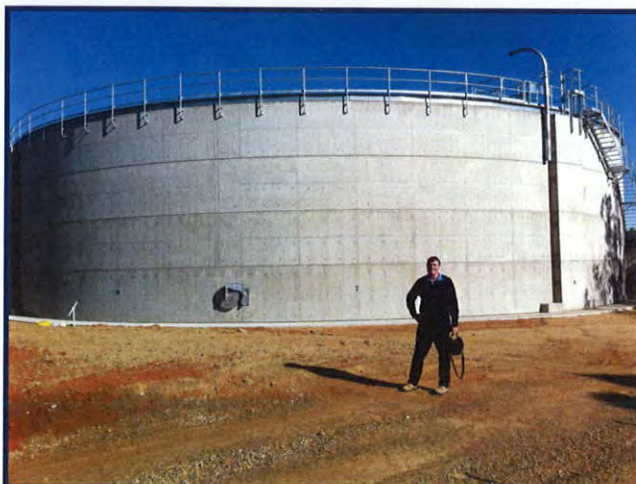


Riverina Water County Council

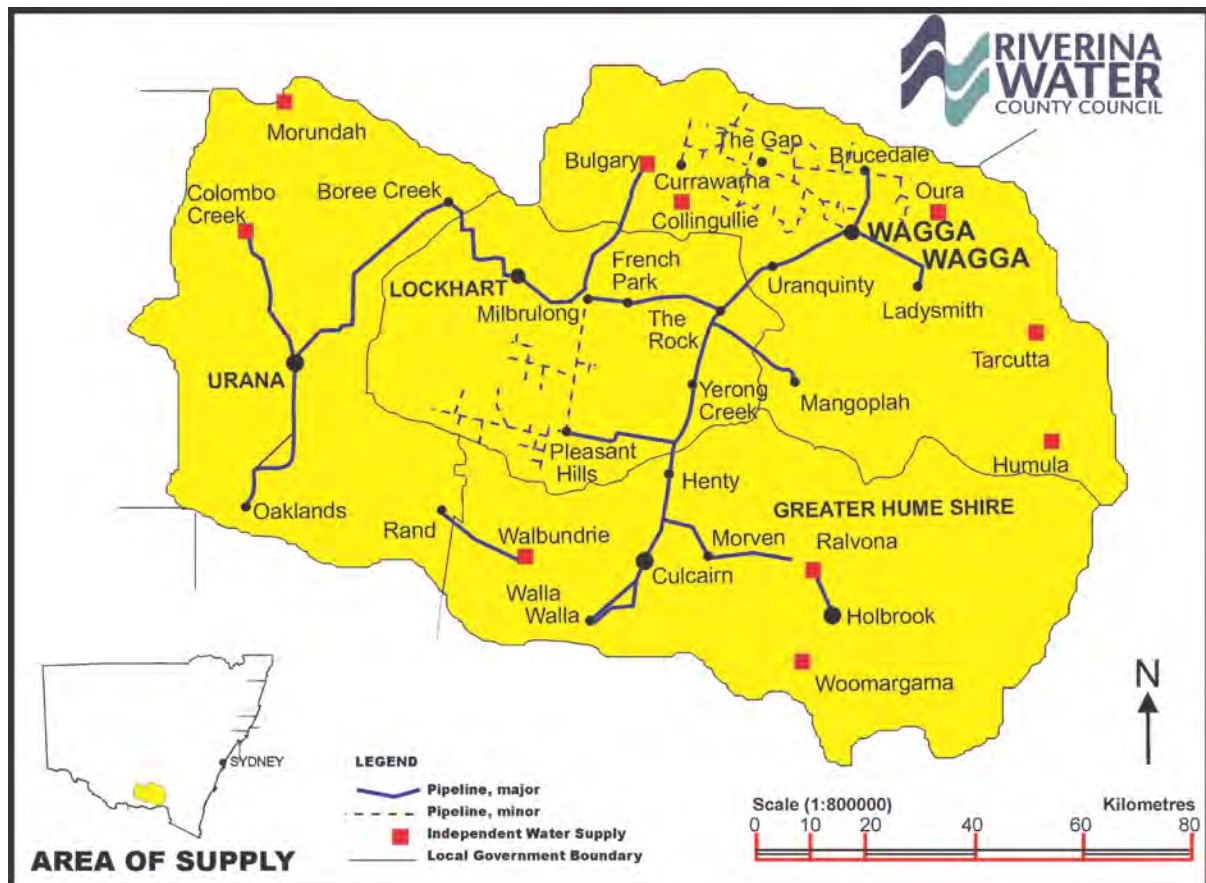
Annual Report

2010/2011



Riverina Water County Council

AREA OF SUPPLY



Front Cover

Flooding – Riverina Water County Council Site - December 2010

Retirement of Riverina Water's General Manager Gerald Pieper
pictured with wife Beverly at Farewell Function held 15th December 2010

Completion of construction of the 11 Megalitre Red Hill Reservoir 3
with Peter Anderson, Project Engineer

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MISSION STATEMENT

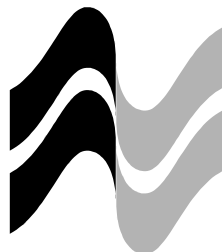
Mission:

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	Commins Hendriks
AUDITORS	John L. Bush & Campbell, Wagga Wagga

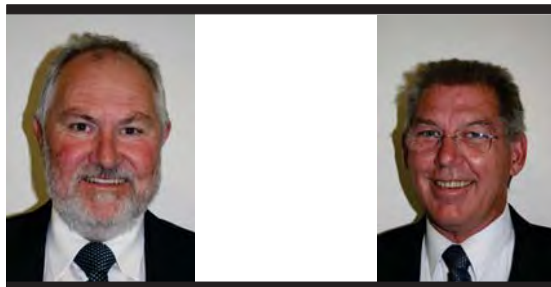
RIVERINA WATER COUNTY COUNCIL

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

1st July 2010 to 30th June 2011

COUNCILLORS



Clr. Rod Kendall
Wagga Wagga
Chairperson

Clr. John McNerney
Greater Hume Shire
Deputy Chairperson



Clr. Alan Brown
Wagga Wagga

Clr. Wayne Geale OAM
Wagga Wagga

Clr. Ray Goodlass
Wagga Wagga

Clr. Lindsay Vidler
Wagga Wagga



Clr. Ian Kreutzberger
Urana Shire Council

Clr. John Ross
Greater Hume Shire

Clr. Peter Yates
Lockhart Shire Council

MANAGERS



Gerald W. Pieper
General Manager
1/7/2010 to 14/1/2011

Graeme Haley
General Manager
17/1/2011 to 30/6/2011

Greg Finlayson
Director of Engineering



Deputy Chairperson Clr. Peter Yates
and Chairperson Clr. Rod Kendall
Elected at Council's meeting held
20th October 2010



Melissa Heffer from GTES congratulates Trainee
Melanie Parker on the completion of her
Certificate 3 in Business/Admin
19th November 2010



Chairperson Clr. Rod Kendall (right)
congratulates Graeme Haley after signing
contract as new General Manager.
Mr. Haley commenced as General Manager
on 17th January 2011.



Mr. Cameron McAuliffe
Winner of the
2011 RWCC Scholarship with
Associate Professor Grant O'Neill
Head of School of Business
18th May 2011

40 YEARS OF SERVICE



Rod Walmsley, Graeme Geaghan & Dennis Glazier
At Council's Christmas Gathering
10th December 2010
celebrate 40 years of service with Council

5,10,15,20,25,30,35 YEARS OF SERVICE



Zane Cronk (5), Greg Finlayson (15), Darrin Burkinshaw (15), Daryl Grosvenor (30),
John King (5), Leigh Trevaskis (20), Daryl Ryan (20), Greg Vidler,
Barry Weeks (5), Rod Walmsley (40), Graeme Geaghan (40), Dennis Glazier (40),
Jason Ip (15), Chairman Rod Kendall and Gerald Pieper (35)
celebrate various years of service with Council



RETIREMENT

Garry Meyers

18/10/1984 - 10/8/2010

Rural Water Supply Operator Garry Meyers at
Council's Christmas Function
10th December 2010



Gerald Pieper

19/7/1975 - 14/1/2011

Gerald Pieper, General Manager at his
Retirement Farewell held 15th December 2010

Pictured

Gerald and wife Beverly with family members
Karly, Lenny, Angela, Andie & David



COUNCILLORS – TERM OF OFFICE

Blackett, Dennis	Wagga Wagga	1 st July 1997 to 1999
Brassil AM, Patrick	Wagga Wagga	1 st July 1997 to 27 th March 2004
Brown, Alan	Wagga Wagga	Sept 2008 to Current
Coghill, Ian	Urana	1 st July 1997 to Oct 2003
Dale, Peter	Wagga Wagga	1 st July 1997 to March 2004
Edwards, Ross	Lockhart	1 st July 1997 to 1999
Fifield AM, Alan	Culcairn	28 th Sept 1999 to 26 th May 2004
Geale OAM, Wayne	Wagga Wagga	Sept 2008 to Current
Georgiou, Michael	Wagga Wagga	25 th Oct 1999 to April 2004
Goodlass, Ray	Wagga Wagga	Sept 2008 to Current
Harding, John	Wagga Wagga	25 th Oct 1999 to April 2004
Kendall, Rod	Wagga Wagga	April 2004 to Current
Kidson, Mary	Wagga Wagga	1 st July 1997 to 1999
Kotzur, Elwyn	Culcairn	1 st July 1997 to 1999
Kreutzberger, Ian	Urana	April 2004 to Current
McInerney, John	Holbrook	22 nd Sept 1999 to 26 th May 2004
McInerney, John	Greater Hume	27 th April 2005 to Current
Peardon, Robert	Holbrook	1 st July 1997 to 1999
Ross, John	Greater Hume Shire	27 th April 2005 to Current
Sexton, David	Administrator, Greater Hume Shire	26 th May 2004 to 23 rd Feb 2005
Simpson, Diana	Wagga Wagga	April 2004 to Sept 2008
Wright, Karen	Wagga Wagga	April 2004 to Sept 2008
Vidler, Lindsay	Wagga Wagga	1 st July 1997 to Current
Wales, Kevin	Wagga Wagga	April 2004 to Sept 2008
Yates, Peter	Lockhart	20 th Sept 1999 to Current
Chairperson		
Brassil, AM, Patrick		1 st July 1997 to 27 th March 2004
Vidler, Lindsay		10 th May 2004 to 31 st Oct 2007
Yates, Peter		31 st Oct 2007 to Oct 2008
Kendall, Rod		Oct 2008 to Current
Deputy Chairperson		
Coghill, Ian		1 st July 1997 to Oct 2003
Yates, Peter		Oct 2003 to 31 st Oct 2007
Kendall, Rod		31 st Oct 2007 to Oct 2008
McInerney, John		Oct 2008 to present

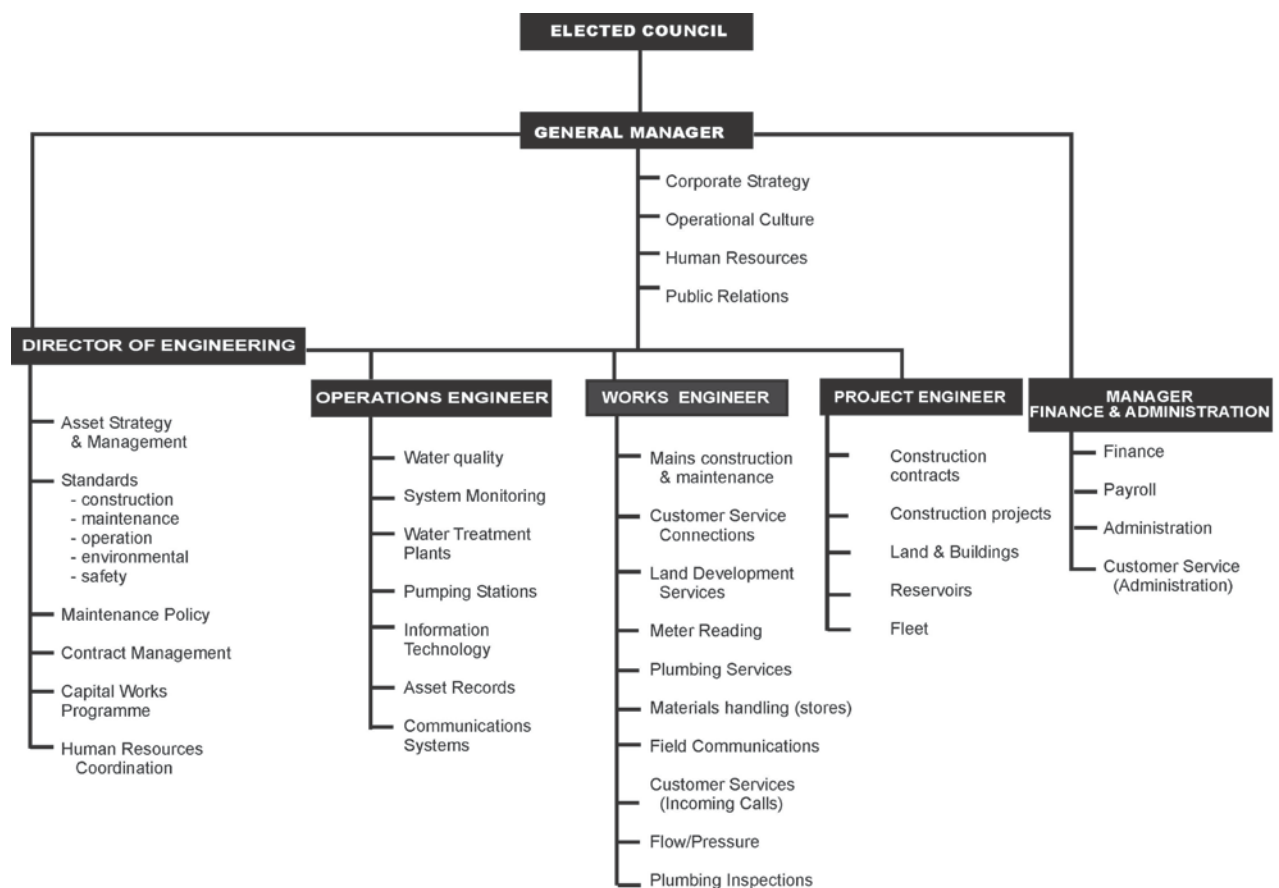
General Manager - Graeme Haley	17 th January 2011 to present
Pieper, Gerald	1 st July 1997 to 14 th January 2011
Senior Staff:	
Nash, Murray (Director of Engineering)	1 st July 1997 to 14 th May 2004
Clifton, Peter (Director of Engineering)	10 th May 2004 to 3 rd July 2009
Finlayson, Greg (Director of Engineering)	29 th June 2009 to Current

MEETING ATTENDANCE 2010/2011

COUNCILLOR	NUMBER OF MEETINGS	ATTENDANCE
A. Brown	6	5
W. Geale OAM	6	5
R. Goodlass	6	6
R. Kendall	6	6
I. Kreutzberger	6	5
J. McInerney	6	6
J. Ross	6	6
L. Vidler	6	6
P. Yates	6	6

INTRODUCTION

ORGANISATION STRUCTURE



CHAIRPERSON'S MESSAGE 2010/2011

We continue to live in interesting and unpredictable times. After many years of devastating drought we have just experienced one of the wettest years and certainly one of the wettest summers on record.

This wet period brought with it severe flood conditions that, in many areas, were amongst the worst on record. These floods caused devastation within most of the communities and rural areas that we serve. I give special thanks to RWCC staff and to the staff of our constituent councils who worked tirelessly throughout these events to ensure people were brought to safety and that vital services, especially safe drinking water, were restored at the earliest possible time. Thank you all.

Finances

A business that relies solely on the sale of water for its income is going to suffer a marked reduction in income in a year that had continuous summer rainfall. Our water demand for the last 12 months has been at historic lows with a reduction of income in the order of \$4 million experienced resulting in a significant deficit for the year. This has in part contributed to the increase in the basic cost of water by 5%. It is anticipated that similar increases will be required over the next several years to allow RWCC to continue trading on a sound financial basis whilst improving our infrastructure and the quality of water provided to our customers.

