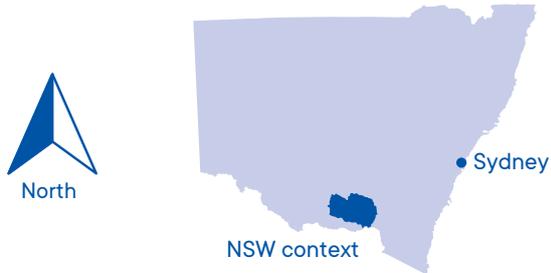
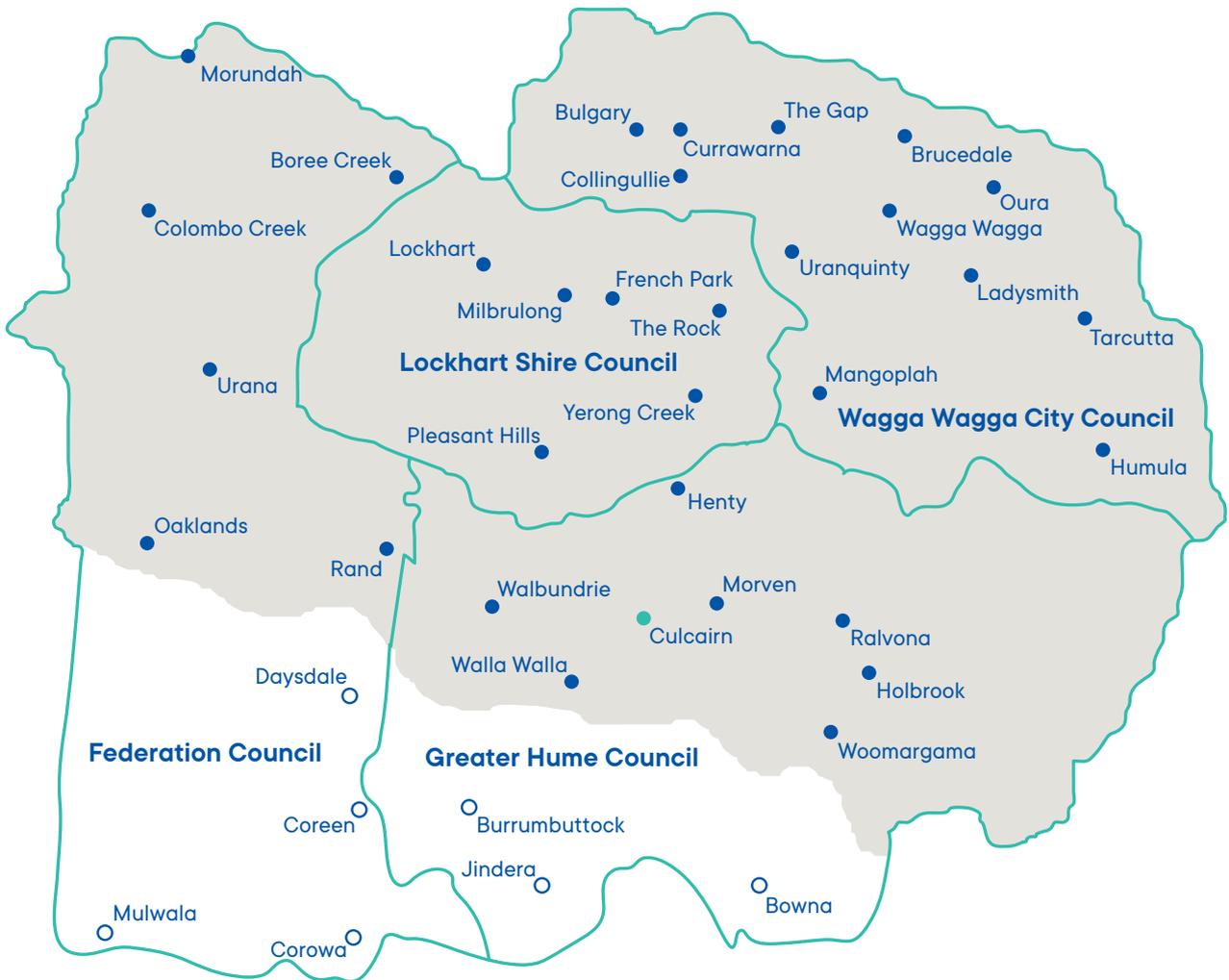




Riverina Water Annual Report 2021-2022

Area of supply



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

All Images: Riverina Water County Council
 Front Cover: Riverina Water's state-of-the-art \$144M Water Treatment Plant, which was officially opened in October 2021

Mission statement

Our mission

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

Our values

- › Respect
- › Honesty
- › Integrity

Our goals



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Chairperson and Chief Executive Officer message

2021-2022

We are pleased to present Riverina Water's Annual Report for 2021-22.

Yet again we are experiencing very good seasonal conditions which is contributing to a third year of improved confidence for the annual cropping period. Increased rainfall will underpin economic activity for the region and importantly, restore confidence that will drive investment for the region.

In marking Riverina Water's 24th year, this report highlights our ongoing success in supporting the health and prosperity of our region.

We again enjoyed a very successful financial year, although revenue decreased due to the increased annual rainfall which underpinned Councils sound financial position. Overall water production for 2021-22 was close to 12,367 megalitres, a decrease of 600 megalitres on the 2021 overall production (which was also a year of high rainfall and thus lower water sales).

In 2021-22, we continued to implement our Community Engagement Strategy to support the residents who are at the centre of everything that we do. Projects and initiatives included continuing our drinking water refill station program for our constituent councils, the continuation of our Community Grants Program with Council having now allocated \$1.5M over the past 3 years to community organisations throughout our supply area.

Achievements and awards

The Board and management were particularly proud to be the recipient of the prestigious Sam Samra Award in February 2022, which recognised Riverina Water as the most improved local government water or sewerage utility in NSW.

The judges applauded Riverina Water for the development of its Integrated Water Cycle Management Strategy – a significant 30-year plan that sets out how the region's drinking water needs will be managed until 2050.

Additionally, the judges highlighted Riverina Water's:

- › Planned \$22M solar generation project
- › Upgrading its telemetry system to a digital radio network
- › Implementing its Information and Communications Technology (ICT) strategic plan
- › Implementing a new customer-centric enterprise software platform to meet customer expectations and improve integration with asset management and financial systems

The solar generation plant is a key aspect of our organisation's Net Zero Policy, which was adopted in December 2021. With planning for the solar project well underway, Riverina Water has set a net zero target of 2030. In 2021-22, we also added our first electric vehicle to our fleet.

The industry accolades continued with Riverina Water being recognised by the engineering industry for our \$44M Wagga Wagga Water Treatment Plant.

It was the second year in a row that Riverina Water received a highly commended for Innovation in Water Supply at the NSW&ACT Institute of Public Works Engineering Australasia (IPWEA).

The plant was officially opened in October 2021, proving to be a fitting farewell for the outgoing Board. The once-in-a-generation infrastructure project will allow Riverina Water to treat more water from the Murrumbidgee River and distribute across its 15,000sq km supply area.

The plant can output 55 megalitres a day, compared to 40 megalitres of the old plant, which was originally constructed in 1938. It is designed to treat water from the Murrumbidgee River with turbidity levels seven-and-a-half times higher than the previous plant.

Finances

We remain committed to providing water at the lowest sustainable cost. In 2019-20 and again in 2020-21 in recognition of the then dry seasonal conditions, Council decided not to increase any of its fees and charges. In 2021-22 Council increased its fees and charges by a modest 1.8% or \$10 a year for the average annual water account. Council left the access charge at \$160 for 2021-22.

The adopted budget for 2021-22 included a forecast operating result of \$4.159M. The actual result for 2021-22 was a surplus of \$6.639M, which was quite pleasing considering the impact of rainfall on Council's revenue last year.

In addition, Riverina Water continues with an extensive capital works program of \$21.2M in 2022-23, and then averaging around \$20M per annum for the following 3 years.

One of the most pleasing aspects of the annual budget are the sponsorships that we provide to various organisations across our four constituent Councils. During 2021-22, more than \$60,000 in financial support was provided to 26 events, organisations and initiatives.

Strategy

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

In June 2022 Council adopted its Business Activity Strategic Plan (BASP). The BASP is Council's strategy for implementing the priorities from its 30-year IWCMP. It ensures that Council aligns itself to the provision of appropriate, affordable, cost-effective and sustainable urban water services that meet community needs and protect public health and the environment.

The BASP is a key strategic tool in Council's overall strategic planning framework. The BASP replaces the 2013 BASP and should be read alongside Council's Resourcing Strategy and Community Engagement Strategy.

The BASP has been developed having regard to the Community Strategic Plans of our four constituent councils.

The BASP also complies with the NSW Government's Best-Practice Management of Water Supply and Sewerage Guidelines (2007).

The plan has informed the drafting of the 2022-24 Delivery Plan and the 2022-23 Operational Plan. The BASP has established 3 strategic priorities being:

- › Our People – “we have a high-performance culture, achieved through accountability, diversity, respect and investment in our people”
- › Our Business – “We strive to be an industry leader by continuously improving our operations and the management of our assets”
- › Our Community – “We enable our community and customers to thrive by providing exceptional service and demonstrating social responsibility”

These three priorities are underpinned by our three focus areas (or themes) being:

- › Customer Centricity – We put customers at the heart of everything we do
- › Innovation - We are a successful organisation that pursues innovation and continuous improvement at all times
- › Sustainability - We are environmentally responsible, financially secure and aspire to have a positive impact on our natural world

Water quality

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

COVID-19

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

Our team

Following the local government elections in December 2021 we welcomed a new Board. We are fortunate to have an experienced and diverse Board that provides strong support to our executive team. The new Board has continued to provide a sound and supportive base to Riverina Water and both of us. We wish to acknowledge them all for their commitment to Council. We also acknowledge the efforts of the senior management team for their timely and sound advice to the Board.

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

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



A handwritten signature in black ink, appearing to read 'A Crakanthorp', written in a cursive style.

Andrew Crakanthorp
Chief Executive Officer



A handwritten signature in black ink, appearing to read 'Tim Koschel', written in a cursive style.

Councillor Tim Koschel
Chairperson

Water Quality Supervisor Fiona Smith and Tim Matthews –
Team Member Watermain Construction



About Council

Council 1 July 2021 – 3 December 2021

Board Members



Councillor Greg Verdon
Lockhart Shire Council
Chairperson



Councillor Tim Koschel
Wagga Wagga City Council
Deputy Chairperson



Councillor Pat Bourke
Federation Council



Councillor Yvonne Braid OAM
Wagga Wagga City Council



Councillor Greg Conkey OAM
Wagga Wagga City Council



Councillor Dan Hayes
Wagga Wagga City Council



Councillor Vanessa Keenan
Wagga Wagga City Council



Councillor Doug Meyer OAM
Greater Hume Council



Councillor Tony Quinn
Greater Hume Council

Management



Andrew Crakanthorp
Chief Executive Officer



Bede Spannagle
Director Engineering



Emily Tonacia
Director Corporate Services

Council 4 December 2021 – 30 June 2022

Board Members



Councillor Tim Koschel
Wagga Wagga City Council
Chairperson



Councillor Doug Meyer OAM
Greater Hume Council
Deputy Chairperson



Councillor Pat Bourke
Federation Council



Councillor Georgie Davies
Wagga Wagga City Council



Councillor Gail Driscoll
Lockhart Shire Council



Councillor Dan Hayes
Wagga Wagga City Council



Councillor Michael Henderson
Wagga Wagga City Council



Councillor Jennifer McKinnon
Wagga Wagga City Council



Councillor Tony Quinn
Greater Hume Council

Management



Andrew Crakanthorp
Chief Executive Officer



Bede Spannagle
Director Engineering



Emily Tonacia
Director Corporate Services

Terms of office

Chairperson

Koschel, Tim	February 2022 to present
Verdon Greg	October 2016 to December 2021
Hiscock, Garry	October 2012 to October 2016
Kendall, Rod	October 2008 to October 2012
Yates, Peter	October 2007 to October 2008
Vidler, Lindsay	May 2004 to October 2007
Brassil AM, Patrick	July 1997 to March 2004

Deputy Chairperson

Meyer, Doug OAM	February 2022 to present
Koschel, Tim	August 2021 to December 2021
Funnell, Paul	October 2016 to July 2021
Verdon, Greg	October 2013 to October 2016
McInerney, John	October 2011 to October 2013
Yates, Peter	October 2010 to October 2011
McInerney, John	October 2008 to October 2010
Kendall, Rod	October 2007 to October 2008
Yates, Peter	October 2003 to October 2007
Coghill, Ian	July 1997 to October 2003

Current Councillors

Bourke, Pat	Federation	October 2017 to present
Davies, Georgie	Wagga Wagga	January 2022 to present
Driscoll, Gail	Lockhart	January 2022 to present
Hayes, Dan	Wagga Wagga	August 2021 to present
Henderson, Michael	Wagga Wagga	January 2022 to present
Koschel, Tim	Wagga Wagga	October 2016 to present
McKinnon, Jennifer	Wagga Wagga	January 2022 to present
Meyer OAM, Doug	Greater Hume	October 2012 to present
Quinn, Tony	Greater Hume	October 2016 to present

Meeting attendance 2021-2022

July – December 2021

Councillor	No. of meetings	Attendance
Pat Bourke	2	2
Yvonne Braid OAM	2	1
Greg Conkey OAM	2	1
Dan Hayes	2	2
Vanessa Keenan	2	2
Tim Koschel	2	2
Doug Meyer OAM	2	2
Tony Quinn	2	1
Greg Verdon	2	2

December 2021 – June 2022

Councillor	No. of meetings	Attendance
Pat Bourke	5	3
Georgie Davies	5	5
Gail Driscoll	5	3
Dan Hayes	5	4
Michael Henderson	5	5
Tim Koschel	5	5
Jennifer McKinnon	5	5
Doug Meyer OAM	5	5
Tony Quinn	5	5

Fees, facilities and expenses

Regulation 217 (1) (a1)

Chairperson Allowance	\$11,725
Councillors' Fees	\$84,895
Councillors' Expenses	\$17,715
Conference/Seminar Fees	\$9,483
Spouse/Partner Conference Expenses	\$223

Council's Policy in respect of these matters is detailed at page 51.



