

RIVERINA WATER COUNTY COUNCIL

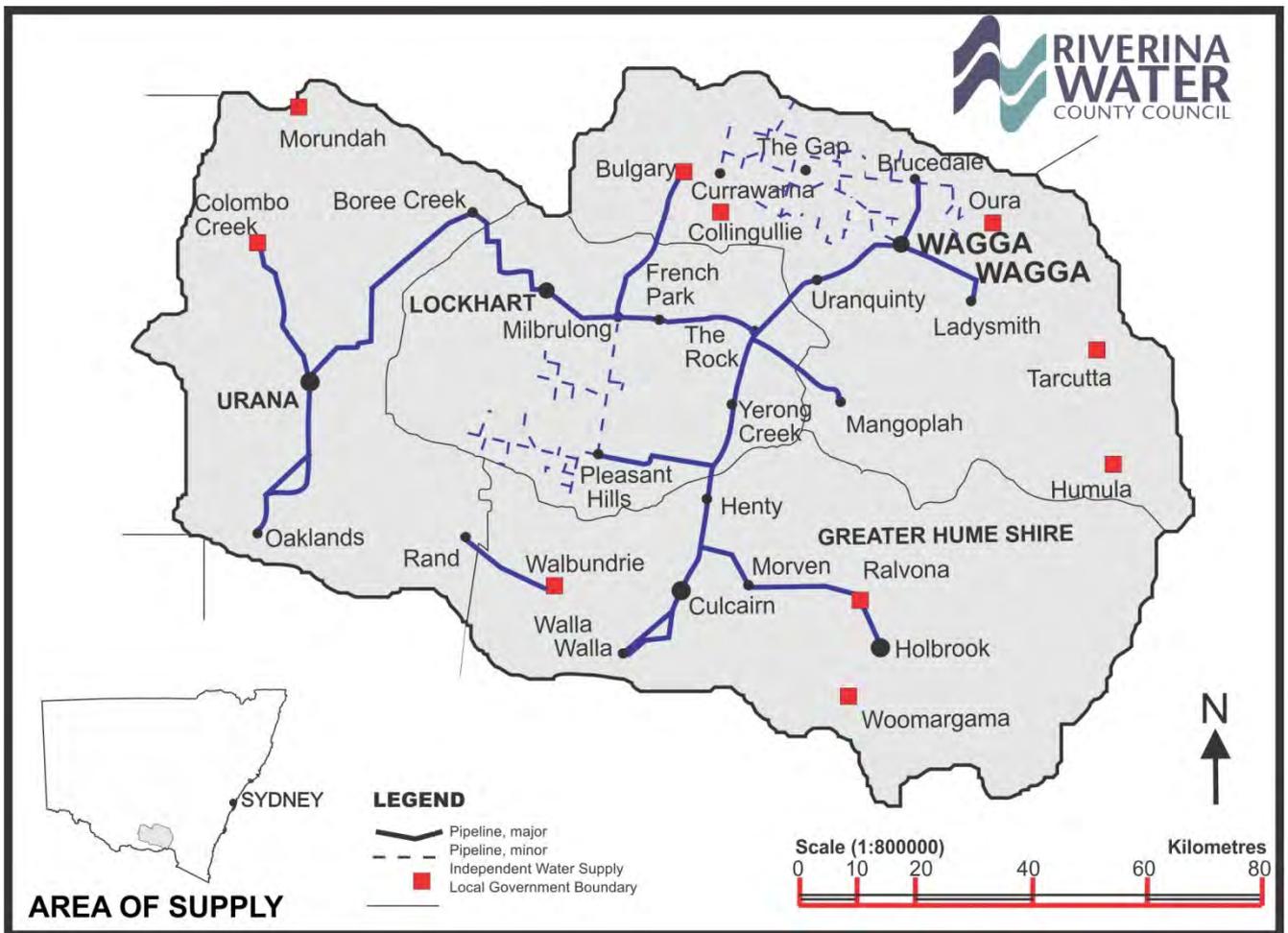
ANNUAL REPORT

2013/2014



Riverina Water County Council

AREA OF SUPPLY



Front Cover

Brucedale Reservoir with access upgrade

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MISSION STATEMENT

Mission:

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

Goals include:

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

RIVERINA WATER COUNTY COUNCIL

**DIRECTORY**

HEADQUARTERS	91 Hammond Ave, Wagga Wagga
POSTAL ADDRESS	PO Box 456, Wagga Wagga 2650
E-MAIL ADDRESS	admin@rwcc.nsw.gov.au
WEB ADDRESS	www.rwcc.nsw.gov.au
TELEPHONE	(02) 6922 0608
OFFICE HOURS	8.30 am to 4.00 pm, Monday to Friday
BANKERS	National Australia Bank Ltd
SOLICITORS	Commins Hendriks
EXTERNAL AUDITORS	John L. Bush & Campbell, Wagga Wagga (1997 – October 2013) Crowe Horwath (October 2013 to present)
INTERNAL AUDITORS	Wagga Wagga City Council

RIVERINA WATER COUNTY COUNCIL

For the construction, operation and maintenance of works of water supply within the Shires of Lockhart, Urana and Part Greater Hume and the City of Wagga Wagga.

ANNUAL REPORT

1st July 2013 to 30th June 2014

COUNCILLORS



Clr. Garry Hiscock
Wagga Wagga
Chairperson

Clr. John McInerney
Greater Hume Shire
Deputy Chairperson

Clr. Greg Verdon
Lockhart Shire Council
Deputy Chairperson

1st July 2013 to 23rd October 2013

23rd October 2013 to 30th June 2014



Clr. Rod Kendall
Wagga Wagga

Clr. Andrew Negline
Wagga Wagga

Clr. Kerry Pascoe
Wagga Wagga

Clr. Paul Funnell
Wagga Wagga

1st Jul 2013 to 21st Jan 2014

28th Jan to 30th Jun 2014



Clr. Kevin Poynter
Wagga Wagga

Clr. Ian Kreutzberger
Urana Shire Council

Clr. Doug Meyer OAM
Greater Hume Shire

MANAGERS



Graeme Haley
General Manager

Ken Murphy
Acting General Manager
4th to 22nd November 2013

Greg Finlayson
Director of Engineering
1st July to 11th Oct 2013

Bryan Short
Acting Director of Engineering
11th Oct 2013 to 13th Feb 2014

Bede Spannagle
Director of Engineering
10th Feb 2014 to 30th June 2014

RETIREMENT AFTER 43 YEARS OF SERVICE

**Rodney Walmsley,
Meter Supervisor
2nd March 1970 to 18th
July 2013**



General Manager, Graeme Haley presenting Rod with a retirement gift at a farewell functions held on 18th July 2013, fellow workmates, family and ex-employees attended.

ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON 23rd October 2013



Clr. Greg Verdon, Deputy Chairperson and Clr. Garry Hiscock, Chairperson elected at Council's Meeting held 23rd October 2013



STEVEN MCINTYRE

3rd Year Electrical Apprentice of the Year and 2013 GTES Chairman's Award



Chairman's Award Winner Stephen McIntyre with
GTES Chairman Julie Elphick

Stephen McIntyre was awarded 3rd Year Apprentice of the year 2013/14 and was also voted and awarded the overall GTES Apprentice of the year.

Steve has capped a memorable year with the ultimate accolade at the GTES Apprentice & Trainee Awards. Steve won the GTES Chairman's Award for 2013 at the gala ceremony held on Friday August 23rd at the Wagga Country Club in front of more than 130 guests.

The Chairman's Award is bestowed on the highest achieving GTES apprentice or trainee, chosen from a field of over 280, who has demonstrated outstanding commitment to their work and training over the past 12 months.

Steve is completing an Electrotechnology apprenticeship with Riverina Water County Council.

Steve proved to be a very popular choice for the highest award of the night, with the announcement of his name by GTES chairperson, Julie Elphick, met with rapturous applause by his many supporters and the guests in general.

**YEARS OF SERVICE
PRESENTATION OF CERTIFICATES AND GIFTS
at Council's Christmas Gathering
13th December 2013**



**Wayne Schiller, Customer Services Officer
35 Years of Service**



**James Garnsey 10, Peter Looney 25, Trevor White 20, Robert Palframan 35, Corey Levy 15,
Rob McIntyre 20, Wayne Schiller 35, Barry Collins 5, Trevor Hogan 15, Robert Woodward 25
and Kane Cathro 20**

(Absent Garry Watson 40, Steve Cutting 35, Bryce McDonnell 25, Ross Hawkins 25,
Adam Carey 15, David Herrick 10, Jim Hall 10, Dermott McCormack 5,
Amanda O'Brien 5, Luke Prowse 5 and Chris Smith 5)

RIVERINA WATER COUNTY COUNCIL WINS THE NSW GOVERNMENT'S **GREEN GLOBE AWARD 2013** FOR WATER EFFICIENCY

Riverina Water County Council has won the NSW Government's top environmental award for Water Efficiency, at the Green Globe Award ceremony held on 24th September 2013 at NSW Parliament House.



Riverina Water took out the honour for its **Urban Nature Strip Lawn Replacement Rebate Scheme**, the program offered financial incentives for residents to replace lawn on their nature strips with approved water efficient designs.

The scheme was partially funded through Riverina Water County Council and the Australian Government's *Strengthening Basin Communities* program.



Riverina Water's General Manager, Graeme Haley with Minister Robyn Parker, Minister Environment and Heritage



Riverina Water's General Manager Graeme Haley receiving the Award from Mark Trembath, AWA NSW Branch President

Riverina Water General Manager, Graeme Haley said that winning the Award has raised the Council's profile as a leader in sustainability and environmental excellence.

“Over 400 residents from across our water supply network took part in the scheme. The new water efficient nature strips are prominent billboards which showcase the variety of options residents can explore to save water not only on nature strips but inside the yard as well,” said Mr Haley.

Approximately 70 per cent of Wagga's residential streets have participated in the scheme seeing over 50,000 square metres of lawn replaced. There has been an obvious change in attitude towards thinking sustainably about water across the Wagga and surrounding areas.

NSW Environment Minister and host of the Awards, Robyn Parker, congratulated this year's winners. “The 2013 winners show us that no matter the size or type of organisation, investing in sustainability brings social and economic benefits to the community,” said Ms Parker. “The Green Globe Awards foster partnerships and helps like-minded organisations to share ideas and learn from each other.

“By working collaboratively we can improve businesses environmental performance and make communities and Government more sustainable,” Ms Parker said.



**wagga wagga
homexpo
leisurefest
roadshow**



Riverina Water County Council participated in the Wagga Wagga Homexpo Leisurefest Roadshow held on the weekend of 4th-6th April 2014.

“Unjumble the Word Competition”

Roger Taylor winner of 1st prize of gardening products and
Brenda King winner of 2nd prize of gardening products

Pictured L-R - Leanne Hastings (Water Quality Officer), Julie Taylor, Graeme Haley (General Manager) and Roger Taylor



Riverina Water’s Water Quality Officer Leanne Hastings talks to CSU preschoolers about water May 2014



Riverina Water’s Mascot Bidgee was hard at work entertaining the children



Pictured L-R - Brenda King and Graeme Haley (General Manager)

FOOTY COLOURS DAY 5th September 2013



BIGGEST AFTERNOON TEA 22nd May 2014 Riverina Water staff raised \$305



HIGH WATER USAGE General Manager Graeme Haley being interviewed by photographer Kieren Tilly for article on water usage for The Wagga Daily Advertiser 3rd June 2014



URANQUINTY POWER STATION

10th July 2013

Engineers Australia Riverina Regional Group organised a visit to the Uranquinty power station. A few Riverina Water engineers attended.

It is an impressive site, the infrastructure is huge and they can start generators in around 5 minutes. The station cost around \$900M.

COUNCILLORS – TERM OF OFFICE

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

CHAIRPERSON

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

DEPUTY CHAIRPERSON

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

General Manager

Haley, Graeme

17th January 2011 to present

Pieper, Gerald

1st July 1997 to 14th January 2011**Senior Staff:**

Nash, Murray (Director of Engineering)

1st July 1997 to 14th May 2004

Clifton, Peter (Director of Engineering)

10th May 2004 to 3rd July 2009

Finlayson, Greg (Director of Engineering)

29th June 2009 to 10th October 2014

Bryan Short (Acting Director of Engineering)

28th October 2013 to 7th February 2014

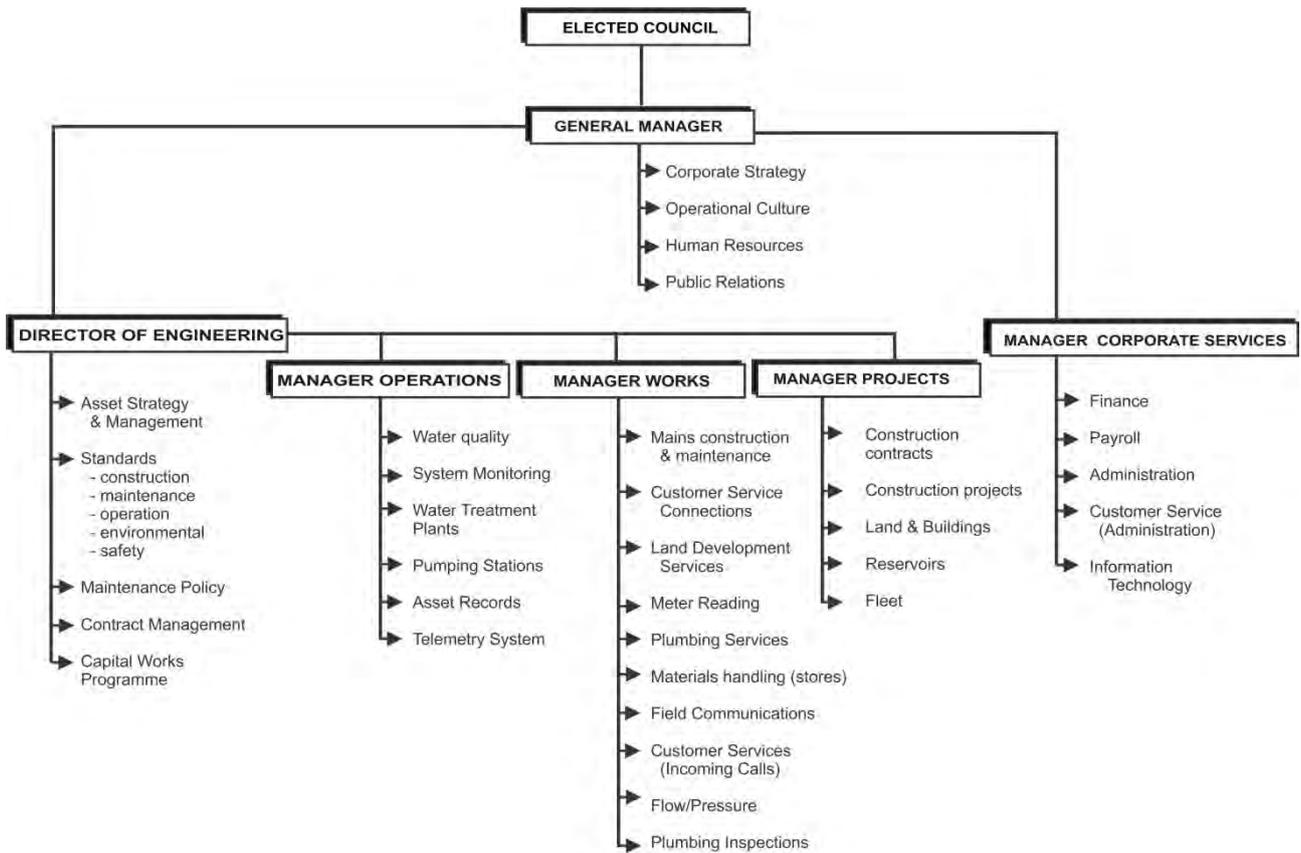
Bede Spannagle (Director of Engineering)

10th February 2014 to present**MEETING ATTENDANCE 2013/2014**

COUNCILLOR	NUMBER OF MEETINGS	ATTENDANCE
Garry Hiscock	8	8
Rod Kendall	8	5
Ian Kreutzberger	8	5
Doug Meyer OAM	8	7
John McInerney	8	8
Andrew Negline	8	4
Kerry Pascoe	3	2
Kevin Poynter	8	7
Greg Verdon	8	7
Paul Funnell	5	1

INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE 2013/2014

The variable weather patterns of recent years continue. Following many years of drought the region had two very wet summers in 2010/2011 and 2011/2012. This weather resulted in lower than normal water sales. The past two summers returned the dryer patterns of earlier years.

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

Finances

As has been publicised widely in the media, Riverina Water County Council has committed itself to the construction of a replacement Water Treatment Plant in Wagga Wagga. This will ensure that we can meet demands for high quality water, sourced from the Murrumbidgee River, well into the future. This key capital project has resulted in the Council borrowing \$15 million in the 2012. Even though Riverina Water County Council was fortunate enough to receive a subsidy for the interest on this loan, under the State Government Local Infrastructure Renewal Scheme, it is still a substantial financial commitment. Since the anticipated cost of the new Water Treatment Plant is expected to be in excess of \$40 million, additional substantial loans will be required over the next few years. This has in part contributed to the increase in the basic cost of water by 10% in Wagga Wagga and in non-urban areas. It is anticipated that another increase of this magnitude will be required next year to allow RWCC to continue trading on a sound financial basis whilst improving our infrastructure.

Strategy

Following the completion of our Integrated Water Cycle Management Plan in 2011 work has continued on key components of the plan. The concept design of the proposed new Water Treatment Plant at Wagga Wagga is expected to be completed by December 2014. It is anticipated that tenders for the detailed design and construction of this plant will proceed in the coming financial year. It is also envisaged that a new major reservoir will be constructed south of Wagga Wagga to serve the future needs of rural consumers served by the Southern Trunk Main System. Construction of an augmented Southern Trunk Main commenced in recent months. During the completion of Council's Strategic Business Plan, a long term Asset Management Plan has been prepared. This has been integrated with a Long Term Financial Plan and Staff Resourcing Plan. As mentioned above I expect that a program of moderate ongoing water price increases will be required.

Water Quality

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

In Conclusion

We are fortunate to have an experienced and diverse board that provides strong support and challenge to our executive team. The board has continued to provide a sound and supportive base to RWCC and myself. I wish to acknowledge them all for their commitment to RWCC.

