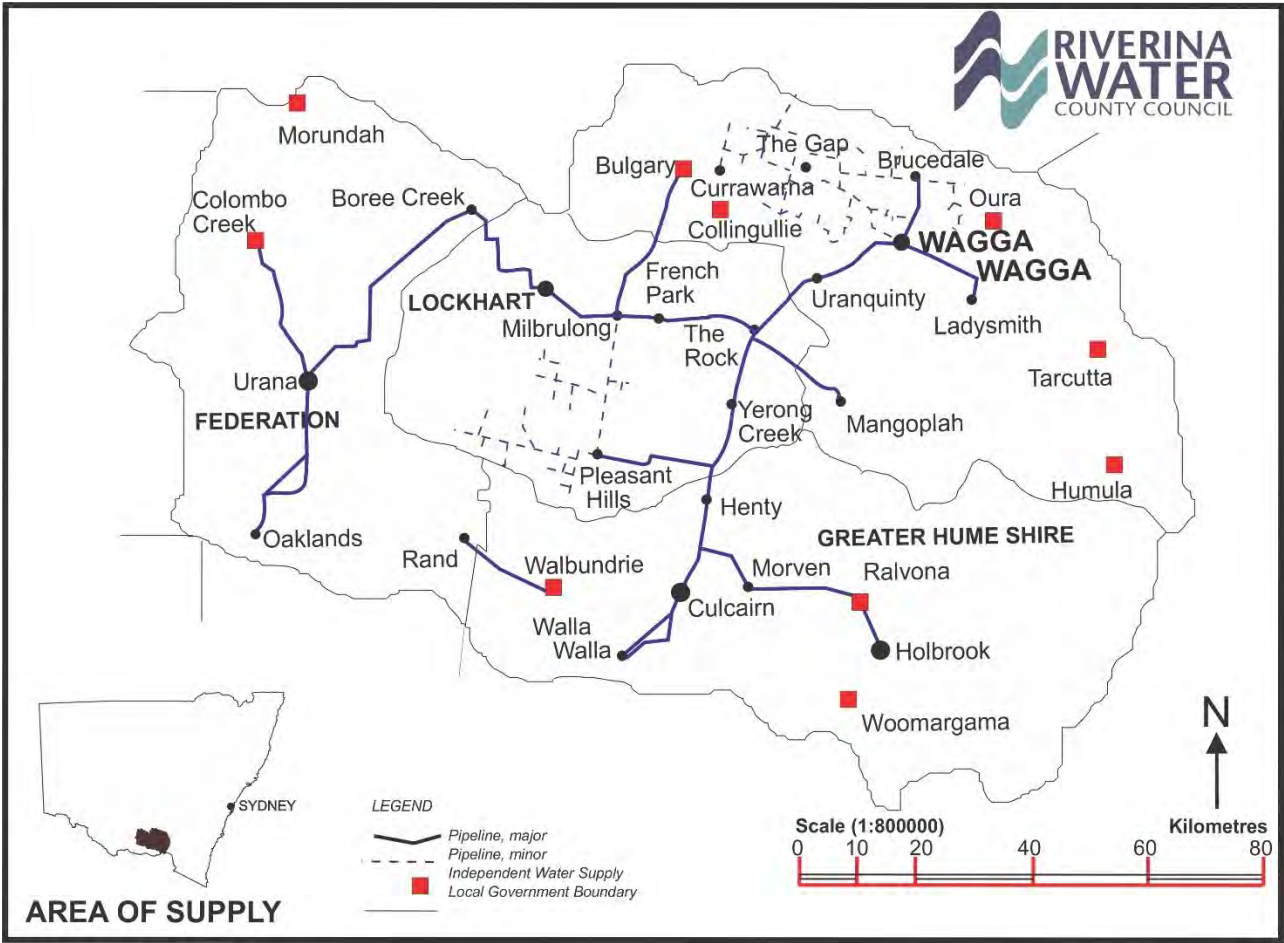


ANNUAL REPORT

2016 - 2017

Riverina Water County Council

AREA OF SUPPLY



Front Cover

New Water Treatment Plant

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MISSION STATEMENT



MISSION

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

Goals include

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

RIVERINA WATER COUNTY COUNCIL



DIRECTORY

HEADQUARTERS	91 Hammond Ave, Wagga Wagga
POSTAL ADDRESS	PO Box 456, Wagga Wagga 2650
E-MAIL ADDRESS	admin@rwcc.nsw.gov.au
WEB ADDRESS	www.rwcc.nsw.gov.au
TELEPHONE	(02) 6922 0608
OFFICE HOURS	8.30 am to 4.00 pm, Monday to Friday
BANKERS	National Australia Bank Ltd
SOLICITORS	Commins Hendriks
EXTERNAL AUDITORS	Crowe Horwath
INTERNAL AUDITORS	Wagga Wagga City Council



RIVERINA WATER COUNTY COUNCIL

For the construction, operation and maintenance of works of water supply within the Shires of Lockhart, Part of Federation Shire Council, Part Greater Hume Shire Council and the City of Wagga Wagga



Clr. Garry Hiscock
Wagga Wagga
Chairperson

ANNUAL REPORT 1st July 2016 to 9th September 2016

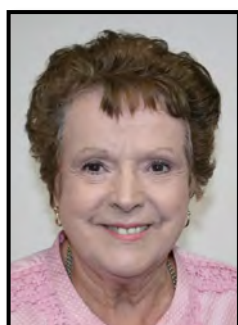
COUNCILLORS



Clr. Greg Verdon
Lockhart Shire Council
Deputy Chairperson



Clr. Rod Kendall
Wagga Wagga



Clr. Yvonne Braid
Wagga Wagga



Clr. Paul Funnell
Wagga Wagga



Clr. Kevin Poynter
Wagga Wagga



Mr Mike Eden
Administrator
Federation Council



Mr. Ian Kreutzberger
former Councillor Urana



Clr. John McInerney
Greater Hume Shire



Clr. Doug Meyer OAM
Greater Hume Shire

MANAGERS

Graeme Haley
General Manager



Bede Spannagle
Director of Engineering





RIVERINA WATER COUNTY COUNCIL

For the construction, operation and maintenance of works of water supply within the Shires of Lockhart, Part of Federation Shire Council, Part Greater Hume Shire Council and the City of Wagga Wagga



Clr. Greg Verdon
Lockhart Shire Council
Chairperson

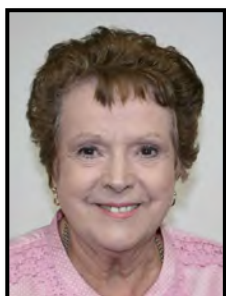
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10th September 2016 to 30th June 2017

COUNCILLORS



Clr. Paul Funnell
Wagga Wagga
Deputy Chairperson



Clr. Yvonne Braid OAM
Wagga Wagga



Clr. Greg Conkey OAM
Wagga Wagga



Clr. Tim Koschel
Wagga Wagga



Clr. Vanessa Keenan
Wagga Wagga



Mr Mike Eden
Administrator
Federation Council



Mr. Ian Kreutzberger
former Councillor Urana
Shire Council



Clr. Tony Quinn
Greater Hume Shire



Clr. Doug Meyer OAM
Greater Hume Shire

MANAGERS



Graeme Haley
General Manager



Bede Spannagle
Director of Engineering



Farewell lunch for Councillors and Management after its last meeting on 24 August 2016 at the Pavilion Hotel, Wagga Wagga.



Clr. Greg Verdon, Chairperson and Clr. Paul Funnell, Deputy Chairperson were elected at Council's Meeting held 26 October 2016



Clr. Greg Verdon, Clr. Garry Hiscock and Director of Engineering Bede Spannagle

**Local Government NSW Water Management
Conference held at Broken Hill NSW
26 September 2016**



YEARS OF SERVICE PRESENTATION

at Council's Christmas Function—9th December 2016

40 YEARS

Kerrie Fawcett

20 YEARS

Kathy Ovens

15 YEARS

Andrew Clarke

Greg Vidler

Natalie Eisenhauer

10 YEARS

Byron Heycox

Dane Garside

Stephen McIntyre

Virginia DeBrito Ricardo

5 YEARS

David Chandler

James Campton

Graeme Haley

Rodney Price

Patrick Dwyer

Tamarin Taylor

Anthony Blacklock

Stuart Rose

Reann Shaw



Kerrie Fawcett, Secretary

40 Years Service Presentation

**of Certificate and Gift from
Graeme Haley, General Manager**



L-R, Tamarin Taylor, Patrick Dwyer, Reann Shaw, Byron Heycox, Virginia DeBrito Ricardo, Kerrie Fawcett, James Campton, Andrew Clarke, Natalie Eisenhauer, Stuart Rose, Greg Vidler, Dane Garside and Graeme Haley

COUNCIL MEETING HELD IN URANA ON 26TH APRIL 2017

Councillors and Management held their April 2017 Council Meeting at the Urana Office of Federation Council on Wednesday 26 April 2017

The Meeting included a tour of RWCC sites

Councillors inspect Urana Treatment Plant including the new Candy Tank



Graeme Haley General Manager Awarded

“Fellow” Status with CPA Australia.

which is the highest accolade they give members for professional experience & knowledge.

Receiving award from NSW President

25th May 2017



RIVERINA WATER COUNTY COUNCIL

20 YEARS

1997—MAY— 2017

Riverina Water staff gathered on 4 May 2017 to celebrate RWCC's 20 Years

General Manager Graeme Haley gave a short speech. Sausage Sizzle and drinks were enjoyed by those present.

Staff received a commemorative pin and either a tie or scarf.



A group of employees have been undergoing Project Management training. Training consisted of six two day sessions of face to face teaching culminating in a presentation to executives on their findings. The presentations endorsed existing policy and detailed how the selected methodology of Project Management Body of Knowledge (PMBOK) could be implemented at Riverina Water. Staff who have undertaken this training will receive formal qualifications when they have submitted a portfolio of evidence to support their training. The presentation was well received by the executives, who have committed to seeing project management tools implemented where they can provide benefit to existing ways of doing business.



PROJECT MANAGEMENT TEAM TRAINING

June 2017

Pictured Back Row: Andrew Clarke, Stephen McIntyre, Colin Fisher, Dermot McCormack, Karen Wright (Instructor), Stuart Rose, Cameron Oldfield, Simon Thomson, Seated: John Reynoldson, Rodney Price, Corey Levy, Mark Carroll, Natalie Eisenhower and Ray White

SCIENCE & ENGINEERING CHALLENGE

MATER DEI CATHOLIC COLLEGE— 1ST/2ND MARCH 2017



Riverina Water County Council Project Engineer Anjanee Bichani and Project Officer Tamarin Taylor assisted in the Science and Engineering Challenge at Mater Dei Catholic College, Wagga Wagga.



SENIORS WEEK - TOUR OF WATERWORKS—MARCH 2017

Two groups began with an introductory speech by the General Manager, Graeme Haley with an overview of RWCC (No of employees, different trades/professions in RWCC, Local and Rural teams, establishment of water supply, Amalgamation and new Water Treatment Plant (WTP) overview and costs.

Introduction was followed by viewing of the new WTP construction power point in the Council Room and question time. They toured the Waterworks including aeration and filtration plants with finale viewing of the RWCC DVD, old site drawings and photos.

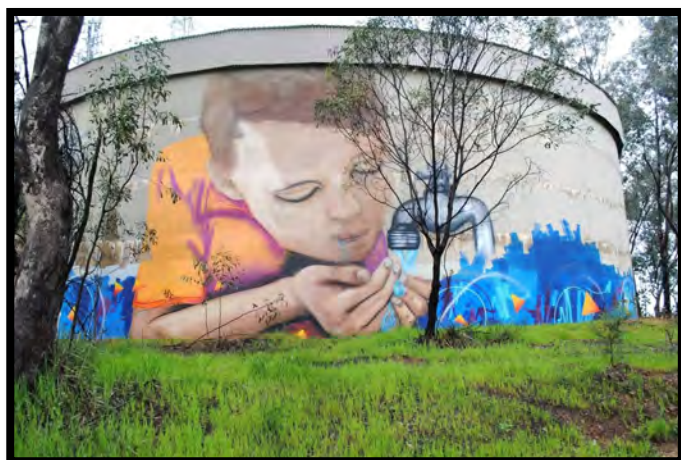
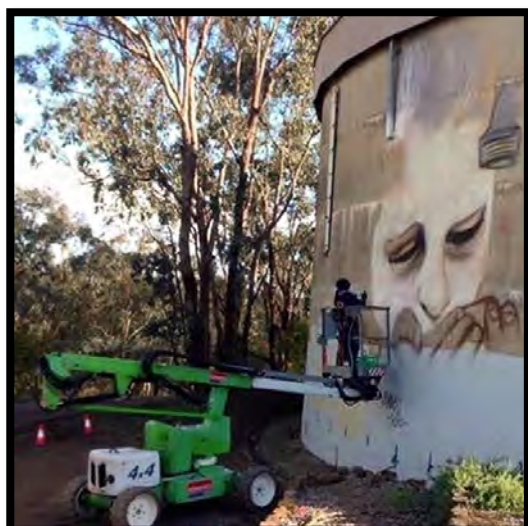




WILLANS HILL RESERVOIR—ARTWORK

Wagga Wagga's largest public artwork is complete. Mural artist Trina Collins spent 3 weeks strategically painting a myriad of colours on the side of a water reservoir on top of Willans Hill. Armed with 750 cans of spray paint, Trina's masterpiece feature faces of Wagga students cupping water from a tap. The concrete canvas stands eight metres high and is 85 metres around. The mural project is a joint venture between Riverina Water County Council and the City of Wagga Wagga.

The public art project had a budget of \$14,500, fully funded by RWCC.



SUN PROTECTION ON DEPOT BUILDING WILLANS HILL RESERVOIR



COUNCILLORS – TERM OF OFFICE

Blackett, Dennis	Wagga Wagga	1st July 1997 to 1999
Braid OAM, Yvonne	Wagga Wagga	14th June 2016 to present
Brassil AM, Patrick	Wagga Wagga	1st July 1997 to 27th March 2004
Brown, Alan	Wagga Wagga	Sept 2008 to October 2012
Coghill, Ian	Urana	1st July 1997 to October 2003
Conkey OAM, Greg	Wagga Wagga	October 2016 to present
Dale, Peter	Wagga Wagga	1st July 1997 to March 2004
Eden, Mike	Administrator, Federation Council	12th May 2016 to present
Edwards, Ross	Lockhart	1st July 1997 to 1999
Fifield AM, Alan	Culcairn	28th Sept 1999 to 26th May 2004
Funnell, Paul	Wagga Wagga	28th Jan 2014 to present
Geale OAM, Wayne	Wagga Wagga	Sept 2008 to October 2012
Georgiou, Michael	Wagga Wagga	25th Oct 1999 to April 2004
Goodlass, Ray	Wagga Wagga	Sept 2008 to February 2012
Harding, John	Wagga Wagga	25th Oct 1999 to April 2004
Hiscock, Garry	Wagga Wagga	April 2012 to October 2016
Keenan, Vanessa	Wagga Wagga	October 2016 to present
Kendall, Rod	Wagga Wagga	April 2004 to October 2016
Kidson, Mary	Wagga Wagga	1st July 1997 to 1999
Koschel, Tim	Wagga Wagga	October 2016 to present
Kotzur, Elwyn	Culcairn	1st July 1997 to 1999
Kreutzberger, Ian	Urana	April 2004 to 12th May 2016
McInerney, John	Holbrook	22nd Sept 1999 to 26th May 2004
McInerney, John	Greater Hume	27th April 2005 to October 2016
Meyer OAM, Doug	Greater Hume Shire	October 2012 to present
Negline, Andrew	Wagga Wagga	October 2012 to 30th May 2016
Pascoe, Kerry	Wagga Wagga	October 2012 to 21st Jan 2014
Peardon, Robert	Holbrook	1st July 1997 to 1999
Poynter, Kevin	Wagga Wagga	October 2012 to October 2016
Quinn, Tony	Greater Hume Shire	October 2016 to present
Ross, John	Greater Hume Shire	27th April 2005 to October 2012
Sexton, David	Administrator, Greater Hume Shire	26th May 2004 to 23rd Feb 2005
Simpson, Diana	Wagga Wagga	April 2004 to Sept 2008
Wright, Karen	Wagga Wagga	April 2004 to Sept 2008
Verdon, Greg	Lockhart	October 2012 to present
Vidler, Lindsay	Wagga Wagga	1st July 1997 to October 2012
Wales, Kevin	Wagga Wagga	April 2004 to September 2008
Yates, Peter	Lockhart	20th Sept 1999 to October 2012

CHAIRPERSON

Brassil, AM, Patrick	1st July 1997 to 27th March 2004
Vidler, Lindsay	10th May 2004 to 31st Oct 2007
Yates, Peter	31st Oct 2007 to Oct 2008
Kendall, Rod	Oct 2008 to Oct 2012
Hiscock, Garry	October 2012 to October 2016
Verdon, Greg	October 2016 to present

DEPUTY CHAIRPERSON

Coghill, Ian	1st July 1997 to Oct 2003
Yates, Peter	Oct 2003 to 31st Oct 2007 & Oct 2010 to Oct 2011
Kendall, Rod	31st Oct 2007 to Oct 2008
McInerney, John	Oct 2008 to Oct 2010 & Oct 2011 to Oct 2013
Verdon, Greg	Oct 2013 to October 2016
Funnell, Paul	October 2016 to present

General Manager

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

Senior Staff:

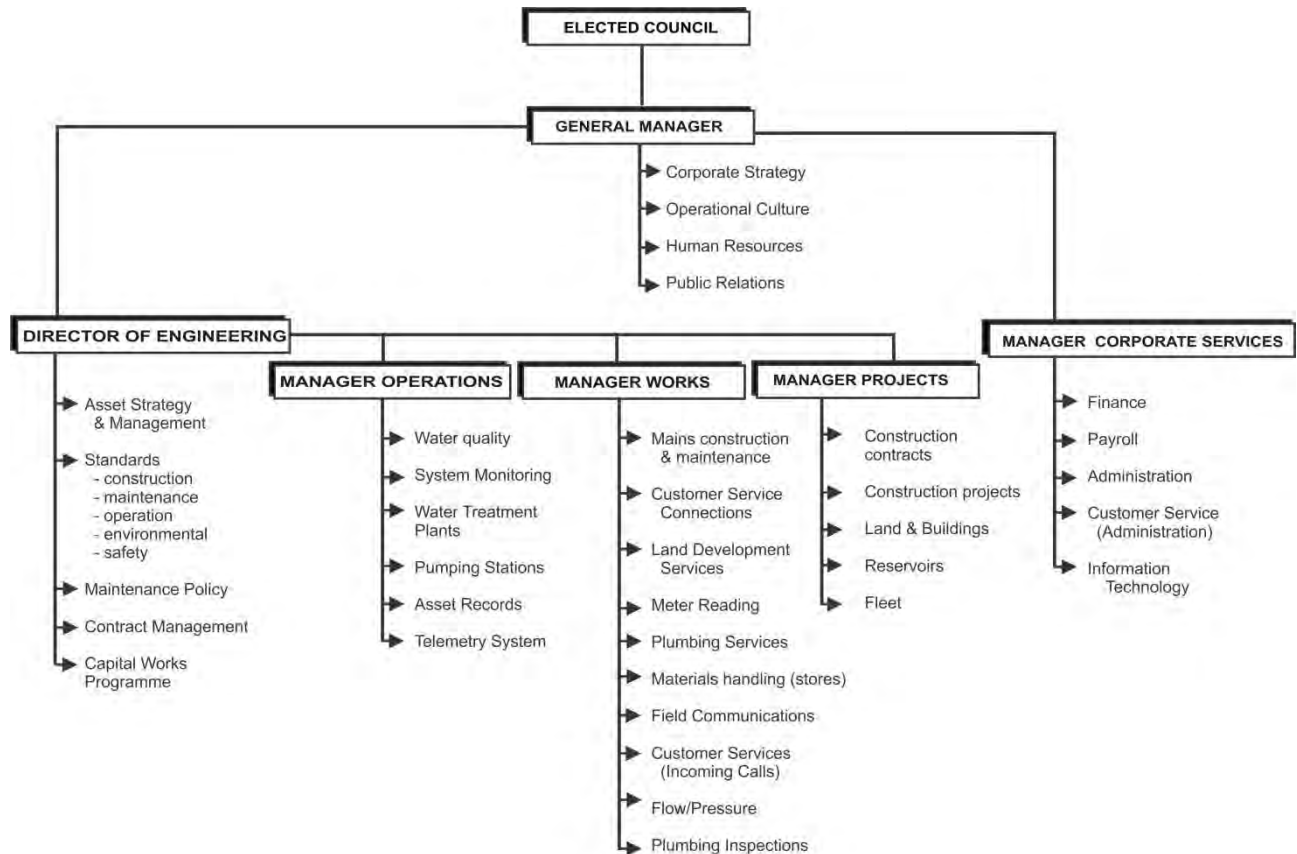
Nash, Murray (Director of Engineering)	1st July 1997 to 14th May 2004
Clifton, Peter (Director of Engineering)	10th May 2004 to 3rd July 2009
Finlayson, Greg (Director of Engineering)	29th June 2009 to 10th October 2014
Bryan Short (Acting Director of Engineering)	28th October 2013 to 7th February 2014
Bede Spannagle (Director of Engineering)	10th February 2014 to present

MEETING ATTENDANCE 2016/2017

COUNCILLOR	NUMBER OF MEETINGS	ATTENDANCE
Yvonne Braid OAM	6	6
Greg Conkey OAM	5	2
Mike Eden	6	0
Paul Funnell	6	5
Garry Hiscock	1	1
Vanessa Keenan	5	3
Tim Koschel	5	4
Ian Kreutzberger	0	4 (observer)
Doug Meyer OAM	6	6
John McInerney	1	0
Kevin Poynter	1	1
Tony Quinn	5	4
Greg Verdon	6	6

INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE 2016 / 2017

The higher water sales that resulted from the dryer weather patterns over last three summers continued to help the problems caused to Council's cash flow in earlier years. While Council's relatively low water charges meant that there was no windfall increase in our financial position, the fourth year of increased water sales offset the relative cost of fixed charges that the Council had to meet in earlier years.