Strategy

We have continued to complete a detailed Integrated Water Cycle Management study and the results will be tabled early in the new financial year. At this time it is anticipated that some additional infrastructure will be required to meet the ongoing demands of our customer base, even with the implementation of well-planned water efficiency measures. In December 2011 we will begin the final stages of our revised integrated management plan, which inform the 30 year financial strategy and the resultant 4-year management strategy and one year operational plan. As mentioned above I expect that a program of moderate ongoing water price increases will be required.

Water Quality

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

New General Manager

This year we bid farewell to our long serving General Manager, Mr. Gerald Pieper, who has guided the development of this organization since its creation. We welcome Mr. Graeme Haley who brings to us a wealth of experience in local government. Graeme has implemented a review of our governance policies, which will ensure that RWCC remains at the forefront of regional water supply authorities.

In Conclusion

We are fortunate to have an experienced and diverse board that provides strong support and challenge to our executive team. The board has continued to provide a sound and supportive base to RWCC and myself. I wish to acknowledge them all for their commitment to RWCC. Finally I wish to acknowledge our constituent Councils and all of our customers for the support they give to us. Thank you.



Clr. Rod Kendall
CHAIRPERSON

NATIONAL COMPETITION POLICY

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

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

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

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

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

Council has developed a complaints management system.

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

As one of the intentions of the National Competition Policy is to provide a "level playing field" between Council's business activities and those provided by the private sector. The guidelines require calculations to be made to determine tax equivalents, debt guarantee fees (where the activity may obtain a lower borrowing rate than it may have faced if it were a private organisation) and dividends. These calculations do not have to appear in Council's external accounting processes but need to be calculated and recognised in Council's internal accounting arrangements. Calculations have been completed and included in the statistical notes of the financial statements for the 2010/11 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 2010/2011.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

Section 428 (2) (f)

Chairperson's Allowance	\$ 7,870
Councillors' Fees	\$43,110
Councillors' Expenses	\$ 7,483
Conference / Seminar Fees	\$ 7,564
Spouse/Partner Conference expenses	\$ 239

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

POLICY 5.3 - COUNCILLORS' EXPENSES & FACILITIES

POLICY TITLE

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

OBJECTIVES:

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

POLICY STATEMENT:

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

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

RIVERINA WATER COUNTY COUNCIL URANA RAW WATER PIPELINE OFFICIAL OPENING

11.30am Wednesday 25 August 2010,
William St, Urana

Water efficiency gets a big boost at Urana with new \$1.690m raw water pipeline. Twenty seven kilometers of open channel replaced and water treatment improved.

A crowd of about sixty guests witnessed the official opening of the new Urana raw water pipeline. The official function followed a special meeting of Riverina water County Council at the Urana Shire Council chambers.

Councillors, staff, local landowners and residents attended the opening at the Urana Water Treatment Plant. The general Manager of Riverina Water, Gerald Pieper, gave an overview of the project and the history of the Urana water supply. Mr. Pieper commended the staff for their excellent work on the project. The Chairman of Riverina Water, Clr. Rod Kendall officially dedicated the new works and was assisted by the Mayor Urana Shire Council, Clr. Margaret Buntin and Clr. Ian Kreutzberger in unveiling the plaque. Clr. Kendall invited the Urana Water Operator Darrell Kenny to officially switch on the new pump.

FACTS: The townships of Urana and Oaklands became part of the Riverina Water supply system in the early 1950's when the trunk main was extended from Wagga Wagga. As demand grew a new source and treatment plant was constructed in 1966 to serve these towns with an irrigation channel from the Colombo Creek extended to the filtration plant. This water treatment plant has successfully treated water each summer to meet high seasonal demands. Improving the efficiency of water transfer systems such as irrigation channels has become a high priority. In 2008 work commenced to construct a pipeline dedicated to supplying raw water from the Colombo Creek to Urana Water Treatment Plant. This greatly improves efficiency and is estimated to reduce raw water losses from 80% to zero. The total value of this work is \$1,690,000.



Gerald Pieper, Clr. Ian Kreutzberger (USC), Mayor Margaret Buntin and Chairperson Rod Kendall



Urana Water Operator Darrell Kenny officially turning on water supply

Councillors, Staff and Urana residence attend the official opening



Councillors and Staff travel out to see where the raw water pipeline begins in the Colombo Creek

DECEMBER 2010 - FLOODING AFFECTS RIVERINA WATER'S SITE



Water first seeps in around 4 pm
On 5th December 2010



6th December 2010 - 8 am

MURRUMBIDGEE RIVER, WAGGA WAGGA HEIGHT AT 9 AM ON

8.27 m - Sun 5th Dec
9.65 m - Mon 6th Dec
8.75 m - Tue 7th Dec
9.22 m - Wed 8th Dec
8.75 m - Thu 9th Dec
8.79 m - Fri 10th Dec
8.76 m - Sat 11th Dec
9.18 m - Sun 12th Dec



Flood waters began to enter onsite via stormwater system located near overhead standpipe on Sunday 5th December at 4.15 pm (this was checked to river height data of approx 8.7m).

The maximum river level rose to 9.65m on Monday 6th December

Aerial view of Riverina Water - 11 am on 6th December 2010



Riverina Water staff survey the site by boat



FLOODING

Riverina Water's
Walbundrie Treatment Plant
17th October 2010

Riverina Water's
Urana Treatment Plant
7th February 2011



Riverina Water's Engineering Staff
Tour the new completed Tarcutta Hume Highway By Pass
17th November 2010

NEW WATER RESERVOIR COMPLETED

Riverina Water has recently completed construction of a new 11 Megalitre water reservoir on Willans Hill near Red Hill Rd. The work, at a cost of \$1,649,000, was carried out by Brisbane contractors Hornick Constructions Pty Ltd.



RWCC's Project Engineer Peter Anderson with Chairperson Clr. Rod Kendall

Work commenced in late August 2010. Local contractors used included Stephen Shaw (earthmoving), Wagga Mobile Cranes P/L, Boral Concrete, Advance Concrete Pumping, BMDC Constructions P/L and DG Harper P/L. The reservoir is a post-tensioned concrete reservoir with a steel roof.

Riverina Water's Director of Engineering, Greg Finlayson, advises that all work has been completed to an excellent standard with only the re-vegetation work remaining. "We were originally held up by land matters and wet weather, but since then the work has progressed brilliantly."

Mr. Finlayson went on to say that the reservoir was required to meet increasing demands from residential growth in the southern areas of Wagga, including Tatton, Bourkelands and Lloyd. "During peak summer demands, when the temperature is over 40 degrees, this new reservoir will be critical to ensure adequate flows and pressure are maintained for customers. Most of that peak demand is lawn watering."

Chairman of Riverina Water, Cr Rod Kendall, was originally involved with the project during the community consultation stage. At an inspection of the finished work he congratulated Riverina Water staff on the completion of both the reservoir and connecting trunk main. "The overall project was supervised by Riverina Water project engineers and the trunk main has been constructed by our work crews."



Peter Anderson
RWCC's Project Engineer

Cr Kendall said. "Although Wagga has almost the lowest water charges in Australia, we invest in projects like this to ensure security of supply. This reservoir is an important component of our 30 year strategy."

Cr Kendall continued by urging Wagga water customers to re-consider how they manage their summer water usage. "Wagga water consumption is very high by industry standards. Riverina Water promotes outdoor water efficiency because, to be honest, current levels of water usage are unsustainable. This new reservoir is sized assuming householders will use less water outdoors."

Waterworks Rest Area OFFICIAL DEDICATION 29th July 2011



(L-R) Wayne Kennedy, Maldhangilana River Restoration Team; Lee O'Brien, Chairperson, Murrumbidgee Catchment Management Authority; Cllr Kerry Pascoe, City of Wagga Wagga; James Ingram, David Wilson, Jack Hampton, Lloyd Kennedy, Maldhangilana River Restoration Team; Cllr Rod Kendall, Chairperson, Riverina Water County Council; Brendon Neyland, Acting Regional General Manager Southern, Essential Energy; (In front) Aunty Flo Grant, Wiradjuri Elder



Wagga Wagga residents are set to benefit from a unique new rest area which has been developed by Riverina Water with the support of Essential Energy, The City of Wagga Wagga and the Murrumbidgee Catchment Management Authority. Riverina Water County Council identified the opportunity three years ago to improve the River Bikeway, which runs along the Murrumbidgee River, by coordinating the construction of the "Waterworks Rest Area". The jointly funded project cost \$104,000.

The Waterworks Rest Area, adjacent to the River Bikeway at the junction of Marshalls Creek and the Murrumbidgee River, will be officially opened by Cllr Rod Kendall, Chairperson Riverina Water County Council on Friday 29 July 2011.

Chairman of Riverina Water, Cllr Rod Kendall confirmed that the project had taken some time to come to fruition, hampered by the floods last year, however the end result looks fantastic.

"This was a unique project, not only will the rest area provide a practical aspect for walkers, joggers and cyclists using the bikeway, but it also offers an insight into the history of the area with interpretive signs installed depicting the historical significance of the relics and features. Thanks should go to the Maldhangilana River Restoration Team for their involvement and local historian Zita Denholm, who was invaluable in researching and collating the area's history," said Rod.

City of Wagga Wagga Mayor Wayne Geale was full of praise for the project commenting that, "the rest area is a one stop spot with the inclusion of a picnic shelter, drinking fountain and seating. "People can take a break in a picturesque setting, while reading up on the area's history," said Mayor Geale. "Fortunately for the people of Wagga Wagga, Beverle and Andrew Irvine saved the Historic Railway Bridge relics from destruction and donated them for display.

Essential Energy's Acting Regional General Manager Southern, Brendon Neyland commended all those involved in bringing the project plan to reality. "Essential Energy was pleased to partner with Riverina Water, Wagga Wagga City Council and Murrumbidgee Catchment Management Authority in the Waterworks Rest Area initiative it is a significant community project that has captured the heritage of the local area for generations to come," said Brendon.

The Waterworks Rest Area is situated on land previously owned by the Southern Riverina County Council and was later split between Riverina Water and Essential Energy who both have major depots and facilities located in the area. Across Marshalls Creek from the new rest area is the Waterworks. The original brick pump house dates back to the 1880s and is still used today as a pump house by Riverina Water. It is also the site of Wagga Wagga's first electricity power station, built in the 1920s.

PERSONNEL & DELEGATION

EMPLOYMENT OF SENIOR STAFF

Section 428 (2) (g)

During the year 2010/2011 Council employed two senior staff, the General Manager and Director of Engineering, at a total remuneration cost of \$342,120 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 ... 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. Four (4) apprentices have been employed during the year through G.T.E.S.

Riverina Water's commitment to developing a skilled workforce is demonstrated in its apprenticeship and trainee program. Apprentices are employed in the Electrical (2), Welding (1) and Fitting (1) trades. Trainees are employed in Maintenance Operations (2) and Water Treatment (1). These seven (7) apprentice/trainee positions represent 7% of Council's staff.

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

	Admin	Engineering	Waterworks	Depot Base	Rural	Totals
Perm. June 2010	8	10	23	41	6	88
Temp. June 2010						
TOTAL June 2010	8	10	23	41	6	88
Retired	2			1	2	5
Resigned				2	1	3
Deceased		1				1
Appointed	3		1	6	2	12
Internal Transfer				-2	2	
Transfer to Perm.						
Temp. Appointed						
Temp. Terminated		1				1
Perm. June 2011	9	8	24	42	7	90
Temp. June 2011						
TOTAL June 2011	9	8	24	42	7	90

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 2010/2011

TRAINING COURSE	NUMBER OF
Authorised Service Provider - L2	1
Auto Tech - Sensor Operation & Diagnosis	2
AutoCAD Training	1
Blue Green Algae	1
Bonded Asbestos Removal	4
Bonded Asbestos for Supervisors	3
Bullying & Harassment Training	82
Certificate II Traineeship - 1 Day Training	2
Chainsaw Training & Assessment - L1	6
ChemCert - Chemical User Refresher	1
ChemCert - Chemical User Training	8
Confined Space - Refresher	8
Consultative Committee Training	9
DAF Training	1
Enlighten Upgrade Training	1
Filtration Training	1
First Aid - Refresher	17
First Aid Certificate	1
Fringe Benefit Tax	2
HC - Truck Licence RPOS	2
HR - Truck Licence	1
OH & S White Card	1
Sedimentation & Clarification	1
Traffic Control RTA L1 - Blue Card	9
Traffic Control RTA L2 - Yellow Card	46
Traffic Control RTA L3 - Red Card	20
Traffic Control RTA L4 - Orange Card	3
Vehicle Management Workshop	1
WIOA - Coagulation & Flocculation Workshop	7
WIOA - Operators Conference	3
Workcover Licence - C6 - Crane	4
Workcover Licence - CV Training	1
Workcover Licence - Dogging	3
Workcover Licence - Hiab	9
TOTAL	262

Enterprise Award

In 2009/2010 A revised enterprise award was negotiated with the various unions. Riverina Water County Council Enterprise Award 2010 continues the concept of an effective and cohesive workplace, and covers a three year which commenced July 2010.

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

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

Staff Committees

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

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

NEW Occupational Health and Safety Management 2010/11

This year the focus has been on promoting Safety Responsibilities at all staffing levels throughout the organisation. Often there has been a gap between the requirements in Riverina Water’s formal safety policies and procedures and the practices on the ground. RWCC has put in place strategies to detect where non-compliance is occurring. The main focus has been on providing a Safe Work Environment rather than an emphasis on lowering the LTI (Lost Time Injury Rate). There is no point having a commitment to safety, rules about compliance with safety regulations, and educating people to behave safely if there compliance monitoring. If people can get away with any behaviour that doesn’t comply with an organisation’s safety rules, there will continue to be casual attitudes towards safety.

Objective / Goal

Riverina Water's OH&S goal for 2010/11 was **ZERO HARM AT WORK – to be achieved through eliminating unsafe behaviours and/or conditions** which will result in providing a safe workplace and systems of work. Our aim over the period July 1, 2010 – June 30, 2011 was to implement the following strategies to achieve the overall objective / goal for this 12-month period.

