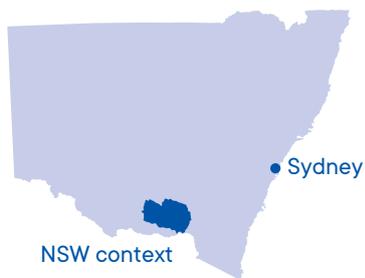
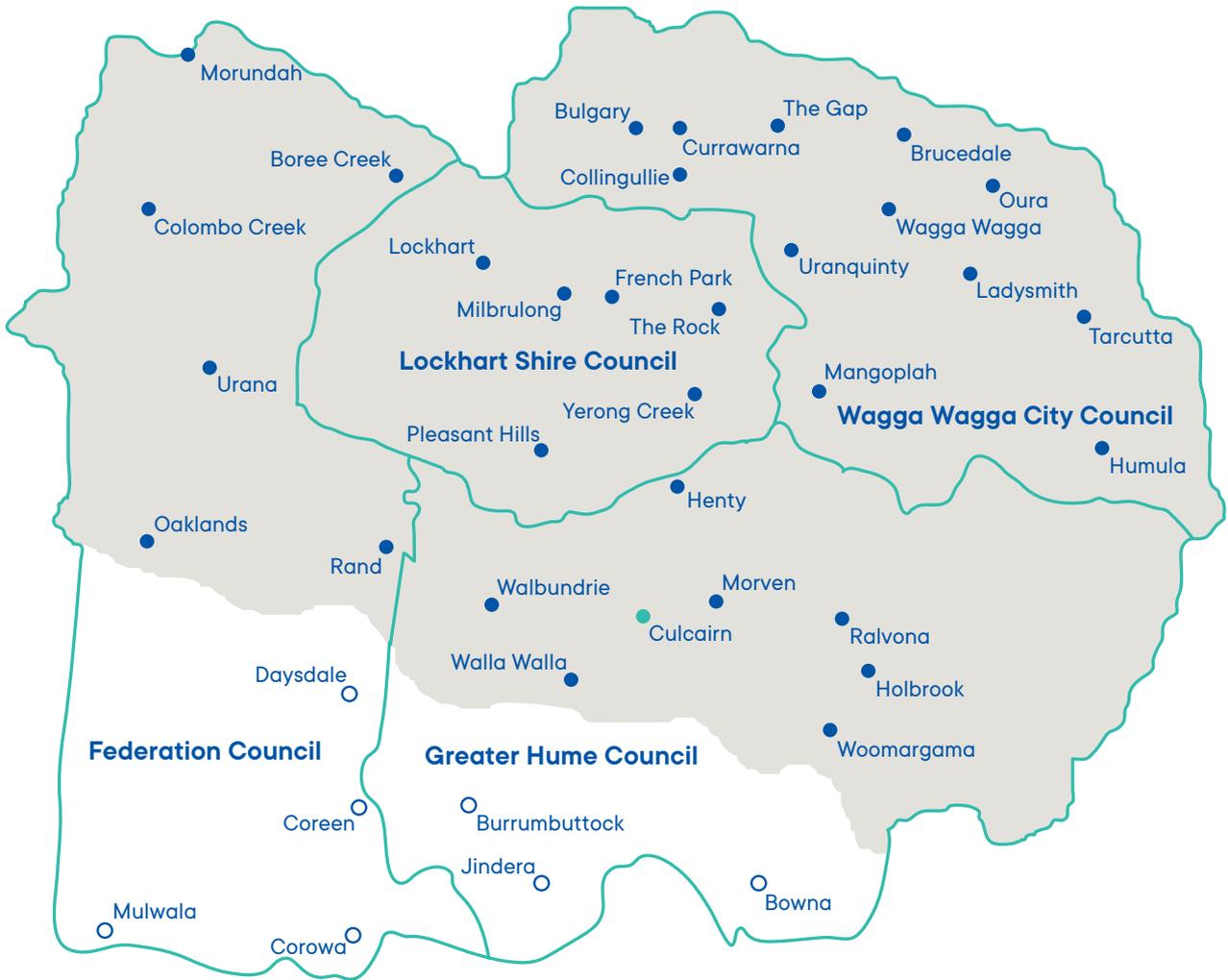




# Riverina Water Annual Report 2020-2021

# Area of supply



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

All Images: Riverina Water County Council

# Mission statement

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## 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 Chief Executive Officer message

## 2020/2021

We are pleased to present Riverina Water's Annual Report for 2020/2021.

Yet again we are experiencing very good seasonal conditions which is contributing to a second year of improved confidence for 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 23rd year, this report highlights our ongoing success in supporting the health and prosperity of our region.

We again enjoyed a very successful financial year, although revenue decreased due to the increased annual rainfall which underpinned Councils sound financial position. Overall water production for 2020/2021 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 2020/2021, we continued to implement our Community Engagement Strategy to support the residents who are at the centre of everything that we do. Projects and initiatives included continuing our drinking water refill station program for our constituent councils, the launch of our second year of Community Grants Program with Council having now allocated \$1M over the past 2 years to community organisations throughout our supply area.

### Finances

We remain 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 2017/2018 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 2019/2020 and in recognition of the dry seasonal conditions, Council decided not to increase any of its fees and charges. In

2020/2021 and for the same reasons Council decided again not to increase any of its fees and charges.

The adopted budget for 2020/2021 included a forecast operating result of \$7.68M. The actual result for 2020/2021 was a surplus of \$5.267M, which was quite pleasing considering the impact of rainfall on Council's revenue last year.

In addition, Riverina Water continues with an extensive capital works program of \$20.9M in 2021/2022, reducing to around \$18M per annum for the following 3 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 2020/2021, more than \$60,000 in financial support was provided to 24 events, organisations and initiatives.

### Strategy

In June 2021 council adopted its new Integrated Water Cycle Management Plan (IWCMP). This review was commenced in 2019 and replaced the former IWCMP which was adopted in 2011. The IWCMP informs the future activities of council which supports our growing communities.

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.

## COVID-19

The pandemic presented many challenges for the Board, staff and our customers. We are proud that we continued to operate under very difficult circumstances to continue to ensure the supply of high quality drinking water to our customers. The pandemic did impact on our challenging capital works program however we delivered some key projects and achieved significant milestones during the year and details of these projects appear in the following pages.

## 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.

The term of the current board was extended during 2020 with the result the current board will have served more than 5 years and will conclude in December 2021. The Board is to be congratulated on the cohesive manner of which it operates, the teamwork which is displayed which results in great outcomes for all the communities in our supply area.

The Board and management were particularly proud to recruit 5 young people into traineeship and apprenticeship positions during 2020/2021. The vocations being undertaken include electrical, customer service, information technology and maintenance operators.

Our sincere appreciation to our hardworking and dedicated staff who maintain our extensive water supply network. Your efforts are recognised and appreciated as identified by the outstanding results revealed in our annual customer satisfaction survey.

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**  
Chief Executive Officer



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

**Councillor Greg Verdon**  
Chairperson



# About Council

# Council 1 July 2020 – 30 June 2021

## 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**  
Chief Executive Officer



**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 2020/2021

Councillor	Number of meetings	Attendance
Pat Bourke	7	6
Yvonne Braid OAM	7	4
Greg Conkey OAM	7	4
Paul Funnell	7	3
Vanessa Keenan	7	6
Tim Koschel	7	7
Doug Meyer OAM	7	7
Tony Quinn	7	7
Greg Verdon	7	7

## Fees, facilities and expenses

*Regulation 217 (1) (a1)*

Chairperson's Allowance	\$16,660
Councillors' Fees	\$91,260
Councillors' Expenses	\$8,039
Conference / Seminar Fees	\$4,193
Spouse/Partner Conference expenses	\$0

Council's Policy in respect of these matters is detailed at page 49.



# Personnel and delegation

## Senior staff

### Chief Executive Officer

**Andrew Crakanthorp**

January 2018 to present

### Contracted senior staff

**Bede Spannagle (Director of Engineering)**

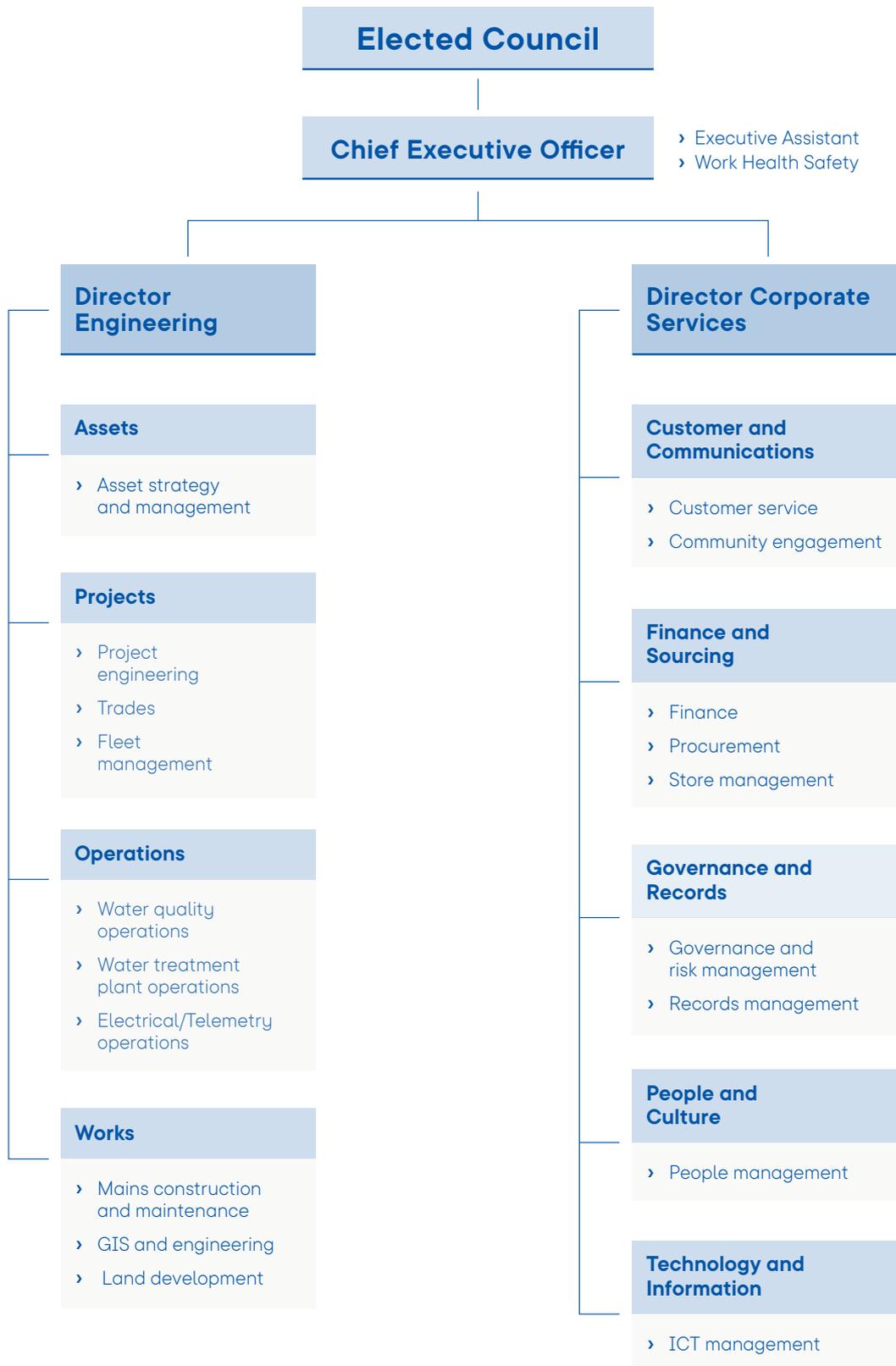
February 2014 to present

## Total remuneration for senior staff

*Regulation 217 (1) (b&c)*

The total remuneration cost of the Chief Executive Officer was \$238,072.00 including salaries, superannuation, private use of a Council car and fringe benefits tax. The total remuneration cost of the Director of Engineering was \$225,714.62 including salaries, superannuation, private use of a Council car and fringe benefits tax.

# Organisation structure



## Governance

Riverina Water continued a focus on improved governance in 2020/2021.

Considerable work has been undertaken in improving the way we manage our records in compliance with the State Records Act. Hard copy human resource and workers compensation documents have now been digitised along with Riverina Water legal documents from the time of formation of the county council in 1998.

A focused review on the structure and use of the electronic document management system has resulted in the development of several user resources. We have now reached a halfway point in our records project with our next step being an assessment of record management procedures in line with the new resource management system coming online in 2021/2022.

Support has continued to the Audit Risk and Improvement Committee (ARIC), and considerable work has occurred to help refocus and realign the determination of internal audits with the enterprise risk register.

Organisationally, a policy review program has commenced to ensure that all public policies are reviewed in a timely fashion during the term of the next Board. Part of this program has included a review of policy and procedure numbering and naming conventions to provide consistency.

## Audit Risk and Improvement Committee (ARIC)

The Audit, Risk & Improvement Committee has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council's audit processes, internal controls, external reporting, risk management activities, compliance of and with Council's policies and procedures, and performance improvement activities.

The Committee met on 22 July 2020, 16 November 2020, 10 March 2021 and 12 May 2021 (all ordinary meetings) and 16 September 2020 (special meeting to consider the draft Annual Financial Statements).

During 2020/2021, the Committee considered Internal Audit Reports on the following matters:

- › Fleet Management
- › Management Accounting
- › Procurement

## Years of service

The following years of service were recognised on their anniversary during 2020/2021 financial year:

### 5 years

Chris Moosbrugger  
Anthony Morrow  
Jason Greenwell

### 10 years

David Flynn  
James Campton  
Rod Price  
Stuart Rose  
Patrick Dwyer  
Anthony Blacklock

### 15 years

Kristian Kendall  
John King  
Dane Garside  
Byron Heycox  
Stephen McIntyre  
Virginia De Brito Ricardo

### 20 years

Andrew Clarke  
Greg Vidler

### 30 years

Darrell Kenny

### 45 years

Kerrie Fawcett

## Human resource activities undertaken by Council

Riverina Water employs a permanent workforce of 108 people and 6 Apprentices/Trainees 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:

- › 2 Electrical apprentices
- › 2 Trainee maintenance operator apprentices
- › 1 Trainee customer service
- › 1 Trainee ICT officer

Due to Covid-19 restrictions work experience and learning and development opportunities have been restricted and managed in 2021. This is being reviewed regularly along with a reengagement of apprentice and traineeships in 2021/2022.

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

## Staff turnover

	Corporate Services	CEO	Senior Contract	Operations	Projects	Works
Perm June 2020	12	5	2	22	14	40
Temp June 2020	1				2	
<b>Total June 2020</b>	<b>13</b>	<b>5</b>	<b>2</b>	<b>22</b>	<b>16</b>	<b>40</b>
Retired		3		1		1
Resigned	1	2		1	1	4
Terminated						
Appointed	1	3		2	2	5
Casual						
Internal Transfer	3					
Transfer to perm						
Temp Appointed	5			1	2	
Temp Terminated					1	
Perm June 2021	13	3	2	23	16	40
Temp June 2021	5			1	2	1
<b>Total June 2021</b>	<b>18</b>	<b>3</b>	<b>2</b>	<b>24</b>	<b>18</b>	<b>41</b>

Table 1: Staff Turnover 2020/2021

# 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. In addition to regular and ongoing compliance training, Council is also committed to other professional development courses to upskill staff.

Number of employees undertaking training and development for last financial year:	<b>88</b>
Percentage of training completed for last financial year:	<b>85%</b>

## 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 2020/2021

Leadership training for Managers and Supervisors continued on 2020/2021. 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 2020/2021

### Objective/Goal

Riverina Water's WHS goal for 2020/2021 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
<b>Improve communication and consultation</b>	<ul style="list-style-type: none"> <li>› Kit Kat team meetings.</li> <li>› Regular face to face discussion between managers and staff.</li> <li>› Provide timely and appropriate feedback on all WHS issues.</li> <li>› Work, Health &amp; Safety Committee meetings to address issues raised and provide feedback.</li> </ul>	<ul style="list-style-type: none"> <li>› 12 x monthly meetings held by all teams.</li> <li>› Regular manager attendance at team meetings.</li> <li>› Workgroup meetings held quarterly.</li> <li>› WHS bi-monthly meeting minutes and communication with workgroups.</li> </ul>

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 Chief Executive Officer have been introduced to keep staff informed.  
 Editions of Safety Newsflash have been released monthly.