Finances

As has been publicised widely in the media, Riverina Water County Council has committed itself to the construction of a replacement Water Treatment Plant in Wagga Wagga. This will ensure that we can meet demands for high quality water, sourced from the Murrumbidgee River, well into the future. This key capital project resulted in the Council borrowing \$15 million in 2012. Even though Riverina Water County Council was fortunate enough to receive a subsidy for the interest on this loan, under the State Government Local Infrastructure Renewal Scheme, it is still a substantial financial commitment. Although the cost of the new Water Treatment Plant will be in excess of \$35 million, because of increased water sales and healthy cash reserves, Council has been able to avoid taking out additional substantial loans since that time. A tender price of \$35.5M for the new Water Treatment Plant was accepted in June 2015. This tender was substantially less than anticipated in Council's financial plans. While Council increased its water charges by 5% in 2015/2016 it resolved not increase its water charges or access charges at all in 2016/2017. Council was able to take this step because of saving in the cost of the new Water Treatment Plant and a larger than anticipated surplus from operations in 2015/2016. Council is now entering a more stable capital works environment, as the new Water Treatment Plant nears completion. It has resolved to increase water charges by 2.5% in 2017/2018 and to maintain access charges at the same level as that for the previous 2 years.

Strategy

Following the completion of our Integrated Water Cycle Management Plan in 2011 work has continued on key components of the plan. Tenders for the detailed design and construction of the replacement Wagga Water Treatment Plant closed early in 2015 with a successful tenderer, UGL Engineering Pty Ltd, being announced in June 2015. Construction will proceed until the middle of 2018. While the Water Treatment Plant was initially due for completion in 2017, a succession of high river events at critical times of the construction process has delayed the completion of the water inlet works for a year. Tenders were let in April 2017 for the construction of a new major reservoir, south of Wagga Wagga to serve the future needs of rural consumers served by the Southern Trunk Main System. Construction of an augmented Southern Trunk Main commenced in 2014 and is proceeding on schedule. It is also envisaged that next year Council will replace its large open air low level reservoir on Willans Hill with two smaller reservoirs. Tenders for earthworks relating to the construction of these reservoirs were awarded in June 2017. During the completion of Council's Strategic Business Plan, a long term Asset Management Plan has been prepared. This has been integrated with a Long Term Financial Plan and Staff Resourcing Plan. Taking into account the above plans, I expect that a program of ongoing water price increases, to match inflation, will be required in future years.

Water Quality

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

In Conclusion

We are fortunate to have an experienced and diverse board that provides strong support and challenge to our executive team. The board has continued to provide a sound and supportive base to RWCC and myself. I wish to acknowledge them all for their commitment to RWCC. I would also like to acknowledge the efforts of the Senior Management Team for their timely and sound advice to the Board and myself.

Finally I wish to acknowledge our constituent Councils and all of our customers for the support they give to us. Thank you.

A handwritten signature in black ink, appearing to read 'Greg Verdon', with a long horizontal flourish extending to the right.

Clr. Greg Verdon
CHAIRPERSON

NATIONAL COMPETITION POLICY

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

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

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

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

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

Council has developed a complaints management system.

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

As one of the intentions of the National Competition Policy is to provide a "level playing field" between Council's business activities and those provided by the private sector. The guidelines require calculations to be made to determine tax equivalents, debt guarantee fees (where the activity may obtain a lower borrowing rate than it may have faced if it were a private organisation) and dividends. These calculations do not have to appear in Council's external accounting processes but need to be calculated and recognised in Council's internal accounting arrangements. Calculations have been completed and included in the statistical notes of the financial statements for the 2013/14 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 2016/2017.

COUNCILLORS' FEES, FACILITIES AND EXPENSES *Regulation 217 (1) (a1)*

Chairperson's Allowance	\$ 9,257
Councillors' Fees	\$50,710
Councillors' Expenses	\$ 5,973
Conference / Seminar Fees	\$ 4,567
Spouse/Partner Conference expenses	\$ 2,025

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

POLICY 1.10 - COUNCILLORS' EXPENSES & FACILITIES

POLICY TITLE

Payment of Councillors' and Chairperson's Fees, Expenses and Facilities

PART A – INTRODUCTION

1. GENERAL PROVISIONS

1.1. Purpose of the Policy

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

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

1.2. Objectives and coverage of the Policy

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

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

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

1.3. Making and Adoption of the Policy

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

Council must consider any submissions received and make any appropriate changes to the policy. Council does not need to give public notice of a proposed amendment to the policy, if the amendment is not substantial. Within 28 days of adopting or amending the policy, the policy and details of submissions are to be forwarded to the Director-General of the Division of Local Government.

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

1.4. Promotion and Availability of the Policy

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

1.5. Review

Councils are required on an annual basis to review and submit their policy to the Director-General of the Division of Local Government within 28 days of adoption by council, even if they propose to adopt an unchanged policy. Current policies must be submitted by 30 November each year.

1.6. Reporting Requirements

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

1.7. Legislative Provisions

1.7.1. Provisions under the Local Government Act 1993

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

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

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

Section 253 specifies actions that council must undertake before a policy concerning expenses and facilities can be adopted or amended. As earlier stated these actions include a requirement to give public notice with a minimum period of 28 days for the making of submissions, procedure for consideration of any submissions received and circumstances where public notice is not required. This section also details the reporting requirements to the Director General.

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

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

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

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

1.7.2.Provisions under the Local Government (General) Regulation 2005

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

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

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

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

1.8. Other NSW Government Policy Provisions

1.8.1.Department of Local Government Guidelines

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

1.8.2.Department of Local Government Circulars to Councils

The policy must take into account the following Circulars:

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

1.8.3.The Model Code of Conduct for Local Councils in NSW

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

1.8.4.ICAC Publication – No Excuse for Misuse, Preventing the Misuse of Council Resources

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

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

1.8.5.Approval Arrangements

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

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

PART B – PAYMENT OF EXPENSES

2. GENERAL PROVISIONS

2.1. Payment of Expenses Generally

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

2.1.1.Allowances and Expenses

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

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

During the month of June in each year, the Council will review the fees and expenses paid to or facilities provided for the Chairperson and Councillors and determine the amounts to be paid for the ensuing year.

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

Provided that where a Councillor ceases to be the Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month that the Councillor remained the Chairperson.

Similarly, where a Councillor is elected Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month in which the Councillor became Chairperson.

2.1.2.Reimbursement and Reconciliation of Expenses

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

2.1.3.Payment in Advance

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

2.2. Establishment of Monetary Limits and Standards

2.2.1.Monetary Limits as to Expenses

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

- Travelling and Subsistence Allowance – Councillors
- Councillor Expenses

Some expenses will have a specific limit or rate set.

2.2.2 Standard of Provision of Equipment and Facilities

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

2.3. Spouse and Partner Expenses

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

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

Limited expenses of spouses, partners or accompanying persons associated with attendance at the Local Government New South Wales annual conference may be met by council. These expenses will be limited to the cost of registration and the official conference dinner. Travel expenses, any additional accommodation expenses, and the cost of partner/accompanying person tours etc. are the personal responsibility of individual councillors. Consideration will be given to the payment of expenses for the spouse, partner or accompanying person of the Chairperson, or councillor when they are representing the Chairperson, when they are called on to attend an official function of council or carry out an official ceremonial duty while accompanying the Chairperson outside the council area, but within the general region of the Council. Examples include charitable functions to which the Chairperson has been invited and award ceremonies and other functions to which the Chairperson is invited to represent the council.

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

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

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

2.4. Incidental Expenses

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

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

All advanced payments are required to be reconciled.

2.5. Authorisation of Claims

Travel claims will be authorised as follows:

- The General Manager will authorise travel expense claims made by the Chairperson and Councillors. The Chairperson will authorise the General Manager's travel claims.
- Travel expenses claimed by a traveller but not supported with receipts will not be paid for by Council
 - supporting documentation should be dated to allow the authorising officer to determine if the expense item related to the authorised period of travel

- receipts should also contain details of the nature of the transaction to allow the authorising officer to determine if the item is valid or not.
- Registration fees for a conference can entitle the traveller to included meals at the conference venue. Claims for meals at other venues when these included conference meals are available will not be paid for by Council.
- Claims for meals / drinks / entertainment for "other people" will only be considered for possible authorisation if the name / position / organisation of the "other people" are detailed - if no details are provided, Council will not pay the claim.
- Payment in Advance - Provision of a payment in advance may be requested by a Councillor however such an advance must be fully accounted for upon return and any unspent portion returned to Council.

3. SPECIFIC EXPENSES FOR CHAIRPERSON AND COUNCILLORS

3.1. Attendance at Seminars and Conferences

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

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

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

Council will also meet reasonable costs of main meals where any of these meals are not provided as part of the conference. Receipts of purchases will need to be presented for reimbursement. Costs for mini bar use will not be paid by Council.

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

3.2. Training and Educational Expenses

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

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

3.3. Motor Vehicle Travel Arrangements and Expenses

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

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

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

3.4. Overseas Travel

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

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

Travel proposals should be included in the council business papers. The use of a chairperson's minute to obtain council approval for travel is not appropriate and is not consistent with the principles of openness and transparency.

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

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

3.5. Interstate Travel

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

3.6. Attendance at Dinners and Other Non-Council Functions

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

3.7. Care and Other Related Expenses

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

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

3.8. Insurance Expenses and Obligations

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

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

3.9. Legal Expenses and Obligations

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

- a. A Councillor defending an action arising from the performance in good faith of a function under the Local Government Act (section 731 refers) or

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

Council will not meet the costs of an action in defamation taken by a Councillor or council employee as plaintiff in any circumstances. Council will not meet the costs of a Councillor or council employee seeking advice in respect of possible defamation or in seeking a non-litigious remedy for possible defamation.

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

PART C – PROVISION OF FACILITIES

4. GENERAL PROVISIONS

4.1. Provision of Facilities Generally

Councillors are provided with access and use of the following:

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

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

5. PROVISION OF EQUIPMENT AND FACILITIES FOR COUNCILLORS

Each Councillor will be provided with business cards and name badge and an IPAD.

Any equipment issued to the Chairperson or Councillors remains the property of the Council and is to be returned to Council upon the Chairperson or councillor ceasing to hold office, unless Council makes a resolution otherwise.

6. ADMINISTRATIVE SUPPORT

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

7. SUSTENANCE/MEALS

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

8. DISPUTE PROCESS

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

PERSONNEL & DELEGATION

HUMAN RESOURCE ACTIVITIES - UNDERTAKEN BY COUNCIL

Riverina Water employs a workforce of 95 people to carry out the range of responsibilities in administering the organisation and supplying water to the communities. From time to time this workforce is supplemented by a small number of temporary staff. One (1) apprentice has been employed during the year through GTES.

Riverina Water's commitment to developing a skilled workforce is demonstrated in its apprenticeship and trainee program. An apprentice is employed in Electrical trade area with two (2) Maintenance Operators undertaking a trainee ship in Certificate III Civil Construction.

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

	Admin	Engineering	Waterworks	Depot Base	Rural	Totals
Perm.June 2016	10	11	20	40	7	88
Temp.June 2016		3		4		7
TOTAL June 2016	10	14	20	44	7	95
Retired				1		1
Resigned		1		2		3
Terminated						
Appointed				5		5
Casual				4		4
Internal Transfer						
Transfer to Perm.						
Temp. Appointed				1		1
Temp.Terminated		1		3		4
Perm.June 2017	10	10	20	44	7	92
Temp.June 2017	1	2		5		8
TOTAL June 2017	11	12	20	49	7	99

Recruitment practices follow the EEO guidelines.

Training

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

Training Course	Number of participants
Bonded Asbestos Removal	14
Cabler certification	2
Chainsaw-Trim/Cross Cut	10
Chemcert - Chemical Training	4
Civica Software Training	2
Civil Construction Leadership and Sustainability - Statement of Attainment	15
Civil Construction Plant Operations - Certificate III	28
Confined Space Training	2
Consultative Committee	3
Dangerous Goods Licence	1
Digital Literacy - Statement of Attainment	34
Ductile Pipe-Cut/Install Training	8
Earthmoving- LS, LL, BL, LE	4
Earthmoving- LS,LE	2
Elevated Work Platform	3
Fire Extinguisher Training	24
First Aid	22
Fluoride Operator Training	4
HR Truck Licence	1
Introduction to Asset Management	2
Leadership Development course	12
Local Government Procurement - Diploma	1
Rockwell Automation Training	1
Traineeship - Civil Construction - Plant	2
Traffic Control- Implement Traffic Management Plan	22
Traffic Control- Traffic Controller	11
Traffic Control-Prepare Work Zone Management Plan	7
Trenching & Ground Support Training	18
Water Industry Operator Training	3
Water Treatment Training	1
WHS Training	1
Work Health & Safety - Diploma	1
Work Safely at Heights	1
Workcover Licence - C6 Crane	2
Workcover Licence - Dogging	5

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. The system includes an annual review of skills attained and used this was undertaken and completed with 13 employees progressing to their next level and remunerated accordingly via either acquired skills and/or position evaluation.

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
Staff Consultative Committee
Health & Wellbeing Committee

Occupational Health & Safety Management 2016/2017

Leadership training for Managers and Supervisors was undertaken and completed in 2016/17. Managers are continually encouraged to be seen at the worksite, 'walk the talk' and promote open discussion on safety issues.

Riverina Water continues to provide and promote healthy life options to all staff. Provision of weekly fruit supplies and a \$100 annual rebate on purchases of health or safety related personal items has encouraged staff to incorporate healthy options into their personal and work lives.

RWCC provides all employees with the tools to report workplace hazards and works with employees to eliminate WHS risk wherever possible. Staff are encouraged to identify specific hazards and the Watch Out Safety Award recognises employees contributions to eliminating risks.

Work Health & Safety Goals & Objectives 2016/2017

Objective/Goal

The goal to eliminate unsafe workplaces and work practices through risk management and improvement of the safety culture was not adequately achieved over the 2016/2017 year. Strategies to eliminate risk did not satisfactorily address the human error component of risk management. Additional measures will need to be incorporated in future risk management activities to combat the human factors in safe work processes.

Objectives	Means of Achieving	Target / Measure
Improve communication and consultation	Kit Kat team meetings Regular face to face discussion between managers and staff Provide timely and appropriate feedback on all WHS issues	12 X monthly meetings held by all teams. Regular manager attendance at team meetings. Workgroup meetings held quarterly.
All teams met the monthly team meeting requirements. Manager attendance at monthly meetings has improved but could improve further. Not all workgroups are holding regular quarterly meetings to allow staff and management communication.		
Elimination/reduction of workplace risks	Develop CIAP Staff training Develop and monitor safe working practices and procedures Provide adequate resources (staff & equipment) Regular workplace inspections and audits	CIAP activities at least 90% completion. Procedures updated per schedule. Low staff turnover. All teams fully staffed and equipped. Audit and inspection schedule up to date.
The Continuous Improvement Action Plan (CIAP) has been replaced by the Risk Management Action Plan (RMAP) which encompasses organisational risk management as a whole. The WHS element of the RMAP was completed 100%. Procedure updates continue to be completed and are 75% completed on time. Staff turnover is very low and teams have been provided with appropriate and adequate equipment to perform their roles safely. Workplace inspections schedules are being met within reasonable time frames.		
Raise the safety culture	Training of staff Promotion of WHS responsibilities Monitor WHS performance of staff Regular editions of Safety Newsflash	All staff trained to specified WHS requirements and levels. All staff aware of their WHS role. Reduced incident and discipline reports. Minimum of one Newsflash per month
Staff awareness and training of WHS responsibilities and competencies has been undertaken as per requirements. Incident reports have increased and safety performance has declined in line with the rise in incidents. Investigation of incidents is identifying any non-conformance issues. Editions of Safety Newsflash have not been released monthly but only as required.		
Maintain and improve health and wellbeing of staff	Target specific health and wellbeing issues. Provide EAP service. Promotion through newsletter.	Participation and interest shown in health promotions Usage of EAP service

Key Performance Indicators

Number of days lost through injury:	Target < 1 day
	Result = 140 days
Percentage of sick leave to ordinary hours worked:	Target < 3.5% (sector average)
	Result = 3.92%
Total hours worked compared to time lost through workplace injury & illness:	Target < IISI 6.26
	Result = IISI 907.69

Achievements this year

- 5 Watch Out Safety Awards given to staff – Work Health and Safety Committee
- Annual safety breakfast – Work Health & Safety Committee
- Weekly fresh fruit available for all staff – Health & Wellbeing Committee
- Push up challenge encouraging employees to think about their exercise _ Health & Wellbeing Committee
- Garmin walking challenge – Health & Wellbeing Committee
- Self defence course for women – Health & Wellbeing Committee
- Health Incentive scheme encouraging employees to engaging in healthy activities outside of work – Health & Wellbeing Committee

Engineering controls of risk

Safety related projects for the past year include:

- Installation of Oura Aeration cover and confined space recovery gantry.
- Installation of access stairs to existing floc tanks.
- Bellevue Reservoir external access upgrade.
- Collingullie Aeration tank access platform and ladder.
- Urana Candy tank replacement with stair access and confined space recovery gantry.
- Ongoing general replacement of heavy pit lids to lighter aluminium design.

Watchout Safety Incentive Award Recipients

August 2016 – Chris Turner. Identifying the risk of being hit by plant or vehicles near the store roller door exit. A mirror was erected so that staff could see any oncoming traffic or pedestrians near the doorway.

October 2016 – Electrical/Fitting Teams. The teams identified a risk to staff walking behind the milling machine as the equipment extends into the traffic path when in operation. Signage and a barricade were put in place for use when the machine is operating, preventing access along the walkway.