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



Clr. Garry Hiscock
CHAIRPERSON

NATIONAL COMPETITION POLICY

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

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

i) Identify Council's business activities and categorise them in accordance with the guidelines:

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

ii) Creation of a complaints mechanism to deal with a competitive neutrality complaints.

Council has developed a complaints management system.

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

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

iv) Separation of the costs associated with operating a business activity.

A business undertaking must have its accounting and other operations structured in such a way as to provide a distinct reporting framework. This means that all the costs, both direct and indirect, associated with that business activity must be allocated to it.

v) The Council has not received any complaints in respect of Competition Neutrality during 2013/2014.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

Regulation 217 (1) (a1)

Chairperson's Allowance	\$ 8,570.50
Councillors' Fees	\$41,582.24
Councillors' Expenses	\$ 8,041.74
Conference / Seminar Fees	\$ 7,472.92
Spouse/Partner Conference expenses	\$ 2,725.46

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

POLICY 5.3 - COUNCILLORS' EXPENSES & FACILITIES

POLICY TITLE

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

OBJECTIVES:

To define, in conformity with the requirements of the Local Government Act, 1993, the Council's policy on the provision of facilities for and the payment of expenses to Councillors and the Chairperson.

POLICY STATEMENT:

That in accordance with Division 5 of Chapter 9 of the Local Government Act (as amended) 1993, the Council pay fees and adopt the following policies concerning the payment of expenses incurred or to be incurred by Councillors and the provision of facilities to the Chairperson and some other Councillors in relation to discharging the functions of the County Council:

1. During the month of June in each year, the Council will review the fees and expenses paid to or facilities provided for the Chairperson and Councillors and determine the amounts to be paid for the ensuing year.
2. The amount of the annual fee for the Chairperson and Councillors will take into account the minimum and maximum amount determined by the Remuneration Tribunal and will be paid monthly in arrears.
3. The amount of expenses for conveyance by car will be determined by the rates provided in the Council's Award and will be paid monthly in arrears.
4. Provided that where a Councillor ceases to be the Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month that the Councillor remained the Chairperson.
5. Similarly, where a Councillor is elected Chairperson, the fee to be paid will be calculated on a daily basis for the proportion of the month in which the Councillor became Chairperson.
6. Expenses incurred in attendance, authorised by the Chairperson or Council, at conference, seminars, training sessions, inspections and other authorised activities in relation to discharging of functions of the County Council, shall be conference etc., registration fee plus accommodation costs plus reasonable meal and out-of-pocket costs as verified by documentation normally required in accordance with internal audit procedures. Expenses incurred of spouses, partners or accompanying persons associated with attendance of conferences be the cost of registration and the official conference dinners.
7. Facilities will be provided to allow the Chairperson to discharge the functions of the County Council by way of the necessary administrative services. The Chairperson is to be provided with a facsimile machine for the purpose of facilitating communication.

PERSONNEL & DELEGATION

EMPLOYMENT OF SENIOR STAFF

Section 428 (2) (g)

During the year 2013/2014 Council employed two senior staff, the General Manager and Director of Engineering, at a total remuneration cost of \$451,648.72 including salaries, superannuation, private use of a Council car and fringe benefits tax.

HUMAN RESOURCE ACTIVITIES - UNDERTAKEN BY COUNCIL

Section 428 (2) (m)

Riverina Water employs a workforce of 91 people to carry out the range of responsibilities in administering the organisation and supplying water to the communities. From time to time this workforce is supplemented by a small number of temporary staff. Two (2) apprentices have been employed during the year through G.T.E.S.

Riverina Water's commitment to developing a skilled workforce is demonstrated in its apprenticeship and trainee program. Apprentices are employed in the Electrical (2) and Welding (1) trades. Trainees are employed in Maintenance Operations (1). These five (5) apprentice/trainee positions represent 5% of Council's staff.

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

	Admin	Engineering	Waterworks	Depot Base	Rural	Totals
Perm. June 2013	8	10	19	42	7	87
Temp. June 2013	1	3				3
TOTAL June 2013	9	13	19	42	7	90
Retired				1		
Resigned		1	1	2		
Terminated						
Appointed	1	2	1	2		
Casual						
Internal Transfer			1	1		
Transfer to Perm.						
Temp. Appointed	1	2				
Temp. Terminated	1					
Perm. June 2014	9	11	20	40	7	87
Temp. June 2014	1	3				4
TOTAL June 2014	10	14	20	40	7	91

Recruitment practices follow the EEO guidelines.

Training

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

Training Undertaken 2013/2014

TRAINING COURSE	NUMBER OF
First Aid	1
First Aid Refresher	17
Coagulant & Flocculation Training	1
Working at Heights Training	19
Traffic Control - Stop/Slow	11
Traffic Control - Red Card	17
Managing and Supervision	3
HSR Committee Training	4
HSR - Bridging Course	2
Workcover Licence - C6 Crane	3
Workcover Licence - Dogging	2
Filtration Training	1
Truck Licence - HR	2
Competency Training - Backhoe	1
Competency Training - Excavator	1
Body Electrical Systems	2
Authorised Contractor Training	1
Dangerous Goods Licence	2
Chemical Contaminants in Water	2
Plumbing Inspection Techniques	1
Railway PO1 Officer Training	1
Advanced Word - Computing	2
Intermediate Word - Computing	2
Intermediate Excel - Computing	1
PDF Manage/Create - Computing	3
Computer skills for over 50's - Computing	1
Munsy's Training - Computing	3
AutoCad 2013 - Computing	7
AutoCad Civil 3D - Computing	5
Microsoft Office 2010 - Computing	7
WIOA Operators Conference	6
WIOA Trade Exhibition	5
TOTAL	136

Enterprise Award

In 2012/2013 a revised enterprise award was negotiated with the various unions. Riverina Water County Council Enterprise Award 2013 continues the concept of an effective and cohesive workplace, and covers a three year which commenced July 2013.

The Revised Riverina Water County Council Enterprise Award has been signed off by all concerned parties and has been registered with the Industrial Relations Tribunal.

Remuneration to all staff is based on a logical and fair system, commensurate with modern base standards and practices. The system includes an annual review of skills attained and used.”

Staff Committees

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

- Occupational Health & Safety Committee
- Staff Consultative Committee
- Promotional Committee

Occupational Health & Safety Management 2013/14

The goal for the last twelve months has been to consolidate on all safety processes already in place. Rather than implement a whole range of new activities and strategies it was decided that we would concentrate on ensuring we are undertaking our safety processes satisfactorily and see where we can improve. Communication on all levels has been lacking in the previous years and there was some emphasis placed on improving this element of our safety procedures and hopefully this would reflect on other areas such as the safety culture.

Another focus this year has been getting the balance right with communicating with employees who are absent on workers’ compensation. Some injured workers want a lot of contact with their employer while they are off work, while others want very little. Not contacting the worker, or contacting too frequently can impact on claims durations and costs and ultimately increased premium costs for employers, as well as a poor health outcome for the worker and their family. Contact from a supportive employer lets workers know that they’re a valued member of the team and can alleviate uncertainty about their job situation. A strong feeling of support from the company also assists the worker to participate in their recovery and rehabilitation activities. The most important reason for contacting an injured worker is to offer support and assistance wherever we possibly can.

Overall there has been improvements in some areas and other areas have been highlighted as needing further improvement. On a statistical basis we started the year quite well but a couple of incidents resulted in less than ideal statistical figures toward the end of the year. We will continue to monitor and review our procedures and strive for improvement across all areas of health and safety.

WHS Goals & Objectives 2013/2014

Riverina Water's WHS goal for 2013/2014 was to **build on our previously implemented WHS systems and continuously monitor and improve on the organisations WHS performance. Improvement was to be achieved through eliminating any risks that may lead unsafe work conditions and/or actions.** The objective was to provide a safe workplace and safe systems of work. Our aim over the period 1st July, 2013 – 30th June, 2014 has been to implement or continue with the following strategies to achieve the overall objective / goal for this 12-month period.

Objectives	Means of achieving	Target/Measure
Continually promote & monitor responsibilities within the WHS Management System	<ul style="list-style-type: none"> Promote WHS responsibilities to all staff through regular Newsflash articles and induction processes. Ensure all non-conformances are addressed. 	<p>WHS responsibilities undertaken by all staff. Can be measured through annual staff evaluations. <i>Ongoing promotion of WHS roles has been achieved.</i></p> <p>Incident investigations to be monitored and corrective actions listed & completed. <i>Human error still a factor in large percentage of reported incidents.</i></p>
Provide effective staff support through provision of appropriate and sufficient resources.	<ul style="list-style-type: none"> Regular discussion with work teams on needs. Ensure monitoring of human resources & equipment. Provide for adequate resources in Operational Plan / Budgets. 	<p>Minutes of meetings or discussions between workers and supervisors/managers. <i>Appears to be happening regularly.</i></p> <p>Health & Safety committee issues appropriately addressed. <i>HSC meeting regularly with very few items outstanding.</i></p> <p>Resources adequately included in budgets and planning. <i>Resources provided as necessary.</i></p>
Improve Communication and Consultation	<ul style="list-style-type: none"> Continue promotion of "Take & Break & Talk Safety" & incentive by way of rewards (i.e. Kit Kats / Fruit / Luncheon) New requirement for manager to attend at least one meeting per team per quarter. Provide timely and appropriate feedback. 	<p>Monthly meetings held with all work teams with documented evidence being provided by Supervisors. <i>All but one team achieved the required schedule of meetings.</i></p> <p>Team meeting sheets show manager attendance. (1 per quarter). <i>Still some teams who have not had manager attendance.</i></p> <p>Issues raised are discussed with management & outcomes reached with feedback directly to the work team within a reasonable time frame.</p> <p>Diary or other appropriate recording of meetings with timely feedback to employees on raised issues. <i>No reports of lack of feedback.</i></p>
Develop & Review Safe Work Procedures	<ul style="list-style-type: none"> Review, reformat & consolidate existing SWMS Ongoing review of WHS Policies & procedures with a view to their effectiveness and legal compliance 	<p>Up to date supervisor manuals. <i>Manuals updated when necessary.</i></p> <p>Ensure document control register reflects up to date procedures and reviews. <i>Procedure updates on schedule.</i></p>
Develop & complete an annual CIAP (Continuous Improvement Action Plan)	<ul style="list-style-type: none"> Develop CIAP in consultation with Management following annual WHS audits <ul style="list-style-type: none"> Internal audits StateCover Self Evaluation Tool & manager's consultation with work groups 	<p>CIAP developed & progress made on required actions. <i>CIAP developed and reviewed. More manager input required and reviews need to be more regular.</i></p> <p>Audit result to reflect increased compliance over previous audit. <i>Audit format changed but compliance rate still higher than state average.</i></p>

Elimination/reduction of risks	<ul style="list-style-type: none"> • Workplace inspections to be undertaken every 4-6 months • Timely reporting of accident/incidents/near misses • Improved investigation reports. • Manager involvement and response to incidents • Hazard register in place & reviewed regularly 	<p>Inspection schedules up to date. Identified issues controlled within an appropriate time frame. <i>Scheduled inspections sometimes overdue. Most issues corrected in reasonable time-frame.</i></p> <p>All reports and investigations received within the required timeframes. <i>Some reports still coming in well after the deadline. Standard of investigations improved but still below par. Managers receiving copies of all reports and responding.</i></p> <p>Interim controls in place immediately, permanent controls considered, reviewed 6 monthly by management. Feedback to be given to staff. <i>Interim controls always in place. Some staff not happy with time-frame for permanent controls. Register needs to be utilised more often.</i></p>
Continue on-going WHS training of new & existing staff	<ul style="list-style-type: none"> • Undertake inductions of new staff. • Continue internal and external training programs for staff. • As procedures/SWMS are released, appropriate training or instruction is given. 	<p>Induction & review of all new staff (evidence available through completion of Individual Induction Booklets). <i>100% compliance</i></p> <p>Annual training plan in place and skills gap analysis. <i>Skills process still lacking. HR to improve process.</i></p> <p>Training record sheets received & skills database updated. <i>Training updated and records submitted when appropriate.</i></p>
Improve Safety Culture	<ul style="list-style-type: none"> • Continuous promotion and monitoring of safety performance • Ensure follow up actions are scheduled and implemented where incident investigations identify organisational systems are insufficient or defective or employee actions are less than desired. • Senior staff to lead by example ('walk the talk') • Continue with Watch Out Award and other incentive programs. 	<p>Noticeable reduction in incidents relating to human factors. <i>Human factors still a factor in most incidents.</i></p> <p>All incident reports involving human error element have follow up actions planned and implemented. <i>Improvements made but not yet eliminating human error. Organisational failings corrected once identified.</i></p> <p>Noticeable increase in senior staff presence on job sites and areas outside of office. <i>Has improved but could still be an increase in senior staff presence around work sites.</i></p> <p>Recognition of good safety performances. <i>Safety award still in place but not always receiving worthwhile nominations.</i></p>
Maintain & Improve Health & Well Being of Staff	<ul style="list-style-type: none"> • Continue with \$100 health incentive subsidy • Target (specific) health programs • Provision of EAP program 	<p>"Take up" of staff into fitness programs. walking, cycling sports etc. outside of work hours</p> <p>Participation and interest show in health promotions/training in house</p> <p><i>Good percentage of staff utilising the health incentive bonus but this has been dropped from next year's budget. Staff participating in promotions in increasing numbers.</i></p> <p>Monitor usage of this service. <i>Service still being used by staff.</i></p>

Achievements this year

- Staff survey conducted to gauge interest in Health Initiatives – 69% return rate
- September Footy Colours Day to raise money for cancer and encourage team bonding on the worksite
- November a Ten Pin Bowling Day was held on a weekend to gauge interest in activities out of hours
- Safety breakfast in October, launch of the new Health & Wellbeing Committee, and healthy eating initiatives
- \$100 safety incentive continues to help employees engage in health related activities
- Update Kit Kat meeting sheet to include discussion on Relax newsletter and Health Initiatives
- Managing people aspect of change – Training sessions attended by Managers/Supervisors
- March 2014 – 35 Minute individual health checks conducted onsite
- EAP (Employee Assistance Program) continues to be well utilised for external staff support
- Annual flu vaccinations onsite during March
- Domestic Violence Policy drafted
- Procedure and policy updates and reviews conducted
- Nuts & fruit bars provided as an alternative healthier food to Kit Kats for safety team meetings
- Claims review conducted on 29/4/2014
- May Biggest Afternoon Tea Cancer fundraiser \$350.00 raised
- Riverina Water joined up to “Corporate Challenge - Club Red” group blood donations
- Health & Wellbeing Team have met consistently every month to arrange health programs, activities, information etc. for staff
- “Relax” Newsletter developed in March, 2014 – distributed to staff every two months providing up-to-date Information on what’s happening around the worksite and practical information regarding Health & Wellbeing

Engineering controls of risk

Safety related projects for the past year include

- Replace steel pit lids at 8 locations with lighter aluminium pit lids
- Brucedale reservoir access upgrade
- Oaklands reservoir replacement internal platforms
- Sealing of entrance road
- Fabrication and installation of swing over loading gates for fitter and electricians mezzanine floors
- The Rock pump house pits and hand railing
- Setup of truck mounted vacuum excavation unit

Watchout Safety Incentive Award Recipients

This is the TWELTH year for the safety incentive award program, with RWCC taking over the sole sponsorship of this event.

July/Aug 2013 Awarded to Carl Graetz (Fitter Leading Hand) and Darrell Kenny
(Rural W/S Operator)
Design and installation of an external system for dosing all hazardous rural reservoirs with sodium hypochlorite

April/May 2014 Awarded to Trevor White & Kristian Kendall
(Maintenance Operators)
Check up on status of people with artificial kidney machines so can isolate supply, gain listing from local hospitals.

April/May 2014 Awarded to Ken McGilvray
(Pipelayer/Truck Driver)
Fit a lifting arm on Truck 56 for the whacker to make it easier to get on and off, will aid in Saving back and arm injuries

June/July 2014 Awarded to Barry Collins
(Truck Driver)
Suggest fitting blind spot mirrors to all trucks to help avoid a collision with other vehicles and particularly motorbikes which are hard to see.

RIVERINA WATER'S WORKERS COMPENSATION PERFORMANCE

A key benchmark of RWCC's Workers compensation performance is comparing our statistics to figures within the entire StateCover (Insurance) group. Report dated October 2013.

Benchmark	StateCover Average	RWCC's performance
Average Premium Rate	3.46%	2.76%
Lost Time Injury Rate	3.70%	5.32%
Injuries reported within 2 business days	64.77%	71.43%
WHS Self Audit	71.00%	86.92%



**SUPPORTING WORKPLACE SAFETY
“Watchout” Safety Incentive Scheme
SAFETY AWARD WINNERS**

**WATCHOUT AWARD
FOR APRIL/MAY 2014**

WENT TO

**Trevor White / Kristian Kendall and
Ken McGilvray**



**Trevor White and Kristian Kendall
(absent)**

Trevor White receiving cheque from
Graeme Haley, General Manager,
watched by Dermot McCormack, WHS
Chairperson

Fit a lifting arm on Truck 56 for the Wacker,
to make it easier to get on and off, will aid
in saving back and arm injuries



Ken McGilvray

Graeme Haley General Manager
presenting Ken McGilvray with cheque,
watched by Daryl Ryan WHS Coordinator

Check up status on people listed in 1-3000
with artificial kidney machines to see if still
current, will make some after-hours work
easier if you know you can isolate the
supply without door knocking in early hours
of the morning may be able to get a list from
hospital of people with these machines in
their homes.

**WATCHOUT AWARD
FOR JUNE/JULY 2014**

**WENT TO
Barry Collins**

Whilst driving the sludge truck (226) at
times I needed to see the L/H rear view
beside the truck in the blind spot. I
suggest a Blind Spot Mirror to be fitted this
will help avoid a collision with motorbikes
which are hard to see.





Safety Breakfast 22nd October 2013

Successful launch of the new Health & Wellbeing team during the Safety Breakfast
22nd October 2013



Lockhart Drink Fill Station

STAFF TRAINING SHORING October 2013

Riverina Water staff underaking
shoring training



Mark McIntyre and Mark Carroll



John King, David Chandler and Leigh Trevaskis



James Garnsey and Jeremy Thain

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

Section 428 (2) (n)

PURPOSE

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

SCOPE

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

ADVERTISING STAFF POSITIONS

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

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

E.E.O. STRATEGIES

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

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

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL-DELEGATED FUNCTIONS

Regulation 207 (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.