Customer Service Trainee Brianna Clarke is one of many local apprentices and trainees gaining a qualification while working with Riverina Water

Personnel and delegation

Senior staff

Chief Executive Officer

Andrew Crakanthorp

January 2018 to present

Contracted Senior Staff

Bede Spannagle (Director Engineering)

February 2014 to present

Emily Tonacia (Director Corporate Services)

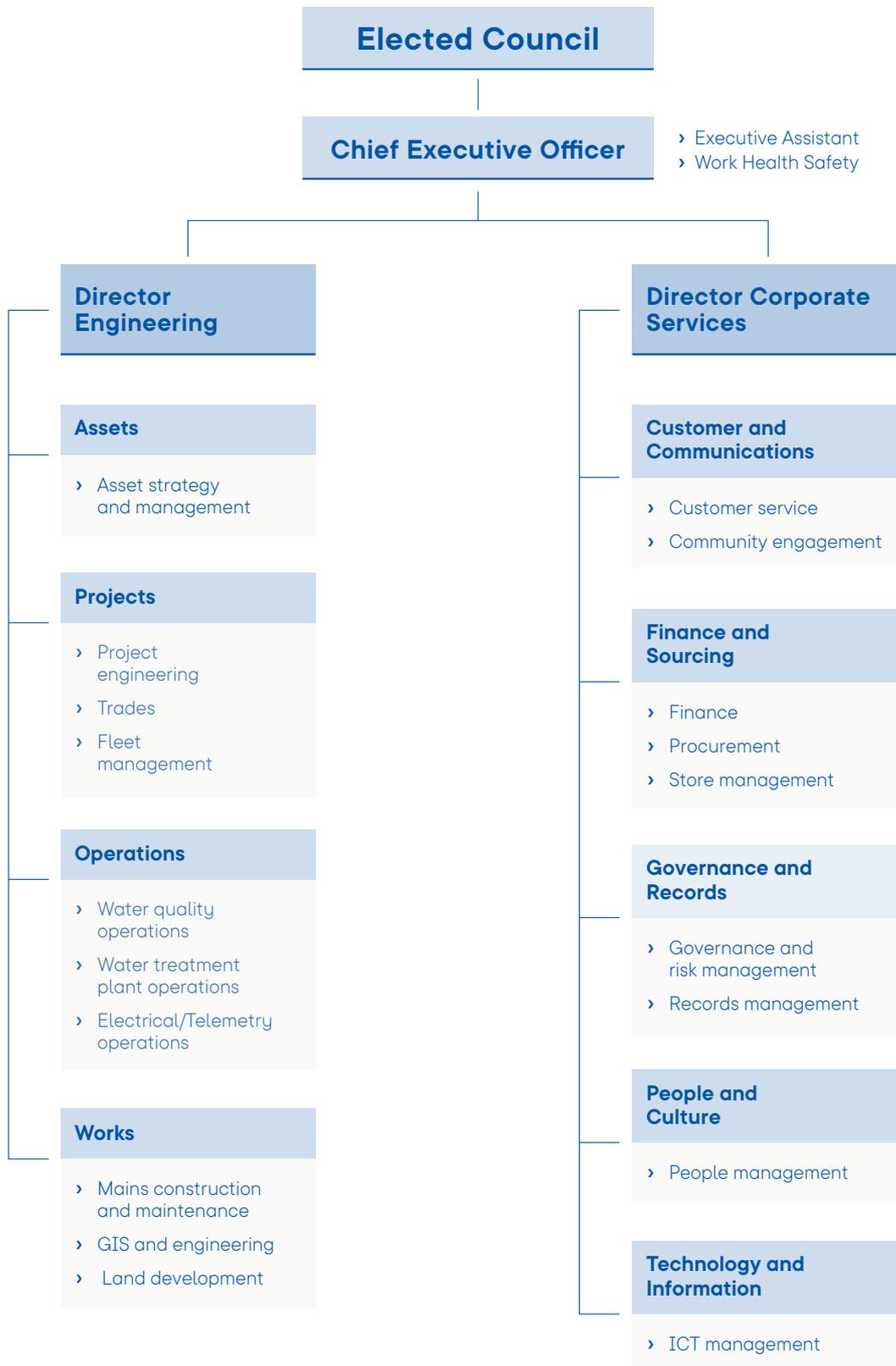
July 2021 to present

Total remuneration for senior staff

Regulation 217 (1) (b&c)

The total remuneration cost of the Chief Executive Officer was \$252,356.32 including salaries, superannuation, private use of a Council car and fringe benefits tax. The total remuneration cost of the Director Engineering and Director Corporate Services was \$384,654.60 including salaries, superannuation, private use of a Council car and fringe benefits tax.

Organisation structure



Audit Risk and Improvement Committee (ARIC)

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

The Committee met on 14 July 2021, 10 November 2021, 23 March 2022 and 5 May 2022 (all ordinary meetings) and on 15 September 2021 as a special meeting to consider the draft Annual Financial Statements.

During 2021-2022 the ARIC considered internal audit reports on the following matters:

- › Executive Officer Legislative Compliance
- › Land and Buildings

Although the final Risk Management and Internal Audit Framework for local councils in NSW guidelines are still to be released, Riverina Water has commenced implementing some of the practices outlined in those guidelines. An initial increase in fees was approved by the Board in April 2022 as well as approval to recruit a third independent member to the Committee. This will create a rolling membership to ensure continuity in the years ahead.

Governance

With a new Board commencing in February 2022, there has been a considerable effort in reviewing all public policies during this first 12 months of their term. Some policies have been rescinded as the matters in them were already captured elsewhere, and some were more appropriately considered as a procedure. There have been several new policies presented to the Board and endorsed which are available from our website.

The newly adopted Business Activity Strategic Plan, Delivery Program and Operational Plan have now been uploaded into council's reporting software to enable better reporting. This software is also now regularly being used to report implementation of audit actions to the Audit Risk & Improvement Committee. The annual compliance report to end of June 2021 was also provided to the ARIC with no significant compliance matters to report.

Years of service

The following years of service were recognized on their anniversary during 2021-22 financial year:

5 years

Connor McCauley
Cody Anderson
Gerard Saddler
Zachery Denman
Joshua Matthews
Wendy Reichelt

10 years

Tamarin Taylor

20 years

Robert Jeffery
Natalie Eisenhauer

25 Years

Kathrine Ovens

Human resource activities undertaken by Council

Riverina Water employs a workforce of 103 people, 7 Apprentices/Trainees positions and 2 Cadet Engineers to carry out the range of responsibilities in administering the organisation and supplying water to our communities. From time to time, this workforce is supplemented by a number of temporary staff. Recruitment practices follow all EEO guidelines.

Riverina Water's commitment to developing a skilled workforce within the local community is demonstrated through ongoing engagement of apprentices and trainees, and the hosting of school-based work experience placements throughout the year.

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

Staff turnover

	Corporate Services	CEO	Senior Contract	Operations	Projects	Works
Perm June 2021	13	3	2	23	16	40
Temp June 2021	5			1	2	1
Total	18	3	2	24	18	41
Retired		1				
Resigned	3			3	1	2
Terminated						
Appointed						
Casual						
Internal Transfer						
Transfer to perm						
Temp Appointed						
Temp Terminated						
Perm June 2022	12	2	3	21	15	44
Temp June 2022	5			2	1	3
Total June 2022	20	2	3	23	16	47

Table 1: Staff Turnover 2021-2022

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

Regulation 217 (1) (a9)

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

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

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

EEO strategies

The EEO Program for Council follows the below strategies:

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

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

Disability Inclusion Action Plan (DIAP)

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

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

Training

Staff learning and development is a significant commitment for Council and staff. In addition to regular and ongoing compliance training, Council is also committed to other professional development courses to upskill staff.

Number of employees undertaking training and development for last financial year:	45
Percentage of training completed for last financial year:	61%

Total number of people who performed paid work on Wednesday 25 May 2022:	103
Permanent full-time:	92
Fixed term:	9
Part time:	2
Casual:	0

Enterprise award

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

Staff committees

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

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

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

Work health and safety management 2021-2022

Leadership training for Managers and Supervisors continued in 2021-2022. Management consultation with all staff to promote open discussion on safety

issues and advise on workplace change has continued to increase.

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

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

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

Work health and safety goals and objectives 2021-2022

Objective/Goal

Riverina Water's WHS goal for 2021-2022 was to eliminate workplace risk through good safety management practices. Where elimination is not achievable/practical, all risks will be reduced to the lowest practicable level using the hierarchy of controls.

Unsafe work practices are to be eliminated through a combination of safety management, updated Safe Work Method Statements and an improved safety culture.

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

All teams met the monthly meeting requirements prior to COVID-19.

An additional workgroup meeting is now held following the Council meetings to brief staff.

Weekly COVID-19 email updates from the Chief Executive Officer have been introduced to keep staff informed.

Editions of the Safety Newsflash have been released monthly.

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

Actions identified in the 2021-2022 RMAP are yet to be completed.

Procedure updates continue to be completed and are 75% completed by the due date.

Teams have been provided with appropriate and adequate equipment to perform their roles safely.

Workplace inspection schedules are being met within reasonable time frames.

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

Staff awareness and training of WHS responsibilities and competencies is included in the induction process of new staff. Most incidents are being reported within the set time frame.

Investigations of incidents is identifying any non-conformance issues and appropriate actions being undertaken.

Key performance indicators

Number of days lost through injury	Target < 50 days Result = 65
Cost of workplace injuries (Workers Compensation premium)	Target < \$223,961 Result = \$341,895.12
Percentage of sick leave to ordinary hours worked	Target < 3.85% (sector average) Result = 4.1%
Total hours worked compared to time lost through workplace injury & illness:	Target < 245.63 Result = 163.39
No of employees undertaking WHS related training and development	Target <ul style="list-style-type: none"> › All required training is current › 100% percent of training plan completed › Same quarter as previous year Result = 68% of workforce applied for training, 61% of scheduled training was completed

Achievements this year

- › Continuation of weekly fresh fruit available for all staff – Health and Wellbeing Committee
- › Health Incentive scheme encouraging employees to engage in healthy activities outside of work – Health and Wellbeing Committee, during 2021-2022 this was extended to staff who opted to be double vaccinated
- › 61% of staff opted to be vaccinated for influenza
- › StateCover (Riverina Water’s worker compensation insurer) WHS Management system self-audit score of 71.2% (up from 55.4% for the 2020-21 financial year)

Watchout Safety Incentive Award recipients

- April 2022** Trades Team for installing a bridge platform for washing out trucks and the vacuum excavator
- April 2022** Brenton Pitman for installing plastic baffle balls inside the spray unit which prevents vehicle instability by splashing water

Riverina Water’s workers compensation performance

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

	Statecover average	Our performance
Average Premium Rate	2.8%	2.3%
Claim frequency rate (per 100 employees)	4.7	3.4
Injury reporting timeframe	100%	88%
WHS Self Audit	74%	71%



National competition policy

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

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

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

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

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

Council has developed a complaints management system.

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

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

accounting arrangements. Calculations have been completed and included in the statistical notes of the financial statements for the 2021-2022 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 2021-2022.

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.

Festival goers fill their drink bottles at Wagga City Council's Fusion event in April 2022, which was sponsored by Riverina Water
Image: Jack of Hearts Studio



Our community

Top marks for water quality, customer service

Riverina Water's latest Customer Satisfaction Survey has again given the county council high marks for water quality and customer service in 2021-22.

The survey had more than 400 responses from across Riverina Water's supply area.

Overall satisfaction with customer service was rated as very high with an average score of 4.72 out of 5, while all water quality indicators were rated as high (>3.75 out of 5) or very high (>4.5) level of satisfaction.

Water quality

- › Taste 4.27
- › Smell 4.39
- › Clarity 4.36
- › Pressure 4.10
- › Supply reliability 4.76

Customer Service

- › Overall satisfaction 4.72
- › Meeting needs on first contact 4.74
- › Handling with accuracy 4.71
- › Ease of doing business 4.73
- › Contact was dealt with quickly 4.72
- › Staff skill and knowledge 4.75
- › Friendly and caring service 4.74
- › Convenient opening hours 4.62
- › Website information 4.42



Winning schools awarded workshops with artist

Three primary schools from across our supply area were rewarded by Riverina Water with workshops by Wiradjuri artist Owen Lyons.

The free workshops were earned by students who created posters during National Water Week 2021 with the theme "Connecting water and Country".



Celebrating our city's culture

The annual Fusion multicultural festival returned to Wagga in April 2022 following COVID-19 impacts, with the crowd enjoying food, music and culture from around the world.

The event was made possible thanks to \$25,000 in funding from Riverina Water, the culmination of a three-year sponsorship agreement with Wagga City Council.

Attendees filled up with tap water at our bottle filling stations and were able to take part in the Riverina Water Play Zone (pictured).

Funding flows for 46 grassroots projects right across the Riverina

More than \$465,000 in funding was injected into 46 projects thanks to Riverina Water's 2021-22 Community Grants Program.

Clubs, schools, community groups and artists in Wagga Wagga City, Lockhart Shire, Greater Hume and Federation council areas were awarded funding.

Riverina Water has now invested almost \$1.5M in the community through this grants program since 2019.

A diverse range of projects was made possible in 2021-22 across the four local government areas, from sensory gardens to establishing a community op shop. There were also a number of projects funded to improve connection with First Nations Peoples, along with community infrastructure upgrades, sporting equipment, classical music tours, a community concert, art workshops and more.

The Community Grants Program allocated funding to each of the four councils in Riverina Water's supply area in the categories of Community Projects & Facilities, Water Conservation and Arts & Culture.



The Walla Walla reservoir became an artwork as part of the Community Grants Program.

Operations, construction and maintenance crews (Left Cody Anderson, Right Ryal Pollack) renew water mains in central Wagga



Operations, construction and maintenance

Operational plan – performance targets 2021-2022

Section 428 (2) (b)

Services

Measure	Key Performance Indicator	Progress to 30 June 2022
Service satisfaction rating revealed in annual customer survey	>4	4.72
Water quality satisfaction rating revealed in annual customer survey	>4	4.37 (average for five water quality indicators)

Asset replacement

Measure	Key Performance Indicator	Progress to 30 June 2022
Projects completed from Capital Work Program	>85%	57.3% excluding commitments and 69.4% including commitments

Demand Management

Measure	Key Performance Indicator	Progress to 30 June 2022
Peak day demand (weekly average)	<65ML	62.2ML (week commencing 4 January 2022)

WHS

Measure	Key Performance Indicator	Progress to 30 June 2022
Number of days lost through injury	< previous period	Days lost in 2020-21 was 56 Days lost in 2021-22 was 65
Percentage of sick leave to ordinary hours worked	< State or LG sector average (less than 3.5%)	4.1%
Total hours worked compared to lost time through workplace injury and illness	IISI < previous period	The Index in June 2022 was 163.39 The index in June 2021 was 158.87

Equal Employment Opportunity

Measure	Key Performance Indicator	Progress to 30 June 2022
Number of complaints lodged	Target = Nil	Nil
Percentage of women returning from maternity leave	Target = 100%	100%

Environmental Protection and Efficiency

Measure	Key Performance Indicator	Progress to 30 June 2022
Power used per megalitre of water produced	833 KWh/ML	757KWh/ML
Carbon emissions per megalitre of water produced	0.74 T/ML	0.62 Tonnes CO2/ML

Charges and Fees

Measure	Key Performance Indicator	Progress to 30 June 2022
Level of water accounts overdue compared to water sales for previous 12 months	Target <5%	3.23%
Level of sundry debtor accounts overdue compared to debtors raised for previous 12 months	Target <5%	0.83%

Private works under section 67(3) of the act

Regulation 217 (1) (a4)

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

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

Development servicing plan (DSP)

In accordance with NSW Department of Planning and Environment - Office of Water adopted Development Service Plan at its Meeting on 22nd June 2022. The draft DSP was placed on public exhibition after Council's meeting on 27th April 2022.

