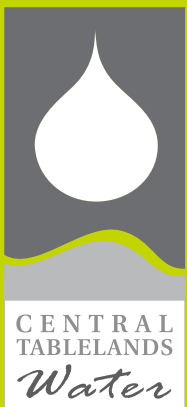


**CENTRAL
TABLELANDS
WATER
ANNUAL
REPORT
2017-2018**



SYSTEM LAYOUT



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CHAIRMAN'S MESSAGE



During the year the State government introduced its Safe and Secure Water Program to co-fund eligible water and sewerage projects that deliver economic growth in regional NSW through water security, amongst other things. As a regional water utility CTW is an eligible recipient for funding under this program. We have several projects (apart from the Lake Rowlands/Carcoar Dam linkage mentioned above) which we hope will qualify under this program, including:

- The 12 ML reservoir at Carcoar Filtration Plant;
- The completion of stage 3 of the Trunk Main K replacement from Gooloogong to Grenfell; and
- A possible potable water supply for the community of Caragabal

On the regional front, CTW continues to be an important member of the Centroc Water Utilities Alliance. This group was established to ensure that the local water utilities of the 10 member councils in Central West region work collaboratively to deliver efficiencies and improve the quality of service in this sector through regional procurement, asset management services and compliance based training. The Alliance will be embedded in the recently proclaimed Central NSW Joint Organisation, of which CTW is an associate member.

It has been an honour to serve CTW as its chairman for the past year. Particular thanks go to my deputy chairman, Cr Kevin Walker and all fellow councillors, management and staff for their dedication and ongoing commitment to ensuring that our consumers continue to receive a reliable and good quality water supply.

David Somerville

Cr. David Somerville
CHAIRMAN

With local government elections out of the way at the start of the financial year, CTW now has a stable complement of councillors for three years. Councillor John Newstead from Blayney has replaced Councillor Geoff Braddon, but otherwise the governing body is unchanged. Stability in leadership is important. Our Councillors are always constructive and committed in their stewardship of CTW and in giving support and guidance to our general manager and his senior executive team.

After the uncertainty created by merger proposals over the previous few years, this year saw a renewed and strong focus on bedding down our strategy. We adopted a new Strategic Business Plan in March, after extensive input from councillors and staff and consultation with our constituent councils. Our vision is concise but powerful:

An independent regional water authority providing a quality water supply - reliably and sustainably

The keys are independence, regional leadership and reliable quality drinking water.

Having settled this vision, we set about analysing the challenges CTW faces in achieving it. There are many issues we face caused by our relatively small customer base but extensive geographic spread. But we have in place some ideas to address these challenges which emerged from a strategic workshop with councillors and constituent council mayors and general managers held in September 2018.

One of the exciting developments is the proposed linkage between Lake Rowlands and Carcoar Dam. I mentioned this concept in last year's report. Since then, it has been included in WaterNSW's 20 year infrastructure strategy, along with the possible raising of the wall at Lake Rowlands to increase our storage. Only recently the State government committed to spending \$850,000 on the preparation of a final business case to scope out and carefully cost the concept. We look forward to working with WaterNSW on this exciting prospect.



GENERAL MANAGER'S REPORT

I am pleased to present the Annual Report for Central Tablelands Water (CTW) for the year ended 30 June 2018.

CTW with its committed and dedicated team, once again achieved full cost recovery during 2017/18. Achieving full cost recovery is vital in meeting the financial sustainability indicators for both the Office of Local Government (OLG) performance measures, and Department of Industry – Water best practice management of water supply and sewerage guidelines.

After providing for a depreciation expense of \$2.111m, CTW managed to achieve a net operating surplus of \$1.070m. In accordance with CTW policy, this surplus has been placed into the capital works reserve which is structured to fund CTW's 30 year infrastructure replacement and upgrade program.

