liability on transition. Refer to Note 12 for disclosure of low value leases.

(c) Changes in accounting policies due to adoption of new accounting standards (retrospective)

Changes in accounting policies due to adoption of new accounting accounting standard (retrospective)

Council adopted no changes in accounting policies due to the new accounting standard retrospectively.

(d) Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

There was no impact on the accounting estimates in the current year.

Nature and effect of changes in accounting estimates on future years

There are no foreseeable impacts on the accounting estimates for the future years.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	13,218	13,184
Balance as per the Statement of Cash Flows		13,218	13,184
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		12,200	13,469
Adjust for non-cash items:			
Depreciation and amortisation		6,845	6,216
Net losses/(gains) on disposal of assets		(5)	(73)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		423	(1,213)
Decrease/(increase) in inventories		96	(238)
Increase/(decrease) in payables		(1)	87
Increase/(decrease) in other accrued expenses payable		(282)	519
Increase/(decrease) in other liabilities		39	44
Increase/(decrease) in provision for employee benefits		1,039	555
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		20,354	19,366

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Commitments

\$ '000	2020	2019
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Treatment Plant	74	38
Low Level Reservoir	57	239
Purchase of Vacant Land	119	123
Glenoak Reservoir	–	1,177
Ground Water Purchase	270	–
Total commitments	520	1,577
These expenditures are payable as follows:		
Within the next year	520	1,577
Total payable	520	1,577
Sources for funding of capital commitments:		
Unrestricted general funds	520	1,577
Total sources of funding	520	1,577

Details of capital commitments

Works to rectify defects of the Wagga Wagga Water Treatment Plant, project to be finalised during 2020/21 financial year.

Contract for the construction of the Low Level Reservoir, project to be finalised during 2020/21 financial year.

Purchase of vacant land for the solar pilot plant, settlement to take place in 2020/21 financial year.

Purchase of ground water, settlement to take place in 2020/21 financial year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future rights and liabilities of the Scheme. Favourable or unfavourable variations may arise should the financial requirements of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the accrued benefits liability.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Sick Leave Payable on Retirement due to Medical Grounds

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This is an unlikely event. Amount totals \$46,355 (2018/19 \$46,050).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management

Risk management

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

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

(a) Market risk – price risk and interest rate risk

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 1% movement in interest rates	312	312	(312)	(312)
2019				
Possible impact of a 1% movement in interest rates	282	282	(282)	(282)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management (continued)

(b) Credit risk

Council's major receivables comprise (i) annual charges and (ii) user charges and fees.

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

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

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

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

Credit risk profile

Receivables – annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross Carrying Amount	703	229	–	–	–	932
2019						
Gross Carrying Amount	607	233	–	–	–	840

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2020						
Gross carrying amount	2,878	556	–	–	–	3,434
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019						
Gross carrying amount	3,403	546	–	–	–	3,949
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management (continued)

(c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	59	1,266	–	–	1,325	1,325
Loans and advances	5.70%	–	2,247	4,843	1,600	8,690	7,266
Total financial liabilities		59	3,513	4,843	1,600	10,015	8,591
2019							
Trade/other payables	0.00%	136	1,549	–	–	1,685	1,685
Loans and advances	5.70%	–	2,249	6,811	1,880	10,940	9,019
Total financial liabilities		136	3,798	6,811	1,880	12,625	10,704

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 26/06/2019 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	5,256	5,592	336	6% F
User charges and fees	23,196	25,587	2,391	10% F
Water sales higher than budgeted due to dry hot weather over the summer period.				
Other revenues	286	2,052	1,766	617% F
Higher than budgeted due to a temporary water licence allocation and receipt of liquidated damages from Water Treatment Plant.				
Operating grants and contributions	225	270	45	20% F
Variance due to LIRS subsidy being budgeted as a capital grant rather than operational.				
Capital grants and contributions	3,741	2,443	(1,298)	(35)% U
Variance due to lower than anticipated developer contributions.				
Interest and investment revenue	300	664	364	121% F
Cash levels are higher than anticipated due to income received for liquidated damages for the Water Treatment Plant project, as well as higher than anticipated water sales. This resulted in increased investment revenue.				
Net gains from disposal of assets	-	5	5	∞ F
EXPENSES				
Employee benefits and on-costs	9,002	9,627	(625)	(7)% U
Borrowing costs	488	466	22	5% F
Materials and contracts	4,155	2,581	1,574	38% F
Increased focus on capital works projects have diverted expenditure away from operational.				
Depreciation and amortisation	6,100	6,845	(745)	(12)% U
Water Treatment Plant was capitalised during the year which resulted in a higher depreciation expense than budgeted.				
Other expenses	5,026	4,894	132	3% F
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	14,246	20,354	6,108	43% F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----		
Cash flows from investing activities	(17,600)	(18,567)	(967)	5%	U
Cash flows from financing activities	(1,761)	(1,753)	8	0%	F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) Assets and liabilities that have been measured and recognised at fair values