Objectives	Means of achieving	Target/Measure
Continue promotion of responsibilities within the OHS Management System	<ul style="list-style-type: none"> Promote OHS responsibilities to Management, Supervisors & employees through utilisation of "Expectation checklists" during face-to-face discussion groups. 	<p>All individuals within the organisation fully aware of their responsibilities in relation to safety & actively undertaking their safety role.</p> <p>ACHIEVEMENT: OH&S roles & responsibilities lists were developed and distributed to staff, however the communication of these responsibilities was limited to staff reading the lists and not through a discussion forum as planned.</p>
Provide effective staff support	<ul style="list-style-type: none"> Provide on-going promotion of Riverina Water's 'Employee Assistance Program' that provides free professional counselling to staff and their immediate families Promote usage of Progressive Disciplinary & Grievance Procedure 	<p>In house promotion in Safety Newsflash articles</p> <p>Self referral to counselling service (verified by quarterly report from provider)</p> <p>ACHIEVEMENT: Ongoing promotion and use of the EAP service.</p> <p>More timely & effective resolution of conflict. Use Work Improvement Notice (WIN) for non compliance issues if direct contact with employee does not resolve unacceptable behaviour or actions.</p> <p>ACHIEVEMENT: 0 WIN issued</p>
Improve Communication and Consultation	<ul style="list-style-type: none"> Continue promotion of "Take & Break & Talk Safety" & incentive by way of rewards (i.e. Kit Kats / Fruit / Luncheon) to teams who engage the OHS Coordinator during their team discussion OHS Coordinator to receive & record team meeting sheets Quarterly meetings involving Dept. Managers and their respective work teams. 	<p>Monthly meetings held with all work teams with documented evidence being provided by Supervisors.</p> <p>ACHIEVEMENT: All work teams (with the exception of the executive) met the requirement for monthly meetings. Team meetings records provided to the OHS coordinator.</p> <p>Outstanding issues raised discussed with management & outcomes reached with feedback directly to the work team within a reasonable time frame.</p> <p>ACHIEVEMENT: All feedback provided – no outstanding issues.</p> <p>Diary or other appropriate recording of meetings with timely feedback to employees on raised issues.</p> <p>ACHIEVEMENT: Action was missing from CIAP and possibly not passed on to managers.</p>

Continue on-going OHS training of new & existing staff	<ul style="list-style-type: none"> Undertake inductions of new staff. Continue internal and external training programs for staff. As procedures/SWMS are released, appropriate training or instruction is given. 	<p>Induction & review of all new staff (evidence available through completion of Individual Induction Booklets). ACHIEVEMENT: 100% inductions completed.</p> <p>Annual training plan in place and skills gap analysis. ACHIEVEMENT: 100%</p> <p>Training record sheets received & skills database updated. ACHIEVEMENT: Ongoing review and release of SWMS/procedures. Appropriate training given where required.</p>
Develop & Review Safe Work Procedures	<ul style="list-style-type: none"> Review, reformat & consolidate existing SWMS Ongoing review of OHS Policies & procedures with a view to their effectiveness and legal compliance 	<p>Up to date supervisor manuals. ACHIEVEMENT: Still some existing procedures requiring change to new format.</p> <p>Review all current policies/procedures within 12 months. ACHIEVEMENT: Process of OHS documentation review is ongoing.</p>
Develop & complete an annual CIAP (Continuous Improvement Action Plan)	<ul style="list-style-type: none"> Develop CIAP in consultation with Senior Management following annual OHS audits <ul style="list-style-type: none"> -Internal audits -StateCover -Self Evaluation Tool 	<p>CIAP developed & progress made on required actions. ACHIEVEMENT: Good progress made on CIAP. Meetings need to be held more regularly to check progress and ensure actions being implemented.</p> <p>>95% evaluation result. ACHIEVEMENT: Documentation 97%; Implementation 94%</p>
Identification of hazards & elimination/reduction of risks	<ul style="list-style-type: none"> Workplace inspections to be undertaken every 4-6 months Timely reporting of accident/incidents/near misses Hazard register in place 	<p>Inspection schedules up to date. Identified issues controlled within an appropriate time frame. ACHIEVEMENT: Inspections generally being completed on time. Employees on restricted duties sometimes being utilised to undertake inspections.</p> <p>All reports received within the required timeframes. ACHIEVEMENT: Good percentage of reports done on time but still some that are outside the requirements. Some incidents going unreported.</p> <p>Interim controls in place immediately, permanent controls considered, reviewed monthly by management. Feedback to be given to staff. ACHIEVEMENT: Hazard register being reviewed intermittently. Interim controls all implemented within time frame.</p>

Achievements this Year

- Promotion of Safety roles & responsibility lists
- Asbestos testing with the Lung Bus during September
- Return to Work working group formed – outcomes communicated to all staff
- EAP (Employee assistance program) education session
- Roles & Responsibilities Question and answer session during September clarifying what employees, supervisors and managers need to do to fulfil their role in safety.
- Kids Colouring In competition conducted in October in line with Safety Week Australia
- Safety Breakfast held in October with representatives from Wagga Mutual Credit Union, WorkCover and Glenrock Country Practice in attendance
- Ovarian cancer awareness conducted in house
- Launch of \$100 subsidy for individual health promotion
- Skin cancer screening during May
- Harassment and bullying education sessions and new policy released
- Flu vaccination conducted during April

Engineering Controls of Risk

Safety related projects for the past year include:

- Install platform, ladder, handrail and gantry at Morven reservoir
- Fit access hatches to Square reservoir roof
- Install new access stair into Beauty Point reservoir Ski Lodge
- Modification to Waterworks gantry to provide clearance and allow full travel
- Air-conditioning platform on Administration carport

Watchout Safety Incentive Award Recipients

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

June/July 2010	Awarded to Aran Beckett, Kathy Ovens, Richard Menz Installation of new mirrors on store yard and waterworks alley, as you could not see vehicles coming in the opposite direction
Aug/Sept 2010	Awarded to Aran Beckett, Kathy Ovens, Richard Menz Attach locking pins to keep forks pinned up and back on Telehandler when travelling. Previously forks would point forward (hazard to other vehicles and pedestrians)
Dec/Jan 2011	Awarded to Ross Hawkins Requesting a convex mirror at rear of East Wagga Bore Aeration Tank behind depot yard as it is a blind spot driving around
Feb/Mar 2011	Awarded to Jeremy Thain Suggest we have the option to wear a hat with neck cover – hats to be purchased when next order placed

Feb/Mar 2011

Awarded to Phil McAlister & Robert McIntyre

The poly tanks we use have a very small entry/exit hole at the top. So we designed manufactured bigger manholes making entry/exits of these poly tanks safer. We also included ladder hangers to secure the ladders to the tank. These ladders hangers stop the ladders slipping and so stop injuries to our work team. The access hatches have been made and are being fitted to all plastic tanks that need to be accessed

Riverina Water's Workers Compensation Performance

The focus is returning people to health and activity as quickly as possible and promoting the fact that employees who are on a RTW program must adhere to their doctor's restrictions both at work and at home. Unfortunately people seem to behave differently at home then at work and may not consider the risks involved with their home activities. The important thing is to ensure clarity between the injured worker and the RTW coordinator as to each others responsibilities within the RTW process. A focus group was formed to review the entire Return To Work program. Results and expectations from this group were then communicated to all staff. This year was a difficult time for staff with the passing of a fellow work colleague and friend. All staff are to be recognised for their efforts to support the family during this difficult period. Safety and support doesn't just begin and end at work.

Unfortunately this year has seen the worst record of lost time days due to workplace injury within the past 7 years at Riverina Water. A total of 118 full work days were lost this year. Six individual incidents, two of which required surgery led to this increase in lost time at the workplace. In an attempt to prevent these injuries, Riverina Water will be conducting intensive training and education programs on manual handling and injury prevention strategies in the year ahead. Specialist programs are also being considered, dealing with "personal health" and "nutrition programs" to encourage staff to maintain their fitness for work.

RIVERINA WATER COUNTY COUNCIL SAFETY BREAKFAST - 19TH OCTOBER 2010



Safety is everybody's business

Get involved in Safe Work Australia Week 2010!

Riverina Water County Council has taken the lead in increasing awareness of workplace safety, conducting some fun and informative activities to coincide with Safe Work Australia Week.

OH&S Committee Members organised a Free Safety Breakfast for all Riverina Water staff and launching a campaign "Back to Basics". This promotion focused on prevention strategies to avoid back injury and maintaining individual fitness.

Wagga Mutual Credit Union representatives - who are a major sponsor throughout the year for Riverina Water's bi-monthly safety award program; Representatives from WorkCover and RWCC staff, shared in the morning's activities.

Dr. Shenouda from Glenrock Country Practice was invited along to share his knowledge of body mechanics and information on how to maintain a healthy lifestyle. Dr. was inspirational in his delivery, relating the workings of the body to the working of pipes and pumps - maintenance is required to keep everything in good working order.

Riverina Water is committed to supporting the health and fitness of all its employees. As a special surprise on the day, all staff were provided with a \$100 subsidy to utilise on a range of activities that will assist in maintaining their fitness for work.

As a lead up to Safe Work Australia Week Riverina Water also ran a Kids Colouring-in Competition encouraging everyone to focus on Safety and have an opportunity to win great prizes along the way.

Riverina Water encourages all businesses to demonstrate their commitment to workplace safety by getting involved in Safe Work Australia Week.



Mark Barber (Workcover Regional Organiser), Daryl Ryan (OHS Coord), Colin Fisher (OH&S Committee Chairperson), Dr Shenouda (Glenrock Country Practice), Michael Reid (WMCU Rep), Clr. Rod Kendall (Chairperson), Gerald Pieper (General Manager) & Judi Dunning (RTW Coord)



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

**AWARDED TO THE STORETEAM
(Kathy Ovens, Richard Menz & Aran Beckett)
August/September 2010**



Attach locking pins to keep forks pinned up and back on Telehandler when travelling. Previously forks would point forward (hazard to other vehicles and pedestrians)

L-R Mick Reid (WMCU Representative), Aran Beckett (Storeperson), Richard Menz (Storeperson) and Kathy Ovens (Store Supervisor) with Gerald Pieper (General Manager)

**AWARDED TO THE STEVE CUTTING’S GANG
(Steve Cutting, John Frazier, Dane Garside & Barry Weeks)
October/November 2010**

All asbestos should be labeled with gang name and date of collection once wrapped”



K-R Steve Cutting, Dane Garside, Judi Dunning (RTW Coordinator) & Mich Reid (WMCU Representative)
(Absent: Barry Weeks & John Frazier)



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

**AWARDED TO
ROSS HAWKINS (Fleet Supervisor)
December 2010 /January 2011**



“Requesting a convex mirror at rear of East Wagga Bores Aeration Tank behind Depot yard, as it is a blind spot driving around”

L-R Colin Fisher (Chairperson OHS Committee), Ross Hawkins (Fleet Supervisor), Graeme Haley (General Manager) and Mick Reid (WMCU Representative)

**AWARDED TO
JEREMY THAIN
(Maintenance
Operator)
February 2011 and
ROBERT MCINTYRE
& PHILLIP
MCALISTER
(Filtration Plant
Operators)
March/April 2011**



L-R - Daryl Ryan (OHS Coordinator), Mick Reid (WMCU Representative) & Robert McIntyre (Inset - Jeremy Thain & Phillip McAlister)

Jeremy Thain (Maintenance Operator): “Suggest we have the option to wear a hat with neck cover - spoke to several employee's about the hat with some positive feedback - these hats to be purchased when next order placed.

Phil McAlister, Robert McIntyre (Filtration Plant Operators):

“The poly tanks we use have a very small entry/exit hole at the top. So we designed/manufactured bigger manholes making entry/exits of these poly tanks safer. We also included ladder hangers to secure the ladders to the tank. These ladder hangers stop the ladders slipping and so stop injuries to our work team” the access hatches have been made and are being fitted to all plastic tanks that need to be accessed - has been implemented

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

Section 428 (2) (n)

PURPOSE

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

SCOPE

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

ADVERTISING STAFF POSITIONS

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

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

E.E.O. STRATEGIES

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

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

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL-DELEGATED FUNCTIONS

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, for the positions of General Manager and Director of Engineering was \$342,120.

ENVIRONMENTAL MATTERS

STATE OF THE ENVIRONMENT

Section 428 (2) (c)

Unlike a general purpose council, Riverina Water County Council is not required to address the general state of the environment, however it is responsible for environmental protection in relation to all its works and activities. The movement and treatment of water, and the disturbance of soil during construction work must have due regard for environmental issues. Water is a finite resource, and although most of Riverina Water's sources of raw water are adequate and reliable through the driest years, there is a wider responsibility to eliminate any inefficient or wasteful practices in the use of water.

Environmental Protection – objectives and targets

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

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

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

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

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

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

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

Section 428 (2) (i)

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

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

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

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

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

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.

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)

During 2010/11 the process was commenced to end the formal agreement with NUWC.

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. Riverina Water has participated in "Little Big Day Out" in Wagga Wagga where various aspects of water supply and treatment are presented to school children.

Council also liaises with local schools and arranges tours through our water treatment facilities as required.



WATER WEEK 23/24 October 2010

Riverina Water's Environmental
Officer
Leanne Hastings at
Bunnings display

GARDEN & OUTDOOR FESTIVAL 30/31 October 2010

Leanne Hastings talks with a visitor,
assisted by Mark Thorpe at
Garden & Outdoor Festival held at
Wagga Wagga's Botanic Gardens



TEAL DAY

Ovarian Cancer Awareness 23rd February 2011

Riverina Water's OHS Coordinator Judi Dunning presented a seminar to Administration & Engineering staff in relation to Ovarian Cancer Awareness on Tuesday 22nd February. The 30 minute session covered Symptoms, Known Risk Factors, Protective Factors, Detection Methods, Treatment and general awareness. Information brochures and a symptom diary was available to all staff for a "take home" message to share with family members.

Her message highlighted the symptoms of Ovarian Cancer so that women can seek early medical advice giving them a better chance of survival. Have any symptoms that are new, persistent, or not quite right for YOU checked out by your Doctor.





WIOA CONFERENCE - NEWCASTLE

30/31st MARCH 2011

"Along with being hypnotised in Newcastle Brenden Bates, Engineering Assistant came back with the following award for his paper on "Water Filling Stations" he presented;

2nd Place in "Best Operator Platform Paper - New South Wales Conference" Sponsored by Actizyme.

WIOA selects a number of judges at each conference who watch all the presentations made over the two days. They score each of the papers based on:

- The content and layout of the written paper;
- The originality of the ideas portrayed;
- The use of visual aids during the presentation;
- The verbal presentation and whether or not the author sticks to the allotted time; and
- The demeanor of the presenter including how well they answer any questions.

At the completion of the paper sessions, the scores are tallied and the winners determined.

2011 HOME EXPO 15/17th April 2011

The 2011 Home Expo was held 15/17th April 2011. According to the organisers, 18,000 people passed through the gates.

Riverina Water's message this year was to save water outdoors, especially in the garden. Plants Plus kindly loaned us a range of drought tolerant plants to display at the site which attracted a lot of attention showing that you don't necessarily have to use grasses, there are also many cottage garden-type plants to choose from.

Riverina Water's mascot "Bidgee" made his first true public appearance entertaining kids and adults alike.

Riverina Water ran a crossword competition with over 80 entries and the winner of the \$200 rebate was Gordon Nest of Andrews Ave, Wagga Wagga. The \$200 can be spent anywhere on any water-saving outdoor devices/goods such as mulch, stones, drought tolerant plants, timers, drip hoses etc.

Riverina Water's
James Garnsey
with "Bidgee"



Riverina Water's
Environmental Officer
Leanne Hastings escorts
"Bidgee" around the
Home Expo Site



Pictured L-R Greg Finlayson, Director of Engineering, Leanne Hastings Environmental Officer overlooking General Manager Graeme Haley drawing the winner of Riverina Water's Crossword Competition and

Winner Gordon Nest being presented with cheque for \$200 which went towards purchasing mulch for his garden.

CUT, POISON, MULCH - SECTION CLEARED BRUCEDALE - 4th August 2010



Under the State Environmental Planning Policy (Infrastructure) 2007, water authorities are permitted to clear vegetation over infrastructure which is considered to be routine mains maintenance. Naturally, authorities have to take into account The Native Vegetation Act, Threatened Species Act, Environmental Planning & Assessment Act etc before clearing can proceed.

Riverina Water is currently undertaking a tree-clearing project along the Olympic Highway at Brucedale with the assistance of D&K Tree Surgery. Future clearing is planned for Poiles Rd easement, Prices Rd, The Gap and Uranquinty.

OPERATION, CONSTRUCTION & MAINTENANCE

OPERATIONAL PLAN – PERFORMANCE TARGETS 2010/2011

Section 428 (2) (b)

Tabled below is a report on the progress achieved in the year for the various objectives set out in the 2010/2011 Operational Plan.

Services

Strategies / Actions	Progress to 30 th June 2011
- Monitor urban and rural per capita demands and determine if they significantly exceed the design peak demand levels of service.	Average kilolitres per quarter not exceeding design.
- Manage demand effectively using a range of measures	Pricing signals promoted. Permanent conservation measure policed. Commonwealth funds secured for nature strip program
- Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs	Customer needs met
• Maintain network analysis of Wagga urban water system	Consultants completed model and being trialled by staff.
• Maintain the water supply infrastructure in good working order.	Some but infrequent breakdowns.
• Monitor the operation of the water supply system to ensure continuity of supply.	Continuity of supply maintained.
- Reinforce throughout the organisation that we are customer orientated.	Responses have been timely.
- Maintain a request and complaint handling system that ensures both attention to the request and advice of action taken or to be taken.	System up to date and reports completed.
- 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.	Numerous media outlets used to advise customers on demand management and standpipe changes. Interest groups met re demand management and IWCM.
- Increase inspection and documentation of consumer pipework where there is potential for contamination from backflow.	Required protection devices in use. New standpipe regime reinforces backflow protection.