February 2017 – 2 awards given to James Garnsey and Barry Collins. James identified a risk through the lack of an external light switch for call out staff to turn on lights in the truck and plant parking area. A switch was installed.

Barry identified a risk to truck drivers and plant operators when cleaning high sections of vehicles or plant. A mobile platform ladder was purchases allowing staff to eliminate the fall risk when washing high sections on vehicles.

April 2017 Fitting/Electrical Teams. The team identified several risks associated with the current use of a pneumatic hoist on bore removal tasks. Noise, trip and manual handling hazards were reduced or eliminated by purchasing an electric hoist.

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. Report dated October 2016.

Benchmark	StateCover Average	RWCC's performance
Average Premium Rate	3.03%	1.21%
Lost Time Injury Rate (claims per 100 employees)	6.14%	5.1%
Injuries reported within 2 business days	70.4%	100%
WHS Self Audit (2016)	76.5%	95%

SAFETY BREAKFAST

25th October 2016

**Riverina Water held its annual
Safety Breakfast in October**

Staff were given an update on Health & Wellbeing and a quiz on Fact or Fiction Safety related questions, along with a range of healthy breakfast options





SAFETY WATCHOUT WINNERS

CHRIS TURNER, STOREPERSON

Mirror fitted to entry existing roller door that has reduced the risk of collisions.

July / August 2016



Graeme Haley, General Manager and Daryl Ryan WHS Coordinator presenting Chris Turner (centre) with his Award.



Graeme Haley, General Manager presenting Stephen McIntyre with his Award at Safety Breakfast held 25 October 2016

STEPHEN MCINTYRE

ON BEHALF OF THE ELECTRICAL/FITTING TEAM

Milling procedure updated and additional control measures added to reduce risks while machine is being operated.

September/October 2016



SAFETY WATCHOUT WINNERS

JAMES GARNSEY

Light switch installed outside store door so call out staff can turn lights on under truck bays without setting alarms off.

BARRY COLLINS

Mobile platform installed to eliminate need to climb up side of trucks. Truck roofs and light can be safely washed from ladder.



Dermot McCormack (WHS Chairman), James Garnsey, Barry Collins and Graeme Haley, General Manager

January / February 2017



ELECTRICAL/FITTER— CARL GRAETZ

Purchased electric Hoist to replace existing air hoist for bore maintenance.

Eliminates hazards from noise, trip hazards and manual handling

Graeme Haley, General Manager and Daryl Ryan WHS /Risk Coordinator presenting Carl with his Award .

March / April 2017

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL – DELEGATED FUNCTIONS *Regulation 217 (1) (a6)*

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

COMPANIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST *Regulation 217 (1) (a7)*

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

PARTNERSHIPS, CO-OPERATIVES AND OTHER JOINT VENTURES TO WHICH COUNCIL HAS BEEN A PARTY *Regulation 217 (1) (a8)*

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

EQUAL EMPLOYMENT OPPORTUNITY – ACTIVITIES TAKEN BY COUNCIL TO IMPLEMENT ITS MANAGEMENT PLAN *Regulation 217 (1) (a9)*

PURPOSE

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

SCOPE

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

ADVERTISING STAFF POSITIONS

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

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

E.E.O. STRATEGIES

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

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

TOTAL REMUNERATION FOR SENIOR STAFF *Regulation 217 (1) (b&c)*

During the year 2015/2016 Council employed two senior staff including the General Manager. The total remuneration cost of the General Manager was \$208,365 including salaries, superannuation, private use of a Council car and fringe benefits tax. The total remuneration cost of the other senior staff member was \$193,038 including salaries, superannuation, private use of a Council car and fringe benefits tax.

OPERATION, CONSTRUCTION & MAINTENANCE

OPERATIONAL PLAN – PERFORMANCE TARGETS 2016/2017 *Section 428 (2) (b)*

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2016/2016 Operational Plan.

Services

Measure	Key Performance Indicator	Progress to 30 June 2017
Customer Satisfaction Rating	>4 (out of 5)	4.21 (out of 5)
Water Quality Satisfaction	>4 (out of 5)	4.17 (out of 5)

Asset Replacement

Measure	Key Performance Indicator	Progress to 30 June 2017
Projects completed from Capital Works Program	>85%	By number 85.1% By budget 92.5%

Demand Management

Measure	Key Performance Indicator	Progress to 30 June 2017
Peak Day Demand (weekly average)	<65 ML	61.23 ML

WHS

Objectives	Key Performance Indicator	Progress to 30 June 2017
Number of days lost through injury	< previous period	2016 1 2017 140
Percentage of sick leave hours to ordinary hours worked	<3.5%	2.8% 3.69%
Total hours worked compared to time lost through injury & illness	< previous period	.0075% .085%

Environmental Protection

Key Performance Indicator	Key Performance Indicator	Progress to 30 June 2017
Power used per ML of water produced KWh	< same period last year	2015/2016 830Wh 2016/2017 835KWh
Power used per ML of water produced \$	< same period last year	\$134 \$143

Equal Employment Opportunity

Key Performance Indicator	Key Performance Indicator	Progress to 30 June 2017
Number of legitimate EEO complaints resolved	100%	Nil lodged
Percentage of staff returning from parental leave	100%	100%

Charges and Fees

Key Performance Indicator	Key Performance Indicator	Progress to 30 June 2017
Level of Water Charges overdue compared to water sales for previous 12 months	<5%	2.13%
Level of Sundry Debtor Accounts overdue compared to debtors raised for previous 12 months	<5%	2.06%

CONTRACTS AWARDED DURING THE YEAR *Regulation 217 (1) (a2)*

Company	Description of Work	Cost \$
Stephen Shaw	Earthworks for Reservoir Pad, access road and banks	140,000
ACE Pty Ltd	5ML reservoir, roof and access system construction	1,356,825
Stephen Shaw	Earthworks for Reservoir Pad, access road and banks	390,000
Martin & Wheeler Pty Ltd	Installation only of Air Conditioning upgrades at Riverina Water Administration building	128,050

PRIVATE WORKS UNDER SECTION 67(3) OF THE ACT *Regulation 217 (1) (a4)*

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

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

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

Development Servicing Plan (DSP)

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

The Calculated Developer charge in the DSP for 2016/2017 was \$4,930. The charge for 2015/2016 was \$4,930.

NEW WAGGA WATER TREATMENT PLANT

In July 2015, UGL Engineering Pty Ltd (UGL) was awarded the contract to construct Riverina Water's 55ML/day river Water Treatment Plant (WTP). Work on the \$45 million dollar project continues and commissioning is scheduled for late October 2017.



July 2016—Filter Building works



July 2016—Centrifuge being placed into position

July 2016—Dirty Backwash pumps



August 2016—Conduit installation adjacent to chemical building



August 2016—Clearwater switchboard being placed into position

WATER TREATMENT PLANT



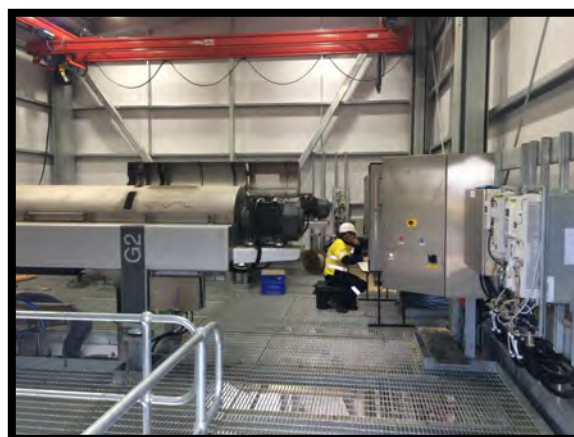
September 2016—Centrifuge Switchboard wiring



September 2016—Clearwater discharge piping crossing road



October 2016—Chemical Building Bund Foundation Works



November 2016—Centrifuge Commissioning



November 2016—Chemical Storage area grating installation



November 2016—Centrifuge building with truck in position



WATER TREATMENT PLANT

November 2016



WATER TREATMENT PLANT



December 2016—Clear Water Pump
underground piping



December 2016—Filter Block and
Chemical Building



December 2016- Lamella clarifier trough
installation



January 2017—Lamella Clarifier, Filter Block and Chemical
Building with construction of stage 1 Roadwork



WATER TREATMENT PLANT



April 2017—Stage 1 Roadwork

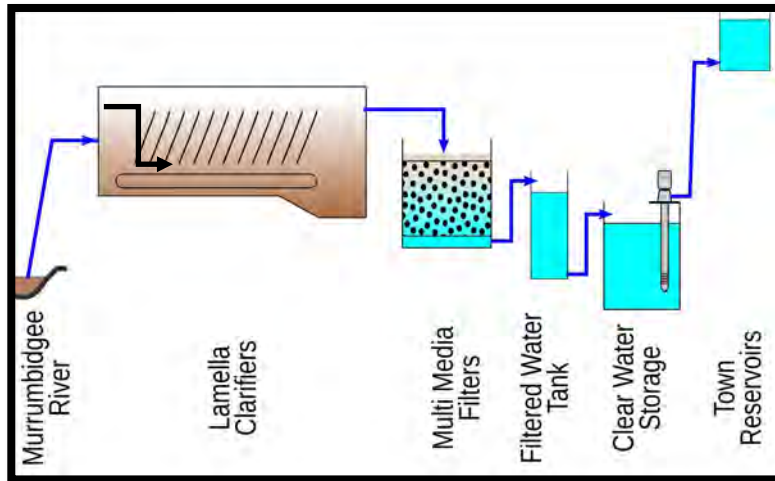
Additional temporary works were undertaken in the Raw Water intake area. Reaching agreement on the scope of work and high river levels from environmental flows caused delays.



April—2017 Raw Water Intake
Crane Pad construction



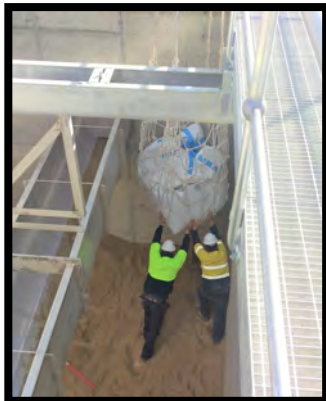
June 2017



Water Treatment Plant Process

Lamella Clarifiers

The lamella clarifiers will remove most of the solids from the river water before filtration. The photo shows the lamella plates, collection troughs and central walkway has now been installed.



Multi Media Filters

The filters will contain coal, sand and garnet to remove remaining solids from the water. The photo shows the sand being loaded into the filter on top of the coal layers.



Filters, Pipe Gallery and Filtered Water Tank

The photo shows the filter cells on the right, the pipe gallery in the middle and the filtered water tank is below the control room/water quality testing building on the left.

Clear Water Storage

The clear water storage tank is the last part of the water treatment process before the water is pumped into the distribution system. The photo shows the roof structure has now been installed over the tank to prevent contamination of the finished water



MARSHALL'S CREEK FOOTBRIDGE

June 2017



The recently completed bridge will be used for pedestrian traffic and for alternative access to Riverina Water's Hammond Avenue site in the event of floods. The three pipelines on the lower deck of the bridge were constructed in November 2016 and will supply water from the new Wagga Water Treatment Plant to the reticulation system and reservoirs.

The new and improved Wiradjuri Walking Track was re-opened on the western side.

Budget \$235,000



Guided tour for staff members was held on 24 November 2016

L-R Austin Morris (Works Manager), Tamarin Taylor (Project Officer), Pat Dwyer (IT), Kerrie Fawcett (Secretary), Graeme Haley (General Manager) and Aran Beckett (Asset Officer).





MORUNDAH 130KL RESERVOIR



The reservoir was commissioned in November 2016.
Budget: \$320,000.



NEW URANA WATER TREATMENT PLANT



Installation of the new flocculation tank was completed in July 2017. The access platform, gantry, staircase and temporary pipe connections were completed and the flocculation tank operated through summer 2016/17.

The remainder of the upgrade work is planned for 2018/19.

Budget: \$217,000



Urana Candy Tank—1965



NEW RURAL RESERVOIR

December 2016



Pipeline construction has commenced to connect the future Rural Reservoir on Dunns Road to the Southern trunk main on Olympic Highway. Excavation works to construct the pad for the reserve commenced in January 2017.

Budget \$1.3 million

REPLACEMENT LOW LEVEL RESERVOIRS

June 2017

RWCC is planning to replace the existing open air Low Level reservoir at Willans Hill in the 2017/18 financial year. A suitable site has been identified and design has commenced.

RWCC has awarded the earthworks contract to construct the reservoir pad .

The tender for construction of the 2 x 11ML reservoirs will be advertised in early 2018.

Budget: \$7.07 million

SOUTHERN TRUNK CREEK CROSSING

May 2017





NEW RURAL RESERVOIR

The pad for the new Rural Reservoir was completed in June 2017. Hard rock was encountered during excavation which delayed the earth-works several weeks.

The contract for construction of a 5ML reservoir has been awarded to Australian Prestressing Structures (APS) Pty Ltd. The APS design includes a post-tensioned floor with vertical precast panels that will be also be post-tensioned.

APS have commenced the design, construction is expected to be completed in early 2018

Budget \$1.4 million



Pictured above Anjaneer Bichani (Project Engineer) in front of the Komatsu 455 bulldozers impact ripper. The machine was used to break out the hard rock encountered on the reservoir site.

The Contractor, Stephen Shaw advised that the impact ripper is the only one still working in Australia.



Pictured above Greg Vidler (Manager Projects), Bede Spannagle (Director of Engineering) inspecting Komatsu 455 bulldozers impact ripper .

Pictured below Anjaneer Bichani in front of the Komatsu 455 dozer blade.



Pictured above Komatsu WA700 Loader used to move excavated material from the site.





WOOMARGAMA 140KL RESERVOIR

December 2016



A new reservoir at Woomargama was completed in December 2016. The reservoir has improved internal and external access and remote monitoring.

Access improvements include a Fibre Reinforced Plastic internal access ladder, permanent galvanised external ladder to the roof and handrailing around roof perimeter.

NEW AERATION COVER AT OURA TREATMENT PLANT



Proud workers (Grant O'Callaghan, Jason Greenwell, Chris Smith & Lyle Burgess) standing in front of aeration cover.



Cover will prevent birds from entering water and improve water quality.



STEEL MAINS IN HAMMOND AVENUE

December 2016



Steel mains have been installed from Marshall's Creek Bridge through Essential Energy site to Hammond Avenue. The steel mains have fully weld joints which eliminates the need for large concrete thrust blocks at bends and tees.



The mains will supply water from the new Wagga Water Treatment Plant to the reticulation system and reservoirs.



WATER SUPPLIED

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

The full year's total treated water production of 14,097 ML is a decrease of 5% from 2015/16.

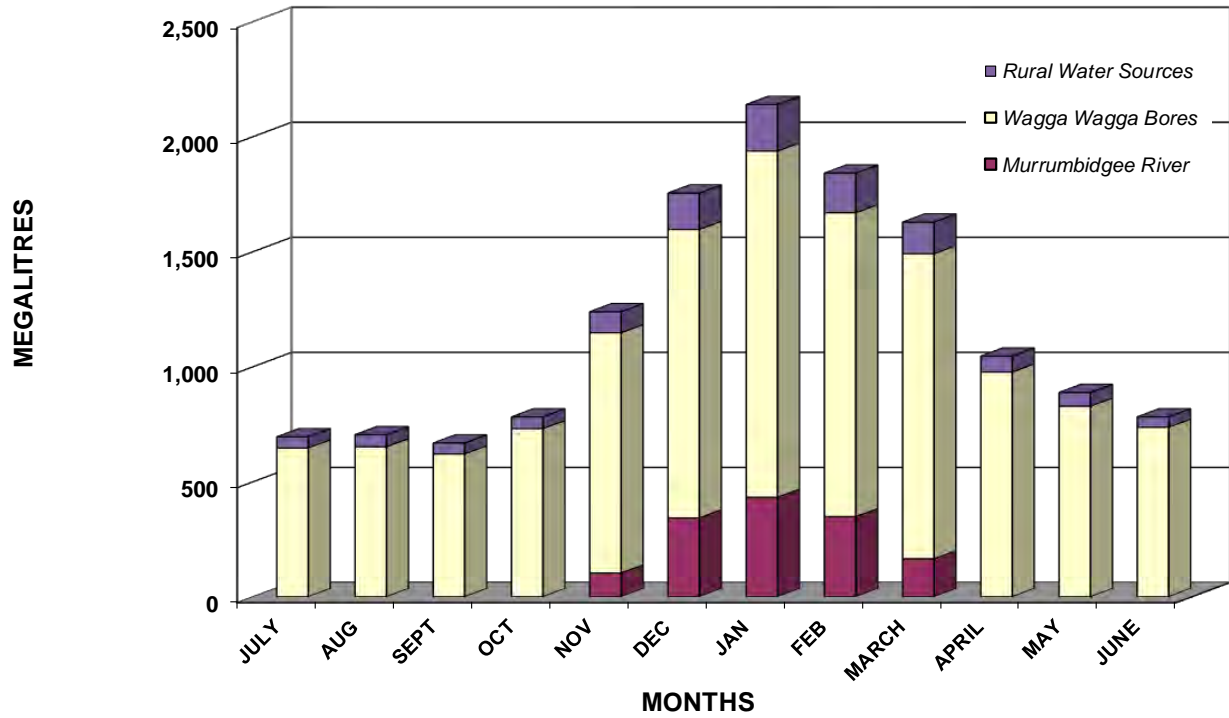
Total monthly treated water production peaked at 2,135 ML in January 2017 compared to a high the previous year of 2,027 ML in February 2016. The maximum Wagga Wagga peak 24-hour demand was 78 ML (recorded on 10th February 2017) compared to 81.8 ML (recorded on 24th February 2016).

The 2016/17 rainfall was 631.8mm (over 114 wet days), compared to 2015/16 rainfall of 652mm (over 121 wet days). Note: the long term average annual rainfall in Wagga Wagga is 572.6mm (derived from historical BoM data).