2020	Fair value measurement hierarchy			Total	
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs
Recurring fair value measurements					
Intangible assets					
High Security Water Licence		10,832	–	–	10,832
Total intangible assets		10,832	–	–	10,832
Infrastructure, property, plant and equipment					
Water Treatment Plants		–	–	72,243	72,243
Ground Water Bores		–	–	6,665	6,665
Water Pumping Stations		–	–	7,520	7,520
Water Reservoirs		–	–	47,451	47,451
Other Water Assets		–	–	1,352	1,352
Pipes		–	–	202,175	202,175
Buildings		–	–	14,531	14,531
Land		–	–	7,168	7,168
Plant & Equipment		–	3,465	–	3,465
Office Equipment		–	341	–	341
Total infrastructure, property, plant and equipment		–	3,806	359,105	362,911

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Intangible assets					
	30/06/19	–	7,602	–	7,602
		–	7,602	–	7,602
Infrastructure, property, plant and equipment					
	30/06/16	–	–	28,127	28,127
	30/06/16	–	–	6,830	6,830
	30/06/16	–	–	7,904	7,904
	30/06/16	–	–	45,652	45,652
	30/06/16	–	–	1,171	1,171
	30/06/16	–	–	197,293	197,293
	30/06/16	–	–	14,437	14,437
	30/06/16	–	–	6,486	6,486
	30/06/16	–	3,507	–	3,507
	30/06/16	–	264	–	264
		–	3,771	307,900	311,671

Note that capital WIP is not included above since it is carried at cost.

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

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

Intangible assets

An external valuation is conducted for the High Security Water Licence on an annual basis based on observed market rates for similar licences.

Infrastructure, property, plant and equipment (IPP&E)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2015/16. Techniques used to derive fair values:

Land: where an active market exists, a market approach has been adopted. For other types of land the cost approach was adopted. Market valuations were determined by comparing recent sales of land with similar characteristics. Cost valuations were obtained by assuming the need to purchase land from an adjoining neighbour, the value could be determined based on known zoning and town planning restrictions, comparing recent sales of similar land.

Buildings: buildings are disaggregated into different components. Observable inputs to the valuation include design and construction, average cost of construction, condition and consumption, supported by inspection and market evidence. Unobservable inputs include pattern of consumption and remaining service potential, which required professional judgement.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

Infrastructure: assets are componentised into significant parts. Unit rates are based on similar capacity, using market evidence or other inputs that require professional judgement.

Plant and Equipment: valued based on actual historical costs.

(4) Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Water Treatment Plants	Ground Water Bores	Water Pumping Stations	Water Reservoirs	Other Water Assets
2019					
Opening balance	28,145	6,972	8,193	44,898	937
Purchases (GBV)	36	96	65	738	228
Depreciation and impairment	(497)	(344)	(489)	(691)	(28)
FV gains – other comprehensive income	442	106	123	707	15
Closing balance	28,126	6,830	7,892	45,652	1,152
2020					
Opening balance	28,126	6,830	7,892	45,652	1,152
Transfers from/(to) another asset class	44,163	21	11	621	–
Purchases (GBV)	689	100	41	1,458	231
Depreciation and impairment	(998)	(349)	(494)	(712)	(42)
FV gains – other comprehensive income	263	63	70	432	11
Closing balance	72,243	6,665	7,520	47,451	1,352

\$ '000	Pipes	Buildings	Land	Total
2019				
Opening balance	194,594	14,501	4,416	302,656
Purchases (GBV)	2,943	129	2,070	6,305
Depreciation and impairment	(3,305)	(194)	–	(5,548)
FV gains – other comprehensive income	3,061	–	–	4,454
Closing balance	197,293	14,436	6,486	307,867
2020				
Opening balance	197,293	14,436	6,486	307,867
Transfers from/(to) another asset class	2,115	–	–	46,931
Purchases (GBV)	4,270	224	682	7,695
Depreciation and impairment	(3,365)	(129)	–	(6,089)
FV gains – other comprehensive income	1,862	–	–	2,701
Closing balance	202,175	14,531	7,168	359,105

(5) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Related party disclosures

(a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. Council had transactions with 12 KMP during the reporting period.

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	521	497
Post-employment benefits	39	37
Other long-term benefits	19	19
Total	579	553

(b) Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. supply of water to the residence of KMP) will not be disclosed.

Councillors of Riverina Water County Council are also Councillors for constituent member Councils. Councillors are elected as independent members of Riverina Water County Council's board. Constituent Councils do not hold direct control over Riverina Water County Council and transactions between Councils have not been classified as Related Party transactions.