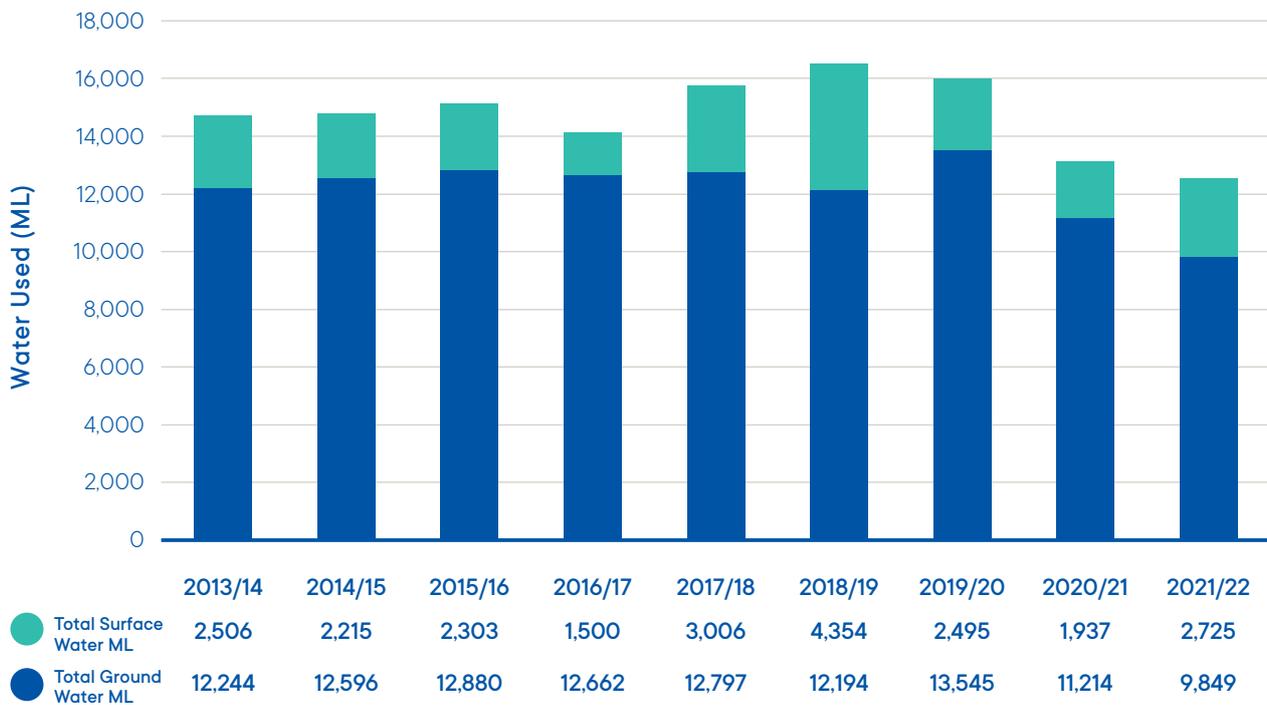
The calculated Developer charge for 2022-2023 is \$4,348. The Developer charge in 2021-2022 was \$5,053, a reduction of 16%.

Water Quality Supervisor Fiona Smith
conducts water sampling



Water supply

Historical total source works



Graph 1: 2021-2022 Historical Total Source Works

The number of wet days experienced during 2021-22 was 125 days, compared to 111 days in 2020-21 and 89 days in 2019-20. This significantly affected reduced demands compared to dryer years.

Most of Riverina Water's source works are located in Wagga Wagga, to which Riverina Water extracted 8,888 megalitres (or 63.5%) of its 14,000 megalitres from its Wagga Alluvial groundwater (town water) entitlements, and 2,687 megalitres (or 38.4%) of its 7,000 megalitres Murrumbidgee River surface (town water) entitlements – refer to Table 5 - Water License Utilisation.

The full year's total treated water production of 12,367ML is a further decrease of 4.0% from the previous year in 2020-21. The total billed and accounted water to customers in 2021-22 was 11,721 megalitres, leaving 5.2% unaccounted for. Unaccounted water includes

water used metered or accounted for (ie. mains bursts, un-authorized consumption, unrecorded mains flushing, reservoir maintenance, mains leakage etc).

2,572 megalitres (or 20.8%) of treated water were supplied to non-urban areas (rural stock/domestic, rural townships and villages) outside Wagga Wagga urban areas.

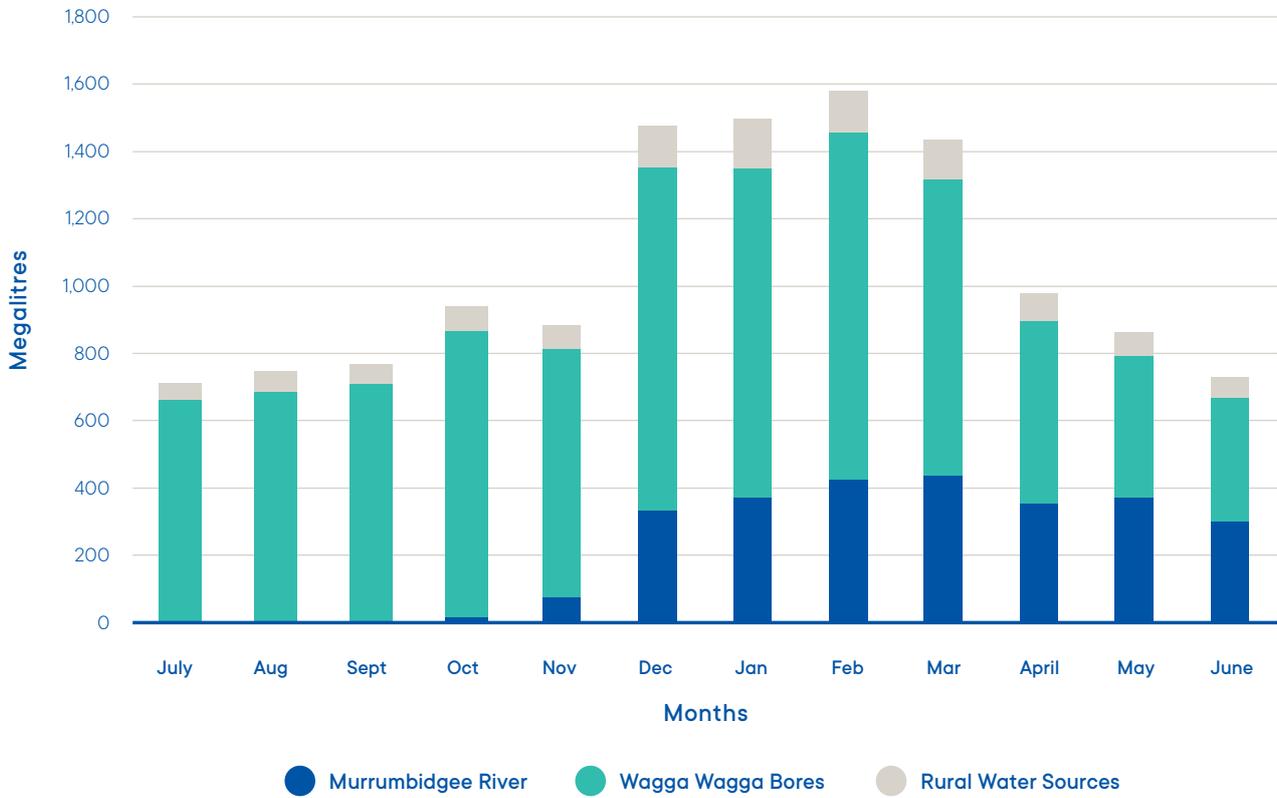
Total monthly treated water production peaked at 1,572 megalitres in February 2022. The maximum Wagga Wagga peak 24-hour demand was 74.5 megalitres (recorded on 16th February 2022) which is a slight decrease of 2.6% compared to the previous year (76.5 megalitres recorded on 24th January 2021). The total number of customer service connections increased from 32,330 to 32,712.

Water sourced

	2017-18	2018-19	2019-20	2020-21	2021-22
Rainfall (mm)	348.8	489.6	419.0	818.5	630.8
Wet Days	99	101	89	111	125
	Megalitres	Megalitres	Megalitres	Megalitres	Megalitres
North Wagga bores	2,709	2,901	2,779	2,403	2,474
West Wagga bores	5,592	3,764	4,650	4,388	3,055
East Wagga bores	3,507	4,313	4,982	3,397	3,359
Murrumbidgee River	2,912	4,235	2,427	1,870	2,687
Total Wagga Sources	14,720	15,213	14,838	12,058	11,575
Bulgary bores	386	509	464	444	400
Urana Source	46	71	58	57	30
Ralvona bores	248	284	258	234	247
Walla Walla bores	144	164	172	128	85
Goldenfields Water Supply System	39	36	45	56	29
Total Rural Sources	863	1,064	997	919	791
Woomargama	18	22	16	13	13
Humula	6	5	9	6	4
Tarcutta	44	51	47	42	45
Oura	37	46	44	36	47
Walbundrie (Rand)	39	47	42	37	47
Morundah	10	13	10	10	8
Collingullie	66	87	81	86	73
Total Independent Sources	220	271	250	230	238
Grand Totals	15,803	16,548	16,086	13,207	12,604
Proportion from Surface	18.8%	26.1%	15.5%	14.7%	21.6%
Proportion from Groundwater (Bores)	81.0%	73.7%	84.2%	84.9%	78.1%

Table 2: Water Sourced

2021-2022 Water sourced



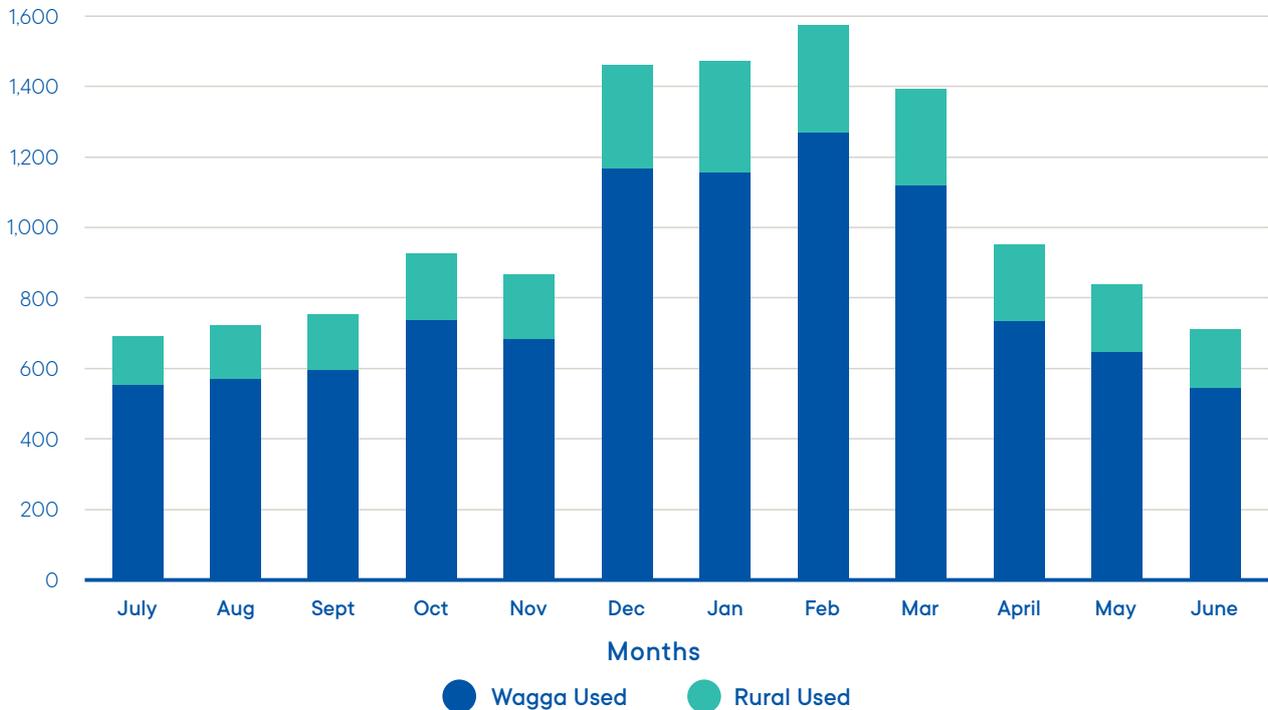
Graph 2: 2021-2022 Water Sourced by Month

Water treated

	2017-18	2018-19		2019-20	2020-21	2021-22
East Bomen	308	286	East Bomen	322	294	281
Estella	1,025	1,181	Estella	1,243	1,051	1,054
North Wagga	922	1,321	North Wagga	1,039	835	846
Wagga Wagga - Low Level	2,215	2,344	Wagga Wagga – Low Level	1,804	1,540	1,494
Wagga Wagga - High Level	6,981	7,001	Wagga Wagga – High Level	7,034	5,588	5,311
Wagga Wagga - Bellevue Level	714	1,083	Wagga Wagga – Bellevue Level	1,071	825	809
Sub-total	12,166	13,215	Sub-total	12,510	10,133	9,795
Ladysmith	69	67	Ladysmith System	72	58	59
Brucedale	271	340	Brucedale Scheme	313	261	240
Currawarna	162	196	Currawarna Scheme	170	148	162
Rural south from Wagga Wagga	1,127	1,716	Rural Southern trunk main system	1,662	1,322	1,188
Rural from Walla Walla Bore	112	469	Rural Western trunk main system	546	512	445
Milbrulong, Lockhart and Boree Creek	207	69				
Urana and Oaklands	251	63				
Holbrook	239	282				
Sub-total	2,439	3,204	Sub-total	2,762	2,301	2,093
			Holbrook	258	233	247
Woomargama	18	22	Woomargama	13	13	13
Humula	6	5	Humula	9	6	4
Tarcutta	41	50	Tarcutta	47	39	44
Oura	40	46	Oura	44	36	47
Walbundrie	38	47	Walbundrie/Rand	42	37	47
Morundah	9	12	Morundah	10	9	8
Collingullie	64	83	Collingullie	79	73	67
Sub-total	215	265	Sub-total	505	447	478
Totals	14,819	16,684	Totals	15,777	12,881	12,367