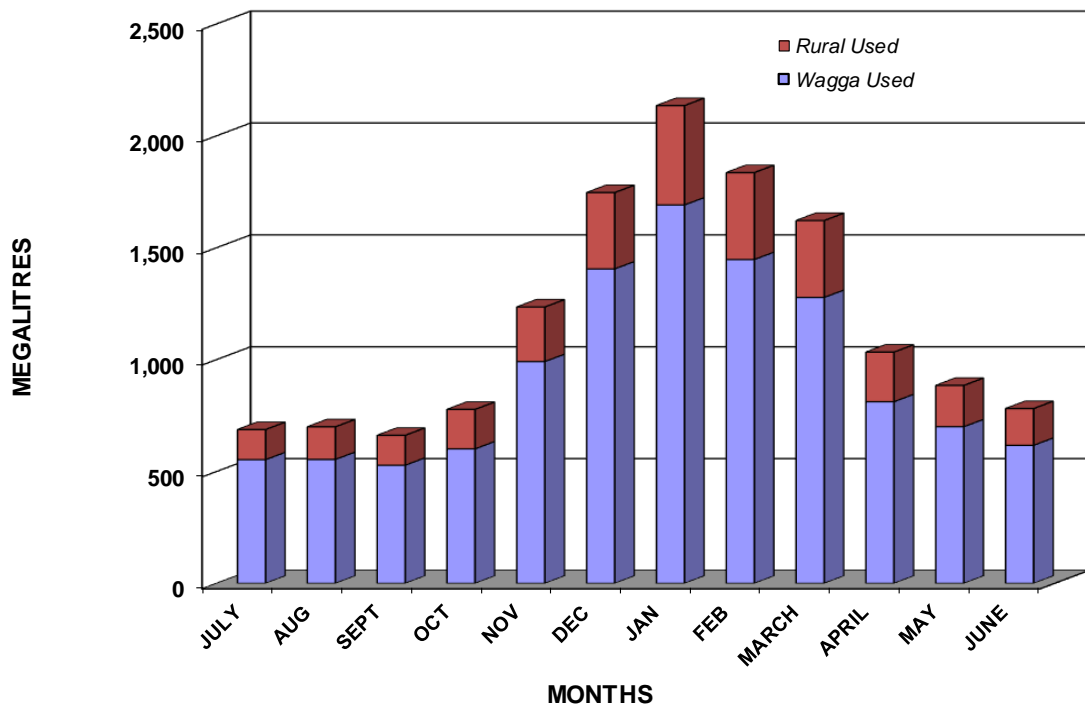
Water Sourced

	2012/13	2013/14	2014/15	2015/16	2016/17
Rainfall (mm)	427	454	452.8	652.2	595.8
Wet Days	97	125	108.0	121.0	114.0
	Megalitres	Megalitres	Megalitres	Megalitres	Megalitres
North Wagga bores	2,389	2,495	2,512	2,489	2,434
West Wagga bores	5,410	4,550	4,956	4,637	5,003
East Wagga bores	3,397	4,027	3,930	4,607	4,202
Murrumbidgee River	2,524	2,400	2,121	2,200	1,390
TOTAL WAGGA SOURCES	13,721	13,472	13,519	13,933	13,030
Bulgary bores	494	470	496	512	412
Urana Source	45	43	52	38	34
Ralvona bores	285	300	301	260	245
Walla Walla bores	146	185	183	162	169
Goldenfields Water Supply System	34	56	32	53	65
TOTAL RURAL SOURCES	1,005	1,053	1,064	1,026	924
Woomargama	17	19	16	19	17
Humula	10	10	9	9	7
Tarcutta	41	48	45	42	42
Oura	48	39	34	41	41
Walbundrie (Rand)	34	36	40	38	32
Morundah					
Collingullie	68	66	73	63	58
TOTAL INDEPENDENT SOURCES	277	225	228	224	208
GRAND TOTALS	14,953	14,750	14,811	15,183	14,162
PROPORTION FROM SURFACE	17.3%	16.7%	14.8%	14.9%	
PROPORTION FROM GROUNDWATER (BORES)	82.7%	83.3%	85.2%	85.1%	89.9%

2016 / 2017 WATER SOURCED

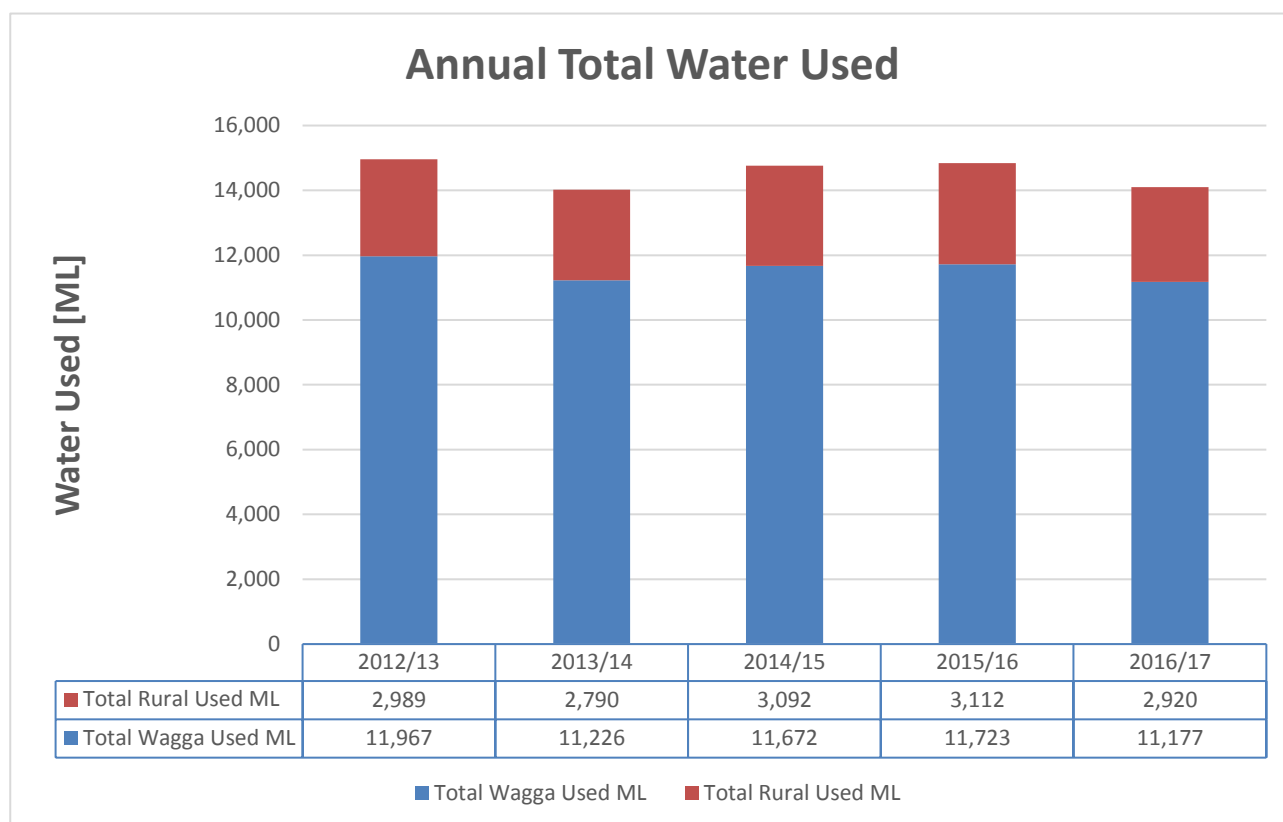


2016 / 2017 WATER USED



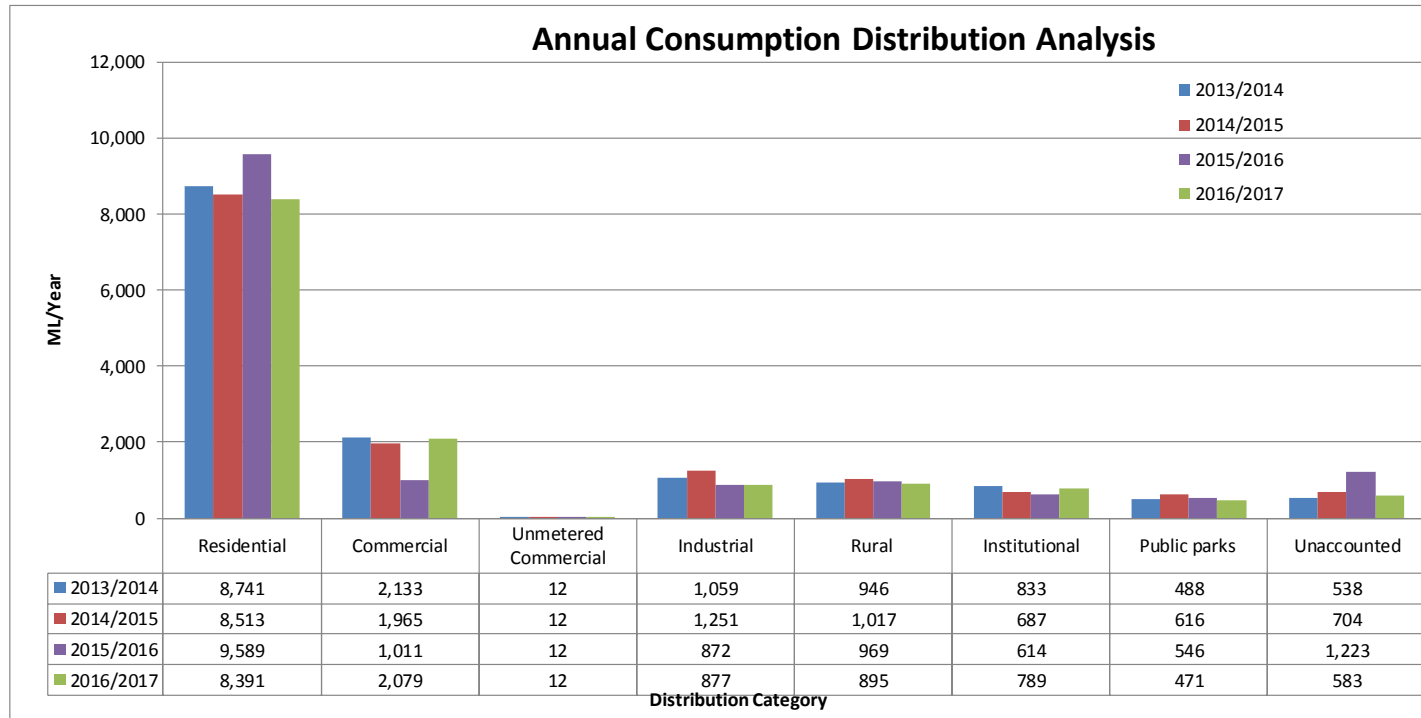
Water Treated

	MEGALITRES USED				
	2012/13	2013/14	2014/15	2015/16	2016/17
East Bomen	260	285	291	288	338.83
Estella	720	736	729	838	880.51
North Wagga	1,023	990	1,150	1,012	847.39
Wagga Wagga – Low Level	2,161	1,960	2,004	1,985	1,846.03
Wagga Wagga – High Level	6,934	6,474	6,628	6,756	6,429.41
Wagga Wagga – Bellevue Level	868	782	869	844	834.91
SUB-TOTAL	11,967	11,226	11,672	11,723	11,177.08
Ladysmith	63	67	62	60	57.89
Bruce Dale	250	243	246	268	302.46
Currawarna	166	162	152	164	161.58
Rural south from Wagga Wagga	1,337	1,151	1,368	1,415	1,323.82
Rural from Walla Walla Bore	146	185	183	162	169.05
Milbrulong, Lockhart and Boree Creek	264	267	322	319	232.19
Urana and Oaklands	249	218	231	239	220.71
Holbrook	285	283	301	260	244.54
SUB-TOTAL	2,762	2,576	2,865	2,888	2,712.24
Woomargama	17	17	16	19	17.21
Humula	10	9	9	9	6.92
Tarcutta	41	45	45	42	42.16
Oura	48	37	34	41	40.80
Walbundrie	34	33	40	38	32.39
Morundah	10	8	10	11	10.86
Collingullie	68	64	72	63	57.69
SUB-TOTAL	227	214	227	224	208.03
TOTAL	14,956	10,016	14,765	14,835	14,097.35
AVERAGE RESIDENTIAL CONSUMPTION					
Urban (Wagga Wagga)	337	311	308	310	310
Non-Urban (Townships and Rural)	406	390	384	436	436

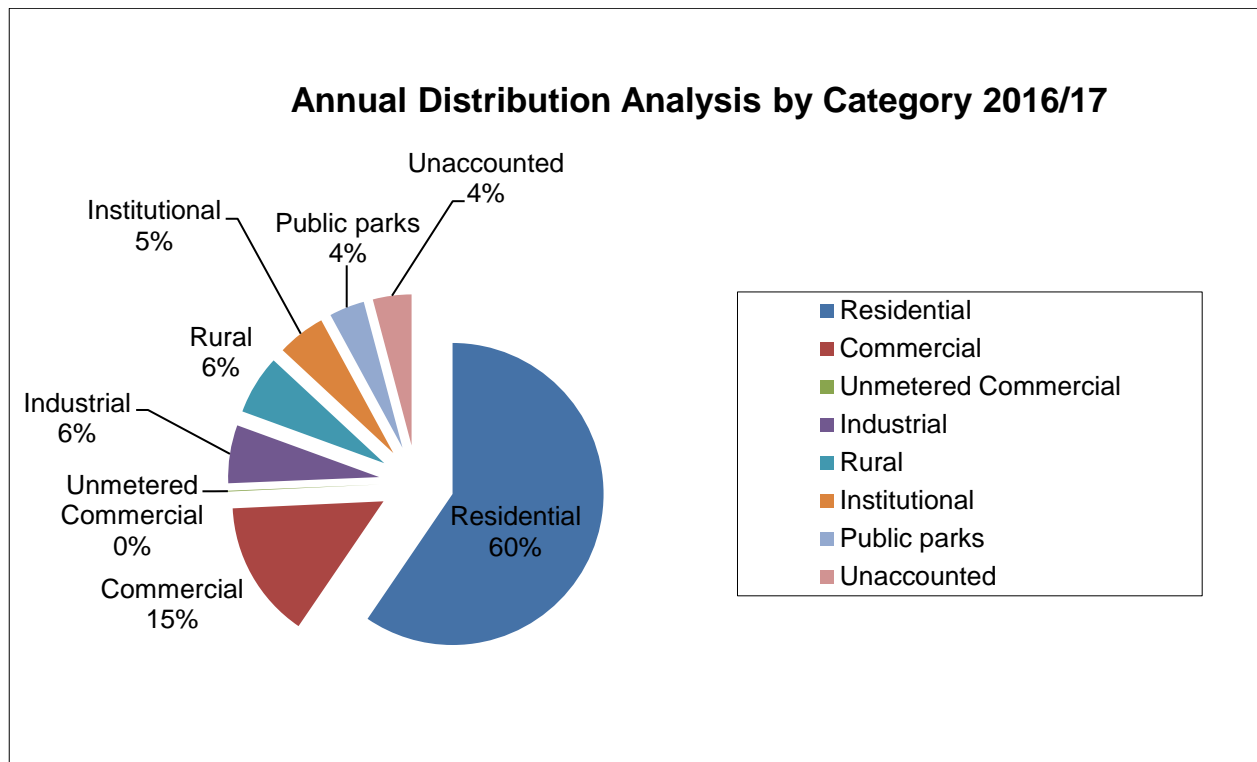
Graph – Historical Water Used Comparison for Wagga & Rural Systems**Distribution****Table – Annual Distribution Analysis**

	2015/2016		2016/2017		% change from previous year
	Consumption	Percentage	Consumption	Percentage	
	(MI)		(MI)		
Residential	9,589	64.8%	8,390	59.5%	-5.3
Commercial	1,011	6.7%	2,078	14.7%	8.0
Commercial Unmetered	12	0.08%	12	0.1%	0.0
Industrial	872	5.8%	877	6.2%	0.4
Rural	969	6.5%	895	6.3%	-0.2
Institutional	614	4.1%	729	5.2%	1.1
Public parks	546	3.7%	533	3.8%	0.1
Unaccounted (Including flushing, firefighting, unmetered use)	1,223	8.3%	583	4.1%	-4.2
	14,835	100.00%	14,097	100.0%	

Graph – Annual Consumption Distribution Analysis



Graph – Annual Distribution Analysis by Category 2016/17



NEW CUSTOMERS

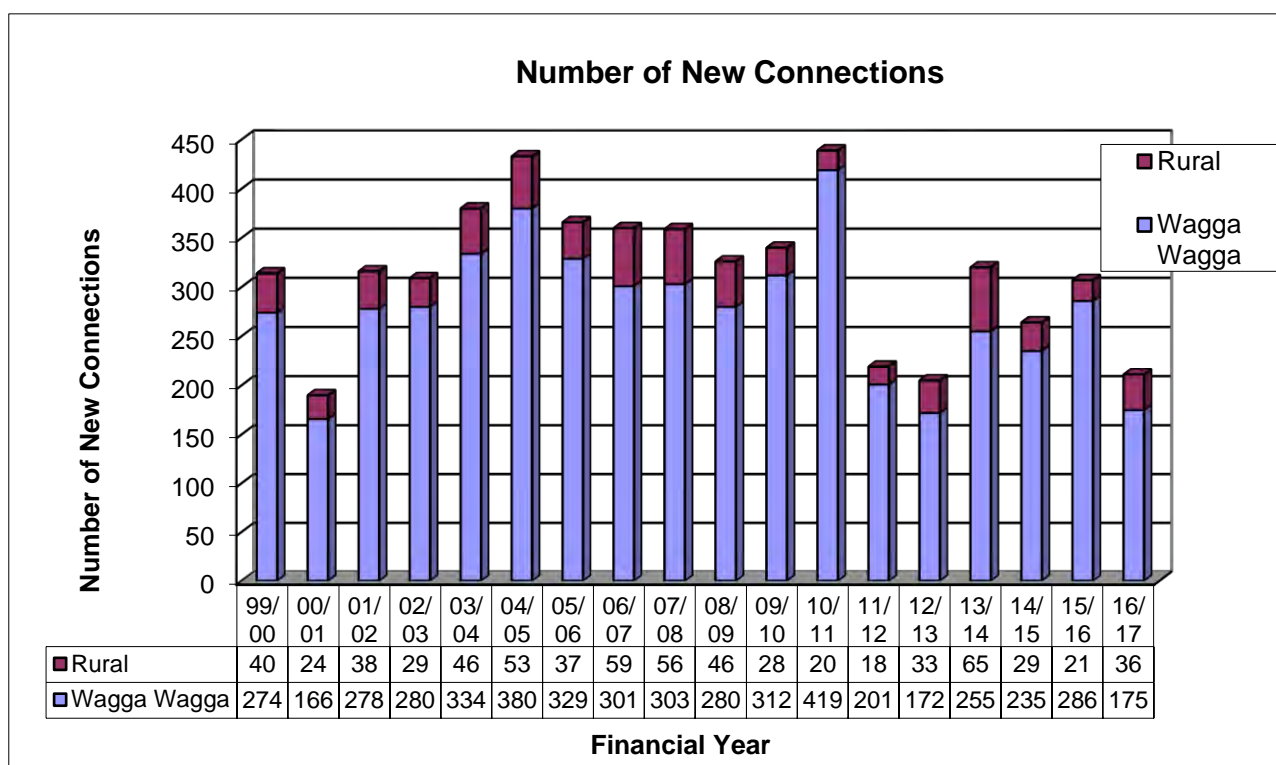
New consumers were connected at the various centres listed below:

LOCATION	NUMBER CONNECTED					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Bidgeemia						
Boree Creek						
Brucedale - The Gap	1	1		1		
Bulgary			1			
Collingullie			1			2
Coorabin						
Culcairn						
Currawarna	2	1		1		
French Park						
Forest Hill			24			
Henty	1	3	4		3	5
Holbrook		8	5	2	3	2
Humula						
Ladysmith			2	1		2
Lockhart	6	7	6	4	6	5
Mangoplah		1			1	
Milbrulong						
Morundah					1	
Morven		1	2	2	1	2
Oaklands			3			2
Oura	2	1		2		1
Pleasant Hills		2	1	1		2
Rand						
San Isidore						
Tarcutta				1		
The Rock	1		4	1		2
Urana			1			
Uranquinty	3	2	8	4	5	7
Wagga Wagga	201	172	255	235	286	175
Walbundrie		1				1
Walla Walla	1	3	2	3		1
Woomargama			1	4	1	1
Yerong Creek	1	2		2		1
TOTALS	219	205	320	264	307	211

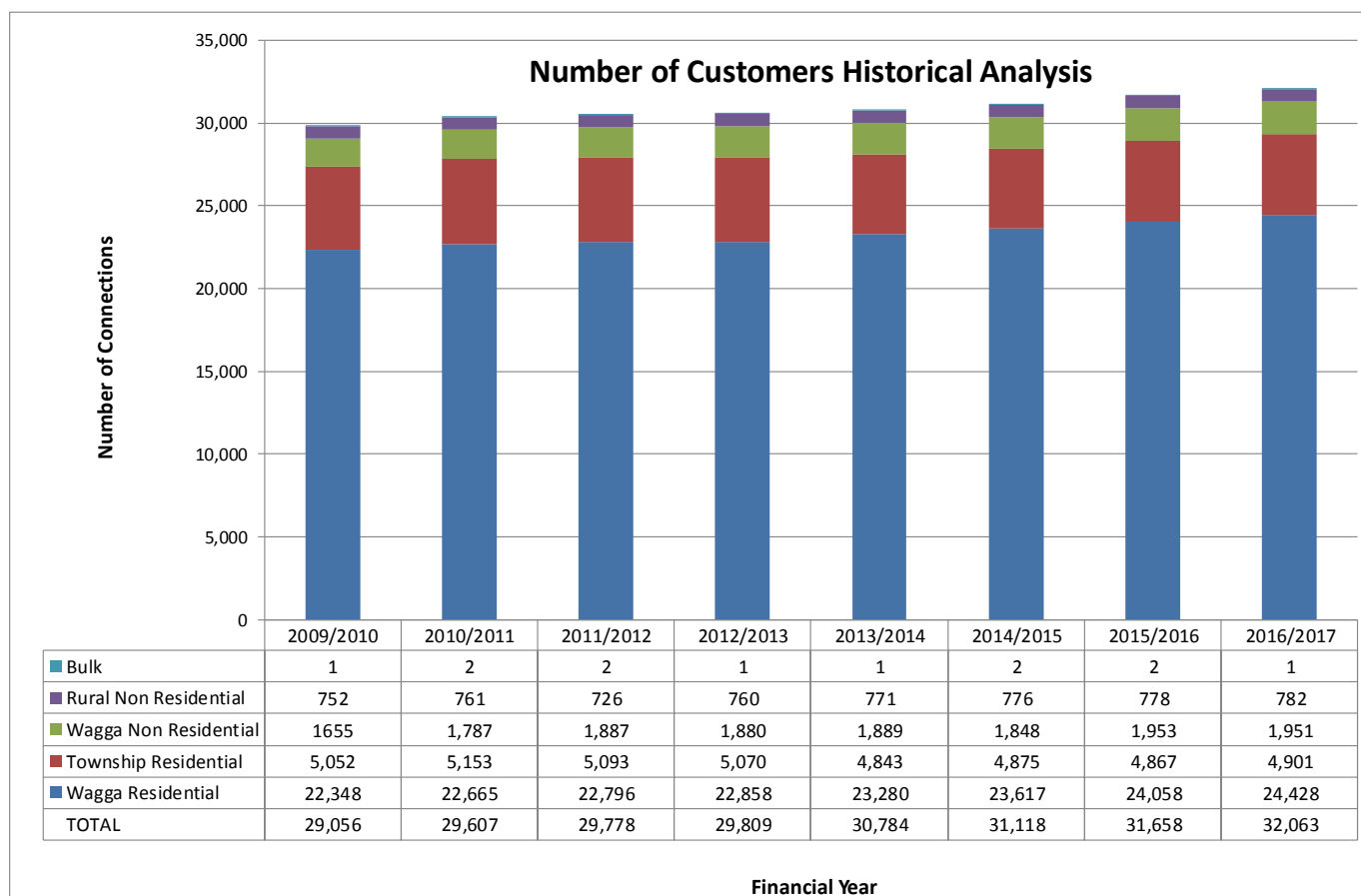
Total customers at 30th June 2017: 32,063

The data shows a minor increase of our township residential connections during 2016/17 and an overall growth in total customers across all areas of 1.3% for the year. The long term growth rate has averaged 1.3% per annum over the past 8 years, so 2016/17 was right on average growth.

