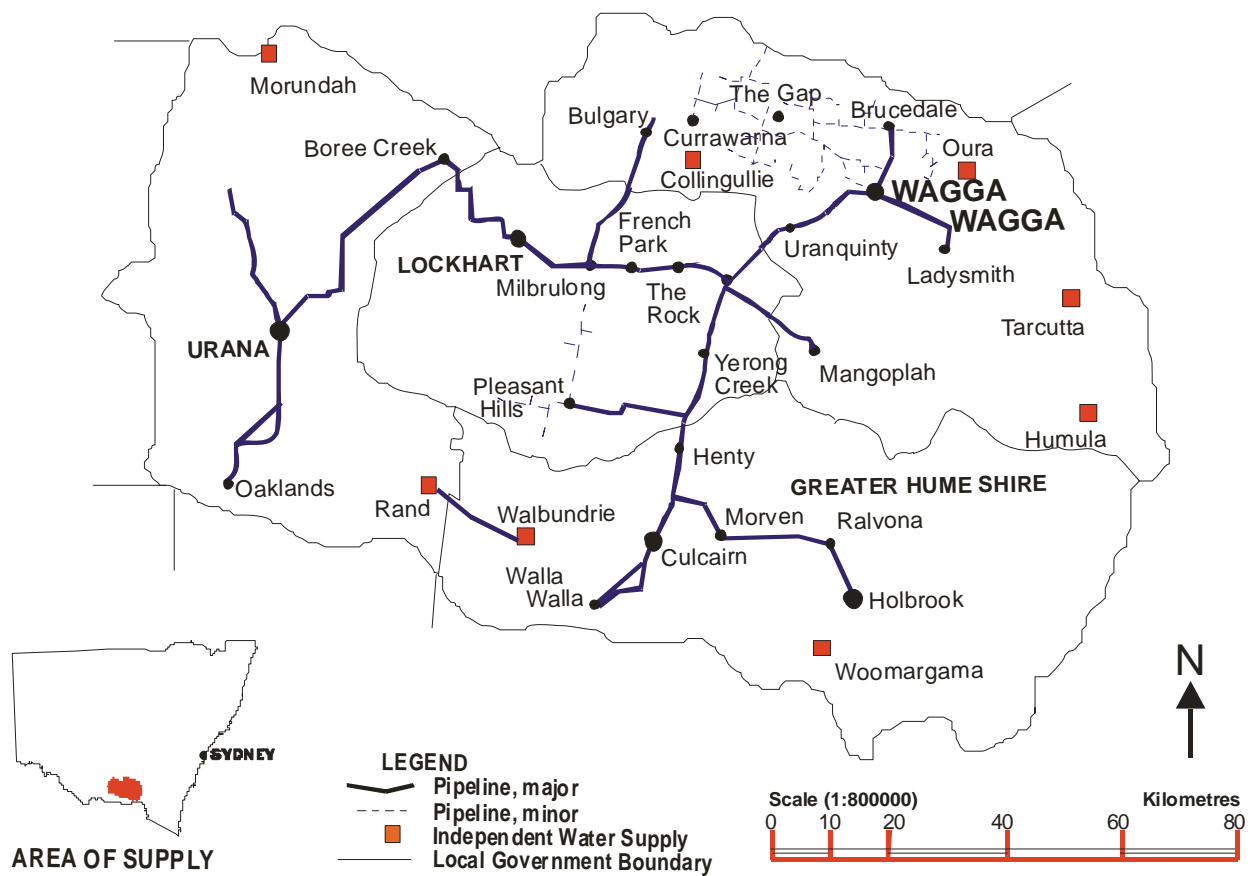


Riverina Water County Council

Annual Report

2004/2005





AREA OF SUPPLY

Riverina Water County Council

Front Cover

**Construction of
Walbundrie Water Treatment Plant
Albury contractors “Terry Miller Tanks”
pouring Concrete for Contact Tank**

**Construction of Walbundrie to Rand
Pipeline by Riverina Water staff**

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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.com.au |
| WEB ADDRESS | www.rwcc.com.au |
| TELEPHONE | (02) 6922 0608 |
| OFFICE HOURS | 8.30 am to 4.00 pm, Monday to Friday |
| BANKERS | National Australia Bank Ltd |
| SOLICITORS | Messrs. Farrell Lusher |
| AUDITORS | John L. Bush & Campbell, Wagga Wagga |

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

For the Year June 2004 to June 2005

COUNCILLORS



Clr. L. Vidler
Wagga Wagga
Chairperson

Clr. P. Yates
Lockhart Shire Council
Deputy Chairperson



Clr. R. Kendall
Wagga Wagga

Clr. D. Simpson
Wagga Wagga

Clr. K. Vidler
Wagga Wagga

Clr. K. Wales
Wagga Wagga



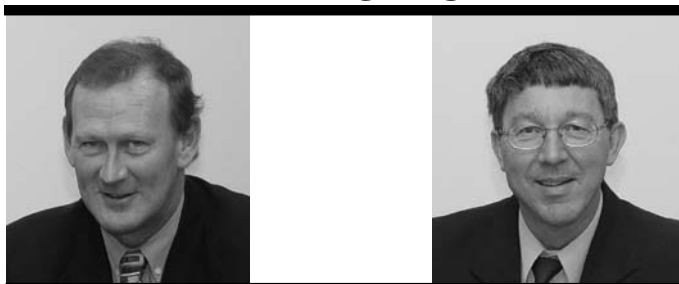
Mr. D. Sexton
Administrator
Greater Hume
Shire Council
(26/5/04 to 23/2/05)

Clr. J. McInerney
Greater Hume Shire
From 27/4/05

Clr. J. Ross
Greater Hume Shire
From 27/4/05

Clr. I. Kreutzberger
Urana Shire Council

MANAGERS



G.W. Pieper
General Manager

P.H. Clifton
Director of Engineering

**The National Safety Council of Australia (NSCA)
invited Council to attend their annual NSCA/Telstra National
Safety Awards of Excellence presentation in Sydney on
Tuesday 19th October, 2004.**



(L-R - Daryl Ryan, OH&S Coordinator; Eric Curtis, CEO, NSCA; Colin Fisher, OH&S Chairman; and Gerald Pieper, General Manager)

General Manager Gerald Pieper, OH & S Chairman Colin Fisher and OH & S Co-ordinator Daryl Ryan attended the evening.

The evening was hosted by Scott McGregor and attended by top corporate leaders and safety professionals.

Council as a participant in the 5 Star Health and Safety Management System was publicly recognised for achieving 5 Star grading and received a special trophy which was presented by the CEO of NSCA Mr. Eric Curtis.



**NSCA SAFETY AWARD
PRESENTATION
to RIVERINA WATER**



4 STAR ACHIEVEMENT



**Riverina Water's OH&S
Coordinator Daryl Ryan, RTW
Coordinator Judi Dunning,
Chairman Clr. Lindsay Vidler,
Safety Chairman Colin Fisher,
General Manager Gerald Pieper
and Wagga Mutual CEO Glenn
Elliott**

***At the presentation of 4 Star
Achievement held at a Safety
Breakfast on 12th May 2005***



ALAN HILLS - 30 YEARS SERVICE & RETIREMENT PRESENTATIONS



Riverina Water presented long service award to staff member Alan Hills (Rural Supervisor) at their Christmas gathering
General Manager Gerald Pieper and Chairman Lindsay Vidler congratulate Alan Hills on 30 years service with Council.

And

Peter Clifton, Director of Engineering congratulates Alan Hills on his retirement from Riverina Water County Council at a staff function held on 27th August 2004



Chairman Lindsay Vidler congratulates Alan Hills on his retirement - watched by Alan's wife Denise



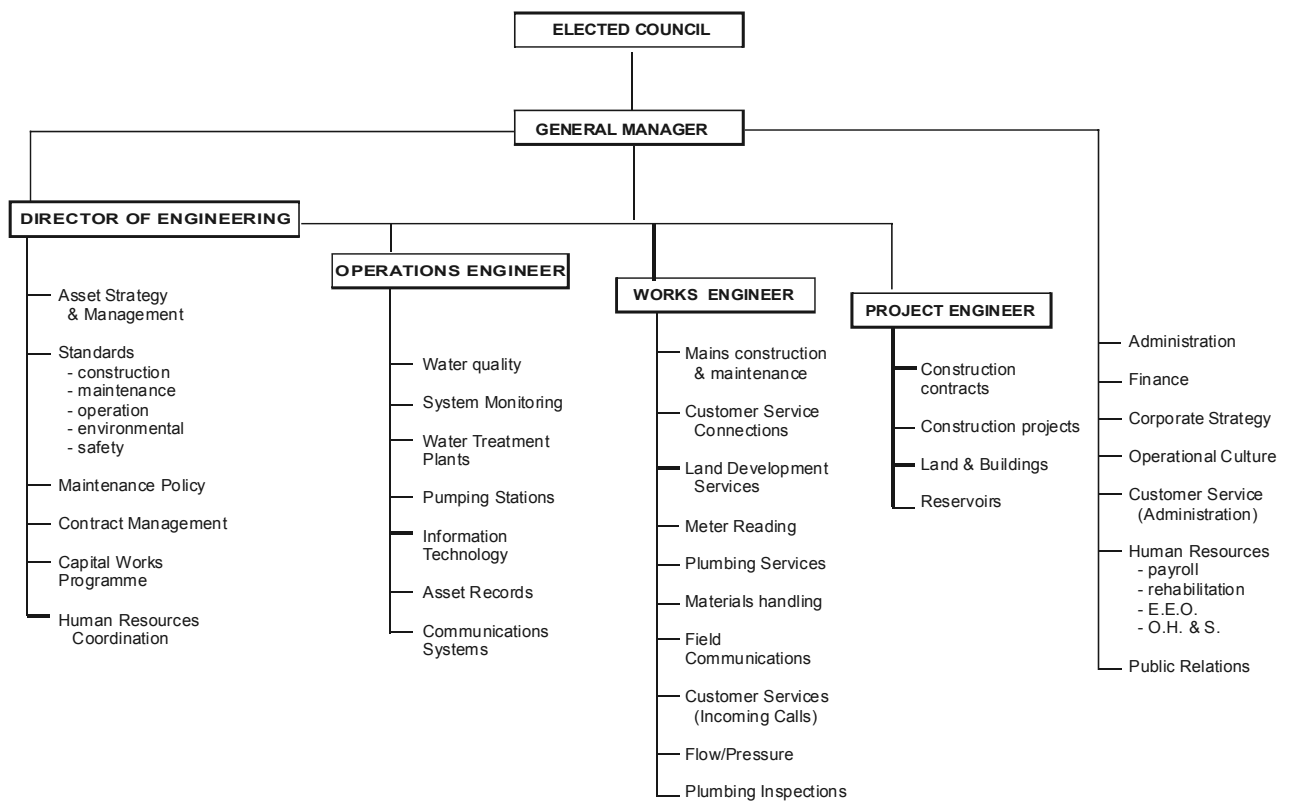
25 YEARS SERVICE PHILLIP MURRAY

Phillip Murray (Welding Supervisor)
for 25 Years Service
with Riverina Water County Council



INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE

The year 2004/2005 was another successful year for Council whose task is to provide water to the City of Wagga Wagga and the Shires of Greater Hume, Lockhart and Urana. Continued dry weather conditions contributed to Council's increase in cash of \$107,000 this was after spending \$6.8M on assets. Pursuing the policy of continually maintaining assets is one of the factors which contribute to a reliable water supply. As part of this we saw the commissioning of a bore at Walbundrie and the construction of a pipeline from Walbundrie to Rand.

Council received subsidy of 11.9% of the cost to assist towards the cost of the Walbundrie to Rand pipeline under the County Towns Water and Sewerage program. This was very disappointing as the goal posts changed from 50% to 20% with the final subsidy received of 11.9%.

Formal water restrictions were not implemented for the summer months but Council conducted an extensive education campaign promoting the efficient use of our precious resource.

The newly formed local government area Greater Hume Shire held their election for Councillors on 5th March 2005 and as a result of these elections Councillors John Ross and John McInerney replaced administrator Mr. David Sexton as our delegates from Greater Hume Shire. I thank Mr. Sexton for his valuable contribution during his period with Council and I congratulate Clrs. Ross & McInerney on their election to Council and look forward to working with them as part of our team.

Council continued working in partnership with the National Safety Council of Australia (NSCA) 5 Star program to ensure all requirements of the Occupational Health and Safety Legislation have been introduced and that Council is providing a safe working environment. Council received a 4 Star rating for its overall performance.

Council's facilities are naturally spread over a wide area from Urana and Lockhart Shires to Culcairn and Holbrook part of Greater Hume Shire and Wagga Wagga. Councillors and Senior staff toured these facilities in October to make sure that all Councillors were aware of the whereabouts and condition of Council's assets. As part of the tour a Council Meeting was held at Urana Shire Council, this was the first Council Meeting held outside Wagga Wagga. With the success of holding Council's meeting at Urana, Council has decided to hold at least one meeting annually in a Shire area.

General Manager, Gerald Pieper contract of employment was renewed for a further five year period, an indication of Council's appreciation of this work.

Employee Alan Hills retired from Council after 30 years dedicated service.

I would like to thank all the staff, both indoor and outdoor for their dedicated service to the Council and our consumers and to the task of supplying them with good quality water in the most efficient and reliable manner. I would like to thank the executive staff and in particular the General Manager Gerald Pieper for their leadership and forward planning. Finally I thank my fellow Councillors and especially the Deputy Chairman Clr. Peter Yates for the thought and effect they put into managing the affairs of Council.


Clr. Lindsay Vidler
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 \$2 M). 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 2004/2005 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 2004/2005.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

Section 428 (2) (f)

| | |
|-------------------------|----------|
| Chairperson's Allowance | \$ 4,000 |
| Councillors' Fees | \$20,186 |
| Councillors' Expenses | \$ 3,155 |

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, 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 Local Government State 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.

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.

- 5) 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.
- 6) 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 2004/2005 Council employed two senior staff, the General Manager and Director of Engineering, at a total remuneration cost of \$263,824 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 80 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. Three 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 (1), Fitting (1), Welding (1) and Plumbing (2) trades. Trainees are employed in Filtration Plant Operations (1) and Maintenance Operations (1). These seven apprentice/trainee positions represent 9% of Council's staff.

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

Staff turnover was a little higher than in previous years.

| | Admin | Engineering | Waterworks | Depot Base | Rural | Totals |
|----------------------|----------|-------------|------------|------------|----------|-----------|
| Perm.June 2004 | 6 | 7 | 20 | 36 | 5 | 74 |
| Temp.June 04 | | 0 | 1 | 3 | | 4 |
| TOTAL June 04 | 6 | 7 | 21 | 38 | 5 | 78 |
| Retired | | | | | 1 | |
| Resigned | | 2 | | 4 | | |
| Terminated | | | | | | |
| Appointed | | 2 | 1 | 4 | 1 | |
| Transfer to Perm. | | | | 2 | | |
| Temp.Appointed | 1 | 3 | 1 | | | |
| Temp.Terminated | 1 | 2 | 1 | | | |
| Perm.June 2005 | 6 | 7 | 21 | 38 | 5 | 77 |
| Temp.June 05 | | 1 | 1 | 1 | | 3 |
| TOTAL June 05 | 6 | 8 | 22 | 39 | 5 | 80 |

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 2004/2005

| TRAINING COURSE | NUMBER OF PARTICIPANTS |
|---|------------------------|
| Advanced Resuscitation | 1 |
| AutoCAD Fundamentals | 5 |
| Building & Designers Conference | 1 |
| Chemical Dosing – Operator Training Pt 1 | 3 |
| Chemical Users | 1 |
| Cleaning & Disinfection of Water Supplies | 5 |
| Confined Space Course | 6 |
| Confined Space – Refresher | 17 |
| Consultative Committee Training | 1 |
| Containments of Concern | 2 |
| First Aid | 2 |
| First Aid – Refresher | 7 |
| Fluoride Operator Training | 2 |
| Gas Awareness | 24 |
| HACCP Training | 13 |
| Handling Dangerous Goods | 5 |
| HC Licence | 1 |
| Hydrovar & Submersible Training | 17 |
| MUNSYS User Group | 2 |
| OH & S Construction Induction | 45 |
| OH & S Consultation (Committee) | 1 |
| OH & S Consultative | 1 |
| OH & S Greencard | 12 |
| Operators Conference | 5 |
| Plumbing Expo | 1 |
| Plumbing Inspector Techniques | 1 |
| Radtel – SCADA upgrade | 5 |
| Rescue Equipment Retraining | 7 |
| Rescue Equipment Training | 17 |
| Risk Management Conference | 1 |
| Sedimentation / Clarification | 2 |
| Sharps Training | 78 |
| TAFE – Plumbing Technology | 1 |
| TAFE – Plumbing Trade | 2 |
| Track Safety Awareness (ARTC) | 30 |
| Water & Public Health Workshop | 3 |
| Water Treatment Update | 3 |
| Water Workshop | 3 |
| Women in Leadership – Forum | 4 |
| WorkCover Assessor Training | 1 |
| Worksite Traffic Control L3 | 20 |
| TOTAL | 358 |

Enterprise Award

In 2003/2004 a revised Enterprise Award was negotiated with the various unions. The Riverina Water County Council Enterprise Award 2004 continues the concepts of an effective and cohesive workplace, and covers a three-year period, which commenced July 2004.

Remuneration to all staff is based on a logical and fair system, commensurate with modern day 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 and Safety Management

Riverina Water County Council has been developing measurable OH&S goals and objectives to be able to monitor the progression of the safety culture in house. Although still closely associated with the NSCA 5-Star management system which conducts an external yearly audit for Riverina Water, it was determined that a means of measuring safety goals throughout the year would also be beneficial. The new targets are listed below in the table.