Table 3: Water Treated

2021-2022 Water treated



Graph 3: 2021-2022 Water Used by month

Water distribution

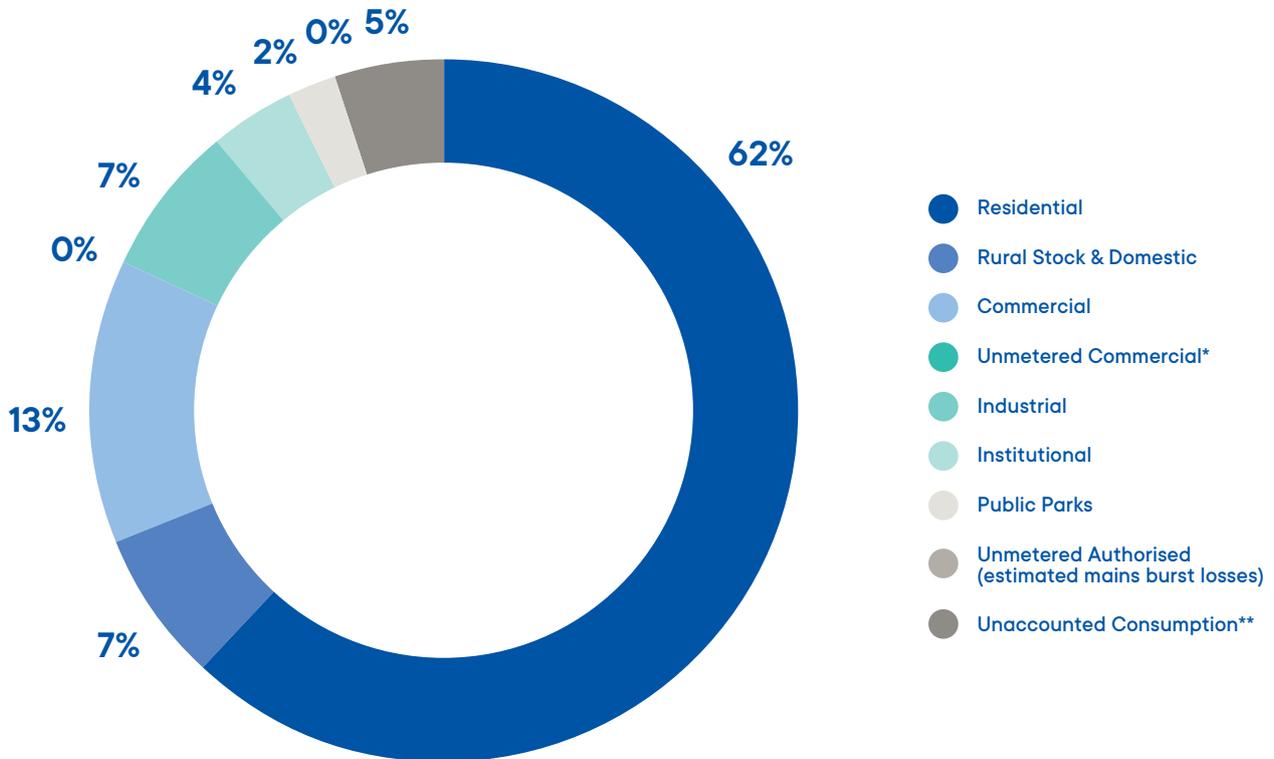
	2021-22 Consumption ML	Percentage
Residential	7,627	61.7%
Rural	817	6.6%
Commercial	1,621	13.1%
Unmetered Commercial*	9	0.1%
Industrial	864	7.0%
Institutional	547	4.4%
Public parks	235	1.9%
Unaccounted Consumption**	646	5.2%
Total Treated Volume	12,367	100.0%

Table 4: Annual Distribution Analysis

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

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

Annual distribution analysis by category 2021-2022



Graph 4: Annual Distribution Analysis by category 2021-2022

Water license utilisations

The following table compares water abstracted at Wagga Wagga to our Town Water Licence Allocations for 2021-2022.

	Town Water Access Licence (ML)	Sourced (ML)	% of Allocation
Surface water	7,000	2,687	38.39%
Surface water	819	38	4.65%
Ground water - Wagga	14,000	8,888	63.48%
Ground water	2,535	961	37.93%
Total Water	24,354	12,574	51.63%

Table 5: Water License Utilisations

Great water without the waste

Whether you're out and about or at a community event, fresh tap water is a clean, refreshing and environmentally sustainable option.

Our network of Tap2Go refill stations give you safe and reliable drinking water, while helping to reduce single-use plastic.

Simply fill up your drink bottle at one of our permanent Tap2Go stations in your community, or request to have our temporary Tap2Go stations at your next major event.



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

Wagga Wagga City Council

- › In front of the Marketplace, Baylis Street
- › In front of 175-179 Baylis Street
- › In front of 76 Morgan Street
- › Northern end of Lake Albert
- › Western side of Lake Albert
- › Eastern side of Lake Albert
- › Livvi's Place inclusive playground, Morgan Street
- › Jubilee Park (two stations)
- › Botanic Gardens
- › Rawlings Park

- › Paramore Park
- › Wagga Multisport Cycling Complex at Pomigalarna

Lockhart Shire Council

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

Greater Hume Shire Council

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

Federation Shire

- › Urana Aquatic Centre

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

Water refill station network



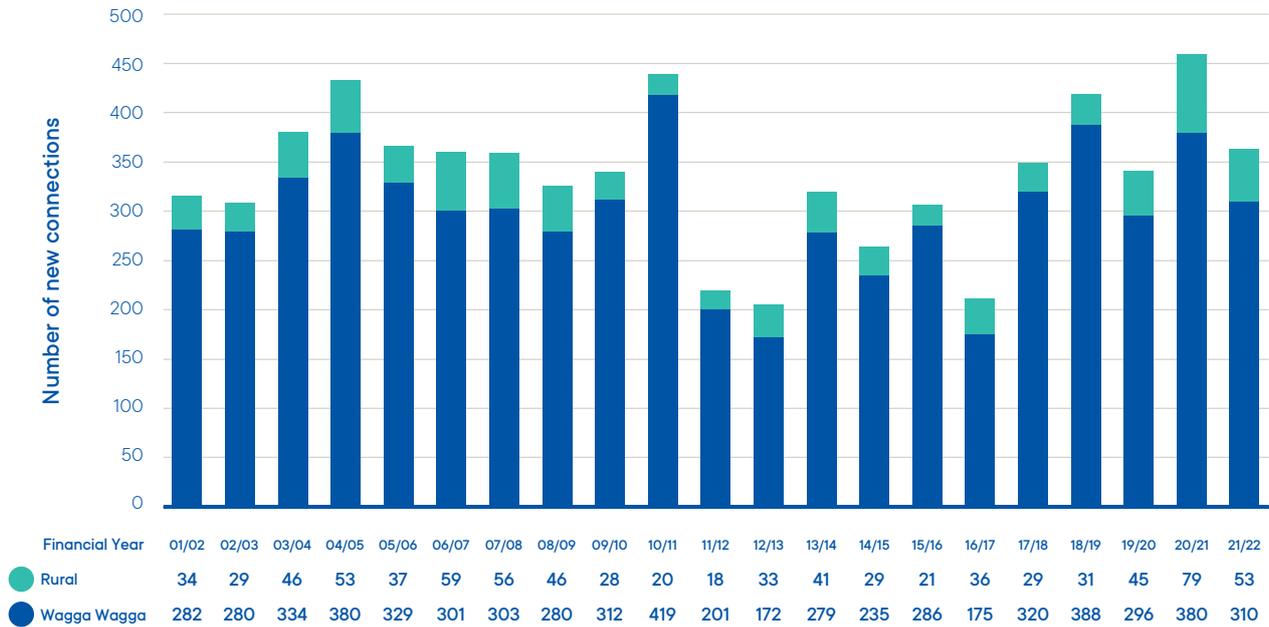
New customers

Location	Number connected					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Bidgeemia					13	3
Boree Creek		1		1	1	1
Brucedale - The Gap			1	5	2	
Bulgary						
Collingullie	2			2		
Coorabin						
Culcairn						1
Currawarna			3	1	3	4
French Park						
Forest Hill			19	5	1	
Henty	5	8	2	3	5	8
Holbrook	2	3	2	2	6	7
Humula						
Ladysmith	2		1	1	7	
Lockhart	5	3	6	2	3	10
Mangoplah			2	2		
Milbrulong						1
Morundah						
Morven	2	1	1		4	1
Oaklands	2	1				1
Oura	1			3	3	
Pleasant Hills	2	1	2	1	1	
Rand						
San Isidore			1	1	1	
Tarcutta		1				
The Rock	2	4	4	7	11	6
Urana		1		2	3	2
Uranquinty	7		2	6	12	2
Wagga Wagga	175	320	369	291	379	310
Walbundrie	1	1				1
Walla Walla	1	3	3	5	3	3
Woomargama	1		1	1	1	2
Yerong Creek	1	1				
Totals	211	349	419	341	459	363

Table 6: Number of New Connections 2016-2017 – 2021-2022

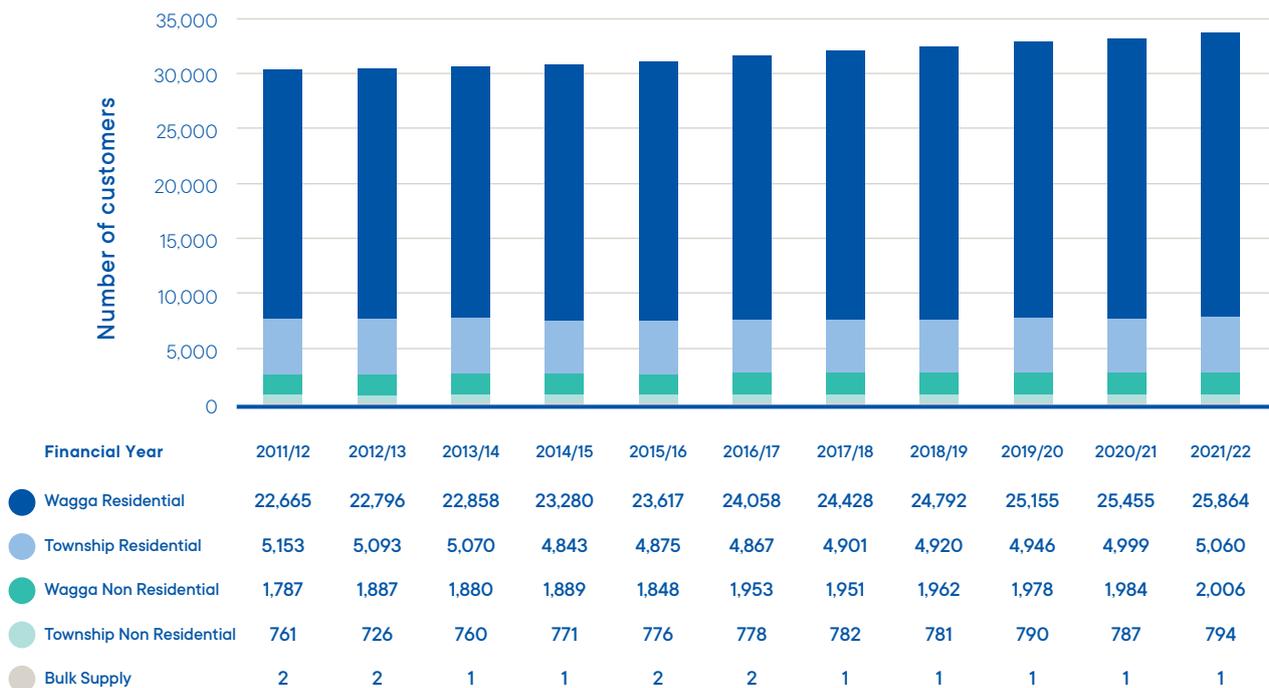
Total customers at 30 June 2022: 34,130

Number of new connections



Graph 5: Number of new connections 2001-2002 – 2021-2022

Number of customers historical analysis



Graph 6: Number of Riverina Water Customers 2011-2012 – 2021-2022

Pipeline losses

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

Month	Rainfall (Wagga Wagga Amo)	Wet days (<1.0mm)	Wagga main breaks	Wagga main losses (kl)	Rural main breaks	Rural main losses (kl)
Jul	72.0	23	1	5	3	53
Aug	28.0	10	5	272	13	893
Sep	30.6	8	1	8	13	31150
Oct	44.2	7	3	10013	9	153
Nov		17	8	45	15	127
Dec		6	5	18	18	277
Jan	79.4	9	5	2018	18	100556
Feb	16.6	1	9	34	12	354
Mar	35.0	6	8	33	18	436
Apr	52.6	9	7	25	7	72
May	53.0	10	6	13	8	105
Jun	43.6	19	5	37	7	835
Totals	455	102	63	12521	141	135011

Table 7 Monthly analysis of pipeline breaks and rainfall for July 2021 – June 2022

Year	Wagga Wagga		Rural	
	No. Burst mains	Estimated loss ml	No. Burst mains	Estimated loss ml
2016-2017	89	1.0	110	3.2
2017-2018	70	1.3	127	3.0
2018-2019	38	10.2	118	2.0
2019-2020	74	0.6	142	2.6
2020-2021	46	0.7	166	7.8
2021-2022	63	12.5	141	135.0

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

Capital works

During the year we replaced a 70 year old concrete main at Willans Hill with Ductile Iron Cement Lined (DICL) that allow reliable water supply to Wagga Wagga township. Reticulation for new developments and subdivisions were completed in both urban and rural areas such as Wagga Wagga, Lloyd, Estella Heights, The Rock, Ladysmith, Milbrulong, Holbrook and Oura. Water mains were renewed in both urban and rural areas in accordance with our asset renewal program.

Projects to improve the water treatment process include:

Tarcutta

- › 50kL concrete Clear Water Storage tank constructed
- › Iron filters replaced
- › New steel walkways fabricated for iron filter maintenance access

Ralvona

- › Leaking concrete aeration tank demolished
- › Foundations constructed for concrete replacement aeration tank
- › Aeration cover frames fabricated and galvanised
- › Designed, fabricated and installed new stainless steel aeration towers to replace existing timber units

Waterworks

- › Construction of new 400t crane pad to assist replacement of raw water pumps
- › Landscaped North-Eastern corner as part of the Roads Reconstruction landscaping plans
- › Awning constructed on south side of chemical building
- › Extended covered walkway between Administration building and Depot/Store
- › Installation of Culverts over existing mains for access to North West corner
- › FRP platform installed in Clear Water Storage tank
- › Depot/store awning extension on east side designed

West Wagga Aeration

- › Manufacture and install Monotec 370 shade cloth to aeration structure

Urana

- › Colombo Creek source works were investigated to produce a raw water pipeline system curve to assist the planning for Urana WTP and with Western Region Network design

SCADA System

Digital and communication upgrade is mostly complete, with only complicated/complex facilities remaining. These consist of water treatment plants and pump stations and require specific engineering design and procurement processes.