Council had no other transactions with KMP and their related parties during the reporting period.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

Summary of contributions and levies

	as at 30/06/19		Contributions received during the year				as at 30/06/20		
	Opening Balance		Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$'000									
S64 contributions	-		2,443	-	-	(2,443)	-	-	-
Total contributions	-		2,443	-	-	(2,443)	-	-	-

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019	2018	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	<u>9,752</u>	28.54%	31.24%	28.27%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	<u>34,165</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	<u>33,895</u>	92.59%	90.76%	88.10%	>60.00%
Total continuing operating revenue ¹	<u>36,608</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions	<u>38,060</u>	8.32x	9.47x	9.43x	>1.50x
Current liabilities less specific purpose liabilities	<u>4,577</u>				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	<u>17,063</u>	7.69x	7.67x	6.77x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>2,219</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>932</u>	14.26%	13.21%	12.10%	<10.00%
Rates, annual and extra charges collectible	<u>6,534</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>31,218</u>	18.27 mths	17.54 mths	16.68 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<u>1,709</u>				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Notes to the Financial Statements

for the year ended 30 June 2020

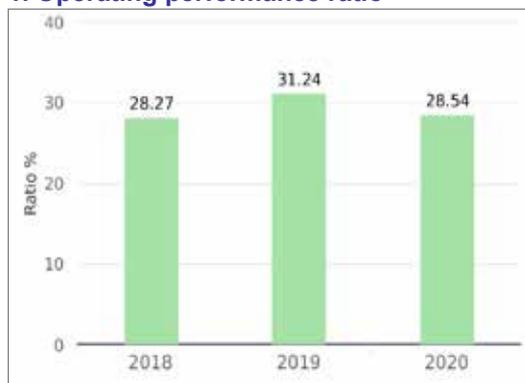
End of Audited Financial Statements

End of Audited Financial Statements

Notes to the Financial Statements
for the year ended 30 June 2020

Note 24(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2019/20 result

2019/20 ratio 28.54%

Strong result due to water sales over summer.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2019/20 result

2019/20 ratio 92.59%

Council primarily relies on water sales income to fund operations, which results in a consistently high ratio.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2019/20 result

2019/20 ratio 8.32x

A decrease in this ratio for the current year is due to decreased short term cash holdings.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

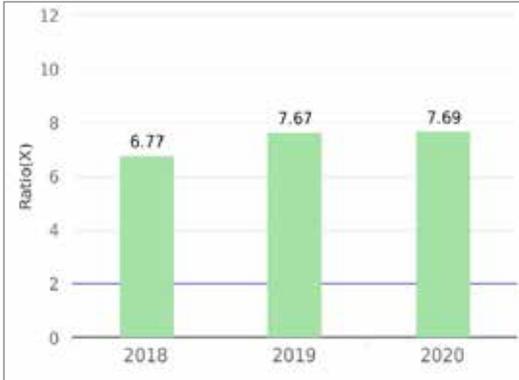
Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2020

Note 24(b). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2019/20 result

2019/20 ratio 7.69x

An operating result similar to last year has kept this ratio consistent.

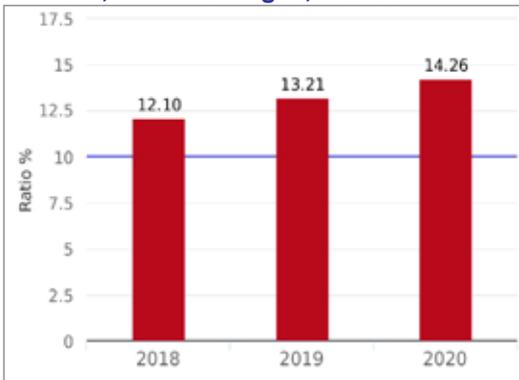
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2019/20 result

2019/20 ratio 14.26%

This ratio is consistent over the years due to debt recovery measures in place. The ratio is high compared to benchmark due to a rolling quarterly billing cycle where accounts are raised throughout the quarter. This measure takes into account all accounts regardless of whether they are overdue.

Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2019/20 result

2019/20 ratio 18.27 mths

This ratio has remained fairly consistent with a slight increase due to increased cash holdings at year end.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2020

Note 25. Financial review

\$ '000	2020	2019	2018	2017	2016
Key financial figures of Council over the past 5 years					
Inflows:					
Rates and annual charges revenue	5,592	5,551	5,471	5,100	5,100
User charges revenue	25,587	25,994	22,877	21,727	21,727
Interest and investment revenue (losses)	664	691	595	922	922
Grants income – operating and capital	270	338	402	723	723
Total income from continuing operations	36,613	36,322	32,970	33,658	33,658
Sale proceeds from I,PP&E	216	279	214	333	333
Outflows:					
Employee benefits and on-cost expenses	9,627	8,972	7,942	8,032	8,032
Borrowing costs	466	570	653	162	162
Materials and contracts expenses	2,581	2,580	2,202	1,492	1,492
Total expenses from continuing operations	24,413	22,853	21,260	19,607	19,607
Total cash purchases of I,PP&E	15,701	15,928	11,025	35,016	35,016
Total loan repayments (incl. finance leases)	1,753	1,668	1,575	1,411	1,411
Operating surplus/(deficit) (excl. capital income)	9,757	10,456	8,391	10,202	10,202
Financial position figures					
Current assets	38,060	35,545	32,045	27,739	27,739
Current liabilities	9,059	8,159	6,868	6,128	6,128
Net current assets	29,001	27,386	25,177	21,611	21,611
Available working capital (Unrestricted net current assets)	28,734	27,669	23,338	19,068	19,068
Cash and investments – unrestricted	24,037	19,545	17,421	12,045	12,045
Cash and investments – internal restrictions	7,181	8,639	8,714	7,845	7,845
Cash and investments – total	31,218	28,184	26,135	19,890	19,890
Total borrowings outstanding (Loans, advances and finance leases)	7,266	9,019	10,687	13,761	13,761
Total value of I,PP&E (excl. land and earthworks)	527,999	510,376	490,822	454,537	454,537
Total accumulated depreciation	161,175	154,760	149,064	137,663	137,663
Indicative remaining useful life (as a % of GBV)	69%	70%	70%	70%	70%

Source: published audited financial statements of Council (current year and prior year)

Notes to the Financial Statements
for the year ended 30 June 2020

Note 26. Council information and contact details

Principal place of business:
91 Hammond Avenue
Wagga Wagga NSW 2650

Contact details

Mailing Address:
PO Box 456
Wagga Wagga NSW 2650

Telephone: 02 6922 0608
Facsimile: 02 6921 2241

Opening hours:
8:30am - 4:00pm
Monday to Friday

Internet: www.rwcc.nsw.gov.au
Email: admin@rwcc.nsw.gov.au

Officers

GENERAL MANAGER
Mr A Crakanthorp

RESPONSIBLE ACCOUNTING OFFICER
Ms E Tonacia

PUBLIC OFFICER
Mr S Thomson

AUDITORS
Audit Office of New South Wales
Level 15, 1 Margaret Street
Sydney NSW 2000

Elected members

CHAIRPERSON
Clr G Verdon (Lockhart Shire)

COUNCILLORS
Clr P Funnell (City of Wagga Wagga)
Clr T Quinn (Greater Hume Shire)
Clr D Meyer, OAM (Greater Hume Shire)
Clr G Conkey, OAM (City of Wagga Wagga)
Clr T Koschel (City of Wagga Wagga)
Clr Y Braid, OAM (City of Wagga Wagga)
Clr V Keenan (City of Wagga Wagga)
Clr P Bourke (Federation Council)

Other information

ABN: 52 084 883 210



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

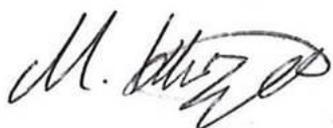
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Delegate of the Auditor-General for New South Wales

30 September
SYDNEY



Andrew Crakanthorp
General Manager
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: D2019623/1822

30 September 2020

Dear Mr Crakanthorp

**Report on the Conduct of the Audit
for the year ended 30 June 2020
Riverina Water County Council**

I have audited the general purpose financial statements (GPFS) of the Riverina Water County Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2020	2019	Variance
	\$m	\$m	%
Rates and annual charges revenue	5.6	5.6	-
User Charges and fees	25.6	26.0	1.5
Grants and contributions revenue	2.7	3.4	20.6
Operating result from continuing operations	12.2	13.5	9.6
Net operating result before capital grants and contributions	9.8	10.5	6.7

Rates and annual charges revenue was \$5.6 million (\$5.6 million for the year ended 30 June 2019). Council did not apply a price increase to access or usage charges in the 2019-20 year which is consistent with the movement in rates and annual charges revenue.

User charges and fees revenue was \$25.6 million (\$26 million for the year ended 30 June 2019). The decrease of \$0.4 million (1.5%) can be attributed to early rainfall in final months of the 2019-20 financial year seeing a reduction in water consumption.