Encouraging all forms of communication to get the safety message across has been the focus for this year. Safety meetings, e-mails, safety newsflash, tapped in magazine, posters, and documented safety agendas, have been utilised as means of communicating safety to all levels within the workplace. Broadcast of safety incidents to all job sites by way of fortnightly newsflash is ensuring everyone is aware of each occurrence and the controls that have been implemented.

Leading by example is one of the key elements to promoting safety. If employees see managers/supervisors disregarding safety rules or treating situations lightly by not conforming to regulations, then they will feel they also have the right to violate the rules. Clear safety policies are required, assuming responsibility for their implementation and follow up with any breach of these arrangements is necessary to maintain a safety conscious environment.

Beyond mere regulatory compliance, RWCC has a conviction that it is morally right to improve job safety and health; and that doing so will enhance the productivity and quality of work life of employees at all levels.

| Objective/goal | Means of achieving | Target/Measure – KPI's |
|---|--|---|
| Create an ongoing comprehensive structured system for managing health & safety at RWCC | NSCA 5-Star safety system with focus on achieving target in an external annual grading audit Annual internal audit | 5 Star Rating 90% StateCover RiskChase |
| Achieve maximum employee involvement in safety & provide feedback to staff & management | Quarterly safety performance review of all work teams Annual performance reviews | 90% (minimum score) by all work teams |
| Ongoing development of safety system to satisfy legal obligations, monitor, report & improve | CIAP review with involvement in particular from supervisory & management levels. Realistic time frames to be documented | 100% of action items completed by the due date |
| Integrate health & safety into “core” business goals, plans & improvement programs | Safety to be included as a topic for discussion at all official meetings, including Councillor meetings. Promote “duty of care” expectations of senior management & Councillors. Verified by record keeping e.g. record in minutes | All official meetings to include SAFETY as an agenda item and to be recorded in minutes |
| Meet legal requirements, promote awareness of individual safety responsibilities | Review legal requirements, assess training needs on an annual basis & provide training as identified. | All staff to be trained to the specific level of OH & S knowledge required as per their individual skills list; ie. Basic, Advanced |
| Identify hazards to reduce workplace injury/accidents | Hazards being identified by employees & formal reporting of near misses, incidents, accidents. Maintenance of one (1) central hazard register. | 100% completion of recorded hazard items either eliminated or controlled successfully by the due date |
| Create a culture where everyone is involved in safety | Facilitate team meetings; encourage all employees to freely share ideas, promote & encourage involvement & provide feedback | Team meetings to be held every month |
| Identify near misses | Employees to report and document all reported sightings, or verbal confirmation of near misses utilising supplied Near Miss/Incident forms Managers, supervisors to continually promote importance of identifying & reporting Near Miss occurrences | 3 times the number of accident reports |
| Reduce motor vehicle incidents | Promote compliance with safe driving policy; monitor rosters & stand down times to combat fatigue levels; investigate motor vehicle incidents; provide information, instruction & training | Zero ‘at fault’ motor vehicle incidents. |
| Reduce risk of injury in the workplace | Safe work procedures to be discussed, developed, trialed, & communicated following consultation with staff. Encourage involvement in workplace design, methods & changes | Improved work place methods, and a safe work procedure developed for all tasks identified as high risk |
| Compliance with Council’s policies and safe work procedures to reduce the risk of injury in the workplace | Consultation & input from staff when developing policies & safe work procedures. Employees not complying with Council’s policies & safe working | No evidence of the need for disciplinary action to be implemented within the past 12 month period |

| Objective/goal | Means of achieving | Target/Measure – KPI's |
|---|---|--|
| | procedures will be counselled & requested to comply. Any subsequent failure to comply will be reported & the disciplinary procedures as stated in Council's award will then be applied | |
| Higher morale amongst employees | Consultation, guidance & expectations to be clearly defined during a one-to-one private interchange session. Informative discussion on business goals & future company directions to be included | Performance & development review meeting (exchange of information between the individual & their supervisor) on an annual basis. To be formally documented. |
| Provide information & support for wellbeing of staff and families | Regular distribution of information – safety newsflash, tapped in take home magazine, Employee Assistance Program, Free external counselling service | Staff usage of Counselling Service Feedback from employees |
| Facilitate communication between management & staff | OH&S Committee established to provide support, facilitate communication & make recommendations to management on safety issues | Meetings schedules every two months Review minutes of meetings to ensure issues are resolved |
| Reduce the cost of injuries & premiums | Prompt reporting of injuries & timely injury management | Suitable duties provided & RTW plans for individual case management |

Achievements this Year

- 4 Star rating under the NSCA safety award system
- Safety breakfast held on 12 May 2005 in recognition of this achievement
- Ongoing development of OH&S & R manual
- Documented evident of monthly team meetings
- New design of format for Accident/Incident reporting
- Sharps awareness and training program developed and implemented
- Staff welfare – flu vaccination & immunity to Hep A & B
- Ergonomic & workstation assessment conducted
- Survey on success of RTW program
- Revised induction program
- Continuously improving safety training –
- Construction Induction Certificate in house training
- Refresher on rescue & breathing apparatus equipment
- Continuing development and review of safe work procedures
- New mower & new seating
- Purchase & trial of new silt traps for environmental control
- New Walbundrie Rand system now utilises less chemicals
- OH&S goals & objectives development of measurable targets

Engineering controls of risk

Safety related projects for the past year include:-

- Wagga valve house (square pumphouse) – install steel grating floor and permanent access ladder with opening.
- North Wagga Aeration basins – install permanent Fibre Reinforced Plastic (FRP) stairs to allow access into basin
- Pleuger jetty – replace timber decking and install collapsible hand railing
- Humula Well Covers – install steel frame and sheeting with large access openings that allow tripod to be used for confined space recovery

- Waterworks – install Armco railing along river banks
- Mountain View – install galvanized steel covers over open pits
- Urana – install eye wash slab
- East Bomen Reservoir – install hatch and feet to allow tripod to be used for confined space recovery
- Bulgary Treatment Plant – install access platform and ladders, upgrade site drainage
- Waterworks – install permanent spray painting booth ex Country Energy
- Humula – installed FRP pit lids. Very light compared to steel
- North Wagga Bore 1 – install handrail between access walkway and bore pit area
- Waterworks – install steel floor over the Oval Well to allow confined space training. Install FRP covers on the access hatch
- The Rock – upgrades to office benches and equipment
- Head Office – line marking of car parks

Watchout Safety Incentive Award Recipients

This is the fourth year for the safety incentive award program. Developed in conjunction with Wagga Mutual Credit Union to recognise individuals or teams that have shown excellence, either by their actions, suggestions, or innovations in developing safety in the workplace.

Oct 2004 Award Norm Kerslake, Stuart Rose, James Garnsey
For - identifying the need for a safety eyewash in the Water works area and installing the system.

May 2005 Wagga Mutual Credit Union sponsors of the RWCC
Safety breakfast

Workers Rehabilitation and Return to Work

The challenge within the workplace is to find modified suitable duties for those employees who have been injured at work or are recovering from illness/injury sustained outside the workplace environment. Trying to match skills, current capacity, and provide meaningful tasks takes the participation of supervisors, employees, nominated Doctor and Council's RTW Coordinator. To date, RWCC has been able to provide suitable duties which provide a graduated return to work in an environment which encourages a safe, timely return to the workplace for those employees recovering from injury/illness.

This year the induction process; and means of communicating accidents/incidents; has been completely revised as Riverina Water understands that many accidents can be avoided by orienting new employees to their environment or by reminding current workers of past accidents and procedures for avoiding them in the future.

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

Section 428 (2) (n)

The aim of Council's policy on EEO is as follows:

To eliminate and ensure the absence of discrimination in employment on the grounds of race, sex, marital status and physical impairment and to promote EEO for women, members of racial minorities and physically handicapped persons.

Council's EEO policy statement was endorsed by its Consultative Committee on 6th November 1997.

E.E.O. Strategies are:

- Maintain the wording of all of Riverina Water's advertisements for vacant positions to ensure that they offer all potential applicants equal employment opportunities.
- Review application forms to ensure fair selection and decision procedures.
- Provide career counselling.
- Improve career opportunities for staff currently employed in areas of limited career structure.
- Reinforce the staff appeal system and grievance procedures.
- Prevent harassment of staff.
- Continue the training programme for all staff.
- Continue with job rotation programmes and enhance these where possible.
- Inform all staff about E.E.O. programme, work being done under it and subsequent progress and results.
- Make E.E.O. responsibilities a routine part of management and supervision functions.
- Continue to improve staff access to information about Riverina Water and conditions of employment.

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL-DELEGATED FUNCTIONS**Section 428 (2) (o)**

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**Section 428 (2) (r) General Regulation (Clause 31 [l] [b])**

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.

| | |
|-------------------------|-----------|
| General Manager | \$133,640 |
| Director of Engineering | \$130,184 |

ENVIRONMENTAL & SOCIAL 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 Natural 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 programme includes:

Wagga Wagga Waterworks Sludge
Treatment Plant
Collingullie
Tarcutta

Due to be commissioned for 2005/06 summer
Iron/Manganese removal plant commissioned.
Improved iron removal and disposal process being
investigated.

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.

An environmental project to restore native vegetation and generally improve the Murrumbidgee River bank and Marshalls Creek, at Council's Hammond Avenue property continued. Exotic Species were removed and native trees and shrubs have been planted along a section of the river bank adjacent to the filtration plant.

Water extracted from the river bores is measured by large bulk meters and over a year this volume is compared with the volume of water measured through all the customers individual meters. The difference is usually about 13% unaccounted for, but including such things as evaporation, flushing mains, firefighting, repairing burst mains, faulty customer meters, and illegal use of water. A major customer meter replacement program is scheduled to commence towards the end of 2005. This will see some 10,000 older meters replaced, resulting in improved accuracy of metering water consumption.

Riverina Water gives strong support to the wise use of water, by involvement in Waterwise Programmes, and through publicity, advertising and editorial contributions when water is featured in the regional press. Riverina Water participated in the REROC sustainability project and, as part of this, designed and manufactured two water saving shower displays. These displays were lent to other Council's through the REROC area.

A range of helpful and supportive fact sheets is available and on display at 91 Hammond Avenue and other locations, including Council's website.

Plumbing Inspectors are happy to give advice on household plumbing and leak detection and can be contacted on 69220630.

BUSH FIRE HAZARD REDUCTION

Section 428 (2) (i1)

Bush fire hazard reduction activities are undertaken by constituent Councils, and are not an activity or responsibility of Riverina Water County Council

PROGRAMS PROMOTING SERVICES, AND ACCESS THERETO, FOR PEOPLE WITH DIVERSE CULTURAL AND LINGUISTIC BACKGROUNDS

Section 428 (2) (j)

Council, as a single purpose water supply authority is not involved or responsible for this activity.

COMPANIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST

Section 428 (2) (p)

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

Section 428 (2) (g)

The Council is currently not party to any partnerships, cooperatives and/or joint ventures.

ACTIVITIES FOR CHILDREN

Section 428 (2) (r) General Regulation (Clause 31[I] [c])

Activities for children are generally undertaken by, and the responsibility of constituent Councils. Planning has commenced for a Waterweek school forum involving students from various local primary schools. The forum will give students an opportunity to share waterwise activities that occur at their schools as well as to research other waterwise and sustainability opportunities.



WATCHOUT

SUPPORTING WORKPLACE SAFETY “Watchout” Safety Incentive Scheme

SAFETY AWARD WINNERS



Stuart Rose

Norm Kerslake

AWARDED TO - Norm Kerslake, Stuart Rose and James Garnsey

For “identifying the need for a safety eye wash in the Waterworks lab area and installing the system”

L-R Daryl Ryan, OH & S Co-ordinator;

Sonia Clarke, Wagga Mutual Credit Union; James Garnsey, Apprentice Plumber and Gerald Pieper, General Manager (Absent: Stuart Rose and Norm Kerslake)

October 2004

WATER PRICING WORKSHOP held 23rd FEBRUARY 2005



Councillors, Management and Staff took part in a Water Pricing Workshop, prior to Council’s February Council Meeting.

Pictured L-R: Wayne Schiller (Billing Officer), Greg Finlayson (Project Engineer), Gerald Pieper (General Manager), Lindsay Vidler (Chairperson), Peter Clifton (Director of Engineering), Jason Ip (Operations Engineer), Graeme Geaghan (Finance Officer). Mr. D. Sexton (Administrator - Greater Hume Shire), Cllr Peter Yates (Deputy Chairperson), Mr. Alan Fifield (Observer)
Other Councillors (out of picture)



Clr. Peter Yates, Clr. Ian Kreutzberger, Peter Clifton (Director of Engineering), Greg Vidler (Project Engineer), Clr. Lindsay Vidler (Chairman), Graeme Geaghan (Finance Officer), Kerrie Fawcett (Secretary), Clr. Kevin Wales, Clr. Diana Simpson, Clr. Rod Kendall, Clr. Alan Fifield AM, Mr. D. Sexton (Administrator Greater Hume Shire), Jason Ip (Operations Engineer) and Gerald Pieper (General Manager).

TOUR OF WAGGA FACILITIES

Councillors and Staff took part in a tour of Riverina Water's facilities on 25th August prior to Council's meeting, visiting the areas of Bomen, Estella, West Wagga (pictured), Glen Oak and the Waterworks (pictured).

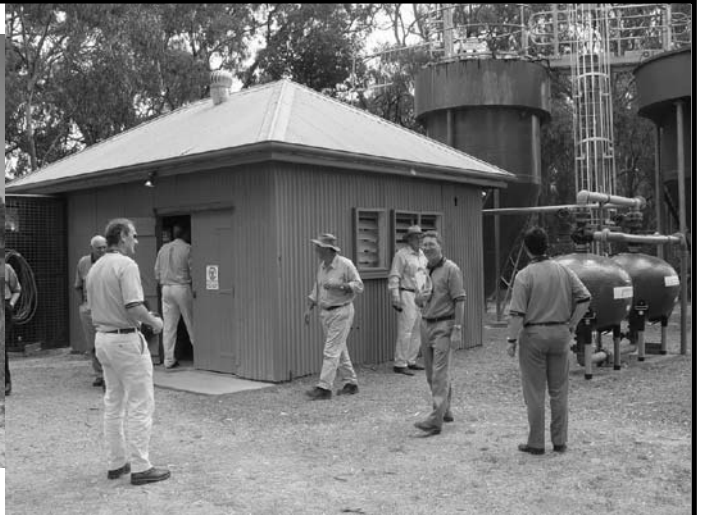


West Wagga Augmentation
and
Waterworks SCADA facility



TOUR OF RURAL FACILITIES 21ST OCTOBER 2004

Council held its first meeting outside Wagga Wagga on Thursday 21st October, 2004, this was in conjunction with a tour by Councillors and staff of the rural facilities, morning tea was held with Lockhart Shire Council, where Council was welcomed by Mayor Bruce Day, Council Meeting and lunch was at the Urana Shire where Mayor Peter Routley welcomed Council, afternoon tea was at Holbrook, where administrator David Sexton welcomed Council.





BIG K PUMPING MAINTENANCE IMPROVEMENTS

In the summer months Big K feeds our high level system 240 litres of water a second and is the major pump from the Waterworks to feed that system.

With the purchase of a new motor the maintenance on the motor would have had to be carried out every 3,000 pumping hours. So Greg Vidler, Craig Willis & Phil Murray designed and built a thrust bearing stand between the motor & pump all in-house to give it a maintenance life of 15,000 pumping hours.

The options were to buy a motor with a thrust bearing worth a further \$12,000 (of the selected motor) and make a stand to fit it to the pump, to send motor/pump away for this (thrust bearing & stand) to be made at a cost of around \$20-\$25,000. So congratulation guys in a great job & the money you have saved Riverina Water.

Pictured: Craig Willis (L/Hand Fitter) and Bryce McDonnell (Industrial Electrician)



COST SAVING SHOWERHEAD DISPLAY

Riverina Water's new cost saving showerhead display (made by Craig Price and Kane Cathro) made its inaugural appearance at a REROC display at the Wagga Marketplace on the weekend of the 6th/7th November and also at Urana. Due to the size and weight was unable to be used for the roadshow to various smaller rural centres. A smaller "digest" version was then "whipped" up by Council employee Shane Cross for the roadshow.