<b>Elimination / reduction of workplace risks</b>	<ul style="list-style-type: none"> <li>› Develop &amp; implement a Risk Management Action Plan (RMAP).</li> <li>› Develop, monitor &amp; review safe working practices and procedures including SWMS.</li> <li>› Provide adequate resources (staff &amp; equipment).</li> <li>› Regular workplace inspections and audits.</li> <li>› Conduct audit &amp; analysis of incidents and near misses.</li> </ul>	<ul style="list-style-type: none"> <li>› RMAP activities at least 90% completion.</li> <li>› Procedures updated per schedule. SWMS reviewed and updated to reflect current and safe work methods.</li> <li>› Procedure/policy reviews at monthly team meetings.</li> <li>› Appropriate resources are allocated for the tasks required.</li> <li>› Audit and inspection schedule up to date.</li> <li>› Annual report of analysis. Register of all incidents to provide information/graphs.</li> </ul>
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Actions identified in 2020/2021 RMAP have been completed. The WHS Self-audit completed in August 2020 identified several areas requiring improvement. These to be completed in 2021/2022.  
 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.

<b>Raise the safety culture</b>	<ul style="list-style-type: none"> <li>› Training of staff.</li> <li>› Promotion of WHS responsibilities.</li> <li>› Monitor and address WHS performance of staff &amp; human error component of incident reports.</li> <li>› Regular editions of Safety Newsflash.</li> <li>› Annual Safety Breakfast – theme relevant to current or priority WHS issue/s.</li> </ul>	<ul style="list-style-type: none"> <li>› All staff trained to specified WHS requirements and levels.</li> <li>› All staff aware of their WHS role.</li> <li>› Human errors identified &amp; addressed in incident reports. Reduced percentage of reports involving human error component.</li> <li>› Minimum of one Newsflash per month.</li> <li>› Annual safety breakfast held and feedback from employees discussed at HSC meeting.</li> </ul>
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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 < 50 days Result = 56
Cost of workplace injuries (Workers Compensation premium)	Target < \$223,961 Result = \$213,921.88
Percentage of sick leave to ordinary hours worked	Target < 3.85% (sector average) Result = 3.6%
Total hours worked compared to time lost through workplace injury & illness:	Target < 245.63 Result = 158.87
No of employees undertaking WHS related training and development	Target <ul style="list-style-type: none"> <li>› All required training is current</li> <li>› 90% percent of training plan completed</li> <li>› Same quarter as previous year</li> </ul> Result = 85% of scheduled training was completed despite the challenges posed by COVID-19

## Achievements this year

- › 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

## Watchout Safety Incentive Award recipients

**January 2021** Aaron Turner for the Gantry Crane remote control in the Welders Workshop

**April 2021** Gavin Smith for the Delivery tube on the fluoride dosing system in the Water Treatment Plant

## 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.

	Statecover average	Our performance
Average Premium Rate	2.78	2.28
Claim frequency rate (claims per 100 employees)	5.75	2.65
Injury reporting timeframe	79%	100%
WHS Self Audit	74%	55%



# 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 2020/2021.

# 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.



**Our  
Community**

# Community Grants Program 2020/2021

**The second year of Riverina Water's Community Grants Program awarded \$612,836 in funding to 66 grassroots projects and initiatives throughout the region.**

The diverse range of projects funded included establishing a community gym at Urana, a water tower mural in Walla Walla, a short film about floating down the river at Wagga, revitalising a 100-year-old hall in Urangeline and everything in between.

Riverina Water's grants program will also supported initiatives involving the Yazidi and Burmese communities, a number of projects celebrating First Nations culture and a range of works to improving accessibility at community buildings.

There was strong interest in the program, with applications doubling from 2019/2020 to 2020/2021.

Riverina Water has now injected \$1M into the community over the past two years through the grants.



The program allocates funding to each of the four constituent councils across three categories – Community Projects & Facilities, Water Conservation and Arts & Culture.



## Stellar results for Riverina Water's customer service and water quality

Riverina Water's 2020/2021 Customer Satisfaction Survey gave the county council high marks for water quality and customer service.

Both returned very high (>4.5 out of 5) or high (>3.75) levels of satisfaction from a representative sample of 500 residents. Other highlights from the survey results included:

- › All attributes of water quality rated high levels of satisfaction, with supply reliability rating the top water quality attribute (4.67).
- › Satisfaction with customer service was high, with an average rating of 4.46.
- › Eighty-four percent (83.95%) of respondents were satisfied with their dealings with staff, with 71% rating their experience the highest score of '5 – very satisfied'.
- › Satisfaction with individual attributes of customer service was also high, with all eight attributes rating at least a high level of satisfaction. Six from seven areas rated very high levels of satisfaction (>4.5).



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## Science Engineering Challenge

We proudly supported Murrumbidgee Rotary's Science and Engineering Challenge in March.

The annual challenge brings students together from the region's schools to compete in STEM activities.

Along with being a major sponsor for a number of years, Riverina Water's engineering staff work with the students throughout the challenge.

**Manager Works Austin Morris (left) works with local high school students during the 2021 Science and Engineering Challenge.**





**Operations,  
construction  
and maintenance**

# Operational plan – performance targets 2020/2021

Section 428 (2) (b)

## Services

Measure	Indicator	Progress to 30 June 2021
Customer Satisfaction Rating	>4	4.46
Water Quality Satisfaction	>4	4.14 (average for five water quality indicators)

## Asset replacement

Measure	Indicator	Progress to 30 June 2021
Projects completed from Capital Works Program	>85%	76%

## Demand management

Measure	Indicator	Progress to 30 June 2021
Peak Day Demand (weekly average)	<65MI	79.75ML (week commencing 18 January 2021)

## WHS

Measure	Indicator	Progress to 30 June 2021
Number of days lost through injury	<previous period	Days lost in 2019/2020 was 50 Days lost in 2020/2021 was 56
Percentage of sick leave hours to ordinary hours worked	<state of LG sector average (less than 3.5%)	3.6%
Total hours worked compared to time lost through injury & illness	IISI < previous period	158.87 IIS index in June 2021. The index in June 2020 was 245.63

## Environmental protection

Measure	Indicator	Progress to 30 June 2021
Power used per MI of water produced kWh	833 kWh/MI	841KWh/ML
Carbon emissions per megalitre of water produced	0.74 T/ML	0.76 Tonnes CO2/ML

## Equal employment opportunity

Measure	Indicator	Progress to 30 June 2021
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 2021
Water charges overdue compared to water sales for previous 12 months	<5%	3.03%
Level of sundry debtor accounts overdue compared to debtors raised for previous 12 months	<5%	1.52%

## 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.

## 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 2020/2021 was \$5,053.00. The charge in 2019/2020 was \$5,053.00.

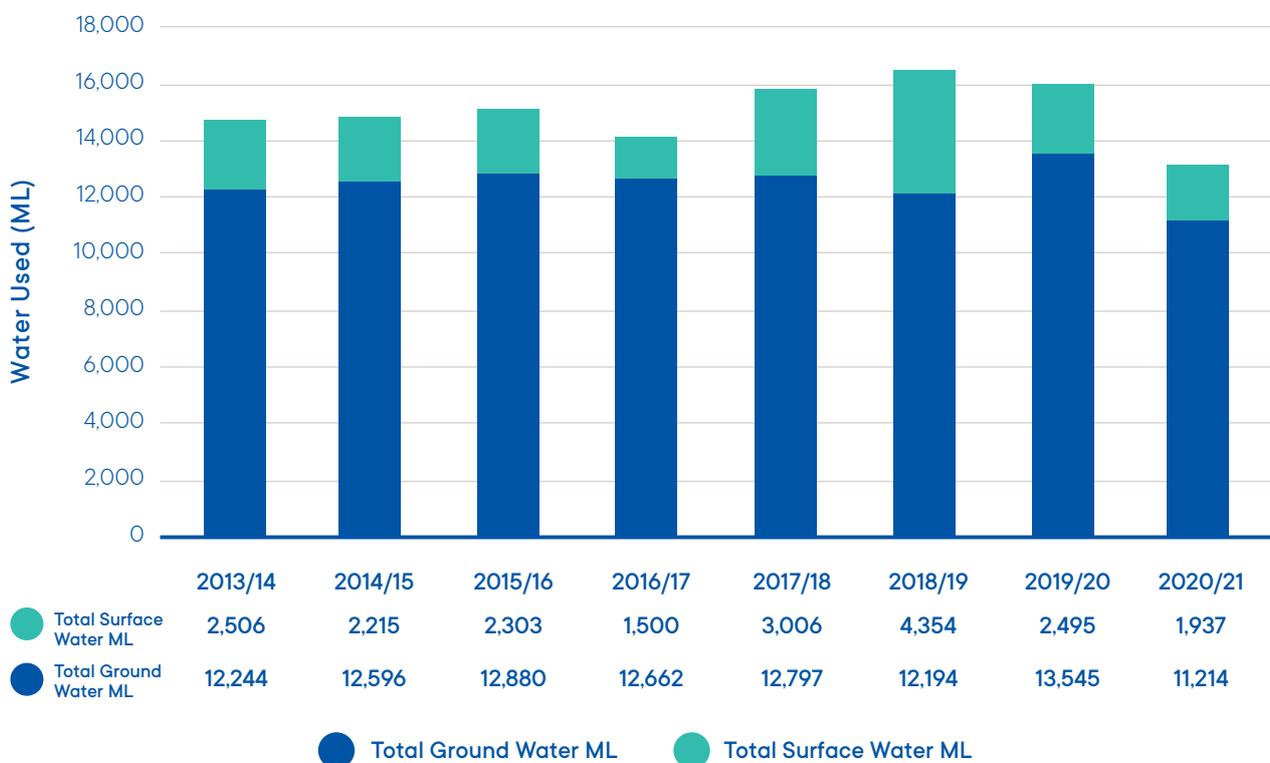


**Water  
supply**

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 13,151ML, which is approximately a 18% less than the previous year in 2019/2020. Historical annual water sourced is illustrated below:

### Historical total source works



Graph 1: 2020/2021 Historical Total Source Works

The majority of Riverina Water’s source works is located in Wagga Wagga, to which Riverina Water utilised 10,188ML (or 72.8%) of its 14,000ML Wagga Alluvial groundwater extraction entitlements, and 1,870ML (or 26.7%) of its 7,000ML Murrumbidgee River surface water entitlements.

The full year’s total treated water production of 12,881ML is a decrease of 18.4% from 2019/2020 from 2018/2019, where 3,469ML (or 27.1%) was supplied to non-urban areas (rural stock/domestic and townships) outside Wagga Wagga urban areas.

Total monthly treated water production peaked at 1,973ML in January 2021. The monthly. The maximum Wagga Wagga peak 24-hour demand was 76.5ML (recorded on 24th January 2021) which is a slight increase of 1.1% compared to the previous year (77.3ML recorded on 31 January 2020).

The total number of customer service connections increased from 31,871 to 32,330.

## Water sourced

	2016/17	2017/18	2018/19	2019/20	2020/21
Rainfall (mm)	595.8	348.8	489.6	419.0	818.5
Wet Days	114	99	101	89	111
	Megalitres	Megalitres	Megalitres	Megalitres	Megalitres
North Wagga bores	2,434	2,709	2,901	2,779	2,403
West Wagga bores	5,003	5,592	3,764	4,650	4,388
East Wagga bores	4,202	3,507	4,313	4,982	3,397
Murrumbidgee River	1,390	2,912	4,235	2,427	1,870
<b>Total Wagga sources</b>	<b>13,030</b>	<b>14,720</b>	<b>15,213</b>	<b>14,838</b>	<b>12,058</b>
Bulgary	412	386	509	464	444
Urana Source	34	46	71	58	57
Ralvona	245	248	284	258	234
Walla Walla bores	169	144	164	172	128
Goldenfields	65	39	36	45	56
<b>Total rural sources</b>	<b>924</b>	<b>863</b>	<b>1,064</b>	<b>997</b>	<b>919</b>
Woomargama	17	18	22	16	13
Humula	7	6	5	9	6
Tarcutta	42	44	51	47	42
Oura	41	37	46	44	36
Walbundrie (Rand)	32	39	47	42	37
Morundah	11	10	13	10	10
Collingullie	58	66	87	81	86
<b>Total independent sources</b>	<b>208</b>	<b>220</b>	<b>271</b>	<b>250</b>	<b>230</b>
<b>Grand totals</b>	<b>14,162</b>	<b>15,803</b>	<b>16,548</b>	<b>16,086</b>	<b>13,207</b>
<b>Proportion from surface</b>	<b>10.2%</b>	<b>18.8%</b>	<b>26.1%</b>	<b>15.5%</b>	<b>14.7%</b>
<b>Proportion from groundwater (bores)</b>	<b>89.4%</b>	<b>81.0%</b>	<b>73.7%</b>	<b>84.2%</b>	<b>84.9%</b>

Table 2: Water Sourced

## 2020/2021 Water sourced



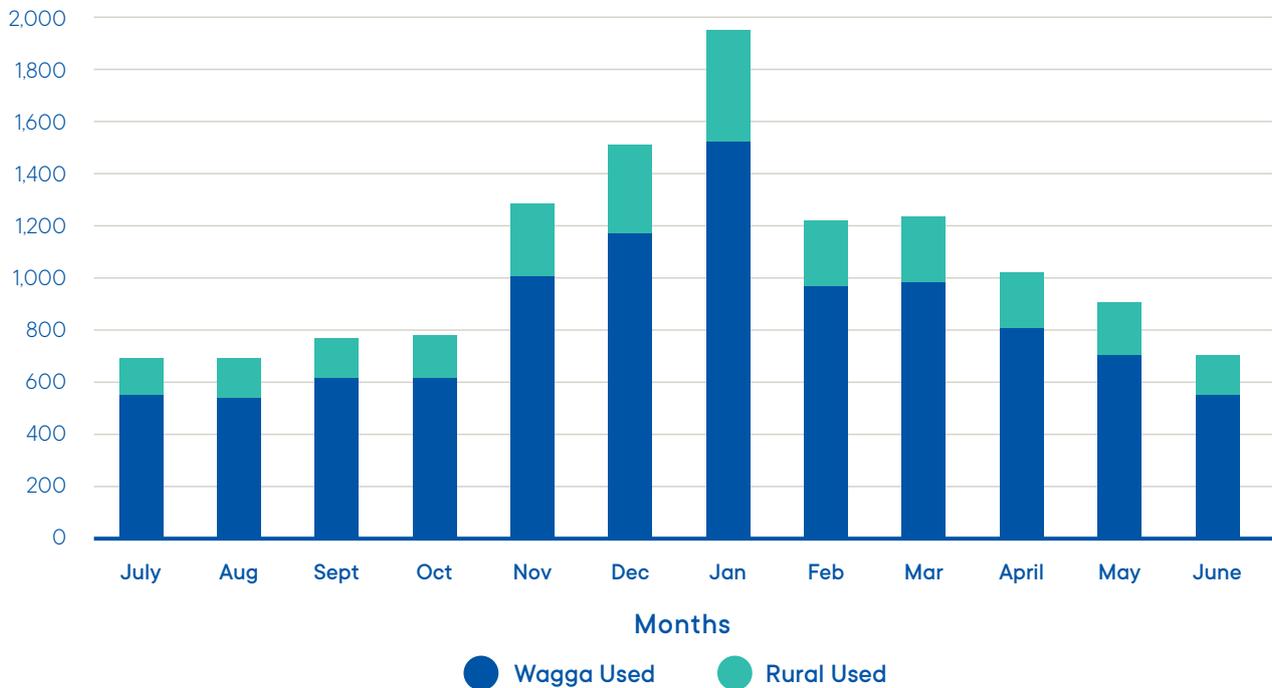
Graph 2: 2020/2021 Water Sourced by Month

## Water treated

	2016/17	2017/18	2018/19	2019/20	2020/21
East Bomen	339	308	286	322	294
Estella	881	1,025	1,181	1,243	1,051
North Wagga	847	922	1,321	1,039	835
Wagga Wagga – Low Level	1,846	2,215	2,344	1,804	1,540
Wagga Wagga – High Level	6,429	6,981	7,001	7,034	5,588
Wagga Wagga – Bellevue Level	835	714	1,083	1,071	825
<b>Sub-total</b>	<b>11,177</b>	<b>12,166</b>	<b>13,215</b>	<b>12,510</b>	<b>10,133</b>
Ladysmith System	58	69	67	72	58
Brucedale Scheme	302	271	340	313	261
Currawarna Scheme	162	162	196	170	148
Rural Southern trunk main system	1,493	1,239	2,186	1,662	1,322
Rural Western trunk main system	453	458	132	546	512
<b>Sub-total</b>	<b>2,468</b>	<b>2,199</b>	<b>2,922</b>	<b>2,762</b>	<b>2,301</b>
Holbrook	245	239	282	258	233
Woomargama	17	18	22	13	13
Humula	7	6	5	9	6
Tarcutta	42	41	50	47	39
Oura	41	40	46	44	36
Walbundrie/Rand	32	38	47	42	37
Morundah	11	9	12	10	9
Collingullie	58	64	83	79	73
<b>Sub-total</b>	<b>453</b>	<b>454</b>	<b>547</b>	<b>505</b>	<b>447</b>
<b>Totals</b>	<b>14,097</b>	<b>14,819</b>	<b>16,684</b>	<b>15,777</b>	<b>12,881</b>