TOTAL REMUNERATION FOR SENIOR STAFF

Regulation 207 (1) (b&c)

The information required by this sub-section is the total of the salary component, employer's contribution to superannuation, private use of motor vehicle and fringe benefit taxes, for the positions of General Manager and Director of Engineering was \$451,648.72

ENVIRONMENTAL MATTERS

STATE OF THE ENVIRONMENT

Section 428 (2) (c)

Unlike a general purpose council, Riverina Water County Council is not required to address the general state of the environment, however it is responsible for environmental protection in relation to all its works and activities. The movement and treatment of water, and the disturbance of soil during construction work must have due regard for environmental issues.

Water is a finite resource, and although most of Riverina Water's sources of raw water are adequate and reliable through the driest years, there is a wider responsibility to eliminate any inefficient or wasteful practices in the use of water.

Environmental Protection – objectives and targets

Water is arguably the most important resource and its use must include long term consideration of protection and sustainability.

While Riverina Water draws only a small percentage of the surface and groundwater resource in the Murrumbidgee and Murray Valleys, it is bound by state water management policies, administered by the Department of Water Resources. It is also essential that any water we return to the environment is of an appropriate quality.

Any disturbance of the soil during pipe laying, or other water supply work is protected by recognised soil and water conservation practices during the project, and returned to a state equal or better than pre-existing on completion of the work.

Riverina Water also works to minimise the amount of electricity used, and thus contribute to programmes which reduce greenhouse gas emissions.

Land and buildings owned by Riverina Water are cared for in an environmentally sustainable way.

Riverina Water works to reduce wastage and make customers aware that water is a finite resource, that the provision of water supply is costly, and that inefficient and wasteful practices should be eliminated.

PROGRAMMES UNDERTAKEN TO PRESERVE, PROTECT, RESTORE AND ENHANCE THE ENVIRONMENT

Section 428 (2) (i)

A programme is well advanced to progressively upgrade the sludge and backwash disposal system at each filtration plant, to minimise suspended matter in effluent leaving the plant. Work currently scheduled in the capital works programmes includes Tarcutta Water Treatment Plant to more effectively remove dissolved iron and manganese from the waters pumped from local bores.

Protection of soil – Field construction supervisors have undertaken a course on practical soil and water management.

Practices such as site containment, storm flow and sediment control, and re-vegetation are undertaken wherever needed on work sites.

A sludge tanker is on hand and used in conjunction with underboring, to eliminate any flow of muddy waters from the work site.

Riverina Water will reduce electricity consumption, by installing higher efficiency equipment and minimising power losses. This will assist the reduction in greenhouse gas emissions in NSW.

COMPANIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST

Regulation 217 (1) (a7)

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

PARTNERSHIPS, CO-OPERATIVES AND OTHER JOINT VENTURES TO WHICH COUNCIL HAS BEEN A PARTY

Regulation 217 (1) (a8)

During 2013/14 the process was commenced to end the formal agreement with NUWG. This process is continuing, primarily relating to land matters.

OPERATION, CONSTRUCTION & MAINTENANCE

OPERATIONAL PLAN – PERFORMANCE TARGETS 2013/2014

Section 428 (2) (b)

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2013/2014 Operational Plan.

Services

Strategies / Actions	Progress to 30th June 2014
- Monitor urban and rural per capita demands and determine if they significantly exceed the design peak demand levels of service.	Average kilolitres per quarter not exceeding design.
- Manage demand effectively using a range of measures	Treated water consumption and water targets in MI per day. Targets met, except in extreme weather.
- Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs	Customer needs met
- Maintain network analysis of Wagga urban water system	Staff updating model outputs.
- Maintain the water supply infrastructure in good working order.	Some but infrequent breakdowns.
- Monitor the operation of the water supply system to ensure continuity of supply.	Continuity of supply maintained.
- Reinforce throughout the organisation that we are customer orientated.	Timely responses.
- Maintain a request and complaint handling system that ensures both attention to the request and advice of action taken or to be taken.	CRS System maintained.
- Use customer news sheets to disseminate information to customers. - Utilise the local media when appropriate to increase awareness within the community. - Meet with sectional or interest groups or invite them to meet with us to communicate and receive feedback on relevant issues.	Preparation of quarterly newsletter finalised. Numerous media outlets used to advise customers on demand management. Senior staff attended various meetings as required.
- Increase inspection and documentation of consumer pipework where there is potential for contamination from backflow.	Required protection devices in use.

Asset Replacement

Strategies / Actions	Progress to 30th June 2014
Develop and maintain a rolling replacement plan for all assets with review every 3 years.	Program documented and executed.
Identify potential system capacity deficiencies and incorporate in capital works programme.	Monitoring, pressure testing and failure analysis undertaken.
Maintain water network analysis programme to identify timetable of system improvements and extensions.	Network model calibrated and run.
Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs.	Pipe break definitions improved in reports.

Human Resources

Strategies / Actions	Progress to 30th June 2014
Identify and develop leadership potential in staff. Extend delegation and matching accountability to all levels of the organisation. Establish mechanisms for team building and operation.	Responsibilities accepted and met.
Continue system of position descriptions and skills based remuneration.	Fair pay levels.
Promote, enable and encourage multi-skilling.	Needed skills in use.
Continue practical operations of Occupational Health & Safety Committee, and Staff Consultative Committee.	Welfare of staff.
Continue staff training system (refer to training plan Section 7.5).	Competencies attained.

Work Health & Safety

Objectives	Means of achieving	Progress to 30th June 2014
Continue promotion of responsibilities within the WHS Management System	Promote WHS responsibilities to all staff through regular Newsflash articles and induction processes.	WHS responsibilities undertaken by all staff. Can be measured through annual staff evaluations. <i>Ongoing promotion of WHS roles has been achieved.</i> Incident investigations to be monitored and corrective actions listed & completed. <i>Human error still a factor in large percentage of reported incidents.</i>
Provide effective staff support through provision of appropriate and sufficient resources.	<ul style="list-style-type: none"> - Regular discussion with work teams on needs. - Ensure monitoring of human resources & equipment. 	Minutes of meetings or discussions between workers and supervisors/managers. <i>Appears to be happening regularly.</i> Health & Safety committee issues appropriately addressed. <i>HSC meeting regularly with very few items outstanding.</i> Resources adequately included in budgets and planning. <i>Resources provided as necessary.</i>
Improve Communication and Consultation	<ul style="list-style-type: none"> - Continue promotion of "Take & Break & Talk Safety" & incentive by way of rewards (i.e. Kit Kats / Fruit / Luncheon) - New requirement for manager to attend at least one meeting per team per quarter. - Provide timely and appropriate feedback. 	Monthly meetings held with all work teams with documented evidence being provided by Supervisors. <i>All but one team achieved the required schedule of meetings.</i> Team meeting sheets show manager attendance. (1 per quarter). <i>Still some teams who have not had manager attendance.</i> Issues raised are discussed with management & outcomes reached with feedback directly to the work team within a reasonable time frame. Diary or other appropriate recording of meetings with timely feedback to employees on raised issues. <i>No reports of lack of feedback.</i>
Develop & Review Safe Work Procedures	<ul style="list-style-type: none"> - Review, reformat & consolidate existing SWMS. - Ongoing review of WHS Policies & procedures with a view to their effectiveness and legal compliance 	Up to date supervisor manuals. <i>Manuals updated when necessary.</i> Ensure document control register reflects up to date procedures and reviews. <i>Procedure updates on schedule.</i>

Develop & complete an annual CIAP (Continuous Improvement Action Plan)	<ul style="list-style-type: none"> - Develop CIAP in consultation with Management following annual OHS audits - Internal audits - StateCover self-evaluation tool - & manager's consultation with work groups 	<p>CIAP developed & progress made on required actions. <i>CIAP developed and reviewed. More manager input required and reviews need to be more regular.</i></p> <p>Audit result to reflect increased compliance over previous audit. <i>Audit format changed but compliance rate still higher than state average.</i></p>
Identification of hazards & elimination/reduction of risks	<ul style="list-style-type: none"> - Workplace inspections to be undertaken every 4-6 months - Timely reporting of accident/incidents/near misses - Improved investigation reports. - Manager involvement and response to incidents - Hazard register in place & reviewed regularly 	<p>Inspection schedules up to date. Identified issues controlled within an appropriate time frame. <i>Scheduled inspections sometimes overdue. Most issues corrected in reasonable time-frame.</i></p> <p>All reports and investigations received within the required timeframes. <i>Some reports still coming in well after the deadline. Standard of investigations improved but still below par. Managers receiving copies of all reports and responding.</i></p> <p>Interim controls in place immediately, permanent controls considered, reviewed 6 monthly by management. Feedback to be given to staff. <i>Interim controls always in place. Some staff not happy with time-frame for permanent controls. Register needs to be utilised more often.</i></p>
Continue on-going WHS training of new & existing staff	<ul style="list-style-type: none"> - Undertake inductions of new staff. - Continue internal and external training programs for staff. - As procedures/SWMS are released, appropriate training or instruction is given. 	<p>Induction & review of all new staff (evidence available through completion of Individual Induction Booklets). <i>100% compliance</i></p> <p>Annual training plan in place and skills gap analysis. <i>Skills process still lacking. HR to improve process.</i></p> <p>Training record sheets received & skills database updated. <i>Training updated and records submitted when appropriate.</i></p>
Improve Safety Culture	<ul style="list-style-type: none"> - Continuous promotion and monitoring of safety performance - Ensure follow up actions are scheduled and implemented where incident investigations identify employee actions are less than desired - Senior staff to lead by example - Continue with Watch Out Award 	<p>Noticeable reduction in incidents relating to human factors. <i>Human factors still a factor in most incidents.</i></p> <p>All incident reports involving human error element have follow up actions planned and implemented. <i>Improvements made but not yet eliminating human error. Organisational failings corrected once identified.</i></p> <p>Noticeable increase in senior staff presence on job sites and areas outside of office. <i>Has improved but could still be an increase in senior staff presence around work sites.</i></p> <p>Recognition of good safety performances. <i>Safety award still in place but not always receiving worthwhile nominations.</i></p>

Maintain & Improve Health & Well Being of Staff	- Continue with \$100 health incentive subsidy	<p>“Take up” of staff into fitness programs. walking, cycling sports etc. outside of work hours</p> <p>Participation and interest show in health promotions/training in house</p> <p><i>Good percentage of staff utilising the health incentive bonus but this has been dropped from next year’s budget. Staff participating in promotions in increasing numbers.</i></p>
	- Provision of EAP program	<p>Monitor usage of this service. <i>Service still being used by staff.</i></p>

Environmental Protection

Strategies / Actions	Progress to 30th June 2014
Water returned to the environment from the filtration plant will be monitored for quality.	EPA standards achieved.
All field work-sites will be protected and restored to eliminate degradation.	No soil loss or siltation. Vegetation restored.
Soiled water from Urban field site works will be returned for proper disposal.	No soiled water entering town drainage systems.
Electrical efficiency will be considered in infrastructure design.	Electrical efficiency taken into account.
Marshalls Creek environmental project to restore native vegetation and protect creek bed.	Native vegetation restored. Stable creek bed.
Fleet replacements to consider environmental criteria	Taken into account at all times. Diesel preference.
Decommission of Bores	Decommissioned as per DWE guidelines.

CONTRACTS AWARDED DURING THE YEAR

Section 428 (2) (h)

Company	Description of Work	Cost \$
Public Works NSW	Contract documentation and tender management for underground powerlines	16,500
Waterline Projects	Project management of underground powerlines	94,887
Hunter Water Australia Pty Ltd	Wagga Water Treatment Plant EIS	86,220
Radtel Engineering	Clear SCADA Software Upgrade	48,953
Public Works NSW	Wagga Water Treatment Plant detailed design	931,920
Hydroscience	Drinking Water Management Plan	20,000
NSW Office of Water Groundwater Drillers	Ralvona Bore 1B Redevelopment	26,400
Coffeys	Water Treatment Plant and Levee Design	41,505
NJ Constructions Pty Ltd	HV Powerline relocation	1,365,500
NSW Office of Water Groundwater drilling	Walla Walla Bore 2 replacement	232,408
Crowe Horwath Auswild	External Audit Services	108,000

PRIVATE WORKS UNDER SECTION 67(3) OF THE ACT

Section 428 (2) (k)

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

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

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

Development Servicing Plan (DSP)

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

The Calculated Developer charge in the DSP is \$4,800. The charge for 2011/2012 was \$3,700.

Representatives of Riverina Water and NSW Public Works visited the Mica Water Treatment Plant built in 2010.

It was a quick day trip from Sydney following meeting with KBR (concept designers). It was a valuable trip, we discovered some new technology that we are investigating further for the Wagga Wagga Water Treatment Plant



Greg Vidler, Project Manager RWCC; Glenn Fernandes, Senior Water Supply & Treatment Engineer, NSW Public Works; Greg Finlayson, Director of Engineering, RWCC; Peter Outtrim, Operations Superintendent RWCC; and Kamal Fernando, Principal Engineer, Water and Wastewater, NSW Public Works.



WAGGA WAGGA EAST WATER TREATMENT PLANT

Riverina Water staff dismantle sheds behind depot store, to make way for new Water Treatment Plant (the shed pictured will become the new Coolamon Mens Shed)
August 2013



Site earthworks
June 2014

WATER TREATMENT PLANT

Start Up Meeting with Public Works Department
28th April 2014



Pre-planning continues with plant layout finalised and the detailed design now 50% complete by NSW Public Works.
June 2014

WAGGA WAGGA BASE HOSPITAL New Service Connection September 2013

“Congratulations for the crew (Steve Cutting, Mark McIntyre, Paul Gibbons, James Garnsey and John King) who did a really great job for the new connections down at the Wagga Wagga Base Hospital. They had a very tight time frame and had to work through an exceptionally congested nature strip. It was amazing work”

Tamarin Langley
Acting Works Engineer



HIGH VOLTAGE PROJECT WATERWORKS May 2014



RWCC are in the process of relocating the overhead power lines, both 11kV & 66kV using an underground conduit and cable system.

This project, to remove all overhead lines from the RWCC site is in preparation for the new Water Treatment Plant. There have been some disruptions to site access with May and June seeing the trenching activities to install the conduit system (see photo).



In August 2014 the activity had increased with the Head contractor (NJ Constructions) installing cables and new poles. The new concrete poles will support the river crossing conductors and be the transitioning point for the underground to overhead (UGOH) connections. The contract is being Project Managed by Waterline Projects as RWCC's representative to help with the satisfactory outcome with the new Water Treatment Plant in mind. You can see photos of the trenching in layers, the borer digging the holes for the new poles and Essential Energy removing the first of the overhead lines.



Brucedale Reservoir with access upgrade
24th October 2013
Riverina Water's Project Engineer Anjaneer Bichani



Pipe installation at Windsor Road
30th October 2013



Mangoplah Reservoir Pipework
June 2014

NEW WALLA WALLA BORE 2B TESTING OF BORE WATER June July 2014



Riverina Water's Water Quality Officer, Leanne Hastings and Manager Operations, Jason Ip tested water from the new Walla Walla Bore 2B that will supply the consumers of Walla Walla.

Testing was completed and indicated excellent groundwater yields and satisfactory water quality. It was decided to convert the test bore into final production bore in 2014/2015.



WATER SUPPLIED

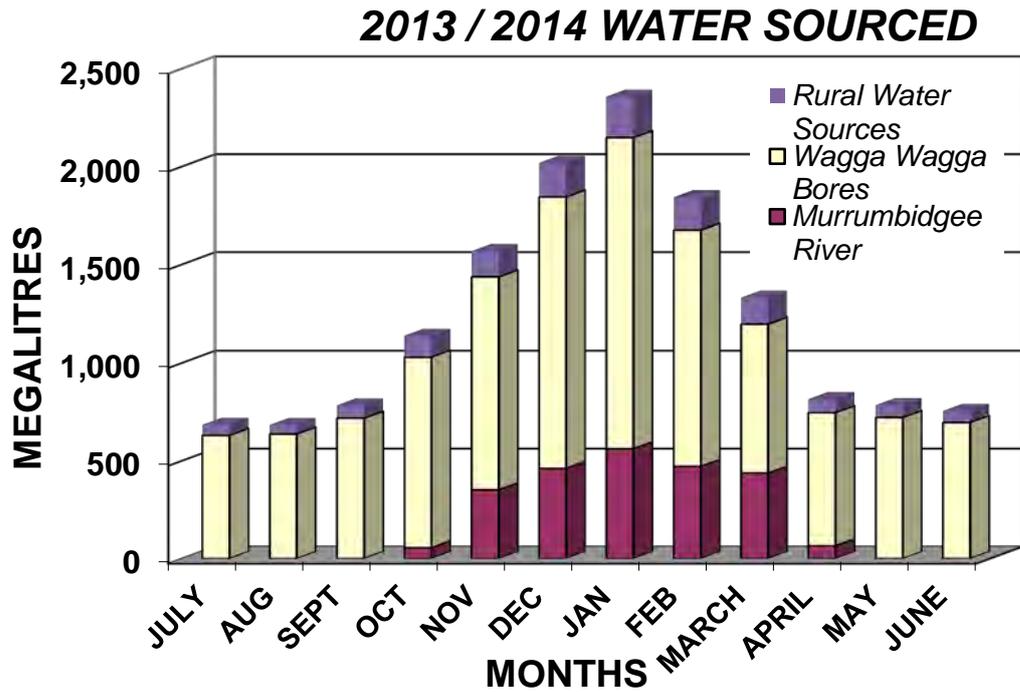
Riverina Water draws its supply from several sources, then treats and pumps water to Wagga Wagga and other towns, villages and rural areas in the region.

Monthly consumption peaked at 2,343 megalitres in January 2014 and the maximum Wagga Wagga peak 24-hour demand of 89.3 megalitres was also recorded up to 9am on 15th January 2014.

The full year's total of 14,752 megalitres was a decrease of 1.4% on last year's consumption of 14,954 megalitres. Wagga Wagga's urban water use is down by a similar amount 1.7% to 11,771 megalitres, 80% of the total 14,700 megalitres used. The 2013/2014 rainfall of 454mm was up slightly on last year, but still well below the annual average which again saw strong summer demand for water.