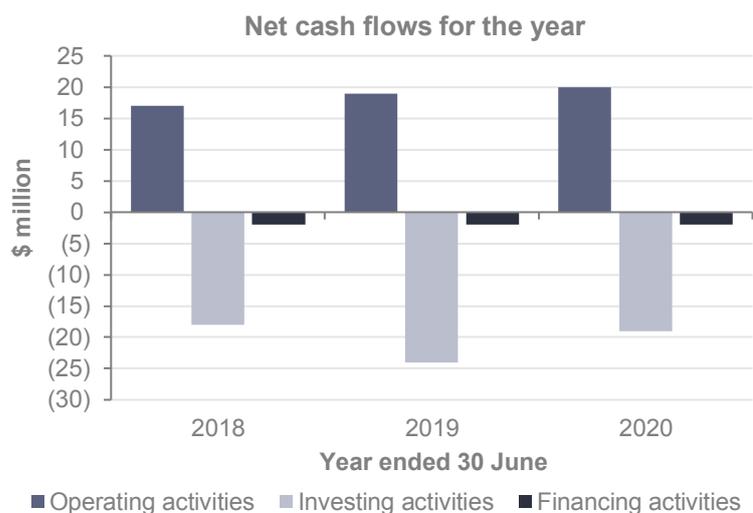
Grants and contributions revenue (\$2.7 million) decreased by \$0.7 million (20.6 per cent) in 2019–20 due to lower than anticipated Section 64 water supply contributions.

The Council's operating result from continuing operations (\$12.2 million) was \$1.3 million lower than the 2018–19 result. The decrease of 9.6% is consistent with an increase in total expenses from continuing operations. The increase in expenses being mainly attributed to depreciation on the new water treatment plant and increase in employee benefits and on-costs.

The net operating result before capital grants and contributions (\$9.8 million) was \$0.7 million lower than the 2018–19 result. The decrease was due to the decrease of \$0.4 million in user charges and fees and the increase in depreciation on the new water treatment plant and increase in employee benefits and on-costs.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$13.2 million (\$13.2 million for the year ended 30 June 2019).
- Net cash provided by operating activities has increased by \$1.0 million. This is mainly due to the increase in cash receipts from other income sources of \$2.8 million resulting from liquidated damages from the Water Treatment Plant legal matter. This is offset by increase of \$1.3 million in other cash payments.
- Net cash used in investing activities has decreased by \$5.1 million. This is due to decrease in purchase of investment securities of \$5 million.
- Net cash used in financing activities has remained steady from the previous year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	-	-	<ul style="list-style-type: none"> • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease of \$1.4 million in the internal restrictions is primarily due to a \$2.0 million decrease in restrictions relating to sales fluctuation and this was offset by the \$0.5 million increase in restrictions relating to employees leave entitlement. • Unrestricted cash and investments were \$24 million, which is available to provide liquidity for day-to-day operations of the Council. The increase in the unrestricted cash balance was due to liquidated damages received in respect of the new water treatment plant.
Internal restrictions	7.2	8.6	
Unrestricted	24.0	19.5	
Cash and investments	31.2	28.1	