Table 3: Water Treated

## 2020/2021 Water treated



Graph 3: 2020/2021 Water Used by month

## Water distribution

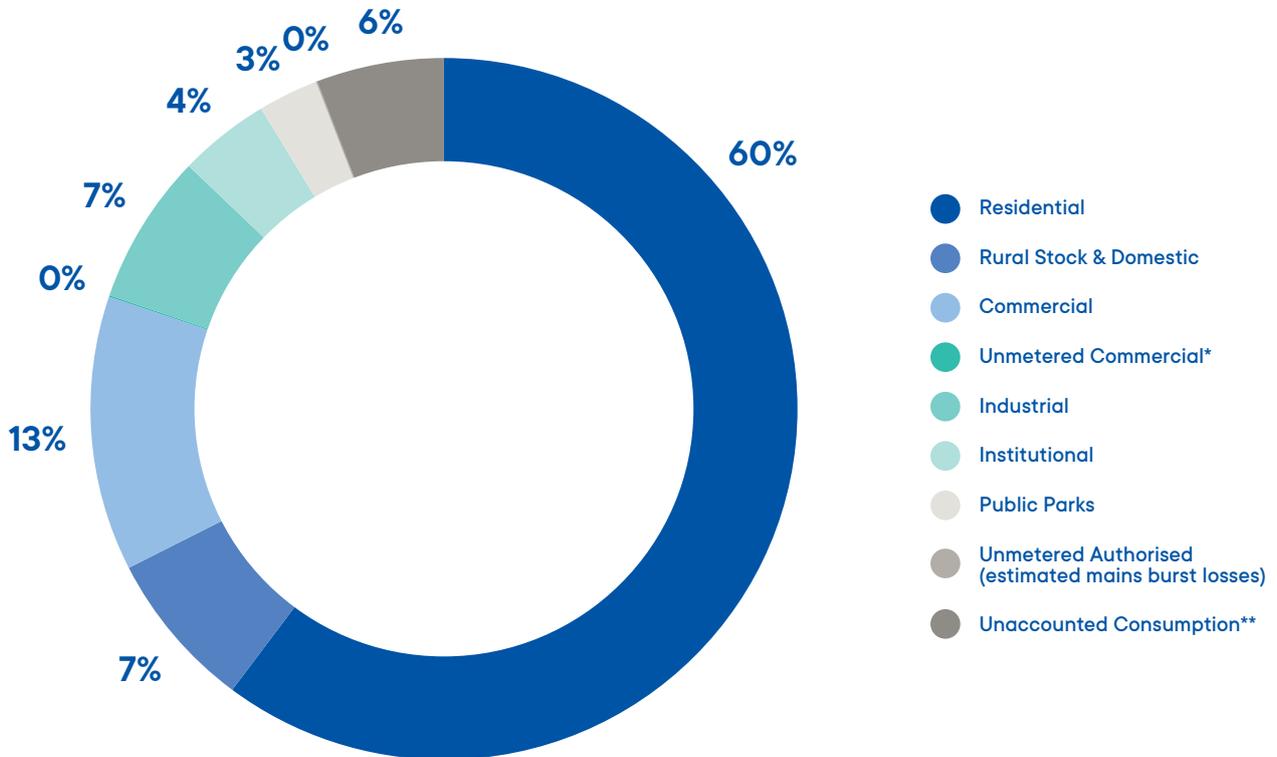
	2020/21	
	Consumption ML	Percentage
Residential	7,757	60.2%
Rural	940	7.3%
Commercial	1,631	12.7%
Unmetered Commercial*	9	0.1%
Industrial	891	6.9%
Institutional	539	4.2%
Public parks	361	2.8%
Unaccounted Consumption**	754	5.9%
<b>Total Treated Volume</b>	<b>12,881</b>	<b>100.0%</b>

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 2020/2021



Graph 4: Annual Distribution Analysis by category 2020/2021

## Water license utilisations

The following table compares water abstracted at Wagga Wagga to our Town Water Licence Allocations for 2020/2021.

	Water Access Licence (ML)	Sourced (ML)	% of Allocation
Surface water - Wagga	7,000	2,427	1,870ML 26.7%
Surface water - other	819	68	67ML 8.2% (Urana & Morundah WTPs)
Ground water - Wagga	14,000	12,412	10,188ML 72.8%
Ground Water - other	2,535	1,134	1,083 42.7%
<b>Total Water</b>	<b>24,354</b>	<b>13,207</b>	<b>54.2%</b>

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

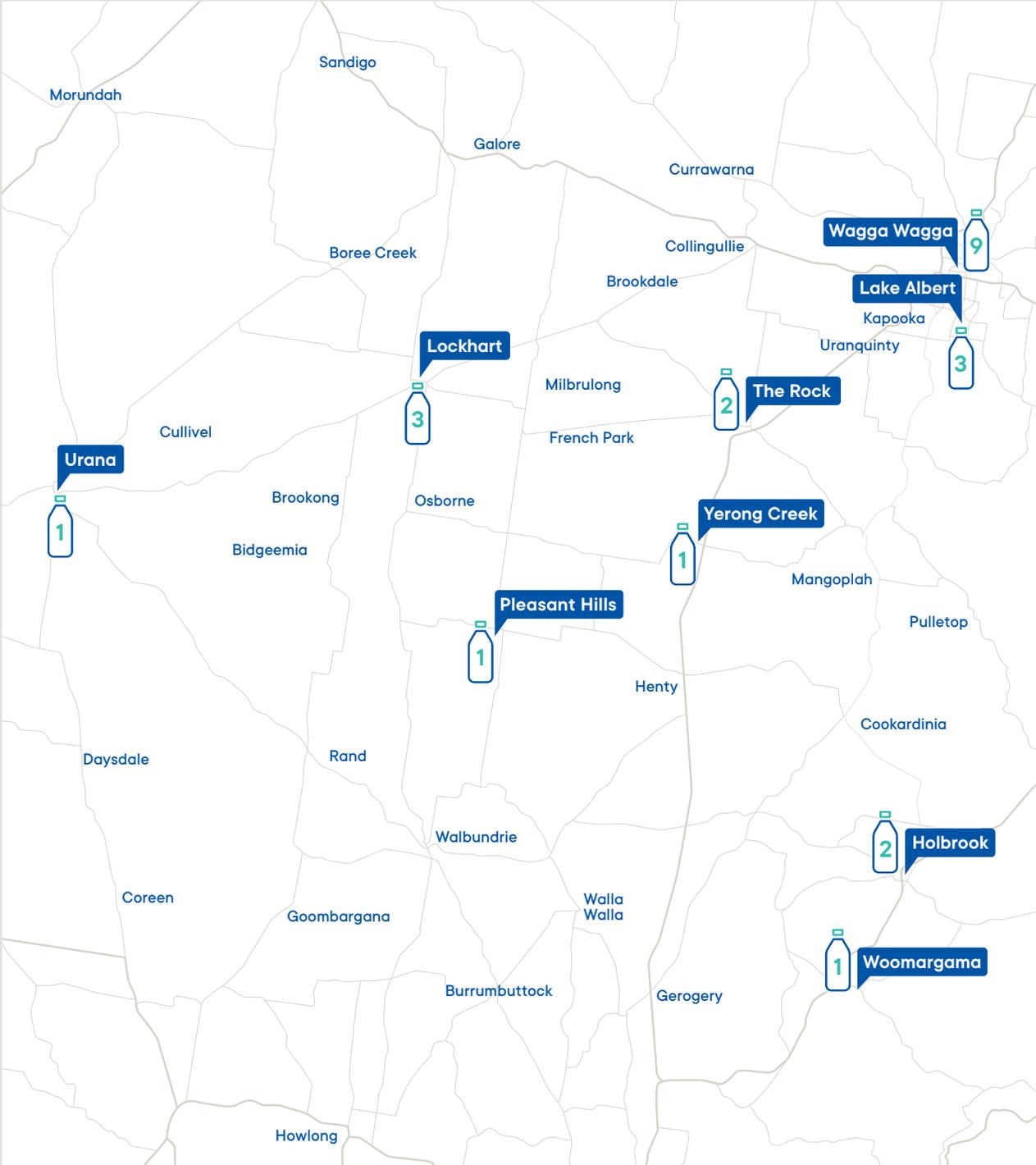
- › HMAS Otway submarine
- › Albury Street
- › Woomargama

### 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



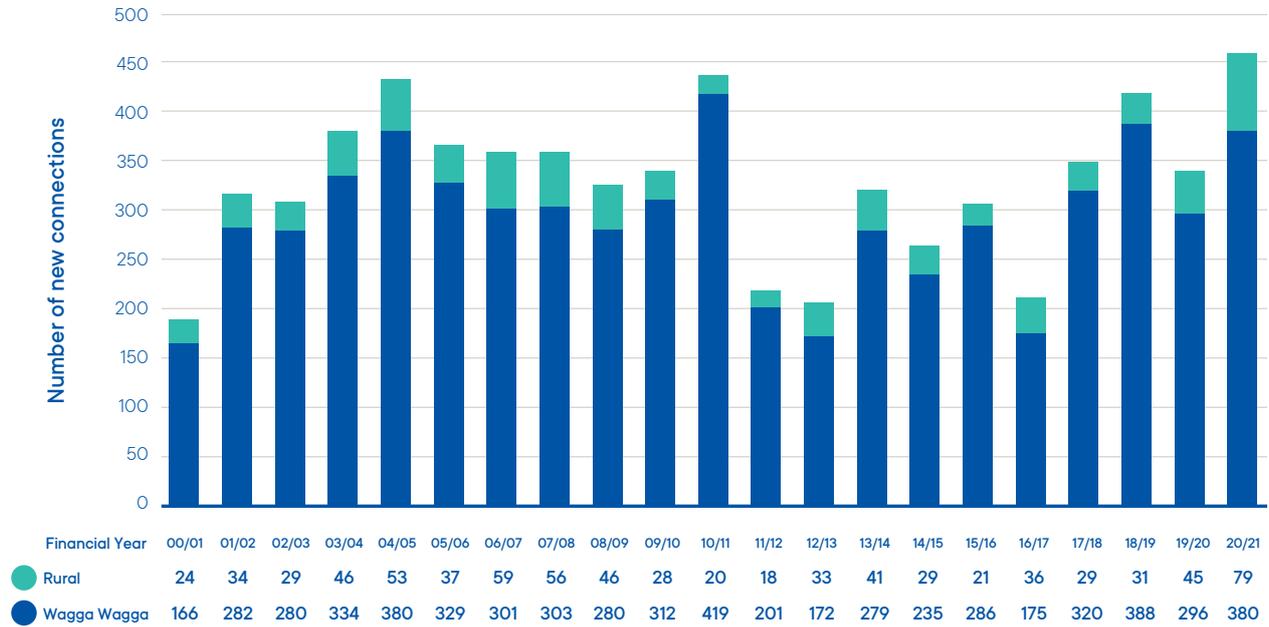
## New customers

Location	Number connected					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Bidgeemia						13
Boree Creek			1		1	1
Brucedale				1	5	2
Bulgary						
Collingullie		2			2	
Coorabin						
Culcairn						
Currawarna				3	1	3
French Park						
Forest Hill				19	5	1
Henty	3	5	8	2	3	5
Holbrook	3	2	3	2	2	6
Humula						
Ladysmith		2		1	1	7
Lockhart	6	5	3	6	2	3
Mangoplah	1			2	2	
Milbrulong						
Morundah	1					
Morven	1	2	1	1		4
Oaklands		2	1			
Oura		1			3	3
Pleasant Hills		2	1	2	1	1
Rand						
San Isidore				1	1	1
Tarcutta			1			
The Rock		2	4	4	7	11
Urana			1		2	3
Uranquinty	5	7		2	6	12
Wagga Wagga	286	175	320	369	291	379
Walbundrie		1	1			
Walla Walla		1	3	3	5	3
Woomargama	1	1		1	1	1
Yerong		1	1			
<b>Totals</b>	<b>307</b>	<b>211</b>	<b>349</b>	<b>419</b>	<b>341</b>	<b>459</b>

Table 6: Number of New Connections 2015/2016 – 2020/2021

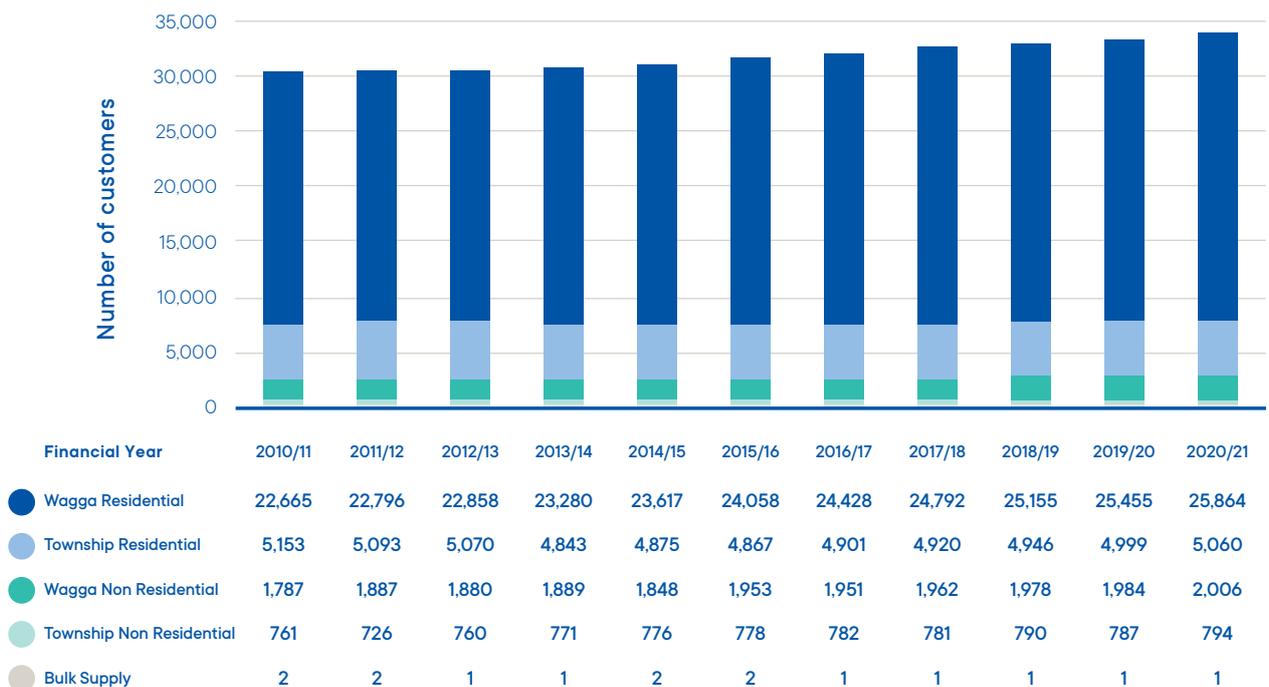
Total customers at 30th June 2021: 33,725

## Number of new connections



Graph 5: Number of new connections 2000/2001 – 2020/2021

## Number of customers historical analysis



Graph 6: Number of Riverina Water Customers 2010/2011 – 2020/2021

## 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	26	16	3	33	7	1050
Aug	74	12	4	35	11	452
Sep	56.4	11	5	23	9	32
Oct	98	13	2	25	10	767
Nov	49.8	9	3	18	13	330
Dec	78.2	5	5	27	11	2866
Jan	83	5	5	425	22	534
Feb	81.7	5	5	19	21	445
Mar	117.2	8	2	5	22	590
Apr	0.8	1	1	5	12	135
May	32	6	6	27	16	105
Jun	75.4	13	5	36	12	471
<b>Totals</b>	<b>772.5</b>	<b>104</b>	<b>46</b>	<b>678</b>	<b>166</b>	<b>7777</b>

Table 7 Monthly analysis of pipeline breaks and rainfall for July 2020 – June 2021

Year	Wagga Wagga		Rural	
	Burst mains	Estimated loss ml	Burst mains	Estimated loss ml
2015/2016	105	0.0	189	0.0
2016/2017	89	1.0	110	3.2
2017/2018	70	1.3	127	3.0
2018/2019	38	10.2	118	2.0
2019/2020	74	0.6	142	2.58
2020/2021	46	0.678	166	7.777

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

## Capital Works

During the year we upgraded the trunk main from Estella pump house to the Olympic Highway to allow for increased capacity and additional population growth.