Asset Replacement

Strategies / Actions	Progress to 30 th June 2011
Develop and maintain a rolling replacement plan for all assets with review every 3 years.	Program documented and executed.
Identify potential system capacity deficiencies and incorporate in capital works programme.	30 Year IWCM strategy developed.
Maintain water network analysis programme to identify timetable of system improvements and extensions.	Network model trialled.
Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs.	Pipe break definitions improved in reports. Major replacements being documented in IWCM.

Environment Protection

Strategies / Actions	Progress to 31 st June 2011
Water returned to the environment from the filtration plant will be monitored for quality.	EPA standards achieved.
All field work-sites will be protected and restored to eliminate degradation.	No soil loss or siltation. Vegetation restored. Flood issues addressed satisfactorily.
Soiled water from Urban field site works will be returned for proper disposal.	No soiled water entering town drainage systems.
Electrical efficiency will be considered in infrastructure design.	Electrical efficiency taken into account.
Marshall's Creek environmental project to restore native vegetation and protect creek bed.	Native vegetation restored. Stable creek bed.
Fleet replacements to consider environmental criteria	Models and efficiencies monitored.
Decommission of Bores	None this quarter

Finance & Revenue

Strategies / Actions	Progress to 31 st June 2011
Stepped tariff, with a differential applying between Wagga Wagga & Rural, subject to some concession for large year round users.	Stepped pricing applied.
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, as per the Development Servicing Plan	Funding balance achieved.

CONTRACTS AWARDED DURING THE YEAR

Section 428 (2) (h)

Company	Description of Work	Cost \$
Great Southern Electrical	Design of Underground HV powerlines at Wagga Waterworks	\$32,000
MJM solutions	Design and development approval for industrial shed	\$37,000
Northstar Industries	Supply of tandem axle tag trailer	\$45,000
Hornick Constructions Pty Ltd	Design and Construction of 11ML concrete reservoir	\$1,800,000
Stephen Shaw	Scour pipe and sloping floor excavation for Red Hill Reservoir	\$124,000
Max Hire	Excavator and Jack hammer hire for Red Hill pipeline	\$46,000
Stephen Shaw	Red Hill Reservoir trench ripping	\$24,000
Ladex Construction Group Pty Ltd	Water and tip truck hire	\$52,000
DG Harper	Reconstruct administration carport and fabricate and install A/C platform	\$38,000
MJM solutions	Flood Levee investigation and alternate access to Hammond Avenue site	\$10,000
UDCS Consulting	Field investigation and Cable Ampacity report	\$14,000
Murray Valley Piling	Install piles and repair footbridge	\$23,000
Max Hire	Excavator and Jack hammer hire for Red Hill pipeline	\$40,000
Public Works	Design and Construction Specification for Woomargama reservoir	\$13,000

PRIVATE WORKS UNDER SECTION 67(3) OF THE ACT

Section 428 (2) (k)

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

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

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

Development Servicing Plan (DSP)

In accordance with Department of Water and Energy Best-Practice Management of Water Supply Council adopted Development Service Plan at its Meeting on 21st October 2004. The draft DSP was placed on public exhibition after Council's meeting on 25th August 2004.

The Calculated Developer charge in the DSP is \$4,388 and Council resolved to incrementally increase the current charge of \$3,500 to \$3,600. The charge for 2010/2011 was \$3,600 and as reported in Council's 2010/2011 financial statements that a total cross-subsidy in developer charges for 2010/2011 was \$788 per equivalent tenement.

CONSTRUCTION OF RED HILL RESERVOIR No. 3 BY HORNICK CONSTRUCTIONS



Earthworks by Steve Shaw,
Earthmoving Contractor



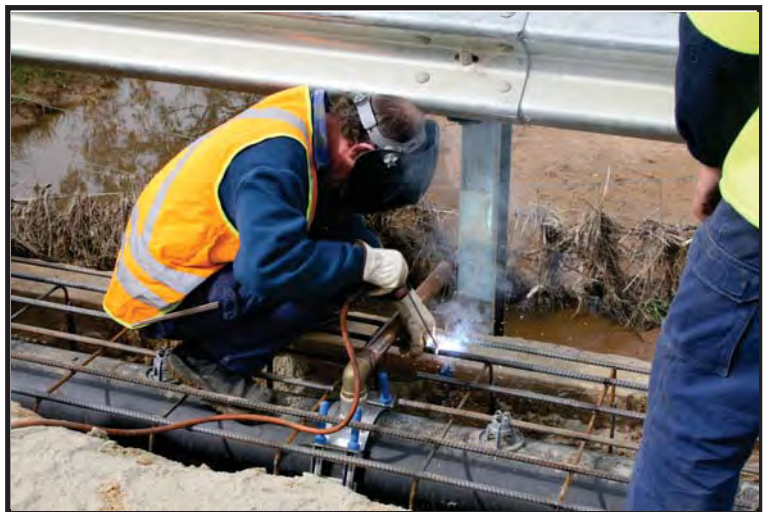
Pipeline Construction
under
Red Hill Road by
Riverina Water staff



Rob McIntyre & Adam Gadd
cleaning out chemical storage cupboard



Jennings Road Pipeline, Henty
April 2011



Gregadoo Road Culvert Crossing

WATER FILLING STATIONS



New water filling stations were installed at seven locations through the distribution network.

These filling stations replace portable standpipes and overhead standpipes as the means for water carriers to purchase water.



RED HILL RESERVOIR 3 CONSTRUCTION

Site tour by Admin/Engineering Staff



Riverina Water's Project Engineer
Peter Anderson
takes Engineering/Admin staff
on a tour of Red Hill Reservoir 3
Construction Site
8/9th February 2011

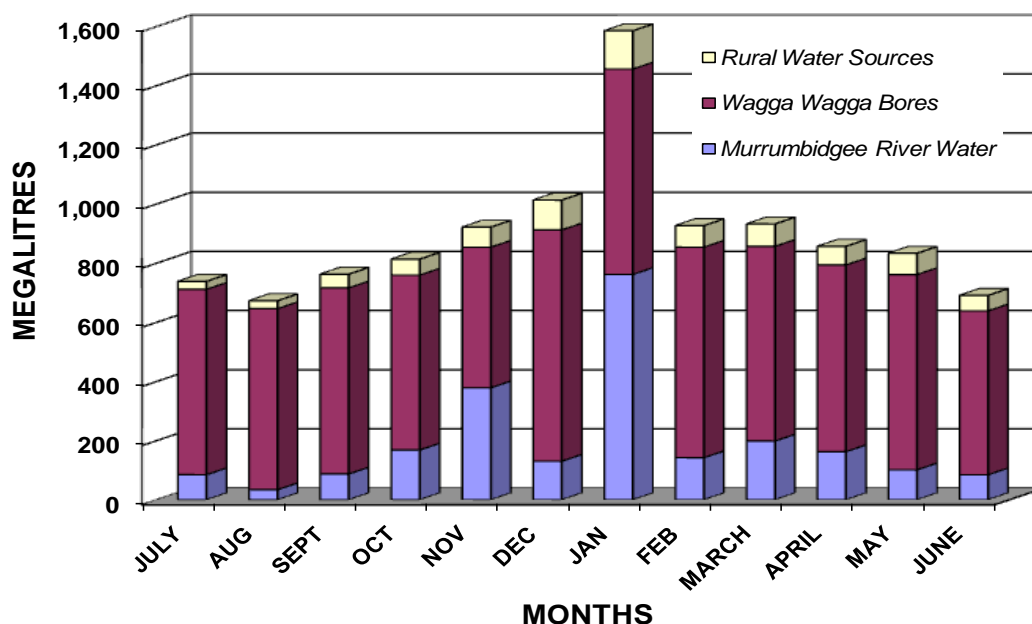
WATER SUPPLIED

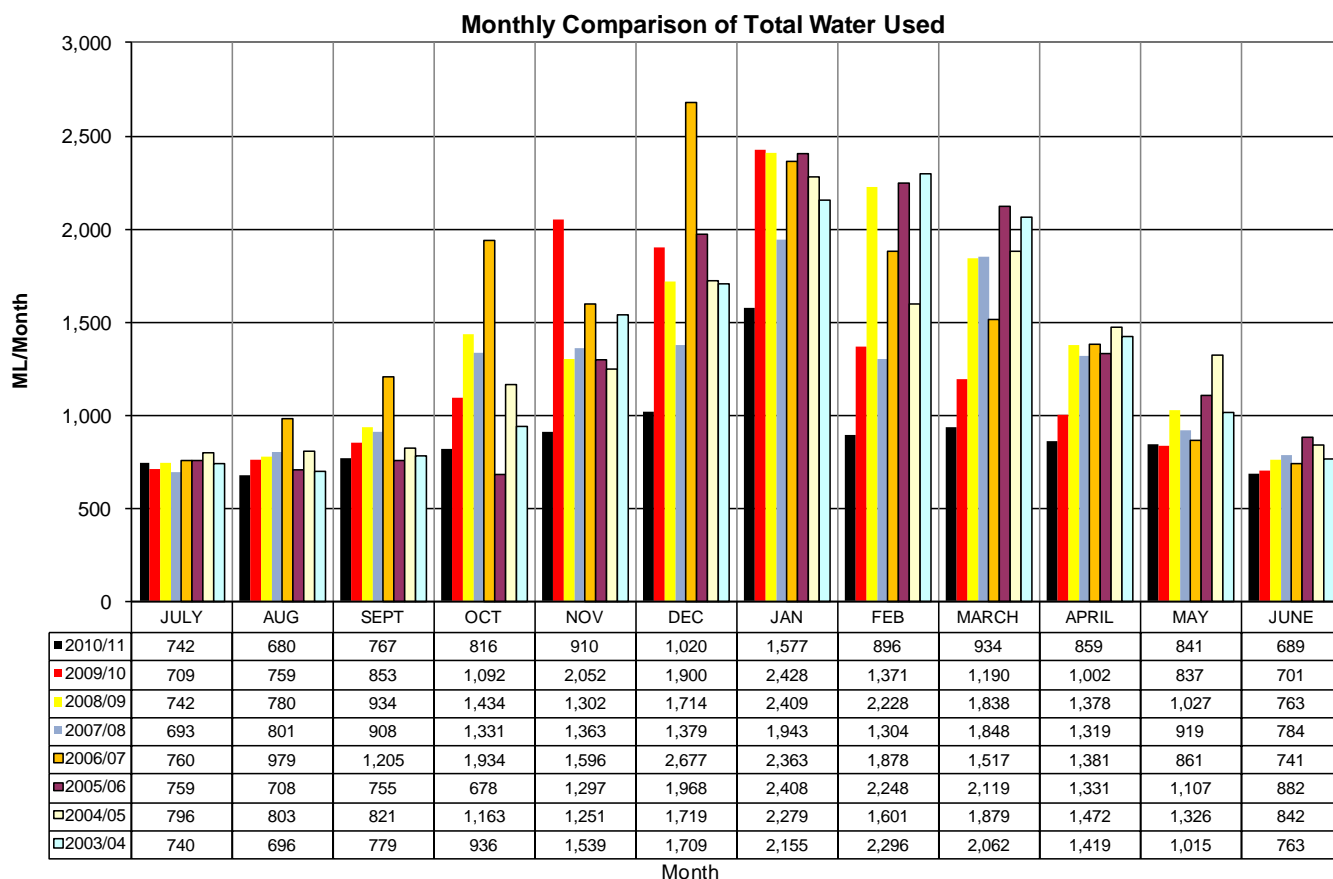
Riverina Water draws its supply from several sources, then treats and pumps water to Wagga Wagga and other towns, villages and rural areas in the region.

Monthly consumption peaked at 1,577 megalitres in January 2011.

The full year's total of 10,732 megalitres was a decrease of 28.0% on last year's consumption of 14,895 megalitres. Wagga Wagga urban water use is down 28.1%. The 2010/2011 rainfall of 984mm was well above average (572mm) and resulted in significantly reduced summer demand.

2010/2011 WATER PRODUCED



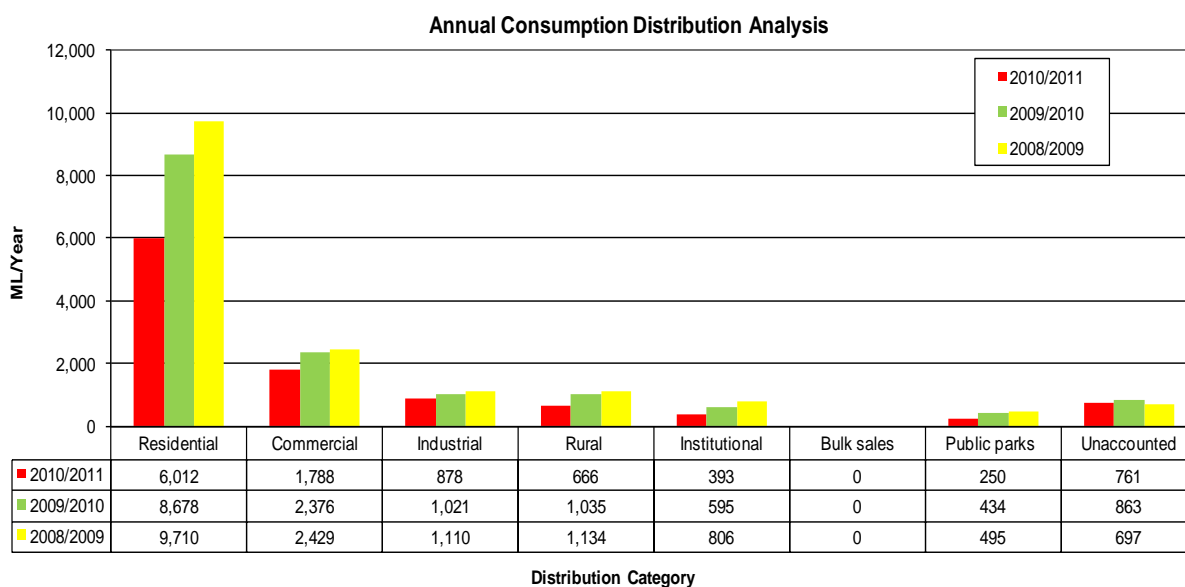


Distribution

Annual Distribution Analysis

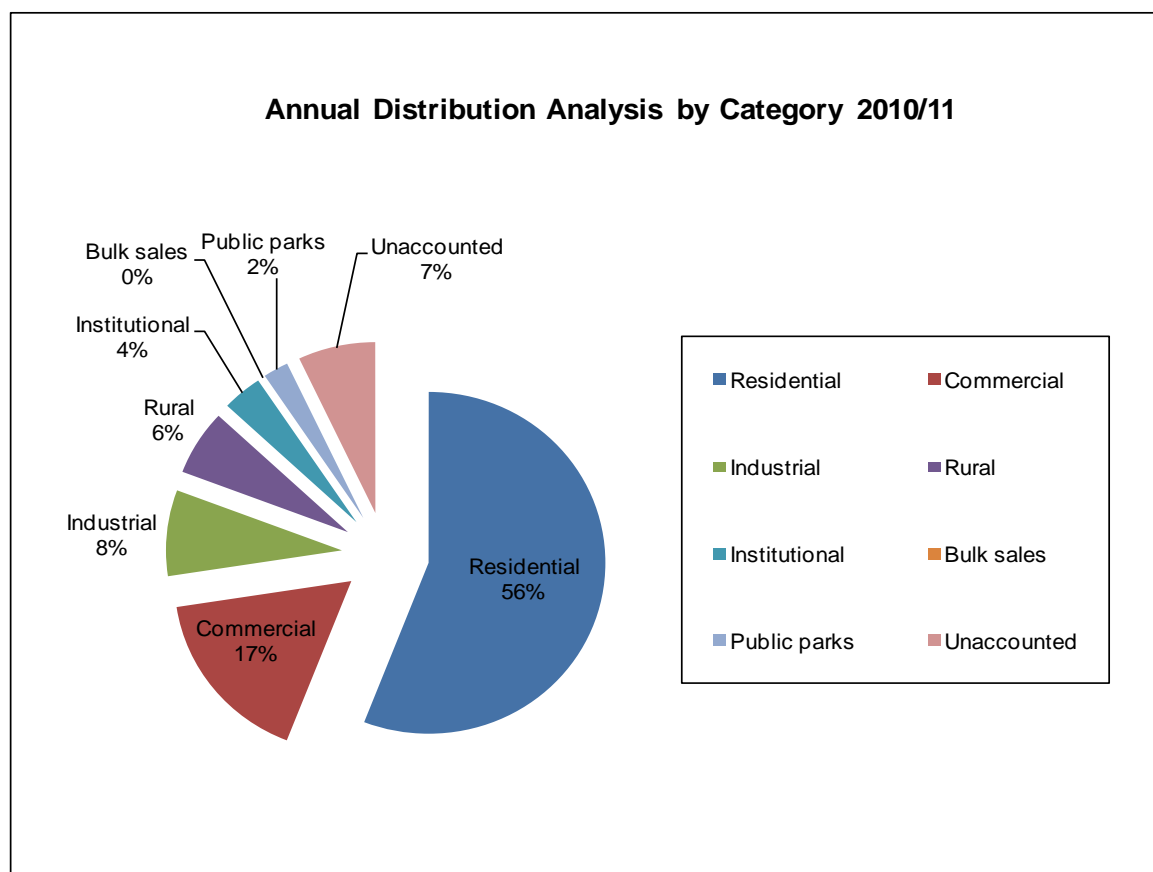
	2009/2010		2010/2011		% change from previous year
	Consumption (MI)	Percentage	Consumption (MI)	Percentage	
Residential	8,678	57.8%	6,012	55.9%	-30.7%
Commercial	2,376	15.8%	1,373	12.8%	-42.2%
Industrial	1,021	6.9%	878	8.2%	-14.0%
Rural	1,035	6.9%	666	6.2%	-35.7%
Institutional	595	4.0%	393	3.7%	-33.9%
Bulk Sales	0	0.0%	415	3.9%	0.0%
Public parks	434	2.9%	250	2.3%	-42.4%
Unaccounted (Including flushing, firefighting, unmetered use)	863	5.7%	761	7.1%	-11.8%
	15,002	100.0%	10,748	100.0%	-28.4%