OPERATION, CONSTRUCTION & MAINTENANCE

MANAGEMENT PLAN – PERFORMANCE TARGETS 2004/2005

Section 428 (2) (b)

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2004/2005 Management Plan.

| | 2004/2005 | | Progress as at 30 th June 2005 |
|--|--------------------------|--------------------------------|---|
| | Wagga Urban \$'000 | Townships & Rural \$'000 | |
| LAND & BUILDINGS | | | |
| Depot buildings upgrade | 80 | | All work re-scheduled Chemical Storage 06/07 Remainder 05/06 |
| Depot Buildings – Chemical Storage | 80 | | |
| Depot Buildings – Sign Store | 10 | | |
| Waterworks, upgrade workshops & roof | 20 | | Complete |
| Access, parking, landscaping (including shading sails) | 80 | | Remainder of work now included in 05/06 and 06/07 capital works program |
| Access, parking, landscaping | | 10 | General Allocation not used |
| Environmental works (incl.Marshalls Ck) | 20 | | Years work completed |
| Environmental works, dump area, storage | 10 | | Years work completed |
| Air Conditioning-Admin Office | 40 | | Depot A/C replaced, Office A/C Scheduled Aug/Sept 05 |
| Residences | | 150 | Contract and deposit for construction of Urana residence signed. Completion scheduled Sept 05 |
| Storeyard Shade | 25 | | Re-scheduled 05/06 |
| Sub-total Land & Buildings | 365 | 160 | |
| MAINS AND SERVICES | | | |
| Hydrants & valves refurbish | 65 | | Continuing program. |
| Hydrants & valves refurbish | | 5 | Continuing program – typically included in rural operations |
| System improvements Wagga | 150 | | Mimosa Drive and Waranga Ave connected to Bellevue system. Stanley Street interconnection to Bellevue |
| System improvements rural | | 40 | Milbrulong – Lockhart valves replaced. Bath Street, Holbrook upgraded. Milbrulong – County Boundary Rd. Pipeline complete |
| Retic. Mains extensions,Wagga | 100 | | Completed as per Developer needs. |
| Retic. Mains extensions, Rural | | 30 | |
| Reticulation etc. for developers, Wagga | 202 | | |
| Reticulation etc for developers, Rural | | 10 | |
| Trunk mains extensions, Wagga | 350 | | Tatton-Springvale link complete. |
| Trunk mains extensions, Rural | | 1000 | Walbundrie-Rand pipelines completed |
| Service connections, new | 236 | | As required. |
| Service connections, new | | 20 | As required. |
| TOTAL NEW WORKS | 1103 | 1105 | |

| | 2004/2005 | | Progress as at 30th June 2005 |
|--|-----------------------------------|---|---|
| | Wagga Urban \$'000 | Townships & Rural \$'000 | |
| Renew retic mains, Wagga | 200 | | Requirements met |
| Renew retic mains, Rural | | 50 | Holloways Rd now replaced as well as other various replacements as required |
| Renew trunk mains incl. waterworks to Bomen | 200 | | pending railway bridge timing, Bomen now 05/06 |
| Renew mains, rural through Ashmont | | 155 | Long term strategies being re-assessed |
| Renew services | 200 | 70 | As required. |
| TOTAL RENEWALS | 600 | 275 | |
| Sub-total mains & services | 1703 | 1380 | |
| RESERVOIRS | | | |
| Other New reservoirs (Springvale, Forest Hill) | 800 | | Springvale now 07/08 due to other system improvements Forest Hill pending RAAF future plans. |
| Reservoirs, protective treatments, Wagga | 25 | | Completed as required |
| Reservoirs, protective treatments, Rural | | 12 | Re-scheduled 05/06 |
| Reservoirs, refurbish (Bruceedale) | | 130 | Re-scheduled 05/06 |
| Reservoirs, upgrade ladders and access, Wagga | 40 | | Ongoing. More work scheduled 05/06 |
| Reservoirs, upgrade ladders and access, Rural | | 20 | Ongoing. More work scheduled 05/06 |
| Reservoirs, control valves and systems, Wagga | 14 | | Complete |
| Reservoirs, control valves and systems, Rural (incl PSV) | | 43 | Complete |
| Sub-total Reservoirs | 879 | 205 | |
| PUMP STATIONS & BORES | | | |
| Pump stations, sustainable energy prog | 10 | | General allocation not used |
| Pump stations, flow recorders, Wagga | 50 | | Complete for year |
| Pump stations, flow recorders, Rural | | 25 | Complete for year |
| Renew pumps, motors & switchboards, Wagga | 100 | | 10 MG Pump No.4. & No. 1 and No.2 North Wagga Bores. |
| Renew pumps, motors & switchboards, Rural | | 100 | Ralvona No.1 motor and starter Ralvona No.3 motor Various motor rewinds. |
| Upgrade pumps/additional pumps, Wagga | 400 | | Steel fabrication complete. Construction 05/06 |
| Upgrade pumps/additional pumps, Rural | | 50 | Collingullie Bore pump. |
| Refurbish pipework/ fittings/structures, Wagga | 50 | | Proceeding as required. |
| Wagga bores renew/refurbish | 206 | | Nth Wagga Bore No.1, repair Nth Wagga Bore No.2. |
| Rural bores, renew/refurbish | | 100 | Woomargama and Ralvona No.3 complete. |
| Humula Bore | | 100 | Bore, treatment and pumping complete |
| Springvale Pumpstation-Jubilee | 20 | | Not yet required. Strategic plan for area and design will progress in 05/06 |
| Boree Creek/Oaklands renew pump | | 25 | Now part of Lockhart pump installation |
| Lochart renew pump | | 12 | Part of earlier item re Lockhart |
| Walbundrie, including Bore | | 380 | Complete. Some decommissioning of old treatment plants required in 05/06 |
| Sub-total Pumpstations & Bores | 836 | 792 | |
| | | | |

| | 2004/2005 | | Progress as at 30th June 2005 |
|---|-----------------------------------|---|--|
| | Wagga Urban \$'000 | Townships & Rural \$'000 | |
| TREATMENT PLANTS | | | |
| Treatment plants, general improve., Wagga | 130 | | Centrifuge overhaul and other general improvements |
| Treatment plants, general improve., Rural | | 10 | Includes Collingullie Manganese removal plant. |
| Treatment plants, Safety Equipment, Wagga | 30 | | Proceed as required. |
| Treatment plants, Safety Equipment, Rural | | 5 | Proceed as required. |
| Specific improve., Wagga Rate Control Valves | 80 | | Re-scheduled 05/06 |
| Specific improve., Rural Morundah Low Lift | | 10 | Complete. |
| Specific improvements, Rural Tarcutta Filters | | 50 | Filters complete, sludge handling investigation in progress with pilot plant and future improvements scheduled 05/06 |
| Specific improve., Rural Chlorine Boosters | | 10 | Years program complete |
| Environ. upgrading of plants (incl. Wagga) | 705 | | Tanks andThickener complete. Work progressing but delayed by late finish to summer demand |
| Treatment plants, refurbish (incl. Urana, Morundah) | | 130 | Sludge lagoons completed at Morundah. Urana scheduled early 05/06 |
| West Wagga renew aeration towers and roof | 30 | | Not started. |
| Bulgary access bridge & silica handling | | 10 | Some work still required |
| Sub-total Treatment Plants | 975 | 325 | |
| METERS | | | |
| Water meters, replace./upgrade Wagga | 70 | | As required |
| Water meters, replacement/upgrade Rural | | 12 | |
| Water meters, additional Wagga | 20 | | |
| Water meters, additional Rural | | 3 | |
| Remote metering | | 40 | 307 remote reading meters installed to rural properties, 47 in Humula and 39 in Wagga CBD |
| Sub-total Meters | 90 | 55 | |
| PLANT & EQUIPMENT | | | |
| Information technology | 40 | | Major upgrade of PC's complete |
| Office furniture and equipment | 20 | 1 | Years requirements complete |
| Working plant & vehicles-purchases | 700 | | Years requirements complete |
| Fixed plant/tools/equipment | 61 | 5 | Years requirements complete |
| SCADA system, upgrades | 40 | | Upgrade completed. |
| CAD-GIS/Asset management system | 80 | | GIS installed. Temporary staff employed to enter asset and service data |
| Communications equipment | 35 | | New telephone system completed. |
| Sub-total Plant & Equipment | 976 | 6 | |
| GRAND TOTALS | 5,837 | 2,910 | |
| Grand Totals – Wagga & Rural combined | 8,747 | | |

Services

| Strategies / Actions | Progress to 30 th June 2005 |
|--|---|
| <ul style="list-style-type: none"> Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs | Customer needs met. |
| <ul style="list-style-type: none"> Maintain network analysis of Wagga urban water system | Software upgraded. Integration of network analysis model with GIS commenced |
| <ul style="list-style-type: none"> Maintain the water supply infrastructure in good working order. | Some but infrequent breakdowns. Condition of system monitored and replacement program refined |
| <ul style="list-style-type: none"> Monitor the operation of the water supply system to ensure continuity of supply. | Continuity of supply. Replace pipes as necessary – e.g. Holloways Road now replaced |
| <ul style="list-style-type: none"> Reinforce throughout the organisation that we are customer orientated. Maintain a request and complaint handling system that ensures both attention to the request and advice of action taken or to be taken. | Response time, kept to a minimum. System maintained and used. |
| <ul style="list-style-type: none"> Use customer newsheets 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. | Level of complaints are low. Internet website maintained with up to date information. Local media used to promote Wise Use of Water over past summer. |
| <ul style="list-style-type: none"> Increase inspection and documentation of consumer pipework where there is potential for contamination from backflow. | Required protection devices in use. Annual inspection compliance is monitored |

Asset Replacement

| Strategies / Actions | Progress to 30 th June 2005 |
|---|--|
| <ul style="list-style-type: none"> Develop and maintain a rolling replacement plan for all assets with review every 3 years. Identify potential system capacity deficiencies and incorporate in capital works programme. Maintain water network analysis programme to identify timetable of system improvements and extensions. Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs. | Program documented and executed. |

Sale of Assets

| Strategies / Actions | Progress to 30 th June 2005 |
|--|---|
| <ul style="list-style-type: none"> Monitor the plant and motor vehicle second hand market. Offer plant and vehicles for trade-in or alternate separate sale when appropriate. If all offers are unsatisfactory, consider disposal at an established public auction. | Plant and vehicle replacements are up to date. Trade-in and auction prices monitored to achieve best outcome. |
| <ul style="list-style-type: none"> Scrap metal and other surplus sundry items will be made available for sale by written sealed offers. | None sold in 04/05. Scheduled early 05/06 |

Human Resources

| Strategies / Actions | Progress to 30 th June 2005 |
|--|--|
| <ul style="list-style-type: none"> 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. |
| <ul style="list-style-type: none"> Continue system of position descriptions and skills based remuneration. | Fair pay levels, annual reviews. Review completed May 2005 |
| <ul style="list-style-type: none"> Promote, enable and encourage multi-skilling. | Needed skills in use. |
| <ul style="list-style-type: none"> Continue practical operations of Occupational Health & Safety Committee, and Staff Consultative Committee. | Welfare of staff. NSCA 4 star rating. |
| <ul style="list-style-type: none"> Continue staff training system. | Training Plan for 2005 completed. |

OH&S

| Strategies / Actions | Progress to 30 th June 2005 |
|---|---|
| <ul style="list-style-type: none"> Continue NSCA 5-Star program and establish achievable objectives and target dates for the grading audits. | 4 Star Grading. |
| <ul style="list-style-type: none"> Utilise safety committee to facilitate implementation of the system. Co-ordinate workgroups, monitor, report, make recommendations. | Satisfying legal requirements. Accident reporting and investigation procedures being updated and improved |
| <ul style="list-style-type: none"> Promote and encourage feedback Encourage involvement with workplace design and workplace methods. | Hazards being identified by employees within the workplace. New OH & S Plan developed for Minor Works and Lone Worker Policy. |
| <ul style="list-style-type: none"> Encourage participation from ALL levels of the organisation. | Input to OH & S and Work method plans. |
| <ul style="list-style-type: none"> Safety to be included on the agenda for all official meetings and recorded in minutes. | Quality and quantity of safety information gathered Legal standards achieved. |
| <ul style="list-style-type: none"> Identify areas of non-compliance with acts and regulations. | Continually monitored. Revised Continuous Improvement Action Plan (CIAP) |
| <ul style="list-style-type: none"> Training of staff/management in health and safety responsibilities, specific needs. | Training as required. All staff now trained in induction for construction industry. Process for safety training as part of new employee induction process |

Environment Protection

| Strategies / Actions | Progress to 30 th June 2005 |
|--|---|
| <ul style="list-style-type: none"> Water returned to the environment from the filtration plant will be monitored for quality. | EPA standards achieved. |
| <ul style="list-style-type: none"> All field work-sites will be protected and restored to eliminate degradation. | Being done. New environment planning process developed. |
| <ul style="list-style-type: none"> Soiled water from Urban field site works will be returned for proper disposal. | Being done. New environment planning process developed. |
| <ul style="list-style-type: none"> S.E.D.A. consultations and advice will be acted on to reduce electricity consumption. | No formal SEDA involvement, however energy efficient designs are implemented. |
| <ul style="list-style-type: none"> Marshalls Creek environmental project to restore native vegetation and protect creek bed. | Native vegetation restored. Creek bed protected by gabions. |

| Strategies / Actions | Progress to 30th June 2005 |
|---|--|
| <ul style="list-style-type: none"> Unaccounted for water measured wherever possible, and identified losses reduced. Early detection and repair of leaks. | Water unaccounted for in the year target 10%. Bulk meters continue to be upgraded. Domestic meter replacement program being developed for implementation in 05/06. |
| <ul style="list-style-type: none"> Participation in joint activities eg. Urban Salinity Committee. | Group inactive. |
| <ul style="list-style-type: none"> Co-operation with other Councils in effluent re-use. | Respond when needed. |
| <ul style="list-style-type: none"> Water pricing that gives incentive to avoid waste, coupled with customer education and information. | Unstepped pricing achieved. Pricing options developed at Council Workshop. |
| <ul style="list-style-type: none"> Encourage and advise on possible water saving devices | Fact sheets and websites. BASIX to be implemented at end of 04/05 |

Financial & Revenue Pricing

| Strategies / Actions | Progress to 30th June 2005 |
|--|--|
| <ul style="list-style-type: none"> To continue a two part tariff, with a differential applying between Wagga Wagga & Rural, subject to some concession for large year round users. | Two part pricing applied, concessional pricing for large industry. |
| <ul style="list-style-type: none"> New capital works are to continue to require capital contributions from developers. Specific works will be at full cost to the developer while headworks will be partly developer and partly water sales funded. | Developer Servicing Plan completed and included in 05/06 Management Plan |

CONTRACTS AWARDED DURING THE YEAR

Section 428 (2) (h)

No contracts awarded.

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.

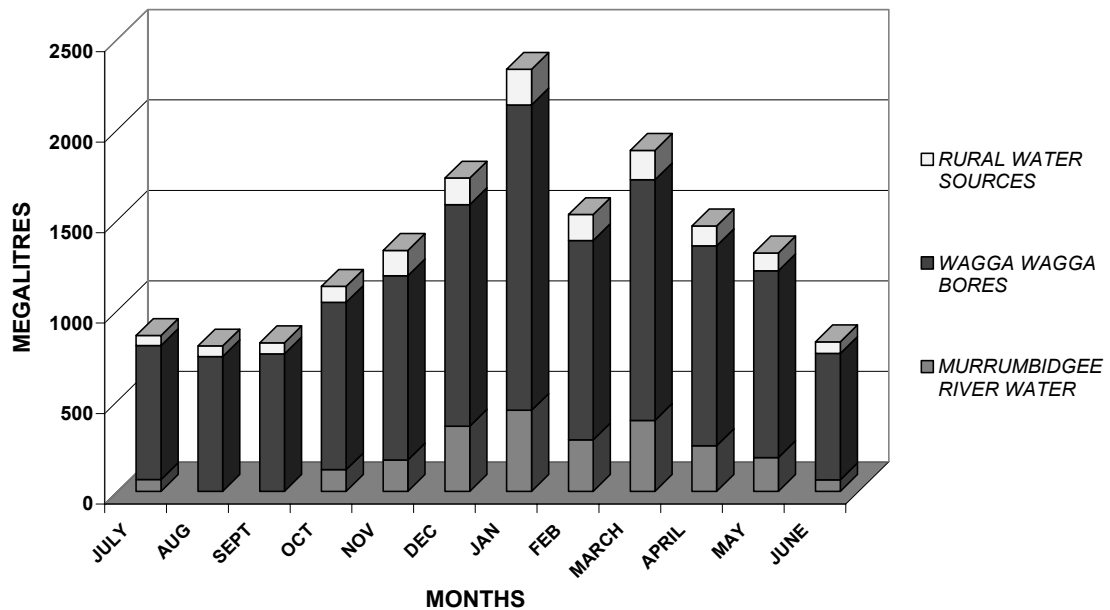
Work was undertaken (at full cost) for Gumly Gumly Private Irrigation District.

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 2338 megalitres in January 2005 compared to the record of 2635 megalitres in January 2002, while the full year total of 15,954 megalitres, this was a 1% decrease on last years consumption of 16,109 megalitres.

This reduction in consumption would be, to a large part, due to our ongoing awareness campaign and public acceptance of the need to conserve water.