Water Sourced

	2010/2011	2011/2012	2012/2013	2013/2014
Rainfall (mm)	984	853	427	453.80
Wet Days	133	121	97	125
	Megalitres	Megalitres	Megalitres	Megalitres
North Wagga bores	1789	2011	2389	2495
West Wagga bores	3728	4400	5410	4550
East Wagga bores	2110	1892	3397	4027
Murrumbidgee River	2335	2505	2524	2400
TOTAL WAGGA SOURCES	9,962	10,808	13,721	13,472
Bulgary Bores	315	412	494	470
Urana Channel	16	28	45	43
Ralvona Bores	191	220	285	300
Walla Walla Bores	66	91	146	185
Goldenfields Water Supply System	19	28	34	56
TOTAL RURAL SOURCES	607	778	1,005	1054
Woomargama	12	11	17	19
Humula	8	8	10	10
Tarcutta	38	35	41	48
Oura	40	37	48	39
Walbundrie	24	33	34	36
Rand	0	0	0	0
Morundah	7	8	10	8
Collingullie	50	51	68	66
TOTAL INDEPENDENT SOURCES	179	184	227	226
GRAND TOTALS	10,748	11,769	14,954	14752
PROPORTION FROM SURFACE	22.0%	21.7%	17.7%	16.6%
PROPORTION FROM GROUNDWATER (BORES)	78.0%	78.3%	82.3%	83.4%

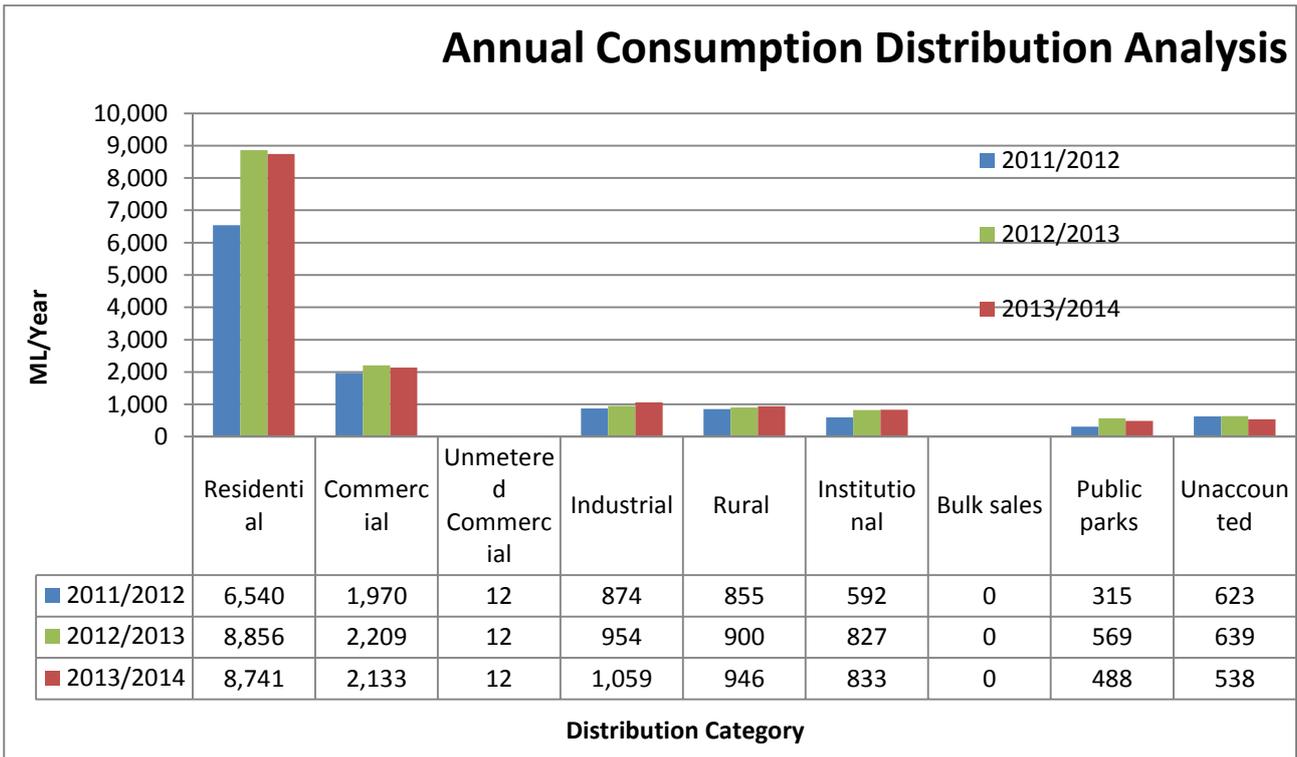


Distribution

Annual Distribution Analysis

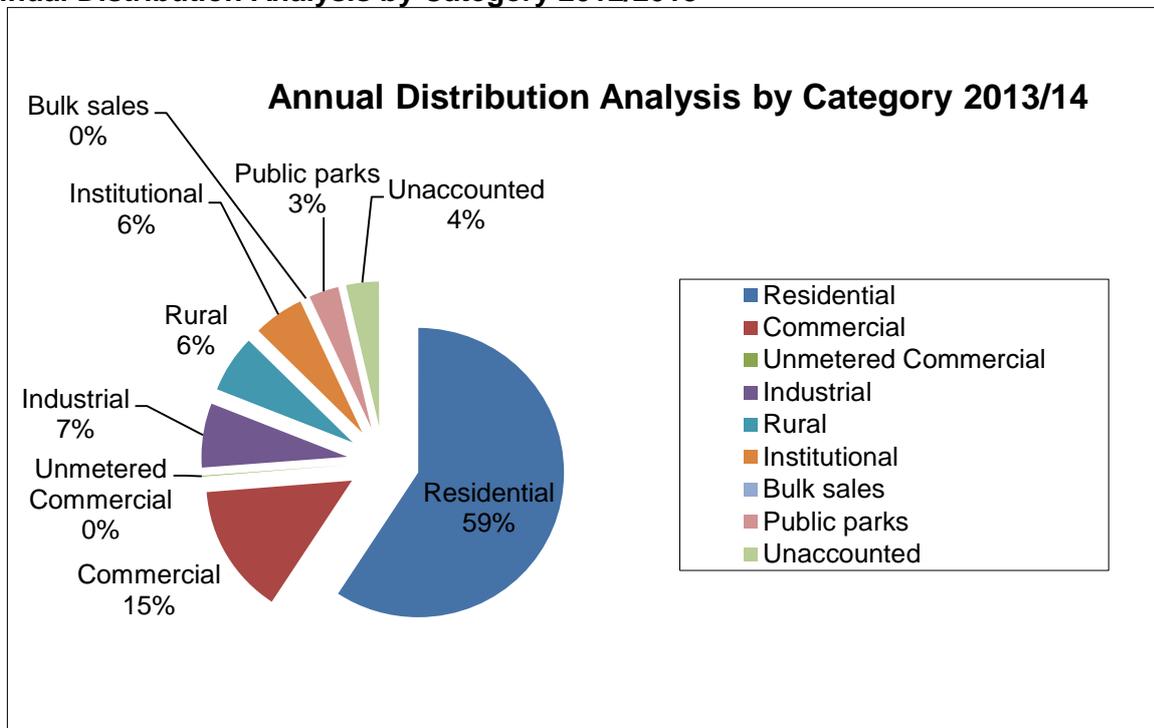
	2012/2013		2013/2014		% change from previous year
	Consumption (MI)	Percentage	Consumption (MI)	Percentage	
Residential	8,856	59.22%	8741	59.26%	1.30%
Commercial	2,209	14.77%	2133	14.46%	3.44%
Commercial Unmetered	N/A	N/A	12	0.08%	N/A
Industrial	954	6.38%	1059	7.18%	9.92%
Rural	900	6.02%	946	6.41%	4.86%
Institutional	827	5.53%	833	5.65%	0.72%
Bulk Sales	0	0%	0	0%	0%
Public parks	569	3.81%	488	3.31%	14.24%
Unaccounted (Including flushing, firefighting, unmetered use)	639	4.27%	538	3.65%	15.81%
	14,954	100%	14750	100%	1.36%

Overall, the full year's total treated water of 14,700 megalitres was similar to previous year of 14,956 (ie. reduction of only 1.36%), though industrial demand increased by 9.9% and public parks increased by 14.2%. Unaccounted water continued to decrease from 639 megalitres in 2012/2013 to 538 megalitres in 2013/2014 (a reduction from 4.27% to 3.65% with respect to total volume of treated water). The 2013/2014 rainfall of 454mm was also similar to previous year's total of 459mm, but still below annual mean rainfall of 572mm over the full 12 months.



The chart above shows that water use is increased by low rainfall in most sectors. There have been no bulk sales in recent years. In previous years the military establishments were bulk sales, these are now classified as commercial.

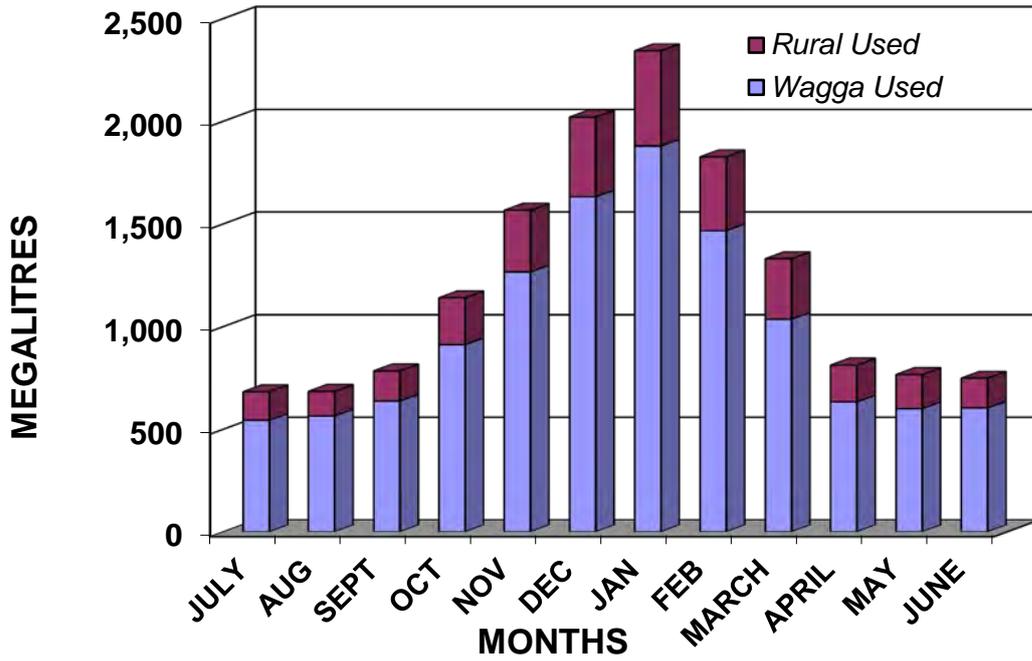
Annual Distribution Analysis by Category 2012/2013



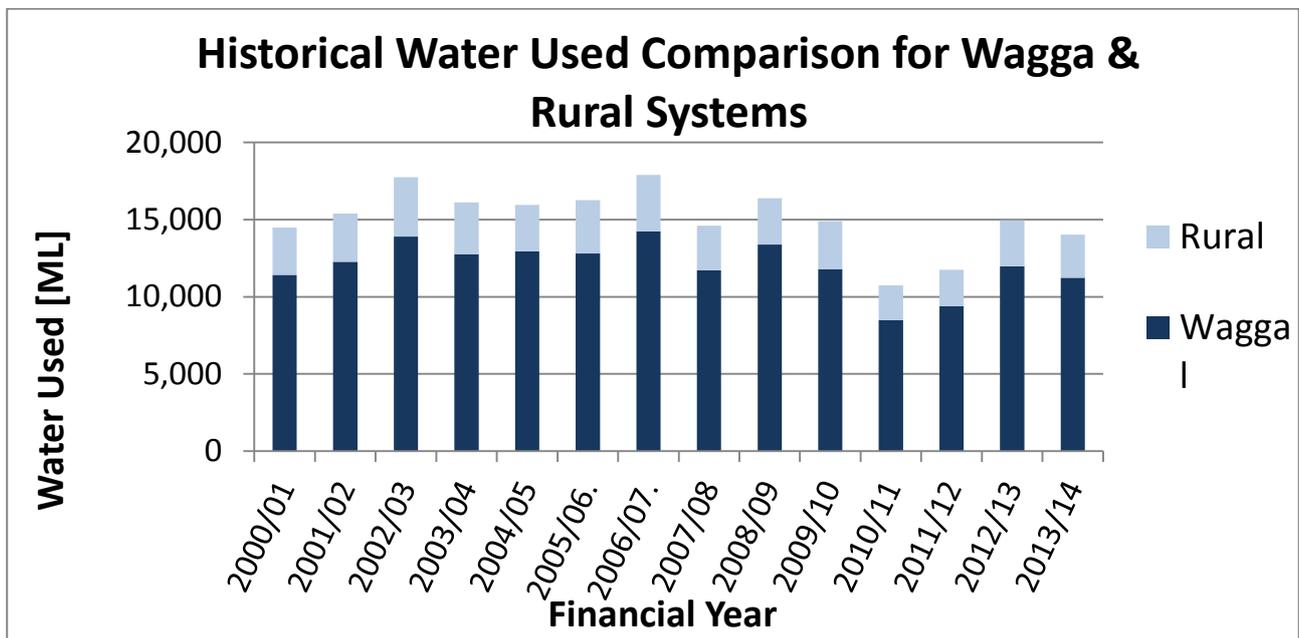
Water Use

	MEGALITRES TREATED			
	2010/2011	2011/2012	2012/2013	2013/2014
East Bomen	151	191	260	303
Estella	545	513	720	763
North Wagga	837	1002	1023	1074
Wagga Wagga – Low Level	1812	2120	2163	2069
Wagga Wagga – High Level	4660	4990	6934	6747
Wagga Wagga – Bellevue Level	471	569	868	815
SUB-TOTAL	8,477	9,385	11,967	11771
Ladysmith	45	47	63	70
Brucedale	212	189	250	257
Currawarna	83	123	166	169
Rural south from Wagga Wagga	1130	1091	1337	1214
Rural from Walla Walla Bore	66	91	146	185
Milbrulong, Lockhart and Boree Creek	184	212	264	280
Urana and Oaklands	164	204	249	228
Holbrook	191	220	285	300
SUB-TOTAL	2,076	2,177	2,762	2703
Woomargama	12	11	17	19
Humula	8	8	10	10
Tarcutta	38	35	41	48
Oura	40	37	48	39
Walbundrie	24	33	34	36
Rand	0	0	0	0
Morundah	7	8	10	8
Collingullie	50	51	68	66
SUB-TOTAL	179	184	227	226
TOTAL	10,732	11,746	14,956	14700
AVERAGE RESIDENTIAL CONSUMPTION				
Urban (Wagga Wagga)	232	251	337	311
Non-Urban (Townships and rural)	274	327	406	390

2013 / 2014 WATER USED



Historical Water Used Comprison for Wagga and Rural Systems



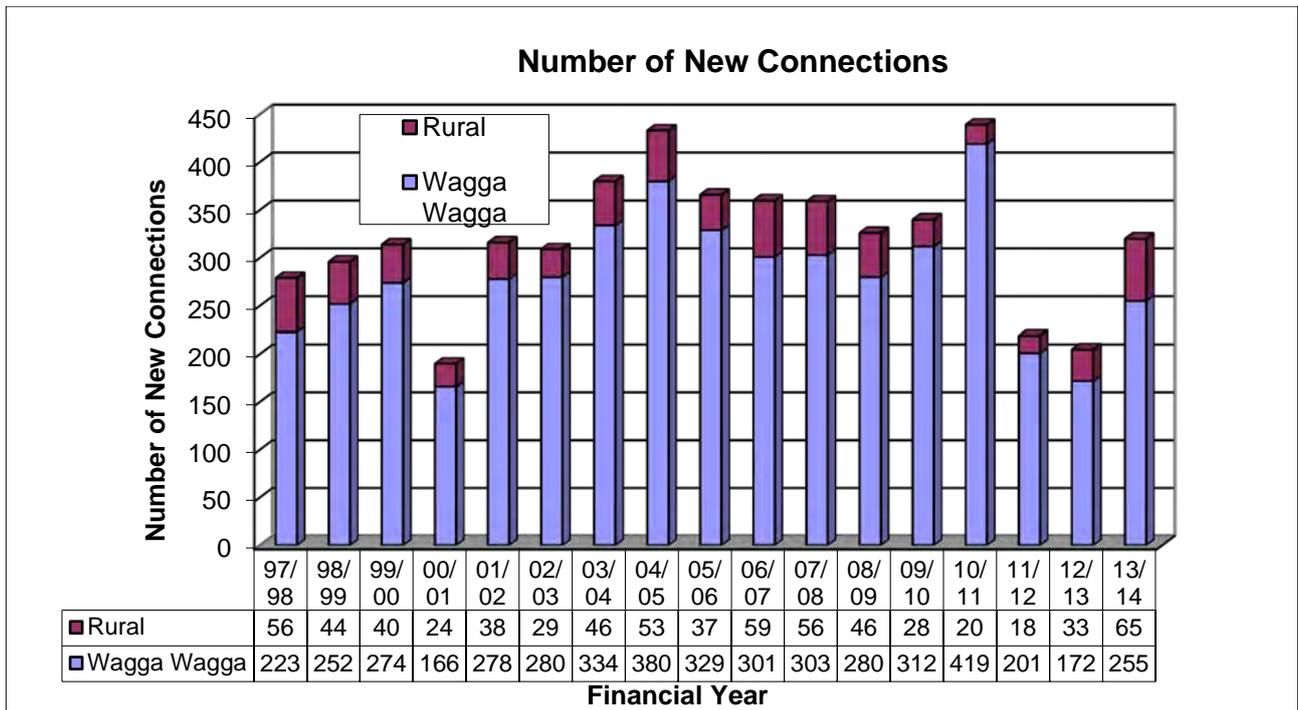
NEW CUSTOMERS

New consumers were connected at the various centres listed below:

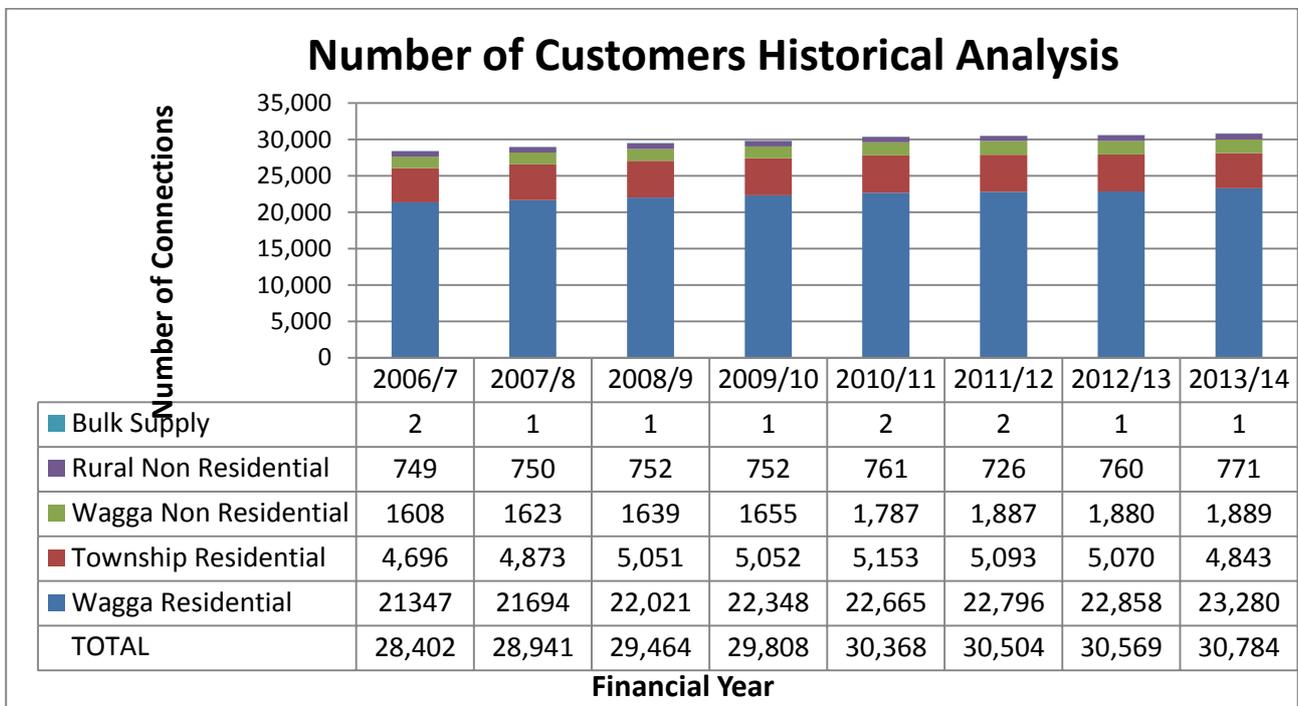
LOCATION	NUMBER CONNECTED					
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Bidgeemia						
Boree Creek		1				
Bruceedale-The Gap	2		2	1	1	
Bulgary						1
Collingullie		2				1
Coorabin						
Culcairn	1					
Currawarna	3		1	2	1	
Forest Hill						24
French Park						4
Henty	2	3	1	1	3	5
Holbrook	5	4	5		8	
Humula	1					2
Ladysmith		2		6		6
Lockhart	8	2	1		7	
Mangoplah		1			1	
Milbrulong	1					
Morundah						
Morven	2		3		1	2
Oaklands		2	1			3
Oura	1			2	1	
Pleasant Hills	3	1			2	1
Rand	1					
San Isidore						
Tarcutta	4	1				
The Rock	4	2	1	1		4
Urana		1				1
Uranquinty	5	3	3	3	2	8
Wagga Wagga	280	312	419	201	172	255
Walbundrie	2				1	
Walla Walla	1	1	1	1	3	2
Woomargama						1
Yerong Creek		2	1	1	2	
TOTALS	326	340	439	219	205	320

Total customers at 30th June 2014: 30,784

Number of New Connections 1997/98 to 2013/2014



Number of Customers Historical Analysis



The data shows a reduction of township residential connections, but this is an anomaly, as a number have been re-classified to Wagga residential or non-residential based on Wagga Wagga City Council data. The overall growth in total customers was still positive at 0.7% for the year. The long term growth rate has averaged 1.2% per annum over the past 7 years.

Pipeline Losses

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

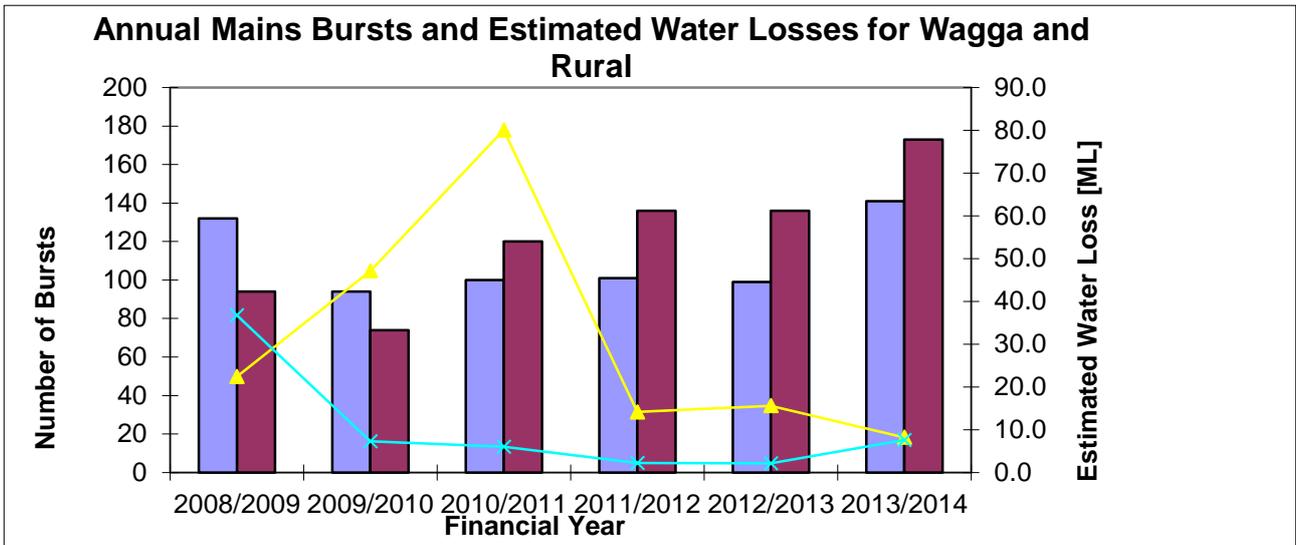
Monthly analysis of pipeline breaks and rainfall for July 2013 – June 2014:

MONTH	RAINFALL (Wagga Wagga AMO)	WET DAYS (>1.0mm)	WAGGA MAIN BREAKS	WAGGA MAIN LOSSES (kl)	RURAL MAIN BREAKS	RURAL MAIN LOSSES (kl)
Jul-13	36.2	11	7	70	10	359
Aug-13	47.6	11	6	252	3	28
Sep-13	33.8	4	8	43	9	229
Oct-13	12.6	4	6	163	22	528
Nov-13	5.6	2	6	64	17	143
Dec-13	21.4	3	14	239	14	298
Jan-14	18.8	1	27	408	15	143
Feb-14	42.2	3	16	135	14	100
Mar-14	61.6	9	15	374	26	445
Apr-14	63.4	8	12	99	12	159
May-14	38.8	6	5	27	18	274
Jun-14	87.6	11	19	895	13	293
TOTALS	469.6	73	141	2769	173	2999

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

YEAR	WAGGA WAGGA		RURAL	
	BURST MAINS	ESTIMATED LOSS kl/day	BURST MAINS	ESTIMATED LOSS kl/day
2008/2009	132	36.7	94	22.4
2009/2010	94	7.5	74	47.1
2010/2011	100	6.0	120	80.0
2011/2012	101	2.2	136	14.1
2012/2013	99	2.1	136	15.6
2013/2014	141	7.6	173	8.2

Annual Mains busts and estimated water losses for Wagga and Rural:



Pipeline Construction

Pipelines were constructed in sizes ranging from 32mm diameter to 250 mm diameter to extend the water supply system and to replace pipelines that had reached the end of their useful life. A range of pipe material is used including PVC and Ductile iron.

	System Extensions Metres	Replacements Metres
Wagga Wagga	5693	567
Rural and Village	6227	1996

CAPITAL WORKS

The capital works programme was carried out in 2013/2014 including the following significant projects:

Mains Replacements

- The Bellevue interconnection main 1.28km along Holbrook Rd.
- Southern Trunk main, Stage 1: West Wagga to Kapooka, 2.2km of 450 dia DICL. Construction commenced in June, continuing in 2014/15.
- Southern Trunk main, Stage 2: Kapooka bridge realignment, 2km of 450 dia DICL. Construction commenced in June, continuing in 2014/15.

Water Treatment Plants (WTP's)

- Wagga East WTP Underground Power: The installation of conduits and Marshal's Creek underbore completed. Delays to cable delivery mean final construction and commissioning will occur in October 2014.
- Wagga East WTP: Pre-planning continues with plant layout finalised and the detailed design now 50% complete by NSW Public Works, the geotechnical investigations are complete and the EIS has been commenced by Hunter Water. The concept design and final drawings from KBR were 6 months late and of poor quality. Final payment was withheld accordingly.
- Site preparation works have commenced with the demolition of minor structures, site clearing and the establishment of temporary storage areas.
- Upgrade of Morundah Filtration Plant is approximately 80% completed. The purpose of the the upgrade is to provide necessary disinfection contact detention time at the treatment plant.

Energy Efficiencies

- Power factor correction devices have been installed and commissioned at three major treatment and pumping sites: Waterworks WTP, West Wagga WTP and North Wagga WTP. Significant improvements have been observed and have reduced energy network costs.
- Time of Use automation of Wagga Wagga's major groundwater and surface water treatment plants and pump stations to maximise off-peak pumping tariff periods has been completed.
 - Site include:
 - West Wagga Aeration Plant and West Wagga Bores (x4)
 - Wagga Waterworks and East Wagga Bores (x3)
 - North Wagga Aeration Plant and North Wagga Bores (3x)
 - 10MG pump station
 - Bellevue and Glenoak pump stations
 - Further time of use automation at other facilities is continuing

SCADA System

- Replacement of telemetry software has commenced and expected to be completed during 2014/15

Depots and Buildings

The design of the new stores and amenities building is almost complete. The development approval was received in early August 2014 and tender documents are expected to be issued in August to coincide with a recommendation for Council to award a building contract at its October meeting.

Sources

- West Wagga Bore 4 Relining and riserless pump system: This project was carried over from 2012/13. The relining works for West Wagga Bore 4 were completed in July 2013 and the installation of the riserless pump system completed in August 2013.
- The test bore to replace Walla Walla Bore 2 was completed and indicated excellent groundwater yields and satisfactory water quality. It was decided to convert the test bore into final production bore in 2014/15.

Wagga Wagga Sources and Allocations

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

	Water Access Licence (MI)	Extraction Limit (MI)	Used (MI)	% of Allocation
Surface Water	7000	7000	2554	36.5 %
Ground Water	14000	12371	10592	75.7 %
Total Water	21000	19371	13146	67.9 %

FINANCIAL INFORMATION

CHARGES FOR WATER

"User Pay" system

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

The level of fixed charges (availability charge) and usage charges applied in 2013/2014 are set out below:

Urban Section:

(i) Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 125 kilolitres per quarter Balance per kilolitre per unit	1.21c per kl 1.83c per kl	\$35.00	\$15.00

(ii) Industrial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 41 kilolitres per month 42 to 3000 kilolitres per month Balance above 3000 kilolitres per month Applicable to large scale processing or manufacturing industries with consistent year round usage and specifically approved by Council First 3,000 kls per month Balance above 3,000 kls per month	1.21c per kl 1.83c per kl 1.83c per kl 1.21c per kl 1.21c per kl	\$40.00	\$15.00

(iii) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 125 kilolitres per quarter / 41 kilolitres per month Balance per kilolitre per quarter	1.21c per kl 1.83c per kl	\$40.00	\$15.00

(Access Charge for non-metered connected Commercial premises \$80.00 per quarter).

Non-Urban Section:*(iv) Domestic*

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 125 kilolitres per quarter Balance per kilolitre per unit	1.21c per kl 1.83c per kl	\$35.00	\$15.00

(v) Industrial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 41 kilolitres per month Balance above 42kl per month Balance above 3000 kl per month Applicable to large scale processing or manufacturing industries with consistent year round usage and specifically approved by Council First 3,000 kls per month Balance above 3,000 kls per month	1.21c per kl 1.83c per kl 1.83c per kl 1.21c per kl 1.21c per kl	\$40.00	\$15.00

(vi) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2013/2014	First 125 kilolitres per quarter / 41 kilolitres per month Balance per kilolitre per quarter	1.21 per kl 1.83c per kl	\$40.00	\$15.00

(Access Charge for non-metered connected Commercial premises \$80.00 per quarter).

CONDITION OF PUBLIC WORKS UNDER COUNCIL'S CONTROL

Section 428 (2) (d)

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

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

Asset Description	Asset Life	Replacement Cost \$'000	Remaining Life Value at June 2014 \$'000
Water Mains – distribution, rural & reticulation	Iron 75 yrs Other 50 yrs	206,139	95,749
Reservoirs – 69 of	Steel 60 yrs Conc. 100 yrs	49,537	35,610
Pumping Stations – 65 of	20-50 yrs	13,109	8,923
Water Treatment Plants – 14 of Aeration – 10 Filtration – 6	50 yrs	39,938	30,445
Water Supply Bores – 28	30 yrs Stainless steel-40 yrs	10,487	7,693
Land & Buildings – other	50	14,261	12,942
TOTAL		333,471	191,362

NB Independent valuers were engaged to revalue all water supply assets In 2010/11.

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 2014/2015 programme of maintenance for the works is outlined in the following tables. The capital works programme details the replacement of individual sections of the network. The major need is for renewal of older water mains, based on the theoretical lifespan of each type of pipe. Some of these mains are however still serving their intended purpose and the relative urgency of renewal is not critical.

Special Schedule No. 7 – Report on Infrastructure Assets as at 30th June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Actual ⁽³⁾ Maintenance 2013/14	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4),(5)}				
						1	2	3	4	5
Buildings	Council Offices/Depots	10	5	387	9,161	17%	73%	10%	0%	1%
	Council Houses	4	2	22	417	59%		41%		0%
	Sub Total	14	7	409	9,578	18.7%	69.4%	11.2%	0.1%	0.5%
Water Supply Network	Treatment Plants	2,500	610	619	32,391	18%	63%	19%	0%	0%
	Bores	540	200	206	7,874	19%	80%	1%	0%	0%
	Reservoirs	500	216	219	36,101	9%	50%	35%	6%	0%
	Pumping Station/s	202	360	255	8,817	11%	74%	15%	1%	0%
	Pipeline	14,000	2,000	1,037	97,457	12%	13%	42%	32%	1%
	Sub Total	17,742	3,386	2,336	182,640	12.4%	35.3%	33.4%	18.2%	0.7%
	TOTAL – ALL ASSETS	17,756	3,393	2,745	192,218	12.7%	37.0%	32.3%	17.3%	0.7%

Notes:

- (1) Satisfactory is defined as “Satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate”.
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie to heighten, intensify or improve the facilities).
- (2) Required Annual Maintenance is “what should be spent to maintain assets in a satisfactory standard”.
- (3) Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4) Written Down Value is in accordance with Note 9 of Council’s General Purpose Statements.

(5) Infrastructure Asset Condition Assessment “Key”

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

SUMMARY OF DISCLOSABLE LEGAL PROCEEDINGS

Section 428 (2) (e)

During the review period Council did not incur any legal expenses or become involved in any legal proceedings.

AMOUNTS CONTRIBUTED / GRANTED UNDER SECTION 356

Regulation 217 (1) (a5)

Section 356 enables Council to contribute funds to persons for the purpose of exercising its functions. In the event of the proposed recipient acting for private gain, public notice of Council's proposal to grant financial assistance must be given.

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

OVERSEAS VISITS FUNDED BY COUNCIL

Regulation 217 (1) (a)

No overseas visits undertaken by Councillors and others representing Council during 2013/2014.

RATES & CHARGES WRITTEN OFF

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

Pensioner Rebates written off totalled	\$408,377.04
A Pensioner subsidy was received for the value of	\$224,607.37
Sundry Write-offs totalled	\$131,144.31

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT, 2009

In accordance with the provisions of the *Government Information (Public Access) Act, 2009*, Council has completed its annual statistics for the twelve month period ended 30th June 2014. One application was received by Council during the 2013/2014 period. Council has not received any enquiries from the Ombudsman under the *Government Information (Public Access) Act, 2009* nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged.

Statistical Details:

<u>Information Requests</u>	<u>Number of Requests</u>
Access Applications	One
Refused Applications	Nil
Applications to access excluded information	Nil

INFORMATION PROTECTION ACT, 1998

In accordance with the provisions of the Information Protection Act 1998 Section 33(e) Council adopted a Privacy Management Plan, vide resolution No. 00/69.

The Privacy Management Plan provides for the protection of personal information and for the protection of the privacy of individuals. No applications were received by Council for review under Part 5 of the Act during the 2013/2014 period.

**CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX
CERTIFICATE**

RIVERINA WATER COUNTY COUNCIL

GOODS AND SERVICES TAX CERTIFICATE

Payment of Voluntary GST 1 July 2013 to 30 June 2014

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 2013 to 30 June 2014.
- 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 Graeme Haley
GENERAL MANAGER



.....

Ms Michele Curran
RESPONSIBLE ACCOUNTING OFFICER

Date: 1st July 2014

FINANCIAL REPORTS

Section 428 (2) (a) - Financial Reporting

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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



Riverina Water County Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	58
- On the Conduct of the Audit (Sect 417 [3])	60

Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 23 September 2014. Council has the power to amend and reissue these financial statements.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Riverina Water County Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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

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

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

To the best of our knowledge and belief, these Financial Statements:

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

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

Signed in accordance with a resolution of Council made on 20 August 2014.