Graph – Number of New Connections 1999/2000 to 2016/2017



Graph – Number of Customers Historical Analysis



Pipeline Losses

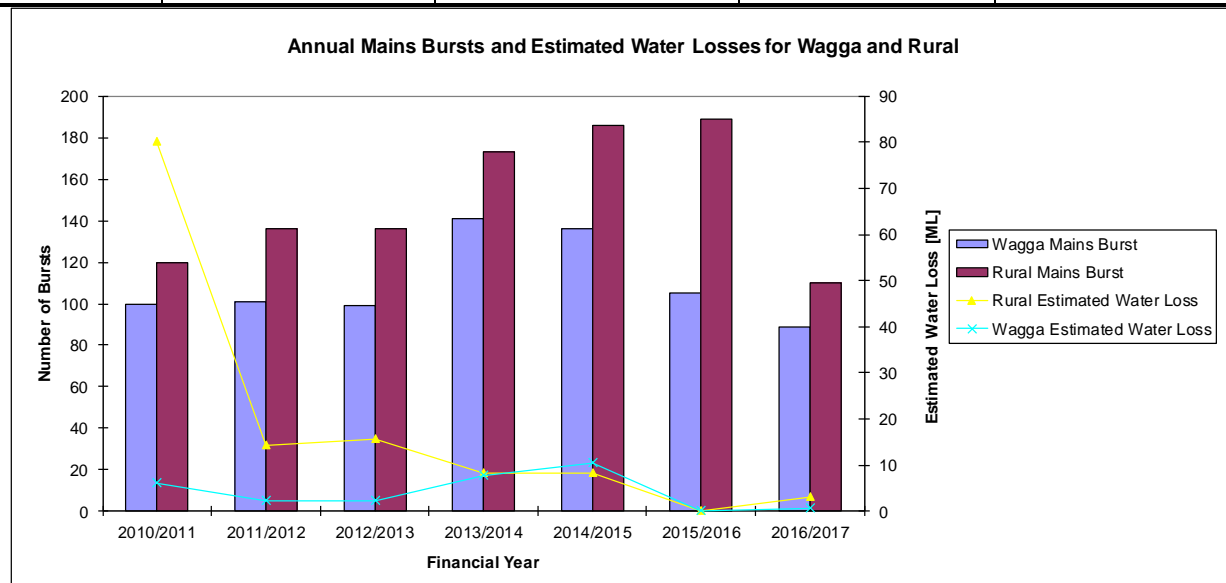
Estimated pipeline losses due to bursts for each month are shown in the following table. The daily average over the past 6 years is shown for comparison.

Monthly analysis of pipeline breaks and rainfall for July 2016 - June 2017:

MONTH	RAINFALL (Wagga Wagga AMO)	WET DAYS (<1.0mm)	WAGGA MAIN BREAKS	WAGGA MAIN LOSSES (kl)	RURAL MAIN BREAKS	RURAL MAIN LOSSES (kl)
Jul-16	92.6	6	5	66	10	219
Aug-16	58.8	4	3	10	7	84
Sep-16	171.0	5	13	1	3	756
Oct-16	64.0	1	13	82	4	142
Nov-16	25.0	-	5	1	7	79
Dec-16	42.2	-	3	20	16	252
Jan-17	27.8	1	5	25	19	1,190
Feb-17	18.0	2	11	165	11	98
Mar-17	44.8	2	13	92	16	86
Apr-17	32.4	-	9	45	7	139
May-17	20.2	1	0	0	0	0
Jun-17	2.2	2	9	22	10	104
TOTALS	1,184	24	89	529	110	3,149

Average daily losses due to burst mains over the past 6 years:

YEAR	WAGGA WAGGA		RURAL	
	BURST MAINS	ESTIMATED LOSS KL	BURST MAINS	ESTIMATED LOSS KL
2011/2012	101	2.2	136	14.1
2012/2013	99	2.1	136	15.6
2013/2014	73	7.6	173	8.2
2014/2015	136	10.5	186	8.3
2015/2016	105	2.1	189	49.4
2016/2017	89	1	110	3.15



CAPITAL WORKS

The capital works programme was carried out in 2016/17 including the following significant projects:

Depots and Buildings

- Installation of new Air-Conditioning system in Administration Building
- Replacement of Carpet in Administration Building

SCADA System

- Installation of communications hut and repeater at Bomen Reservoir

Water Treatment Plants (WTP's)

- Wagga 55ML/day WTP in progress. Permanent works for the Raw Water intake have not commenced, structures for other process units have been completed. Resolving quality issues and reaching agreement on the scope for the Raw Water Intake have delayed the project.
- Urana WTP stainless steel clarifier commissioned. Access stair, platforms and confined space gantry installed
- Aeration tank replaced at Collingullie and a shade cover, access platform and ladder installed
- Access stairs fabricated and installed at the existing WTP that will be re-used to treat waste water
- Our Aeration Basin shade cover installed along with confined space recovery gantry

Pump Stations

- New main switchboard with Variable Speed Drives installed at Gardners Crossing

Reservoirs

- Morundah 130kL reservoir commissioned
- Woomargama 140kL reservoir commissioned complete with Fibre Reinforced Plastic internal access ladder and handrailing perimeter of the roof
- Rural Reservoir pad constructed at Dunns Road

Major Trunk Main Replacements

- Bridge constructed over Marshalls Creek and Clear water mains from Wagga WTP installed
- Bomen rising main from Mason Street to Oura Road
- Southern Trunk – from Olympic Highway to new reservoir site

Wagga Wagga Sources and Allocations

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

	Water Access Licence (ML)	Long term extraction limit (ML)	Used (ML)	% of Allocation
Surface water - Wagga	7,000	7,000	1,436	20.5
Surface water - other	819	819	52	6.3
Ground water - Wagga	14,000	12,371	12,118	98.0
Ground Water - other	2,535	2,535	1,063	41.9
Total Water	24,354	22,725	14,669	64.6

FINANCIAL INFORMATION

CHARGES FOR WATER

"User Pay" system

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

The level of fixed charges (availability charge) and usage charges applied in 2016/2017 are set out below:

Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2016/2017	First 125 kilolitres per quarter Balance per kilolitre per unit	1.40c per kl 2.10c per kl	\$40.00	\$17.50

Industrial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2016/2017	First 41 kilolitres per month 42 to 3000 kilolitres per month Balance above 3000 kilolitres per month Applicable to large scale processing or manufacturing industries with consistent year round usage and specifically approved by Council First 3,000 kls per month Balance above 3,000 kls per month	1.40c per kl 2.10c per kl 2.10c per kl 1.40c per kl 1.40c per kl	\$45.00	\$17.50

Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2016/2017	First 125 kilolitres per quarter / 41 kilolitres per month Balance per kilolitre per quarter	1.40c per kl 2.10c per kl	\$45.00	\$17.50

(Access Charge for non-metered connected Commercial premises \$90.00 per quarter).

CONDITION OF PUBLIC WORKS UNDER COUNCIL'S CONTROL

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

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

Asset Description	Asset Life	Replacement Cost \$'000	Remaining Life Value at June 2017 \$'000
Water Mains – distribution, rural & reticulation	Iron 75 yrs Other 50 yrs	285,542	188,806
Reservoirs – 69 of	Steel 60 yrs Conc. 100 yrs	59,657	43,610
Pumping Stations – 65 of	20-50 yrs	15,826	9,208
Water Treatment Plants – 14 of Aeration – 10 Filtration – 6	50 yrs	41,918	27,710
Water Supply Bores – 28	30 yrs Stainless steel-40 yrs	11,546	6,990
Land & Buildings – other	50	19,777	18,363
TOTAL		434,266	294,687

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

The work required to bring those sections of the work that need improvement up to a satisfactory standard, the annual maintenance to maintain the standard, and the 2016/2017 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 No. 7 – Report on Infrastructure Assets as at 30th June 2017

Riverina Water County Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	1	1	2	277	3,293	3,778	40%	54%	6%	0%	0%
	Buildings – specialised	5	5	2	139	11,355	12,284	55%	12%	31%	2%	0%
	Sub-total	6	6	4	416	14,648	16,062	51.6%	21.6%	25.3%	1.5%	0.0%
Water supply network	Treatment Plants	8,791	8,791	1,802	1,876	27,710	41,918	0%	17%	38%	45%	0%
	Bores	152	152	961	1,006	6,990	11,546	3%	30%	63%	3%	0%
	Reservoirs	556	556	373	382	43,610	59,657	10%	11%	53%	24%	1%
	Pumping Stations	108	108	486	511	9,208	15,826	9%	9%	68%	7%	7%
	Pipeline	75,536	75,536	1,466	988	188,806	285,542	13%	33%	36%	14%	4%
	Sub-total	85,143	85,143	5,088	4,763	276,323	414,489	10.6%	27.3%	40.6%	18.3%	3.2%
TOTAL – ALL ASSETS		85,149	85,149	5,092	5,179	290,971	430,551	12.2%	27.1%	40.0%	17.7%	3.1%

Notes:

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

Infrastructure asset condition assessment 'key'

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

SUMMARY OF DISCLOSABLE LEGAL PROCEEDINGS *Regulation 217 (1) (a3)*

During the review period Council incurred the following legal expenses.

Legal Practitioner	Fees (inc GST)
LAND MATTERS	
Commins Hendriks	\$12,888
Farrell Lusher	\$1,121
LITIGATION	
Local Government Legal	\$5,666
Richard Lancaster	\$20,295

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. In the event of the proposed recipient acting for private gain, public notice of Council's proposal to grant financial assistance must be given.

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

OVERSEAS VISITS FUNDED BY COUNCIL *Regulation 217 (1) (a)*

No overseas visits undertaken by Councillors and others representing Council during 2016/2017.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT, 2009

In accordance with the provisions of the Government Information (Public Access) Act, 2009, Council has completed its annual statistics for the twelve month period ended 30th June 2016. One application was received by Council during the 2016/2017 period. Council has not received any enquiries from the Ombudsman under the Government Information (Public Access) Act, 2009 nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged. Statistical Details:

<u>Information Requests</u>	<u>Number of Requests</u>
Access Applications	One
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 2016/2017 period.

CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX**RIVERINA WATER COUNTY COUNCIL
GOODS AND SERVICES TAX CERTIFICATE****Payment of Voluntary GST 1 July 2016 to 30 June 2017**

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 2016 to 30 June 2017.

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.



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Mr Graeme Haley
GENERAL MANAGER



.....

Ms Michele Curran
RESPONSIBLE ACCOUNTING OFFICER

Date: 3 July 2017

FINANCIAL REPORTS

FINANCIAL REPORTING *Section 428 (2) (a)*

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

**"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 2017

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Overview

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

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

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
 - (iv) These financial statements were authorised for issue by the Council on 11 October 2017. Council has the power to amend and reissue these financial statements.
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Riverina Water County Council

General Purpose Financial Statements for the year ended 30 June 2017

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 financial statements:

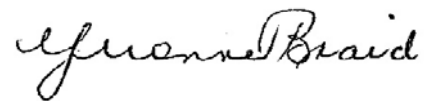
- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 16 August 2017.



Clr G Verdon
Chairperson



Clr Y Braid
Councillor



Mr G Haley
General Manager



Ms M Curran
Responsible accounting officer

Riverina Water County Council

Income Statement

for the year ended 30 June 2017

Budget ¹			Actual	Actual
2017	\$ '000	Notes	2017	2016
Income from continuing operations				
Revenue:				
4,928	Rates and annual charges	3a	5,221	5,100
19,394	User charges and fees	3b	21,412	21,727
200	Interest and investment revenue	3c	522	922
130	Other revenues	3d	567	1,320
207	Grants and contributions provided for operating purposes	3e,f	648	723
2,718	Grants and contributions provided for capital purposes	3e,f	2,392	3,849
Other income:				
—	Net gains from the disposal of assets	5	78	17
27,577	Total income from continuing operations		30,840	33,658
Expenses from continuing operations				
7,996	Employee benefits and on-costs	4a	8,127	8,032
885	Borrowing costs	4b	163	162
3,594	Materials and contracts	4c	2,026	1,492
7,100	Depreciation and amortisation	4d	5,979	6,945
2,986	Other expenses	4e	3,239	2,976
22,561	Total expenses from continuing operations		19,534	19,607
5,016	Operating result from continuing operations		11,306	14,051
5,016	Net operating result for the year		11,306	14,051
2,298	Net operating result for the year before grants and contributions provided for capital purposes		8,914	10,202

¹ Original budget as approved by Council – refer Note 16

Riverina Water County Council

Statement of Comprehensive Income for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		11,306	14,051
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	3,815	86,322
Total items which will not be reclassified subsequently to the operating result		3,815	86,322
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		3,815	86,322
Total comprehensive income for the year		15,121	100,373

Riverina Water County Council

Statement of Financial Position as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	21,246	19,890
Receivables	7	3,160	5,079
Inventories	8	2,383	2,770
Total current assets		26,789	27,739
Non-current assets			
Infrastructure, property, plant and equipment	9	335,702	320,524
Intangible assets	25	3,575	3,500
Total non-current assets		339,277	324,024
TOTAL ASSETS		366,066	351,763
LIABILITIES			
Current liabilities			
Payables	10	1,449	826
Borrowings	10	1,582	1,499
Provisions	10	3,861	3,803
Total current liabilities		6,892	6,128
Non-current liabilities			
Borrowings	10	10,680	12,262
Total non-current liabilities		10,680	12,262
TOTAL LIABILITIES		17,572	18,390
Net assets		348,494	333,373
EQUITY			
Retained earnings	20	110,199	98,893
Revaluation reserves	20	238,295	234,480
Total equity		348,494	333,373

Riverina Water County Council

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	2017					2016				
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Total equity
Opening balance (as per last year's audited accounts)		98,893	234,480	–	333,373	333,373	84,842	148,158	–	233,000	233,000
a. Correction of prior period errors	20 (c)	–	–	–	–	–	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–
Revised opening balance		98,893	234,480	–	333,373	333,373	84,842	148,158	–	233,000	233,000
c. Net operating result for the year		11,306	–	–	11,306	11,306	14,051	–	–	14,051	14,051
d. Other comprehensive income											
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	3,815	–	3,815	3,815	–	86,322	–	86,322	86,322
Other comprehensive income		–	3,815	–	3,815	3,815	–	86,322	–	86,322	86,322
Total comprehensive income (c&d)		11,306	3,815	–	15,121	15,121	14,051	86,322	–	100,373	100,373
Equity – balance at end of the reporting period		110,199	238,295	–	348,494	348,494	98,893	234,480	–	333,373	333,373

Riverina Water County Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
4,914	Rates and annual charges		5,224	5,130
19,408	User charges and fees		21,474	22,043
229	Investment and interest revenue received		550	1,090
3,197	Grants and contributions		3,074	4,547
	Bonds, deposits and retention amounts received		39	11
702	Other		4,184	2,292
Payments:				
(7,529)	Employee benefits and on-costs		(8,059)	(8,163)
(4,431)	Materials and contracts		(2,507)	(1,995)
(885)	Borrowing costs		(163)	(162)
(2,986)	Other		(3,697)	(4,707)
12,619	Net cash provided (or used in) operating activities	11b	20,119	20,086
Cash flows from investing activities				
Receipts:				
5,136	Sale of investment securities		–	27,500
317	Sale of infrastructure, property, plant and equipment		452	333
Payments:				
(24,431)	Purchase of infrastructure, property, plant and equipment		(17,716)	(35,016)
(18,978)	Net cash provided (or used in) investing activities		(17,264)	(7,183)
Cash flows from financing activities				
Receipts:				
8,000	Proceeds from borrowings and advances		–	–
Payments:				
(1,642)	Repayment of borrowings and advances		(1,499)	(1,411)
6,358	Net cash flow provided (used in) financing activities		(1,499)	(1,411)
(1)	Net increase/(decrease) in cash and cash equivalents		1,356	11,492
2,000	Plus: cash and cash equivalents – beginning of year	11a	19,890	8,398
1,999	Cash and cash equivalents – end of the year	11a	21,246	19,890

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

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

(a) 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.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies, financial position, financial performance or cash flows.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

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

(iv) 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. Note 27 outlines factors considered by Council in determining fair value.

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 7.

(ii) Infrastructure, Property, Plant and Equipment

Council has made significant judgement about the fair values, condition and useful lives of its assets in Note 9.

(v) Changes in accounting policies

Council's accounting policies have been consistently applied to all years presented or when compared with previous financial statements unless otherwise stated (refer note 20(d)).

(b) Revenue recognition

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

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

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Annual charges, grants and contributions

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

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

(ii) User charges and fees

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

(iii) Sale of infrastructure, property, plant and equipment

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

(iv) Interest

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

(v) Rent

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

(vii) Other income

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

(c) Impairment of assets

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

Other assets 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.

(d) Cash and cash equivalents

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

(e) Inventories

(i) Stores

Stores are stated at the lower of cost and net realisable value.

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

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

(f) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

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

Loans and receivables are included in receivables (note 7) in the Statement of Financial Position.

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.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially

recognised at fair value and transaction costs are expensed in the income statement.