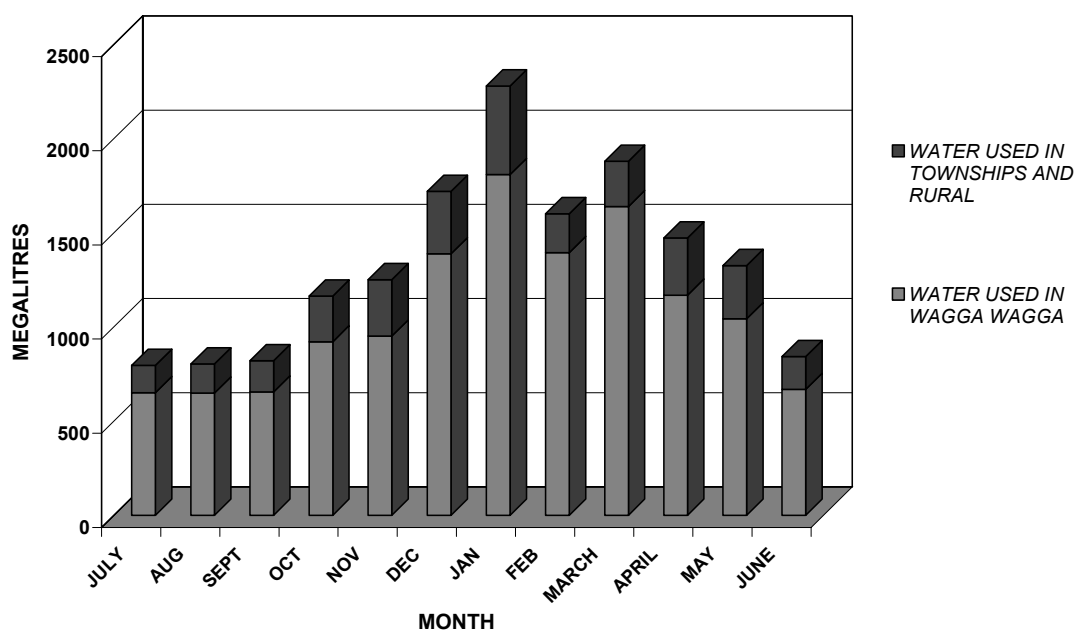
2004 / 2005 WATER PRODUCED



Water Use

| | MEGALITRES USED | | |
|--------------------------------------|-----------------|---------------|---------------|
| | 2002/2003 | 2003/2004 | 2004/2005 |
| East Bomen | 487 | 410 | 382 |
| Estella | 768 | 689 | 735 |
| North Wagga | 1044 | 1043 | 1171 |
| Wagga Wagga – Low Level | 2809 | 2596 | 2808 |
| Wagga Wagga – High Level | 8294 | 7563 | 7349 |
| Wagga Wagga – Bellevue Level | 498 | 463 | 494 |
| SUB-TOTAL | 13,900 | 12,764 | 12,939 |
| Ladysmith | 78 | 72 | 57 |
| Brucedale | 330 | 291 | 307 |
| Currawarna | 145 | 131 | 136 |
| Rural south from Wagga Wagga | 1767 | 1494 | 1274 |
| Rural from Walla Walla Bore | 203 | 181 | 140 |
| Milbrulong, Lockhart and Boree Creek | 384 | 339 | 332 |
| Urana and Oaklands | 305 | 260 | 241 |
| Holbrook | 364 | 330 | 295 |
| SUB-TOTAL | 3575 | 3098 | 2772 |
| Woomargama | 21 | 17 | 14 |
| Humula | 13 | 14 | 17 |
| Tarcutta | 70 | 58 | 51 |
| Oura | 46 | 45 | 39 |
| Walbundrie | 11 | 10 | 16 |
| Rand | 19 | 19 | 16 |
| Morundah | 11 | 9 | 8 |
| Collingullie | 85 | 75 | 82 |
| SUB-TOTAL | 275 | 247 | 243 |
| TOTAL | 17,750 | 16,109 | 15,954 |

2004 / 2005 WATER USED



NEW CUSTOMERS

New consumers were connected at the various centres listed below:

| LOCATION | NUMBER CONNECTED | | | | | |
|--------------------|------------------|------------|------------|------------|------------|------------|
| | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
| Boree Creek | | | | 2 | | |
| Brucesdale-The Gap | 2 | 3 | 4 | 1 | 3 | 8 |
| Bulgary | | | 2 | | | 2 |
| Collingullie | 3 | 2 | 2 | | | |
| Culcairn | | | 1 | | | |
| Currawarna | | 1 | 1 | 2 | 2 | |
| Forest Hill | 1 | | 4 | | | |
| Henty | 2 | 1 | 2 | 1 | 5 | 2 |
| Holbrook | 9 | | 5 | 1 | 7 | 13 |
| Humula | | | 1 | | | |
| Ladysmith | 1 | 2 | 2 | | | |
| Lockhart | 2 | | 2 | 1 | 6 | 5 |
| Mangoplah | 1 | 1 | | 4 | | 6 |
| Milbrulong | | | 1 | | | |
| Morundah | | | 1 | | | |
| Morven | | | 1 | | | |
| Oaklands | | | 1 | | | |
| Oura | 2 | 1 | | | 3 | 2 |
| Pleasant Hills | | 3 | | 6 | | |
| Rand | | | | | | |
| San Isidore | | | | | | |
| Tarcutta | | 3 | | | 1 | 1 |
| The Rock | 6 | | 1 | 5 | 7 | 7 |
| Urana | 1 | 3 | | 2 | 5 | 1 |
| Uranquinty | 6 | 3 | 6 | | 5 | 1 |
| Wagga Wagga | 274 | 166 | 278 | 280 | 334 | 380 |
| Walbundrie | | | | 1 | | |
| Walla Walla | 2 | 1 | | 3 | 1 | 5 |
| Woomargama | | | | | 1 | |
| Yerong Creek | 2 | | 1 | | | |
| TOTALS | 313 | 190 | 316 | 309 | 380 | 433 |

Total customers at 30th June 2005:

| | |
|--------------------------------|---------------|
| Residential - single dwellings | 23,187 |
| - multiple dwellings | 439 |
| Non-Residential | <u>2,316</u> |
| Total connected customers | <u>25,942</u> |

Pipeline Losses

Estimated pipeline losses due to bursts over the past 3 years are shown in the following table. While every burst or leak is of concern, the total is not excessive for a network of 1270 km of pipelines.

| YEAR | WAGGA WAGGA | | RURAL | |
|-----------|-------------|-------------------|-------------|-------------------|
| | BURST MAINS | ESTIMATED LOSS ML | BURST MAINS | ESTIMATED LOSS ML |
| 1999/2000 | 111 | 13.7 | 209 | 42 |
| 2000/2001 | 111 | 13.3 | 260 | 50 |
| 2001/2002 | 138 | 5.8 | 174 | 28 |
| 2002/2003 | 156 | 21.1 | 153 | 26 |
| 2003/2004 | 149 | 1.9 | 121 | 18 |
| 2004/2005 | 156 | 1.0 | 119 | 19 |

CONSTRUCTION

Pipeline Construction

Pipelines were constructed in sizes ranging from 50mm diameter to 450 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 | 9432.50 | 1562.50 |
| Rural & Village | 38954.50 | 2707.50 |

An extensive capital works programme was carried out in 2004/2005 including among other things, the following significant items:

System Extensions and Improvements

The last financial year has seen significant growth in the Wagga Wagga residential areas, particularly to the south. Most evident has been the growth in large semi rural housing in the Glen Oak and Lloyd Road areas. This growth has resulted in numerous mains projects including a 1.3km extension of a major 375mm diameter trunk main along Sterling Boulevard.

There has also been residential subdivisions at Estella and Forest Hill.

Mains Replacements

With an aging infrastructure, it is important that an effective mains replacement program be in place. The mains replacement program is based on performance (mains failures) of each pipeline. During the last 12 months, 9.3 km of mains have been replaced. The largest of these works was the replacement of 2.6km of asbestos cement pipe in Holloways Rd (Brucedale Scheme).

Rural Trunk Mains

During the last year, 22.3 km of pipeline was constructed as part of the Walbundrie / Rand scheme. This pipeline now provides a reliable, drought resistant and potable quality water supply to the villages of Rand and Walbundrie. Eleven (11) rural properties have also connected to the trunk main.

5km of trunk main was constructed between Milbrulong and the northern extremity of the Pleasant Hills Scheme. This will allow a second feed to supplement the existing feed from Henty to cater for growth in the rural sections of the Pleasant Hills system.

Treatment Plants

Work has proceeded with construction of the Wagga Wagga Waterworks Sludge Plant. Unfortunately, the main civil works contract ran some months over schedule and this has delayed much of the remaining works. Work has only been able to proceed when the main treatment plant can be closed down, and with the very dry autumn experienced in 2005 work was not able to recommence until quite late in the season. Work is now on schedule to have the plant operational for the 2005/6 summer.

A new aeration and chlorination treatment plant was constructed as part of the Walbundrie / Rand scheme. This plant receives water from an adjacent bore and treats it prior to pumping on to Walbundrie and Rand villages. The plant has a capacity of 1 megalitre per day.

Another small plant was constructed at Humula. This plant aerates and chlorinates 100 kl of water per day from an adjacent bore and augments the water supplied from the existing Humula well. The well has not been able to meet demand over the 2002/3 and 2003/4 summers and necessitated transport of water from Tarcutta. The new bore supply will reduce the need for water restrictions and remove the need to transport water to Humula if similarly dry summers are experienced in the future.

Water Quality Measures

For some years, the iron and manganese content of the Collingullie bores has caused a build up of deposits in the reticulation. These deposits have been causing an excessive number of dirty water problems. Routine action has included 6 monthly "pigging" of the reticulation to remove build up of iron and manganese deposits.

An iron and removal process has now been installed at Collingullie. This plant has been initially set up as a pilot plant and due to its success will now be updated to a permanent installation with capacity to meet some additional future demand requirements.

Similar investigations have commenced at Tarcutta where further treatment of iron and manganese will be required to enable the town supply to be chlorinated. Tarcutta is the only un-chlorinated water supply operated by Riverina Water. Trials of various treatment options will be conducted during the next 12 months.

During the latter part of the last financial year, a risk management and quality management approach to water quality was formally commenced at Riverina Water. The basis of this approach is the HACCP (Hazard Analysis and Critical Control Point) system which has been adopted internationally by the food industry. This approach fits in well with the quality approach recommended by the 2004 Australian Drinking Water Guidelines and is not dissimilar to the quality approach we have adopted with safety.

The Australian Drinking Water Guidelines states, in relation to preventative strategies, “The most effective means of assuring drinking quality and the protection of public health is through adoption of a preventative management approach that encompasses all steps in water production from catchment to consumer”. The HACCP process will guide us through such a strategy.

Drought Management

The 2004/5 summer experienced enough rain and at such a time that restrictions were not necessary. At the start of summer, all consumers were encouraged to voluntarily comply with the water restriction of 2003/4 summer. That is, restrict fixed hoses and sprinklers to the hours of 6pm to 9am each day. Indications are that most consumers adhered to these recommendations which kept demand within manageable and acceptable levels.

The most significant dry period over the last year was during the autumn when lower temperatures tend to keep peak demand at reasonable levels – certainly less than summer peak demands.

The Billabong Creek at Rand experienced unsatisfactory flows, however they were at the end of the summer and normal demand was able to be met from the off-stream storage dam at Rand. The Humula wells were able to maintain supply over last summer and now have the advantage of the supplementary bore.

Developer Servicing Plan

A Developer Servicing Plan (DSP) was adopted by Council during 2004/5 with a scheduled commencing date of July 2005. The DSP was developed in accordance with Department of Energy, Utilities and Sustainability Guidelines.

The plan resulted in the adoption of new developer charges of \$3300 per equivalent tenement that will be phased in over 3 years. Commencing at \$2300 per ET in 2005/6 and reaching \$3300 in 2007/8.

The developer servicing charges are to fund the installation of the infrastructure (source works, pumping stations, trunk mains and reservoirs) required to supply the respective development.

BASIX

BASIX has been introduced as part of the NSW State Government planning system, and is a web-based planning tool that measures the potential performance of new residential dwellings against sustainability indices. The sustainability indices are:

- Energy
- Water
- Thermal Comfort

All new residences are to demonstrate, via the use of the web based tool, that they will meet the State Governments targeted sustainability indexes. It is a condition of development approval that these targets are to be met and builders/developers must submit evidence of their BASIX compliance to their general purpose Council at the time of submitting their development application.

In the Riverina Water area, new home builders will have to demonstrate a 20% reduction in anticipated water use through the installation of water saving fixtures and appliances, installation of rain water tanks and through the use of water efficient gardens.

Riverina Water will not have any direct involvement in administering BASIX as we do not process development approval applications. We will however remain responsible for inspection of plumbing works associated with meeting BASIX requirements. The main aspect of BASIX that will impact on our plumbing inspections is the potential increase in the number of rainwater tanks.

I have discussed my concerns regarding the effectiveness of rainwater tanks in my April 2005 report to Council. There has been discussion with DIPNR and BASIX regarding these concerns and I expect that a review of BASIX in about 12 months time will take into account findings of our own studies and experience. Over that 12 months we will be developing an Integrated Water Cycle Management Plan that will identify the significant areas for further investigating water efficiencies.



Footings for shed and tower at Walbundrie - Mick Trotman & Trevor Hogan



Construction of Walbundrie Aeration Plant



Walbundrie Treatment Plant for bore water



21.7km of 150mm OPVC Class 12 Vinidex pipe laid by Riverina Water staff



Pressure Reducing
Valve
Rand Reservoir
Craig Price

Construction of flow
controls
at Humula Treatment
Plant
January 2005
Darren Sheather &
Dermot McCormack



Setting up Tarcutta Candy
Tanks
For Treatment Trials
June 2005

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 2004/2005 are set out below:

Urban Section:

(i) Domestic

| Year | Usage Charge (per quarter) | | Access Charge (per quarter) | |
|-----------|-------------------------------|-------------|--------------------------------|---------|
| | | | Connected | Vacant |
| 2004/2005 | Non-Stepped Tariff | 65 c per kl | \$20.00 | \$10.00 |

(ii) Commercial

| Year | Usage Charge (per quarter) | | Access Charge (per quarter) | |
|-----------|---|----------------------------|--------------------------------|---------|
| | | | Connected | Vacant |
| 2004/2005 | 1- 3000 kls/month Balance above 3000 kls/month | 65 c per kl 56 c per kl | \$30.00 | \$10.00 |

(Access Charge for non-metered connected Commercial premises \$60.00 per quarter).

Non-Urban Section:

(iii) Domestic

| Year | Usage Charge (per quarter) | | Access Charge (per quarter) | |
|-----------|-------------------------------|-------------|--------------------------------|---------|
| | | | Connected | Vacant |
| 2004/2005 | Non-stepped tariff | 77 c per kl | \$25.00 | \$10.00 |

(iv) Commercial

| Year | Usage Charge (per quarter) | | Access Charge (per quarter) | |
|-----------|---|----------------------------|--------------------------------|---------|
| | | | Connected | Vacant |
| 2004/2005 | 1 to 3000 kls/month Balance above 3000 kls/month | 77 c per kl 67 c per kl | \$31.25 | \$10.00 |

(Access Charge for non-metered connected Commercial premises \$62.50 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 | Weighted Remaining Life | Remaining Life Value at June 2005 \$'000 |
|---|----------------------------------|----------------------------|-------------------------|---|
| Water Mains – distribution, rural & reticulation | Iron 75 yrs Other 50 yrs | 127,526 | 38.0 yrs | 69,607 |
| Reservoirs – 61 off | Steel 75 yrs Conc. 100 yrs | 31,303 | 62.8 yrs | 17,688 |
| Pumping Stations – 70 off | * | 12,045 | - | 7,860 |
| Water Treatment Plants – 14 off Aeration – 7 Filtration – 7 | 75/100 yrs | 30,191 | 55.1 yrs | 17,587 |
| Water Supply Bores – 26 | 25 yrs Stainless steel-40 yrs | 2,154 | 20.3 yrs | 995 |
| Land & Buildings – other | - | 4,064 | - | 3,169 |
| TOTAL | | 207,283 | | 116,906 |

* Pumping stations include components of various ages and life spans. An average remaining life of 50% has been assumed.

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 2004/2005 programme of maintenance for the works is outlined in the following tables. 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.

| Works | Improvement Need \$000 | Annual Upgrading or Renewal Need \$000 | 2004/2005 Upgrading or Renewal Programme \$000 | Annual Maintenance Need \$000 | 2004/2005 Maintenance Programme \$000 |
|-----------------------------|---------------------------|---|---|----------------------------------|--|
| Water Mains – Trunk & Rural | 9,917 | 2,200 | 10,679 | 566 | 566 |
| Water Mains – Reticulation | | | | | |
| Reservoirs | 58 | 200 | 237 | 52 | 52 |
| Pumping Stations & Bores | 500 | 460 | 525 | 549 | 549 |
| Treatment Plants | 923 | 400 | 1,415 | 64 | 64 |

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

Section 428 (2) (l)

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

Section 428 (2) (r) General Regulation (Clause 31[I] [a])

No overseas visits undertaken by Councillors and others representing Council during 2004/2005.

RATES & CHARGES WRITTEN OFF

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

| | |
|---|-----------|
| Pensioner Rebates written off totalled | \$343,527 |
| A Pensioner subsidy was received for the value of | \$189,236 |
| Sundry Write-offs totalled | \$ NIL |

FREEDOM OF INFORMATION

In accordance with the provisions of the *Freedom of Information Act, 1989*, Council has completed its annual statistics for the twelve month period ended 30th June 2005. No applications were received by Council during the 2004/2005 period. Council has not received any enquiries from the Ombudsman under the *Freedom of Information Act* nor has it received any appeals under that Act to the District Court or the Supreme Court.

Statistical Details

| F.O.I. REQUESTS | PERSONAL | OTHER | TOTAL |
|------------------------|-----------------|--------------|--------------|
| NEW | NIL | NIL | NIL |
| <u>BROUGHT FORWARD</u> | NIL | NIL | NIL |
| TOTAL TO BE PROCESSED | NIL | NIL | NIL |
| COMPLETED | NIL | NIL | NIL |
| TRANSFERRED OUT | NIL | NIL | NIL |
| <u>WITHDRAWN</u> | NIL | NIL | NIL |
| <u>TOTAL PROCESSED</u> | NIL | NIL | NIL |
| UNFINISHED (C/F) | NIL | NIL | 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 2004/2005 period.

**CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX
(GST)**

In accordance with a resolution of the members of Riverina Water County Council, we declare on behalf of Riverina Water County Council that in our opinion Council:

- (i) Council has the necessary design documentation and maintenance of its
GST Management system, and
- (ii) Complies with the requirements of the GST legislation.