CTW's major capital works program during 2017/2018 included the following:

- Trunk Main "K" Gooloogong to Grenfell Replacement Project Stage 2 –\$0.794m
- Progression of CTW and Orange City Council Water Security Pipeline Project –\$1.9m
- Asset Management System \$0.067m
- Mains extensions \$0.045m
- Bore refurbishments \$0.031m

The two major capital works projects mentioned above, being the replacement of Trunk Main "K" Grenfell to Gooloogong, and the CTW and Orange City Council Water Security Pipeline Project, are both expected to be commissioned during 2018/19. These projects are quite significant for CTW to ensure the continued delivery of reliable quality drinking water to our consumers, now and well into the future.

As mentioned previously, CTW has a committed and dedicated team comprising technical, operational and corporate services staff. The technical and operational staff maintain a rigorous maintenance program with a focus on providing consumers with a good quality and reliable water supply over a wide area in variable weather conditions. Our corporate services staff also continue to provide a professional and courteous service to all CTW consumers, associates and visitors.

I would like to acknowledge the following CTW staff members for achieving significant service milestones during 2017/2018:

- Rebecca Stammers – Revenue Officer 30 years
- Marilyn Death – Payroll & Creditors Officer 20 years
- Joshua Sligar – Water Quality Manager 20 years
- Lance Harvey – Meter Reader/Network Operator 20 years

This year CTW welcomed new staff members Peter McFarlane (Director Finance & Corporate Services), Francis Dorman (Asset Officer) and Noel Wellham (Director Operations & Technical Services). All three staff members bring a wealth of knowledge and experience with them, for the benefit of CTW.

I would also like to welcome Cr John Newstead to CTW as the new delegate from Blayney Shire Council following the 2017 NSW local government elections. I look forward to working with Cr Newstead and the positive contributions he will make to CTW.

Council continues to lobby and promote the need for additional water security in the Central Tablelands and Central West region. The recent funding announcement of a \$0.850m business case by the NSW Minister for Regional Water for a potential pipeline linkage between Lake Rowlands and Carcoar Dam is very positive. This potential linkage will capture excess water over and above regulated environmental releases, and will further assist in securing CTW's water supply.

Finally, I would like to thank all CTW Councillors and staff for their support, loyalty and friendship over the past year and look forward to working with you all in delivering CTW's challenging operational and capital works programs in 2018/19.

Gavin Rhodes

Gavin Rhodes
GENERAL MANAGER

COUNCIL PROFILE

Central Tablelands Water County Council is a constituency of three local government areas, namely, Blayney Shire, Cabonne Shire and Weddin Shire. The Council comprises two delegates each elected by their constituent council for a four-year term. The Weddin Shire Council delegates were elected during the Local Government elections in September 2016. The delegates from Blayney Shire Council and Cabonne Shire Council were elected in September 2017 after State Government merger proposals were withdrawn. The next local government elections are scheduled for 2020.

BLAYNEY SHIRE COUNCIL



Cr David Somerville
CHAIRMAN

John Newstead

CABONNE SHIRE COUNCIL



Cr Kevin Walker
DEPUTY CHAIRMAN

Cr Anthony Durkin

WEDDIN SHIRE COUNCIL



Cr Paul Best

Cr Craig Bembrick

GENERAL INFORMATION

COUNCIL MEETINGS

Meetings of Council are held on the second Wednesday of alternate months, commencing in February each year. The meetings alternate between the towns of Grenfell, Blayney and Canowindra.

ORGANISATIONAL STRUCTURE 2017-2018

COUNCIL

D. SOMERVAILE
J. NEWSTEAD
A. DURKIN
K. WALKER
P. BEST
C. BEMBRICK

CHAIRMAN

D. SOMERVAILE

GENERAL MANAGER

G. RHODES

DIRECTOR OPERATIONS & TECHNICAL SERVICES

L. FREETH/N. WELLHAM

DIRECTOR OF FINANCE & CORPORATE SERVICES

P. MCFARLANE

COUNCIL'S VISION

An independent regional water authority providing a quality water supply - reliably and sustainably.