The total annual unaccounted water for 2010/11 is, as a percentage of all water produced, is 7.1%, an increase from 5.7% in 2009/10. However the actual volume of unaccounted water has significantly reduced to 761 ML. Measuring water losses as a percentage can only be used as a general guide and is particularly prone to error in wet or restricted years.



The chart above shows that water use is significantly reduced by rainfall in all sectors other than industrial.

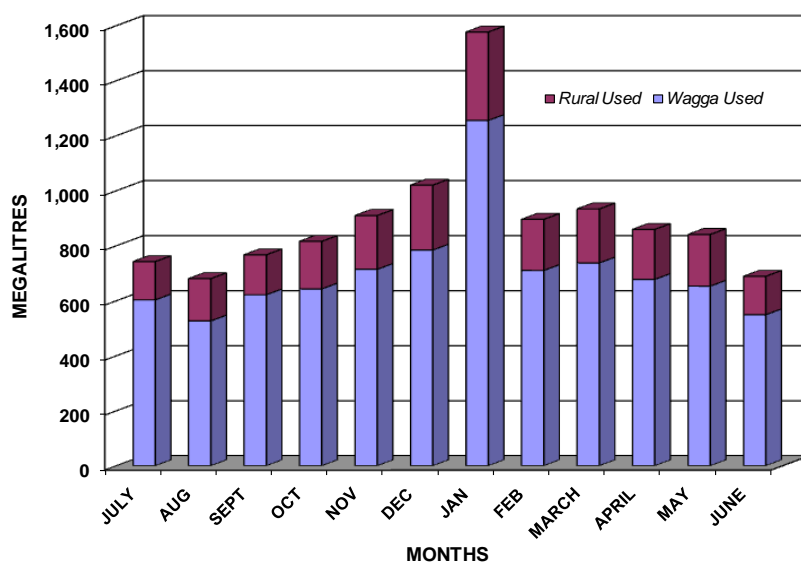
There have been no bulk sales in recent years. In previous years the military establishments were bulk sales, these are now classified as commercial.



Water Use

	MEGALITRES USED			
	2007/2008	2007/2008	2009/2010	2010/2011
East Bomen	327	282	233	151
Estella	791	898	804	545
North Wagga	841	1015	902	837
Wagga Wagga – Low Level	2278	2537	2148	1812
Wagga Wagga – High Level	6738	7761	6910	4660
Wagga Wagga – Bellevue Level	725	886	784	471
SUB-TOTAL	11,700	13,379	11,781	8,477
Ladysmith	64	73	61	45
Bruce Dale	242	274	239	212
Currawarna	143	151	142	83
Rural south from Wagga Wagga	1381	1330	1458	1130
Rural from Walla Walla Bore	9	0	155	66
Milbrulong, Lockhart and Boree Creek	298	326	307	184
Urana and Oaklands	255	287	255	164
Holbrook	267	307	269	191
SUB-TOTAL	2,659	2,748	2,886	2,076
Woomargama	13	20	15	12
Humula	12	14	13	8
Tarcutta	57	51	43	38
Oura	42	45	48	40
Walbundrie	35	38	35	24
Rand	0	0		0
Morundah	8	10	10	7
Collingullie	67	76	63	50
SUB-TOTAL	234	254	227	179
TOTAL	14,593	16,381	14,895	10,732
AVERAGE RESIDENTIAL CONSUMPTION				
Urban (Wagga Wagga)	327	382	337	232
Non-Urban (Townships and rural)	423	475	432	274

2010/2011 WATER USED



NEW CUSTOMERS

New consumers were connected at the various centres listed below:

LOCATION	NUMBER CONNECTED					
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Bidgeemia		6				
Boree Creek	1				1	
Brucedale-The Gap	3	8	3	2		2
Bulgary		1				
Collingullie		1			2	
Coorabin		1				
Culcairn	1	1	3	1		
Currawarna	1	5	5	3		1
Forest Hill						
French Park			1			
Henty	3	5	3	2	3	1
Holbrook	7	4	8	5	4	5
Humula				1		
Ladysmith	1	1	3		2	
Lockhart	1	1	4	8	2	1
Mangoplah		5			1	
Milbrulong		1		1		
Morundah						
Morven	1	3		2		3
Oaklands			2		2	1
Oura	2	1		1		
Pleasant Hills		3		3	1	
Rand		1		1		
San Isidore						
Tarcutta		1		4	1	
The Rock	5	3	14	4	2	1
Urana	1	1	3		1	
Uranquinty	1	2	3	5	3	3
Wagga Wagga	329	301	303	280	312	419
Walbundrie	1		1	2		
Walla Walla	6	4	1	1	1	1
Woomargama			2			
Yerong Creek	1				2	1
TOTALS	365	360	359	326	340	439

Total customers at 30th June 2011: 30,368

The number of new customers in 2010/11 is relatively high.

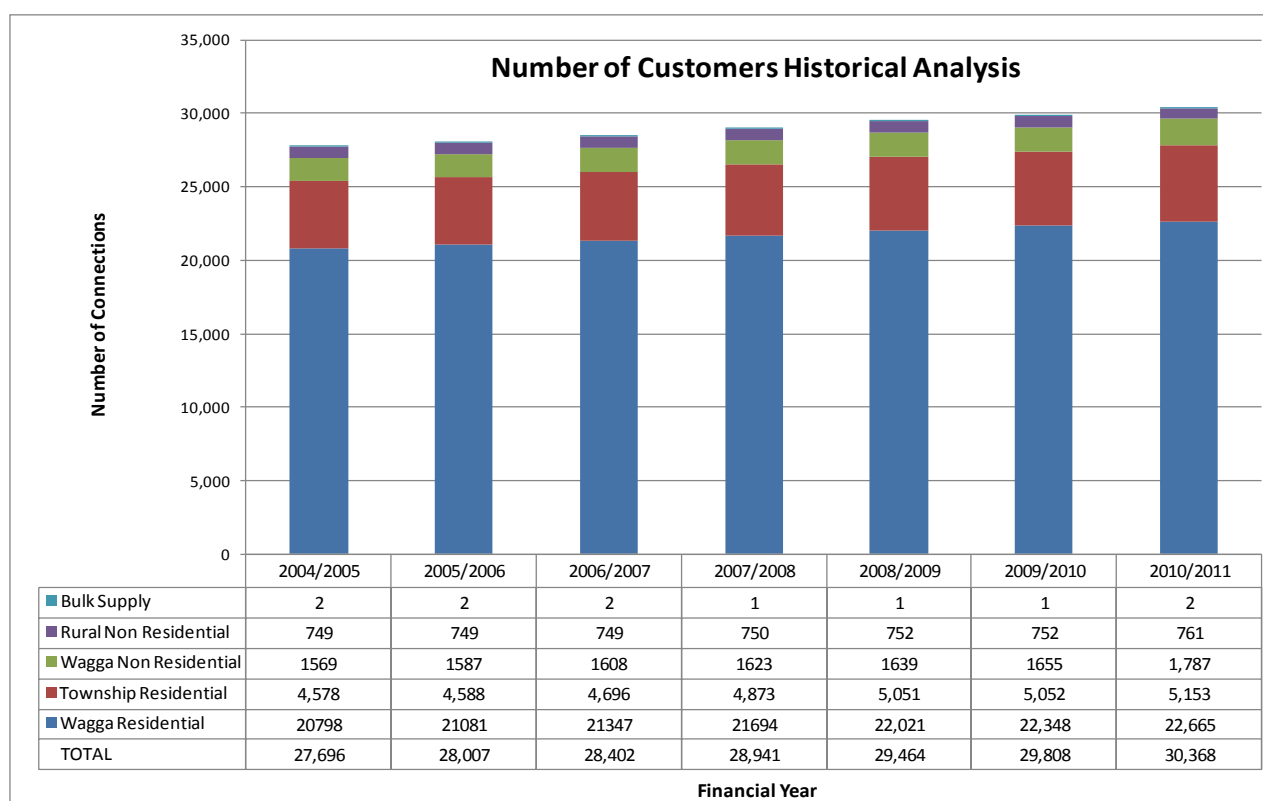
The total of 439 new customers includes the following:

- 232 new regular customers in Wagga Wagga.
- 187 new sub-metered customers in Wagga Wagga. (these include strata's, community title and multi-commercial) There has been a large number of Dept. of Housing developments and retirement units during 2010/11.
- 20 new rural customers.

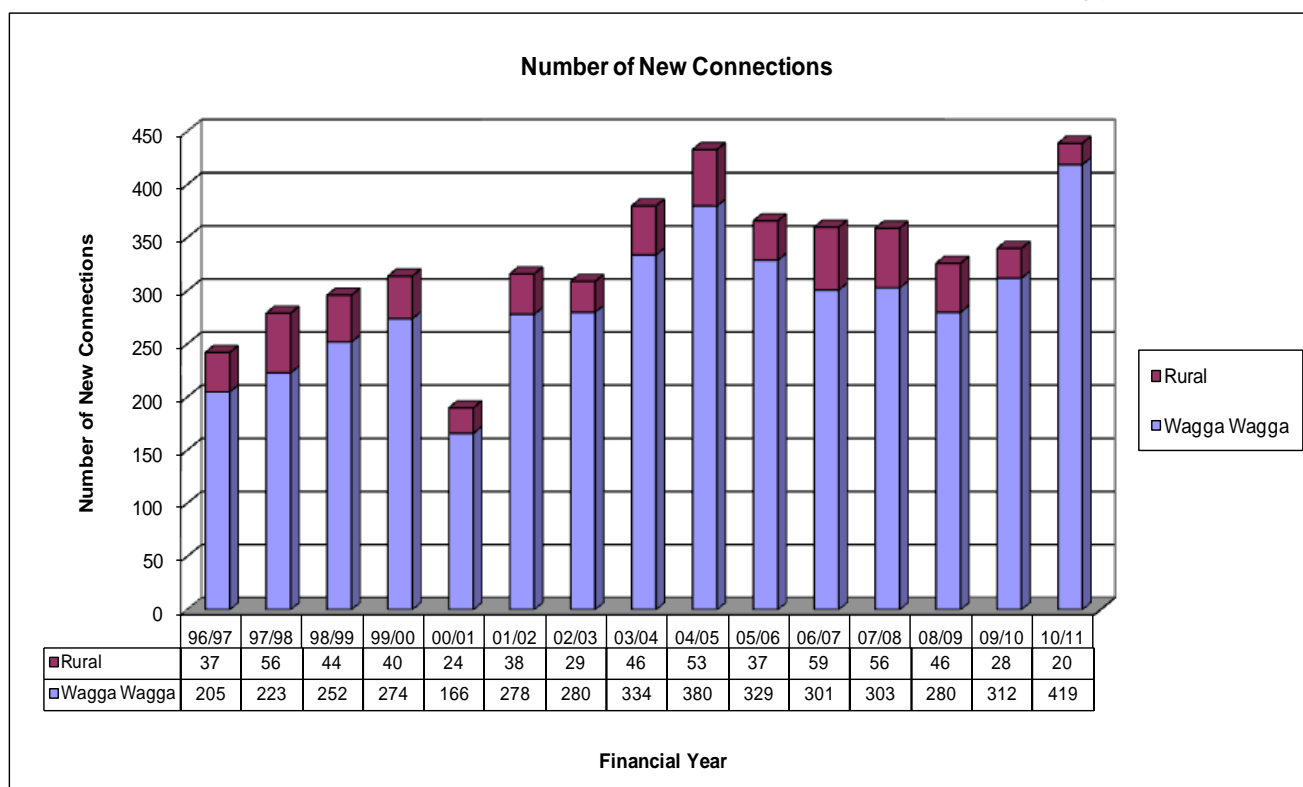
Also, the definition of “customer” was reviewed and is now agreed to be any premise that pays an availability charge. (this differs to the numerous other definitions such as meter numbers, property numbers, services, etc.) The running total of 30,368 customers has been revised to take account of:

- 88 newly identified flats. (taken from WWCC records)
- 33 corner strata blocks previously counted as one customer.

Number of connections 1996/97 to 2010/2011



The growth in total customers has been consistent averaging 1.55% per annum over the past 6 years.



Pipeline Losses

Estimated pipeline losses due to bursts over the past 6 years are shown in the following table.

YEAR	WAGGA WAGGA		RURAL	
	BURST MAINS	ESTIMATED LOSS kl/day	BURST MAINS	ESTIMATED LOSS kl/day
2005/2006	200	1.1	138	24
2006/2007	188	1.1	124	13
2007/2008	105	3.1	110	9.6
2008/2009	132	36.7	94	22.4
2009/2010	94	7.5	74	47.1
2010/2011	100	6.0	120	80.0

Extreme rain events during 2010/2011 have promoted a slight increase in mains failures.

CONSTRUCTION

Pipeline Construction

Pipelines were constructed in sizes ranging from 50mm diameter to 375 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	2,772	1,991
Rural & Village	4,546	7,584

CAPITAL WORKS

An extensive capital works programme was carried out in 2010/2011 including the following significant items:

System Extensions and Improvements

Subdivision construction in Wagga Wagga and Shires areas.

Completion of 8 new water filling stations.

Construction of 600mm diameter mains to the new Red Hill Reservoir.

Mains Replacements

Replacement of 4.5 km of water main in Jennings Lane.

Pumps Stations

Completion and commissioning of Urana Raw Water Pump Station.

Automation of Wagga Wagga High Level Pumps.

Reservoirs

Completion of new 11 ML Red Hill Reservoir.

Fabrication of new roof for Walla Walla Reservoir

Water Treatment Plants

Partial completion of designs for relocating high voltage powerlines at Wagga Waterworks site.

Sources

Completion of Wagga aquifer yield modelling and negotiating groundwater water sharing plans.

Bore replacements;

- Oura Bore No 1
- East Wagga Bore 2

Strategic Planning

Completion of 30 year rural strategy.

IWCM Detailed Strategy technical papers completed.

Depots and Buildings

Administration building plant platform and relocation of air conditioner units.