*Signed in accordance with a Resolution of Council
Dated 24th August 2005*



.....
Clr. L. Vidler
CHAIRPERSON



.....
Clr. P. Yates
DEPUTY CHAIRPERSON



.....
Mr. G.W. Pieper
GENERAL MANAGER



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER

FINANCIAL REPORTS

Section 428 (2) (a) - Financial Reporting

Financial Reports for the year ending 30th June 2005

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RIVERINA WATER COUNTY COUNCIL

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the general purpose financial reports of Riverina Water County Council for the year ended 30 June 2005, comprising the Statement by Council, Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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 disclosures 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 those Australian Accounting concepts and standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the result of their operations and their cash flows.

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

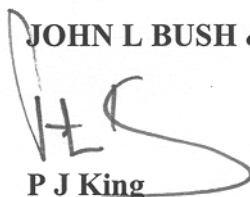
AUDIT OPINION

In our opinion

- a) The accounting record of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
- b) The general purpose financial report
 - i. has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
 - ii. is consistent with the Council's accounting records; and
 - iii. presents fairly the Council's financial position and the results of its operation;
- c) we have been able to obtain all the information relevant to the conduct of our audit; and
- d) no material deficiencies in the records or financial reports were detected in the course of the audit.

Yours faithfully

JOHN L BUSH & CAMPBELL


P J King
Partner

27 September 2005

PK/TH/RIVERWA/HIS

29 September 2005

**The Chairman
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650**

Dear Sir

Having completed an examination of the books of account and associated records of the Riverina Water County Council for the 12 months ended 30 June 2005 we have pleasure in submitting our report in accordance of Section 417(3) of the Local Government Act 1993.

The financial statements for the year ended 30 June 2005 have been prepared to comply with Statements of Accounting Concepts and Applicable Australian Accounting Standards, the requirements of the Local Government Act 1993 and Regulations thereto, the Local Government Code of Accounting Practice and Financial Reporting and Local Government Asset Accounting Manual.

Operating Result and Financial Position

The operating result for the year was \$1.307 million. In addition Council received contributions for capital purposes of \$1.687 million and recorded a net loss on disposal of assets of \$23 thousand. The total change in net assets resulting from operations was \$2.994 million.

The financial position of Council increased during the year as follows:

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|--------------|--------------|--------------|--------------|--------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Net Assets 1 July 1997 | 20,627 | 20,627 | 20,627 | 20,627 | 20,627 |
| Asset Revaluation | 84,500 | 81,439 | 78,745 | 75,207 | 72,436 |
| Change in net assets resulting from operations | 24,641 | 21,647 | 17,409 | 12,849 | 10,309 |
| Net Assets 30 June | \$129,768 | \$123,713 | \$116,781 | \$108,683 | \$103,372 |

The years operations both in terms of the result for the year and the contribution that result had to the financial position of the Council was excellent.

Cash Investments and Working Capital

The operating result for the year has increased Council's equity and working capital. This result is directly attributable to increased income whilst containing operating expenses.

| | 2005 \$000 | 2004 \$000 | 2003 \$000 | 2002 \$000 | 2001 \$000 |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash (overdraft) | 17 | 73 | 73 | 4 | 84 |
| Investment | 15,460 | 15,297 | 13,813 | 11,265 | 9,873 |
| Working Capital | 16,363 | 16,243 | 14,322 | 11,705 | 10,596 |

Cash and Investments held at the close of the year amounted to \$15.477 million. The statement of cashflows which includes bank overdrafts shows an increase in cash of \$107 thousand. Cash and Investments have not been restricted in their use by any externally imposed requirements. However they are restricted by internally imposed requirements. The healthy position of Council's working capital is reflected in the performance indicators detailed in the financial reports.

Actual Performance Compared to Budget

| | 2005 Actual \$000 | 2005 Budget \$000 | 2004 Actual \$000 | 2004 Budget \$000 | 2003 Actual \$000 | 2003 Budget \$000 |
|----------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Revenue | | | | | | |
| Rates and Annual Charges | 2,406 | 2,383 | 2,364 | 2,352 | 2,337 | 2,318 |
| User charges and fees | 9,112 | 8,737 | 9,514 | 8,736 | 10,365 | 8,516 |
| Interest | 771 | 456 | 698 | 470 | 605 | 375 |
| Grants and Contributions | 195 | 195 | 189 | 185 | 182 | 185 |
| Other | 716 | 397 | 732 | 323 | 1,597 | 482 |
| Gain on disposal of assets | (23) | - | 82 | 27 | 20 | 27 |
| | 13,177 | 13,675 | 13,579 | 12,093 | 15,106 | 11,903 |
| Expenses | 10,183 | 11,636 | 9,341 | 10,509 | 10,546 | 10,576 |
| Operating Result | \$2,994 | \$2,039 | \$4,238 | \$1,584 | \$4,560 | \$1,327 |

Equity

The equity of council has increased each year and demonstrates the steady growth arising from yearly positive operating results.

| | 2005 \$000 | 2004 \$000 | 2003 \$000 | 2002 \$000 | 2001 \$000 |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non Current Assets | 120,409 | 114,956 | 110,467 | 105,304 | 101,225 |
| Non Current Liabilities | 7,004 | 7,486 | 8,008 | 8,326 | 8,449 |
| Working Capital | 16,363 | 16,243 | 14,322 | 11,705 | 10,596 |
| Equity | \$129,768 | \$123,713 | \$116,781 | \$108,683 | \$103,372 |

The increase in net assets resulting from operations for the year of \$6.055 million was considerably better than the budget expectation of \$4.733 million.

In addition the actual cash flow surplus of \$107 thousand is well in excess of the budgeted decrease of \$3.367 million.

Other Matters

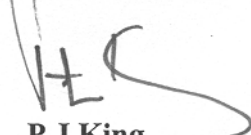
It is evident that at June 2005 the Council continues to preside over a fundamentally sound balance sheet. The excellent result for 2005 on top of the previous years continues Councils very strong position.

Council's books of account and other records appear to have been maintained in a satisfactory and up to date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the excellent assistance and co-operation extended to us by the General Manager and his Staff during the conduct of the audit and from whom we have attained all the information and explanations which we required.

Yours faithfully

JOHN L BUSH & CAMPBELL



P J King
Partner

RIVERINA WATER COUNTY COUNCIL

STATEMENT BY COUNCILLORS AND MANAGEMENT OF THE COUNCIL

Pursuant to Section 413 (2) (c) of the Local Government Act 1993 (as amended), and in accordance with a resolution of the members of Riverina Water County Council, we declare on behalf of Riverina Water County Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Riverina Water County Council as at 30th June 2005 and transactions for the twelve months then ended.
2. The Statements have been prepared in accordance with the provisions of the Local Government Act, 1993 (as amended) and the Local Government Regulations thereto; Statement of Accounting Concepts and Australian Accounting Standards.
3. All information provided has been prepared in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting, and the Local Government Asset Accounting Manual.

Further, we are not aware at this time of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

*Signed in accordance with a Resolution of Council
dated 24th August 2005.*



.....
Clr. L. Vidler
CHAIRPERSON
24th August 2005



.....
Mr. G.W. Pieper
GENERAL MANAGER
24th August 2005



.....
Clr. P. Yates
DEPUTY CHAIRPERSON
24th August 2005



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER
24th August 2005

RIVERINA WATER COUNTY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30th June 2005

| Original Budget 2005 \$'000 | | Notes | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--|--|--------------|-----------------------------------|-----------------------------------|
| | EXPENSES FROM ORDINARY ACTIVITIES | | | |
| 4,809 | Employee costs | 3(a) | 4,072 | 4,174 |
| 780 | Borrowing Costs | 3(b) | 755 | 825 |
| 941 | Materials & Contracts | | 1,202 | 1,113 |
| 3,649 | Depreciation | 3(c) | 3,940 | 3,541 |
| 1,457 | Other expenses from ordinary activities | 3(d) | 1,901 | 1,814 |
| | Loss from the disposal of assets | 5 | 23 | |
| 11,636 | TOTAL EXPENSES FROM ORDINARY ACTIVITIES | | 11,893 | 11,467 |
| | REVENUE FROM ORDINARY ACTIVITIES | | | |
| 2,383 | Rates & Annual Charges | 4(a) | 2,406 | 2,364 |
| 8,737 | User Charges & Fees | 4(b) | 9,112 | 9,514 |
| 456 | Interest | 4(c) | 771 | 698 |
| 397 | Other revenues from ordinary activities | 4(d) | 716 | 732 |
| 195 | Grants & Contributions for non capital purposes | 4(e&f) | 195 | 189 |
| 27 | Gain from the sale of assets | 5 | | 82 |
| 12,195 | REVENUE FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS | | 13,200 | 13,579 |
| 559 | SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS | | 1,307 | 2,112 |
| 1,480 | Grants & Contributions provided for capital purposes | 4(e&f) | 1,687 | 2,126 |
| 2,039 | SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS | | 2,994 | 4,238 |
| 2,039 | SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES | 2(a) | 2,994 | 4,238 |

RIVERINA WATER COUNTY COUNCIL
STATEMENT OF FINANCIAL POSITION
as at 30th June 2005

| | Notes | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--------------------------------------|--------------|-----------------------------------|-----------------------------------|
| CURRENT ASSETS | | | |
| Cash assets | 6 | 17 | 73 |
| Investment Securities | 6 | 15,460 | 15,297 |
| Receivables | 7 | 1,775 | 2,118 |
| Inventories | 8 | 890 | 880 |
| Other | 8 | 134 | 49 |
| TOTAL CURRENT ASSETS | | 18,276 | 18,417 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 9a | 120,409 | 114,956 |
| TOTAL NON-CURRENT ASSETS | | 120,409 | 114,956 |
| TOTAL ASSETS | | 138,685 | 133,373 |
| CURRENT LIABILITIES | | | |
| Payables | 10a | 474 | 536 |
| Interest bearing liabilities | 10a | 605 | 500 |
| Provisions | 10a | 834 | 1,138 |
| TOTAL CURRENT LIABILITIES | | 1,913 | 2,174 |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing liabilities | 10a | 4,978 | 5,631 |
| Provisions | 10a | 2,026 | 1,855 |
| TOTAL NON-CURRENT LIABILITIES | | 7,004 | 7,486 |
| TOTAL LIABILITIES | | 8,917 | 9,660 |
| NET ASSETS | | 129,768 | 123,713 |
| EQUITY | | | |
| Accumulated surplus | | 45,268 | 42,274 |
| Asset revaluation reserve | | 84,500 | 81,439 |
| TOTAL EQUITY | | 129,768 | 123,713 |

RIVERINA WATER COUNTY COUNCIL

**STATEMENT OF CHANGES IN EQUITY
For the Year ended 30th June 2005**

| | TOTAL | | ACCUMULATED SURPLUS | | ASSET REVALUATION RESERVE | |
|---|--------------|---------|--------------------------------|--------|--|--------|
| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL |
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of the reporting period | 123,713 | 116,781 | 42,274 | 38,036 | 81,439 | 78,745 |
| Change in equity recognised in the statement of financial performance | 2,994 | 4,238 | 2,994 | 4,238 | | |
| Transfers to asset revaluation reserve | 3,061 | 2,694 | | | 3,061 | 2,694 |
| Transfer from asset revaluation reserve | | | | | | |
| Balance at end of the reporting period | 129,768 | 123,713 | 45,268 | 42,274 | 84,500 | 81,439 |

RIVERINA WATER COUNTY COUNCIL

**STATEMENT OF CASH FLOWS
For the Year ended 30th June 2005**

| Budget 2005 \$'000 | | Notes | Actual 2005 \$'000 | Actual 2004 \$'000 |
|---|--|--------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| | <u>Receipts:</u> | | | |
| 2,383 | Rates and annual charges | | 2,383 | 2,366 |
| 8,737 | User charges & fees | | 9,100 | 9,394 |
| 456 | Interest | | 1,058 | 649 |
| 1,675 | Grants and Contributions | | 1,929 | 2,256 |
| 397 | Other | | 723 | 744 |
| | <u>Payments:</u> | | | |
| (3,322) | Employee costs | | (4,072) | (4,174) |
| (285) | Materials & contracts | | (1,202) | (1,113) |
| (780) | Interest | | (758) | (827) |
| (3,965) | Other | | (2,151) | (2,012) |
| <u>5,296</u> | Net cash provided by (or used in) operating activities | 11(b) | <u>7,010</u> | <u>7,283</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| | <u>Receipts:</u> | | | |
| (651) | Proceeds from sale of investments | | | |
| 364 | Sale of property, plant & equipment | | 464 | 437 |
| | <u>Payments:</u> | | | |
| (7,876) | Purchase of property, plant & equipment | | (6,819) | (5,691) |
| <u>(8,163)</u> | Net cash provided by (or used in) investing activities | | <u>(6,355)</u> | <u>(5,254)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| | <u>Payments:</u> | | | |
| (500) | Borrowings | | (548) | (545) |
| <u>(500)</u> | Net cash provided by (or used in) financing activities | | <u>(548)</u> | <u>(545)</u> |
| (3,367) | Net increase/(decrease) in cash assets held | | 107 | 1,484 |
| 14,099 | Cash assets at beginning of reporting period | 11(a) | 15,370 | 13,886 |
| <u>10,732</u> | Cash assets at end of reporting period | 11(a) | <u>15,477</u> | <u>15,370</u> |

RIVERINA WATER COUNTY COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2005****Note 1****SIGNIFICANT ACCOUNTING POLICIES****1. The Local Government Reporting Entity**

- (i) Council's office is located at 91 Hammond Avenue, Wagga Wagga NSW 2650.
- (ii) 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.
- (iii) The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all moneys 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 moneys.

2. Basis of Accounting

Council is responsible for the water supply functions within Lockhart, Urana, Wagga Wagga and part Greater Hume local government areas.

2.1 Compliance

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

2.2 Basis of Accounting

This general purpose financial report has been prepared on the accrual basis of accounting. Except for assets which are at current cost valuation and employee leave entitlements which are shown at the present value of future cash flows, the report has been prepared in accordance with the historical cost convention.

The accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

2.3 Impacts of adopting Australian equivalents to International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1st January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Council's financial statements for the year ending 30th June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1st July 2004.

The transition to International Financial Reporting Standards is being managed on an industry-wide basis. A National Local government working party has been established, and the NSW Department of Local Government in conjunction with the Local Government Accounting Advisory Group will identify significant changes affecting the industry.

The Council has established a project team to manage its own transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team has prepared a detailed timetable for managing the transition and is currently on schedule.

The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. These choices have been analysed to determine the most appropriate accounting policy for the Council.

Based on the assessment made by the project team other than retirement benefit obligations detailed below, no material impacts are expected to the Statement of Financial Position, Statement of Financial Performance and Cash Flows.

Retirement Benefit Obligations

Council is the sponsor of a defined benefit superannuation fund. Under existing Australian GAAP, a liability or asset in respect of defined benefit superannuation does not need to be recognised in the provision for employee benefits. Under AASB 119 *Employee Benefits*, a liability or asset in respect of defined benefit superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation fund's assets at that date.

If AASB 119 had been applied during the year ended 30th June 2005, then non-current assets and other revenue would both have been increased by \$531,467 being the Council's share of the actuarial surplus calculated in the fund.

3. Grants, Contributions and Donations

Grants and contributions are recognised as revenues when the council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured.

Where grants and contributions are recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

Also disclosed is the amount of grants and contributions recognised as revenues in a previous reporting period which were obtained in respect of the council's operations for the current reporting period.

4. Property, Plant & Equipment

4.1 Transitional Provisions

All assets were brought to account as at 1st July 1997. The effect of recognising the Land and Buildings and Infrastructure assets has been to increase Council's accumulated wealth by \$66M.

4.2 Materiality

For assets capitalised since 1st July 2004, the following rules of materiality have been applied where the asset has an economic life which is determined to be longer than one year:

| | |
|---------------------------------------|-------------------------------|
| Plant & Equipment | Capitalise if value > \$1,000 |
| Office Equipment | Capitalise if value > \$1,000 |
| Furniture & Fittings | Capitalise if value > \$1,000 |
| Land - council land | Capitalise |
| Buildings - construction / extensions | Capitalise |
| - renovations | Capitalise if value > \$1,000 |
| Other Structures | Capitalise if value > \$1,000 |

4.3 Valuation of Assets

4.3.1 Recoverable Amounts Test

The Council is exempted from the "Recoverable Amount Test" under the provision of paragraph 2.1 of AAS 10 "Recoverable Amount of Non-Current Assets".

Land and Buildings and Infrastructure assets are valued at written down replacement cost as at 1st July 2002, plus increase in C.P.I. and additions. Operating assets are valued at their historical cost less accumulated depreciation. Acquisitions after the date of valuation are carried at acquisition cost which materially equates to current cost. Current cost in relation to an asset, means the cost measures by reference to the lowest cost at which the gross service potential of that asset could currently be obtained in the normal course of business.

4.4 Plant & Equipment, Office Equipment & Furniture & Fittings

Valuations of these asset categories are based on historical cost subject to the materiality thresholds described in Note 4.2.

4.5 Depreciation of Non-Current Assets

All assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis, using a standard range of rates which are reviewed annually. Major depreciation periods are:-

| | |
|------------------|----------|
| Buildings | 33 years |
| Vehicles | 10 years |
| Office Equipment | 10 years |

5 Investments

Investments are recognised at cost. Interest revenues are recognised as they accrue.

6. Employee Leave Entitlements

In June 2001, The Australian Accounting Standards Board (AASB) issued a new standard on "Employee Benefits", AASB 1028. The new standard replaces AAS 30 and applied to annual reporting periods beginning on or after 1st July 2002.