Clr G Hiscock
CHAIRPERSON



Clr G Verdon
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement

for the financial year ended 30 June 2014

Budget ¹ 2014	\$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
<i>Revenue:</i>				
4,259	Rates & Annual Charges	3a	4,288	3,724
15,549	User Charges & Fees	3b	19,391	18,177
350	Interest & Investment Revenue	3c	1,106	513
119	Other Revenues	3d	188	177
195	Grants & Contributions provided for Operating Purposes	3e,f	674	218
4,263	Grants & Contributions provided for Capital Purposes	3e,f	3,055	2,847
<i>Other Income:</i>				
-	Net gains from the disposal of assets	5	-	121
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
24,735	Total Income from Continuing Operations		28,702	25,777
Expenses from Continuing Operations				
9,049	Employee Benefits & On-Costs	4a	7,869	7,433
414	Borrowing Costs	4b	970	402
2,537	Materials & Contracts	4c	2,548	2,434
6,750	Depreciation & Amortisation	4d	6,574	6,776
-	Impairment	4d	(550)	(50)
3,172	Other Expenses	4e	3,865	4,776
-	Net Losses from the Disposal of Assets	5	33	-
21,922	Total Expenses from Continuing Operations		21,309	21,771
2,813	Operating Result from Continuing Operations		7,393	4,006
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
2,813	Net Operating Result for the Year		7,393	4,006
2,813	Net Operating Result attributable to Council		7,393	4,006
-	Net Operating Result attributable to Non-controlling Interests		-	-
(1,450)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		4,338	1,159

¹ Original Budget as approved by Council - refer Note 16

Riverina Water County Council

Statement of Comprehensive Income for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		7,393	4,006
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	4,975	8,680
Total Items which will not be reclassified subsequently to the Operating Result		4,975	8,680
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		4,975	8,680
Total Comprehensive Income for the Year		12,368	12,686
Total Comprehensive Income attributable to Council		12,368	12,686
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Riverina Water County Council

Statement of Financial Position
as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	10,318	10,271
Investments	6b	21,500	15,000
Receivables	7	3,120	2,820
Inventories	8	3,556	3,833
Other	8	-	49
Total Current Assets		38,494	31,973
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	9	198,717	194,548
Intangible Assets	25	2,100	1,550
Total Non-Current Assets		200,817	196,098
TOTAL ASSETS		239,311	228,071
LIABILITIES			
Current Liabilities			
Payables	10	513	695
Borrowings	10	1,341	1,272
Provisions	10	3,315	2,987
Total Current Liabilities		5,169	4,954
Non-Current Liabilities			
Borrowings	10	15,172	16,515
Total Non-Current Liabilities		15,172	16,515
TOTAL LIABILITIES		20,341	21,469
Net Assets		218,970	206,602
EQUITY			
Retained Earnings	20	73,598	66,205
Revaluation Reserves	20	145,372	140,397
Council Equity Interest		218,970	206,602
Non-controlling Interests		-	-
Total Equity		218,970	206,602

Riverina Water County Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		66,205	140,397	206,602	-	206,602
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		66,205	140,397	206,602	-	206,602
c. Net Operating Result for the Year		7,393	-	7,393	-	7,393
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,975	4,975	-	4,975
Other Comprehensive Income		-	4,975	4,975	-	4,975
Total Comprehensive Income (c&d)		7,393	4,975	12,368	-	12,368
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		73,598	145,372	218,970	-	218,970

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		62,199	131,717	193,916	-	193,916
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		62,199	131,717	193,916	-	193,916
c. Net Operating Result for the Year		4,006	-	4,006	-	4,006
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	8,680	8,680	-	8,680
Other Comprehensive Income		-	8,680	8,680	-	8,680
Total Comprehensive Income (c&d)		4,006	8,680	12,686	-	12,686
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		66,205	140,397	206,602	-	206,602

Riverina Water County Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
4,151	Rates & Annual Charges		4,259	3,650
15,766	User Charges & Fees		19,533	17,865
387	Investment & Interest Revenue Received		1,033	449
4,402	Grants & Contributions		3,900	2,910
-	Bonds, Deposits & Retention amounts received		3	7
207	Other		713	1,140
Payments:				
(8,930)	Employee Benefits & On-Costs		(7,540)	(7,322)
(4,017)	Materials & Contracts		(2,541)	(2,940)
(414)	Borrowing Costs		(970)	(402)
(3,172)	Other		(4,768)	(5,877)
8,380	Net Cash provided (or used in) Operating Activities	11b	13,622	9,480
Cash Flows from Investing Activities				
Receipts:				
411	Sale of Infrastructure, Property, Plant & Equipment		379	507
Payments:				
-	Purchase of Investment Securities		(6,500)	(15,000)
(18,129)	Purchase of Infrastructure, Property, Plant & Equipment		(6,180)	(5,525)
(17,718)	Net Cash provided (or used in) Investing Activities		(12,301)	(20,018)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		-	15,000
Payments:				
(1,503)	Repayment of Borrowings & Advances		(1,274)	(382)
(1,503)	Net Cash Flow provided (used in) Financing Activities		(1,274)	14,618
(10,841)	Net Increase/(Decrease) in Cash & Cash Equivalents		47	4,080
24,615	plus: Cash & Cash Equivalents - beginning of year	11a	10,271	6,191
13,774	Cash & Cash Equivalents - end of the year	11a	10,318	10,271
Additional Information:				
	plus: Investments on hand - end of year	6b	21,500	15,000
	Total Cash, Cash Equivalents & Investments		31,818	25,271

Please refer to Note 11 for additional Cash Flow information

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 Council and that are believed to be reasonable under the circumstances.

(b) Revenue recognition

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

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

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Annual Charges, Grants and Contributions

Annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from annual charges is obtained when the account is raised as it is an enforceable debt linked to the rateable property.

A provision for the impairment on annual charges receivables has not been established as unpaid annual charges represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Developer contributions may only be expended for the purposes for which the contributions were

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

Council is a single fund entity and as such the water supply is the only entity operation.

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Council did not hold any funds in trust at 30 June 2014.

(iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities and Partnerships.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Such entities are usually termed Associates.

(v) Additional Information

Council does not have any Joint Venture Entities, Associated Entities or Joint Venture Operations.

(d) Leases

Council does not have any Finance Leases or Operating Leases.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash and Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired and at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council’s management has the positive intention and ability to hold to maturity.

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

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

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

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale

Council does not hold any land held for resale.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Water and Sewerage Networks**
(External/Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	100% Capitalised
Plant & Equipment	> \$1,000
Furniture & Fittings	> \$1,000
Buildings - construction	> \$5,000
Buildings - renovations	> \$5,000
Other Structures	> \$5,000

Water Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

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

Buildings

- Buildings : Masonry	50 to 100 years
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Water Assets

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

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Council does not hold any land under roads.

(m) Intangible Assets

Water Licence Rights

Costs capitalised include external direct costs associated with the purchase of the licence.

These rights are valued each year and any associated impairment or fair revaluation increment are included.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers. Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every five years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/11.

(p) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Council does not have any requirement to provide for close down, restoration or environmental clean up costs.

(q) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(r) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(u) Borrowing costs

Borrowing costs are expensed.

(v) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
 - it is more likely than not that an outflow of resources will be required to settle the obligation; and
 - the amount has been reliably estimated.
- Provisions are not recognised for future operating losses.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(w) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the “Local Government Superannuation Scheme – Pool B”. This Scheme has been deemed to be a “multi employer fund” for the purposes of AASB 119. Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mercer Consulting (Australia) Pty Ltd covering the period ended 30/06/2014. However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$438,627. The amount of additional contributions included in the total employer contribution advised above is \$162,864.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$651,456 as at 30 June 2014.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2014.

(x) Self insurance

Council does not self insure.

(y) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

In the case of inventories that are “held for trading”, these are also classified as current even if not expected to be realised in the next 12 months.

(z) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Statement of Financial Position are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not

mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

Council’s assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council’s accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

ownership changes where a joint venture becomes an associate, and vice versa.
The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

None

There are no other standards that are "not yet effective" and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

(ab) Rounding of amounts

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

(ac) Comparative Figures

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

(ad) Disclaimer

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Water Supplies	24,735	28,702	25,777	21,922	21,309	21,771	2,813	7,393	4,006	894	463	239,311	228,071
Operating Result from Continuing Operations	24,735	28,702	25,777	21,922	21,309	21,771	2,813	7,393	4,006	894	463	239,311	228,071

Note 2(b). Council Functions / Activities - Component Descriptions

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

WATER SUPPLIES

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Annual Charges			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water Supply Services		4,288	3,724
Total Annual Charges		4,288	3,724
TOTAL RATES & ANNUAL CHARGES		4,288	3,724
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		18,641	17,115
Total User Charges		18,641	17,115
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Private Works - Section 67		12	278
Section 603 Certificates		135	97
Total Fees & Charges - Statutory/Regulatory		147	375
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Leaseback Fees - Council Vehicles		20	20
Water Connection Fees		499	572
Standpipe Fees		84	95
Total Fees & Charges - Other		603	687
TOTAL USER CHARGES & FEES		19,391	18,177
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		124	72
- Interest earned on Investments (interest & coupon payment income)		982	441
TOTAL INTEREST & INVESTMENT REVENUE		1,106	513
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Water Fund Operations		1,106	513
Total Interest & Investment Revenue Recognised		1,106	513
(d) Other Revenues			
Lease Rental		7	8
Sales - General		181	169
TOTAL OTHER REVENUE		188	177

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Nil				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	225	212	-	-
Water Supplies	-	-	220	245
Diesel and Alternative Fuels	13	6	-	-
LIRS Subsidy	436	-	-	-
Total Specific Purpose	674	218	220	245
Total Grants	674	218	220	245
Grant Revenue is attributable to:				
- Commonwealth Funding	436	-	41	245
- State Funding	13	6	179	-
- Other Funding	225	212	-	-
	674	218	220	245
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 64 - Water Supply Contributions	-	-	2,835	2,602
Total Developer Contributions	-	-	2,835	2,602
Other Contributions:				
Nil				
Total Contributions	-	-	2,835	2,602
TOTAL GRANTS & CONTRIBUTIONS	674	218	3,055	2,847

(g) Restrictions relating to Grants and Contributions

Council has no unexpended Grants or Contributions

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,122	5,562
Travelling		77	51
Employee Leave Entitlements (ELE)		1,290	1,088
Superannuation		1,079	995
Workers' Compensation Insurance		151	224
Fringe Benefit Tax (FBT)		60	54
Payroll Tax		400	450
Training Costs (other than Salaries & Wages)		185	200
Uniforms		52	38
Total Employee Costs		9,416	8,662
less: Capitalised Costs		(1,547)	(1,229)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>7,869</u>	<u>7,433</u>
Number of "Equivalent Full Time" Employees at year end		92	90
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		970	402
Total Interest Bearing Liability Costs		970	402
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		970	402
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>970</u>	<u>402</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Contractor & Consultancy Costs		2,447	2,286
Auditors Remuneration ⁽¹⁾		53	46
Legal Expenses:			
- Legal Expenses: Other		48	102
Total Materials & Contracts		2,548	2,434
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		2,548	2,434

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	20	18
- Other audit & assurance services	33	28
Remuneration for audit and other assurance services	53	46
Total Auditor Remuneration	53	46

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	468	481
Office Equipment		-	-	73	507
Buildings - Non Specialised		-	-	48	48
Buildings - Specialised		-	-	89	67
Infrastructure:					
- Water Supply Network		-	-	5,896	5,673
Other Assets					
Intangible Assets	25	(550)	(50)	-	-
Total Depreciation & Impairment Costs		(550)	(50)	6,574	6,776
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		(550)	(50)	6,574	6,776

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		77	56
Bank Charges		91	83
Computer Software Charges		235	210
Members Expenses - Chairperson's Fee		6	8
Members Expenses - Members Fees		47	42
Members Expenses (incl. Chairperson) - Other (excluding fees above)		20	13
Donations, Contributions & Assistance to other organisations (Section 356)		48	25
Electricity & Heating		2,631	2,802
Insurance		140	120
Office Expenses (including computer expenses)		96	122
Postage		84	78
Printing & Stationery		33	43
Subscriptions & Publications		45	30
Telephone & Communications		111	101
Demand Management		201	842
Strategic Planning Documents		-	201
Total Other Expenses		3,865	4,776
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>3,865</u>	<u>4,776</u>

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		379	507
less: Carrying Amount of P&E Assets Sold / Written Off		(412)	(386)
Net Gain/(Loss) on Disposal		(33)	121
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(33)</u>	<u>121</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		189	-	282	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1	-	1	-
- Short Term Deposits		10,128	-	9,988	-
Total Cash & Cash Equivalents		10,318	-	10,271	-
Investments (Note 6b)					
- Long Term Deposits		21,500	-	15,000	-
Total Investments		21,500	-	15,000	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		31,818	-	25,271	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	10,318	-	10,271	-
--	---------------	----------	---------------	----------

Investments

b. "Held to Maturity"	21,500	-	15,000	-
Investments	21,500	-	15,000	-

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Note 6(b-i)**Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year	15,000	-	-	-
Additions	6,500	-	15,000	-
Balance at End of Year	21,500	-	15,000	-

Comprising:

- Long Term Deposits	21,500	-	15,000	-
Total	21,500	-	15,000	-

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	31,818	-	25,271	-
attributable to:				
External Restrictions (refer below)	-	-	18	-
Internal Restrictions (refer below)	21,607	-	19,834	-
Unrestricted	10,211	-	5,419	-
	31,818	-	25,271	-

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General	-	2,835	(2,835)	-
Specific Purpose Unexpended Grants-Water Fund	18	41	(59)	-
External Restrictions - Other	18	2,876	(2,894)	-
Total External Restrictions	18	2,876	(2,894)	-

Internal Restrictions

Employees Leave Entitlement (A)	896	98	-	994
Asset Replacement (B)	1,046	1,563	(1,359)	1,250
Sales Fluctuation (C)	2,600	3,500	-	6,100
Unexpended Loans	15,292	-	(2,029)	13,263
Total Internal Restrictions	19,834	5,161	(3,388)	21,607
TOTAL RESTRICTIONS	19,852	8,037	(6,282)	21,607

A A provision of 30% of Employee Leave Entitlement has been made.

B Asset Replacement - provision is made to create a fund for asset replacement

C Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		657	-	628	-
User Charges & Fees		1,235	-	1,357	-
Contributions to Works		-	-	259	-
Accrued Revenues					
- Interest on Investments		166	-	93	-
Government Grants & Subsidies		175	-	306	-
Sundry Debtors		856	-	177	-
Amounts due from ATO		31	-	-	-
Total		3,120	-	2,820	-
less: Provision for Impairment					
Nil					
<u>TOTAL NET RECEIVABLES</u>		<u>3,120</u>	<u>-</u>	<u>2,820</u>	<u>-</u>

Externally Restricted Receivables

Council has no external or internal restricted receivables

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		3,556	-	3,833	-
Total Inventories		3,556	-	3,833	-
Other Assets					
Prepayments		-	-	49	-
Total Other Assets		-	-	49	-
<u>TOTAL INVENTORIES/ OTHER ASSETS</u>		<u>3,556</u>	<u>-</u>	<u>3,882</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Riverina Water County Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period				as at 30/6/2014				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value					Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	5,203	2,278	-	2,925	769	(410)	(468)	-	-	5,275	2,459	-	2,816
Office Equipment	-	1,158	897	-	261	52	(2)	(73)	-	-	421	183	-	238
Land:														
- Operational Land	-	3,315	-	-	3,315	130	-	-	-	-	3,445	-	-	3,445
Buildings - Non Specialised	-	3,852	501	-	3,351	3	-	(48)	-	-	3,856	550	-	3,306
Buildings - Specialised	-	7,092	817	-	6,275	86	-	(89)	-	-	7,178	906	-	6,272
Infrastructure:														
- Water Supply Network	-	319,210	140,789	-	178,421	5,140	-	(5,896)	4,975	-	329,325	146,685	-	182,640
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	339,830	145,282	-	194,548	6,180	(412)	(6,574)	4,975	-	349,500	150,783	-	198,717

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,964) and New Assets (\$3,216). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2014	Actual 2013
Reversal of Impairment Losses previously recognised in the Income Statement:			
Water Rights Licence		550	50
Total Impairment Reversals		550	50
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	550	50

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		27	-	42	-
Accrued Expenses:					
- Salaries & Wages		126	-	100	-
- Other Expenditure Accruals		329	-	525	-
Security Bonds, Deposits & Retentions		31	-	28	-
Total Payables		513	-	695	-
Borrowings					
Loans - Secured ¹		1,341	15,172	1,272	16,515
Total Borrowings		1,341	15,172	1,272	16,515
Provisions					
Employee Benefits;					
Annual Leave		803	-	723	-
Sick Leave		5	-	5	-
Long Service Leave		2,507	-	2,259	-
Sub Total - Aggregate Employee Benefits		3,315	-	2,987	-
Total Provisions		3,315	-	2,987	-
Total Payables, Borrowings & Provisions		5,169	15,172	4,954	16,515

Liabilities relating to Restricted Assets

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

¹. Loans are secured over the General Rating Income of Council

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	Actual 2014	Actual 2013
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	2,816	2,465
Payables - Security Bonds, Deposits & Retentions	32	28
	<u>2,848</u>	<u>2,493</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	723	490	(410)	-	-	803
Sick Leave	5	-	-	-	-	5
Long Service Leave	2,259	381	(133)	-	-	2,507
TOTAL	2,987	871	(543)	-	-	3,315

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,318	10,271
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		10,318	10,271
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		7,393	4,006
Adjust for non cash items:			
Depreciation & Amortisation		6,574	6,776
Net Losses/(Gains) on Disposal of Assets		33	(121)
Impairment Losses - Reversal on Intangibles		(550)	(50)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(300)	(829)
Decrease/(Increase) in Inventories		277	(266)
Decrease/(Increase) in Other Assets		49	130
Increase/(Decrease) in Payables		(15)	10
Increase/(Decrease) in other accrued Expenses Payable		(170)	(295)
Increase/(Decrease) in Other Liabilities		3	7
Increase/(Decrease) in Employee Leave Entitlements		328	112
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		13,622	9,480
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		250	250
Credit Cards / Purchase Cards		77	47
Total Financing Arrangements		327	297
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		14	12
Total Financing Arrangements Utilised		14	12

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

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2014	Actual 2013
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(d) Financing Arrangements (continued)

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Bank Guarantees

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

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

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

Property, Plant & Equipment

Underground Powerlines	839	-
Total Commitments	839	-

These expenditures are payable as follows:

Within the next year	839	-
Total Payable	839	-

Sources for Funding of Capital Commitments:

Unexpended Loans	839	-
Total Sources of Funding	839	-

Details of Capital Commitments

The contract for the underground powerline project was delayed due to the delivery of cabling, this project will be finalised during the 2014/15 financial year.