Repair to Wagga Wagga Waterworks footbridge.

Upgrade office for Operations staff.

Wagga Wagga Sources and Allocations

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

	Allocation (ML)	Used (ML)	% of Allocation
Surface Water	7,000	2,335	33.4%
Ground Water	14,000	7,627	54.5%
Total Water	21,000	9,962	47.4%

During 2010/11 the NSW Office of Water conducted consultation and new draft water sharing plans were made for the Mid-Murrumbidgee and Billabong aquifers.

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 2010/2011 are set out below:

Urban Section:

(i) Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 150 kilolitres per quarter Balance per kilolitre	0.90c per kl 1.35c per kl	\$20.00	\$10.00

(ii) Industrial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 50 kilolitres per month 51 to 3000 kilolitres per month Balance above 3000 kilolitres per month	0.90c per kl 1.35c per kl 1.35c per kl	\$30.00	\$10.000

(iii) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 50 kilolitres per month 51 to 3000 kilolitres per month Balance above 3,000 kl per month	0.90c per kl 1.35c per kl 1.35c per kl	\$30.00	\$10.00

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

Non-Urban Section:

(iv) Domestic

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 150 kilolitres per quarter Balance per kilolitre	1.00c per kl 1.50c per kl	\$25.00	\$10.00

(v) Industrial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 50 kilolitres per month 51 to 3000 kilolitres per month Balance above 3000 kilolitres per month	1.00 per kl 1.50c per kl 1.50c per kl	\$31.25	\$10.00

(vi) Commercial

Year	Usage Charge (per quarter)		Access Charge (per quarter)	
			Connected	Vacant
2010/2011	First 150 kilolitres per quarter/first 50 kilolitres per month Balance above 3,000 kl per	1.00 per kl 1.50c 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	Remaining Life Value at June 2011 \$'000
Water Mains – distribution, rural & reticulation	Iron 75 yrs Other 50 yrs	192,977	93,542
Reservoirs – 69 off	Steel 75 yrs Conc. 100 yrs	47,167	34,036
Pumping Stations – 65 off		12,176	8,409
Water Treatment Plants – 14 off Aeration – 10 Filtration – 6	75/100 yrs	37,891	29,055
Water Supply Bores – 28	25 yrs Stainless steel-40 yrs	Included in Pumping Station	
Land & Buildings – other	-	11,620	10,454
TOTAL		301,831	175,496

NB Independent valuers were engaged to revalue all water supply assets.

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 2010/2011 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.

Special Schedule No. 7 – Condition of Public Works as at 30th June 2011

\$'000

Asset Class	Asset Category	Dep'n Rate (%)	Dep'n. Expense (\$)	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Est. cost to bring up to a satisfactory condition/ standard(1)	Required(2) Annual Maintenance	Current (3) Annual Maintenance
Buildings		Per Note 1	Per Note 4	Per Note 9			Per Sec 428(2d)		
	Council Offices/Depots	2.50%	101	8,423	1,112	7,311	10	5	51
	Council Houses	2.50%	5	434	55	379	4	2	13
	Sub Total		106	8,857	1,167	7,690	14	7	64
Water	Treatment Plants	1.30%	1,500	37,891	8,836	29,055	1,500	300	641
	Bores	4.00%	398	9,774	2,543	7,231	800	100	35
	Reservoirs	1.00%	177	47,168	13,131	34,037	2,000	200	193
	Pipelines	2.00%	952	197,937	102,392	95,545	100,000	2,000	1,652
	Pump Stations	1.30%	442	12,177	3,768	8,409	1,000	300	39
	Sub Total		3,469	304,947	130,670	174,277	105,300	2,900	2,560
	TOTAL – ALL ASSETS		3,575	313,804	131,837	181,967	105,314	2,907	2,624

Notes:

- (1) Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2) Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3) Current Annual Maintenance is what has been spent in the current year to main assets.

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 2009/2010.

RATES & CHARGES WRITTEN OFF

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

Pensioner Rebates written off totalled	\$337,706
A Pensioner subsidy was received for the value of	\$191,461
Sundry Write-offs totalled	\$ NIL

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT, 2009

In accordance with the provisions of the *Government Information (Public Access) Act, 2009*, Council has completed its annual statistics for the twelve month period ended 30th June 2011. No applications were received by Council during the 2010/2011 period. Council has not received any enquiries from the Ombudsman under the *Government Information (Public Access) Act, 2009* nor has it received any appeals under that Act to the District Court or the Supreme Court. Council has reviewed what information is made publicly available and this is to remain unchanged.

Statistical Details:

<u>Information Requests</u>	<u>Number of Requests</u>
-----------------------------	---------------------------

Access Applications	Nil
Refused Applications	Nil
Applications to access excluded information	Nil

INFORMATION PROTECTION ACT, 1998

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

The Privacy Management Plan provides for the protection of personal information and for the protection of the privacy of individuals. No applications were received by Council for review under Part 5 of the Act during the 2010/2011 period.

**CERTIFICATE OF CONFIRMATION – GOODS AND SERVICES TAX
CERTIFICATE****Payment of GST 1st May 2010 to 30th April 2011**

To assist compliance with Section 114 of the Commonwealth Constitution, we certify that:

- GST has been paid / claimed by Riverina Water County Council for the period 1st May 2010 to 30th April 2011.
- Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.

*Signed in accordance with a Resolution of Council
Made on 27th April 2011*



.....
Clr. R. Kendall
CHAIRPERSON



.....
Clr. Peter Yates
COUNCILLOR



.....
Mr. G.J. Haley
GENERAL MANAGER



.....
Ms. Michele Curran
RESPONSIBLE
ACCOUNTING OFFICER

FINANCIAL REPORTS

Section 428 (2) (a) - Financial Reporting

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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



Riverina Water County Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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

Overview

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

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

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
 - (iv) These financial statements were authorised for issue by the Council on 14/09/11.
Council has the power to amend and reissue the financial statements.
-

Riverina Water County Council

General Purpose Financial Statements for the financial year ended 30 June 2011

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2011.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

Riverina Water County Council

General Purpose Financial Statements

for the financial year ended 30 June 2011

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

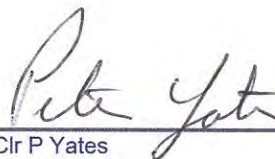
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 24 August 2011.



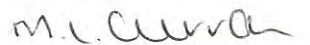
Clr R Kendall
CHAIRPERSON



Clr P Yates
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾ 2011 \$ '000		Notes	Actual 2011	Actual 2010
Income from Continuing Operations				
Revenue:				
2,720	Rates & Annual Charges	3a	2,281	2,251
13,387	User Charges & Fees	3b	9,994	13,753
120	Interest & Investment Revenue	3c	274	308
502	Other Revenues	3d	277	399
215	Grants & Contributions provided for Operating Purposes	3e,f	207	196
600	Grants & Contributions provided for Capital Purposes	3e,f	1,453	1,972
Other Income:				
27	Net gains from the disposal of assets	5	4	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
17,571	Total Income from Continuing Operations		14,490	18,879
Expenses from Continuing Operations				
7,099	Employee Benefits & On-Costs	4a	7,243	5,743
-	Borrowing Costs	4b	-	-
1,719	Materials & Contracts	4c	1,388	2,156
4,454	Depreciation & Amortisation	4d	4,481	4,380
-	Impairment	4d	808	1,100
2,748	Other Expenses	4e	2,738	2,825
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	11
16,020	Total Expenses from Continuing Operations		16,658	16,215
1,551	Operating Result from Continuing Operations		(2,168)	2,664
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
1,551	Net Operating Result for the Year		(2,168)	2,664
1,551	Net Operating Result attributable to Council		(2,168)	2,664
-	Net Operating Result attributable to Minority Interests		-	-
951	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(3,621)	692

(1) Original Budget as approved by Council - refer Note 16

Riverina Water County Council

Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)			
		(2,168)	2,664
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	32,440	2,502
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		32,440	2,502
Total Comprehensive Income for the Year		30,272	5,166
Total Comprehensive Income attributable to Council		30,272	5,166
Total Comprehensive Income attributable to Minority Interests		-	-

Riverina Water County Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	1,561	8,193	7,671
Investments	6b	-	-	-
Receivables	7	2,531	2,436	2,292
Inventories	8	3,475	1,926	1,133
Other	8	44	252	46
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		7,611	12,807	11,142
Non-Current Assets				
Receivables	7	-	-	-
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	189,712	153,779	149,445
Investment Property	14	-	-	-
Intangible Assets	25	1,700	2,508	3,608
Total Non-Current Assets		191,412	156,287	153,053
TOTAL ASSETS		199,023	169,094	164,195
LIABILITIES				
Current Liabilities				
Payables	10	417	464	864
Borrowings	10	-	-	-
Provisions	10	2,342	2,638	2,505
Total Current Liabilities		2,759	3,102	3,369
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	-	-	-
Provisions	10	-	-	-
Total Non-Current Liabilities		-	-	-
TOTAL LIABILITIES		2,759	3,102	3,369
Net Assets		196,264	165,992	160,826
EQUITY				
Retained Earnings	20	61,714	63,858	61,194
Revaluation Reserves	20	134,550	102,134	99,632
Council Equity Interest		196,264	165,992	160,826
Total Equity		196,264	165,992	160,826

Riverina Water County Council

Statement of Changes in Equity for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as at 1/7/10)		63,858	102,134	165,992	-	165,992
c. Net Operating Result for the Year		(2,168)	-	(2,168)	-	(2,168)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	32,440	32,440	-	32,440
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	24	(24)	-	-	-
Other Comprehensive Income		24	32,416	32,440	-	32,440
Total Comprehensive Income (c&d)		(2,144)	32,416	30,272	-	30,272
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		61,714	134,550	196,264	-	196,264

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as at 1/7/09)		61,194	99,632	160,826	-	160,826
c. Net Operating Result for the Year		2,664	-	2,664	-	2,664
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,502	2,502	-	2,502
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	2,502	2,502	-	2,502
Total Comprehensive Income (c&d)		2,664	2,502	5,166	-	5,166
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		63,858	102,134	165,992	-	165,992

Riverina Water County Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
2,720	Rates & Annual Charges		2,254	2,510
13,387	User Charges & Fees		10,142	13,196
120	Investment & Interest Revenue Received		310	269
815	Grants & Contributions		1,660	2,170
-	Bonds & Deposits Received		16	-
502	Other		1,366	832
Payments:				
(5,327)	Employee Benefits & On-Costs		(7,465)	(6,232)
(398)	Materials & Contracts		(2,927)	(2,813)
(3,108)	Other		(4,018)	(3,187)
8,711	Net Cash provided (or used in) Operating Activities	11b	1,338	6,745
Cash Flows from Investing Activities				
Receipts:				
364	Sale of Infrastructure, Property, Plant & Equipment		614	437
Payments:				
(13,077)	Purchase of Infrastructure, Property, Plant & Equipment		(8,584)	(6,660)
(12,713)	Net Cash provided (or used in) Investing Activities		(7,970)	(6,223)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
Nil				
-	Net Cash Flow provided (used in) Financing Activities		-	-
(4,002)	Net Increase/(Decrease) in Cash & Cash Equivalents		(6,632)	522
6,427	plus: Cash & Cash Equivalents - beginning of year	11a	8,193	7,671
2,425	Cash & Cash Equivalents - end of the year	11a	1,561	8,193
Additional Information:				
plus: Investments on hand - end of year				
Total Cash, Cash Equivalents & Investments				

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

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

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

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice

& Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

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

(iv) Changes in Accounting Policies

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

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

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

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Revenue is measured on major income categories as follows:

Annual Charges, Grants and Contributions

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

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

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

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

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

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

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

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

(i) The Consolidated Fund

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(ii) The Trust Fund

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

Council did not hold any funds in trust at 30 June 2011.

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

Council does not have any Finance Leases or Operating Leases.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

(g) Fair value estimation

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

Council does not hold any land held for resale.

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

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

- **Water Networks**
(External / Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

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

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.

- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

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

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

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

Capitalisation Thresholds

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

Water Assets

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

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

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

Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

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

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

(l) Land under roads

Council does not hold any land under roads.

(m) Intangible Assets

Water Licence Rights

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

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

(n) Crown Reserves

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

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

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(o) Rural Fire Service assets

Council does not hold any Rural Fire Service assets.

(p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

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

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

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

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

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be

traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

(s) Impairment of assets

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

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

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

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

For non-cash generating assets of Council value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(t) Payables

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

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

(u) Borrowings

Council does not have any borrowings.

(v) Borrowing costs

Council does not have any borrowings.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

Provisions are measured at the present value of management's best estimate of the expenditure

required to settle the present obligation at the reporting date.

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

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

(x) Employee benefits

A change of accounting policy has occurred during the 2010/11 financial year in relation to the calculation method used for employee benefits. As such, prior year adjustments have been made.

(i) Short Term Obligations

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

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

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

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

(ii) Other Long Term Obligations

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

services provided by employees up to the reporting date.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

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

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 5 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

experience of employee departures and periods of service.

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

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

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

Defined Contribution Plans

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

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

the future payment of certain Leave Liabilities accrued as at 30/6/11.

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Water Supplies	17,571	14,490	18,879	16,020	16,658	16,215	1,551	(2,168)	2,664	268	207	199,023	169,094
Operating Result from Continuing Operations	17,571	14,490	18,879	16,020	16,658	16,215	1,551	(2,168)	2,664	268	207	199,023	169,094

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

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

WATER SUPPLIES

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Nil			
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.501 & s.611)			
Water Supply Services		2,281	2,251
Total Annual Charges		2,281	2,251
TOTAL RATES & ANNUAL CHARGES		2,281	2,251
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,555	13,323
Total User Charges		9,555	13,323
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Private Works		(29)	(3)
Total Fees & Charges - Statutory/Regulatory		(29)	(3)
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Water Connection Fees		468	433
Total Fees & Charges - Other		468	433
TOTAL USER CHARGES & FEES		9,994	13,753
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest earned on Investments (interest & coupon payment income)		274	308
TOTAL INTEREST & INVESTMENT REVENUE		274	308
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
General Council Cash & Investments		-	308
Restricted Investments/Funds - External:			
Water Fund Operations		274	-
Total Interest & Investment Revenue Recognised		274	308

Riverina Water County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(d). Other Revenues			
Sales - General		268	-
Lease Rental		9	8
Other		-	391
<u>TOTAL OTHER REVENUE</u>		<u>277</u>	<u>399</u>

	2011 Operating	2010 Operating	2011 Capital	2010 Capital
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(e). Grants**Specific Purpose**

Pensioners' Rates Subsidies:

- Water	191	192	-	-
Water Supplies	-	-	61	11
Diesel and Alternative Fuels	16	4	-	-
Total Specific Purpose	207	196	61	11
Total Grants	207	196	61	11

Grant Revenue is attributable to:

- Commonwealth Funding	-	-	-	-
- State Funding	16	196	61	11
- Other Funding	191	-	-	-
	207	196	61	11

(f). Contributions**Developer Contributions:****(s93 & s94 - EP&A Act, s64 of the NSW LG Act):**

S 64 - Water Supply Contributions	-	-	1,392	1,961
Total Developer Contributions	-	-	1,392	1,961

Other Contributions:

Nil

Total Contributions	-	-	1,392	1,961
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>207</u>	<u>196</u>	<u>1,453</u>	<u>1,972</u>

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,853	3,303
Employee Termination Costs		-	-
Travelling		43	637
Employee Leave Entitlements (ELE)		1,392	1,246
Superannuation		925	866
Workers' Compensation Insurance		239	111
Fringe Benefit Tax (FBT)		5	46
Payroll Tax		388	344
Training Costs (other than Salaries & Wages)		224	114
Uniforms		70	-
Total Employee Costs		8,139	6,667
less: Capitalised Costs		(896)	(924)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>7,243</u>	<u>5,743</u>
Number of "Equivalent Full Time" Employees at year end		90	87
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
(ii) Other Borrowing Costs			
Nil			
(c) Materials & Contracts			
Contractor & Consultancy Costs			
- Contractor & Consultancy Costs		1,271	2,126
Auditors Remuneration			
- Audit Services: Council's Auditor		26	30
- Other Audit Services		41	-
Legal Expenses:			
- Legal Expenses: Other		40	-
Prior Year Expense re Asset Revaluation		10	-
Total Materials & Contracts		1,388	2,156
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>1,388</u>	<u>2,156</u>