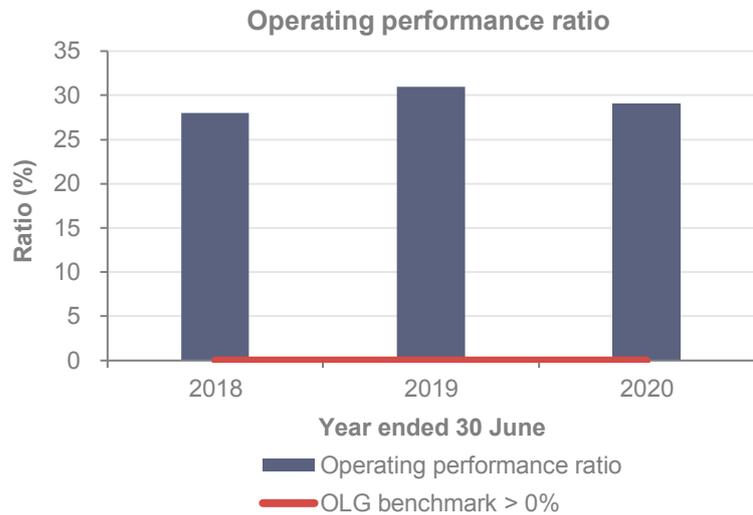
PERFORMANCE

Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

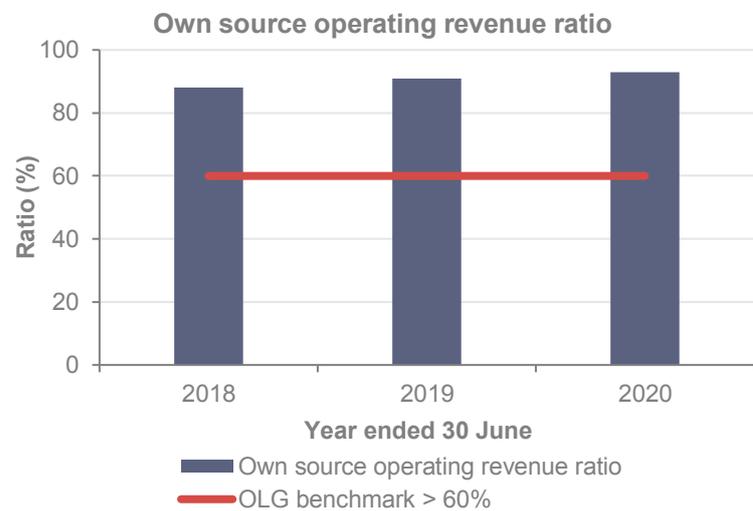
Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The operating performance ratio of 28.5% is above the industry benchmark of greater than 0%.
- The operating performance ratio decreased to 28.5% (2019: 31.2%) due to early rainfall in final months of the 2019-20 financial year seeing a reduction in water consumption.



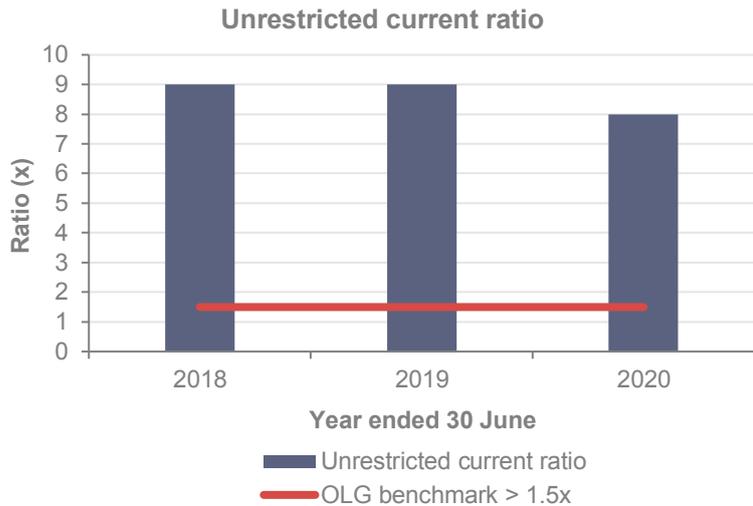
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The council's own source operating revenue ratio of 92.6% is above the industry benchmark of 60%.
- The council's own source operating revenue ratio has remained relatively steady (2019: 90.8%).



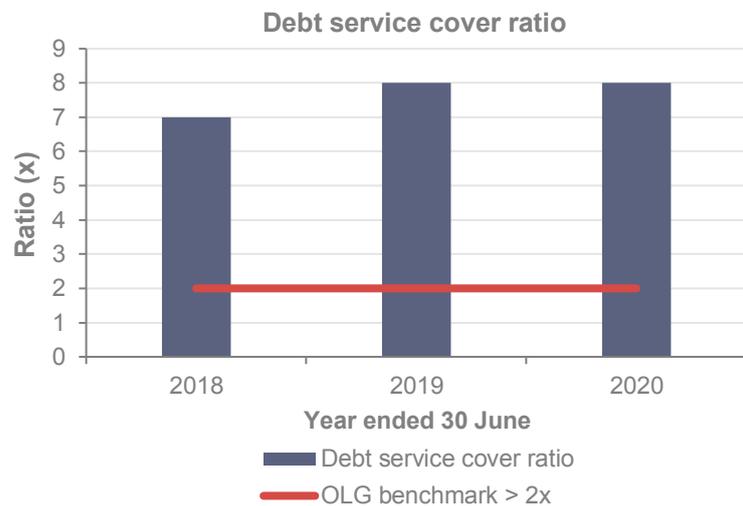
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The council's unrestricted current ratio of 8.3 times is greater than the industry benchmark minimum of greater than 1.5 times.
- The council's unrestricted current ratio has decreased slightly to 8.3 times (2019: 9.5 times) due to an increase in specific purpose liabilities of \$0.8 million.



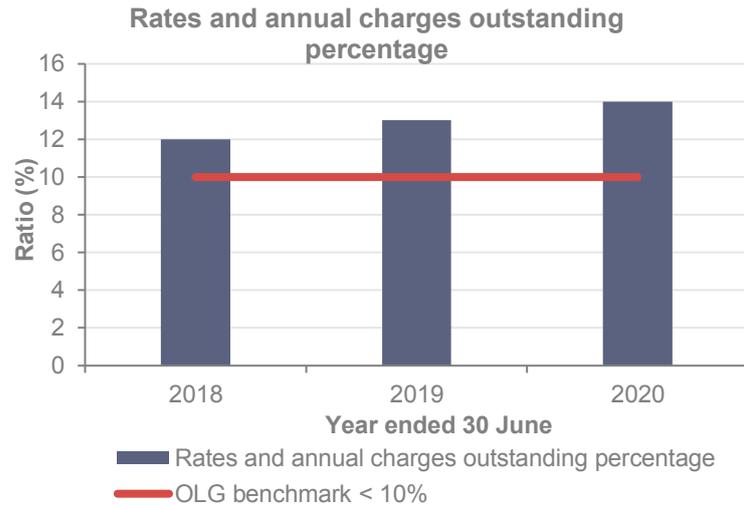
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The council's debt service cover ratio of 7.7 is greater than the industry benchmark minimum of greater than 2 times.
- The council's debt service cover ratio has remained steady (2019: 7.7 times).