COUNCIL'S VALUES

We value our:

- Customers
- Independence, sustainability, efficiency and innovation.
- Skilled and capable workforce in delivering an essential service.
- Role as a regional collaborative partner and leader.

LEGISLATIVE REQUIREMENTS

ACTIVITIES TO PROTECT ENVIRONMENTALLY SENSITIVE AREAS

REGULATION 217

Council is not involved in the management of any environmentally sensitive areas. Council's water storage at Lake Rowlands will continue to be operated according to best industry practice to ensure the long-term integrity of the storages, especially as regards to controlling nutrient levels and blue-green algae populations.

Council's water filtration plants at Carcoar and Blayney are operated according to industry best practice to ensure that all sludge is contained on-site and disposed of in an environmentally responsible manner. Supernatant water is recycled back through the filtration plants.

All construction sites will be maintained and restored in accordance with best practice guidelines for environmental control.

LEGAL PROCEEDINGS

REGULATION 217 (1) (A3)

Council was not involved in any legal proceedings during FY17/18.

COUNCILLORS' FEES, FACILITIES AND EXPENSES

REGULATION 217 (1) (A1)

The total cost during the year of the payment of the expenses of, and the provision of facilities to Councillors in relation to their civic functions were as follows:

Provision of Office Equipment	\$nil
Telephone expenses	\$nil
Chairperson's Fees	\$14,925.40
Councillors' Fees	\$56,238.10
Conference/Seminar Expenses	\$6,843.87
Travel Outside State	\$504.38
Overseas Travel	\$nil
Spouse Expenses	\$nil
Child Care Expenses	\$nil
Travel within State	\$2,359.19
Other expenses	\$3,292.56

Council's policy for the provision of facilities and the payment of councillors' expenses is as follows:

1. Council pay councillors an annual fee based on the maximum fee as determined by the Local Government Remuneration Tribunal;
2. In addition to the annual fee, Council reimburse actual expenses incurred to any councillor who:
 - attends a meeting of any committee of Council,
 - attends an inspection within the area in compliance with a resolution of the Council,
 - undertakes business of the Council outside of the area in compliance with a resolution of Council.

3. Council recompense councillors for travelling expenses at the rates per kilometre allowed at the time by the Australian Taxation Office, for all travelling associated with attendance at Council meetings or other business as specified above.
4. Council allow councillors any reasonable use of facilities to assist in their carrying out of business on behalf of the Council, such use being entirely at the discretion of the General Manager.
5. Council will provide the Chairman with the following facilities:
 - an office in the Council's Administrative Building;
 - access to telephone, facsimile, computer tablet and photocopy facilities for Council business purposes;
 - secretarial services for Council business as required;
 - identification badge bearing Council's crest;
 - payment of conference/seminar/workshop registration fees for attendance authorised by Council; and,
 - arrangement and payment of travel in respect of Council commitments.
6. Council will provide the Councillors with the following facilities:
 - access to telephone, facsimile computer tablet and photocopy facilities for Council business purposes;
 - secretarial services for Council business as required;
 - identification badge bearing Council's crest;
 - payment of conference/seminar/workshop registration fees for attendance authorised by Council; and,
 - arrangement and payment of travel in respect of Council commitments.
7. Meals and refreshments will be provided to the Chairman and Councillors in conjunction with Council/Committee meetings and other functions/meetings as appropriate.
8. Expenses incurred whilst on approved travel outside the Council area will attract reimbursement according to the following guidelines:
 - (a) Meals – where meals are not provided, the total amount for meals should not exceed \$100 per day.
 - (b) Accommodation – where travel involves an overnight stay away from home the acceptable maximum expenditure on accommodation is:
 - metropolitan areas \$350.00 per night
 - country areas \$200.00 per night provided that all accommodation is approved prior to travelling, where practicable.

SENIOR STAFF

REGULATION 217 (1) (B & C)

The General Manager is the only employee classified as senior staff. The total salary package for the General Manager in 2017/2018, including salary, employer superannuation, non-cash benefits and amounts payable for fringe benefits tax, totalled \$163,785.