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	461	1,041
Office Equipment		-	-	346	18
Buildings - Non Specialised		-	-	45	48
Buildings - Specialised		-	-	61	65
Infrastructure:					
- Water Supply Network		-	-	3,568	3,208
Intangible Assets	25	808	1,100	-	-
Total Depreciation & Impairment Costs		808	1,100	4,481	4,380
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>808</u>	<u>1,100</u>	<u>4,481</u>	<u>4,380</u>

	Notes	Actual 2011	Actual 2010
Advertising		131	102
Bank Charges		16	22
Computer Software Charges		130	111
Members Expenses - Chairperson's Fee		8	8
Members Expenses - Members Fees		43	42
Members Expenses (incl. Chairperson's) - Other (excluding fees above)		15	14
Donations, Contributions & Assistance to other organisations (Section 356)		22	23
Electricity & Heating		1,693	1,962
Insurance		106	107
Office Expenses (including computer expenses)		231	189
Postage		67	61
Printing & Stationery		84	84
Subscriptions & Publications		42	14
Telephone & Communications		82	86
Valuation Fees		68	-
Total Other Expenses		2,738	2,825
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>2,738</u>	<u>2,825</u>

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Plant & Equipment			
Proceeds from Disposal		614	437
less: Carrying Amount of P&E Assets Sold		(610)	(448)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>4</u>	<u>(11)</u>

Note 6a. - Cash Assets and Investment Securities

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents					
Cash on Hand and at Bank		60	-	188	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1	-	8,005	-
- Short Term Deposits		1,500	-	-	-
Total Cash & Cash Equivalents		<u>1,561</u>	<u>-</u>	<u>8,193</u>	<u>-</u>
Investment Securities					
Nil					
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS</u>		<u>1,561</u>	<u>-</u>	<u>8,193</u>	<u>-</u>

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	1,561	-	8,193	-
attributable to:				
External Restrictions (refer below)	-	-	-	-
Internal Restrictions (refer below)	1,202	-	3,292	-
Unrestricted	359	-	4,901	-
	1,561	-	8,193	-
2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (A)	-	1,392	(1,392)	-
External Restrictions - Other	-	1,392	(1,392)	-
Total External Restrictions	-	1,392	(1,392)	-
Internal Restrictions				
Employees Leave Entitlement (B)	1,092	-	(390)	702
Mains Replacement (C)	1,000	-	(500)	500
Sales Fluctuation (D)	1,200	-	(1,200)	-
Total Internal Restrictions	3,292	-	(2,090)	1,202
TOTAL RESTRICTIONS	3,292	1,392	(3,482)	1,202

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** A provision of 30% of Employee Leave Entitlement has been made.
- C** Mains Replacement - due to Council's ageing infrastructure, provision is made to create a fund for mains replacements.
- D** Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions. Consumption for 2010/11 was low due to wet weather conditions. This has resulted in this reserve being reduced to nil.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		456	-	429	-
User Charges & Fees		797	-	945	-
Accrued Revenues					
- Interest on Investments		4	-	40	-
Government Grants & Subsidies		145	-	145	-
Sundry Debtors		1,129	-	-	-
Other Debtors		-	-	877	-
Total		2,531	-	2,436	-
less: Provision for Impairment					
Nil					
TOTAL NET RECEIVABLES		2,531	-	2,436	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		3,475	-	1,926	-
Total Inventories		3,475	-	1,926	-
Other Assets					
Prepayments		44	-	252	-
Total Other Assets		44	-	252	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>3,519</u>	<u>-</u>	<u>2,178</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period				as at 30/6/2011				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment								Dep'n	Impairment	
Plant & Equipment	-	6,470	3,221	-	3,249	1,151	(610)	(461)	-	-	6,713	3,384	-	3,329
Office Equipment	-	4,796	3,808	-	988	381	-	(346)	-	-	5,191	4,168	-	1,023
Land:														
- Operational Land	-	-	-	-	-	-	-	-	2,765	-	2,765	-	-	2,765
Buildings - Non Specialised	-	1,867	252	-	1,615	57	-	(45)	1,636	-	3,704	441	-	3,263
Buildings - Specialised	-	2,528	341	-	2,187	76	-	(61)	2,225	-	5,153	726	-	4,427
Infrastructure:														
- Water Supply Network	-	168,601	22,861	-	145,740	6,919	-	(3,568)	25,814	-	305,725	130,820	-	174,905
<u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.</u>	-	184,262	30,483	-	153,779	8,584	(610)	(4,481)	32,440	-	329,251	139,539	-	189,712

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

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

\$ '000	Notes	Actual 2011	Actual 2010
(i) Impairment Losses recognised in the Income Statement include:			
Water Rights Licence - decrease in value of water due to wet weather		(808)	(1,100)
<u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u>		<u>(808)</u>	<u>(1,100)</u>

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		325	-	241	-
Accrued Expenses:					
- Salaries & Wages		76	-	-	-
- Other Expenditure Accruals		-	-	223	-
Security Bonds, Deposits & Retentions		16	-	-	-
Total Payables		417	-	464	-
Borrowings					
Nil					
Provisions					
Employee Benefits;					
Annual Leave		596	-	596	-
Sick Leave		4	-	198	-
Long Service Leave		1,742	-	1,844	-
Total Provisions		2,342	-	2,638	-
Total Payables, Borrowings & Provisions		2,759	-	3,102	-

(i) Liabilities relating to Restricted Assets

Nil

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000	2011	2010
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	382	-
Payables - Security Bonds, Deposits & Retentions	16	-
	398	-

Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	596	416	(427)	11	-	596
Sick Leave	198	47	(242)	1	-	4
Long Service Leave	1,844	563	(547)	(118)	-	1,742
TOTAL	2,638	1,026	(1,216)	(106)	-	2,342

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	1,561	8,193
BALANCE as per the STATEMENT of CASH FLOWS		1,561	8,193
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(2,168)	2,664
Adjust for non cash items:			
Depreciation & Amortisation		4,481	5,480
Net Losses/(Gains) on Disposal of Assets		(4)	11
Impairment Losses Recognition - I,PP&E		808	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(95)	(144)
Decrease/(Increase) in Inventories		(1,549)	(793)
Decrease/(Increase) in Other Assets		208	(206)
Increase/(Decrease) in Payables		84	(423)
Increase/(Decrease) in other accrued Expenses Payable		(147)	23
Increase/(Decrease) in Other Liabilities		16	-
Increase/(Decrease) in Employee Leave Entitlements		(296)	133
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		1,338	6,745

(c) Non-Cash Investing & Financing Activities

Nil

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Nil			
(b) Other Expenditure Commitments (exclusive of GST)			
Nil			
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
Nil			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		354	175
Later than one year and not later than 5 years		1,040	556
Later than 5 years		-	-
Total Payable		1,394	731

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 20102009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	7,611	3.22 : 1	4.13	4.50
Current Liabilities less Specific Purpose Liabilities ^(2,3)	2,361			
2. Debt Service Ratio				
Debt Service Cost	-	0.00%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	12,830			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	2,281	15.74%	13.71%	14.00%
Income from Continuing Operations	14,490			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	456	16.83%	14.60%	12.33%
Rates, Annual & Extra Charges Collectible	2,710			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	5,005	136.23%	68.00%	91.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	3,674			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

<p>1. Unrestricted Current Ratio</p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2008</td><td>7.58</td></tr><tr><td>2009</td><td>4.50</td></tr><tr><td>2010</td><td>4.13</td></tr><tr><td>2011</td><td>3.22</td></tr></table>	Year	Ratio : 1	2008	7.58	2009	4.50	2010	4.13	2011	3.22	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 3.22 : 1</p> <p>A reduction in Council's cash funds during the year due to wet weather has seen a reduction in this ratio. Council's ratio is still at a reasonable level to satisfy obligations.</p>
Year	Ratio : 1											
2008	7.58											
2009	4.50											
2010	4.13											
2011	3.22											
<p>2. Rates & Annual Charges Coverage Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>14.00%</td></tr><tr><td>2009</td><td>14.00%</td></tr><tr><td>2010</td><td>13.71%</td></tr><tr><td>2011</td><td>15.74%</td></tr></table>	Year	Ratio %	2008	14.00%	2009	14.00%	2010	13.71%	2011	15.74%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 15.74%</p> <p>As annual charges a relatively static, the reduction in water sales this year has seen an increase in this ratio. Annual charges are still make up a relatively small portion of Council's income base.</p>
Year	Ratio %											
2008	14.00%											
2009	14.00%											
2010	13.71%											
2011	15.74%											
<p>3. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>9.78%</td></tr><tr><td>2009</td><td>12.33%</td></tr><tr><td>2010</td><td>14.60%</td></tr><tr><td>2011</td><td>16.83%</td></tr></table>	Year	Ratio %	2008	9.78%	2009	12.33%	2010	14.60%	2011	16.83%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 16.83%</p> <p>There has been a gradual increase in this ratio, which could be reasonably be assumed to be a sign of current economic climate.</p>
Year	Ratio %											
2008	9.78%											
2009	12.33%											
2010	14.60%											
2011	16.83%											
<p>4. Building & Infrastructure Renewals Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>57.00%</td></tr><tr><td>2009</td><td>91.00%</td></tr><tr><td>2010</td><td>68.00%</td></tr><tr><td>2011</td><td>136.23%</td></tr></table>	Year	Ratio %	2008	57.00%	2009	91.00%	2010	68.00%	2011	136.23%	<p>Purpose of Bldg & Infrastructure Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2010/11 Ratio 136.23%</p> <p>Majority of asset purchases during the current financial year were asset renewals, rather than new assets, which has seen a significant increase in this ratio.</p>
Year	Ratio %											
2008	57.00%											
2009	91.00%											
2010	68.00%											
2011	136.23%											

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	1,561	8,193	1,561	8,193
Receivables	2,531	2,436	2,531	2,436
Total Financial Assets	4,092	10,629	4,092	10,629
Financial Liabilities				
Payables	417	464	417	464
Total Financial Liabilities	417	464	417	464

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2011				
Possible impact of a 1% movement in Interest Rates	45	45	(45)	(45)
2010				
Possible impact of a 1% movement in Interest Rates	51	51	(51)	(51)

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates &	Other	Rates &	Other
	Annual	Receivables	Annual	Receivables
	Charges		Charges	
(i) Ageing of Receivables				
Current (not yet overdue)	385	1,741	429	2,007
Past due by up to 30 days	71	334	-	-
	456	2,075	429	2,007

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	16	401	-	-	-	-	-	417	417
Total Financial Liabilities	16	401	-	-	-	-	-	417	417
2010									
Trade/Other Payables	-	464	-	-	-	-	-	464	464
Total Financial Liabilities	-	464	-	-	-	-	-	464	464

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	417	0.0%	464	0.0%
	<u>417</u>		<u>464</u>	

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 23 June 2010.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2011 Budget	2011 Actual	2011 Variance* -----		
REVENUES					
Rates & Annual Charges	2,720	2,281	(439)	(16%)	U
Includes \$337k pensioner rebate, the Council cost portion, which gets partially offset by pensioner rebate grant, which is included in operating grants.					
User Charges & Fees	13,387	9,994	(3,393)	(25%)	U
Due to extremely wet weather, water sales were significantly lower than anticipated.					
Interest & Investment Revenue	120	274	154	128%	F
Term deposit and at call rates were higher than anticipated during the year.					
Other Revenues	502	277	(225)	(45%)	U
Connection fees were included in other revenues for budget figures. In actual figures connection fees have been included in user charges and fees.					
Operating Grants & Contributions	215	207	(8)	(4%)	U
No Budget Variation Details Are Required - Variance is < 10%					
Capital Grants & Contributions	600	1,453	853	142%	F
Council received significantly higher developer contributions than was initially budgeted for.					
Net Gains from Disposal of Assets	27	4	(23)	(85%)	U
Used car sales were lower than budgeted for, mainly as a result of the used car market.					

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	7,099	7,243	(144)	(2%)	U
No Budget Variation Details Are Required - Variance is < 10%					
Materials & Contracts	1,719	1,388	331	19%	F
Original budget figures inadvertently included employee costs in materials & contracts, resulting in slight variances in both cost areas.					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	8,711	1,338	(7,373)	(84.6%)	U
Cash inflows from water sales was significantly lower than originally budgeted, due to wet weather. Employee cost outflows of cash were much higher than budgeted for, as 3 long term employees retired during the year - this was not included in Council's original budget.					
Cash Flows from Investing Activities	(12,713)	(7,970)	4,743	(37.3%)	F
Council did not complete the original capital works plan. Capital works were reduced in both the December and March quarterly budget reviews as the original plan was unattainable.					

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Contributions	-	1,392	-	-	(1,392)	-	-	700	(700)		
Total Contributions	-	1,392	-	-	(1,392)	-	-	700	(700)	-	-

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$132,000.

ASSETS NOT RECOGNISED:

(i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

(ii) Recovery of Assets

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		63,858	60,464
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	730
c. Transfer from Reserves		24	-
d. Net Operating Result for the Year		(2,168)	2,664
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		61,714	63,858

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	134,550	102,134
Total	134,550	102,134

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	102,134	99,632
- Revaluations for the year	32,440	2,502
- Transfer to Reserves	(24)	-
- Balance at End of Year	134,550	102,134

TOTAL VALUE OF RESERVES

134,550	102,134
----------------	----------------

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2011	Actual 2010
---------	-------	----------------	----------------

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

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

d. Voluntary Changes in Accounting Policies

- Discounting of Employee Leave Entitlements	492
- Non-recognition of sick leave	238

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)	-	730
Total Prior Period Adjustments - Accounting Policy Changes	-	730

2010 Line Items Effected:

Operating Statement Extract

	Actual	Correction	Corrected Actual
Employment Expenses	5,828	(85)	5,743
Operating Surplus/Loss	2,579	85	2,664

Balance Sheet Extract

Employment Entitlements	3,453	(815)	2,638
Net Assets	165,177	815	165,992

Equity Extract

Opening Retained Earnings	60,464	730	61,194
Profit for the year	2,579	85	2,664
Total Retained Earnings	63,043	815	63,858

Note 21. Financial Result & Financial Position by Fund

Council only operates a Water Fund.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 14/09/11.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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

Note 24. Discontinued Operations

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2011 Carrying Amount	Actual 2010 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	3,608	3,608
Accumulated Amortisation & Impairment	(1,100)	-
Net Book Value - Opening Balance	2,508	3,608
Movements for the year		
- Amortisation & Impairment charges	(808)	(1,100)
Closing Values:		
Gross Book Value (30/6)	3,608	3,608
Accumulated Amortisation & Impairment	(1,908)	(1,100)
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE ¹</u>	<u>1,700</u>	<u>2,508</u>

¹. The Net Book Value of Intangible Assets represent:

- Water Licences	1,700	2,508
	1,700	2,508

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Riverina Water County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 27. Council Information & Contact Details

Principal Place of Business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact Details
Mailing Address:

PO Box 456
Wagga Wagga NSW 2650

Opening Hours:

Monday - Friday 8:30am - 4pm

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Internet: www.rwcc.com.au

Email: admin@rwcc.com.au

Officers
GENERAL MANAGER

Mr G Haley

RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

PUBLIC OFFICER

Mr G Haley

AUDITORS

John L Bush & Campbell
Chartered Accountants
30 Blake Street
Wagga Wagga

Elected Members
CHAIRPERSON

Clr R Kendall (City of Wagga Wagga)

DEPUTY CHAIRPERSON

Clr. P. Yates (Lockhart Shire Council)

COUNCILLORS

Clr. J. McInerney	(Greater Hume Shire)
Clr. I. Kruetzberger	(Urana Shire Council)
Clr. J. Ross	(Greater Hume Shire)
Clr. L. Vidler	(City of Wagga Wagga)
Clr. A. Brown	(City of Wagga Wagga)
Clr. W. Geale	(City of Wagga Wagga)
Clr. R. Goodlass	(City of Wagga Wagga)

Other Information

ABN: 52 084 883 210

INDEPENDENT AUDITORS' REPORT

A.B.N. 33 225 395 249

We have audited the general purpose financial reports of Riverina Water County Council for the year ended 30 June 2011, comprising the Statement by Councillors and Management of the Council, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts.