Source water

A total of 12,604 megalitres were sourced from Riverina Water's town water entitlements, compared to 13,207 megalitres for the previous year (2020-21). This was attributed to an increase in number of rainfall (wet) days from 111 (2020-21) to 125, and an annual total rainfall of 630.8mm.

In particular:

- › 2,687 megalitres were sourced from Murrumbidgee River (7,000 megalitre townwater entitlement, 38.9% utilisation)
- › 8,888 megalitres were sourced from Wagga Alluvial Groundwater (14,000 megalitre townwater entitlement, 70.4% utilisation)

Riverina Water will continue to leverage from its new Wagga water treatment plant to treat more surface water into the future.

Reservoirs

Humula – 150kL concrete tank constructed

Buchmans – 2.5ML concrete tank (20m diameter, 8m tall) demolished and site filled

Demolished old, elevated steel reservoir at Morundah.

The Yerong Creek water tower was the latest Riverina Water infrastructure turned into a work of art in 2021, as part of a project by Lockhart Shire Council
Image: Lockhart Shire Council



Financial information

Charges for water

Council's pricing allows customers to have control of their bills with a fixed charge and a usage charge. Water used for fire-fighting purposes is not charged. Shown below are the water charges for 2021-2022.

General tariff

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

Strata title units and flats

First 125 kl per quarter per unit	\$1.49
Balance per kilolitre per unit (For Strata complexes and Flats where units are not individually metered, the total metered consumption is evenly apportioned between units)	\$2.24

Industrial tariffs

Processing or manufacturing industries with consistent year round usage:

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

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

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

Commercial tariff

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

Community facilities

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

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

Bulk supply

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

All rural services along Council's trunk mains	\$1.49
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(Riverina Water provides a Rural Peak Demand level of service of 11,000 litres per farm per day (stock and domestic) based on uniform flow over a 24 hour period.)

Condition of public works under Council's control

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

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

Asset description	Asset life	Replacement cost \$'000	Remaining life value at 30 June 2022 \$'000
Water Mains	Iron 75 years/ Other 50 years	338,859	193,364
Reservoirs	Steel 60 years/ Conc. 100 years	57,027	34,044
Pumping Stations	20-50 years	18,678	8,135
Water Treatment Plants	50 years	104,728	64,575
Water Supply Bores	30 years/ Stainless steel 40 years	6,561	3,474
Land & Buildings	50 years	31,182	23,606
Total		557,035	327,198

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

NB. Independent valuers were engaged to revalue all water supply assets in 2021-2022.

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 2021-2022 programme of maintenance for the works is outlined in the following tables. The capital works programme details the replacement of individual sections of the network. The major need is for renewal of older water mains, based on the theoretical lifespan of each type of pipe. Some of these mains are however still serving their intended purpose and the relative urgency of renewal is not critical.

Special schedule 7

Report on infrastructure assets as at 30 June 2022

\$,000s

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard \$'000	Estimated cost to bring to the agreed level of service set by Council \$'000	2021/22 Required maintenance ^(a) \$'000	2021/22 Actual maintenance \$'000	Net carrying amount \$'000	Gross replacement cost (GRC) \$'000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	-	-	505	367	14,033	21,570	41.9%	25.5%	23.5%	9.1%	0.0%
	Sub-total	-	-	505	367	14,033	21,570	41.9%	25.5%	23.5%	9.1%	0.0%
Water supply network	Treatment Plants	1,234	1,234	790	929	64,575	104,728	48.2%	8.7%	20.0%	23.1%	0.0%
	Bores	-	-	175	206	3,474	6,561	6.9%	30.9%	57.6%	4.6%	0.0%
	Reservoirs	477	477	240	248	34,044	57,027	24.4%	9.2%	50.8%	14.5%	1.2%
	Pumping Stations	87	87	195	215	8,135	18,678	14.4%	9.7%	66.8%	6.1%	3.1%
	Pipeline	19,291	19,291	1,250	1,368	193,364	338,859	21.3%	43.5%	27.0%	8.3%	0.0%
	Sub-total	21,089	21,089	2,650	2,966	303,592	525,853	26.5%	31.5%	30.0%	11.8%	0.2%
Total - all assets	21,089	21,089	3,155	3,333	317,625	547,423	27.2%	31.2%	29.7%	11.7%	0.2%	

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Summary of disclosable legal proceedings

Regulation 217 (1) (a3)

During 2021-2022 Council expended \$54,497 in legal fees.

Amounts contributed / granted under section 356

Regulation 217 (1) (a5)

Section 356 enables Council to contribute funds to persons for the purpose of exercising its functions. During 2021-2022, the Council made donations of \$54,517 under this Section.

Overseas visits funded by Council

Regulation 217 (1) (a)

No overseas visits were undertaken or funded by Council in 2021-2022.

Government information (public access) act, 2009

In accordance with the provisions of the Government Information (Public Access) Act, 2009, Council has completed its annual statistics for the twelve month period ended 30 June 2022. One application was received by Council during the 2020-2021 period. Council has not received any enquiries from the Ombudsman under the Government Information (Public Access) Act, 2009 nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged.

Statistical details:

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

Information protection act, 1998

In accordance with the provisions of the Information Protection Act 1998 Section 33(e) Council adopted a Privacy Management Plan, vide resolution No. 00/69. The Privacy Management Plan provides for the protection of personal information and for the protection of the privacy of individuals. No applications were received by Council for review under Part 5 of the Act during the 2021-2022 period.

CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX

Riverina Water County Council Goods and Services Tax Certificate

Payment of Voluntary GST 1 July 2021 to 30 June 2022

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 2021 to 30 June 2022.
- › Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- › No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.



Mr Andrew Crakanthorp

General Manager



Miss Emily Tonacia

Responsible Accounting Officer

Date: 1 July 2022

Engineering staff inspect the
Glenoak 2 Reservoir in Wagga



Councillor's expenses and facilities policy

Board member expenses and facilities policy

Purpose

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

Scope

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

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

Definitions

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

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

Part A – Expenses

1.0 Payment of Expenses – General Provisions

1.1 General expenses

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

1.2 Allowances and expenses

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

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

Vehicle expenses to official council functions by car will be determined by the rates provided in the Council's Award and will be paid monthly in arrears. This will be applicable to board members that do not reside in the Local Government Area where the function is being held.

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

1.3 Reimbursement and reconciliation of expenses

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

2.0 Payment of Expenses – Specific expenses

2.1 General travel arrangements and expenses

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

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

2.2 Travel expenses not paid by Riverina Water

The driver of the vehicle is personally responsible for all traffic or parking fines incurred while travelling in private or Council-owned vehicles and should abide by Council's Safe Driving Policy. Riverina Water will not pay any traffic or parking fines or administrative charges for road toll accounts.

2.3 Overseas travel expenses

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

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

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

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

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

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

2.4 Interstate or long-distance intrastate travel

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

2.5 Air Travel

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

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

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

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

2.6 Accommodation and meals

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

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

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

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

2.7 Refreshments for council-related meetings

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

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

2.8 Professional development

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

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

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

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

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

2.9 Conferences and seminars

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

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

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

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

2.10 Spouse and partner expenses

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

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

2.11 Attendance at dinners and other non-council functions

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

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

2.12 Information and communications technology (ICT) expenses

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

2.13 Carer expenses

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

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

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

2.14 Home office expenses

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

3.0 Insurances

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

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

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

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

4.0 Legal assistance

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

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

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

Part B - Facilities

5.0 General Provision of Facilities

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

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

5.1 Accessible facilities

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

5.2 Stationery

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

5.3 ICT Equipment

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

5.4 Return or retention of ICT equipment

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

5.5 Administrative support

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

5.6 Sustenance/Meals

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

Part C - Processes

6.0 Approval, payment and reimbursement arrangements

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

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

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

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

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

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

6.1 Direct payment

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

6.2 Reimbursement

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

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

6.3 Timeframe for reimbursement claims

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

6.4 Reimbursement to council

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

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

6.5 Disputes

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

Policy Implementation and reporting

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

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

Non Compliance

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

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

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

Riverina Water's twin reservoirs atop Willans Hill in Wagga



Financial statements

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2022

“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 2022

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Overview

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

91 Hammond Avenue
Wagga Wagga NSW 2650

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

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

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 01 September 2022.



Clr T Koschel
Chairperson



Clr D Meyer OAM
Deputy Chairperson



Mr A Crakanthorp
Chief Executive Officer



Ms E Tonacia
Responsible Accounting Officer

Riverina Water County Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
Net operating result for the year – from Income Statement		6,639	5,267
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	16,714	(55,542)
Gain (loss) on revaluation of intangible assets	C1-7	(628)	(1,587)
Total items which will not be reclassified subsequently to the operating result		16,086	(57,129)
Total other comprehensive income for the year		16,086	(57,129)
Total comprehensive income for the year attributable to Council		22,725	(51,862)

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

Riverina Water County Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	2,510	2,892
Investments	C1-2	11,500	16,000
Receivables	C1-4	4,106	3,589
Inventories	C1-5	2,435	2,310
Total current assets		20,551	24,791
Non-current assets			
Investments	C1-2	17,500	12,500
Infrastructure, property, plant and equipment (IPPE)	C1-6	338,607	320,131
Intangible assets	C1-7	10,890	9,776
Total non-current assets		366,997	342,407
Total assets		387,548	367,198
LIABILITIES			
Current liabilities			
Payables	C3-1	2,694	2,843
Borrowings	C3-2	1,535	1,587
Employee benefit provisions	C3-3	4,555	4,852
Total current liabilities		8,784	9,282
Non-current liabilities			
Borrowings	C3-2	1,934	3,811
Total non-current liabilities		1,934	3,811
Total liabilities		10,718	13,093
Net assets		376,830	354,105
EQUITY			
Accumulated surplus		159,484	152,845
IPPE revaluation reserve	C4-1	217,346	201,260
Council equity interest		376,830	354,105
Total equity		376,830	354,105

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

Riverina Water County Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
5,169	Rates and annual charges		5,751	6,103
24,010	User charges and fees		19,371	20,346
303	Interest received		372	476
3,791	Grants and contributions		4,452	2,955
–	Bonds, deposits and retentions received		30	4
368	Other		270	1,845
<i>Payments:</i>				
(10,612)	Payments to employees		(9,633)	(9,448)
(4,089)	Payments for materials and services		(6,360)	(7,749)
(434)	Borrowing costs		(239)	(367)
(5,030)	Other		(461)	1
13,476	Net cash flows from operating activities	F1-1	13,553	14,166
Cash flows from investing activities				
<i>Receipts:</i>				
6,824	Redemption of term deposits		–	1,000
–	Proceeds from sale of IPPE		673	317
<i>Payments:</i>				
–	Acquisition of term deposits		(500)	–
(24,211)	Payments for IPPE		(10,420)	(11,962)
–	Purchase of intangible assets		(1,759)	(479)
(17,387)	Net cash flows from investing activities		(12,006)	(11,124)
Cash flows from financing activities				
<i>Receipts:</i>				
3,200	Proceeds from borrowings		–	–
<i>Payments:</i>				
(2,218)	Repayment of borrowings		(1,929)	(1,868)
982	Net cash flows from financing activities		(1,929)	(1,868)
(2,929)	Net change in cash and cash equivalents		(382)	1,174
4,929	Cash and cash equivalents at beginning of year		2,892	1,718
2,000	Cash and cash equivalents at end of year	C1-1	2,510	2,892
11,176	plus: Investments on hand at end of year	C1-2	29,000	28,500
13,176	Total cash, cash equivalents and investments		31,510	31,392

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

Riverina Water County Council

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Riverina Water County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on dd MMMM yyyy. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, all accounting policies are consistent with those applied in the prior year.

Where appropriate, comparative figures have been amended to accord with the current year presentation, and disclosure has been made of any material changes to comparatives. Those comparative figures amended are summarised below:

- Cash & Cash Equivalents (C1-1) and Investments (C1-2) have been amended to reflect accurate capture of short term cash holdings to only be those amounts deposited with a term of 3 month or less. In the prior year, investments were disclosed as Cash & Cash Equivalents if there was 3 months or less until they matured.
- Sources of income (B2) has been broken down further to report amounts otherwise ordinarily included as Sundry Income.
- Diesel Fuel Rebate has been amended to be included under 'Other revenues' (B2-3), previously reported under Grants and contributions (B2-4)
- Grants and contributions (B2-4) has been broken down to further with regard to water supply contributions.

Basis of preparation

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

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

Full dollars have been used in Note E1 Disclosures in relation to the disclosure of specific related party transactions.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

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

- estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- estimated fair values of intangibles – refer Note C1-7
- employee benefit provisions – refer Note C3-3

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note C1-4.

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

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

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

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 1 July 2021.

None of these standards had an impact on the reported position of performance.

B Financial Performance
B1 Functions or activities
B1-1 Functions or activities – income, expenses and assets

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
\$ '000										Restated
Functions or activities										
Water supplies	31,055	29,449	24,416	24,182	6,639	5,267	4,449	2,940	387,548	367,198
Total functions and activities	31,055	29,449	24,416	24,182	6,639	5,267	4,449	2,940	387,548	367,198

B1-2 Components of functions or activities

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

Water supplies

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

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2022	2021
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water supply services – commercial	2	502	496
Water supply services – residential	2	5,004	4,952
Annual charges levied		5,506	5,448
Pensioner subsidies received:			
– Water	2	204	207
Total annual charges		5,710	5,655
Total rates and annual charges		5,710	5,655

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services – commercial	2	5,355	5,589
Water supply services – residential	2	12,932	13,234
Total specific user charges		18,287	18,823
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67	2	–	2
Section 603 certificates	2	190	217
Plumbing permits/fees	2	59	61
Total fees and charges – statutory/regulatory		249	280
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Leaseback fees – Council vehicles	2	35	44
Water connection fees	2	884	423
Standpipe fees	2	151	226
Total fees and charges – other		1,070	693
Total other user charges and fees		1,319	973
Total user charges and fees		19,606	19,796
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		19,606	19,796
Total user charges and fees		19,606	19,796

Accounting policy

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Diesel rebate	2	9	17
Sales – general	2	48	60
Lease rental	2	31	25
Sales – scrap material	2	8	8
Sundry Income	2	–	20
Temporary water allocation	2	338	333
Employment & Training Subsidies	2	142	12
Total other revenue		576	475
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		576	475
Total other revenue		576	475

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
LIRS subsidy	2	122	190	–	–
Water supplies (excl. section 64 contributions)	2	–	–	1,699	1,021
Total special purpose grants and non-developer contributions – cash		122	190	1,699	1,021
Total special purpose grants and non-developer contributions (tied)		122	190	1,699	1,021
Total grants and non-developer contributions		122	190	1,699	1,021
Comprising:					
– State funding		122	190	–	–
– Other funding		–	–	1,699	1,021
		122	190	1,699	1,021