In accordance with our asset renewal program we renewed cast iron mains in Heydon Avenue, Cox Avenue and North/South/West Parades. Mains were also renewed at The Gap, Doigs Lane, and Chaplins Lane. Mains were extended at Vincents Road and Bidgeemia Road following a successful grant application by Lockhart Shire Council.

### Water treatment plants

Projects to improve the water treatment process include:

- › West Wagga Aeration cover with steel roof and shade cloth walls
- › Bulgary Aeration frame and shade cover

### SCADA System

The digital upgrade of 130 remote stations and data communications network are continuing. Already, improvements in the systems' performance and reliability is noticeable.

### Source water

An additional 86ML license of groundwater was purchased in the mid-Murrumbidgee aquifer, to support growth beyond our existing groundwater licenses.

### Reservoirs

The two 11ML Wagga Low Level Reservoirs were commissioned prior to 2019/2020 summer. The Walbundrie Reservoir was replaced..

### 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.



# 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 2020/2021.

### General tariff

First 125 kilolitres per quarter -	\$1.49
Balance per kilolitre per quarter -	\$2.24

### Strata title units and flats

First 125 kl per quarter per unit	\$1.49
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)	\$2.24

### Industrial tariffs

Processing or manufacturing industries with consistent year round usage:

First 41 kilolitres per month	\$1.49
Balance above 42 kl per month	\$2.24
Balance above 3000 kl per month	\$2.24

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

First 3000 kl per month	\$1.49
Balance above 3000 kl per month	\$1.49

### Commercial tariff

First 125 kl per quarter / 41 kl per month	\$1.49
Balance per kilolitre per quarter	\$2.24

### Community facilities

Hospitals, Schools/TAFE/University, Parks and Gardens, Council Swimming Pools	\$1.49
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### Non-potable water

First 125 kilolitres per quarter -	\$0.74
Balance per kilolitre per quarter -	\$1.11

### Bulk supply

Application of this tariff will be at the discretion of the Council	\$1.49
---	--------

### Primary producers tariff

All rural services along Council's trunk mains	\$1.49
--	--------

(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 2021 \$'000
Water Mains	Iron 75 years/Other 50 years	325,891	184,317
Reservoirs	Steel 60 years/Conc. 100 years	55,258	32,847
Pumping Stations	20-50 years	18,215	8,170
Water Treatment Plants	50 years	100,554	62,737
Water Supply Bores	30 years/Stainless steel 40 years	6,363	3,386
Land & Buildings	50 years	20,830	13,506
<b>Total</b>		<b>527,111</b>	<b>304,963</b>

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

NB. Independent valuers were engaged to revalue all water supply assets in 2020/2021.

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 2020/2021 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 2021

\$,000s

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard \$'000	Estimated cost to bring to the agreed level of service set by Council \$'000	2020/21 Required maintenance <sup>(a)</sup> \$'000	2020/21 Actual maintenance \$'000	Net carrying amount \$'000	Gross replacement cost (GRC) \$'000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
<b>Buildings</b>	Buildings	-	-	480	483	13,505	26,437	39.5%	25.5%	19.7%	15.3%	0.0%
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>480</b>	<b>483</b>	<b>13,505</b>	<b>26,437</b>	<b>39.5%</b>	<b>25.5%</b>	<b>19.7%</b>	<b>15.3%</b>	<b>0.0%</b>
<b>Water supply network</b>	Treatment Plants	1,704	1,704	725	966	62,737	100,554	48.8%	7.3%	21.8%	16.0%	6.0%
	Bores	296	296	185	146	3,386	6,363	10.3%	30.9%	58.7%	0.0%	0.1%
	Reservoirs	502	502	225	250	32,847	55,258	26.6%	25.9%	35.1%	6.3%	6.1%
	Pumping Stations	24	24	200	169	8,170	18,215	15.2%	8.1%	49.4%	17.1%	10.2%
	Pipeline	17,467	17,467	1,200	891	184,316	325,891	20.3%	46.0%	26.3%	7.4%	0.0%
	<b>Sub-total</b>	<b>19,993</b>	<b>19,993</b>	<b>2,535</b>	<b>2,422</b>	<b>291,456</b>	<b>506,281</b>	<b>26.4%</b>	<b>34.5%</b>	<b>27.6%</b>	<b>9.3%</b>	<b>2.2%</b>
<b>Total - all assets</b>	<b>19,993</b>	<b>19,993</b>	<b>3,015</b>	<b>2,905</b>	<b>304,961</b>	<b>532,718</b>	<b>27.0%</b>	<b>34.1%</b>	<b>27.2%</b>	<b>9.6%</b>	<b>2.1%</b>	

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

### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
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 2020/2021 Council expended \$44,000 in legal fees.

## 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 2020/2021, the Council made donations of \$95,000 under this Section.

## Overseas visits funded by Council

Regulation 217 (1) (a)

No overseas visits were undertaken or funded by Council in 2020/2021.

## 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 30 June 2021. One application was received by Council during the 2020/2021 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 2020/2021 period.

# CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX

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## Riverina Water County Council Goods and Services Tax Certificate

### **Payment of Voluntary GST 1 July 2020 to 30 June 2021**

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 2020 to 30 June 2021.
- › 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 2021



# Councillor's expenses and facilities policy

# Board member expenses and facilities policy

## Purpose

The purpose of this policy is to ensure there is accountability and transparency in the reimbursement of expenses incurred, or to be incurred, by members of the Riverina Water County Council board. The policy also ensures that the facilities provided to assist board members to carry out their duties are reasonable.

## Scope

All expenses provided under this policy will be for a purpose specific to the functions of a Riverina Water board member including the chairperson. Allowances for general expense are not permitted under this policy.

Expenses not explicitly addressed in this policy will not be paid or reimbursed.

## Definitions

Term	Definition
Accompanying person	Means a spouse, partner or other person who has a close personal relationship with, or provides carer support to, a board member
Appropriate refreshments	Means food and beverages, excluding alcohol, provided by Riverina Water to support board members undertaking official business
Act	Means the <i>Local Government Act 1993</i> (NSW)
Board	The appointed governing body of Riverina Water County Council – the board
Board member	A councillor from a Riverina Water member council that has been appointed to the board of Riverina Water County Council who is not suspended - includes the chair
CEO	Means the Chief Executive Officer of Riverina Water County Council and includes their delegate or authorised representative
Clause	Unless stated otherwise, a reference to a clause is a reference to a clause of this policy
Code of Conduct	Means the Code of Conduct Policy 1.1
Council	Riverina Water County Council, also referred to in this policy as Riverina Water
DCS	Means the Director Corporate Services of Riverina Water County Council and includes their delegate or authorised representative

Incidental personal use	Means use that is infrequent and brief and use that does not breach this policy or the Code of Conduct
Long distance intrastate travel	Means travel to other parts of NSW of more than three hours duration by private vehicle
Official business	Means functions that the chair or board members are required or invited to attend to fulfil their legislated role and responsibilities for Riverina Water or result in a direct benefit for council and/or for the Riverina Water service area, and includes: <ul style="list-style-type: none"> <li>› meetings of the board and committees of the whole</li> <li>› meetings of committees facilitated by Riverina Water</li> <li>› official functions hosted or sponsored by Riverina Water</li> <li>› meetings, functions, workshops and other events to which attendance by a board member has been requested or approved by the board</li> </ul>
Professional development	Means a seminar, conference, training course or other development opportunity relevant to the role of a board member or the chair
Regulation	Means the Local Government (General) Regulation 2005 (NSW)
Year	Means the financial year, that is the 12 month period commencing on 1 July each year

## Part A – Expenses

### 1.0 Payment of Expenses – General Provisions

#### 1.1 General expenses

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

#### 1.2 Allowances and expenses

The Local Government Remuneration Tribunal annually determines the minimum and maximum limit of fees payable to the chairperson and board members.

The board will review the fees and expenses paid to or facilities provided for the chairperson and members in June each year and determine the amounts to be paid for the ensuing year. The annual fee for the chairperson and board members will be paid in monthly instalments in arrears.

Vehicle expenses 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. This will be applicable to board members that do not reside in the Local Government Area where the function is being held.

Where a board member 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 board member remained the chairperson. Similarly, where a board member is elected chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month in which the board member became chairperson.

#### 1.3 Reimbursement and reconciliation of expenses

Actual expenses incurred by board members in carrying out civic duty are only reimbursed upon the production of appropriate receipts, tax invoices and other documentation. Expenses and costs incurred must be in accordance with the requirements of this policy and any fringe benefit guidelines.

### 2.0 Payment of Expenses – Specific expenses

#### 2.1 General travel arrangements and expenses

2.1.1 All travel by board members should be undertaken using the most direct route and the most practicable and economical mode of transport.

- 2.1.2 If required, Riverina Water will endeavour to make a council vehicle available for the use of board members for official business. Where this is not possible, an allowance will be paid for use of private vehicles.
- 2.1.3 Allowances for the use of a private vehicle will be reimbursed by kilometre at the rate contained in the Local Government (State) Award.
- 2.1.4 Board members will be reimbursed for travel expenses incurred while undertaking official business or professional development or attending approved conferences and seminars. This includes reimbursement:
- › for public transport fares
  - › for the use of a private vehicle or hire car
  - › for parking costs for board and other meetings
  - › for tolls
  - › by Cabcharge card or equivalent
  - › for documented ride-share programs, such as Uber, where tax invoices can be issued
- 2.1.5 Board members seeking to be reimbursed for use of a private vehicle must keep a logbook recording the date, distance and purpose of travel being claimed. Copies of the relevant logbook are to be provided if requested to support travel claims.

## 2.2 Travel expenses not paid by Riverina Water

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. Riverina Water will not pay any traffic or parking fines or administrative charges for road toll accounts.

## 2.3 Overseas travel expenses

Overseas travel should be avoided unless direct and tangible benefits can be established for Riverina Water and the local community. Travel must be approved on an individual trip basis.

Board members seeking approval for any overseas travel must submit a case to, and obtain the approval of, a full board meeting prior to travel.

The details to be included in the business paper are: the board member undertaking the trip; purpose of the trip and expected benefits. The duration, itinerary and approximate costs should also be provided. The report

should also include any inherent risks that might be associated with the trip.

Retrospective reimbursement of overseas travel expenses is not allowed unless prior authorisation of the travel has been obtained.

Details of overseas travel is included in council's annual report and board members are strongly encouraged to report on their overseas travel to a full meeting of the board following the trip.

## 2.4 Interstate or long-distance intrastate travel

Board members planning any interstate and long-distance intrastate travel must obtain the approval of the CEO prior to travel.

## 2.5 Air Travel

For international travel, the class of air travel is to be premium economy if available. Otherwise, the class of travel is to be economy.

For interstate and intrastate journeys by air, the class of air travel is to be economy class, unless an option of premium economy is available and has been approved by the CEO.

Bookings for approved air travel are to be made through the CEO's office.

For air travel that is reimbursed as council business, board members will not accrue points from the airline's frequent flyer program. This is considered a private benefit.

## 2.6 Accommodation and meals

In circumstances where it would introduce undue risk for a board member to travel to or from official business in the late evening or early morning, reimbursement of costs for accommodation and meals on the night before or after the meeting may be approved by the CEO. This includes where a meeting finishes later than 9.00pm or starts earlier than 7.00am and the board member lives more than 50 kilometres from the meeting location.

Council will reimburse costs for accommodation and meals while board members are undertaking prior-approved travel or professional development outside the Riverina Water area.

The daily limits for accommodation and meal expenses within Australia are to be consistent with those set out in Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

The daily limits for accommodation and meal expenses outside Australia are to be determined in advance.

## **2.7 Refreshments for council-related meetings**

Appropriate refreshments will be available for board meetings, committee meetings, board member briefings, approved meetings and engagements, and official council functions as approved by the CEO.

As an indicative guide for the standard of refreshments to be provided at council related meetings, the CEO must be mindful of Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

## **2.8 Professional development**

Council will set aside funding annually in its budget to facilitate professional development of board members through programs, training, education courses and membership of professional bodies as required.

In the first year of a new board term, Riverina Water will provide an induction program for all board members which considers any guidelines issued by the Office of Local Government (OLG). The cost of the induction program will be in addition to any ongoing professional development funding.

Annual membership of professional bodies will only be covered where the membership is relevant to the exercise of the board member's duties, the board member actively participates in the body and the cost of membership is likely to be fully offset by savings from attending events as a member.

Approval for professional development activities is subject to a prior written request to the CEO.

All travel, accommodation and training fees, as well as approved incidental expenses will be met by Riverina Water.

## **2.9 Conferences and seminars**

Board members may be required to represent Riverina Water from time to time at seminars and conferences.

Decisions regarding attendance at conferences and seminars will be made at board meetings. All travel, accommodation and seminar/conference fees, as well as incidental expenses, will be met by Riverina Water. Arrangements are normally made by the Executive Assistant.

Council will meet the reasonable cost of registration fees, transportation and accommodation associated with attendance at conferences.

Council will also meet the reasonable cost of meals when they are not included in the conference fees. Receipts of purchases are required for reimbursement. Costs for alcohol are not reimbursed. If meals are included in the conference, claims for meals at other venues will not be paid.

## **2.10 Spouse and partner expenses**

There may be limited instances where certain costs incurred by the board member on behalf of their spouse, partner or accompanying person are properly those of the board member in the performance of their functions. An accompanying person is a person who has a close personal relationship with the board member, and /or provides carer support to the board member. Requests for spouse, partner or accompanying person expenses should be submitted to the CEO for review and approval if deemed appropriate.

Travel expenses, any additional accommodation expenses, and the cost of partner/accompanying person tours etc are the personal responsibility of board members.

## **2.11 Attendance at dinners and other non-council functions**

Consideration will be given to meeting the cost of board member's attendance at dinners and other non-council-related functions which provide briefings to board members from key members of the community, politicians and business. Approval to meet expenses will only be given when the function is relevant to Riverina Water's interests.

No payment will be reimbursed for any component of a ticket that is additional to the cost of the function, such as a donation to a political party or some other private benefit.

## **2.12 Information and communications technology (ICT) expenses**

Council will reimburse board members for expenses associated with the use of appropriate ICT devices and services in the course of their council business. Claims are to be supported by receipts.

## **2.13 Carer expenses**

Riverina Water will reimburse the reasonable cost of carer arrangements for board members who are the

principal carer of a child or elderly, disabled and/or sick immediate family member to enable them to undertake their council obligations.

In the event of caring for an adult person, board members will need to provide suitable evidence to the CEO that reimbursement is applicable. This may take the form of advice from a medical practitioner.

## 2.14 Home office expenses

A board member may be reimbursed for reasonable costs for consumables such as printer ink cartridges used in the course of their formal duties.

## 3.0 Insurances

In accordance with Section 382 of the Local Government Act, council is insured against public liability and professional indemnity claims. Members of the board are insured on this Policy.

Insurance protection is only provided if a claim arises out of or in connection with the board member's performance of his or her duties, or exercise of his or her functions as a board member. All insurances are subject to any limitations or conditions set out in the policies of insurance.

Council will pay the insurance policy excess in respect of any claim accepted by council's insurers, whether defended or not.

Appropriate travel insurances will be provided for any board member travelling on approved interstate and overseas travel on council business.

## 4.0 Legal assistance

- 4.1 Council may, if requested, indemnify or reimburse the reasonable legal expenses of:
- › a board member defending an action arising from the performance in good faith of a function under the Local Government Act provided that the outcome of the legal proceedings is favourable to the board member
  - › a board member 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 and the outcome of the legal proceedings is favourable to the board member
  - › a board member for proceedings before an appropriate investigative or review body, provided the subject of the proceedings arises from the performance in good faith of

a function under the Act and the matter has proceeded past any initial assessment phase to a formal investigation or review and the investigative or review body makes a finding substantially favourable to the board member

- 4.2 In the case of a Code of Conduct complaint made against a board member, legal costs will only be made available where the matter has been referred by the CEO to a conduct reviewer and the conduct reviewer has commenced a formal investigation of the matter and makes a finding substantially favourable to the board member.
- 4.3 Legal expenses incurred in relation to proceedings arising out of the performance by a board member of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something that a board member has done during his or her term in office. For example, expenses arising from an investigation as to whether a board member acted corruptly would not be covered by this section.
- 4.4 Council will not meet the legal costs:
- › of legal proceedings initiated by a board member under any circumstances
  - › of a board member seeking advice in respect of possible defamation, or in seeking a non-litigious remedy for possible defamation
  - › for legal proceedings that do not involve a board member performing their role as a member of the board
- 4.5 Reimbursement of expenses for reasonable legal expenses must have Council approval by way of a resolution at a board meeting prior to costs being incurred.