Employee benefits are accrued on a pro-rata basis for annual leave, sick leave and long service leave and gratuities in respect of services provided by employees up to the reporting date in accordance with AASB 1028. Such accruals are assessed as at each reporting date, having regard to a number of factors including experience of employee departures, projected employee rates of pay and their periods of service.

The Standard requires liabilities in respect of wages and salaries, annual leave, and sick leave (regardless of whether they are expected to be settled within 12 months of reporting date) to be measured at their "nominal" amounts. The Standard also requires employee benefits liabilities (other than wages and salaries, annual leave and sick leave) expected to be settled within 12 months of reporting date to be measured at their "nominal" amounts. The nominal basis of measurement uses remuneration rates that Council expects to pay as at each reporting period and does not discount cash flows to their present value.

Employee benefit liabilities (other than wages and salaries, annual leave and sick leave) expected to be settled more than 12 months after reporting date to be measured at "present value". The Standard requires the market yields on national government bonds to be used in determining the present value of employee benefit liabilities.

Consistent with the revised Standard, Council has recognised the aggregate liability and aggregate asset arising from the employee benefits and related on-costs. In contrast to the previous Standard, Council previously disclosed the aggregate employee entitlement liability recognised which excluded on-costs.

The superannuation expense for the year is the amount of the statutory contribution the council makes to the superannuation plan which provides benefits to its employees.

The following disclosures are made pursuant to AASB 1028, paragraph 6.10:

As at balance date a number of council staff were making contributions to a defined superannuation scheme referred to as the Local Government Superannuation Scheme. That scheme was one of five superannuation schemes provided by State Super which were incorporated, without change, into the Local Government Superannuation Scheme from 1st July 1997. It is referred to in the trust Deed as Division D.

A defined benefit scheme may generally be described as one where the amount of benefits payable are, in part, defined by a member's final salary. This scheme, which is heavily subsidised by the member's employer, was closed to new members on 1st July 1985. The Local Government Superannuation Scheme is a \$2 billion fully funded Scheme and members are offered a range of benefits payable. The benefit payable on retirement is directly related to a member's final salary and the level of their contributions. This benefit is drawn from a pool that contains the accumulated contributions of both the member and employer plus investment earnings.

The value of accrued benefits in respect of all defined benefits plans in which Council participates has been determined on the basis of the present value of expected payments which arise from its membership in the superannuation scheme at the date of actuarial review. The actuarial review was performed as at 30th June 2000. The economic assumptions used in calculating the gross liability of the various defined benefit schemes are as follows:

| | 2005 % | 2004 % |
|---------------------------|-------------------------|-------------------------|
| Rate of Investment Return | 12.00 | 13.00 |
| Rate of Salary Increase | 4.00 | 4.00 |
| Rate of CPI Increase | 2.25 | 2.8 |

The following table provides a dissection for the superannuation scheme contributed to:

| Superannuation Scheme | Division B Scheme \$'000 |
|---|-------------------------------------|
| Gross Liability Assessed as at 30 th June 2005 | 3,779 |
| Less Investment Reserve Account Balance | 4,310 |
| Unfunded Liability/(Prepaid Contributions) | 531 |

The total number of “equivalent full time” employees at the beginning and end of the financial year were 79.5 and 80.5 respectively.

7. Inventories

Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value. Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential. In both cases costs have been assigned to particular inventory items by the method of specific identification.

8. Monetary Amounts

Amounts shown in the financial statements are in Australian Currency and rounded to the nearest one thousand dollars.

9. Budget Information

The statement of financial performance provides budget information on major income and expenditure items. Details of material budget variations are detailed in note 16. Note 2(a) also provides budget information of revenues and expenditures. Budget figures represented are those approved by council at the beginning of the financial year and do not reflect council approved variations throughout the year.

10. Financial Instruments

AAS 33 – “Presentation & Disclosure of Financial Instruments”:

- Establishes rules for the classification of financial instruments as debt or equity;
- Extends the existing rules of ‘set off’; and
- Sets out detailed disclosure requirements on financial instruments.

Council has adopted all of the disclosure requirements required by AAS 33 and is detailed in Note 15.

11. Borrowings

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it became due and is recorded as part of other creditors.

12. Payables and Other Current Liabilities

Creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 14 days after initial recognition. Interest is not payable on these.

NOTES TO THE FINANCIAL STATEMENTS

Note 2(a)

FUNCTIONS

| | REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE WATER SUPPLY FUNCTIONS. DETAILS OF THIS FUNCTION IS PROVIDED | | | | | | | | | |
|----------------|---|--------------------|-------------------------|--------------------|-------------------------|--------------------|-----------------------------|--------------------|---|--------------------|
| | REVENUES | | EXPENSES | | OPERATING RESULTS | | GRANTS INCLUDED IN REVENUES | | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) | |
| FUNCTION | Orig Budget 2005 \$'000 | Actual 2005 \$'000 | Orig Budget 2005 \$'000 | Actual 2005 \$'000 | Orig Budget 2005 \$'000 | Actual 2005 \$'000 | Orig. Budget 2005 \$'000 | Actual 2005 \$'000 | Orig. Budget 2005 \$'000 | Actual 2005 \$'000 |
| Water Supplies | 12,195 | 13,200 | 11,636 | 11,893 | 559 | 1,307 | 195 | 195 | 135,055 | 138,685 |
| TOTALS | 12,195 | 13,200 | 11,636 | 11,893 | 559 | 1,307 | 195 | 195 | 135,055 | 138,685 |

NOTES TO THE FINANCIAL STATEMENTS

Note 3

| |
|--|
| EXPENSES FROM ORDINARY ACTIVITIES |
|--|

| | Actual 2005 \$'000 | Actual 2004 \$'000 |
|---|--------------------------|--------------------------|
| (a) EMPLOYEE COSTS | | |
| Salaries and Wages | 2,818 | 2,706 |
| Travelling | 390 | 389 |
| Employee Leave Entitlements | 835 | 1,159 |
| Superannuation | 204 | 159 |
| Worker's Compensation Insurance | 141 | 116 |
| FBT | 24 | 24 |
| Payroll Tax | 253 | 207 |
| Training Costs (excluding salaries) | 76 | 96 |
| Less Capitalised Costs | (669) | (682) |
| Total Employee Costs Expensed | 4,072 | 4,174 |
| (b) BORROWING COST EXPENSE | | |
| Interest on Loans | 755 | 825 |
| Total Borrowing Cost Expensed | 755 | 825 |
| (c) DEPRECIATION | | |
| Plant and equipment | 1,016 | 714 |
| Office equipment/Furniture | 24 | 21 |
| Buildings | 85 | 80 |
| Infrastructure | | |
| - Water supply | 2,815 | 2,726 |
| Total Depreciation Costs Expensed | 3,940 | 3,541 |
| (d) OTHER EXPENSES | | |
| Auditor's Remuneration | | |
| - audit Services | 13 | 14 |
| Chairperson Fee | 4 | 4 |
| Member's Fees & Allowances | 20 | 21 |
| Members' Expenses | 3 | 4 |
| Insurance | 71 | 77 |
| Electricity & Heating | 1,352 | 1,069 |
| Telephone | 76 | 73 |
| Other | 362 | 552 |
| Total Other Expenses from Ordinary Activities | 1,901 | 1,814 |

NOTES TO THE FINANCIAL STATEMENTS

Note 4

REVENUES FROM ORDINARY ACTIVITIES

| | Actual 2005 \$'000 | Actual 2004 \$'000 | | |
|--|---|---|---|---|
| a) RATES & ANNUAL CHARGES | | | | |
| Annual Charges (pursuant to s.496 & s.501) | | | | |
| Water Supply Services | 2,406 | 2,364 | | |
| Total Rates & Annual Charges | 2,406 | 2,364 | | |
| b) USER CHARGES & FEES | | | | |
| User Charges (pursuant to s.502) | 9,105 | 9,502 | | |
| Total User Charges | 9,105 | 9,502 | | |
| Fees | | | | |
| Private works | 7 | 12 | | |
| Total User Charges & Fees | 9,112 | 9,514 | | |
| c) INTEREST | | | | |
| Interest on investments | 771 | 698 | | |
| Total Interest Revenue | 771 | 698 | | |
| d) OTHER REVENUES | | | | |
| Lease Rental | 6 | 8 | | |
| Connection Fees | 560 | 542 | | |
| Other | 150 | 182 | | |
| Total Other Revenue from Ordinary Activities | 716 | 732 | | |
| | OPERATING Actual 2005 \$'000 | OPERATING Actual 2004 \$'000 | CAPITAL Actual 2005 \$'000 | CAPITAL Actual 2004 \$'000 |
| e) GRANTS | | | | |
| General Purpose (Untied) | | | | |
| - Pensioners' Rates Subsidies | 189 | 183 | | |
| - Diesel and Alternative Fuels | 6 | 6 | | |
| - Water Supplies | | | 242 | 61 |
| Total Grants | 195 | 189 | 242 | 61 |
| f) CONTRIBUTIONS & DONATIONS | | | | |
| Water | | | 1,445 | 2,065 |
| Total Contributions & Donations | | | 1,445 | 2,065 |
| TOTAL GRANTS & CONTRIBUTIONS | 195 | 189 | 1,687 | 2,126 |

NOTES TO THE FINANCIAL STATEMENTS

Note 5

| |
|---|
| GAIN OR LOSS ON DISPOSAL OF ASSETS |
|---|

| | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--|--------------------------|--------------------------|
| GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT | | |
| Proceeds from disposal | 464 | 437 |
| Less: Carrying amount of assets sold | 487 | 355 |
| | (23) | 82 |
| GAIN (OR LOSS) ON DISPOSAL | (23) | 82 |
| TOTAL GAIN (OR LOSS) ON DISPOSAL OF ASSETS | (23) | 82 |

NOTES TO THE FINANCIAL STATEMENTS

Note 6a

CASH ASSETS AND INVESTMENT SECURITIES

| | Actual 2005 | | Actual 2004 | |
|--|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| <u>CASH</u> | | | | |
| Cash on Hand and at Bank | 17 | | 73 | |
| Deposits at Call | 15,460 | | 15,297 | |
| TOTAL CASH ASSETS | 15,477 | | 15,370 | |
| TOTAL CASH ASSETS AND INVESTMENT SECURITIES | 15,477 | | 15,370 | |

RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES

SUMMARY

| | 2005 | | 2004 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| <u>INTERNAL RESTRICTIONS</u> | | | | |
| Other | 3,858 | | 3,898 | |
| TOTAL INTERNAL RESTRICTIONS | | | | |
| TOTAL UNRESTRICTED | 11,619 | | 11,472 | |
| TOTAL CASH AND INVESTMENT SECURITIES | 15,477 | | 15,370 | |

NOTES TO THE FINANCIAL STATEMENTS

Note 6a Continued

CASH ASSETS AND INVESTMENT SECURITIES

RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES

DETAIL

| | 2005 \$'000 | 2004 \$'000 |
|------------------------------------|----------------|----------------|
| TOTAL INTERNAL RESTRICTIONS | | |
| Included in liabilities | | |
| - Employee Leave Entitlements | 858 | 898 |
| Other | | |
| - Mains replacement | 1,000 | 1,000 |
| - Sinking Funds | 800 | 800 |
| - Sales Fluctuation | 1,200 | 1,200 |
| TOTAL INTERNAL RESTRICTIONS | 3,858 | 3,898 |

a) Employee Leave Entitlements

The standard provision in local government is to fund 30% of the total Employee Leave Entitlement Liability. A provision of 30% of the Employee Leave Entitlement has been made.

b) Mains Replacement

Due to Council's aging infrastructure, provision is made to create a fund for mains replacements.

c) Sinking Fund

A provision for early repayment of loan funds has been made.

d) Sales Fluctuation Reserve

Income from sales of water is largely dependent on seasonal weather conditions. Consumption for 2004/2005 has been based on the trend analysis undertaken, an amount of 13,200 megalitres. Should Council experience an abnormal year, such as 1993, then the consumption could be more around 10,710 megalitres. A sales fluctuation reserves purpose is to afford the Council's consumers some protection against extraordinary increases in the price of water resulting from a decrease in water sales due to unfavourable weather conditions.

NOTES TO THE FINANCIAL STATEMENTS

Note 6b

DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS AND INVESTMENTS

| Restrictions | Notes | MOVEMENTS | | | | PROPOSED UTILISATION OF RESTRICTION | | |
|-----------------------------------|-------|--|--|--|---|-------------------------------------|-----------------------------|----------------------------|
| | | Opening Balance 30 June 2004 \$'000 | Transfers to Restriction \$'000 | Transfers from Restriction \$'000 | Closing Balance 30 June 2005 \$'000 | Less than 1 Year | Between 1 and 5 Years | Greater than 5 Years |
| Internal | | | | | | | | |
| <i>Mains Replacement</i> | 6a | 1,000 | | | 1,000 | | 1,000 | |
| <i>Loan Sinking Fund</i> | 6a | 800 | | | 800 | | 800 | |
| <i>Sales Fluctuation</i> | 6a | 1,200 | | | 1,200 | | 1,200 | |
| <i>Employee Leave Entitlement</i> | 6a | 898 | | 40 | 858 | | | 858 |
| Total | | 3,898 | | 40 | 3,858 | | 3,000 | 858 |

NOTES TO THE FINANCIAL STATEMENTS

Note 7

RECEIVABLES

| | Actual 2005 | | Actual 2004 | |
|---------------------------------|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| Rates and Annual Charges | 260 | | 237 | |
| User Charges & Fees | 940 | | 935 | |
| Accrued Interest on Investments | 57 | | 344 | |
| Government Grants & Subsidies | 33 | | 80 | |
| Other | 485 | | 522 | |
| Total | <u>1,775</u> | <u></u> | <u>2,118</u> | <u></u> |

Rates and Annual Charges

Annual charges are secured. The credit risk for this class of debtor is 100% of the carrying value.

User Charges and Fees

User charges and fees are secured. The credit risk for this class of debtor is 100% of the carrying value.

Government Grants

Government grants and subsidies have been guaranteed.

Private works

Private works have only been undertaken where a deposit has been received and the works are secured against those deposits.

NOTES TO THE FINANCIAL STATEMENTS

Note 8

INVENTORIES AND OTHER ASSETS

| | Actual 2005 | | Actual 2004 | |
|------------------------|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| Inventories | | | | |
| - Stores and Materials | 890 | | 880 | |
| | <u>890</u> | <u></u> | <u>880</u> | <u></u> |
| Other | | | | |
| Prepayments | 134 | | 49 | |
| | <u>134</u> | <u></u> | <u>49</u> | <u></u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 9a

PROPERTY, PLANT AND EQUIPMENT

| | At 30/6/2004 | | | | MOVEMENTS DURING YEAR | | | | At 30/6/2005 | | | |
|---------------------------------------|---------------|----------------|--------------|----------------|-----------------------|-----------------|--------------|-----------------|---------------|----------------|---------------|----------------|
| | At cost | At Valuation | Accum Depn | Book Value | Asset Purchases | Asset Disposals | Depn | Net Revaluation | At Cost | At Valuation | Accum Depn | Book Value |
| Plant & Equipment | 9,652 | | 6,091 | 3,561 | 1,305 | 487 | 1,016 | | 10,470 | | 7,107 | 3,363 |
| Office Equipment/ Furniture | 392 | | 264 | 128 | 36 | | 24 | | 428 | | 288 | 140 |
| Land & Buildings | | 3,083 | 80 | 3,003 | 168 | | 85 | 83 | | 3,254 | 85 | 3,169 |
| Infrastructure - Water Supply Network | | 110,990 | 2,726 | 108,264 | 5,310 | | 2,815 | 2,978 | | 116,552 | 2,815 | 113,737 |
| TOTALS | 10,044 | 114,073 | 9,161 | 114,956 | 6,819 | 487 | 3,940 | 3,061 | 10,898 | 119,806 | 10,295 | 120,409 |

NOTES TO THE FINANCIAL STATEMENTS

Note 10a

PAYABLES, PROVISIONS AND INTEREST BEARING LIABILITIES

| | Actual 2005 | | Actual 2004 | |
|--|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| <u>Payables</u> | | | | |
| Goods and Services | 451 | | 418 | |
| Accrued Expenses | 23 | | 118 | |
| TOTAL PAYABLES | 474 | | 536 | |
| <u>Interest Bearing Liabilities</u> | | | | |
| Loans | 605 | 4,978 | 500 | 5,631 |
| TOTAL INTEREST BEARING LIABILITIES | 605 | 4,978 | 500 | 5,631 |
| <u>Provisions</u> | | | | |
| Annual Leave | 481 | | 486 | |
| Sick Leave | 160 | 433 | 248 | 321 |
| Long Service Leave | 193 | 1,593 | 404 | 1,534 |
| TOTAL PROVISIONS | 834 | 2,026 | 1,138 | 1,855 |

NOTES TO THE FINANCIAL STATEMENTS

Note 11

STATEMENT OF CASH FLOWS

| | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--|--------------------------|--------------------------|
| a) Reconciliation of Cash | | |
| Total Cash Assets (per Note 6) | 15,477 | 15,370 |
| Balances as per statement of cash flows | 15,477 | 15,370 |
| b) Reconciliation of Surplus/(Deficit) from Ordinary Activities to Cash from Operating Activities | | |
| Surplus/(deficit) from ordinary activities | 2,994 | 4,238 |
| Add: Depreciation | 3,940 | 3,541 |
| Decrease in Receivables | 343 | |
| Increase in employee leave entitlements | | 485 |
| Decrease in other current assets | | 18 |
| Loss on Sale Assets | 23 | |
| | 7,300 | 8,282 |
| Less: | | |
| Decrease in employee leave entitlements | 133 | |
| Increase in Receivables | | 713 |
| Increase in Inventories | 10 | 117 |
| Increase in other current assets | 85 | |
| Decrease in payables | 62 | 87 |
| Gain on sale of assets | | 82 |
| Net Cash provided by (or used in) operating activities | 7,010 | 7,283 |