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

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

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

that a prudent person would exercise in investing Council funds.

(g) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been revalued (every 5 years) to fair value in accordance with mandated policy of the Office of Local Government.

At reporting date, the following classes of I,PP&E were stated at their fair value:

- **Water networks** (External valuation)
- **Operational land** (External valuation)
- **Buildings – specialised/non-specialised** (External valuation)
- **Other structures** (External valuation)
- **Plant and equipment** (as approximated by depreciated historical cost)
- **Other assets** (as approximated by depreciated historical cost)

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle, the latest being 30 June 2016.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising gain or loss relating to that asset class, the increase is first recognised as gain 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.

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office Furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years

Buildings

- Buildings : Masonry	50 to 100 years
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Water Assets

- Reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

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.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(h) Payables

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

(i) Borrowings

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

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

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

(j) Borrowing costs

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

(k) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting 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 vesting sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) 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.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

Defined Contribution Plans

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

(l) Intangible assets

Water Licence Rights

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

(m) 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 which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(n) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

(o) Rounding of amounts

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

(p) Comparative figures

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

(q) Disclaimer

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

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000 Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).													
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)		
	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	
Water supplies	27,577	30,840	33,658	22,561	19,534	19,607	5,016	11,306	14,051	648	723	366,066	351,763	
Total functions and activities	27,577	30,840	33,658	22,561	19,534	19,607	5,016	11,306	14,051	648	723	366,066	351,763	
General purpose income ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	
Operating result from continuing operations	27,577	30,840	33,658	22,561	19,534	19,607	5,016	11,306	14,051	648	723	366,066	351,763	

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

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

WATER SUPPLIES

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

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Annual charges			
Ordinary rates			
Nil			
Special rates			
Nil			
Annual charges (pursuant to s.501)			
Water supply services - Commercial		485	476
Water supply services - Residential		4,736	4,624
Total annual charges		5,221	5,100
<u>TOTAL ANNUAL CHARGES</u>		<u>5,221</u>	<u>5,100</u>
(b) User charges and fees			
Specific user charges (per s.502 – specific ‘actual use’ charges)			
Water supply services - Commercial		6,778	6,405
Water supply services - Residential		13,694	14,137
Total user charges		20,472	20,542
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67		153	116
Section 603 certificates		147	150
Total fees and charges – statutory/regulatory		300	266
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Leaseback fees – Council vehicles		26	29
Standpipe fees		203	162
Water connection fees		411	728
Total fees and charges – other		640	919
<u>TOTAL USER CHARGES AND FEES</u>		<u>21,412</u>	<u>21,727</u>

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		104	102
– Interest earned on investments (interest and coupon payment income)		418	820
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>522</u>	<u>922</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		104	102
General Council cash and investments		418	820
<u>Total interest and investment revenue recognised</u>		<u>522</u>	<u>922</u>
(d) Other revenues			
Reversal of prior period revaluation decrements (Intangible Assets)	25	75	750
Insurance claim recoveries		138	308
Lease rental		22	28
Sales – general		204	228
Sales – scrap material		23	6
Temporary water allocation		105	–
<u>TOTAL OTHER REVENUE</u>		<u>567</u>	<u>1,320</u>

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Specific purpose				
Pensioners' rates subsidies:				
– Water	205	219	–	–
Diesel and alternative fuels	10	16	–	–
LIRS subsidy	433	488	–	–
Total specific purpose	648	723	–	–
Total grants	648	723	–	–
Grant revenue is attributable to:				
– Commonwealth funding	433	488		–
– State funding	215	235		–
	648	723	–	–
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 64 – water supply contributions	–	–	2,392	3,849
Total developer contributions	–	–	2,392	3,849
Other contributions:				
Nil				
TOTAL GRANTS AND CONTRIBUTIONS	648	723	2,392	3,849

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		6,897	7,049
Travel expenses		148	193
Employee leave entitlements (ELE)		1,182	1,275
Superannuation		1,252	1,152
Workers' compensation insurance		120	101
Fringe benefit tax (FBT)		44	57
Payroll tax		466	414
Training costs (other than salaries and wages)		246	162
Uniforms		51	52
Sick leave bonus		276	–
Total employee costs		10,682	10,455
Less: capitalised costs		(2,555)	(2,423)
TOTAL EMPLOYEE COSTS EXPENSED		8,127	8,032
Number of 'full-time equivalent' employees (FTE) at year end		94	93
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		737	816
Total interest bearing liability costs		737	816
Less: capitalised costs - Water Treatment Plant		(574)	(654)
Total interest bearing liability costs expensed		163	162
(ii) Other borrowing costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		163	162

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		269	205
Contractor and consultancy costs		1,700	1,177
Auditors remuneration ⁽¹⁾		47	44
Legal expenses:			
– Legal expenses: other		10	66
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>2,026</u>	<u>1,492</u>
Auditor remuneration			
During the year, the following fees were incurred for services provided by Council's Auditors:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's External Auditor		28	26
– Other audit and assurance services: Council's Internal Auditor		19	18
Remuneration for audit and other assurance services		<u>47</u>	<u>44</u>
Total Auditor remuneration		<u>47</u>	<u>44</u>
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		481	457
Office equipment		178	156
Infrastructure:			
– Buildings – non-specialised		47	49
– Buildings – specialised		142	107
– Water supply network		5,131	6,176
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>5,979</u>	<u>6,945</u>

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		52	39
Bank charges		115	106
Computer software charges		223	160
Members expenses – chairperson's fee		9	9
Members expenses – members fees		51	50
Members expenses (incl. chairperson) – other (excluding fees above)		15	15
Demand management		1	3
Donations, contributions and assistance to other organisations (Section 356)		40	49
Electricity and heating		1,929	1,767
Fair value decrements – I,PP&E	9(a)	–	15
Insurance		160	152
Office expenses (including computer expenses)		102	78
Postage		116	96
Printing and stationery		29	26
Subscriptions and publications		33	42
Telephone and communications		145	113
Rates and User Charges		219	256
<u>TOTAL OTHER EXPENSES</u>		<u>3,239</u>	<u>2,976</u>

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2017	Actual 2016
Plant and equipment			
Proceeds from disposal – plant and equipment		452	333
Less: carrying amount of plant and equipment assets sold/written off		(374)	(316)
<u>Net gain/(loss) on disposal</u>		<u>78</u>	<u>17</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>78</u>	<u>17</u>

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

		2017	2017	2016	2016
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		469	–	287	–
Cash-equivalent assets					
– Deposits at call		1	–	1	–
– Short-term deposits		20,776	–	19,602	–
Total cash and cash equivalents		21,246	–	19,890	–
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		21,246	–	19,890	–

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
\$ '000				
Total cash, cash equivalents and investments	21,246	–	19,890	–
attributable to:				
External restrictions (refer below)	–	–	–	–
Internal restrictions (refer below)	8,093	–	7,845	–
Unrestricted	13,153	–	12,045	–
	21,246	–	19,890	–

2017 \$ '000		Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Details of restrictions					
Developer contributions – general	(D)	–	2,392	(2,392)	–
External restrictions – other		–	2,392	(2,392)	–
Total external restrictions		–	2,392	(2,392)	–
Internal restrictions					
Employees leave entitlement	(A)	1,141	17	–	1,158
Asset replacement		1,704	1,797	(1,566)	1,935
Sales fluctuation		5,000	–	–	5,000
Total internal restrictions		7,845	1,814	(1,566)	8,093
TOTAL RESTRICTIONS		7,845	4,206	(3,958)	8,093

A A provision of 30% of Employee Leave Entitlements has been made

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		755	—	758	—
User charges and fees		1,785	—	1,757	—
Accrued revenues					
Accrued interest on investments		37	—	65	—
Government grants and subsidies		205	—	219	—
Sundry debtors		378	—	2,280	—
Total		3,160	—	5,079	—
Less: provision for impairment					
Nil					
TOTAL NET RECEIVABLES		3,160	—	5,079	—

There are no restrictions applicable to the above assets.

Notes on debtors above:

- (i) Annual charges outstanding are secured against the property. Interest was charged on overdue charges at 8.5% (2016 8.5%). Generally all other receivables are non-interest bearing.
- (ii) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		2,383	–	2,770	–
Total inventories at cost		2,383	–	2,770	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		2,383	–	2,770	–

(b) Other assets

Nil

Externally restricted assets

There are no restrictions applicable to the above assets.

Riverina Water County Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period					as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	28,292	–	28,292	–	9,474	–	–	–	37,766	–	37,766
Plant and equipment	5,741	2,982	2,759	975	–	(373)	(481)	–	5,897	3,017	2,880
Office equipment	844	423	421	128	–	–	(178)	–	950	579	371
Land:											
– Operational land	3,650	–	3,650	64	–	–	–	–	3,714	–	3,714
Infrastructure:											
– Buildings – non-specialised	3,582	437	3,145	195	–	–	(47)	–	3,778	485	3,293
– Buildings – specialised	12,215	787	11,428	69	–	–	(142)	–	12,284	929	11,355
– Water supply network	403,863	133,034	270,829	5,578	1,232	–	(5,131)	3,815	414,489	138,166	276,323
<u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</u>	458,187	137,663	320,524	7,009	10,706	(373)	(5,979)	3,815	478,878	143,176	335,702

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

Council has no externally restricted infrastructure, property, plant and equipment.

Note 9c. Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		97	–	165	–
Accrued expenses:					
– Salaries and wages		183	–	158	–
– Other expenditure accruals		1,081	–	454	–
Security bonds, deposits and retentions		88	–	49	–
Total payables		1,449	–	826	–
Income received in advance					
Nil					
Borrowings					
Loans – secured ¹		1,582	10,680	1,499	12,262
Total borrowings		1,582	10,680	1,499	12,262
Provisions					
Employee benefits:					
Annual leave		917	–	916	–
Sick leave		6	–	6	–
Long service leave		2,938	–	2,881	–
Total provisions		3,861	–	3,803	–
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		6,892	10,680	6,128	12,262

Liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above liabilities.

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 15.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,210	3,187
Payables – security bonds, deposits and retentions	88	49
	3,298	3,236

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	21,246	19,890
Balance as per the Statement of Cash Flows		21,246	19,890
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		11,306	14,051
Adjust for non-cash items:			
Depreciation and amortisation		5,979	6,945
Net losses/(gains) on disposal of assets		(78)	(17)
Reversal of prior period Intangible Asset revaluation decrements direct to the P&L		(75)	(750)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Write offs relating to the fair valuation of I,PP&E		–	15
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		1,919	(1,302)
Decrease/(increase) in inventories		387	1,001
Decrease/(increase) in other assets		–	7
Increase/(decrease) in payables		(68)	126
Increase/(decrease) in other accrued expenses payable		652	(140)
Increase/(decrease) in other liabilities		39	11
Increase/(decrease) in employee leave entitlements		58	139
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		20,119	20,086

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Nil			
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		250	250
Credit cards/purchase cards		90	90
Total financing arrangements		340	340
Amounts utilised as at balance date:			
– Credit cards/purchase cards		6	13
Total financing arrangements utilised		6	13

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

Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years income.

(e) Bank guarantees

Council has no Bank Guarantees to any external 3rd parties outstanding at year end.

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Water Treatment Plant		4,232	11,311
Shires Reservoir		82	–
These expenditures are payable as follows:			
Within the next year		4,314	11,311
Total payable		4,314	11,311
Sources for funding of capital commitments:			
Unrestricted general funds		4,314	3,311
New loans (to be raised)		–	8,000
Total sources of funding		4,314	11,311

Details of capital commitments

Contract for the construction of the Wagga Wagga Water treatment plant, project to be finalised during 2017/18 financial year.

Contract for the Shires Reservoir earthworks to be finalised during 2017/18 financial year.

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	8,761	30.96%	32.54%	26.45%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	28,295				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	27,647	90.09%	86.10%	87.79%	>60.00%
Total continuing operating revenue ⁽¹⁾	30,687				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	26,789	7.45x	9.59x	15.75x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	3,594				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	14,903	8.97x	10.53x	6.74x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,662				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	755	12.41%	12.65%	13.65%	<10% Rural
Rates, annual and extra charges collectible	6,083				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	21,246	16.01 mths	14.5 mths	26.1 mths	> 3 mths
Payments from cash flow of operating and financing activities	1,327				

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

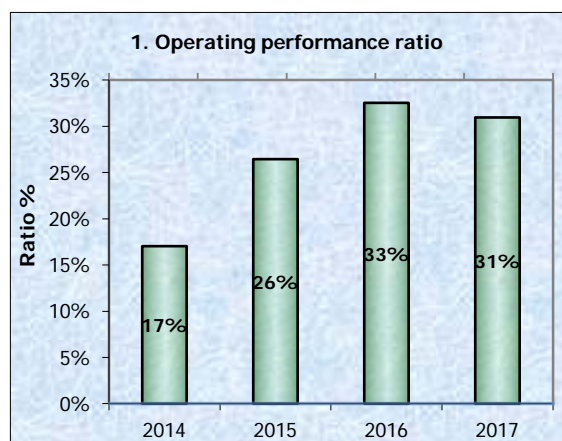
⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of operating performance ratio

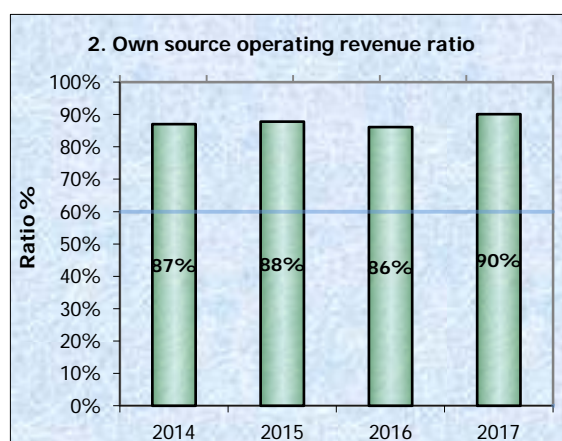
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2016/17 result

2016/17 ratio 30.96%

Extremely dry and hot weather over summer period resulted in higher than anticipated water sales. Operating expenditure lower than budgeted due to borrowing costs being capitalised for the Wagga Water Treatment Plant project, as well as lower than budgeted depreciation following external revaluations performed in 2016.

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of own source operating revenue ratio

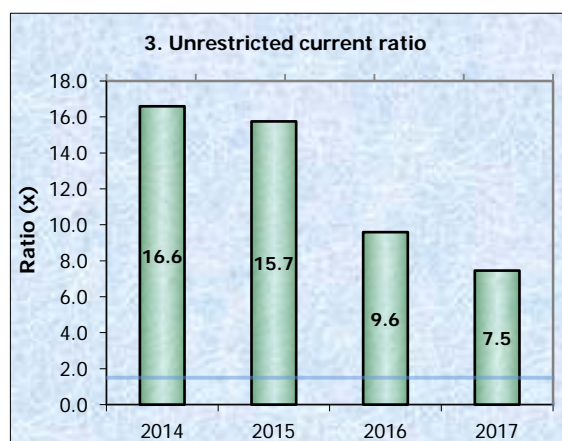
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2016/17 result

2016/17 ratio 90.09%

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

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

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 2016/17 result

2016/17 ratio 7.45x

A reduction in this ratio during 2016/17 is due to a reduction in accounts receivables owing and an increase in accounts payables due to invoices not yet paid for the Water Treatment Plant Project.

Ratio achieves benchmark
 Ratio is outside benchmark

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Purpose of debt service cover ratio

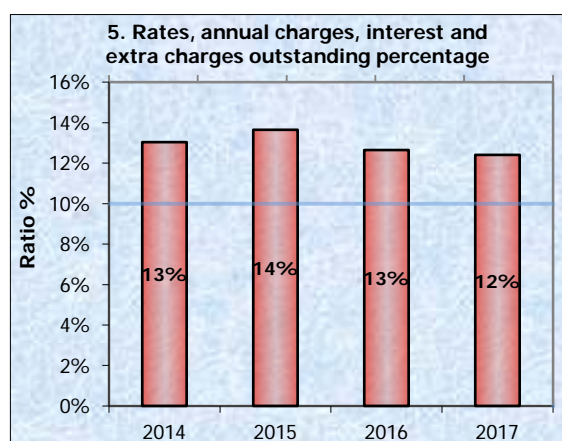
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2016/17 result

2016/17 ratio 8.97x

A slightly lower operating result in 2016/17 compared to 2015/16 has slightly reduced this ratio. Interest being capitalised on the Wagga Water Treatment Plant project has resulted in this ratio being higher than 2014/15 and 2013/14.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25



Purpose of rates and annual charges outstanding ratio

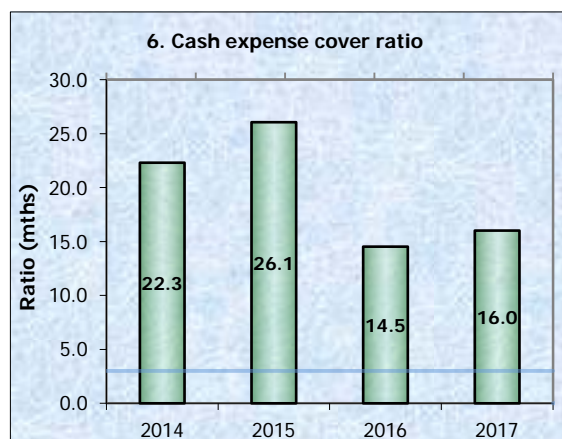
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2016/17 result

2016/17 ratio 12.41%

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

 Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



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 2016/17 result

2016/17 ratio 16.01 mths

An increase in cash compared to 2015/16 due to high water sales and payments not yet made on the Water Treatment Plant project have resulted in a slight increase to this ratio.

 Ratio achieves benchmark
 Ratio is outside benchmark

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

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

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. 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.

The risks associated with the investments held are:

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 1% movement in interest rates	212	212	(212)	(212)
2016				
Possible impact of a 1% movement in interest rates	196	196	(196)	(196)

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

Credit risk on 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 annual charges at higher than market rates which further encourages the payment of debt.

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

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

		2017 Annual charges	2017 Other receivables	2016 Annual charges	2016 Other receivables
(i) Ageing of receivables – %					
Current (not yet overdue)		78%	76%	80%	92%
Overdue		22%	24%	20%	8%
		100%	100%	100%	100%
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables	Annual charges	Other receivables	Annual charges	Other receivables
Current	Current	590	1,830	609	4,011
Overdue	0 – 30 days overdue	165	575	149	310
		755	2,405	758	4,321

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(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	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other payables	88	1,361	–	–	–	–	–	1,449	1,449
Loans and advances	–	2,252	2,250	2,249	2,247	2,245	4,073	15,316	12,262
Total financial liabilities	88	3,613	2,250	2,249	2,247	2,245	4,073	16,765	13,711
2016									
Trade/other payables	49	777	–	–	–	–	–	826	826
Loans and advances	–	2,253	2,252	2,250	2,249	2,247	6,247	17,498	13,761
Total financial liabilities	49	3,030	2,252	2,250	2,249	2,247	6,247	18,324	14,587

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

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

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	1,449	0.00%	826	0.00%
Loans and advances – fixed interest rate	11,906	5.50%	13,380	5.50%
Loans and advances – variable interest rate	356	3.67%	381	3.70%
	<u>13,711</u>		<u>14,587</u>	

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 28 June 2016.

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

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

Note that for variations* of budget to actual :

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

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 Variance* -----		
REVENUES					
Annual charges	4,928	5,221	293	6%	F
User charges and fees	19,394	21,412	2,018	10%	F
Extremely dry and hot weather during summer resulted in higher water sales than budgeted.					
Interest and investment revenue	200	522	322	161%	F
Cash levels are higher than anticipated due to payments for the Water Treatment Plant project being lower than budgeted due to project delays, as well as higher than anticipated water sales. This resulted in increased investment revenue.					
Other revenues	130	567	437	336%	F
Higher than budgeted due to insurance rebates and temporary water licence allocation.					
Operating grants and contributions	207	648	441	213%	F
Variance due to LIRS subsidy being budgeted as a capital grant rather than operational.					
Capital grants and contributions	2,718	2,392	(326)	(12%)	U
Variance due to LIRS subsidy being budgeted as a capital grant rather than operational.					
Net gains from disposal of assets	–	78	78	0%	F
Unanticipated gain on vehicle disposals.					