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>4,371</u>	17.04%	5.05%	-7.95%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	25,647			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(less ALL Grants & Contributions)</u>	<u>24,973</u>	87.01%	88.11%	86.28%
Total continuing operating revenue ⁽¹⁾	28,702			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>38,494</u>	16.59 : 1	12.98	3.40
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>2,321</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>11,365</u>	5.06	10.57	38.42
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<u>2,244</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>657</u>	13.04%	14.44%	14.80%
Rates, Annual and Extra Charges Collectible	<u>5,040</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>31,818</u>	22.34	17.92	6.17
Payments from cash flow of operating and financing activities	<u>1,424</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽³⁾ Refer to Note 10(a).

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

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

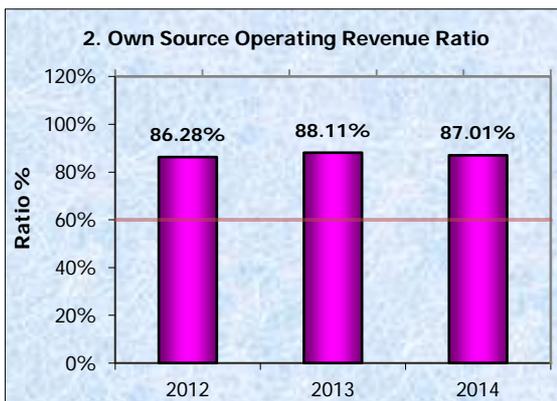
Commentary on 2013/14 Result

2013/14 Ratio 17.04%

Wet weather in 2011/12 resulted in negative ratios due to low water sales. Improved weather conditions and normal water sales has resulted in this ratio increasing to positive levels during 2012/13 and 2013/14.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



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 & contributions.

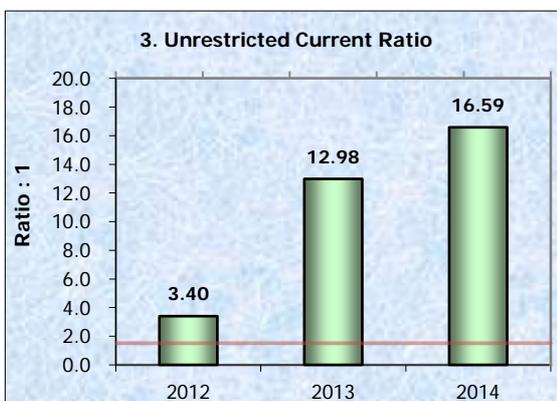
Commentary on 2013/14 Result

2013/14 Ratio 87.01%

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

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



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 2013/14 Result

2013/14 Ratio 16.59 : 1

Increasing cash balances due to delays in capital expenditure and high water sales has resulted in this ratio increasing significantly in 2012/13 and 2013/14.

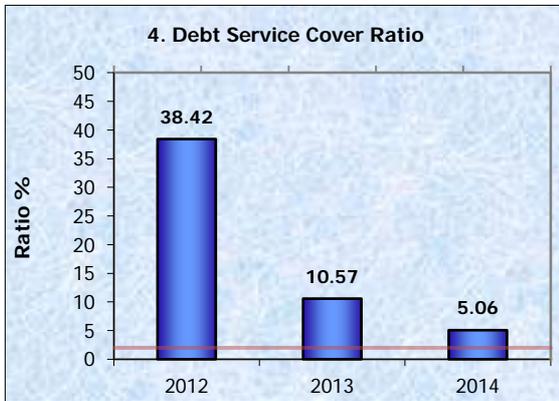
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

Purpose of Debt Service Cover Ratio

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

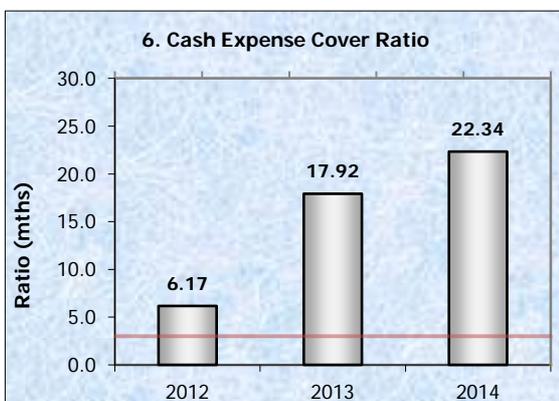
Commentary on 2013/14 Result	
2013/14 Ratio	5.06
Increased borrowings during 2012/13 increased debt service costs, which has resulted in a reduction in this ratio.	



Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2013/14 Result	
2013/14 Ratio	13.04%
Another slight decrease in this ratio, likely due to the effectiveness of interest charges on outstanding accounts and Council's external debt recovery agent.	



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

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 Result	
2013/14 Ratio	22.34
Increasing cash levels over recent years due to unspent loan funds on hand and high water sales has resulted in increased liquidity.	

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

Note 15. Financial Risk Management

Risk Management

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

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	10,318	10,271	10,318	10,271
Investments				
- "Held to Maturity"	21,500	15,000	21,500	15,000
Receivables	3,120	2,820	3,089	2,820
Total Financial Assets	34,938	28,091	34,907	28,091
Financial Liabilities				
Payables	513	695	513	695
Loans / Advances	16,513	17,787	16,513	17,787
Total Financial Liabilities	17,026	18,482	17,026	18,482

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	316	316	(316)	(316)
2013				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	142	142	(142)	(142)

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	78%	84%	50%	52%
Overdue	22%	16%	50%	48%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
(ii) Ageing of Receivables - value				
Current (not yet overdue)	513	2,080	316	1,129
Past due by up to 30 days	144	383	312	1,063
	<u>657</u>	<u>2,463</u>	<u>628</u>	<u>2,192</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & 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 & overdraft facilities utilised as required.

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	31	482	-	-	-	-	-	513	513
Loans & Advances	-	1,529	1,555	1,584	1,612	1,641	8,594	16,515	16,513
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	31	2,011	1,555	1,584	1,612	1,641	8,594	17,028	17,026
2013									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	28	667	-	-	-	-	-	695	695
Loans & Advances	-	1,503	1,529	1,555	1,584	1,612	10,004	17,787	17,787
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	28	2,170	1,529	1,555	1,584	1,612	10,004	18,482	18,482

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	513	0.0%	695	0.0%
Loans & Advances - Fixed Interest Rate	16,082	5.5%	17,331	6.2%
Loans & Advances - Variable Interest Rate	431	5.8%	456	5.9%
	<u>17,026</u>		<u>18,482</u>	

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 26 June 2013.

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

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	4,259	4,288	29	1%	F
User Charges & Fees	15,549	19,391	3,842	25%	F
Conservative water sale forecasts have resulted in actual water sales being higher than budget, after dryer than anticipated weather during the year.					
Interest & Investment Revenue	350	1,106	756	216%	F
The LIRS loan was mostly unspent during the year, water sales were also higher than anticipated, cash levels are therefore higher than expected, which has resulted in increased investment revenue.					
Other Revenues	119	188	69	58%	F
Insurance rebates were higher than anticipated.					
Operating Grants & Contributions	195	674	479	246%	F
Higher than anticipated numbers of pensioner rebates. Also LIRS subsidy, which is was originally included in the budget for borrowing costs.					
Capital Grants & Contributions	4,263	3,055	(1,208)	(28%)	U
Not all capital contributions anticipated for the year were received, due to delays in projects.					

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance*	
EXPENSES				
Employee Benefits & On-Costs	9,049	7,869	1,180	13% F
Lower than anticipated wages costs, due to some differences in staff levels and also higher than originally anticipated wages for capital purposes.				
Borrowing Costs	414	970	(556)	(134%) U
Higher borrowing costs due to LIRS subsidy being originally budgeted as an offset against costs, whereas actuals are included under operating grants.				
Materials & Contracts	2,537	2,548	(11)	(0%) U
Depreciation & Amortisation	6,750	6,574	176	3% F
Impairment Expenses	-	(550)	550	0% F
High security water licence value increased during the year, due to increased demand, which has resulted in previous impairment losses being reversed.				
Other Expenses	3,172	3,865	(693)	(22%) U
Higher than anticipated electricity costs, due to increased water sales. Also, demand management expenditure was included as capital expenditure in the original budget, whereas actual expenditure was treated as operational in the financial reports.				
Net Losses from Disposal of Assets	-	33	(33)	0% U
Slightly lower than anticipated values received for motor vehicle sales.				
<hr/>				
\$ '000	2014 Budget	2014 Actual	2014 Variance*	
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	8,380	13,622	5,242	62.6% F
Higher than anticipated water sales due to dryer weather. Higher than anticipated interest income due to cash balance				
Cash Flows from Investing Activities	(17,718)	(12,301)	5,417	(30.6%) F
Delays in capital works projects has resulted in lower than budgeted IPP&E outflows.				
Cash Flows from Financing Activities	(1,503)	(1,274)	229	(15.2%) F
Corresponding variance in Borrowing Costs - higher proportion of payment interest related than initially budgeted.				

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S94 Contributions - under a Plan	-	-	-	-	-	-	-	-	-	-	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	-	-	-	-	-	-	-				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	2,835	-	-	(2,835)	-	-	2,300	(2,300)		
Total Contributions	-	2,835	-	-	(2,835)	-	-	2,300	(2,300)	-	-

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(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 Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

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

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$91,000.

ASSETS NOT RECOGNISED:

(i) Recovery of Assets

Investigations are currently underway after alleged misappropriation of Council assets. This may lead to recovery action being taken in future financial years. The extent of this possible recovery and cost of such recovery cannot be quantified at the date of this report.

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		66,205	62,199
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		7,393	4,006
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		<u>73,598</u>	<u>66,205</u>

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	145,372	140,397
Total	<u>145,372</u>	<u>140,397</u>

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve		
- Opening Balance	140,397	131,717
- Revaluations for the year	9(a) 4,975	8,680
- Balance at End of Year	<u>145,372</u>	<u>140,397</u>
TOTAL VALUE OF RESERVES	<u>145,372</u>	<u>140,397</u>

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

(c) Correction of Error/s relating to a Previous Reporting Period

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

(d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a Water Fund for its operations.

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 23/09/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	3,608	3,608
Accumulated Amortisation (1/7)	-	-
Accumulated Impairment (1/7)	(2,058)	(2,108)
Net Book Value - Opening Balance	1,550	1,500
Movements for the year		
- Accumulated Impairment charges written back	550	50
Closing Values:		
Gross Book Value (30/6)	3,608	3,608
Accumulated Amortisation (30/6)	-	-
Accumulated Impairment (30/6)	(1,508)	(2,058)
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>¹	<u>2,100</u>	<u>1,550</u>

¹ The Net Book Value of Intangible Assets represent:

- Water Licences	2,100	1,550
	<u>2,100</u>	<u>1,550</u>

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

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

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

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

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

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
Other Financial Assets	30/06/2014	-	10,318	-	10,318
High Security Water Licence	30/06/2014	-	2,100	-	2,100
Total Financial Assets		-	12,418	-	12,418
Infrastructure, Property, Plant & Equipment					
Water Treatment Plants	30/06/2011	-	32,391	-	32,391
Ground Water Bores	30/06/2011	-	7,874	-	7,874
Water Pumping Stations	30/06/2011	-	7,860	-	7,860
Water Reservoirs	30/06/2011	-	36,101	-	36,101
Other Water Assets	30/06/2011	-	957	-	957
Pipes	30/06/2011	-	97,457	-	97,457
Buildings	30/06/2011	-	9,578	-	9,578
Land	30/06/2011	-	3,446	-	3,446
Plants & Equipment	30/06/2014	-	2,816	-	2,816
Office Equipment	30/06/2014	-	238	-	238
Total Infrastructure, Property, Plant & Equipme		-	198,718	-	198,718

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Council primarily holds held to maturity term deposits. Fair value is based on annual figures confirmed by the financial institution. An external valuation is conducted for the High Security Water Licence on an annual basis.

Infrastructure, Property, Plant & Equipment

Council engages external valuers every five years to undertake valuations of all above ground infrastructure and property. Valuations have been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's, product catalogues, recently completed projects in Australian and their own database of costings and suppliers. Pipe assets are valued every five years internally, by appropriately qualified staff, utilising pipe reference rates from NSW Reference Rates Manual. Plant and Equipment assets are valued based on actual historical costs.

(4). Highest and best use

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2014	2013	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	4,288	3,724	3,229	2,281	2,251
User Charges Revenue	19,391	18,177	12,006	9,994	13,753
Interest & Investment Revenue (Losses)	1,106	513	187	274	308
Grants Income - Operating & Capital	894	463	340	268	207
Total Income from Continuing Operations	28,702	25,777	17,622	14,490	18,879
Sale Proceeds from I,PP&E	379	507	293	614	437
New Loan Borrowings & Advances	-	15,000	3,200	-	-
Outflows:					
Employee Benefits & On-cost Expenses	7,869	7,433	7,460	7,243	5,743
Borrowing Costs	970	402	69	-	-
Materials & Contracts Expenses	2,548	2,434	1,600	1,388	2,156
Total Expenses from Continuing Operations	21,309	21,771	17,137	16,658	16,215
Total Cash purchases of I,PP&E	6,180	5,525	5,976	8,584	6,660
Total Loan Repayments (incl. Finance Leases)	1,274	382	31	-	-
Operating Surplus/(Deficit) (excl. Capital Income)	4,338	1,159	(1,262)	(3,621)	692
Financial Position Figures	2014	2013	2012	2011	2010
Current Assets	38,494	31,973	11,928	7,611	12,807
Current Liabilities	5,169	4,954	3,958	2,759	3,102
Net Current Assets	33,325	27,019	7,970	4,852	9,705
Available Working Capital (Unrestricted Net Current Assets)	16,374	11,426	6,635	5,992	10,520
Cash & Investments - Unrestricted	10,211	5,419	1,871	359	4,901
Cash & Investments - Internal Restrictions	21,607	19,834	4,343	1,202	3,292
Cash & Investments - Total	31,818	25,271	6,191	1,561	8,193
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	16,513	17,787	3,169	-	-
Total Value of I,PP&E (excl. Land & Earthworks)	346,055	336,515	323,514	326,486	179,868
Total Accumulated Depreciation	150,783	145,282	138,967	139,539	29,891
Indicative Remaining Useful Life (as a % of GBV)	56%	57%	57%	57%	83%

Source: Published audited financial statements of Council (current year & prior year)

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 29. Council Information & Contact Details

Principal Place of Business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact Details

Mailing Address:

PO Box 456
Wagga Wagga NSW 2650

Opening Hours:

Monday - Friday 8:30am - 4pm

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers

GENERAL MANAGER

Mr G Haley

RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

PUBLIC OFFICER

Mr G Haley

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected Members

CHAIRPERSON

Clr G Hiscock (City of Wagga Wagga)

DEPUTY CHAIRPERSON

Clr. G. Verdon (Lockhart Shire Council)

COUNCILLORS

Clr. I. Kruetzberger (Urana Shire Council)

Clr. D. Meyer, OAM (Greater Hume Shire)

Clr. R. Kendall (City of Wagga Wagga)

Clr. P. Funnell (City of Wagga Wagga)

Clr. A. Negline (City of Wagga Wagga)

Clr. K. Poynter (City of Wagga Wagga)

Other Information

ABN: 52 084 883 210

INDEPENDENT AUDIT REPORT TO RIVERINA WATER COUNTY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

SCOPE

We have audited the accompanying financial statements of Riverina Water County Council ('the Council'), which comprises the statement of financial position as at 30 June 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the projections data in Note 17 and accordingly, we express no opinion on them.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

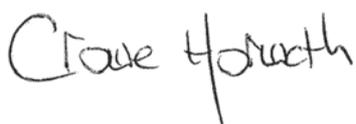
INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

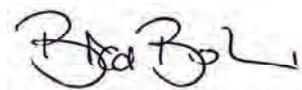
AUDITOR'S OPINION

In our opinion:

- a) 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;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 23rd day of September 2014.

Report on the Conduct of the Audit

Riverina Water County Council

Year Ended 30 June 2014

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1 Report on the Conduct of the Audit

We have completed our audit of the financial statements for Riverina Water County Council (Council) for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (c) respectively of the Local Government Act 1993.

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

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

2 Operating Result

Riverina Water County Council (the 'Council') is a County Council in Southern New South Wales, whose affairs are governed by:

- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

The Council achieved a net operating result from continuing operations (including capital contributions) of \$7,393,000 (2013: \$4,006,000) for the year ended 30 June 2014. The net operating result for the year before grants and contributions provided for capital purposes is \$4,338,000 (2013: \$1,159,000).

Significant income and expense items in the current year were:

	2014 \$'000	2013 \$'000	2012 \$'000
Annual charges	4,288	3,724	3,229
User charges and fees	19,391	18,177	12,006
Grants and contributions - operating	674	218	213
Grants and contributions - capital	3,055	2,847	1,747
Employee costs	7,869	7,433	7,460
Materials and contracts	2,548	2,434	1,600
Depreciation and amortisation	6,574	6,776	5,035

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

User charges and fees has been consistently higher over the past two years due to dryer weather. In 2012 flooding occurred, this meant a lower demand for water supplies. Operating grants have increased due to the newly introduced Local Infrastructure Renewal Scheme (LIRS) subsidy, which is an incentive to reduce Council's borrowing costs for infrastructure projects.

Expenditure has remained fairly constant across the last three years.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2014 \$'000	2013 \$'000	2012 \$'000
Cash and Liquid Investments	31,818	25,271	6,191
External Restrictions - included in liabilities	-	-	-
- not included in liabilities	-	18	(23)
Internal Restrictions - included in liabilities	994	896	863
- not included in liabilities	20,613	18,938	3,480
Unrestricted Cash and Investments	10,211	5,419	1,871
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	21,823	19,213	2,206
Unrestricted Working Capital	32,034	24,632	4,077

The above represents the amount of working capital Council has available to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

The above result continues to indicate a capacity to pay debts as and when they fall due.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.

4 Performance Indicators

Refer to Note 13 of the financial statements.