## Part B - Facilities

### 5.0 General Provision of Facilities

Board members are provided with access and use of the following to discharge their official duties:

- › Access to a room suitably furnished for use by all board members
- › Access to a motor vehicle for the purpose of attending conferences, seminars, official functions or meetings outside of Wagga Wagga
- › Use of Riverina Water photocopiers, telephones, computers, fax and associated equipment in the course of undertaking official business

## 5.1 Accessible facilities

- 5.1.1 Council encourages wide participation and interest in membership of the board. It will seek to ensure council premises and associated facilities are accessible, including provision for sight or hearing- impaired board members and those with other disabilities.
- 5.1.2 Transportation provisions outlined in this policy will also assist board members who may be unable to drive a vehicle.
- 5.1.3 In addition to the provisions above, the CEO may authorise the provision of reasonable additional facilities and expenses in order to allow a board member with a disability to perform their official duties.

## 5.2 Stationery

Board members will be provided with business cards and name badge for official business.

## 5.3 ICT Equipment

Board members will be issued with an iPad for official use. IT support will be provided to enable board members to conduct their official business including the receiving and reading of business papers.

## 5.4 Return or retention of ICT equipment

- 5.4.1 All equipment supplied under this policy is to be relinquished immediately upon a board member or chairperson ceasing to hold office or at the cessation of their civic duties.
- 5.4.2 Should a board member or chairperson desire to keep any equipment allocated by council, then this policy enables the board member to make application to the CEO to purchase any such equipment. The CEO will determine an agreed fair market price or written down value for the item of equipment.
- 5.4.3 The prices for all equipment purchased by board members under Clause 5.3.2 will be recorded in Council's annual report.

## 5.5 Administrative support

The chairperson will be provided administrative support in relation to official correspondence.

## 5.6 Sustenance/Meals

Board members will, at the discretion of the CEO, be provided with a meal and/or refreshments in conjunction with their attendance at board meetings, or at any official ceremony or gathering authorised by the board, or the chairperson, or in carrying out their council responsibilities, including meetings with residents, customers or guests of Riverina Water.

## Part C - Processes

### 6.0 Approval, payment and reimbursement arrangements

Expenses are only to be incurred by board members in accordance with the provisions of this policy.

Approval for incurring expenses, or for the reimbursement of such expenses, should be obtained before the expense is incurred.

Approval for the following may be sought after the expense is incurred:

- › local travel relating to the conduct of official business
- › carer costs

Approval of board members to attend conference and other council business that involves travel and/or accommodation should be, where possible, approved by a full meeting of the board. If this is not possible, the approval should be given jointly by the chairperson and the CEO.

If the chairperson requires approval to travel outside of council meetings, it should be given jointly by the deputy chairperson, or another board member, if the deputy chairperson is unavailable, and the CEO.

### 6.1 Direct payment

Council may approve and directly pay expenses. Requests for direct payment must be submitted to the CEO or DCS for assessment against this policy, with sufficient information and time to allow for the claim to be assessed and processed.

### 6.2 Reimbursement

All claims for reimbursement of expenses incurred must be supported by appropriate receipts and/or tax invoices and be submitted to the CEO or DCS.

The supporting documentation should be dated and show details of the nature of the transaction if possible. Expenses claimed but not supported with receipts will not be paid, unless authorised by the CEO.

### **6.3 Timeframe for reimbursement claims**

Unless otherwise specified in this policy, board members must provide all claims for reimbursement within three months of an expense being incurred. Claims made after this time may not be approved.

### **6.4 Reimbursement to council**

If council has incurred an expense on behalf of a board member that exceeds reasonable incidental private use or is not provided for in this policy, the board member will be invoiced for the expense.

Alternatively, the CEO may deduct the amount from the board member's allowance.

### **6.5 Disputes**

If a board member disputes a determination under this policy, the board member should discuss the matter with the CEO. If the board member and the CEO cannot resolve the dispute, the board member may submit a notice of motion to a board meeting seeking to have the dispute resolved.

## **Policy Implementation and reporting**

This policy will be published on Riverina Water's website and internally on the intranet.

Council will report on the provision of expenses and facilities to board members as required in the Act and Regulations.

## **Non Compliance**

Non-compliance with adopted policy may be considered a breach under the Code of Conduct. As such, any suspected or known non-compliance will be reported to the CEO.

Alleged breaches of this policy will be dealt with by following the processes outlined for breaches for the Code of Conduct, as detailed in the Code and in the Procedures for the Administration of the Code.

<b>Policy number</b>	1.10
<b>Responsible area</b>	CEO - Governance
<b>Approved by</b>	Riverina Water Board (Res 21/089)
<b>Approval date</b>	24 August 2021
Legislation or related strategy	Local Government Act 1993, sections 252 and 253 Local Government (General) Regulation 2005, clauses 217 and 403 Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW 2009 Code of Conduct Policy 1.1
Documents associated with this policy	Local Government Circular 09-36 Guidelines for Payment of Expenses and Facilities Local Government Circular 05-08 legal assistance for Councillors and Council Employees.
Policy history	Original publication date: August 1997 Reviewed annually from 2005 – 2016 Last review date (13): October 2016 – Res 16/189
Review schedule	4 years (once per board term)
Policy details may change prior to review date due to legislative or other changes, therefore this document is uncontrolled when printed.	
End of policy statement	



# Financial statements

# Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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



# Riverina Water County Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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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 B1-2.

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](http://www.rwcc.nsw.gov.au).

# Riverina Water County Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### 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 24 August 2021.



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Clr G Verdon  
Chairperson



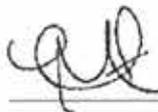
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Clr T Koschel  
Deputy Chairperson



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Mr A Crakanthorp  
Chief Executive Officer



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Ms E Tonacia  
Responsible Accounting Officer

# Riverina Water County Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	<b>Income from continuing operations</b>			
5,117	Rates and annual charges	B2-1	<b>5,655</b>	5,592
23,833	User charges and fees	B2-2	<b>19,735</b>	25,587
345	Other revenue	B2-3	<b>519</b>	2,052
225	Grants and contributions provided for operating purposes	B2-4	<b>207</b>	270
3,190	Grants and contributions provided for capital purposes	B2-4	<b>2,750</b>	2,443
300	Interest and investment income	B2-5	<b>467</b>	664
–	Net gains from the disposal of assets	B4-1	<b>116</b>	5
<u>33,010</u>	<b>Total income from continuing operations</b>		<u><b>29,449</b></u>	<u>36,613</u>
	<b>Expenses from continuing operations</b>			
9,371	Employee benefits and on-costs	B3-1	<b>9,066</b>	9,627
4,029	Materials and services	B3-2	<b>7,084</b>	7,365
387	Borrowing costs	B3-3	<b>367</b>	466
6,350	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>7,570</b>	6,845
5,193	Other expenses	B3-5	<b>95</b>	110
<u>25,330</u>	<b>Total expenses from continuing operations</b>		<u><b>24,182</b></u>	<u>24,413</u>
<u>7,680</u>	<b>Operating result from continuing operations</b>		<u><b>5,267</b></u>	<u>12,200</u>
<u>7,680</u>	<b>Net operating result for the year attributable to Council</b>		<u><b>5,267</b></u>	<u>12,200</u>
<u>4,491</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u><b>2,517</b></u>	<u>9,757</u>

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

## Riverina Water County Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

<b>\$ '000</b>	Notes	<b>2021</b>	<b>2020</b>
<b>Net operating result for the year – from Income Statement</b>		<b>5,267</b>	<b>12,200</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>(47,725)</b>	2,703
Gain (loss) on revaluation of intangible assets	C1-7	<b>(1,587)</b>	3,200
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(49,312)</b>	5,903
<b>Total other comprehensive income for the year</b>		<b>(49,312)</b>	5,903
<b>Total comprehensive income for the year attributable to Council</b>		<b>(44,045)</b>	18,103

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

# Riverina Water County Council

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	14,392	13,218
Investments	C1-2	17,000	18,000
Receivables	C1-4	3,589	4,366
Inventories	C1-5	2,310	2,476
<b>Total current assets</b>		<b>37,291</b>	<b>38,060</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	C1-6	327,948	371,482
Intangible Assets	C1-7	9,776	10,884
<b>Total non-current assets</b>		<b>337,724</b>	<b>382,366</b>
<b>Total assets</b>		<b>375,015</b>	<b>420,426</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	2,843	1,886
Borrowings	C3-2	1,587	1,866
Employee benefit provisions	C3-3	4,852	5,307
<b>Total current liabilities</b>		<b>9,282</b>	<b>9,059</b>
<b>Non-current liabilities</b>			
Borrowings	C3-2	3,811	5,400
<b>Total non-current liabilities</b>		<b>3,811</b>	<b>5,400</b>
<b>Total liabilities</b>		<b>13,093</b>	<b>14,459</b>
<b>Net assets</b>		<b>361,922</b>	<b>405,967</b>
<b>EQUITY</b>			
Accumulated surplus		152,845	147,578
IPPE revaluation reserve	C4-1	209,077	258,389
<b>Council equity interest</b>		<b>361,922</b>	<b>405,967</b>
<b>Total equity</b>		<b>361,922</b>	<b>405,967</b>

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



# Riverina Water County Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
5,107	Rates and annual charges		6,103	6,061
24,061	User charges and fees		20,346	25,071
329	Investment and interest revenue received		476	566
3,460	Grants and contributions		2,955	2,714
–	Bonds, deposits and retention amounts received		4	–
210	Other		1,845	4,696
<i>Payments:</i>				
(9,367)	Employee benefits and on-costs		(9,448)	(8,486)
(3,806)	Materials and services		(7,749)	(2,486)
(387)	Borrowing costs		(367)	(466)
–	Bonds, deposits and retention amounts refunded		–	(77)
(5,193)	Other		1	(7,239)
<u>14,414</u>	<b>Net cash flows from operating activities</b>	F1-1	<u>14,166</u>	<u>20,354</u>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		1,000	–
–	Sale of infrastructure, property, plant and equipment		317	216
<i>Payments:</i>				
–	Purchase of investment securities		–	(3,000)
(20,317)	Purchase of infrastructure, property, plant and equipment		(11,962)	(15,701)
–	Purchase of intangible assets		(479)	(82)
<u>(20,317)</u>	<b>Net cash flows from investing activities</b>		<u>(11,124)</u>	<u>(18,567)</u>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(1,860)	Repayment of borrowings		(1,868)	(1,753)
<u>(1,860)</u>	<b>Net cash flows from financing activities</b>		<u>(1,868)</u>	<u>(1,753)</u>
<u>(7,763)</u>	<b>Net change in cash and cash equivalents</b>		<u>1,174</u>	<u>34</u>
10,482	Cash and cash equivalents at beginning of year		13,218	13,184
<u>2,719</u>	<b>Cash and cash equivalents at end of year</b>	C1-1	<u>14,392</u>	<u>13,218</u>
15,000	plus: Investments on hand at end of year	C1-2	17,000	18,000
<u>17,719</u>	<b>Total cash, cash equivalents and investments</b>		<u>31,392</u>	<u>31,218</u>

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

# Riverina Water County Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2021

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# Riverina Water County Council

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## A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 13 September 2021.

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 F1 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 B5-1 – Material budget variations

and are clearly marked.

### Historical cost convention

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

### 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 C1-6
- (ii) estimated fair values of intangibles – refer Note C1-7
- (iii) employee benefit provisions – refer Note C3-3

### 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 C1-4.

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.

## A1-1 Basis of preparation (continued)

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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 2021 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 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,

## A1-1 Basis of preparation (continued)

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- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 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 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

These newly adopted standards did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Water supplies	29,449	36,613	24,182	24,413	5,267	12,200	2,750	2,443	375,015	420,426
Other	–	–	–	–	–	–	207	270	–	–
<b>Total functions and activities</b>	<b>29,449</b>	<b>36,613</b>	<b>24,182</b>	<b>24,413</b>	<b>5,267</b>	<b>12,200</b>	<b>2,957</b>	<b>2,713</b>	<b>375,015</b>	<b>420,426</b>

## B1-2 Components of functions or activities

---

Details relating to the Council's functions or activities as reported in B1-1 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.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	Timing	2021	2020
<b>Annual charges</b>			
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>			
Water supply services – commercial	2	496	493
Water supply services – residential	2	4,952	4,894
<b>Annual charges levied</b>		<b>5,448</b>	<b>5,387</b>
Pensioner subsidies received:			
– Water	2	207	205
<b>Total annual charges</b>		<b>5,655</b>	<b>5,592</b>
<b>Total rates and annual charges</b>		<b>5,655</b>	<b>5,592</b>

#### Accounting policy

Rates and annual charges are recognised as revenue at 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 recognised within the underlying revenue item based on their substance.

### B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
<small>(per s.502 - specific 'actual use' charges)</small>			
Water supply services – commercial	2	5,589	7,455
Water supply services – residential	2	13,234	17,128
<b>Total specific user charges</b>		<b>18,823</b>	<b>24,583</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Private works – section 67	2	2	12
Section 603 certificates	2	217	146
<b>Total fees and charges – statutory/regulatory</b>		<b>219</b>	<b>158</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Leaseback fees – Council vehicles	2	44	40
Water connection fees	2	423	477
Standpipe fees	2	226	329
<b>Total fees and charges – other</b>		<b>693</b>	<b>846</b>
<b>Total user charges and fees</b>		<b>19,735</b>	<b>25,587</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		19,735	25,587
<b>Total user charges and fees</b>		<b>19,735</b>	<b>25,587</b>

#### Accounting policy

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.

## B2-3 Other revenue

\$ '000	Timing	2021	2020
Sales – general	2	60	36
Lease rental	2	25	30
Sales – scrap material	2	8	24
Sundry Income	2	93	1,817
Temporary water allocation	2	333	145
<b>Total other revenue</b>		<b>519</b>	<b>2,052</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised at a point in time (2)		519	2,052
<b>Total other revenue</b>		<b>519</b>	<b>2,052</b>

### 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.

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
LIRS subsidy	2	190	256	-	-
Diesel and alternative fuels	2	17	14	-	-
<b>Previously contributions:</b>					
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>207</b>	<b>270</b>	<b>-</b>	<b>-</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>207</b>	<b>270</b>	<b>-</b>	<b>-</b>
<b>Total grants and non-developer contributions</b>		<b>207</b>	<b>270</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>					
– Commonwealth funding		190	220	-	-
– State funding		17	50	-	-
		<b>207</b>	<b>270</b>	<b>-</b>	<b>-</b>

### Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 64 – water supply contributions		2	-	-	2,750	2,443
<b>Total developer contributions – cash</b>			<b>-</b>	<b>-</b>	<b>2,750</b>	<b>2,443</b>
<b>Total developer contributions</b>			<b>-</b>	<b>-</b>	<b>2,750</b>	<b>2,443</b>
<b>Total contributions</b>			<b>-</b>	<b>-</b>	<b>2,750</b>	<b>2,443</b>
<b>Total grants and contributions</b>			<b>207</b>	<b>270</b>	<b>2,750</b>	<b>2,443</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised at a point in time (2)			207	270	2,750	2,443
<b>Total grants and contributions</b>			<b>207</b>	<b>270</b>	<b>2,750</b>	<b>2,443</b>

### Accounting policy

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	63	102
– Cash and investments	404	562
<b>Total interest and investment income</b>	<b>467</b>	<b>664</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	63	102
General Council cash and investments	404	562
<b>Total interest and investment income</b>	<b>467</b>	<b>664</b>

### Accounting policy

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

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Salaries and wages	<b>8,205</b>	8,095
Travel expenses	<b>191</b>	280
Employee leave entitlements (ELE)	<b>1,423</b>	2,443
Superannuation	<b>1,465</b>	1,400
Workers' compensation insurance	<b>155</b>	268
Fringe benefit tax (FBT)	<b>66</b>	36
Payroll tax	<b>541</b>	531
Training costs (other than salaries and wages)	<b>212</b>	237
Uniforms	<b>58</b>	70
Safety Bonus	<b>9</b>	19
Sick leave bonus	<b>149</b>	143
<b>Total employee costs</b>	<b>12,474</b>	<b>13,522</b>
Less: capitalised costs	<b>(3,408)</b>	(3,895)
<b>Total employee costs expensed</b>	<b>9,066</b>	<b>9,627</b>
Number of 'full-time equivalent' employees (FTE) at year end	<b>108</b>	102

#### **Accounting policy**

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 C3-3 for more information.