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----	
EXPENSES				
Employee benefits and on-costs	7,996	8,127	(131)	(2%) U
Borrowing costs	885	163	722	82% F
Interest related to the Wagga Water Treatment Plant project was capitalised for the year.				
Materials and contracts	3,594	2,026	1,568	44% F
Increased focus on capital works projects has diverted expenditure away from operational.				
Depreciation and amortisation	7,100	5,979	1,121	16% F
Depreciation lower than budgeted due to external asset revaluation being prepared after 2017 budgets were finalised.				
Other expenses	2,986	3,239	(253)	(8%) U

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	12,619	20,119	7,500	59.4% F
Higher operating cash flow due to increased water sales due to weather, recovery of prior year accounts receivables.				
Cash flows from investing activities	(18,978)	(17,264)	1,714	(9.0%) F
Cash flows from financing activities	6,358	(1,499)	(7,857)	(123.6%) U
Budgeted borrowings not required due to delay in Water Treatment Plant capital works and better than anticipated water sales.				

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S64 contributions	—	2,392	—	—	(2,392)	—	—	
Total contributions	—	2,392	—	—	(2,392)	—	—	—

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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 participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

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

The schemes most recent full actuarial review was performed by Mr Richard Boyfield, FIAA on 2 December 2016. It indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

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

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans. The expected contributions by Council for the next reporting period is \$302,652.72.

(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.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This is an unlikely event. Amount totals \$75,571 (2015/16 \$94,000).

ASSETS NOT RECOGNISED:

1. Guarantees

(i) Water Treatment Plant Bank Guarantees

The Council holds bank guarantees totalling \$2.6 million for the contract period from contractors responsible for the construction of the Wagga Water Treatment Plant.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		98,893	84,842
a. Net operating result for the year		11,306	14,051
Balance at end of the reporting period		110,199	98,893

(b) Revaluation reserves

(i) Reserves are represented by:

Infrastructure, property, plant and equipment revaluation reserve	238,295	234,480
Total	238,295	234,480

(ii) Reconciliation of movements in reserves:

Infrastructure, property, plant and equipment revaluation reserve			
Opening balance		234,480	148,158
Revaluations for the year	9(a)	3,815	86,322
Balance at end of year		238,295	234,480
TOTAL VALUE OF RESERVES		238,295	234,480

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

(c) Correction of error/s relating to a previous reporting period

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

(d) Voluntary changes in accounting policies

Note 4a Employee benefits and on-costs

Recognition of Sick Leave Bonus paid July 2017 in respect of 2016/17	146	—
----------------------------------------------------------------------	-----	---

Due to the immaterial nature of the above change in policy, this change has not been recognised retrospectively as per AASB 101 paragraph 10(f).

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

\$ '000

Council utilises only a general fund for its operations.

Note 22. 'Held for sale' non-current assets and disposal groups

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 11/10/17.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

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

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 25. Intangible assets

	Actual	Actual
\$ '000	2017	2016

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are as follows:

Opening values:

Gross book value (1/7)	3,500	2,750
Accumulated amortisation (1/7)	–	–
Accumulated impairment (1/7)	–	–
Net book value – opening balance	3,500	2,750

Movements for the year

– Fair valuation (decrement reversal via Income Statement)	75	750
------------------------------------------------------------	----	-----

Closing values:

Gross book value (30/6)	3,575	3,500
-------------------------	-------	-------

TOTAL INTANGIBLE ASSETS – NET BOOK VALUE ¹

<u>3,575</u>	<u>3,500</u>
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¹ The net book value of intangible assets represent:

– Water licences	3,575	3,500
	3,575	3,500

Note 26. Reinstatement, rehabilitation and restoration liabilities

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

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement

\$ '000

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

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

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

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

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

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

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

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

Fair value measurements		Fair value measurement hierarchy			
2017		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
High Security Water Licence	30/06/17	—	3,575	—	3,575
Total financial assets		—	3,575	—	3,575
Infrastructure, property, plant and equipment					
Water Treatment Plants	30/06/16	—	—	27,710	27,710
Ground Water Bores	30/06/16	—	—	6,990	6,990
Water Pumping Stations	30/06/16	—	—	8,263	8,263
Water Reservoirs	30/06/16	—	—	43,610	43,610
Other Water Assets	30/06/16	—	—	945	945
Pipes	30/06/16	—	—	188,806	188,806
Buildings	30/06/16	—	—	14,649	14,649
Land	30/06/16	—	—	3,714	3,714
Plant & Equipment	30/06/16	—	2,879	—	2,879
Office Equipment	30/06/16	—	369	—	369
Total infrastructure, property, plant and equipment		—	3,248	294,687	297,935

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) All assets and liabilities that have been measured and recognised at fair values (continued)

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
High Security Water Licence	30/06/16		3,500		3,500
Total financial assets		–	3,500	–	3,500
Infrastructure, property, plant and equipment					
Water Treatment Plants	30/06/16		–	27,284	27,284
Ground Water Bores	30/06/16		–	7,062	7,062
Water Pumping Stations	30/06/16		–	8,508	8,508
Water Reservoirs	30/06/16		–	43,012	43,012
Other Water Assets	30/06/16		–	960	960
Pipes	30/06/16		–	184,003	184,003
Buildings	30/06/16		–	14,573	14,573
Land	30/06/16		132	3,518	3,650
Plant & Equipment	30/06/16		2,759	–	2,759
Office Equipment	30/06/16		421	–	421
Total infrastructure, property, plant and equipment		–	3,312	288,920	292,232

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

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

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

Financial assets

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

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

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

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

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

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

Plant and Equipment: valued based on actual historical costs.

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

Refer Note 9 for the changes in level 3 fair value asset classes (Infrastructure, Property, Plant & Equipment).

(5). Highest and best use

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

Riverina Water County Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

	Actual 2017
Compensation:	
Short-term benefits	427,321
Post-employment benefits	34,155
Other long-term benefits	16,568
Total	<u>478,044</u>

b. Other transactions with KMP and their related parties

Council has determined that those transactions at arm's length between KMP and Council that are 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 Council's do not hold direct control over Riverina Water County Council and transactions between Councils has not been classified as Related Party transactions.

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

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 29. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	2017	2016	2015	2014	2013
Inflows:					
Rates and annual charges revenue	5,221	5,100	5,031	4,288	3,724
User charges revenue	21,412	21,727	20,994	19,391	18,177
Interest and investment revenue (losses)	522	922	1,140	1,106	513
Grants income – operating and capital	648	723	735	894	463
Total income from continuing operations	30,840	33,658	32,169	28,702	25,777
Sale proceeds from I,PP&E	452	333	166	379	507
New loan borrowings and advances	–	–	–	–	15,000
Outflows:					
Employee benefits and on-cost expenses	8,127	8,032	7,148	7,869	7,433
Borrowing costs	163	162	902	970	402
Materials and contracts expenses	2,026	1,492	3,096	2,548	2,434
Total expenses from continuing operations	19,534	19,607	20,925	21,309	21,771
Total cash purchases of I,PP&E	17,716	35,016	11,870	6,180	5,525
Total loan repayments (incl. finance leases)	1,499	1,411	1,341	1,274	382
Operating surplus/(deficit) (excl. capital income)	8,914	10,202	8,129	4,338	1,159
Financial position figures	2017	2016	2015	2014	2013
Current assets	26,789	27,739	43,453	38,494	31,973
Current liabilities	6,892	6,128	5,904	5,169	4,954
Net current assets	19,897	21,611	37,549	33,325	27,019
Available working capital (Unrestricted net current assets)	15,898	19,068	26,059	16,374	11,426
Cash and investments – unrestricted	13,153	12,045	19,333	10,211	5,419
Cash and investments – internal restrictions	8,093	7,845	16,565	21,607	19,834
Cash and investments – total	21,246	19,890	35,898	31,818	25,271
Total borrowings outstanding (Loans, advances and finance leases)	12,262	13,761	15,172	16,513	17,787
Total value of I,PP&E (excl. land and earthworks)	475,164	454,537	360,265	346,055	336,515
Total accumulated depreciation	143,176	137,663	157,401	150,783	145,282
Indicative remaining useful life (as a % of GBV)	70%	70%	56%	56%	57%

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

Riverina Water County Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 30. Council information and contact details

Principal place of business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact details

Mailing address:

PO Box 456
Wagga Wagga NSW 2650

Opening hours:

Monday - Friday 8:30am - 4pm

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers

GENERAL MANAGER

Mr G Haley

RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

PUBLIC OFFICER

Mr G Haley

AUDITORS

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

Elected members

CHAIRPERSON

Clr G Verdon (Lockhart Shire)

COUNCILLORS

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

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 of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

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 presented, 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 2017, 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' (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 Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statements on 29 September 2016.

The Councillors' Responsibility 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* 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, Note 2(a) and Note 16 budget variation explanations
- on the attached 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.



Lawrissa Chan
Director, Financial Audit Services

11 October 2017
SYDNEY

Mr Graeme Haley
General Manager
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1722272/1822

11 October 2017

Dear Mr Haley

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Riverina Water County Council**

We have audited the general purpose financial statements of the Riverina Water County Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

We have expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires us to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

We did not identify any significant audit issues and observations during the audit of the Council's financial statements.

INCOME STATEMENT

Operating result

	2017 \$'000	2016 \$'000	Variance %
Rates and annual charges revenue	5,221	5,100	2.4 ↑
User Charges and Fees	21,412	21,727	1.5 ↓
Grants and contributions revenue	3,040	4,572	33.5 ↓
Operating result for the year	11,306	14,051	19.5 ↓
Net operating result before capital amounts	8,914	10,202	12.6 ↓

The Council's operating result for the year was a surplus of \$11.3 million for the year ended 30 June 2017 (\$14.1 million for the year ended 30 June 2016). The Council budgeted for a surplus of \$5.0 million.

The Council's net operating result before capital contributions was a surplus of \$8.9 million for the year ended 30 June 2017 (\$10.2 million for the year ended 30 June 2016).

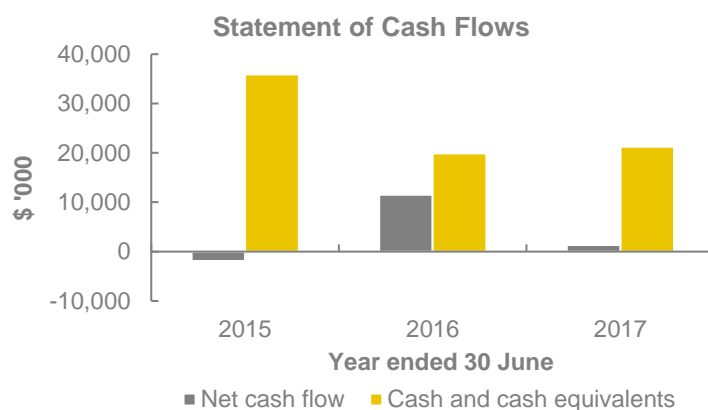
Rates and annual charges have increased by \$0.1 million (2.4 per cent) to \$5.2 million. User charges and fees decreased by \$0.3 million (1.5 per cent) to \$21.4 million. Council resolved not to increase the residential tariff for urban and non-urban usage charges for the 2016-17 financial year.

Grants and contributions revenue decreased by \$1.5 million (33.5 per cent) to \$3.0 million. This is mainly attributed to a decrease in grants and contributions for capital purposes and was the key attribute to the operating result for 2017 being below that reported for 2016.

Council's depreciation and amortisation expense decreased by \$966,000 to \$6.0 million for the year ended 30 June 2017 (\$6.9 million for the year ended 30 June 2016). Council recognised \$37.8 million of capital expenditure as capital works in progress for the year ended 30 June 2017 (\$28.3 million for the year ended 30 June 2016) that are not ready for use and therefore not depreciated. This is mainly attributed to the new water treatment plant being constructed which has not yet been commissioned.

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$1.4 million at 30 June 2017 (net decrease of \$11.5 million at 30 June 2016).
- Net cash provided by operating activities amounted to \$20.1 million. Council recorded cash receipts from rates and annual charges of \$5.2 million and user fees and charge of \$21.4 million. Council recorded \$8.1 million of cash payments for employee benefits and on-costs and \$2.5 million for materials and contracts.
- Net Cash used in investing activities amounted to \$17.3 million. This is largely due to the net cash outflow of \$17.7 million for the purchase of infrastructure, property, plant and equipment during the year including the water treatment plant in progress at 30 June 2017.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$'000	\$'000	
External restrictions	--	--	○ Externally restricted cash and investments are restricted in their use by externally imposed requirements. There was no external restricted cash and investments at 30 June 2017.
Internal restrictions	8,093	7,845	
Unrestricted	13,153	12,045	
Total Cash and investments	21,246	19,890	<p>○ Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in internally restricted cash balances included an increase of \$248,000 relating to funds for asset replacement.</p> <p>○ Unrestricted cash increased \$1.1 million which is an outcome of higher cash balances held by at 30 June 2017 due to timing of progress payments for the construction of the water treatment plant.</p>

Debt

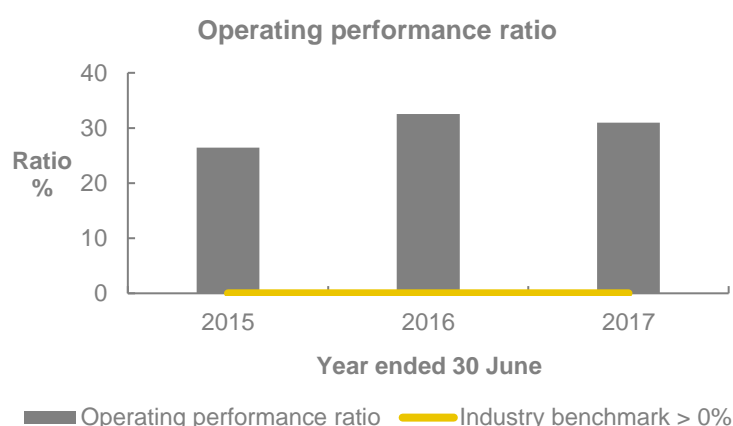
- The Council recognised \$12.3 million in loans at 30 June 2017. The loans are secured over income of Council.
- The Council maintains a bank overdraft facility of \$250,000. As at 30 June 2017, Council had not drawn down on the overdraft facility (2016: \$nil).

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'infrastructure renewals ratio' is defined in Council's Special Schedule 7.

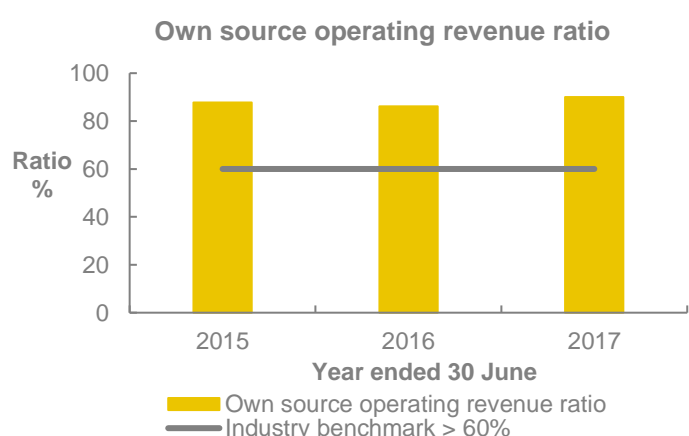
Operating performance ratio

- 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 the Office of Local Government (OLG) is greater than zero per cent.
- The operating performance ratio is 30.96 per cent (2016: 32.54 per cent) and remains well above the industry benchmark of 0 per cent.



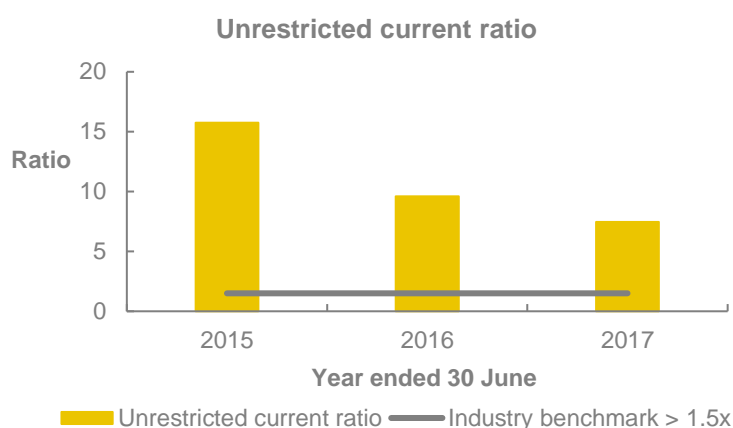
Own source operating revenue ratio

- 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 own source operating revenue ratio increased to 90.09 per cent (2016: 86.10 per cent) due to the increase in rates and annual charges income.
- The ratio remained above the industry benchmark of 60 per cent.



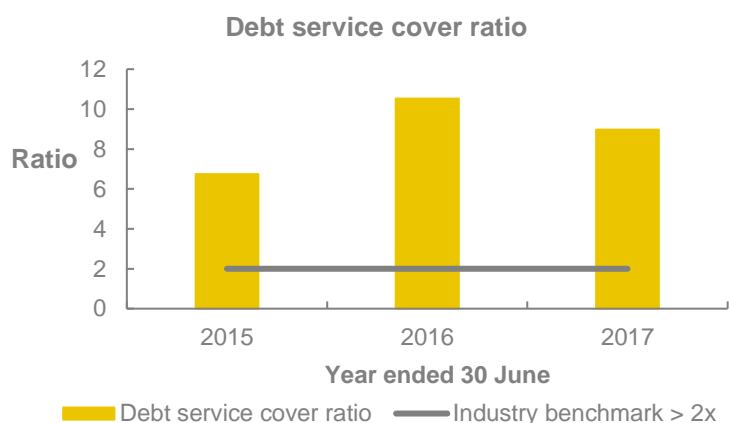
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The unrestricted current ratio shows a decrease in Council's liquidity position compared to the prior year.
- Council continues to report a result in excess of the 1.5:1 benchmark. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.



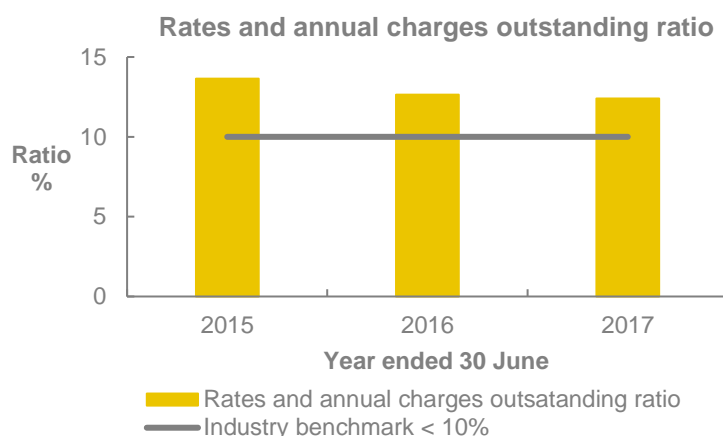
Debt service cover ratio

- 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.
- This ratio indicates 8.97 times (2016: 10.53 times). The Council has adequate revenue to cover the principal repayments and borrowing costs.