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 64 – water supply contributions		2	–	–	2,628	1,729
Total developer contributions – cash			–	–	2,628	1,729
Total developer contributions			–	–	2,628	1,729
Total contributions			–	–	2,628	1,729
Total grants and contributions			122	190	4,327	2,750
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised at a point in time (2)			122	190	4,327	2,750
Total grants and contributions			122	190	4,327	2,750

Accounting policy

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	86	63
– Cash and investments	240	404
Total interest and investment income	326	467
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges	86	63
General Council cash and investments	240	404
Total interest and investment income	326	467

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	8,357	8,205
Travel expenses	173	191
Employee leave entitlements (ELE)	1,789	1,423
Superannuation	1,577	1,465
Workers' compensation insurance	401	155
Fringe benefit tax (FBT)	54	66
Payroll tax	440	541
Training costs (other than salaries and wages)	193	212
Uniforms	47	58
Safety Bonus	9	9
Sick leave bonus	140	149
Total employee costs	13,180	12,474
Less: capitalised costs	(3,651)	(3,408)
Total employee costs expensed	9,529	9,066
Number of 'full-time equivalent' employees (FTE) at year end	113	108

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note C3-3 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		260	321
Contractor and consultancy costs		1,783	2,054
Audit Fee	E2-1	58	49
Strategic Documents		61	44
Councillor and Mayoral fees and associated expenses	E1-2	124	120
Advertising		7	56
Bank charges		28	24
Computer software charges		388	352
Electricity and heating		1,898	2,255
Insurance		326	251
Office expenses (including computer expenses)		273	311
Postage		122	124
Printing and stationery		21	36
Subscriptions and publications		103	111
Telephone and communications		99	182
Demand management		5	44
Rates and user charges		114	144
Community Engagement		31	546
Risk Management		4	14
Memberships		54	–
Legal expenses:			
– Legal expenses: other		54	44
Expenses from leases of low value assets		2	2
Total materials and services		5,815	7,084
Total materials and services		5,815	7,084

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2022	2021
(i) Interest bearing liability costs		
Interest on loans	239	367
Total borrowing costs expensed	239	367

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		589	555
Office equipment		103	130
Infrastructure:			
	C1-6		
– Buildings – non-specialised		6	54
– Buildings – specialised		205	143
– Water supply network		7,457	6,671
- Land Improvements		13	–
Intangible assets	C1-7	17	17
Total gross depreciation and amortisation costs		8,390	7,570
Total depreciation, amortisation and impairment for non-financial assets		8,390	7,570

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-7 for intangible assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

\$ '000	2022	2021
Other		
Donations, contributions and assistance to other organisations (Section 356)	443	95
Total other expenses	443	95

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		673	317
Less: carrying amount of plant and equipment assets sold/written off		<u>(285)</u>	<u>(201)</u>
Gain (or loss) on disposal		<u>388</u>	<u>116</u>
Net gain (or loss) from disposal of assets		<u>388</u>	<u>116</u>

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	5,172	5,710	538	10%	F
User charges and fees	24,030	19,606	(4,424)	(18)%	U
Water sales lower than budgeted due to increased rainfall resulting in lower consumption.					
Other revenues	466	576	110	24%	F
Other revenues higher than expected due to unbudgeted employment and training subsidies.					
Operating grants and contributions	225	122	(103)	(46)%	U
Variance due to lower than anticipated LIRS subsidy.					
Capital grants and contributions	3,558	4,327	769	22%	F
Variance due to higher than anticipated developer contributions as a result of increased development.					
Interest and investment revenue	250	326	76	30%	F
Income higher than budgeted due to cash on hand being higher than anticipated as a result of reduced capital delivery.					
Net gains from disposal of assets	-	388	388	∞	F
Expenses					
Employee benefits and on-costs	10,641	9,529	1,112	10%	F
Materials and services	8,537	5,815	2,722	32%	F
Variance mainly attributable to reduced electricity costs as a result of lower water sales.					
Borrowing costs	434	239	195	45%	F
Borrowing costs lower than anticipated due to proposed borrowings not eventuating as a result of project delays.					
Depreciation, amortisation and impairment of non-financial assets	7,550	8,390	(840)	(11)%	U
Depreciation higher than originally anticipated due to water infrastructure valuation occurring post budgeting.					
Other expenses	630	443	187	30%	F
Other expenses lower than anticipated due to not all community grants payments being acquitted in the 2022 financial year.					
Statement of cash flows					
Cash flows from operating activities	13,476	13,553	77	1%	F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Cash flows from investing activities	(17,387)	(12,006)	5,381	(31)% F
Decreased capital expenditure as a result of project delays.				
Cash flows from financing activities	982	(1,929)	(2,911)	(296)% U
Variance due to anticipated loans not eventuating due to project delays.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,008	340
Cash equivalent assets		
– Short-term deposits	1,502	2,552
Total cash and cash equivalents	2,510	2,892

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,510	2,892
Balance as per the Statement of Cash Flows	2,510	2,892

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Long term deposits	11,500	17,500	16,000	12,500
Total	11,500	17,500	16,000	12,500
Total financial investments	11,500	17,500	16,000	12,500
Total cash assets, cash equivalents and investments	14,010	17,500	18,892	12,500

Accounting policy

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

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

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	31,510	31,392
Cash, cash equivalents and investments not subject to external restrictions	31,510	31,392

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	31,510	31,392
Less: Internally restricted cash, cash equivalents and investments	(8,285)	(7,844)
Unrestricted and unallocated cash, cash equivalents and investments	23,225	23,548

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	2,278	2,426
Plant replacement	2,110	1,857
Sales fluctuation	3,000	3,000
Water Treatment Plant	228	228
Revenue from Water Licences	669	333
Total internal allocations	8,285	7,844

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	23,225	23,548

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	790	–	765	–
User charges and fees	2,281	–	2,046	–
Accrued revenues				
Accrued interest on investments	272	–	318	–
Government grants and subsidies	204	–	207	–
Net GST receivable	199	–	212	–
Sundry debtors	360	–	41	–
Total	4,106	–	3,589	–
Total net receivables	4,106	–	3,589	–

Accounting policy

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

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

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

Impairment/Measurement of ECL

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

Impairment

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

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

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

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

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

Council's provision for impairment of receivables at 30 June 2022 is \$nil (2021: \$nil).

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	2,435	-	2,310	-
Total inventories at cost	2,435	-	2,310	-
Total inventories	2,435	-	2,310	-

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods 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. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	Asset movements during the reporting period							At 30 June 2022					
	At 1 July 2021	Gross carrying amount ¹ Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals ²	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount ¹	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	10,838	–	10,838	3,265	1,545	–	–	(8,048)	–	–	7,600	–	7,600
Plant and equipment	7,225	(3,728)	3,497	936	–	(284)	(589)	–	–	–	7,215	(3,655)	3,560
Office equipment	1,355	(1,070)	285	–	69	(1)	(103)	–	–	–	1,422	(1,173)	249
Land:													
– Operational land	6,379	–	6,379	–	1,015	–	–	–	–	56	7,450	–	7,450
- Land Improvements	2,015	(27)	1,988	–	–	–	(13)	–	148	–	2,163	(40)	2,123
Infrastructure:													
– Buildings – non-specialised	623	(212)	411	–	–	–	(6)	–	21	–	644	(218)	426
– Buildings – specialised	20,207	(7,113)	13,094	–	35	–	(205)	–	683	–	20,925	(7,318)	13,607
– Water supply network	498,463	(214,824)	283,639	3,029	529	–	(7,457)	8,048	15,806	–	525,854	(222,262)	303,592
Total infrastructure, property, plant and equipment	547,105	(226,974)	320,131	7,230	3,193	(285)	(8,373)	–	16,714	–	573,273	(234,666)	338,607

(1) Council has restated opening balances for a prior period error explained in Note F3-1

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

By aggregated asset class	Asset movements during the reporting period							At 30 June 2021						
	At 1 July 2020	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR) Restated	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	8,572	–	8,572	2,192	841	–	–	(627)	(140)	–	–	10,838	–	10,838
Plant and equipment	6,959	(3,495)	3,464	781	–	(194)	(555)	–	–	–	–	7,225	(3,728)	3,497
Office equipment	1,302	(961)	341	–	83	(2)	(130)	–	–	–	–	1,355	(1,070)	285
Land:														
– Operational land	4,658	–	4,658	–	1,587	–	–	–	–	134	–	6,379	–	6,379
- Land Improvements	2,510	–	2,510	–	36	–	–	–	–	(558)	–	2,015	(27)	1,988
Infrastructure:														
– Buildings – non-specialised	4,094	(636)	3,458	–	–	–	(54)	–	(2,992)	–	–	623	(212)	411
– Buildings – specialised	12,431	(1,358)	11,073	–	400	–	(143)	–	140	–	1,625	20,207	(7,113)	13,094
– Water supply network	492,131	(154,725)	337,406	4,653	1,376	–	(6,671)	627	(53,751)	–	–	498,463	(214,824)	283,639
Total infrastructure, property, plant and equipment	532,657	(161,175)	371,482	7,626	4,323	(196)	(7,553)	–	(57,301)	1,759	–	547,105	(226,974)	320,131

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

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

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

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	258	52
Net book value – opening balance	258	52
Movements for the year		
Purchases	1,716	223
Amortisation charges	(17)	(17)
Closing values at 30 June		
Gross book value	1,957	258
Total software – net book value	1,957	258
Other		
(b) High Security Water Licences		
Opening values at 1 July		
Gross book value	9,518	10,832
Net book value – opening balance	9,518	10,832
Movements for the year		
Purchases	43	273
Fair Value (increment to Equity - Asset Revaluation Reserve)	(628)	(1,587)
Closing values at 30 June		
Gross book value	8,933	9,518
Total High Security Water Licences – net book value	8,933	9,518
Total intangible assets – net book value	10,890	9,776

Accounting policy

IT development and software

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

High Security Water Licences

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

C2 Leasing activities

C2-1 Council as a lessee

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

Office and IT equipment

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

Income Statement

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

\$ '000	2022	2021
Expenses relating to low-value leases	<u>2</u>	<u>2</u>
	2	2

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	320	–	740	–
Accrued expenses:				
– Salaries and wages	579	–	386	–
– Other expenditure accruals	794	–	812	–
Security bonds, deposits and retentions	93	–	63	–
Prepaid rates	908	–	842	–
Total payables	2,694	–	2,843	–

Payables relating to restricted assets

Restrictions

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

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	93	63
Total payables	93	63

Accounting policy

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

Payables

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

C3-2 Borrowings

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	1,535	1,934	1,587	3,811
Total borrowings	1,535	1,934	1,587	3,811

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1.

C3-2 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	5,398	(1,929)	–	–	–	–	3,469
Total liabilities from financing activities	5,398	(1,929)	–	–	–	–	3,469

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
Total financing arrangements	850	850
Drawn facilities		
– Credit cards/purchase cards	38	15
Total drawn financing arrangements	38	15
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	62	85
– Market Rate Facility	500	500
Total undrawn financing arrangements	812	835

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

Accounting policy

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-3 Employee benefit provisions

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,224	–	1,205	–
Sick leave	7	–	8	–
Long service leave	3,324	–	3,639	–
Total employee benefit provisions	4,555	–	4,852	–

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,193	3,972
	3,193	3,972

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
<p>The impact on result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. This risk only relates to future reinvestment.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	315	314

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

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

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

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

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

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

Credit risk profile

Receivables – annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2022				
Gross carrying amount	515	275	–	790
2021				
Gross carrying amount	518	247	–	765

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	2,789	527	–	–	–	3,316
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2021						
Gross carrying amount	2,303	521	–	–	–	2,824
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	93	2,601	–	–	2,694	2,694
Borrowings	4.21%	–	1,685	853	2,074	4,612	3,469
Total financial liabilities		93	4,286	853	2,074	7,306	6,163
2021							
Payables	0.00%	63	1,796	–	–	1,859	2,843
Borrowings	5.70%	–	2,246	2,884	1,314	6,444	5,398
Total financial liabilities		63	4,042	2,884	1,314	8,303	8,241

D2-1 Fair value measurement

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

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

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Intangible assets

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

Infrastructure, property, plant and equipment (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2020/21. An assessment has also been undertaken to ensure that there is no material difference in carrying values. Water Infrastructure has been indexed in accordance with the rate advised by DPI Water NSW. Techniques used to derive fair values:

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

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

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

Plant and Equipment: valued based on actual historical costs.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Total IPP&E	
	2022	2021
Opening balance	297,144	351,937
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	16,508	(55,119)
Other movements		
Transfers from/(to) another asset class	8,048	765
Purchases (GBV)	3,593	6,429
Depreciation and impairment	(7,668)	(6,868)
Closing balance	317,625	297,144

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This is an unlikely event. Amount totals \$49,069 (2020/21 \$47,208).

E People and relationships
E1 Related party disclosures
E1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in the Income Statement (for 12 KMP in total) is:

	2022	2021
Compensation:		
Short-term benefits	734	528
Post-employment benefits	63	39
Other long-term benefits	31	20
Total	828	587

Other transactions with KMP and their related parties

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

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

Nature of the transaction	Outstanding balances including commitments		Terms and conditions	Impairment provision on outstanding balances	Impairment expense
	Transactions during the year				
2022					
Payment for goods/ services received	5	-	30 day creditor payment terms	-	-

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	18	18
Members expenses – members fees	79	89
Members expenses (incl. chairperson) – other (excluding fees above)	27	13
Total	124	120

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	32	31
Remuneration for audit and other assurance services	32	31
Total Auditor-General remuneration	32	31
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	26	18
Remuneration for audit and other assurance services	26	18
Total remuneration of non NSW Auditor-General audit firms	26	18
Total audit fees	58	49

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	6,639	5,267
Add / (less) non-cash items:		
Depreciation and amortisation	8,390	7,570
(Gain) / loss on disposal of assets	(388)	(116)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(517)	777
(Increase) / decrease of inventories	(125)	166
Increase / (decrease) in payables	(420)	503
Increase / (decrease) in other accrued expenses payable	175	169
Increase / (decrease) in other liabilities	96	285
Increase / (decrease) in employee benefit provision	(297)	(455)
Net cash flows from operating activities	13,553	14,166

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Treatment Plant	–	238
Purchase Land Koorringal Road	–	121
Solar Pilot Plant	104	109
ERP Development & Implementation	1,551	176
Humula Reservoir Replacement	–	74
Walbundrie Reservoir Replacement	–	79
Refurbishment of Operations Office	516	–
Total commitments	2,171	797
These expenditures are payable as follows:		
Within the next year	2,171	797
Total payable	2,171	797
Sources for funding of capital commitments:		
Unrestricted general funds	2,171	797
Total sources of funding	2,171	797

Details of capital commitments

2022

Contract for refurbishment of Operations office, project to be finalised in 2022/23 financial year.

Solar Pilot Plant preliminary works to continue in 2022/23 financial year.

ERP Development and Implementation to continue in 2022/23 financial year.