Councillors and Managements responsibility for the financial report

The Councillors and Management of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Governments Act 1993* and for such internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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.

JOHN L BUSH & CAMPBELL

Peter King
Partner

14 September 2011

14 September 2011

A.B.N. 33 225 395 249

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

WAGGA WAGGA 2650
30 Blake Street
PO Box 98
Tel (02) 6921 5222
Fax (02) 6921 7539

Dear Sir

Having completed an audit of the financials statements and the associated records of the Riverina Water County Council for the 12 months ended 30 June 2011 and 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 2011 have been prepared to comply with Statements of Accounting Concepts and Applicable Australian Accounting Standards including the requirements under Australian equivalents of International Financial Reporting 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 a deficit of \$2.168 million. Included in this deficit the Council received contributions for capital purposes of \$1.453 million and recorded a net gain on disposal of assets of \$4 thousand. The operating result includes an impairment expense of \$800 thousand on the carrying value of water licenses in the financial statements. The total change in net assets resulting from operations was \$30.2 million. This includes an increase in the Asset Revaluation Reserve of \$32.4 million resulting from revaluation of non current assets for the year.

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

	2011	2010	2009	2008	2007
	\$000	\$000	\$000	\$000	\$000
Net Assets 1 July 1997	20,627	20,627	20,627	20,627	20,627
Asset Revaluation	134,550	102,134	99,632	95,538	91,639
Change in net assets resulting from operations	41,087	43,231	40,567	35,874	31,288
Net Assets 30 June	<u>\$196,264</u>	<u>\$165,992</u>	<u>\$160,826</u>	<u>\$152,039</u>	<u>\$143,554</u>



Cash Investments and Working Capital

The operating result for the year has decreased Council's equity and working capital. This result is directly attributable to decreased revenue from User Charges and Fees.

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Cash	60	188	153	56	55
Investment	1,501	8,005	7,518	10,776	11,264
Working Capital	4,852	9,705	7,773	12,142	11,472

Cash and Investments held at the close of the year amounted to \$1.561 million. The cash flow statement shows a decrease in cash of \$6.632 million. The decrease in cash is mainly due to the reduction in User Charges and Fee income and also increasing the level of inventory on hand at 30 June 2011 for future capital works. Cash and Investments have not been restricted in their use by any externally imposed requirements. However they are restricted by internally imposed requirements.

Actual Performance Compared to Budget

	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2008 Budget \$000
Revenue								
Rates and Annual Charges	2,281	2,720	2,251	2,698	2,573	2,519	2,520	2,481
User charges and fees	9,994	13,387	13,753	13,871	12,557	12,178	10,392	11,408
Interest	274	120	308	100	547	350	720	350
Grants and Contributions	1,660	815	2,168	810	1,506	910	2,937	805
Other	277	502	399	490	984	542	811	272
Gain on disposal of assets	4	27	(11)	27	90	27	11	27
	14,490	17,571	18,868	17,996	18,257	16,526	17,391	15,343
Expenses	16,658	16,020	16,204	14,679	14,294	13,593	12,805	13,400
Operating Result	(\$2,168)	\$1,551	\$2,664	\$3,317	\$3,963	\$2,933	\$4,586	\$1,943

As detailed in the Cash Investments review the main fluctuation in budget to actual was the reduced User Charges and Fees.

Equity

The equity of the Council has increased for the 2011 year due to the revaluation of non current assets increasing the Asset Revaluation Reserve.

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Non Current Assets	191,412	156,287	153,053	141,757	134,157
Non Current Liabilities	-	-	-	1,860	2,075
Working Capital	4,852	9,705	7,773	12,142	11,472
Equity	\$196,264	\$165,992	\$160,826	\$152,039	\$143,554

Other Matters

As discussed earlier in the report during the year the water licenses previously shown at cost in the balance sheet were written down to their current recoverable value. At cost the water licenses were recorded at \$3.6 million. This was from the purchase of 1000 mega litres at \$3,600 per mega litre in 2008. Current values of mega litres for high security river water are \$1,700. The difference in cost and current value is \$1.9 million which represents the accumulated impairment losses. An impairment loss of \$800 thousand has been recorded this year.

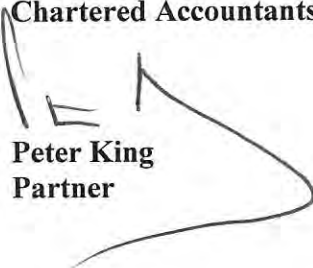
As detailed in the financial report a former employee of the Council is currently under a police investigation for misappropriation of Council Assets. As the police report has not concluded at the date of this report, it not possible to quantify the value of the misappropriation through the financials.

With the exception of the misappropriation allegation referred to in the above paragraph, the 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.

Sincerely

JOHN L BUSH & CAMPBELL
Chartered Accountants



Peter King
Partner

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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



Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

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

Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

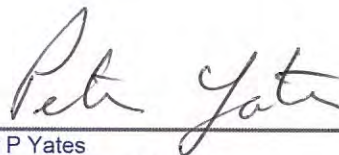
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

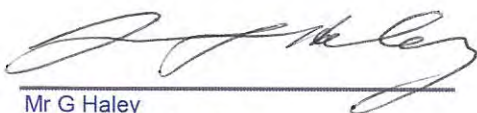
Signed in accordance with a resolution of Council made on 24 August 2011.




Clr R Kendall
CHAIRPERSON



Clr P Yates
DEPUTY CHAIRPERSON



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010
Income from continuing operations		
Access charges	2,281	2,588
User charges	9,993	12,983
Fees	-	-
Interest	274	308
Grants and contributions provided for non capital purposes	207	196
Profit from the sale of assets	4	-
Other income	275	832
Total income from continuing operations	13,034	16,907
Expenses from continuing operations		
Employee benefits and on-costs	7,243	5,743
Borrowing costs	-	-
Materials and contracts	1,407	2,627
Depreciation and impairment	5,289	5,480
Water purchase charges	54	101
Loss on sale of assets	-	11
Calculated taxation equivalents	26	23
Debt guarantee fee (if applicable)	-	-
Other expenses	2,662	2,253
Total expenses from continuing operations	16,681	16,238
Surplus (deficit) from Continuing Operations before capital amounts	(3,647)	669
Grants and contributions provided for capital purposes	1,453	1,972
Surplus (deficit) from Continuing Operations after capital amounts	(2,194)	2,641
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(2,194)	2,641
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(792)
SURPLUS (DEFICIT) AFTER TAX	(2,194)	1,849
plus Opening Retained Profits	50,770	48,921
plus/less: Transfers from Reserves	24	-
Closing Retained Profits	48,600	50,770
Return on Capital %	-1.9%	0.4%
Subsidy from Council	13,531	-
Calculation of dividend payable:		
Surplus (deficit) after tax	(2,194)	1,849
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	-	1,849
Potential Dividend calculated from surplus	-	925

Riverina Water County Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	1,561	8,193
Investments	-	-
Receivables	2,531	2,436
Inventories	3,475	1,926
Other	44	252
Non-current assets classified as held for sale	-	-
Total Current Assets	7,611	12,807
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	189,712	153,779
Intangibles	1,700	2,508
Investments accounted for using equity method	-	-
Investment property	-	-
Total non-Current Assets	191,412	156,287
TOTAL ASSETS	199,023	169,094
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	417	464
Interest bearing liabilities	-	-
Provisions	15,456	15,726
Total Current Liabilities	15,873	16,190
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	15,873	16,190
NET ASSETS	183,150	152,904
EQUITY		
Retained earnings	48,600	50,770
Revaluation reserves	134,550	102,134
Council equity interest	183,150	152,904
Minority equity interest	-	-
TOTAL EQUITY	183,150	152,904

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	9
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

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

Declared Business Activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Monetary Amounts

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

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Note 2 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector

Riverina Water County Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

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

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

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

Income Tax

An income tax equivalent has been applied on the profits of 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 of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a

provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.21% at 30/6/11.

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

(iv) Dividends

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

Local Government Water Supply Businesses are permitted to pay an annual dividend from its water supply surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2011

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

2011

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	26,000
(ii)	No of assessments multiplied by \$3/assessment	95,523
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	26,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	929,230
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	2,413,000

2011 Surplus	(2,194,000)	2010 Surplus	1,849,000	2009 Surplus	2,758,000
		2010 Dividend	-	2009 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Riverina Water County Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	14,148
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	79.47%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	185,360
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,745
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	8,584
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.47%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	61

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

SCOPE

We have audited the special purpose financial reports of Riverina Water County Council for the year ended 30 June 2011, comprising the Statement by Councillors and Management, Income Statement of Water Supply Business Activity, Balance Sheet of Water Supply Business Activity, and accompanying Notes to the Accounts.

Councillors and Managements responsibility for the financial report

The Councillors and Management of the Council are responsible for the preparation of the financial report in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier Cabinet. The Councillors and Managements responsibility includes establishing and maintaining internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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.

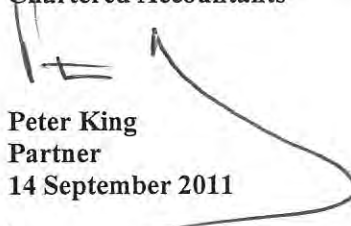
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

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

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
Chartered Accountants


Peter King
Partner
14 September 2011

Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2011

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



Riverina Water County Council

Special Schedules

for the financial year ended 30 June 2011

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Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	n/a
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	4
- Special Schedule No. 4	Water Supply - Balance Sheet	8
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
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¹ Special Purpose Schedules are not audited.

Background

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

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	-	-	-	-
Administration	-	-	-	-
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
Total Public Order & Safety	-	-	-	-
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
Total Environment	-	-	-	-
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Childrens Services	-	-	-	-
Total Community Services & Education	-	-	-	-
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	-	-	-	-
Water Supplies	16,658	13,037	1,453	(2,168)
Sewerage Services	-	-	-	-

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	-	-	-	-
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	-	-	-
Transport and Communication				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
Total Transport and Communication	-	-	-	-
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
Total Economic Affairs	-	-	-	-
Totals – Functions	16,658	13,037	1,453	(2,168)
General Purpose Revenues⁽²⁾		-		-
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	16,658	13,037	1,453	(2,168)

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	993	1,844
b. Engineering and Supervision	867	764
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	165	124
d. Maintenance expenses	1,060	805
- Reservoirs		
e. Operation expenses	165	124
f. Maintenance expenses	193	85
- Pumping Stations		
g. Operation expenses (excluding energy costs)	658	498
h. Energy costs	1,693	1,962
i. Maintenance expenses	739	499
- Treatment		
j. Operation expenses (excluding chemical costs)	659	388
k. Chemical costs	641	561
l. Maintenance expenses	145	110
- Other		
m. Operation expenses	884	450
n. Maintenance expenses	829	628
o. Purchase of water	54	101
3. Depreciation expenses		
a. System assets	3,675	3,321
b. Plant and equipment	806	1,059
c. Impairment	808	1,100
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	1,621	1,792
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	16,655	16,215

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges		
a. Access (including rates)	1,719	2,274
b. Usage charges	6,653	9,151
c. Other	-	60
7. Non-residential charges		
a. Access (including rates)	561	254
b. Usage charges	2,094	3,364
c. Other	808	471
8. Extra charges	-	-
9. Interest income	274	308
10. Other income	714	829
11. Grants		
a. Grants for acquisition of assets	61	11
b. Grants for pensioner rebates	191	192
c. Other grants	16	4
12. Contributions		
a. Developer charges	1,392	1,961
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	14,483	18,879
14. Gain or loss on disposal of assets	4	-
15. Operating Result	(2,168)	2,664
15a. Operating Result (less grants for acquisition of assets)	(2,229)	2,653

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,579	2,346
c. Renewals	3,472	2,247
d. Plant and equipment	1,533	2,067
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	8,584	6,660
Non-operating funds employed		
20. Proceeds from disposal of assets	614	437
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	614	437
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	27,818	27,400
b. Residential (unoccupied, ie. vacant lot)	1,475	1,321
c. Non-residential (occupied)	2,548	2,407
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	175 ET	354 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 337,706	\$ 337,000

Riverina Water County Council

Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
<input type="checkbox"/>			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2010/11 (page 47 of Guidelines)			<input type="text" value="955"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b + 27c + 27d + 28b)			<input type="text" value="955"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>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.</p>			

Riverina Water County Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,561	-	1,561
31. Receivables			
a. Specific purpose grants	145	-	145
b. Rates and charges	1,253	-	1,253
c. Other	1,133	-	1,133
32. Inventories	3,475	-	3,475
33. Property, plant and equipment			
a. System assets	-	185,360	185,360
b. Plant and equipment	-	4,352	4,352
34. Other assets	44	1,700	1,744
35. Total assets	7,611	191,412	199,023
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	417	-	417
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,342	-	2,342
40. Total liabilities	2,759	-	2,759
41. NET ASSETS COMMITTED	4,852	191,412	196,264
EQUITY			
42. Accumulated surplus			61,714
43. Asset revaluation reserve			134,550
44. TOTAL EQUITY			196,264
Note to system assets:			
45. Current replacement cost of system assets			317,347
46. Accumulated current cost depreciation of system assets			(131,987)
47. Written down current cost of system assets			185,360

Riverina Water County Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2011

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
	Council Offices/Depots	2.50%	101		8,423	1,112	7,311	2	10	5	51
	Council Houses	2.50%	5		434	55	379	2	4	2	13
	sub total		106	-	8,857	1,167	7,690		14	7	64
Water	Treatment Plants	1.30%	1,500		37,891	8,836	29,055	2	1,500	300	641
	Bores	4.00%	398		9,774	2,543	7,231	2	800	100	35
	Reservoirs	1.00%	177		47,168	13,131	34,037	2	2,000	200	193
	Pipelines	2.00%	952		197,937	102,392	95,545	3	100,000	2,000	1,652
	Pump Stations	1.30%	442		12,177	3,768	8,409	2	1,000	300	39
	sub total		3,469	-	304,947	130,670	174,277		105,300	2,900	2,560
	TOTAL - ALL ASSETS		3,575	-	313,804	131,837	181,967		105,314	2,907	2,624

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

1	Near Perfect - Ranges from New or Good
2	Superficial Deterioration - Ranges from Generally Good to Fair
3	Deterioration Evident - Ranges from Fair to Marginal
4	Requires Major Reconstruction - Ranges from Poor to Critical

4 **Requires Major Reconstruction** - Ranges from Poor to Critical

Riverina Water County Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual ⁽¹⁾ 10/11	Forecast 11/12	Forecast 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15
(i) RECURRENT BUDGET					
Income from continuing operations	14,490	19,867	20,637	21,452	22,053
Expenses from continuing operations	16,658	16,670	17,722	19,080	19,742
Operating Result from Continuing Operations	(2,168)	3,197	2,915	2,372	2,311
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	3,579	9,459	15,828	18,348	7,581
Replacement/Refurbishment of Existing Assets	5,005	-	-	-	-
Total Capital Budget	8,584	9,459	15,828	18,348	7,581
Funded by:					
- Loans	-	3,247	5,660	10,700	-
- Asset sales	614	411	419	428	436
- Reserves	-	(600)	-	-	-
- Grants/Contributions	-	-	-	-	-
- Recurrent revenue	7,970	6,401	9,749	7,220	7,145
- Other	-	-	-	-	-
	8,584	9,459	15,828	18,348	7,581

Notes:

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.

CUSTOMER INFORMATION

PAYMENT FACILITIES

TELEPHONE Australia Post Telephone Billpay

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

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

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

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

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

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

EMERGENCY NUMBERS

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

GENERAL ENQUIRIES:	(02) 6922 0608
SERVICE CENTRE:	(02) 6922 0608
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EMERGENCY

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(02) 6922 0608 All hours.