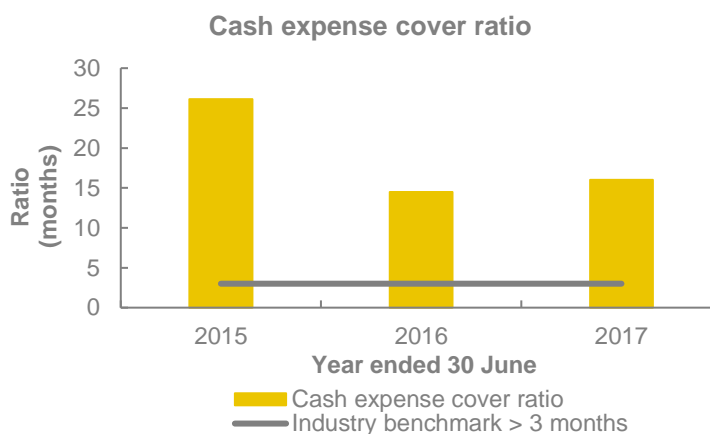
Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' 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 greater than 10 per cent for rural councils.
- The outstanding rates % has remained constant year over year.
- The billing cycle of Water County Councils needs to be considered when assessing this ratio against other Councils.



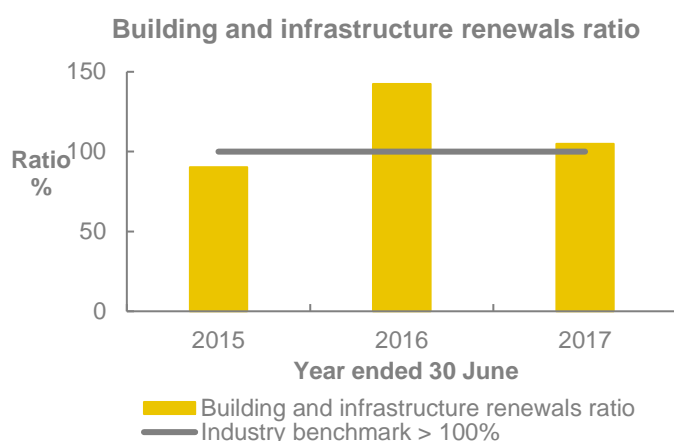
Cash expense cover ratio

- This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- As at 30 June 2017, the Council had the capacity to cover 15 months of cash expenditure without additional cash inflows.



Infrastructure renewals ratio

- The 'infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.
- This ratio is sourced from information contained in Council's Special Schedule 7 which has not been audited.
- Council has performed above the ratio for the current and prior period. Asset renewals decreased to \$5.6 million during 2016–17 from \$9.0 million in 2015–16. This decrease is related to the focus on the construction and development of the new water treatment plant of Council during the 2017 year.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'	
Effective for annual reporting periods beginning on or 1 July 2016	<p>AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:</p> <ul style="list-style-type: none"> ○ compensation paid to their key management personnel ○ nature of their related party relationships ○ amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

Our 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 reports. The Council's:

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



Lawrissa Chan
Director, Financial Audit Services

11 October 2017
SYDNEY

cc: Michele Curran, Manager Corporate Services
David Maxwell, Chair of Audit and Risk Committee
Tim Hurst, Acting Chief Executive of the Office of Local Government

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

**"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 2017

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	n/a
Income Statement – Other Business Activities	n/a
Statement of Financial Position – Water Supply Business Activity	4
Statement of Financial Position – Sewerage Business Activity	n/a
Statement of Financial Position – Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	11

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the 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 2017

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 financial statements:

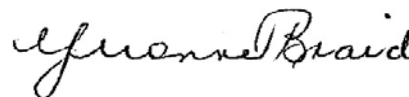
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 16 August 2017.



Clr G Verdon
Chairperson



Clr Y Braid
Councillor



Mr G Haley
General Manager



Ms M Curran
Responsible accounting officer

Riverina Water County Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	5,221	5,100
User charges	21,412	21,727
Fees	—	—
Interest	522	922
Grants and contributions provided for non-capital purposes	648	723
Profit from the sale of assets	78	17
Share of profit from equity accounted investment	—	—
Other income	567	1,320
Total income from continuing operations	28,448	29,809
Expenses from continuing operations		
Employee benefits and on-costs	8,127	8,032
Borrowing costs	163	162
Materials and contracts	1,757	1,542
Depreciation, amortisation and impairment	5,979	6,945
Water purchase charges	269	206
Calculated taxation equivalents	39	40
Debt guarantee fee (if applicable)	—	—
Other expenses	3,239	2,720
Total expenses from continuing operations	19,573	19,647
Surplus (deficit) from continuing operations before capital amounts	8,875	10,162
Grants and contributions provided for capital purposes	2,392	3,849
Surplus (deficit) from continuing operations after capital amounts	11,267	14,011
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	11,267	14,011
Less: corporate taxation equivalent (30%) [based on result before capital]	(2,663)	(3,049)
SURPLUS (DEFICIT) AFTER TAX	8,605	10,962
Plus opening retained profits	98,893	67,519
Plus/less: prior period adjustments - to eliminate tax equiv from Balance Sheet	—	17,323
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	39	40
– Debt guarantee fees	—	—
– Corporate taxation equivalent	2,663	3,049
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	110,199	98,893
Return on capital %	2.7%	3.2%
Subsidy from Council	—	—
Calculation of dividend payable:		
Surplus (deficit) after tax	8,605	10,962
Less: capital grants and contributions (excluding developer contributions)	—	—
Surplus for dividend calculation purposes	8,605	10,962
Potential dividend calculated from surplus	4,302	5,481

Riverina Water County Council

Statement of Financial Position – Council's Water Supply Business Activity as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	21,246	19,890
Investments	–	–
Receivables	3,160	5,079
Inventories	2,383	2,770
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	26,789	27,739
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	335,702	320,524
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	3,575	3,500
Total non-current assets	339,277	324,024
TOTAL ASSETS	366,066	351,763
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	1,449	826
Income received in advance	–	–
Borrowings	1,582	1,499
Provisions	3,861	3,803
Total current liabilities	6,892	6,128
Non-current liabilities		
Payables	–	–
Borrowings	10,680	12,262
Provisions	–	–
Total non-current liabilities	10,680	12,262
TOTAL LIABILITIES	17,572	18,390
NET ASSETS	348,494	333,373
EQUITY		
Retained earnings	110,199	98,893
Revaluation reserves	238,295	234,480
Other reserves	–	–
Council equity interest	348,494	333,373
Non-controlling equity interest	–	–
TOTAL EQUITY	348,494	333,373

Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	6
2	Water Supply Business Best-Practice Management disclosure requirements	9
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies

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

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

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

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

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

Declared business activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$549,000** of combined land values attracts **0%**. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of **2.0%** applies.

In accordance with the Department of Primary Industries Water (DPIW), 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 NSW Office of Water Guidelines to 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 NSW Office of 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 30%.

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 30% is the equivalent company tax rate prevalent at reporting date.

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30 June 2017.

(iv) Dividends

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

Local government water supply businesses are permitted to pay an annual dividend from its water supply business surplus.

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	39,000
(ii)	Number of assessments multiplied by \$3/assessment	100,473
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	39,000
(iv)	Amounts actually paid for tax equivalents	–

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	4,302,250
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	965,730
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	28,344,200

2017 Surplus	8,604,500	2016 Surplus	10,962,400	2015 Surplus	8,777,300
		2016 Dividend	–	2015 Dividend	

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	965,730
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	NO
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	30,345
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	74.82%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	332,452
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	12,165
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	17,715
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	3.63%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement

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 Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council is Water Supply.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

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' (APES 110).

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

Emphasis of Matter - Basis of Accounting

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

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statements on 29 September 2016.

The Councillors' Responsibility for the Financial Statements

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not 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.



Lawrissa Chan
Director, Financial Audit Services

11 October 2017
SYDNEY

Riverina Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

**"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 2017

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Special Schedules¹

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¹ Special Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Riverina Water County Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	—	—	—	—
Administration	—	—	—	—
Public order and safety				
Fire service levy, fire protection, emergency services	—	—	—	—
Beach control	—	—	—	—
Enforcement of local government regulations	—	—	—	—
Animal control	—	—	—	—
Other	—	—	—	—
Total public order and safety	—	—	—	—
Health	—	—	—	—
Environment				
Noxious plants and insect/vermin control	—	—	—	—
Other environmental protection	—	—	—	—
Solid waste management	—	—	—	—
Street cleaning	—	—	—	—
Drainage	—	—	—	—
Stormwater management	—	—	—	—
Total environment	—	—	—	—
Community services and education				
Administration and education	—	—	—	—
Social protection (welfare)	—	—	—	—
Aged persons and disabled	—	—	—	—
Children's services	—	—	—	—
Total community services and education	—	—	—	—
Housing and community amenities				
Public cemeteries	—	—	—	—
Public conveniences	—	—	—	—
Street lighting	—	—	—	—
Town planning	—	—	—	—
Other community amenities	—	—	—	—
Total housing and community amenities	—	—	—	—
Water supplies	19,534	28,448	2,392	11,306
Sewerage services	—	—	—	—

Riverina Water County Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	—	—	—	—
Museums	—	—	—	—
Art galleries	—	—	—	—
Community centres and halls	—	—	—	—
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	—	—	—	—
Swimming pools	—	—	—	—
Parks and gardens (lakes)	—	—	—	—
Other sport and recreation	—	—	—	—
Total recreation and culture	—	—	—	—
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	—	—	—	—
Other mining, manufacturing and construction	—	—	—	—
Total mining, manufacturing and const.	—	—	—	—
Transport and communication				
Urban roads (UR) – local	—	—	—	—
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	—	—	—	—
Sealed rural roads (SRR) – regional	—	—	—	—
Unsealed rural roads (URR) – local	—	—	—	—
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	—	—
Parking areas	—	—	—	—
Footpaths	—	—	—	—
Aerodromes	—	—	—	—
Other transport and communication	—	—	—	—
Total transport and communication	—	—	—	—
Economic affairs				
Camping areas and caravan parks	—	—	—	—
Other economic affairs	—	—	—	—
Total economic affairs	—	—	—	—
Totals – functions	19,534	28,448	2,392	11,306
General purpose revenues ⁽¹⁾		—		—
Share of interests – joint ventures and associates using the equity method	—	—		—
NET OPERATING RESULT ⁽²⁾	19,534	28,448	2,392	11,306

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

Riverina Water County Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	–	–	–							–	–
NSW Treasury Corporation	–	–	–							–	–
Other State Government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	1,499	12,262	13,761	–	1,499	–	–	737	1,582	10,680	12,262
Other	–	–	–							–	–
Total loans	1,499	12,262	13,761	–	1,499	–	–	737	1,582	10,680	12,262
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	1,499	12,262	13,761	–	1,499	–	–	737	1,582	10,680	12,262

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

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

Riverina Water County Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	2,560	1,799
b. Engineering and supervision	3,527	2,940
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	624	768
d. Maintenance expenses	986	982
– Reservoirs		
e. Operation expenses	82	103
f. Maintenance expenses	285	195
– Pumping stations		
g. Operation expenses (excluding energy costs)	14	18
h. Energy costs	1,929	1,767
i. Maintenance expenses	172	226
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	291	365
l. Maintenance expenses	646	571
– Other		
m. Operation expenses	219	359
n. Maintenance expenses	561	473
o. Purchase of water	269	206
3. Depreciation expenses		
a. System assets	5,320	6,332
b. Plant and equipment	659	613
4. Miscellaneous expenses		
a. Interest expenses	163	162
b. Revaluation decrements	–	–
c. Other expenses	1,227	1,728
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	19,534	19,607

Riverina Water County Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	4,736	4,624
b. Usage charges	14,076	14,532
7. Non-residential charges		
a. Access (including rates)	485	476
b. Usage charges	6,387	6,060
c. Other charges	390	345
8. Extra charges	105	102
9. Interest income	417	820
10. Other income	1,126	2,110
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	205	219
c. Other grants	443	487
12. Contributions		
a. Developer charges	2,392	3,849
b. Developer provided assets	–	–
c. Other contributions	–	17
13. Total income	30,762	33,641
14. Gain (or loss) on disposal of assets	78	17
15. Operating result	11,306	14,051
15a. Operating result (less grants for acquisition of assets)	11,306	14,051

Riverina Water County Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	10,706	24,917
c. Renewals	6,034	9,281
d. Plant and equipment	975	818
17. Repayment of debt	–	–
18. Totals	17,715	35,016
Non-operating funds employed		
19. Proceeds from disposal of assets	452	338
20. Borrowing utilised	–	–
21. Totals	452	338
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	29,329	28,925
b. Residential (unoccupied, ie. vacant lot)	1,428	1,371
c. Non-residential (occupied)	2,734	2,733
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	501 ET	576 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 410,653	\$ 448,350

Riverina Water County Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	1,158	–	1,158
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	20,088	–	20,088
26. Receivables			
a. Specific purpose grants	205	–	205
b. Rates and availability charges	755	–	755
c. User charges	1,785	–	1,785
d. Other	415	–	415
27. Inventories	2,383	–	2,383
28. Property, plant and equipment			
a. System assets	–	332,452	332,452
b. Plant and equipment	–	3,250	3,250
29. Other assets	–	3,575	3,575
30. Total assets	26,789	339,277	366,066
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	1,449	–	1,449
33. Borrowings	1,582	10,680	12,262
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	3,861	–	3,861
35. Total liabilities	6,892	10,680	17,572
36. NET ASSETS COMMITTED	19,897	328,597	348,494
EQUITY			
37. Accumulated surplus			110,199
38. Asset revaluation reserve			238,295
39. Other reserves			–
40. TOTAL EQUITY			348,494
Note to system assets:			
41. Current replacement cost of system assets			472,031
42. Accumulated current cost depreciation of system assets			(139,579)
43. Written down current cost of system assets			332,452

Riverina Water County Council

Notes to Special Schedule 3

for the year ended 30 June 2017

Administration ⁽¹⁾

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

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

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

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Riverina Water County Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings												
	Buildings – non-specialised	1	1	2	277	3,293	3,778	40%	54%	6%	0%	0%
	Buildings – specialised	5	5	2	139	11,355	12,284	55%	12%	31%	2%	0%
	Sub-total	6	6	4	416	14,648	16,062	51.6%	21.6%	25.3%	1.5%	0.0%
Water supply network												
	Treatment Plants	8,791	8,791	1,802	1,876	27,710	41,918	0%	17%	38%	45%	0%
	Bores	152	152	961	1,006	6,990	11,546	3%	30%	63%	3%	0%
	Reservoirs	556	556	373	382	43,610	59,657	10%	11%	53%	24%	1%
	Pumping Stations	108	108	486	511	9,208	15,826	9%	9%	68%	7%	7%
	Pipeline	75,536	75,536	1,466	988	188,806	285,542	13%	33%	36%	14%	4%
	Sub-total	85,143	85,143	5,088	4,763	276,323	414,489	10.6%	27.3%	40.6%	18.3%	3.2%
	TOTAL – ALL ASSETS	85,149	85,149	5,092	5,179	290,971	430,551	12.2%	27.1%	40.0%	17.7%	3.1%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Riverina Water County Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts 2017	Indicator 2017	Prior periods 20162015	
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	5,578	104.85%	142.36%	90.34%
Depreciation, amortisation and impairment	5,320			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	85,149	29.26%	16.64%	33.00%
Net carrying amount of infrastructure assets	290,971			
3. Asset maintenance ratio				
Actual asset maintenance	5,179	1.02	0.94	0.54
Required asset maintenance	5,092			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	85,149	19.78%	14.57%	32.22%
Gross replacement cost	430,551			

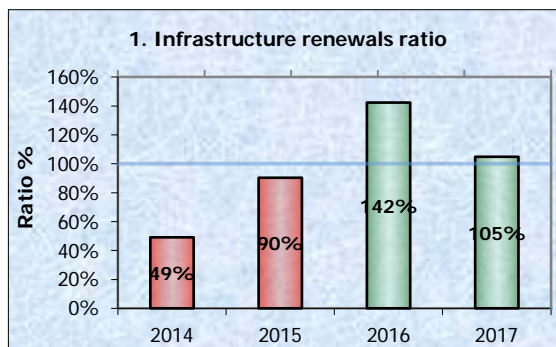
Notes

* All asset performance indicators are calculated using the asset 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.

Riverina Water County Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2017



Benchmark: — Minimum $\geq 100.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of asset renewals ratio

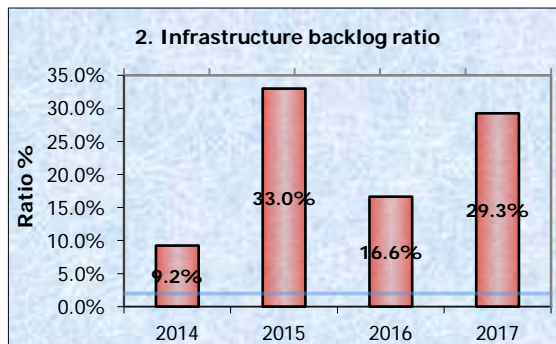
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2016/17 result

2016/17 Ratio 104.85%

Significant capital projects, including large pipe replacements, have continued in 2016/17, which has resulted in a high ratio for the year.

Ratio achieves benchmark
Ratio is outside benchmark



Benchmark: — Maximum $< 2.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of infrastructure backlog ratio

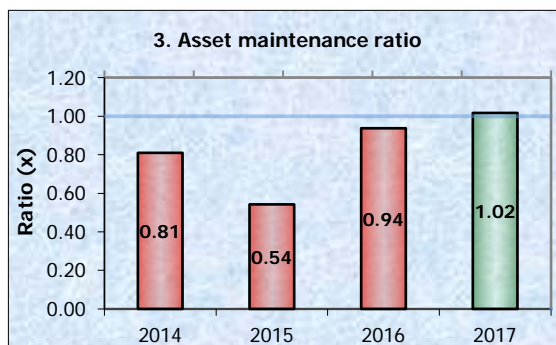
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2016/17 result

2016/17 Ratio 29.26%

Additional pipelines have been identified as needing replacement, which has significantly increased the ratio for 2016/17.

Ratio achieves benchmark
Ratio is outside benchmark



Benchmark: — Minimum > 1.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of asset maintenance ratio

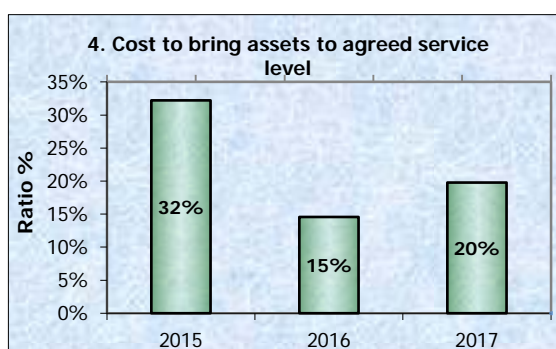
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on 2016/17 result

2016/17 Ratio 1.02 x

Council has a regular maintenance program which is in place to ensure required maintenance is undertaken.

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on 2016/17 result

2016/17 Ratio 19.78%

Additional pipelines being identified as needing replacement increased this ratio for 2016/17. The ratio was reducing over prior years due to the Wagga Water Treatment Plant construction.

GENERAL INFORMATION

CUSTOMER INFORMATION - PAYMENT FACILITIES

TELEPHONE Australia Post Telephone Billpay

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

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

TO PAY BY THE INTERNET **www.postbillpay.com.au**
(Access to this option is also available via Council's Internet site listed above).

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

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

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

EMERGENCY NUMBERS

**ADMINISTRATIVE OFFICE, WATER DEPOT, WATERWORKS
LOCATED ON SITE AT
91 HAMMOND AVENUE, WAGGA WAGGA, NSW 2650**

GENERAL ENQUIRIES: (02) 6922 0608

SERVICE CENTRE: (02) 6922 0608

FAX: (02) 6921 2241

EMAIL: admin@rwcc.nsw.gov.au

WEBSITE: www.rwcc.nsw.gov.au

EMERGENCY

Wagga Wagga (02) 6922 0608 All hours
The Rock
Lockhart
Uranquinty
Urana/Oaklands
Culcairn/Holbrook/Walla Walla



91 Hammond Avenue, Wagga Wagga NSW 2650
Phone 02 6922 0608 Fax 02 6921 2241
www.rwcc.nsw.gov.au