F3 Changes from prior year statements

F3-1 Correction of errors

Nature of prior period error

During the 2021 financial year, Riverina Water undertook a full revaluation of all asset classes. After the completion and adoption of the 2021 financial statements, management identified Work In Progress (WIP) of \$7,817m was included as part of the revaluation report and was included in the revaluation movement during the year. The WIP balance was also recorded in the general ledger account resulting in double counting of the WIP balance. The revaluation movement during FY2021 was recorded directly to the financial statements, hence did not have any depreciation expense. The error resulted in the Written Down Value (WDV) of Infrastructure, Property, Plant & Equipment being overstated, and the Asset Revaluation Reserve (ARR) being overstated.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Notes	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Cash and cash equivalents	A1-1	14,392	(11,500)	2,892
Investments	A1-1	17,000	(1,000)	16,000
Receivables		3,589	–	3,589
Inventories		2,310	–	2,310
Total current assets		37,291	(12,500)	24,791
Investments	A1-1	–	12,500	12,500
Infrastructure, property, plant and equipment (IPPE)		327,948	(7,817)	320,131
Intangible Assets		9,776	–	9,776
Total non-current assets		337,724	4,683	342,407
Total assets		375,015	(7,817)	367,198
Payables		2,843	–	2,843
Borrowings		1,587	–	1,587
Employee benefit provisions		4,852	–	4,852
Total current liabilities		9,282	–	9,282
Borrowings		3,811	–	3,811
Total non-current liabilities		3,811	–	3,811
Total liabilities		13,093	–	13,093
Net assets		361,922	(7,817)	354,105
Accumulated Surplus		152,845	–	152,845
IPPE revaluation reserve		209,077	(7,817)	201,260
Total equity		361,922	(7,817)	354,105

F3-1 Correction of errors (continued)

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	5,267	–	5,267
Amounts which will not be reclassified subsequently to the operating result:			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	(47,725)	(7,817)	(55,542)
Gain (loss) on revaluation of intangible assets	(1,587)	–	(1,587)
Other comprehensive income	(49,312)	(7,817)	(57,129)
Total comprehensive income for the year	(44,045)	(7,817)	(51,862)

F3-2 Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

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

Nature and effect of changes in accounting estimates on future years

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

F4 Statement of developer contributions as at 30 June 2022

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S64 contributions	-	2,628	-	-	(2,628)	-	-	-
Total contributions	-	2,628	-	-	(2,628)	-	-	-

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,924	7.30%	9.03%	28.54%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	26,340				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	26,218	85.49%	89.98%	92.59%	> 60.00%
Total continuing operating revenue ¹	30,667				
3. Unrestricted current ratio					
Current assets less all external restrictions	52,061	6.77x	8.45x	8.32x	> 1.50x
Current liabilities less specific purpose liabilities	7,693				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10,553	4.87x	4.63x	7.69x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,168				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	790	12.04%	11.50%	14.26%	< 10.00%
Rates and annual charges collectable	6,561				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	31,510	20.31	19.39	18.27	> 3.00
Monthly payments from cash flow of operating and financing activities	1,552	mths	mths	mths	mths

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

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

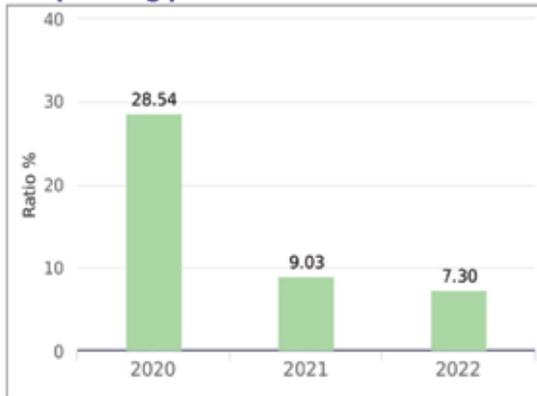
END OF AUDITED FINANCIAL STATEMENTS

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 7.30%

Decrease in result on prior years due to water being less as a result of increased rainfall and lower water consumption demand.

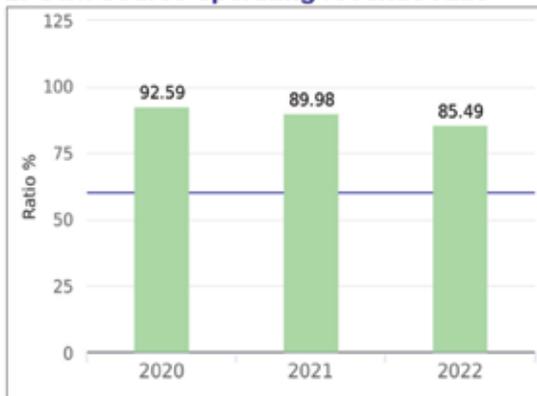
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 85.49%

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

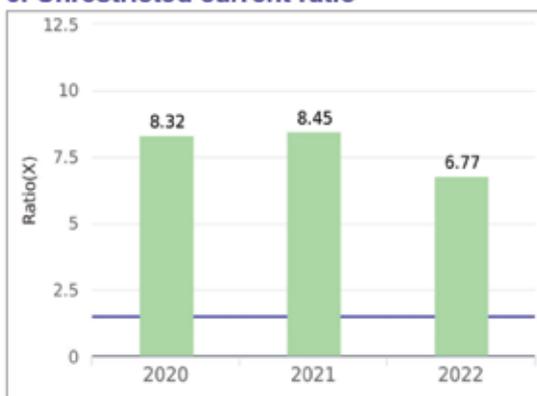
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.77x

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

Benchmark: — > 1.50x

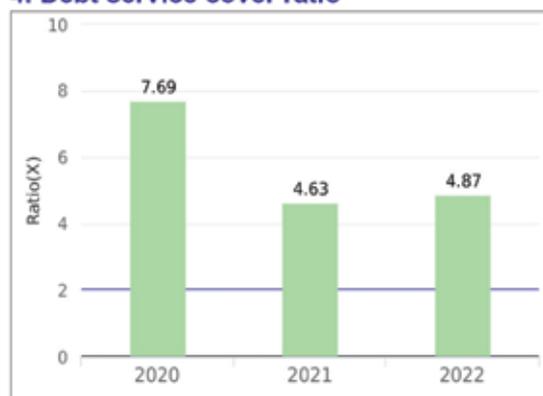
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 4.87x

Higher operating result this year has resulted in a higher ratio.

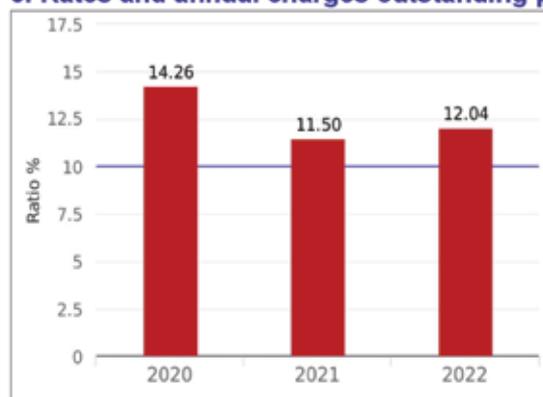
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 12.04%

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

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 20.31 mths

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

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2022	2021 Restated	2020	2019	2018
Inflows:					
Rates and annual charges revenue	5,710	5,655	5,592	5,551	5,471
User charges revenue	19,606	19,796	25,587	25,994	22,877
Interest and investment revenue (losses)	326	467	664	691	595
Grants income – operating and capital	1,821	1,211	270	338	402
Total income from continuing operations	31,055	29,449	36,613	36,322	32,970
Sale proceeds from IPPE	673	317	216	279	214
New loan borrowings and advances	–	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	9,529	9,066	9,627	8,972	7,942
Borrowing costs	239	367	466	570	653
Materials and contracts expenses	5,815	7,084	7,365	2,580	2,202
Total expenses from continuing operations	24,416	24,182	24,413	22,853	21,260
Total cash purchases of IPPE	10,420	11,962	15,701	15,928	11,025
Total loan repayments (incl. finance leases)	1,929	1,868	1,753	1,668	1,575
Operating surplus/(deficit) (excl. capital income)	2,312	2,517	9,757	10,456	8,391
Financial position figures					
Current assets	20,551	24,791	38,060	35,545	32,045
Current liabilities	8,784	9,282	9,059	8,159	6,868
Net current assets	11,767	15,509	29,001	27,386	25,177
Available working capital (Unrestricted net current assets)	21,728	17,550	28,793	27,669	23,338
Cash and investments – unrestricted	23,225	23,548	24,037	19,545	17,421
Cash and investments – internal restrictions	8,285	7,844	7,181	8,639	8,714
Cash and investments – total	31,510	31,392	31,218	28,184	26,135
Total borrowings outstanding (loans, advances and finance leases)	3,469	5,398	7,266	9,019	10,687
Total value of IPPE (excl. land and earthworks)	573,273	547,105	527,999	510,376	490,822
Total accumulated depreciation	234,666	226,974	161,175	154,760	149,064
Indicative remaining useful life (as a % of GBV)	59%	59%	69%	70%	70%

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

G1-3 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:

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

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Mr A Crakanthorp

RESPONSIBLE ACCOUNTING OFFICER

Ms E Tonacia

PUBLIC OFFICER

Ms E Tonacia

AUDITORS

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

Elected members

CHAIRPERSON

Clr T Koschel (City of Wagga Wagga)

COUNCILLORS

Clr T Quinn (Greater Hume Shire)
Clr D Meyer, OAM (Greater Hume Shire)
Clr G Driscoll (Lockhart Shire)
Clr G Davies (City of Wagga Wagga)
Clr D Hayes (City of Wagga Wagga)
Clr M Henderson (City of Wagga Wagga)
Clr J McKinnon (City of Wagga Wagga)
Clr P Bourke (Federation Council)

Other information

ABN: 52 084 883 210



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- 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.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

4 October 2022
SYDNEY



OFFICIAL: Sensitive - NSW Government

Cr Tim Koschel
Chairperson
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650

Contact: Hong Wee Soh
Phone no: 02 9275 7188
Our ref: D2219537/1822

4 October 2022

Dear Cr Koschel

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Riverina Water County Council**

I have audited the general purpose financial statements (GPFS) of the Riverina Water County Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

OFFICIAL: Sensitive - NSW Government

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$'000	\$'000	%
Rates and annual charges revenue	5,710	5,655	↑ 1.0
User charges and fees	19,606	19,796	↓ 1.0
Grants and contributions revenue	4,449	2,940	↑ 51.3
Operating result from continuing operations	6,639	5,267	↑ 26.0
Net operating result before capital grants and contributions	2,312	2,517	↓ 8.1

Rates and annual charges revenue increased by \$55 thousand (1 per cent) in 2021-22 to \$5.7 million. Council's customers increased by 1.2 per cent which is consistent with the movement in rates and annual charges revenue.

User charges and fees decreased by \$190 thousand (1 per cent) in 2021-22 to \$19.6 million. The decrease can be attributed to the wet weather which resulted in lower water sales (specific actual use charges) and bulk water sales to Councils compared to the previous year.

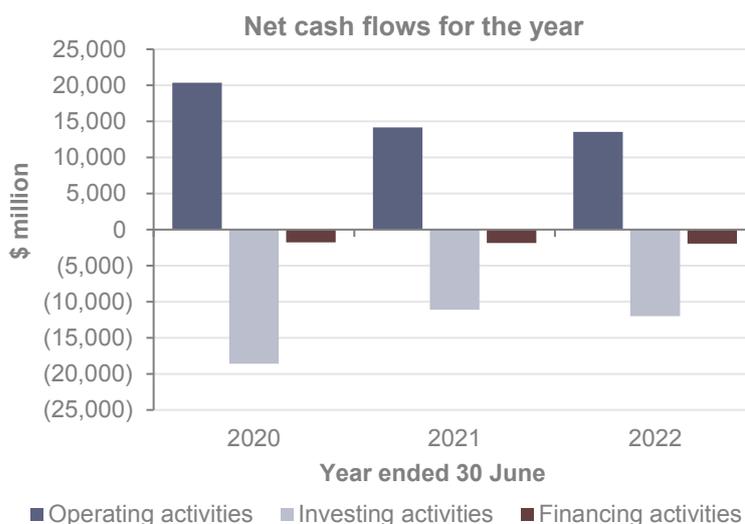
Grants and contributions revenue increased by \$1.5 million (51.3 per cent) in 2021-22 to \$4.4 million due to additional developer contributions as a result of increased development.

The Council's operating result from continuing operations has increased by \$1.3 million to \$6.6 million in 2021-22. The increase of 26 per cent is mainly due to the increase in user grants and contributions.

The net operating result before capital grants and contributions (\$2.3 million) was \$205 thousand lower than the 2020-21 result. The decrease of 8.1 per cent is mainly due to the decrease in user charges and fees income and an increase in employee benefits, depreciation and amortisation expenses.

STATEMENT OF CASH FLOWS

- Council recorded a net decrease in cash and cash equivalents of \$382 thousand at 30 June 2022 (net increase of \$1.17 million at 30 June 2021)
- Net cash provided by operating activities amounted to \$13.5 million. Council recorded cash receipts from user fees and charges of \$19.3 million and grants and contributions of \$4.4 million. Council recorded cash payments for employee benefits and on-costs of \$9.6 million and materials and services of \$6.3 million.
- Net cash used in investing activities amounted to \$12 million. This is largely due to the net cash outflow of \$10.4 million for the purchase of infrastructure, property, plant and equipment during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	31,510	31,392	<ul style="list-style-type: none"> • Internally restricted cash and cash investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. • Internally restricted cash has increased due to an increase in restrictions for plant replacement. This increased due to the large base of plant now held. Additionally, water licence revenue was restricted for future purchase of water licences to safeguard communities water supply for future generations.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	-	-	
• Internal allocations	8,285	7,844	
• Unrestricted	23,225	23,548	

Debt

The Council has financing arrangements of \$850,000 with total drawn financing arrangements of \$38,000 and total undrawn financing arrangements of \$812,000.

PERFORMANCE

Performance measures

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

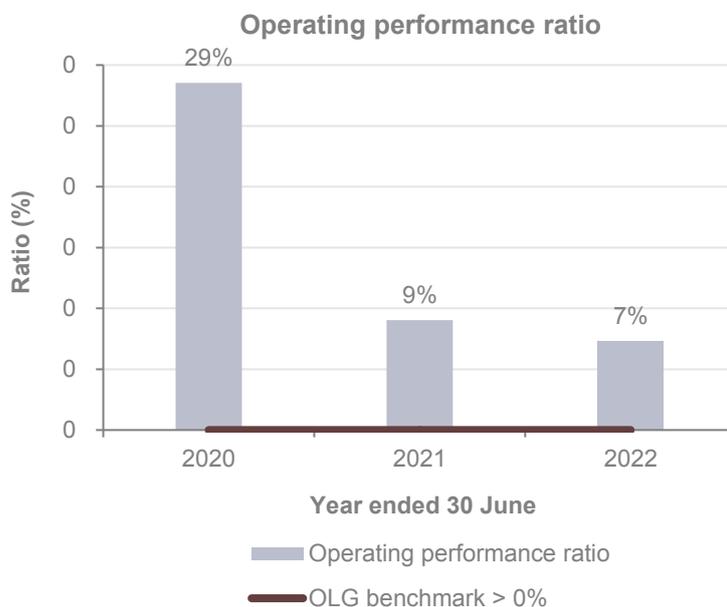
Operating performance ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The Council exceeded the OLG benchmark for the current reporting period with a ratio of 7%.