NOTES TO THE FINANCIAL STATEMENTS

Note 12

COMMITMENTS FOR EXPENDITURE

| | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--|--------------------------|--------------------------|
| CAPITAL COMMITMENTS | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| - Residence Urana | 75 | |
| - Sludge Treatment Plant | NIL | 246 |
| These expenditures are payable as follows: | | |
| Not later than one year | 75 | 246 |
| Later than one year and not later than 2 years | | |
| Later than 2 years and not later than 5 years | | |
| Later than 5 years | 75 | 246 |

NOTES TO THE FINANCIAL STATEMENTS

Note 13

STATEMENT OF PERFORMANCE MEASUREMENT for the year 2004/2005

| | Amounts | Current Yr Indicators | Current Yr -1 | Current Yr -2 | Current Yr -3 |
|---|----------|--------------------------|---------------------|---------------------|---------------------|
| 1. CURRENT RATIO | | | | | |
| <u>Factors</u> | | | | | |
| Current Assets | \$18,276 | Ratio 9.55:1 | 8.47:1 | 8.96:1 | 8.76:1 |
| Current Liabilities | \$ 1,913 | | | | |
| 2. UNRESTRICTED CURRENT RATIO | | | | | |
| <u>Factors</u> | | | | | |
| Current Assets less All External Restrictions | \$18,276 | Ratio 9.55:1 | 8.47:1 | 8.96:1 | 8.76:1 |
| Current Liabilities less Specific Purpose Liabilities | \$ 1,913 | | | | |
| 3. DEBT SERVICE RATIO | | | | | |
| <u>Factors</u> | | | | | |
| Debt Service cost | \$ 1,303 | 9.87% | 10.09% | 9.57% | 11.56% |
| Revenue from Ordinary Activities | \$13,200 | | | | |
| 4. RATE COVERAGE RATIO | | | | | |
| <u>Factors</u> | | | | | |
| Rate & Annual Charges | \$ 2,406 | 16.16% | 15.05% | 15.47% | 17.68% |
| Total Revenue | \$14,887 | | | | |
| 5. RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGE | | | | | |
| <u>Factors</u> | | | | | |
| Rates & Annual Charges Outstanding | \$ 260 | 9.84% | 9.10% | 9.20% | 9.97% |
| Rates & Annual Charges Collectable | \$2,643 | | | | |

NOTES TO THE FINANCIAL STATEMENTS

Note 14

CONDITIONS OVER GRANTS & CONTRIBUTIONS

| | Actual 2005 | | Actual 2004 | |
|--|------------------|--------------------|------------------|--------------------|
| | \$'000 Grants | \$'000 Contrib. | \$'000 Grants | \$'000 Contrib. |
| Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period but which are not yet expended in accordance with those conditions, are as follows: | | | | |
| Unexpended at the close of the previous reporting period. | | | | |
| Less: | | | | |
| Expended during the current reporting period from revenues recognised in previous reporting periods. | | | | |
| Plus: | | | | |
| Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions. | | | | |
| Unexpended at the close of the current reporting period and held as restricted assets | | | | |
| Net increase(decrease) in restricted assets in the current reporting period. | NIL | NIL | NIL | NIL |

NOTES TO THE FINANCIAL STATEMENTS

Note 15

FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

The Council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the Council intends to hold as fixed rate assets and liabilities to maturity.

| 2005 | Notes | Floating interest rate \$'000 | Fixed interest maturing in: ≤ 1 year \$'000 | > 1 year ≤ 5 years \$'000 | > 5 years \$'000 | Non- interest bearing \$'000 | Total \$'000 |
|---|-------|--|---|---------------------------------|------------------------|---------------------------------------|-----------------|
| Financial Assets | | | | | | | |
| Cash and Deposits | 6 | 3,226 | 12,251 | | | | 15,477 |
| Receivables | 7 | | | | | 1,775 | 1,775 |
| Total | | 3,226 | 12,251 | | | 1,775 | 17,252 |
| Weighted Ave. Interest Rate | | 5.47% | 5.92% | | | | |
| Financial Liabilities | | | | | | | |
| Bank overdraft & loans | 11,10 | | 605 | 2,000 | 2,978 | | 5,583 |
| Bills Payable | 10 | | | | | 474 | 474 |
| Total | | | 605 | 2,000 | 2,978 | 474 | 6,057 |
| Weighted Ave. Interest Rate | | 10.14% | | | | | |
| Net Financial assets/(liabilities) | | 3,226 | 11,646 | (2,000) | (2,978) | 1,301 | 11,195 |
| 2004 | | | | | | | |
| 2004 | Notes | Floating interest rate \$'000 | Fixed interest maturing in: ≤ 1 year \$'000 | > 1 year ≤ 5 years \$'000 | > 5 years \$'000 | Non- interest bearing \$'000 | Total \$'000 |
| Financial Assets | | | | | | | |
| Cash and Deposits | 6 | 8,354 | 7,016 | | | | 15,370 |
| Receivables | 7 | | | | | 2,118 | 2,118 |
| Total | | 8,354 | 7,016 | | | 2,118 | 17,488 |
| Weighted Ave. Interest Rate | | 5.09% | 5.50% | | | | |
| Financial Liabilities | | | | | | | |
| Bank overdraft & loans | 11,10 | | 500 | 2,000 | 3,631 | | 6,131 |
| Bills Payable | 10 | | | | | 536 | 536 |
| Total | | | 500 | 2,000 | 3,631 | 536 | 6,667 |
| Weighted Ave. Interest Rate | | 10.14% | | | | | |
| Net Financial assets/(liabilities) | | 8,354 | 6,516 | (2,000) | (3,631) | 1,582 | 10,821 |

NOTES TO THE FINANCIAL STATEMENTS

Note 15 Continued

FINANCIAL INSTRUMENTS

Reconciliation of Net Financial Assets

| | Notes | 2005 \$'000 | 2004 \$'000 |
|--|-------|----------------|----------------|
| Net financial assets from previous page | | 11,195 | 10,821 |
| Non-financial assets and liabilities | | | |
| - Inventories | 8 | 890 | 880 |
| - Property, plant & equipment | 9 | 120,409 | 114,956 |
| - Other Assets | 8 | 134 | 49 |
| - Provisions | 10 | (2,860) | (2,993) |
| Net Assets per Statement of Financial Position | | <u>129,768</u> | <u>123,713</u> |

Net fair value of Financial Assets

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary assets and liabilities is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Unlisted equity investments, the net fair value is an assessment by the Council based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer also to note 6).

The carrying amounts of net fair values of financial assets and liabilities at balance date are as follows:

| | | 2005 | | 2004 | |
|------------------------------|-------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Notes | Carrying Amount \$'000 | Net Fair Value \$'000 | Carrying Amount \$'000 | Net Fair Value \$'000 |
| Financial Assets | | | | | |
| Trade debtors | 7 | 1,200 | 1,200 | 1,172 | 1,172 |
| Other debtors | 7 | 575 | 575 | 946 | 946 |
| Unlisted investments | 6 | 15,477 | 15,477 | 15,370 | 15,370 |
| Total | | <u>17,252</u> | <u>17,252</u> | <u>17,488</u> | <u>17,488</u> |
| Financial Liabilities | | | | | |
| Other loans | 10 | 5,583 | 5,583 | 6,131 | 6,131 |
| Other liabilities | 10 | 474 | 474 | 536 | 536 |
| Total | | <u>6,057</u> | <u>6,057</u> | <u>6,667</u> | <u>6,667</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 16

MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the Management Plan adopted by Council on 23th June 2004. The original projections on which the budget was based have been affected by climate conditions, interest rates and increase in capital expenditure.

This Note sets out the details of material variations between the original budget and actual results for the Operating Statement. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount, or of significant relevance.

Revenues

1. User Charges & Fees

User Charges & Fees were over budget by \$375 (F) (4.3%) primarily due to weather patterns.

2. Interest Received

The actual amount of interest revenue received was over budget by some \$315 (F) (69%). This was due to increase in funds as a result of better than expected results.

3. Other Operating Revenues

Main variance of other operating revenues related to the connection fees received, due to increase in development minor variations in amounts received from sundry income, resulted in over budget by \$319 (F) (80%).

4. Grants & Contributions

Increase in Urban residential subdivision and an increase due to drought conditions of rural main extensions resulted in \$207 (F) (14%) over budget.

Expenses

1. Employee Costs

Due to increase in capital works and holiday for Superannuation contribution continuing for 2004/2005 this resulted in \$737 (F) (15.3%) under budget.

2. Materials and Contracts

As a result of increase in maintenance of water connections resulted in \$261 (U) (27.7%) over budget.

3. Depreciation

Due to decrease in economic life for SCADA equipment resulted in \$291 (U) (7.9%) over budget.

4. Other Expenses

Due to drought conditions increase in electricity costs and usage and maintenance on pumps and reservoirs resulted in \$444 (U) (30.5%) over budget.

NOTES TO THE FINANCIAL STATEMENTS

Note 17

STATEMENT OF CONTRIBUTION PLANS

Contributions received during the year where for water mains extensions to supply residential subdivision and rural mains extensions.

| Purpose | Opening Balance | Contributions received during year* | | Interest earned during year | Expended During Year | Expended in Advance | Held as restricted asset** | Works Provided to date |
|------------------------|--------------------|---|------------------------|--------------------------------------|----------------------------|---------------------------|----------------------------------|------------------------------|
| | \$'000 | Cash \$'000 | Non- Cash \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Water Supply | NIL | 1,445 | | | 1,445 | | | 1,445 |
| Total Contributions | NIL | 1,445 | | | 1,445 | | | 1,445 |

NOTES TO THE FINANCIAL STATEMENTS

Note 18

ASSETS AND LIABILITIES NOT RECOGNISED IN STATEMENT OF FINANCIAL POSITION

There are no assets and liabilities not recognised in the Statement of Financial Position.



**Special Purpose Financial Reports and Special Schedules
for the year ending 30th June 2005**

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RIVERINA WATER COUNTY COUNCIL
SPECIAL PURPOSE FINANCIAL REPORTS
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the special purpose financial reports of Riverina Water County Council for the year ended 30 June 2005, comprising the Statement by Council, Operating Statement of Financial Performance by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy 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 or the Department of Local Government or for any purpose other than for which the report was prepared.

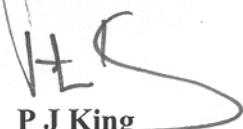
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the 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 those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the result of their operations.

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

AUDIT OPINION

In our opinion, the Special Purpose Financial Reports of the Riverina Water County Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

JOHN L BUSH & CAMPBELL

A handwritten signature in black ink, appearing to read 'P J King', is written over a horizontal line.

P J King
Partner

27 September 2005

RIVERINA WATER COUNTY COUNCIL

STATEMENT BY COUNCILLORS AND MANAGEMENT OF THE COUNCIL

In accordance with a resolution of the members of Riverina Water County Council we declare on behalf of Riverina Water County Council that in our opinion:

1. The accompanying special purpose financial reports exhibit a true and fair view of the financial position of Riverina Water County Council declared business activity as at 30th June 2005.
2. The special purpose financial reports have been prepared in accordance with:
 - NSW Government Policy Statement "Application of National Competition Policy to Local Government",
 - Department of Local Government Guidelines "Pricing and Costing for Council Businesses; A guide to Competitive Neutrality" and
 - The Department of Energy, Utilities and Sustainability Best Practice Management of Water Supply guidelines.
3. All information provided has been prepared in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting.

Further, we are not aware at this time of any circumstances which would render any particulars included in the special purpose financial reports to be misleading or inaccurate.

*Signed in accordance with a Resolution of Council
dated 24th August 2005.*



.....
Clr. L. Vidler
CHAIRPERSON
24th August 2005



.....
Clr. P. Yates
DEPUTY CHAIRPERSON
24th August 2005



.....
Mr. G.W. Pieper
GENERAL MANAGER
24th August 2005



.....
Mr. G.G. Geaghan
ACCOUNTING OFFICER
24th August 2005

RIVERINA WATER COUNTY COUNCIL

**STATEMENT OF FINANCIAL PERFORMANCE
OF BUSINESS ACTIVITIES**

For the year ended 30th June 2005

WATER CATEGORY 1

| | Notes | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--|-------|--------------------------|--------------------------|
| EXPENSES FROM ORDINARY ACTIVITIES | | | |
| Employee costs | | 4,072 | 4,174 |
| Borrowing Costs | | 755 | 825 |
| Materials & Contracts | | 1,202 | 1,113 |
| Depreciation | | 3,940 | 3,541 |
| Loss on Sale of Assets | | 23 | |
| Taxation Equivalent Payments | | 10 | 13 |
| Other operating expenses | | 1,901 | 1,814 |
| TOTAL EXPENSES FROM ORDINARY ACTIVITIES | | 11,903 | 11,480 |
| REVENUE FROM ORDINARY ACTIVITIES | | | |
| Rates & Annual Charges | | 2,406 | 2,364 |
| User Charges & Fees | | 9,112 | 9,514 |
| Interest | | 771 | 698 |
| Grants & Contributions for non capital purposes | | 195 | 189 |
| Gain from the sale of Assets | | | 82 |
| Other revenues from ordinary activities | | 716 | 732 |
| REVENUE FROM ORDINARY | | 13,200 | 13,579 |
| SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE REVENUE FOR CAPITAL PURPOSES | | 1,297 | 2,099 |
| Grants & Contributions for capital purposes | | 1,687 | 2,126 |
| SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS | | 2,984 | 4,225 |
| SURPLUS(DEFICIT) FROM ALL ACTIVITIES BEFORE TAX | | 2,984 | 4,225 |
| Corporate Taxation Equivalent (30%) (based on Surplus result before capital) | | 895 | 1,268 |
| SURPLUS(DEFICIT) AFTER TAX | | 2,089 | 2,957 |
| Opening Retain profits | | | |
| Adjustments for Amounts Unpaid | | | |
| - Taxation Equivalent Payments | | 10 | 13 |
| - Corporate Taxation Equivalent | | 895 | 1,268 |
| Closing Retained Profits | | 2,994 | 4,238 |
| RETURN ON CAPITAL (%) | | 1.70% | 2.54% |
| Calculation of Dividend Payable: | | | |
| Surplus (deficit) after tax | | 2,089 | 2,957 |
| Less: Capital grants & contributions (excl. developer contributions) | | 1,687 | 2,126 |
| Surplus for dividend calculation purposes | | 402 | 831 |
| Dividend calculated from surplus | | 191 | 402 |

RIVERINA WATER COUNTY COUNCIL

STATEMENT OF FINANCIAL POSITION BY BUSINESS ACTIVITIES
As at 30th June 2005

WATER CATEGORY 1

| | Notes | Actual 2005 \$'000 | Actual 2004 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Cash Assets | | 17 | 73 |
| Investment Securities | | 15,460 | 15,297 |
| Receivables | | 1,775 | 2,118 |
| Inventories | | 890 | 880 |
| Other | | 134 | 49 |
| TOTAL CURRENT ASSETS | | <u>18,276</u> | <u>18,417</u> |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | | 120,409 | 114,956 |
| TOTAL NON-CURRENT ASSETS | | <u>120,409</u> | <u>114,956</u> |
| TOTAL ASSETS | | <u>138,685</u> | <u>133,373</u> |
| CURRENT LIABILITIES | | | |
| Bank overdraft | | | |
| Payables | | 474 | 536 |
| Provisions | | 8,283 | 7,682 |
| Interest bearing liabilities | | 605 | 500 |
| TOTAL CURRENT LIABILITIES | | <u>9,362</u> | <u>8,718</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | | 2,026 | 1,855 |
| Interest bearing liabilities | | 4,978 | 5,631 |
| TOTAL NON-CURRENT LIABILITIES | | <u>7,004</u> | <u>7,486</u> |
| TOTAL LIABILITIES | | <u>16,366</u> | <u>16,204</u> |
| NET ASSETS | | <u>122,319</u> | <u>117,169</u> |
| EQUITY | | | |
| Retained Profits | | 37,819 | 35,730 |
| Asset Revaluation reserve | | 84,500 | 81,439 |
| TOTAL EQUITY | | <u>122,319</u> | <u>117,169</u> |

RIVERINA WATER COUNTY COUNCIL

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

These accounting policies are supplemental to the Policy Notes contained in the General Purpose Financial Report and only apply to the Special Purpose Financial Reports (SPFRs). A statement summarising the supplemental accounting policies adopted in the preparation of the SPFRs for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and Department of Local Government. For the purposes of these statements, the Council is not a reporting entity.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' 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 Department 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 Council is a Category 1 business.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures A513). As required by the Department of Energy and Utilities, the amounts shown in Notes 2 are shown in whole dollars.

(i) Taxation Equivalent Payments

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFRs as expenses. 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 Tax Rate | 30 % |
| Land Tax | 1.4 % |

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 and Sewerage Business 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 the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (Operating Result 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 Operating Result before Capital Amounts has been achieved. Since the 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 overall operations of the council.

Accordingly, there is no need for disclosure of internal charges in the General Purpose Financial Reports (GPFRs). The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations which may have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all Category 1 businesses have been applied to all 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. The debt guarantee fee represents the difference between the commercial and discount rate multiplied by the loan amount. Council re-structured its Loan portfolio during 1998/99 in which the borrowing costs is at commercial costs. No debt guarantee fee is payable.