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		321	290
Contractor and consultancy costs		2,054	2,032
Audit Fee	E2-1	49	70
Strategic Documents		44	9
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	E1-2	120	134
Advertising		56	491
Bank charges		24	96
Computer software charges		352	270
Electricity and heating		2,255	2,832
Insurance		251	207
Office expenses (including computer expenses)		311	227
Postage		124	117
Printing and stationery		36	32
Subscriptions and publications		111	72
Telephone and communications		182	91
Demand management		44	125
Rates and user charges		144	90
Community Engagement		546	–
Risk Management		14	–
<b>Legal expenses:</b>			
– Legal expenses: other		44	178
Expenses from leases of low value assets		2	2
<b>Total materials and services</b>		<b>7,084</b>	<b>7,365</b>
<b>Total materials and services</b>		<b>7,084</b>	<b>7,365</b>

## B3-3 Borrowing costs

### (i) Interest bearing liability costs

Interest on loans	367	466
<b>Total interest bearing liability costs</b>	<b>367</b>	<b>466</b>
<b>Total interest bearing liability costs expensed</b>	<b>367</b>	<b>466</b>

### (ii) Other borrowing costs

Fair value adjustments on recognition of advances and deferred debtors		
<b>Total borrowing costs expensed</b>	<b>367</b>	<b>466</b>

### Accounting policy

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.

## B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		555	514
Office equipment		130	175
Software		17	–
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		54	51
– Buildings – specialised		143	143
– Water supply network		6,671	5,962
Right of use assets	C2-1	–	–
<b>Total gross depreciation and amortisation costs</b>		<b>7,570</b>	<b>6,845</b>
<b>Total depreciation and amortisation costs</b>		<b>7,570</b>	<b>6,845</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>7,570</b>	<b>6,845</b>

### Accounting policy

#### 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 C1-6 for IPPE assets and Note C1-7 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.

## B3-5 Other expenses

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Other</b>		
Donations, contributions and assistance to other organisations (Section 356)	<b>95</b>	110
<b>Total other expenses</b>	<b>95</b>	<b>110</b>

### **Accounting policy**

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

## B4 Gains or losses

### B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

<b>\$ '000</b>	Notes	<b>2021</b>	2020
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		<b>317</b>	216
Less: carrying amount of plant and equipment assets sold/written off		<b>(201)</b>	(211)
<b>Gain (or loss) on disposal</b>		<b>116</b>	<b>5</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>116</b>	<b>5</b>

#### **Accounting policy**

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.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 24/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>5,117</b>	<b>5,655</b>	<b>538</b>	<b>11% F</b>
Connections through the year slightly higher than anticipated resulting in increased fixed income for access charges.				
<b>User charges and fees</b>	<b>23,833</b>	<b>19,735</b>	<b>(4,098)</b>	<b>(17)% U</b>
Water sales lower than budgeted due to wetter weather over the year.				
<b>Other revenues</b>	<b>345</b>	<b>519</b>	<b>174</b>	<b>50% F</b>
Higher than budgeted due to a temporary water licence allocation.				
<b>Operating grants and contributions</b>	<b>225</b>	<b>207</b>	<b>(18)</b>	<b>(8)% U</b>
<b>Capital grants and contributions</b>	<b>3,190</b>	<b>2,750</b>	<b>(440)</b>	<b>(14)% U</b>
Variance due to lower than anticipated developer contributions.				
<b>Interest and investment revenue</b>	<b>300</b>	<b>467</b>	<b>167</b>	<b>56% F</b>
Income higher than budgeted due to cash on hand being higher than anticipated.				
<b>Net gains from disposal of assets</b>	<b>–</b>	<b>116</b>	<b>116</b>	<b>∞ F</b>
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>9,371</b>	<b>9,066</b>	<b>305</b>	<b>3% F</b>
<b>Materials and services</b>	<b>4,029</b>	<b>7,084</b>	<b>(3,055)</b>	<b>(76)% U</b>
Changes to the OLG Code of Accounting have resulted in more expenses being shown under Materials and Services that were previously shown under Other Expenses.				
<b>Borrowing costs</b>	<b>387</b>	<b>367</b>	<b>20</b>	<b>5% F</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>6,350</b>	<b>7,570</b>	<b>(1,220)</b>	<b>(19)% U</b>
Water Treatment Plant was capitalised at the end of last year which resulted in a higher depreciation expense than budgeted. An adjustment for this amount was made in the March 2021 Quarterly Budget Review.				
<b>Other expenses</b>	<b>5,193</b>	<b>95</b>	<b>5,098</b>	<b>98% F</b>
Changes to the OLG Code of Accounting have resulted in more expenses being shown under Materials and Services that were previously shown under Other Expenses.				
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	<b>14,414</b>	<b>14,166</b>	<b>(248)</b>	<b>(2)% U</b>

## B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>Cash flows from investing activities</b>	(20,317)	(11,124)	9,193	(45)% <b>F</b>
Decreased capital expenditure due to delays caused by Covid.				
<b>Cash flows from financing activities</b>	(1,860)	(1,868)	(8)	0% <b>U</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	340	119
Cash-equivalent assets		
– Short-term deposits	14,052	13,099
<b>Total cash and cash equivalents</b>	<b>14,392</b>	<b>13,218</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,392	13,218
<b>Balance as per the Statement of Cash Flows</b>	<b>14,392</b>	<b>13,218</b>

#### Accounting policy

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.

#### C1-2 Financial investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	17,000	–	18,000	–
<b>Total</b>	<b>17,000</b>	<b>–</b>	<b>18,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>17,000</b>	<b>–</b>	<b>18,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>31,392</b>	<b>–</b>	<b>31,218</b>	<b>–</b>

#### Accounting policy

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.

## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>31,392</b>	<b>–</b>	<b>31,218</b>	<b>–</b>
<b>attributable to:</b>				
Internal restrictions	7,844	–	7,181	–
Unrestricted	23,548	–	24,037	–
	<b>31,392</b>	<b>–</b>	<b>31,218</b>	<b>–</b>

\$ '000	2021	2020
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### Details of restrictions

#### Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Employees leave entitlement	2,426	2,653
Plant replacement	1,857	1,300
Sales fluctuation	3,000	3,000
Water Treatment Plant	228	228
Revenue from Water Licences	333	–
<b>Total internal restrictions</b>	<b>7,844</b>	<b>7,181</b>
<b>Total restrictions</b>	<b>7,844</b>	<b>7,181</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	765	-	932	-
User charges and fees	2,046	-	2,657	-
Accrued revenues				
Accrued interest on investments	318	-	327	-
Government grants and subsidies	207	-	205	-
Sundry debtors	253	-	245	-
<b>Total</b>	<b>3,589</b>	<b>-</b>	<b>4,366</b>	<b>-</b>
<b>Total net receivables</b>	<b>3,589</b>	<b>-</b>	<b>4,366</b>	<b>-</b>

### Accounting policy

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

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

#### Impairment

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Council's provision for impairment of receivables at 30 June 2021 is \$nil (2020: \$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.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	2,310	–	2,476	–
<b>Total inventories at cost</b>	<b>2,310</b>	<b>–</b>	<b>2,476</b>	<b>–</b>
<b>Total inventories</b>	<b>2,310</b>	<b>–</b>	<b>2,476</b>	<b>–</b>

### Accounting policy

#### Inventory held for distribution

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

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	Asset movements during the reporting period							At 30 June 2021						
	At 1 July 2020			At 30 June 2021				Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount				
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	8,572	–	8,572	2,192	841	–	–	(627)	(140)	–	–	10,838	–	10,838
Plant and equipment	6,959	(3,495)	3,464	781	–	(194)	(555)	–	–	–	–	7,225	(3,728)	3,497
Office equipment	1,302	(961)	341	–	83	(2)	(130)	–	–	–	–	1,355	(1,070)	285
<b>Land:</b>														
– Operational land	4,658	–	4,658	–	1,587	–	–	–	–	–	134	6,379	–	6,379
– Land Improvements	2,510	–	2,510	–	36	–	–	–	–	(558)	–	2,015	(27)	1,988
<b>Infrastructure:</b>														
– Buildings – non-specialised	4,094	(636)	3,458	–	–	–	(54)	–	–	(2,992)	–	623	(212)	411
– Buildings – specialised	12,431	(1,358)	11,073	–	400	–	(143)	–	140	–	1,625	20,207	(7,113)	13,094
– Water supply network	492,131	(154,725)	337,406	4,653	1,376	–	(6,671)	627	–	(45,934)	–	506,280	(214,824)	291,456
<b>Total infrastructure, property, plant and equipment</b>	<b>532,657</b>	<b>(161,175)</b>	<b>371,482</b>	<b>7,626</b>	<b>4,323</b>	<b>(196)</b>	<b>(7,553)</b>	<b>–</b>	<b>–</b>	<b>(49,484)</b>	<b>1,759</b>	<b>554,922</b>	<b>(226,974)</b>	<b>327,948</b>

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

By aggregated asset class	Asset movements during the reporting period							At 30 June 2020						
	At 1 July 2019			At 30 June 2020				Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount				
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	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
<b>Land:</b>														
– Operational land	4,518	–	4,518	–	140	–	–	–	–	–	–	4,658	–	4,658
– Land Improvements	1,968	–	1,968	–	542	–	–	–	–	–	–	2,510	–	2,510
<b>Infrastructure:</b>														
– 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
<b>Total infrastructure, property, plant and equipment</b>	<b>514,894</b>	<b>(154,760)</b>	<b>360,134</b>	<b>12,218</b>	<b>3,481</b>	<b>(208)</b>	<b>(6,845)</b>	<b>–</b>	<b>2,703</b>	<b>–</b>	<b>–</b>	<b>532,657</b>	<b>(161,175)</b>	<b>371,482</b>

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

## C1-6 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Water assets</b>	<b>Years</b>
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	<b>Buildings</b>	
		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.

## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	52	–
<b>Net book value – opening balance</b>	<b>52</b>	<b>–</b>
<b>Movements for the year</b>		
Purchases	223	52
Amortisation	(17)	–
<b>Closing values at 30 June</b>		
Gross book value	258	52
<b>Total software – net book value</b>	<b>258</b>	<b>52</b>
<b>Other</b>		
<b>(b) High Security Water Licences</b>		
<b>Opening values at 1 July</b>		
Gross book value	10,832	7,602
<b>Net book value – opening balance</b>	<b>10,832</b>	<b>7,602</b>
<b>Movements for the year</b>		
Purchases	273	30
Fair Value (increment to Equity - Asset Revaluation Reserve)	(1,587)	3,200
<b>Closing values at 30 June</b>		
Gross book value	9,518	10,832
<b>Total High Security Water Licences – net book value</b>	<b>9,518</b>	<b>10,832</b>
<b>Total intangible assets – net book value</b>	<b>9,776</b>	<b>10,884</b>

### Accounting policy

#### IT development and software

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

#### 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.

## C2 Leasing activities

### C2-1 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.

#### (a) Income Statement

\$ '000	2021	2020
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The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

Expenses relating to low-value leases	2	2
	<u>2</u>	<u>2</u>

#### (b) Leases at significantly below market value – concessionary / peppercorn leases

##### Accounting policy

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

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.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	740	–	237	–
Accrued expenses:				
– Salaries and wages	386	–	313	–
– Other expenditure accruals	812	–	716	–
Security bonds, deposits and retentions	63	–	59	–
Prepaid rates	842	–	561	–
<b>Total payables</b>	<b>2,843</b>	<b>–</b>	<b>1,886</b>	<b>–</b>
<b>Total payables</b>	<b>2,843</b>	<b>–</b>	<b>1,886</b>	<b>–</b>

#### Payables relating to restricted assets

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

#### Current payables not anticipated to be settled within the next twelve months

\$ '000	2021	2020
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	63	59
<b>Total payables and borrowings</b>	<b>63</b>	<b>59</b>

#### Accounting policy

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.

#### Payables

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

### C3-2 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	1,587	3,811	1,866	5,400
<b>Total borrowings</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>

(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 D1.

#### Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	1,587	3,811	1,866	5,400
<b>Borrowings relating to externally restricted assets</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>

## C3-2 Borrowings (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total borrowings relating to restricted assets</b>	<b>1,587</b>	<b>3,811</b>	1,866	5,400
<b>Total borrowings</b>	<b>1,587</b>	<b>3,811</b>	1,866	5,400

### **Current borrowings not anticipated to be settled within the next twelve months**

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

## C3-2 Borrowings (continued)

### (a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	7,266	(1,868)	–	–	–	–	5,398
<b>Total liabilities from financing activities</b>	<b>7,266</b>	<b>(1,868)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,398</b>

### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
<b>Total financing arrangements</b>	<b>850</b>	<b>850</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	15	17
<b>Total drawn financing arrangements</b>	<b>15</b>	<b>17</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	85	83
– Market Rate Facility	500	500
<b>Total undrawn financing arrangements</b>	<b>835</b>	<b>833</b>

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

#### Accounting policy

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.

### C3-3 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,205	–	1,338	–
Sick leave	8	–	8	–
Long service leave	3,639	–	3,961	–
<b>Total employee benefit provisions</b>	<b>4,852</b>	<b>–</b>	<b>5,307</b>	<b>–</b>

#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,972	4,423
	<b>3,972</b>	<b>4,423</b>

#### Accounting policy

##### 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.

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 for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) 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 per annum for 1 July 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities

### C3-3 Employee benefit provisions (continued)

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 \$219,238.

*(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 2021 is:

<i>Employer reserves only*</i>	<i>\$M</i>	<i>Asset Coverage</i>
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* 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

### C3-3 Employee benefit provisions (continued)

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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. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

*(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 2020.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

The Water Licence revaluation reserve is used to record increments and decrements in the revaluation of high security water licences.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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 – interest rate and price risk

\$ '000	2021	2020
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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.

Impact of a 1% movement in interest rates

– Equity / Income Statement	314	312
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## D1-1 Risks relating to financial instruments held (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
<b>2021</b>						
Gross carrying amount	518	247	–	–	–	765
<b>2020</b>						
Gross carrying amount	703	229	–	–	–	932

#### Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision 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
<b>2021</b>						
Gross carrying amount	2,303	521	–	–	–	2,824
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>2020</b>						
Gross carrying amount	2,878	556	–	–	–	3,434
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## D1-1 Risks relating to financial instruments held (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		
<b>2021</b>							
Trade/other payables	0.00%	63	1,796	–	–	1,859	2,001
Loans and advances	5.70%	–	2,246	2,884	1,314	6,444	5,398
<b>Total financial liabilities</b>		<b>63</b>	<b>4,042</b>	<b>2,884</b>	<b>1,314</b>	<b>8,303</b>	<b>7,399</b>
<b>2020</b>							
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
<b>Total financial liabilities</b>		<b>59</b>	<b>3,513</b>	<b>4,843</b>	<b>1,600</b>	<b>10,015</b>	<b>8,591</b>

## D2 Fair value measurement

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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).

## D2 Fair value measurement (continued)

	Notes	Fair value measurement hierarchy														
		Date of latest valuation		Level 1 Quoted prices in active mkt		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total						
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020					
<b>\$ '000</b>																
<b>Recurring fair value measurements</b>																
<b>Intangible assets</b>																
High Security Water Licence																
<b>Total intangible assets</b>																
<b>Infrastructure, property, plant and equipment</b>																
	C1-6															
Water Treatment Plants		30/06/21														
Ground Water Bores		30/06/21														
Water Pumping Stations		30/06/21														
Water Reservoirs		30/06/21														
Other Water Assets		30/06/21														
Pipes		30/06/21														
Buildings		30/06/21														
Land		30/06/21														
Plant & Equipment																
Office Equipment																
<b>Total infrastructure, property, plant and equipment</b>																
<b>Non-recurring fair value measurements</b>																

## D2 Fair value measurement (continued)

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were one transfer between level 1 and level 2 fair value hierarchies for recurring fair value measurements of the High Security Water Licences.

This change was made as the valuation of High Security Water Licences is based on similar sales but not identical sales.

### Valuation techniques

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 (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2020/21. 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.