The decrease from prior years can be explained by a decrease in water sales due to higher rainfall in the county during the period.

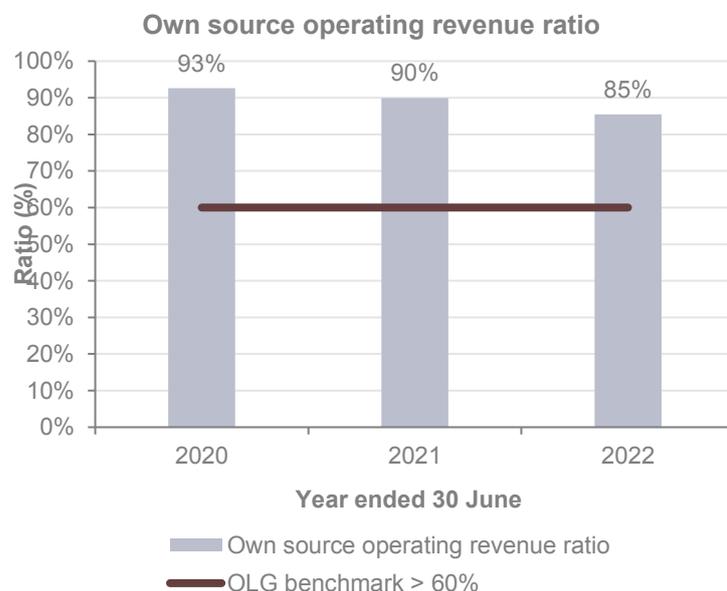


Own source operating revenue ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The Council's own source operating revenue ratio of 85% is above the industry benchmark of 60%. Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.

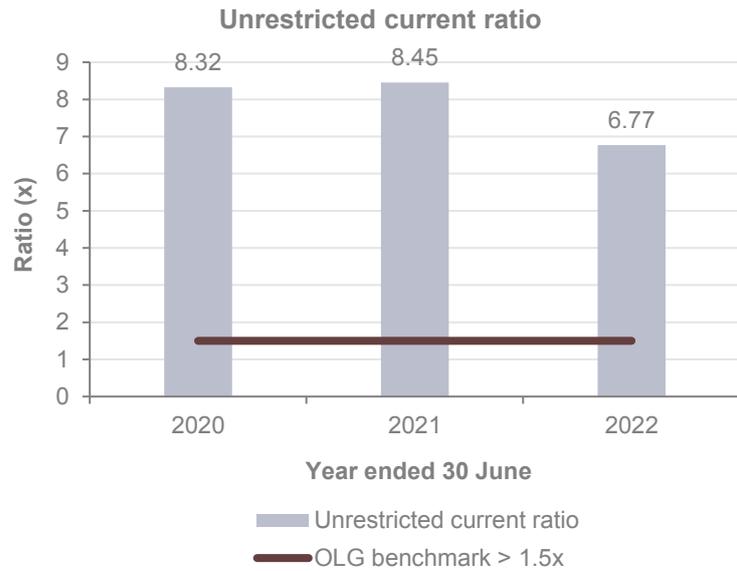


Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

The Council's unrestricted current ratio of 6.77 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.



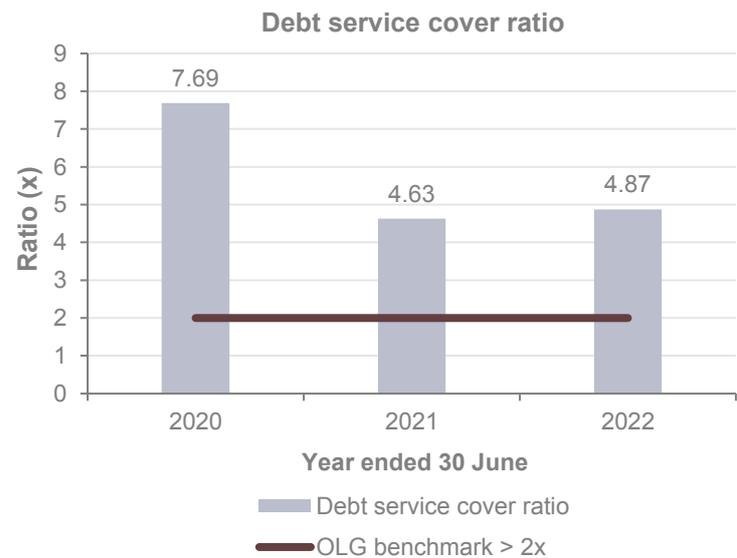
Debt service cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

The Council exceeded the OLG benchmark for the current reporting period with a debt service coverage ratio of 4.87 times.

The Council's own source operating revenue ratio has remained steady compared to the prior year.



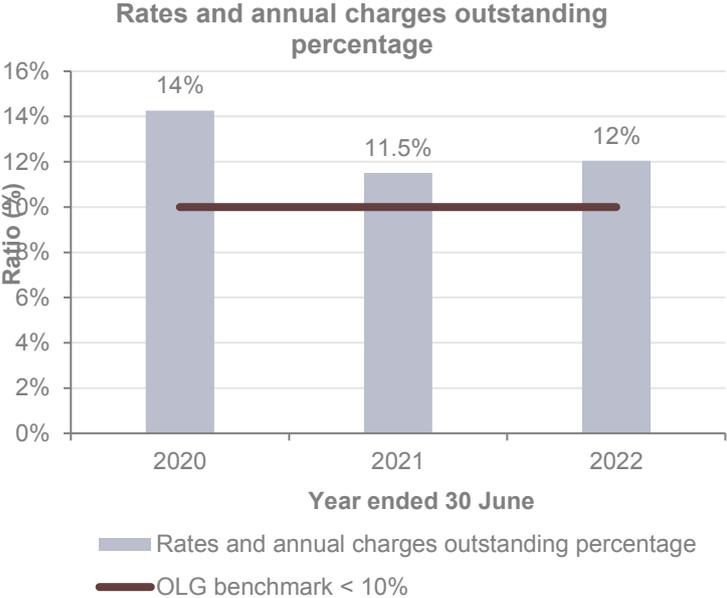
Rates and annual charges outstanding percentage

The Council did not meet the OLG benchmark for the current reporting period.

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

The Council's rates and annual charges outstanding percentage of 12 per cent is outside the industry benchmark of less than 10 per cent for rural councils.

Council continues to exceed this benchmark due to the rolling quarterly billing arrangements. The billing cycle of water county councils need to be considered when assessing this performance against other general councils.

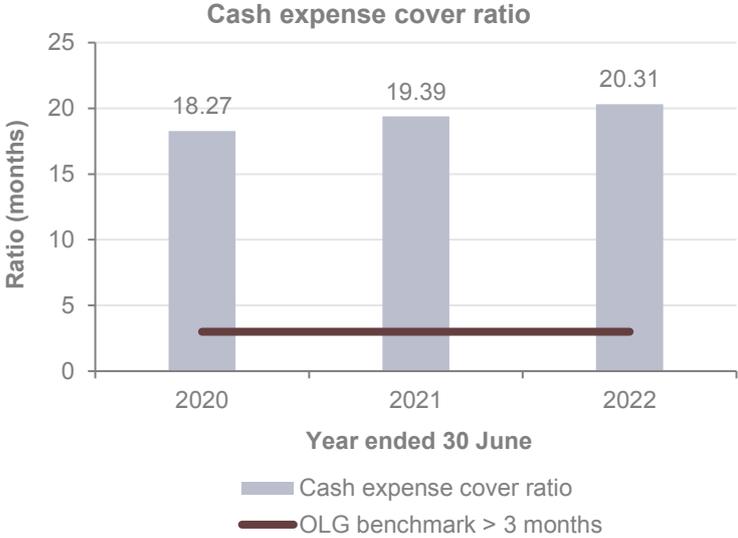


Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council's cash expense cover ratio was 20.31 months, which is above the industry benchmark of greater than 3 months. This indicates that Council has the capacity to cover 20.31 months of cash expenditure without additional cash inflows at 30 June 2022.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$7.23 million of assets in the 2021-22 financial year, compared to \$7.63 million of assets in the 2020-21 financial year. Council have a large capital works program which is contributing to the high amount of renewals.

OTHER MATTERS

Legislative compliance

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

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



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

cc: Mr Andrew Crakanthorp, General Manager
Mr David Maxwell, Chair of Audit and Risk Committee
Michael Cassel, Secretary of the Department of Planning, Industry and Environment

Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2022

**“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 2022

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Riverina Water County Council

Special Purpose Financial Statements for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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

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

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 01 September 2022.



Clr T Koschel
Chairperson



Clr D Meyer OAM
Deputy Chairperson



Mr A Crakanthorp
Chief Executive Officer



Ms E Tonacia
Responsible Accounting Officer

Riverina Water County Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	5,710	5,655
User charges	19,606	19,735
Interest and investment income	326	467
Grants and contributions provided for operating purposes	122	207
Net gain from the disposal of assets	388	116
Other income	576	519
Total income from continuing operations	26,728	26,699
Expenses from continuing operations		
Employee benefits and on-costs	9,529	9,066
Borrowing costs	239	367
Materials and services	5,557	6,763
Depreciation, amortisation and impairment	8,390	7,570
Water purchase charges	258	321
Calculated taxation equivalents	116	95
Other expenses	443	95
Total expenses from continuing operations	24,532	24,277
Surplus (deficit) from continuing operations before capital amounts	2,196	2,422
Grants and contributions provided for capital purposes	4,327	2,750
Surplus (deficit) from continuing operations after capital amounts	6,523	5,172
Surplus (deficit) from all operations before tax	6,523	5,172
Less: corporate taxation equivalent (25%) (2021:26%) [based on result before capital]	(549)	(600)
Surplus (deficit) after tax	5,974	4,572
Plus accumulated surplus	152,845	147,578
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	116	95
– Corporate taxation equivalent	549	600
Closing accumulated surplus	159,484	152,845
Return on capital %	0.7%	0.9%
Subsidy from Council	(56)	–
Calculation of dividend payable:		
Surplus (deficit) after tax	5,974	4,572
Less: capital grants and contributions (excluding developer contributions)	(4,327)	(2,750)
Surplus for dividend calculation purposes	1,647	1,822
Potential dividend calculated from surplus	824	911

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021 Restated
ASSETS		
Current assets		
Cash and cash equivalents	2,510	2,892
Investments	11,500	16,000
Receivables	4,106	3,589
Inventories	2,435	2,310
Total current assets	20,551	24,791
Non-current assets		
Investments	17,500	12,500
Infrastructure, property, plant and equipment	338,607	320,131
Intangible assets	10,890	9,776
Total non-current assets	366,997	342,407
Total assets	387,548	367,198
LIABILITIES		
Current liabilities		
Payables	1,786	2,001
Income received in advance	908	842
Borrowings	1,535	1,587
Employee benefit provisions	4,555	4,852
Total current liabilities	8,784	9,282
Non-current liabilities		
Borrowings	1,934	3,811
Total non-current liabilities	1,934	3,811
Total liabilities	10,718	13,093
Net assets	376,830	354,105
EQUITY		
Accumulated surplus	159,484	152,845
Revaluation reserves	217,346	201,260
Total equity	376,830	354,105

Note – Significant Accounting Policies

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

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

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

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

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

Comparatives

Where appropriate, comparative figures have been amended to accord with the current year presentation, and disclosure has been made of any material changes to comparatives. Those comparative figures amended are summarised below:

Statement of Financial Position

- Cash & Cash Equivalents and Investments have been amended to reflect accurate capture of short term cash holdings to only be those amounts deposited with a term of 3 month or less. In the prior year, investments were disclosed as Cash & Cash Equivalents if there was 3 months or less until they matured.
- Infrastructure, property, plant & equipment has been amended to reflect the overstatement in 20/21 due to double counting of Work in Progress.

Income Statement

- Diesel Fuel Rebate has been amended to be included under 'Other income', previously reported under Grants and contributions.
- Gain on disposal in 20/21 was excluded from the Income Statement and now included.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Note – Significant Accounting Policies (continued)

Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (20/21 26%).

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 25% is the equivalent company tax rate prevalent at reporting date.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

Note – Significant Accounting Policies (continued)

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

(iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) Declared Business Activity, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of the Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activity 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 Activity as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

4 October 2022
SYDNEY

Riverina Water County Council

Special Schedules

for the year ended 30 June 2022

**“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 2022

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Riverina Water County Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the standard \$ '000	to bring assets to satisfactory service set by Council \$ '000					1	2	3	4	5
Buildings	Buildings	-	-	505	367	14,033	21,570	41.9%	25.5%	23.5%	9.1%	0.0%
	Sub-total	-	-	505	367	14,033	21,570	41.9%	25.5%	23.5%	9.1%	0.0%
Water supply network	Treatment Plants	1,234	1,234	790	929	64,575	104,728	48.2%	8.7%	20.0%	23.1%	0.0%
	Bores	-	-	175	206	3,474	6,561	6.9%	30.9%	57.6%	4.6%	0.0%
	Reservoirs	477	477	240	248	34,044	57,027	24.4%	9.2%	50.8%	14.5%	1.2%
	Pumping Stations	87	87	195	215	8,135	18,678	14.4%	9.7%	66.8%	6.1%	3.1%
	Pipeline	19,291	19,291	1,250	1,368	193,364	338,859	21.3%	43.5%	27.0%	8.3%	0.0%
	Sub-total	21,089	21,089	2,650	2,966	303,592	525,853	26.5%	31.5%	30.0%	11.8%	0.2%
	Total – all assets	21,089	21,089	3,155	3,333	317,625	547,423	27.2%	31.2%	29.7%	11.7%	0.2%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Riverina Water County Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	7,230	94.29%	67.75%	89.78%	>= 100.00%
Depreciation, amortisation and impairment	7,668				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	21,089	6.48%	6.49%	7.47%	< 2.00%
Net carrying amount of infrastructure assets	325,225				
Asset maintenance ratio					
Actual asset maintenance	3,333	105.64%	96.35%	96.04%	> 100.00%
Required asset maintenance	3,155				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	21,089	3.85%	3.75%	5.27%	
Gross replacement cost	547,423				

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

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

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Monday to Friday

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External auditors

Crowe Horwath

Internal auditors

National Audits Group

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The Rock

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Urana/Oaklands

(02) 6922 0608 (all hours)

Culcairn/Holbrook/Walla Walla

(02) 6922 0608 (all hours)

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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).**



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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).



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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.