(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. The overall subsidies from council is contained within the Operating Statement and is consistent with those subsidies disclosed in council's management plans.

(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". The rates of return achieved from councils major business activities are paid to the council as owner of the business. The rate of return is calculated as follows:

$$\frac{\text{Operating Result before capital Amounts} + \text{Interest Expense}}{\text{Total Written Down Current Replacement Cost of P, P \& E}}$$

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return can be calculated for each of council's business activities from the Statement of Business Activities and Statement of Financial Position and is disclosed at the bottom of the Statement of Business Activities. The return on capital achieved for Council's business is 1.70% and is consistent with that required for "Long Term Sustainability".

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply assessments at 30th June 2005 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 submitted to the Department of Energy, Utilities and Sustainability.

RIVERINA WATER COUNTY COUNCIL

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 2

**WATER SUPPLY BUSINESS BEST PRACTICE
MANAGEMENT DISCLOSURE REQUIREMENTS**

Calculation and Payment of Tax-Equivalents

\$

| | | |
|------------------------------|---|-----------|
| (i) | Calculated Tax- Equivalents | 10,012 |
| (ii) | No. of assessments multiplied by \$3/assessment | 83,088 |
| (iii) | Amounts payable for Tax-Equivalents (lesser of (i) and (ii)) | 10,012 |
| (iv) | Amounts paid for Tax-Equivalents | 10,012 |
| Dividend from Surplus | | |
| (i) | 50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)</i> | 191,000 |
| (ii) | No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | 820,868 |
| (iii) | Cumulative Surplus before Dividends for the 3 years to 30 th June 2005, less the cumulative Dividends Paid for the 2 years to 30 th June 2004 | 8,193,000 |
| (iv) | Maximum Dividend from Surplus (least of (i),(ii) and (iii)) | 191,000 |
| (v) | Dividend paid from Surplus | NIL |

Required Outcomes for 6 Criteria

| | YES | NO |
|---|------------|-----------|
| (1) Completion for Strategic Business Plan (including Financial Plan) | T | |
| (2) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of the Best Practice Guidelines) | T | |
| Complying charges (a) Residential (Item 2(b) in Table 1) | | T |
| (b) Non-residential (Item 2(b) in Table 1) | | T |
| DSP with Commercial Developer Charges (Item 2(e) in Table 1) | T | |
| (3) Complete performance Reporting Form by 31 st October each year | T | |
| (4) Sound Demand Management implemented | T | |
| (5) Sound Drought Management implemented (by June 2006) | T | |
| (6) Integrated Water Cycle Management Strategy (by June 2006) | | T |

**Special Schedules
for the year ending 30th June 2005**

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RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 1

NET COST OF SERVICES
For the year ended 30th June 2005

(\$'000)

| FUNCTION OR ACTIVITY | OPERATING EXPENSES | | OPERATING REVENUES | | NET COST OF SERVICES | |
|---|--------------------|--------------|--------------------|--------------|----------------------|--------------|
| | Expenses | Group totals | Revenues | Group totals | Net Cost | Group totals |
| WATER SUPPLIES TOTALS – FUNCTIONS | | | | | | |
| CAPITAL GRANTS CONTRIBUTIONS ¹ | | | | | | |
| GENERAL PURPOSE REVENUES ² | 11,893 | 11,893 | 14,887 | 14,887 | 2,994 | 2,994 |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | 11,893 | 11,893 | 14,887 | 14,887 | 2,994 | 2,994 |

¹Each function and activity should record the operating and expenses excluding any capital contributions.

All capital contributions are to be recorded in total for the Council

²General purpose Revenue consists of:

- Rates & Annual Charges (incl. Ex-gratia payments)
- Interest on Investments
- Interest on overdue rates and charges
- General Purpose Grants (Financial Assistance Grants & Pensioners' Rates Subsidies)

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 2(a)

STATEMENT OF LONG-TERM DEBT (ALL PURPOSE) For the year ended 30th June 2005

(\$'000)

| Classification of Debt | Principal Outstanding at beginning of Year (1) | | | New Loans Raised during the year (2) | Debt Redemption during the Year (3) | | Interest applicable for year | Principal Outstanding at end of Year | | |
|------------------------|--|-------------|-------|--------------------------------------|-------------------------------------|---------------|------------------------------|--------------------------------------|-----------------|-------|
| | Current | Non-Current | Total | | From Revenue | Sinking Funds | | Current (4) | Non-Current (5) | Total |
| LOANS (By source) | | | | | | | | | | |
| Treasury Corporation | | | | | | | | | | |
| Other State Government | | | | | | | | | | |
| Financial institutions | 500 | 5,631 | 6,131 | | 548 | | 755 | 605 | 4,978 | 5,583 |
| Other | | | | | | | | | | |
| TOTAL LOANS | | | | | | | | | | |
| TOTAL LONG TERM DEBT | 500 | 5,631 | 6,131 | | 548 | | 755 | 605 | 4,978 | 5,583 |

Exclude: Internal Loans

Refinancing of loans except for any additional borrowings

Please check that for each debt line category:

Principal outstanding (previous year) + New Loans Raised – Debt Redemption = Principal Outstanding (Current Year)

(1) Show same values as reported on previous year's Special Schedule 5(1). If values are different, please provide reason for variation.

(2) Values should agree with Proceeds from Loans and Other Borrowings shown on the Cash Flow Statement (Financing Activities).

(3) Values should agree with Reduction of Loans and Other Liabilities shown n the Cash Flow Statement (Financing Activities).

(4) Total should agree with Current Liabilities – Borrowings (Statement of Financial Position).

(5) Total should agree with Non-Current Liabilities – Borrowings (Statement of Financial Position).

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 3

**STATEMENT OF FINANCIAL PERFORMANCE
WATER SUPPLY
(GROSS INCLUDING INTERNAL TRANSACTIONS)
for the year ended 30th June 2005**

| | 2005 \$'000 | 2004 \$'000 |
|---|------------------------|------------------------|
| <u>A. EXPENSES & REVENUES</u> | | |
| Expenses | | |
| Management | 1,285 | 1,210 |
| - Administration | 442 | 443 |
| - Engineering & Supervision | | |
| Operation and Maintenance Expenses | | |
| Mains | | |
| - Operation Expenses | 72 | 64 |
| - Maintenance Expenses | 566 | 535 |
| Reservoirs | | |
| - Operation Expenses | 72 | 64 |
| - Maintenance Expenses | 52 | 46 |
| Pumping Stations | | |
| - Operation Expenses (excl. energy costs) | 290 | 258 |
| - Energy Costs | 1,352 | 1,069 |
| - Maintenance Expenses | 549 | 510 |
| Treatment | | |
| - Operation Expenses (excl. chemical costs) | 226 | 200 |
| - Chemical Costs | 412 | 462 |
| - Maintenance Expenses | 64 | 56 |
| Other | | |
| - Operation Expenses | 453 | 400 |
| - Maintenance Expenses | 396 | 390 |
| - Purchase of Water | 54 | 59 |
| Depreciation | 2,900 | 2,807 |
| - System Assets | 1,040 | 734 |
| - Plant and Equipment | | |
| Miscellaneous | 755 | 825 |
| - Interest | 890 | 1,335 |
| - Other Expenses | | |
| | <hr/> | <hr/> |
| Total Expenses | 11,870 | 11,467 |
| <u>Revenues</u> | | |
| Rates & Service Availability Charges | | |
| - Residential | 2,137 | 2,061 |
| - Commercial | 209 | 243 |
| - Other | 60 | 60 |

| | 2005 \$'000 | 2004 \$'000 |
|---|------------------------|------------------------|
| <u>User Charges</u> | | |
| - Sales of Water: Residential | 6,214 | 6,653 |
| - Sales of Water: Commercial | 2,550 | 2,495 |
| - Sales of Water: Other | 341 | 354 |
| Interest Income | 771 | 698 |
| Other Revenue (includes Profit on Sale) | 700 | 826 |
| Grants | | |
| - Grants for Acquisition of Assets | 242 | 61 |
| - Other Grants | 195 | 189 |
| Contributions | | |
| - Developer Charges | 1,445 | 2,065 |
| <u>Total Revenues</u> | 14,864 | 15,705 |
| Operating Result | 2,994 | 4,238 |
| <u>Operating Result</u> | | |
| (less Grants for Acquisition of Assets) | 2,752 | 4,177 |

B. CAPITAL TRANSACTIONS

Non-Operating Expenditure

| | | |
|----------------------------------|--------------|--------------|
| Acquisition of Fixed Assets | | |
| - Subsidised Scheme | 931 | 122 |
| - Other New System Assets | 2,177 | 2,351 |
| - Renewals | 2,590 | 1,156 |
| - Plant & Equipment | 1,121 | 2,062 |
| Repayment of Debt | | |
| Loans | 548 | 545 |
| TOTALS | 7,367 | 6,236 |
| Non-Operating Funds Employed | | |
| Proceeds from Disposal of Assets | 464 | 437 |
| TOTALS | 464 | 437 |

C. RATES & CHARGES

(a) Urban

| | | |
|--------------------------------|--------|--------|
| 1. Number of Assessments | | |
| - Residential (occupied) | 20,798 | 20,399 |
| - Residential (unoccupied) | 585 | 679 |
| - Non-Residential (occupied) | 1,569 | 1,543 |
| - Non-Residential (unoccupied) | | |

2. User Charge

If charge varies with usage, charges for various ranges:

Up to 125 KI/a

Over 125 KI/a

| | | |
|--------------------|-----------|-----------|
| Non-stepped Tariff | 0.65 c/KI | 0.65 c/KI |
|--------------------|-----------|-----------|

(b) Non-Urban

| | | |
|--------------------------------|-------|-------|
| 1. Number of Assessments | | |
| - Residential (occupied) | 4,578 | 4,378 |
| - Residential (unoccupied) | 554 | 564 |
| - Non-Residential (occupied) | 751 | 744 |
| - Non-Residential (unoccupied) | | |

2. User Charge

If charge varies with usage, specify charges for various ranges

Up to 125 KI/a

Over 125 KI/a

| | | |
|--------------------|-----------|-----------|
| Non-Stepped Tariff | 0.77 c/KI | 0.77 c/KL |
|--------------------|-----------|-----------|

3. Annual Water Allowance for Minimum Rate or Charge

| | 2005 \$'000 | 2004 \$'000 |
|--|------------------------|------------------------|
| 4. Does Council have a Land Value component in its charging for: | | |
| - Residential | NO | NO |
| - Non-Residential | | |
| 5. Typical Developer Charge | \$2,700 | \$2,250 |
| 6. Number of ET's for which Developer Charges were received | 599 | 520 |
| 7. Total Amount of Pensioner Rebates | 344 | 332 |

WATER SUPPLY – CROSS SUBSIDIES for the year ended 30th June 2005

D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES

Yes No Amount

27. Annual Charges

a. Does Council have best-practice water supply annual charges and usage charges*?

| | | |
|--|---|--|
| | ✓ | |
|--|---|--|

If Yes, go to 28a.

If No, please report if Council has removed land value from access charges (ie rates)?.

* Such charges for both residential customers and non-residential customers comply with section 3.2 of *“Water Supply, Sewerage and Trade Waste Pricing Guidelines*, Department of Land and Water Conservation, December, 2002. Such charges do not involve significant cross-subsidies.

Council has not used
land values since 1994

b. Cross-subsidy **from** residential customers using less than allowance (page 25 of Guidelines)

c. Cross- subsidy **to** non-residential customers (page 24 of Guidelines)

d. Cross- subsidy **to** large connections in unmetered supplies (page 26 of Guidelines)

28. Developer Charges

a. Has Council completed a water supply Development Servicing** Plan?

| | | |
|---|--|--|
| ✓ | | |
|---|--|--|

b. Total cross-subsidy in water supply developer charges for 2004/05 (page 47 of Guidelines)

** In accordance with page 9 of *Developer Charges Guidelines for Water Supply, Sewerage and Stormwater*, Department of Land & Water Conservation, December, 2002.

29. Disclosure of Cross Subsidies

NIL

TOTAL OF CROSS SUBSIDIES (27b + 27c + 27d + 28b)

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

NOTES TO THE SPECIAL SCHEDULES NO. 3

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

- Administration Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads
- Meter Reading
- Bad and Doubtful Debts
- Other Administrative/Corporate Support Services

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

- Engineering Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads
- Other Technical and Supervision Staff
 - Salaries and Allowance
 - Traveling Expenses
 - Accrual of Leave Entitlements
 - Employment Overheads

Operation 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 capitalization principles and the distinction between capital and maintenance expenditure).

Other Expenses (item 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere.

Residential Charges** (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all revenues from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges.

Non-residential Charges** (items 6a, 7b of Special Schedules 3 and 5) include all revenues from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User Charges.

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

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

* 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).

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

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 4

**WATER SUPPLY – NET ASSETS COMMITTED
(GROSS INCLUDING INTERNAL TRANSACTIONS)
as at 30th June 2005**

(\$'000)

| | <u>Current</u> | <u>Non-Current</u> | <u>Total</u> |
|--------------------------------------|-----------------------|---------------------------|---------------------|
| <u>ASSETS</u> | | | |
| <i>Cash and Investments</i> | | | |
| - Other | 15,477 | | 15,477 |
| <i>Receivables</i> | | | |
| - Specific Purpose Grants | 33 | | 33 |
| - Rates and Availability Charges | 260 | | 260 |
| - Other | 1,482 | | 1,482 |
| <i>Inventories</i> | 890 | | 890 |
| <i>Property, Plant and Equipment</i> | | | |
| - System Assets | | 116,906 | 116,906 |
| - Plant & Equipment | | 3,503 | 3,503 |
| <i>Other Assets</i> | 134 | | 134 |
| Total Assets | <u>18,276</u> | <u>120,409</u> | <u>138,685</u> |
| <u>LIABILITIES</u> | | | |
| <i>Bank Overdraft</i> | | | |
| <i>Creditors</i> | 474 | | 474 |
| <i>Borrowings</i> | | | |
| - Loans | 605 | 4,978 | 5,583 |
| <i>Provisions</i> | 834 | 2,026 | 2,860 |
| Total Liabilities | <u>1,913</u> | <u>7,004</u> | <u>8,917</u> |
| NET ASSETS COMMITTED | <u>16,363</u> | <u>113,405</u> | <u>129,768</u> |
| <u>EQUITY</u> | | | |
| Accumulated Surplus | 16,363 | 28,905 | 45,268 |
| Asset Revaluation Reserve | | 84,500 | 84,500 |
| Total Equity | <u>16,363</u> | <u>113,405</u> | <u>129,768</u> |

Notes to System Assets:

| | |
|--|---------|
| Current Replacement Cost of System Assets | 207,283 |
| Accumulated Current Cost Depreciation of system Assets | 90,377 |
| Written Down Current Cost of System Assets | 116,906 |

RIVERINA WATER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 7

CONDITION OF PUBLIC WORKS
as at 30th June 2005

(\$'000)

| Asset Class | Asset Category | Depreciation Rate (5) | Depreciation Expense | Cost | Valuation | Accumulated Depreciation | WDV | Asset Condition | Estimated cost to bring to satisfactory | Annual Maintenance Expense | Program Maintenance Works |
|-------------------------|---------------------------|-----------------------|----------------------|------------|-----------|--------------------------|---------|---------------------|---|----------------------------|---------------------------|
| | | | | | | | | | (i) | (ii) | (iii) |
| | | Per Note 1 | Per Note 3 | Per Note 9 | | | | Per Section 428(2d) | | | |
| Public Buildings | Council Offices/Depots | 2.5 | 82 | | 3,254 | 82 | 3,169 | S | | | |
| | Houses | 2.5 | 3 | | | 3 | | S | | | |
| Water | Treatment Plants | 1.3 | 337 | | 17,924 | 337 | 17,587 | S | 923 | 64 | 56 |
| | Bores | 4 | 76 | | 1,070 | 76 | 994 | S | Included in Pump Stations | | |
| | Reservoirs | 1 | 280 | | 17,968 | 280 | 17,688 | S | 58 | 52 | 58 |
| | Pipelines | 2 | 1,943 | | 71,551 | 1,943 | 69,608 | S | 9,917 | 566 | 540 |
| | Pump Stations | 1.3 | 179 | | 8,039 | 179 | 7,860 | S | 500 | 549 | 567 |
| Total – Classes | Total – All Assets | | 2,900 | | 119,806 | 2,900 | 116,906 | | 11,398 | 1,231 | 1,221 |

S = Satisfactory

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).***

BillEXPRESS Look for the **Bill EXPRESS** logo at participating newsagencies to pay this bill with cash, cheque, debit card, Visa, Master Card or Bankcard. Or, use the ServiceATM at most Coles Supermarkets (cards only). For locations call 1300 739 250 or visit www.billexpress.com.au
Biller ID and reference number is located beside the Bill EXPRESS symbol on the front of your account.

EMERGENCY NUMBERS

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

GENERAL ENQUIRIES: (02) 6922 0608

SERVICE CENTRE: (02) 6921 4170

FAX: (02) 6921 2241

EMAIL: admin@rwcc.com.au

WEBSITE: www.rwcc.com.au

EMERGENCY & FIELD SERVICE

| | |
|-------------------------------|---------------------------|
| Wagga Wagga | (02) 6921 4170 All hours. |
| The Rock | 0428 694856 |
| Lockhart | 0428 694326 |
| Uranquinty | 0429 448968 |
| Urana/Oaklands | 0429 448969 |
| Culcairn/Holbrook/Walla Walla | 0427 102174 |