**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.

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

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Water Treatment Plants		Ground Water Bores		Water Pumping Stations		Water Reservoirs	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>72,243</b>	28,126	<b>6,665</b>	6,830	<b>7,520</b>	7,892	<b>47,451</b>	45,652
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	(8,051)	263	(3,196)	63	(372)	70	(13,948)	432
<b>Other movements</b>								
Transfers from/(to) another asset class	–	44,163	–	21	–	11	–	621
Purchases (GBV)	152	689	268	100	16	41	79	1,458
Depreciation and impairment	(1,607)	(998)	(350)	(349)	(498)	(494)	(735)	(712)
<b>Closing balance</b>	<b>62,737</b>	72,243	<b>3,387</b>	6,665	<b>6,666</b>	7,520	<b>32,847</b>	47,451

\$ '000	Other Water Assets		Pipes		Buildings		Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,352</b>	1,152	<b>202,175</b>	197,293	<b>14,531</b>	14,436	–	6,486

## D2 Fair value measurement (continued)

\$ '000	Other Water Assets		Pipes		Buildings		Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	66	11	(20,433)	1,862	(1,367)	–	–	–
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	626	2,115	139	–	–	–
Purchases (GBV)	140	231	5,374	4,270	400	224	–	682
Depreciation and impairment	(55)	(42)	(3,426)	(3,365)	(197)	(129)	–	–
<b>Closing balance</b>	<b>1,503</b>	<b>1,352</b>	<b>184,316</b>	<b>202,175</b>	<b>13,506</b>	<b>14,531</b>	<b>–</b>	<b>7,168</b>

\$ '000	Total	
	2021	2020
<b>Opening balance</b>	<b>351,937</b>	<b>307,867</b>
Recognised in other comprehensive income – revaluation surplus	(47,301)	2,701
Transfers from/(to) another asset class	765	46,931
Purchases (GBV)	6,429	7,695
Depreciation and impairment	(6,868)	(6,089)
<b>Closing balance</b>	<b>304,962</b>	<b>359,105</b>

### Highest and best use

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

## D3-1 Contingencies

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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 \$47,208 (2019/20 \$46,355).

## E People and relationships

### E1 Related party disclosures

### E1 Key management personnel (KMP)

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 11 KMP during the reporting period.

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

	2021	2020
<b>\$ '000</b>		
<b>Compensation:</b>		
Short-term benefits	528	521
Post-employment benefits	39	39
Other long-term benefits	20	19
<b>Total</b>	<b>587</b>	<b>579</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.

## E1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	<b>18</b>	17
Members expenses – members fees	<b>89</b>	100
Members expenses (incl. chairperson) – other (excluding fees above)	<b>13</b>	17
<b>Total</b>	<b>120</b>	<b>134</b>

## E2 Other relationships

### E2-1 Audit fees

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	<b>31</b>	31
<b>Remuneration for audit and other assurance services</b>	<b>31</b>	31
<b>Total Auditor-General remuneration</b>	<b>31</b>	31
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services: Council's Internal Auditor	<b>18</b>	39
<b>Remuneration for audit and other assurance services</b>	<b>18</b>	39
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>18</b>	39
<b>Total audit fees</b>	<b>49</b>	70

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>5,267</b>	12,200
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	<b>7,570</b>	6,845
Net losses/(gains) on disposal of assets	<b>(116)</b>	(5)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	<b>777</b>	423
Decrease/(increase) in inventories	<b>166</b>	96
Increase/(decrease) in payables	<b>503</b>	(1)
Increase/(decrease) in other accrued expenses payable	<b>169</b>	(282)
Increase/(decrease) in other liabilities	<b>285</b>	39
Increase/(decrease) in provision for employee benefits	<b>(455)</b>	1,039
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>14,166</b>	20,354

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Water Treatment Plant	238	74
Low Level Reservoir	–	57
Purchase of Vacant Land	–	119
Ground Water Purchase	–	270
Purchase Land Koorungal Road	121	–
Solar Pilot Plant	109	–
ERP Development & Implementation	176	–
Humula Reservoir Replacement	74	–
Walbundrie Reservoir Replacement	79	–
<b>Total commitments</b>	<b>797</b>	<b>520</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	797	520
<b>Total payable</b>	<b>797</b>	<b>520</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	797	520
<b>Total sources of funding</b>	<b>797</b>	<b>520</b>

#### Details of capital commitments

Works to rectify defects of the Wagga Wagga Water Treatment Plant, project to be finalised during 2021/22 financial year.

Purchase of land on Koorungal Road, settlement to take place in 2021/22 financial year.

Solar Pilot Plant preliminary works to continue in 2021/22 financial year.

ERP Development and Implementation to continue in 2021/22 financial year.

Contract for the construction of the Humula Reservoir, project to be finalised in 2021/22 financial year.

Contract for the construction of the Walbundrie Reservoir, project to be finalised in 2021/22 financial year.

## F3-1 Events occurring after the reporting date

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Council was subject to a cyber incident in July 2021. The impact to operations was minimal and it has been determined it will not have a material impact on finances. The total out of pocket costs of the incident and remediation is estimated to be \$20,000. It should be noted that this incident resulted in an insurance claim which may have an impact on future premiums.

## F4 Changes from prior year statements

### F4-1 Changes in accounting estimates

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#### **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.

## F5 Statement of developer contributions as at 30 June 2021

### F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S64 contributions	-	2,750	-	-	(2,750)	-	-	-
<b>Total contributions</b>	-	<b>2,750</b>	<b>-</b>	<b>-</b>	<b>(2,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

## F6 Statement of performance measures

### F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Prior periods		Benchmark
			2020	2019	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2,401</b>	<b>9.03%</b>	28.54%	31.24%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>26,583</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>26,376</b>	<b>89.92%</b>	92.59%	90.76%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>29,333</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>68,683</b>	<b>10.33x</b>	8.32x	9.47x	>1.50x
Current liabilities less specific purpose liabilities	<b>6,652</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>10,338</b>	<b>4.63x</b>	7.69x	7.67x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>2,235</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>765</b>	<b>11.50%</b>	14.26%	13.21%	<10.00%
Rates and annual charges collectable	<b>6,650</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>31,392</b>	<b>19.39</b>	18.27	17.54	>3.00
Monthly payments from cash flow of operating and financing activities	<b>1,619</b>	<b>mths</b>	mths	mths	mths

(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

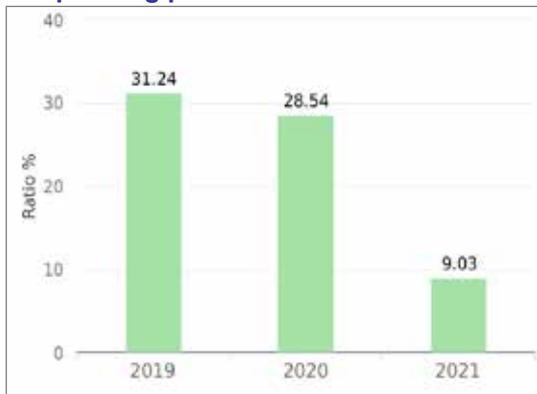
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

### END OF AUDITED FINANCIAL STATEMENTS

## G Additional Council disclosures (unaudited)

### G1-1 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 2020/21 result

2020/21 ratio 9.03%

Decrease in result on prior years due to water sales being less as more rainfall received.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2020/21 result

2020/21 ratio 89.92%

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

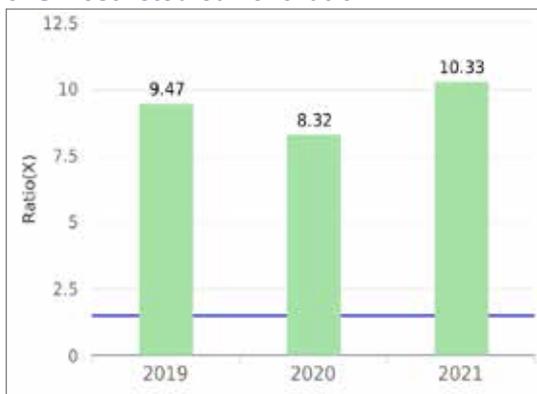
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2020/21 result

2020/21 ratio 10.33x

An increase in this ratio for the current year is due to increased short term cash holdings.

Benchmark: — > 1.50x

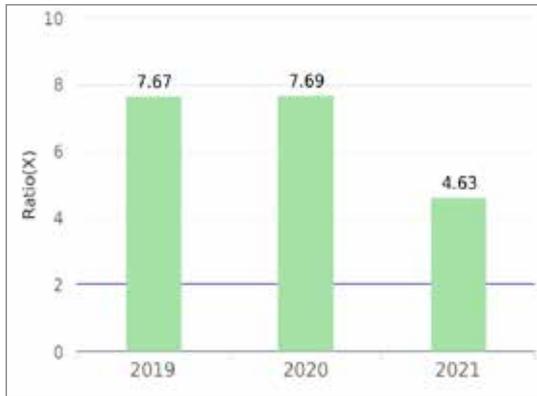
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## G1-1 Statement of performance measures – consolidated results (graphs) (continued)

### 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 2020/21 result

2020/21 ratio 4.63x

Lower operating result this year has resulted in a lower ratio.

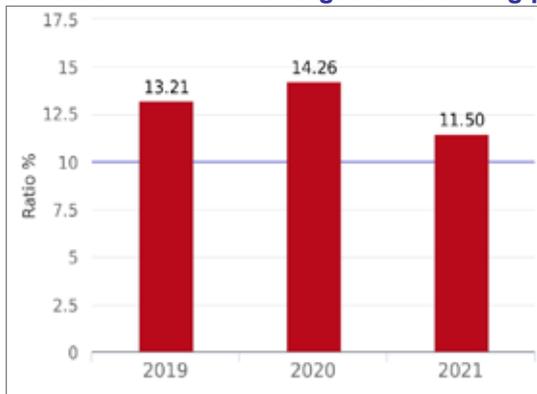
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2020/21 result

2020/21 ratio 11.50%

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

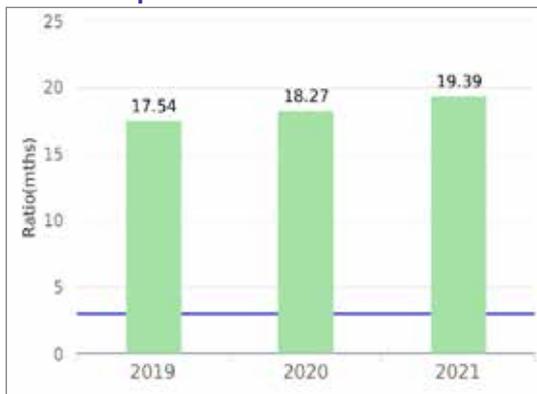
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2020/21 result

2020/21 ratio 19.39 mths

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

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## G1-2 Financial review

### Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
<b>Inflows:</b>					
Rates and annual charges revenue	5,655	5,592	5,551	5,471	5,100
User charges revenue	19,735	25,587	25,994	22,877	21,727
Interest and investment revenue (losses)	467	664	691	595	922
Grants income – operating and capital	207	270	338	402	723
Total income from continuing operations	29,449	36,613	36,322	32,970	33,658
Sale proceeds from IPPE	317	216	279	214	333
<b>Outflows:</b>					
Employee benefits and on-cost expenses	9,066	9,627	8,972	7,942	8,032
Borrowing costs	367	466	570	653	162
Materials and contracts expenses	7,084	7,365	2,580	2,202	1,492
Total expenses from continuing operations	24,182	24,413	22,853	21,260	19,607
Total cash purchases of IPPE	11,962	15,701	15,928	11,025	35,016
Total loan repayments (incl. finance leases)	1,868	1,753	1,668	1,575	1,411
Operating surplus/(deficit) (excl. capital income)	2,517	9,757	10,456	8,391	10,202
<b>Financial position figures</b>					
Current assets	37,291	38,060	35,545	32,045	27,739
Current liabilities	9,282	9,059	8,159	6,868	6,128
Net current assets	28,009	29,001	27,386	25,177	21,611
Available working capital (Unrestricted net current assets)	30,050	28,793	27,669	23,338	19,068
Cash and investments – unrestricted	23,548	24,037	19,545	17,421	12,045
Cash and investments – internal restrictions	7,844	7,181	8,639	8,714	7,845
Cash and investments – total	31,392	31,218	28,184	26,135	19,890
Total borrowings outstanding (loans, advances and finance leases)	5,398	7,266	9,019	10,687	13,761
Total value of IPPE (excl. land and earthworks)	548,543	527,999	510,376	490,822	454,537
Total accumulated depreciation	226,974	161,175	154,760	149,064	137,663
Indicative remaining useful life (as a % of GBV)	59%	69%	70%	70%	70%

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

## G1-3 Council information and contact details

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### Principal place of business:

91 Hammond Avenue  
Wagga Wagga NSW 2650

### Contact details

#### Mailing Address:

PO Box 456  
Wagga Wagga NSW 2650

**Telephone:** 02 6922 0608

**Facsimile:** 02 6921 2241

#### Opening hours:

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

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

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

### Officers

#### CHIEF EXECUTIVE OFFICER

Mr A Crakanthorp

#### RESPONSIBLE ACCOUNTING OFFICER

Ms E Tonacia

#### PUBLIC OFFICER

Ms E Tonacia

#### 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 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 the 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 2021, the Statement of Financial Position as at 30 June 2021, 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 2021, 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 2021 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](http://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 B5-1 Material budget variations
- on the Special Schedules.
- 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  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2021  
SYDNEY



Cr Greg Verdon  
Chairperson  
Riverina Water County Council  
PO Box 456  
WAGGA WAGGA NSW 2650

Contact: Michael Kharzoo  
Phone no: 02 9275 7188  
Our ref: D2118494/1822

13 September 2021

Dear Cr Verdon

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
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 2021 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 2021 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

	2021	2020	Variance
	\$'000	\$'000	%
Rates and annual charges revenue	5,655	5,592	↑ 1.13
User charges and fees	19,735	25,587	↓ 22.87
Grants and contributions revenue	2,957	2,713	↑ 8.99
Operating result from continuing operations	5,267	12,200	↓ 56.83
Net operating result before capital grants and contributions	2,517	9,757	↓ 74.20

Rates and annual charges revenue increased by \$63 thousand (1.13 per cent) to \$5.65 million. Council's customers increased by 1.5 per cent which is consistent with the movement in rates and annual charges revenue.

User charges and fees decreased by \$5.85 million (22.87 per cent) to \$19.73 million. The decrease can be attributed to the wet weather which resulted in lower water sales (specific actual use charges) and bulk water sales to Councils compared to the previous year.

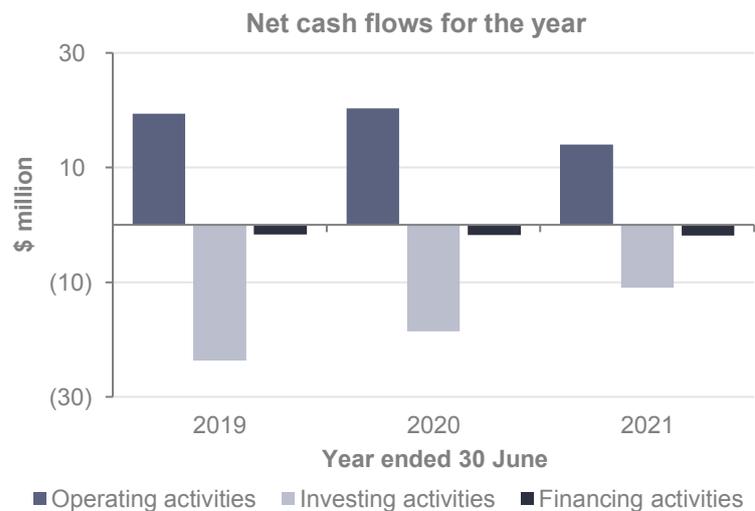
Grants and contributions revenue increased by \$244 thousand (8.99 per cent) in 2020-21 to \$2.96 million due to additional water supply contributions received for headworks.

The Council's operating result from continuing operations (\$5.27 million including depreciation and amortisation expense of \$7.57 million) was \$6.93 million lower than the 2019-20 result. The decrease of 56.83 per cent is mainly due to the decrease in user charges and fees.

The net operating result before capital grants and contributions (\$2.52 million) was \$7.24 million lower than the 2019-20 result. The decrease of 74.20 per cent is mainly due to the decrease in user charges and fees.

## STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$1.17 million at 30 June 2021 (net increase of \$0.03 million at 30 June 2020).
- Net cash provided by operating activities amounted to \$14.17 million. Council recorded cash receipts from user fees and charges of \$20.35 million and grants and contributions of \$2.95 million. Council recorded cash payments for employee benefits and on-costs of \$9.45 million and materials and services of \$7.75 million.
- Net cash used in investing activities amounted to \$11.12 million. This is largely due to the net cash outflow of \$11.96 million for the purchase of infrastructure, property, plant and equipment during the year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>31.39</b>	<b>31.22</b>	<ul style="list-style-type: none"> <li>• Internally restricted cash and cash 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.</li> <li>• Restricted cash has increased due to an increase in restrictions for plant replacement. This increased due to the large base of plant now held. Additionally water licence revenue was restricted for future purchase of water licences to safe guard communities water supply for future generations.</li> </ul>
Restricted cash and investments:			
• External restrictions	-	-	
• Internal restrictions	7.84	7.18	
• Unrestricted	23.55	24.04	

# 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.

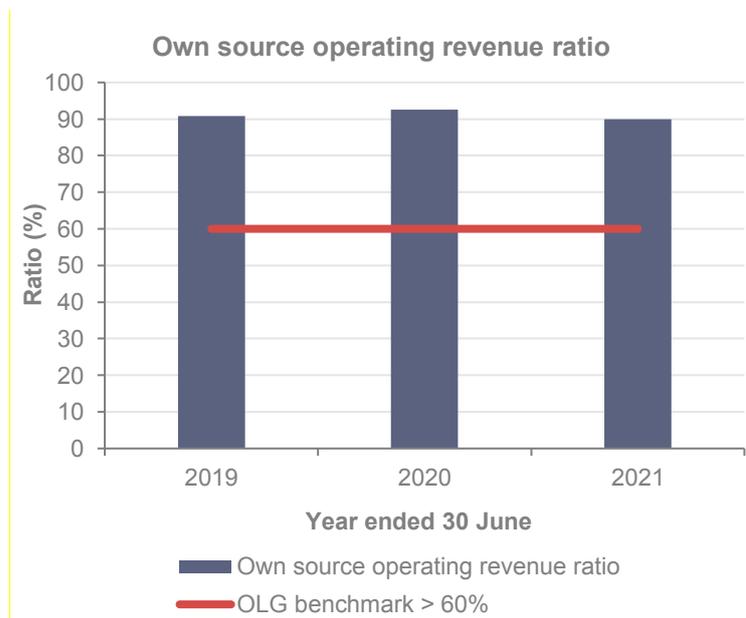
### Operating performance ratio

- 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 Council exceeded the OLG benchmark for the current reporting period with a ratio of 9.03%.
- The decrease from prior years can be explained by a decrease in water sales due to higher rainfall in the county during the period.



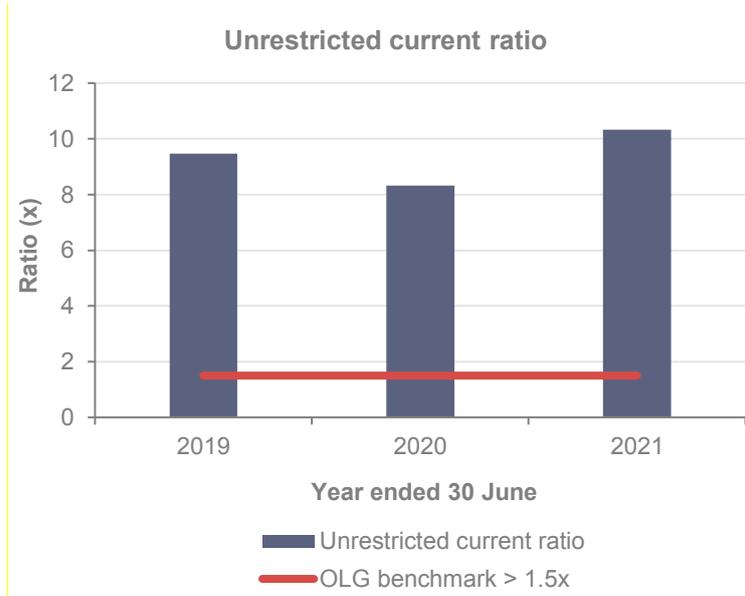
### Own source operating revenue ratio

- 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 89.92% is above the industry benchmark of 60%. Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.
- The Council's own source operating revenue ratio has remained steady.



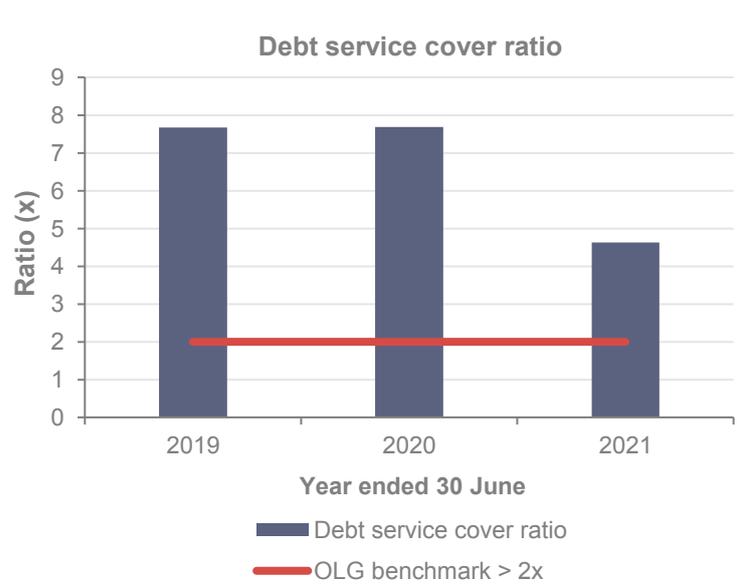
### Unrestricted current ratio

- 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 benchmark for the current reporting period.
- The Council's unrestricted current ratio of 10.33 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.



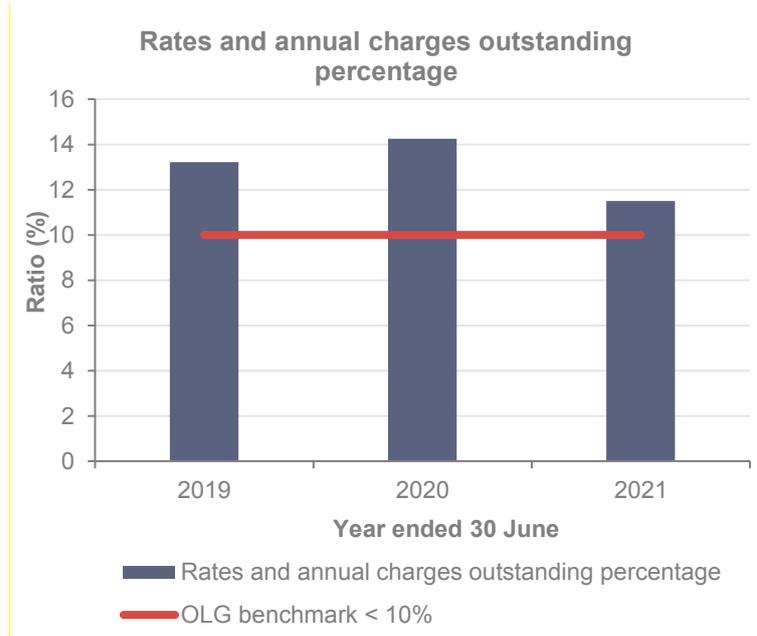
### Debt service cover ratio

- 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 exceeded the OLG benchmark for the current reporting period with a debt service coverage ratio of 4.63 times.
- The decrease in the debt service cover ratio from prior years can be explained by a decrease in Councils operating result before capital grants and contributions from \$9.76 million in the prior year to \$2.52 million in the current year.



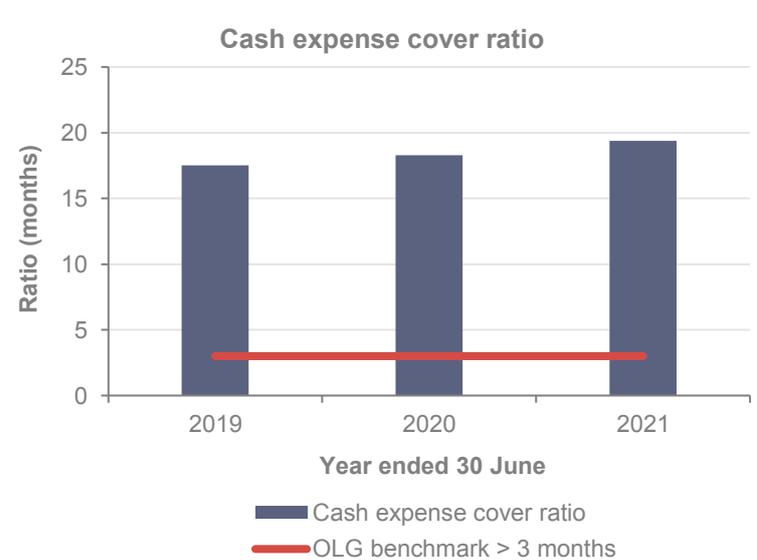
## Rates and annual charges outstanding percentage

- 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 11.5 per cent is outside the industry benchmark of less than 10 per cent for rural councils.
- Council continues to exceed this benchmark due to the rolling quarterly billing arrangements. The billing cycle of water county councils need to be considered when assessing this performance against other general councils.



## Cash expense cover ratio

- This 'cash expense cover 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 19.39 months, which is above the industry benchmark of greater than 3 months. This indicates that Council has the capacity to cover 19.39 months of cash expenditure without additional cash inflows at 30 June 2021.



## Infrastructure, property, plant and equipment renewals

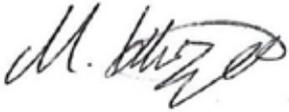
The Council has renewed \$7.63 million of assets in the 2020-21 financial year, compared to \$12.22 million of assets in the 2019-20 financial year. Council have a large capital works program which is contributing to the high amount of renewals.

## OTHER MATTERS

### 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  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Andrew Crakanthorp, General Manager  
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 2021

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



# Riverina Water County Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	n/a
Statement of Financial Position of water supply business activity	5
Statement of Financial Position of sewerage business activity	n/a
<b>Note – Significant Accounting Policies</b>	<b>6</b>

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### 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 2021

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### 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 24 August 2021.



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Clr G Verdon  
Chairperson



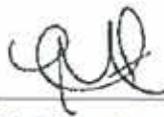
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Clr T Koschel  
Deputy Chairperson



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Mr A Crakanthorp  
Chief Executive Officer



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Ms E Tonacia  
Responsible Accounting Officer

## Riverina Water County Council

### Income Statement of water supply business activity for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	5,655	5,592
User charges	19,735	25,587
Interest	467	664
Grants and contributions provided for non-capital purposes	207	270
Other income	519	2,057
<b>Total income from continuing operations</b>	<b>26,583</b>	<b>34,170</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	9,066	9,627
Borrowing costs	367	466
Materials and services	6,763	7,073
Depreciation, amortisation and impairment	7,570	6,845
Water purchase charges	321	292
Calculated taxation equivalents	95	66
Other expenses	95	110
<b>Total expenses from continuing operations</b>	<b>24,277</b>	<b>24,479</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,306</b>	<b>9,691</b>
Grants and contributions provided for capital purposes	2,750	2,443
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,056</b>	<b>12,134</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,056</b>	<b>12,134</b>
Less: corporate taxation equivalent [based on result before capital]	(600)	(2,665)
<b>Surplus (deficit) after tax</b>	<b>4,456</b>	<b>9,469</b>
<b>Plus accumulated surplus</b>	<b>147,578</b>	<b>135,378</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	95	66
– Corporate taxation equivalent	600	2,665
<b>Closing accumulated surplus</b>	<b>152,729</b>	<b>147,578</b>
<b>Return on capital %</b>	<b>0.8%</b>	<b>2.7%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,456	9,469
Less: capital grants and contributions (excluding developer contributions)	(2,750)	(2,443)
<b>Surplus for dividend calculation purposes</b>	<b>1,706</b>	<b>7,026</b>
<b>Potential dividend calculated from surplus</b>	<b>853</b>	<b>3,513</b>

## Riverina Water County Council

### Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,392	13,218
Investments	17,000	18,000
Receivables	3,589	4,366
Inventories	2,310	2,476
<b>Total current assets</b>	<b>37,291</b>	<b>38,060</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	327,948	371,482
Intangible assets	9,776	10,884
<b>Total non-current assets</b>	<b>337,724</b>	<b>382,366</b>
<b>Total assets</b>	<b>375,015</b>	<b>420,426</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,001	1,325
Income received in advance	842	561
Borrowings	1,587	1,866
Employee benefit provisions	4,852	5,307
<b>Total current liabilities</b>	<b>9,282</b>	<b>9,059</b>
<b>Non-current liabilities</b>		
Borrowings	3,811	5,400
<b>Total non-current liabilities</b>	<b>3,811</b>	<b>5,400</b>
<b>Total liabilities</b>	<b>13,093</b>	<b>14,459</b>
<b>Net assets</b>	<b>361,922</b>	<b>405,967</b>
<b>EQUITY</b>		
Accumulated surplus	152,845	147,578
Revaluation reserves	209,077	258,389
<b>Total equity</b>	<b>361,922</b>	<b>405,967</b>

## Note – Significant Accounting Policies

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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, and returns 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

### 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 – **26%** (19/20 27.5%)

## Note – Significant Accounting Policies (continued)

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**Land tax** – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **4.85%** 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 26% (19/20 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 26% is the equivalent company tax rate prevalent at reporting date.

### **(ii) 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’.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council’s business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**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 1.49% at 30/6/21.

### **(iii) 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 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

## Note – Significant Accounting Policies (continued)

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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 2021, the Statement of Financial Position of the Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

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 2021, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (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 the Significant accounting policies note 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 2021 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 the Significant accounting policies note 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:

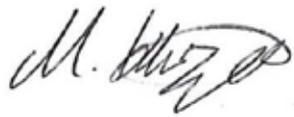
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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](http://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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2021  
SYDNEY

# Riverina Water County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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



# Riverina Water County Council

## Special Schedules

for the year ended 30 June 2021

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### **Special Schedules:**

Report on infrastructure assets as at 30 June 2021

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# Riverina Water County Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets agreed level of to satisfactory service set by Council maintenance <sup>a</sup>		2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets agreed level of to satisfactory service set by Council maintenance \$ '000	2020/21 Required maintenance \$ '000				1	2	3	4	5
<b>Buildings</b>	Buildings	-	480	483	13,505	26,437	39.5%	25.5%	19.7%	15.3%	0.0%
	<b>Sub-total</b>	-	<b>480</b>	<b>483</b>	<b>13,505</b>	<b>26,437</b>	<b>39.5%</b>	<b>25.5%</b>	<b>19.7%</b>	<b>15.3%</b>	<b>0.0%</b>
<b>Water supply network</b>	Treatment Plants	1,704	725	966	62,737	100,554	48.8%	7.3%	21.8%	16.0%	6.0%
	Bores	296	185	146	3,386	6,363	10.3%	30.9%	58.7%	0.0%	0.1%
	Reservoirs	502	225	250	32,847	55,258	26.6%	25.9%	35.1%	6.3%	6.1%
	Pumping Stations	24	200	169	8,170	18,215	15.2%	8.1%	49.4%	17.1%	10.2%
	Pipeline	17,467	1,200	891	184,316	325,891	20.3%	46.0%	26.3%	7.4%	0.0%
	<b>Sub-total</b>	<b>19,993</b>	<b>2,535</b>	<b>2,422</b>	<b>291,456</b>	<b>506,281</b>	<b>26.4%</b>	<b>34.5%</b>	<b>27.6%</b>	<b>9.3%</b>	<b>2.2%</b>
	<b>Total – all assets</b>	<b>19,993</b>	<b>3,015</b>	<b>2,905</b>	<b>304,961</b>	<b>532,718</b>	<b>27.0%</b>	<b>34.1%</b>	<b>27.2%</b>	<b>9.6%</b>	<b>2.1%</b>

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

### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
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

# Riverina Water County Council

## Report on infrastructure assets as at 30 June 2021

### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2021	2021	2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>4,653</b>	<b>67.75%</b>	89.78%	60.62%	>=100.00%
Depreciation, amortisation and impairment	<b>6,868</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>19,993</b>	<b>6.33%</b>	7.47%	7.94%	<2.00%
Net carrying amount of infrastructure assets	<b>315,799</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>2,905</b>	<b>96.35%</b>	96.04%	106.96%	>100.00%
Required asset maintenance	<b>3,015</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>19,993</b>	<b>3.75%</b>	5.27%	5.30%	
Gross replacement cost	<b>532,718</b>				

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

(1) 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

91 Hammond Avenue Wagga Wagga

### Postal address

PO Box 456 Wagga Wagga 2650

### E-mail

admin@rwcc.nsw.gov.au

### Web

www.rwcc.nsw.gov.au

### Telephone

(02) 6922 0608 (all hours)

### Office hours

8.30am to 4.30pm  
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

**(02) 6922 0608 (all hours)**

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](http://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.