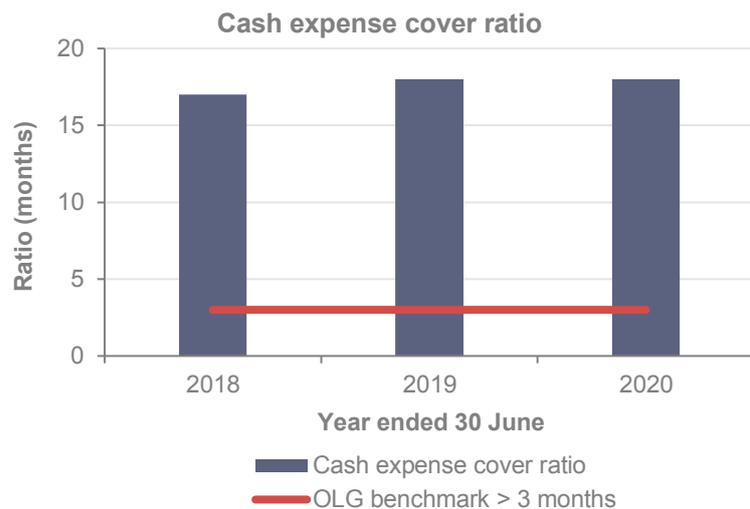
Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The council's 'rates and annual charges outstanding percentage' of 14.3 per cent is outside the industry benchmark of less than 10 per cent for rural councils.
- The rates and annual charges outstanding percentage has increased from previous years (13.7% in 2019 and 12.1% in 2018).



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The council's 'cash expense cover ratio' was 18.3 months, which is above the industry benchmark of greater than 3 months.
- The cash expense ratio has remained relatively steady (2019: 17.5 months)



Infrastructure, property, plant and equipment renewals

The council has renewed \$12.2 million of assets in the 2019-20 financial year, compared to \$11.3 million of assets in the 2018-19 financial year. The increase is primarily due to the increase of \$1.8 million renewals of water supply network and this was offset by the decrease of \$0.7 million renewals of plant and equipment.

OTHER MATTERS

Impact of new accounting standards

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council did not recognise an adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 15.

AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council did not have any right-of-use assets or lease liabilities at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 15.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Michael Kharzoo
Delegate of the Auditor-General for New South Wales

cc: Mr Greg Verdon, Chairperson
Mr David Maxwell, Chair of Audit and Risk Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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



Special Purpose Financial Statements

for the year ended 30 June 2020

Contents	Page
Statement by Councillors & Management	3
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Income Statement – Water Supply Business Activity	4
Income Statement – Sewerage Business Activity	n/a
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	n/a
Note 1 – Significant Accounting Policies	6

Background

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

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

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

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

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

Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2020

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and accord with Council's accounting and other records.
- Present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 26 August 2020.



Clr G Verdon
Chairperson



Clr P Funnell
Councillor



Mr A Crakanthorp
General Manager



Ms E Tonacia
Responsible Accounting Officer

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	5,592	5,551
User charges	25,587	25,994
Interest	664	691
Grants and contributions provided for non-capital purposes	270	338
Other income	2,057	735
Total income from continuing operations	34,170	33,309
Expenses from continuing operations		
Employee benefits and on-costs	9,627	8,972
Borrowing costs	466	570
Materials and contracts	2,581	2,580
Depreciation, amortisation and impairment	6,845	6,216
Water purchase charges	292	246
Calculated taxation equivalents	66	40
Other expenses	4,602	4,269
Total expenses from continuing operations	24,479	22,893
Surplus (deficit) from continuing operations before capital amounts	9,691	10,416
Grants and contributions provided for capital purposes	2,443	3,013
Surplus (deficit) from continuing operations after capital amounts	12,134	13,429
Surplus (deficit) from all operations before tax	12,134	13,429
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(2,665)	(2,864)
SURPLUS (DEFICIT) AFTER TAX	9,469	10,565
Plus accumulated surplus	135,378	121,909
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	66	40
– Corporate taxation equivalent	2,665	2,864
Closing accumulated surplus	147,578	135,378
Return on capital %	2.7%	3.1%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	9,469	10,565
Less: capital grants and contributions (excluding developer contributions)	(2,443)	(3,013)
Surplus for dividend calculation purposes	7,026	7,552
Potential dividend calculated from surplus	3,513	3,776