4.1 Operating Performance Ratio

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

This ratio has improved year on year: 2014: 17.04%, 2013: 5.05% and 2012: (7.95%). This is due to wet weather in 2012 leading to a reduction in operating revenue whilst 2013 and 2014 saw dry weather and an increase in operating revenue.

4.2 Own Source Operating Revenue Ratio

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

This ratio has consistently remained in the high 80% range as Council heavily relies on revenue from water usage charges as its main source of income.

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council.

This ratio has increased year on year: 2014: 16.59:1, 2013: 12.98:1 and 2012: 3.40:1. This is due to delays in capital projects leading to a buildup of liquid assets.

4.4 Debt Service Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio has decreased year on year: 2014: 5.06:1, 2013: 10.57:1 and 2012: 38.42:1. This is due to an increase in borrowings in early 2013.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

The percentage of outstanding debts has decreased from 14.44% in 2013 to 13.04% this year. This is due to more effective debt recovery methods including interest charges on outstanding debts.

4.6 Cash Expense Cover Ratio

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

This ratio has increased year on year: 2014: 22.34:1, 2013: 17.92:1 and 2012: 6.17:1. This is due to delays in capital projects leading to a surplus of cash and investments.

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2014, was \$3.12m (2013: \$2.82m). This does not include an impairment provision as recoverability has historically been strong. This is due to controls in place to facilitate the recovery of these debts, including interest on overdue rates, reducing water supply and the potential for Council to sell the property after a prolonged period of non-payment.

This balance consists of user charges and fees of \$1.235m (2013: \$1.357m) and rates and annual charges of \$657k (2013: \$628k). The percentage of annual charges outstanding is referred to at Section 4.5 of this report.

5.2 Capital Expenditure

During the reporting period Council spent \$6.18m (2013: \$5.525) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2014 \$	2013 \$	2012 \$
Plant and equipment	769,000	912,00	499,000
Office equipment	52,000	97,000	180,000
Land	130,000	160,000	196,000
Buildings	89,000	1,237,000	562,000
Water supply network	5,140,000	3,119,000	4,539,000
	6,180,000	5,525,000	5,976,000

5.3 Fair Value of Water Supply Network

Water and sewerage network assets have been indexed in accordance with the latest indices provided in NSW Office of Water – Rates Reference Manual. The revaluation increment of \$4.975m has been recognised through the revaluation reserve.

5.4 Borrowings

Borrowings have decreased by repayments of \$1.274m from the prior year's balance of \$17.787m. There have been no new loans during the 2014 year.

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2014 reporting period as follows:

- *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).*
- *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014)*
- *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

Council is of the view that AASB 9 and AASB 10 will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

Several performance improvement observations were noted during our yearend audit visits. A final management letter has been issued to management. There were no critical control deficiencies noted in Council's systems.

6.1 Superannuation

Riverina Water City Council has employees whose superannuation contributions are contributed into the Local Government Superannuation Scheme – Pool B (the Scheme).

The Local Government Superannuation Scheme – Pool B is a defined benefit plan and for the purposes of AASB 119 *Employee Benefits* it has been deemed a "multi-employer fund". Due to the pooled nature of the funds assets sufficient information is not available for the purposes of AASB119. As a result of the global financial crisis, the Scheme has a significant deficiency in net assets. Over the past number of years Councils have been required to make additional contributions to assist the Scheme recover this deficit.

The last formal valuation of the Scheme was performed for the period ended 30 June 2009. The position of the Scheme is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists. Employers are required to make additional contributions to assist extinguishing this deficit. These additional contributions made by Council during 2014 were \$339k.

Due to the pooled nature of the Scheme estimate and the inability to accurately report Council's share of this deficit, Council has recorded this as a contingent liability in the 2014 financial statements.

Additionally, we highlight that Council needs to be mindful of how its share of the deficit will be funded in future years.

6.2 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

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Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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



Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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Background

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

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

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

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

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

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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 & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 20 August 2014.



Clr G Hiscock
CHAIRPERSON



Clr G Verdon
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	4,288	3,724
User charges	19,391	18,177
Fees	-	-
Interest	1,106	513
Grants and contributions provided for non capital purposes	674	218
Profit from the sale of assets	-	121
Other income	188	177
Total income from continuing operations	25,647	22,930
Expenses from continuing operations		
Employee benefits and on-costs	7,869	7,433
Borrowing costs	970	328
Materials and contracts	2,413	2,408
Depreciation and impairment	6,574	6,776
Water purchase charges	135	100
Loss on sale of assets	33	-
Calculated taxation equivalents	40	41
Debt guarantee fee (if applicable)	-	-
Other expenses	3,315	4,726
Total expenses from continuing operations	21,349	21,812
Surplus (deficit) from Continuing Operations before capital amounts	4,298	1,118
Grants and contributions provided for capital purposes	3,055	2,847
Surplus (deficit) from Continuing Operations after capital amounts	7,353	3,965
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	7,353	3,965
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(1,289)	(335)
SURPLUS (DEFICIT) AFTER TAX	6,064	3,630
plus Opening Retained Profits	52,678	49,048
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	58,741	52,678
Return on Capital %	2.7%	0.7%
Subsidy from Council	1,806	5,888
Calculation of dividend payable:		
Surplus (deficit) after tax	6,064	3,630
less: Capital grants and contributions (excluding developer contributions)	(220)	(245)
Surplus for dividend calculation purposes	5,844	3,385
Potential Dividend calculated from surplus	2,922	1,692

Riverina Water County Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	10,318	10,271
Investments	21,500	15,000
Receivables	3,120	2,820
Inventories	3,556	3,833
Other	-	49
Non-current assets classified as held for sale	-	-
Total Current Assets	38,494	31,973
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	198,717	194,548
Investments accounted for using equity method	-	-
Investment property	-	-
Intangibles	2,100	1,550
Total non-Current Assets	200,817	196,098
TOTAL ASSETS	239,311	228,071
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	513	695
Interest bearing liabilities	1,341	1,272
Provisions	18,172	16,514
Total Current Liabilities	20,026	18,481
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	15,172	16,515
Provisions	-	-
Total Non-Current Liabilities	15,172	16,515
TOTAL LIABILITIES	35,198	34,996
NET ASSETS	204,113	193,075
EQUITY		
Retained earnings	58,741	52,678
Revaluation reserves	145,372	140,397
Council equity interest	204,113	193,075
Non-controlling equity interest	-	-
TOTAL EQUITY	204,113	193,075

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	9
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Riverina Water County Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, 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) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

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

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

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that 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, Lockhart, Urana Shire & Greater Hume Shire.

Category 2

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

Nil

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures).

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

(i) Taxation Equivalent Charges

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

Riverina Water County Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these 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 – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Riverina Water County Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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

(iv) Dividends

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

Local Government Water Supply Businesses are permitted to pay an annual dividend from its water supply surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	40,000
(ii)	No of assessments multiplied by \$3/assessment	96,243
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	40,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	2,921,800
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	922,430
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	9,260,200

2014 Surplus	5,843,600	2013 Surplus	3,384,600	2012 Surplus	32,000
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	922,430
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	27,720
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	76.38%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	195,664
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	10,114
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	6,180
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	5.55%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

INDEPENDENT AUDIT REPORT TO RIVERINA WATER COUNTY COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Riverina Water County Council (the Council), which comprises the statements of financial position by business activity as at 30 June 2014, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Division of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Division of Local Government.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

OPINION

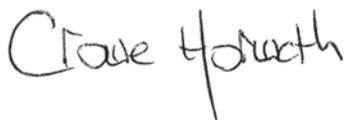
In our opinion the financial statements of Riverina Water County Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Division of Local Government, or for any purpose other than that for which it was prepared.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN
Partner

Dated at Albury this 23rd day of September 2014.

Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2014

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



Riverina Water County Council

Special Schedules

for the financial year ended 30 June 2014

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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

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

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	-	-	-	-
Administration	-	-	-	-
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
Total Public Order & Safety	-	-	-	-
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
Total Environment	-	-	-	-
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
Total Community Services & Education	-	-	-	-
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	-	-	-	-
Water Supplies	21,309	25,647	3,055	7,393
Sewerage Services	-	-	-	-

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	-	-	-	-
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	-	-	-
Transport and Communication				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
Total Transport and Communication	-	-	-	-
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
Total Economic Affairs	-	-	-	-
Totals – Functions	21,309	25,647	3,055	7,393
General Purpose Revenues ⁽²⁾				
Share of interests - joint ventures & associates using the equity method	-	-	-	-
NET OPERATING RESULT ⁽¹⁾	21,309	25,647	3,055	7,393

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Riverina Water County Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	1,272	16,515	17,787	-	1,274	-	-	970	1,341	15,172	16,513
Other	-	-	-							-	-
Total Loans	1,272	16,515	17,787	-	1,274	-	-	970	1,341	15,172	16,513
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	1,272	16,515	17,787	-	1,274	-	-	970	1,341	15,172	16,513

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

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

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,838	2,359
b. Engineering and Supervision	1,765	2,112
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	519	831
d. Maintenance expenses	1,037	991
- Reservoirs		
e. Operation expenses	120	56
f. Maintenance expenses	219	144
- Pumping Stations		
g. Operation expenses (excluding energy costs)	12	23
h. Energy costs	2,631	2,802
i. Maintenance expenses	254	307
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	245	230
l. Maintenance expenses	619	652
- Other		
m. Operation expenses	168	273
n. Maintenance expenses	552	475
o. Purchase of water	135	100
3. Depreciation expenses		
a. System assets	6,033	5,789
b. Plant and equipment	541	987
4. Miscellaneous expenses		
a. Interest expenses	970	328
b. Revaluation Decrements	-	-
c. Other expenses	4,168	3,362
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
h. Impairment - Intangible Assets	(550)	(50)
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	21,276	21,771

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges		
a. Access (including rates)	3,868	3,347
b. Usage charges	12,505	11,455
7. Non-residential charges		
a. Access (including rates)	420	377
b. Usage charges	5,674	5,229
c. Other charges	462	430
8. Extra charges	124	72
9. Interest income	982	441
10. Other income	926	961
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	245
b. Grants for pensioner rebates	225	212
c. Other grants	449	6
12. Contributions		
a. Developer charges	2,835	2,602
b. Developer provided assets	-	-
c. Other contributions	232	278
13. Total income	28,702	25,655
14. Gain (or loss) on disposal of assets	(33)	121
15. Operating Result	7,393	4,005
15a. Operating Result (less grants for acquisition of assets)	7,393	3,760

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,217	1,567
c. Renewals	2,142	2,949
d. Plant and equipment	821	1,009
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	6,180	5,525
Non-operating funds employed		
20. Proceeds from disposal of assets	379	507
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	379	507
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	28,123	27,928
b. Residential (unoccupied, ie. vacant lot)	1,297	1,097
c. Non-residential (occupied)	2,661	2,641
d. Non-residential (unoccupied, ie. vacant lot)		-
25. Number of ETs for which developer charges were received	342 ET	472 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 408,377	\$ 385,274

Riverina Water County Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Riverina Water County Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	995	-	995
d. Unexpended loans	13,263	-	13,263
e. Sinking fund	-	-	-
f. Other	17,560	-	17,560
31. Receivables			
a. Specific purpose grants	175	-	175
b. Rates and Availability Charges	657	-	657
c. User Charges	1,235	-	1,235
d. Other	1,053	-	1,053
32. Inventories	3,556	-	3,556
33. Property, plant and equipment			
a. System assets	-	195,664	195,664
b. Plant and equipment	-	3,053	3,053
34. Other assets	-	2,100	2,100
35. Total assets	38,494	200,817	239,311
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	513	-	513
38. Borrowings			
a. Loans	1,341	15,172	16,513
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	3,315	-	3,315
40. Total liabilities	5,169	15,172	20,341
41. NET ASSETS COMMITTED	33,325	185,645	218,970
EQUITY			
42. Accumulated surplus			73,598
43. Asset revaluation reserve			145,372
44. TOTAL EQUITY			218,970
Note to system assets:			
45. Current replacement cost of system assets			343,805
46. Accumulated current cost depreciation of system assets			(148,141)
47. Written down current cost of system assets			195,664

Riverina Water County Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2014

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

Riverina Water County Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Actual ⁽³⁾ Maintenance 2013/14	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices / Depots	10	5	387	9,161	17%	73%	10%	0%	1%
	Council Houses	4	2	22	417	59%		41%		0%
	sub total	14	7	409	9,578	18.7%	69.4%	11.2%	0.1%	0.5%
Water Supply Network	Treatment Plants	2,500	610	619	32,391	18%	63%	19%	0%	0%
	Bores	540	200	206	7,874	19%	80%	1%	0%	0%
	Reservoirs	500	216	219	36,101	9%	50%	35%	6%	0%
	Pumping Station/s	202	360	255	8,817	11%	74%	15%	1%	0%
	Pipeline	14,000	2,000	1,037	97,457	12%	13%	42%	32%	1%
	sub total	17,742	3,386	2,336	182,640	12.4%	35.3%	33.4%	18.2%	0.7%
TOTAL - ALL ASSETS		17,756	3,393	2,745	192,218	12.7%	37.0%	32.3%	17.3%	0.7%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Riverina Water County Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	<u>2,963</u>	49.11%	50.95%	72.07%
Depreciation, Amortisation & Impairment	<u>6,033</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>17,756</u>	0.09	0.11	0.11
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>192,218</u>			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>2,745</u>	0.81	0.84	0.78
Required Asset Maintenance	<u>3,393</u>			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>5,768</u>	0.88	0.76	1.12
Annual Depreciation	<u>6,574</u>			

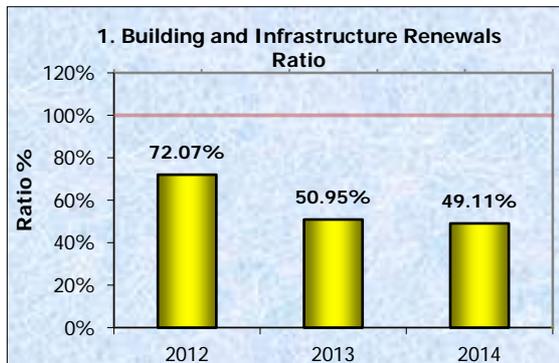
Notes

⁽¹⁾ Asset Renewals represent the replacement &/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. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value

Riverina Water County Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Renewals Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 49.11%

Council is currently undertaking significant new capital projects, including the new Wagga water treatment plant, which has reduced the amount of renewal work that Council is able to undertake at the same time.



— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

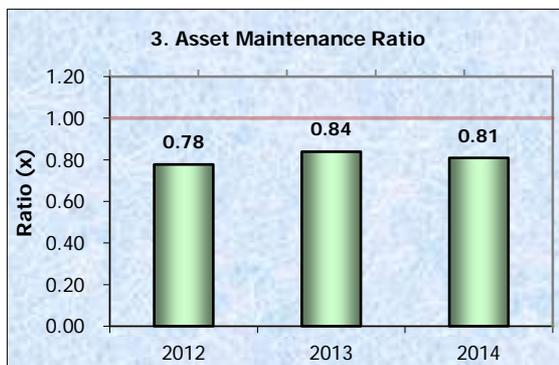
Purpose of Infrastructure Backlog Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 0.09 x

Council has an asset replacement program which is incorporated into each annual capital works budget, based on priority. It is not unusual to see a backlog, due to limited resources and funding.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

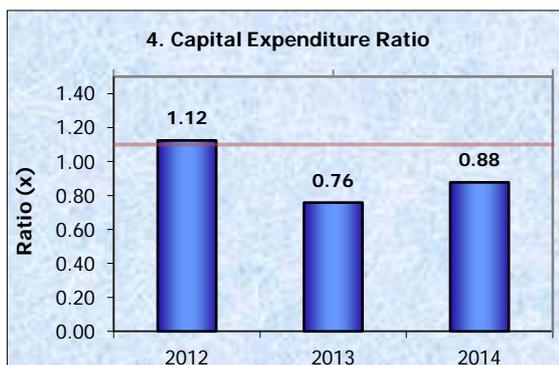
Purpose of Asset Maintenance Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 0.81 x

Council has a maintenance program for its assets. Due to limited resources and funding, there is a slight shortfall in maintenance spending.



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2013/14 Result

2013/14 Ratio 0.88 x

Asset revaluations in recent years has seen a significant increase in depreciation expenditure, which has resulted in a drop in this ratio. Capital expenditure has been maintained at a consistent level, which will increase over coming years due to large projects, such as the new Wagga water treatment plant.

Riverina Water County Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	28,702	25,390	27,043	27,770	28,519	29,290	30,084	30,902	31,745	32,613	33,507
Expenses from continuing operations	21,309	20,857	22,454	23,873	24,566	25,104	25,895	26,591	27,153	27,801	28,487
Operating Result from Continuing Operations	7,393	4,533	4,589	3,897	3,953	4,186	4,189	4,311	4,592	4,812	5,020
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	3,216	15,192	30,149	12,538	2,219	2,932	10,377	3,690	3,323	4,659	4,758
Replacement/Refurbishment of Existing Assets	2,964	11,558	4,872	3,413	5,304	5,054	2,849	4,782	5,404	4,329	4,500
Total Capital Budget	6,180	26,750	35,021	15,951	7,523	7,986	13,226	8,472	8,727	8,988	9,258
Funded by:											
– Loans	-	-	20,500	10,000	-	-	5,000	-	-	-	-
– Asset sales	379	-	-	-	-	-	-	-	-	-	-
– Reserves	-	-	-	-	-	-	-	-	-	-	-
– Grants/Contributions	3,293	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495
– Recurrent revenue	2,508	24,255	12,026	3,456	5,028	5,491	5,731	5,977	6,232	6,493	6,763
	6,180	26,750	35,021	15,951	7,523	7,986	13,226	8,472	8,727	8,988	9,258

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

CUSTOMER INFORMATION

PAYMENT FACILITIES

TELEPHONE Australia Post Telephone Billpay

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

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

TO PAY BY THE INTERNET

www.postbillpay.com.au

(Access to this option is also available via Council's Internet site listed above).

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

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

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

EMERGENCY NUMBERS

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

GENERAL ENQUIRIES: (02) 6922 0608
SERVICE CENTRE: (02) 6922 0608
FAX: (02) 6921 2241
EMAIL: admin@rwcc.nsw.gov.au
WEBSITE: www.rwcc.nsw.gov.au

EMERGENCY

Wagga Wagga
The Rock
Lockhart
Uranquinty
Urana/Oaklands
Culcairn/Holbrook/Walla Walla

(02) 6922 0608 All hours