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	13,218	13,184
Investments	18,000	15,000
Receivables	4,366	4,789
Inventories	2,476	2,572
Total current assets	38,060	35,545
Non-current assets		
Infrastructure, property, plant and equipment	371,482	359,595
Intangible assets	10,884	7,602
Total non-current assets	382,366	367,197
TOTAL ASSETS	420,426	402,742
LIABILITIES		
Current liabilities		
Payables	1,325	1,146
Income received in advance	561	445
Borrowings	1,866	1,761
Provisions	5,307	4,268
Total current liabilities	9,059	7,620
Non-current liabilities		
Borrowings	5,400	7,258
Total non-current liabilities	5,400	7,258
TOTAL LIABILITIES	14,459	14,878
NET ASSETS	405,967	387,864
EQUITY		
Accumulated surplus	147,578	135,378
Revaluation reserves	258,389	252,486
TOTAL EQUITY	405,967	387,864

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are 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' in 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 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for 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 and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 are disclosed in whole dollars.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

(i) Taxation equivalent charges

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 Special Purpose Financial Statements.

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

Notional rate applied (%)

Corporate income tax rate – **27.5%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,321,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,321,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, 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 to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines 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 activities.

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 - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

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

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

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date.

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

(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.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Riverina Water County Council

To the Councillors of the Riverina Water County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) declared business activity, Water Supply, which comprise the Statement by Councillors and Management, the Income Statement of the declared business activity for the year ended 30 June 2020, the Statement of Financial Position of the declared business activity as at 30 June 2020 and Note 1 Significant accounting policies for the business activity declared by Council.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activity as at 30 June 2020, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Delegate of the Auditor-General for New South Wales

30 September 2020
SYDNEY

Riverina Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2020

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



Special Schedules

for the year ended 30 June 2020

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Report on Infrastructure Assets - Values	3

Riverina Water County Council

Report on Infrastructure Assets

as at 30 June 2020

Special Schedules 2020

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council maintenance ^a	2019/20 Actual maintenance \$ '000	2019/20 Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000					1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	310	251	3,458	4,094	38.4%	56.1%	5.5%	0.0%	0.0%
	Buildings – specialised	–	–	153	119	11,073	12,571	55.1%	11.7%	31.2%	1.9%	0.0%
	Sub-total	–	–	463	370	14,531	16,665	51.0%	22.6%	24.9%	1.4%	0.0%
Water supply network	Treatment Plants	1,109	1,109	725	704	72,243	90,610	67.3%	5.9%	12.3%	14.4%	0.0%
	Bores	100	100	185	142	6,665	12,249	4.8%	29.9%	62.1%	3.3%	0.0%
	Reservoirs	7,041	7,041	225	235	47,451	65,531	12.8%	10.7%	52.8%	22.4%	1.3%
	Pumping Stations	41	41	180	195	8,872	17,047	10.4%	10.1%	66.5%	7.4%	5.6%
	Pipeline	18,636	18,636	1,050	1,070	202,175	308,814	21.4%	44.2%	27.1%	7.4%	0.0%
	Sub-total	26,927	26,927	2,365	2,346	337,406	494,251	27.9%	31.2%	30.0%	10.6%	0.4%
	TOTAL - ALL ASSETS	26,927	26,927	2,828	2,716	351,937	510,916	28.6%	30.9%	29.8%	10.3%	0.4%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	5,527	89.78%	60.62%	76.98%	>=100.00%
Depreciation, amortisation and impairment	6,156				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	26,927	7.65%	7.94%	7.32%	<2.00%
Net carrying amount of infrastructure assets	351,937				
Asset maintenance ratio					
Actual asset maintenance	2,716	96.04%	106.96%	102.44%	>100.00%
Required asset maintenance	2,828				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	26,927	5.27%	5.30%	4.92%	
Gross replacement cost	510,916				

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Directory

Headquarters

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Web

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(02) 6922 0608 (all hours)

Office hours

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Monday to Friday

Bank

National Australia Bank Ltd

External auditors

Crowe Horwath

Internal auditors

National Audits Group

Emergency

Wagga Wagga

(02) 6922 0608 (all hours)

The Rock

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Lockhart

(02) 6922 0608 (all hours)

Uranquinty

(02) 6922 0608 (all hours)

Urana/Oaklands

(02) 6922 0608 (all hours)

Culcairn/Holbrook/Walla Walla

(02) 6922 0608 (all hours)

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.