LEGISLATIVE REQUIREMENTS CONTINUED

CONTRACTS AWARDED DURING YEAR

REGULATION 217 (1) (A2)

COMPANY	DESCRIPTION OF WORK	COST \$
CADIA PLUMBING	Supply of materials for the Trunk Main K Replacement Project	468,854.01 (GST Inc)

BUSH FIRE HAZARD REDUCTION

SECTION 428

Bush fire hazard reduction activities are undertaken by constituent Councils and are not an activity or responsibility of Central Tablelands Water.

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

SECTION 428

This activity is the responsibility of the constituent Councils and, being a single purpose water authority, does not involve Central Tablelands Water.

PRIVATE WORKS UNDER SECTION 67(3)

REGULATION 217 (1) (A4)

Council did not carry out any work on private land during 2017/2018 that was fully or partly subsidised by Council.

CONTRIBUTIONS UNDER SECTION 356

REGULATION 217 (1) (A5)

The amounts contributed or otherwise granted under Section 356 during 2017/2018 totalled \$13,407.50.

HUMAN RESOURCES ACTIVITIES

SECTION 428

Council has a commitment to ensuring that its entire staff is appropriately skilled and trained to carry out their responsibilities. Various in-house and external training programs will continue to be undertaken to ensure that the required skills are available.

The following training was undertaken by CTW staff during 2017/2018:

TRAINING COURSE	NO. OF PARTICIPANTS
OPERATE AND CONTROL LIQUEFIED CHLORINE GAS DISINFECTION	10
TRIMBLE TRAINING	1
ELECTRICAL TEST & TAG	1
REMOVE NON-FRIABLE ASBESTOS	1
FIRST AID	20

Council is in the process of forming a Consultative Committee that is inclusive and representative of the organisation. The Consultative Committee will be a forum for consultation between Council and all staff that will encourage a free and open exchange of views. Management will continue to monitor Council's workplace environment and the implementation of Council's training and equal employment opportunity programs.

Management will:

- conduct annual performance reviews based on predetermined objectives and performance standards for all staff,
- provide training on the basis of identified needs and priorities,
- continue to ensure that there is no compromise in regards to workplace safety and that all recommendations resulting from risk management assessments are carried out.

EQUAL EMPLOYMENT OPPORTUNITY

REGULATION 217 (1) (A9)

Council has adopted an Equal Employment Opportunity Management Plan, a copy of which has been distributed to all Council employees.

Council's philosophy for its Equal Employment Opportunity Management Plan is to create equality of opportunity, for all employees and potential employees, by ensuring that all recruitment, advancement and promotions are made on a merit basis.

EXTERNAL BODIES WHICH HAVE EXERCISED COUNCIL-DELEGATED FUNCTIONS

REGULATION 217 (1) (A6)

The Council has not delegated any functions to external bodies.

COMPANIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST

REGULATION 217 (1) (A7)

Council does not have any interest whatsoever in any company.

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

SECTION (428) (2) (Q).

Council is not party to any partnerships, co-operatives or joint ventures.

ASSET REPLACEMENT AND UPGRADE PROGRAM

Council proposes to carry out the following asset replacements during the period July, 2017 to June, 2019. The order presented does not represent a priority order.

1. Mains replacement
 - Trunk Mains - 2018/2019 - Trunk Main 'K' Renewal (Stage 2a and 3) estimated at \$2.9m.
 - Trunk Main 'P' - 'C' to Somers \$0.12m
 - Trunk Main 'A' - part 300 metres \$0.556m
 - CTW and Orange City Council (OCC) Water Security Pipeline Project, linking Orange Water Filtration Plant to Carcoar Water Filtration Plant. Estimated total value of project \$28m - 2016/2017 to 2018/2019.
2. Pump Replacements
 - Provision is made for the replacement of pumps to the value of \$47,741 in 2018/2019, \$49,173 in 2019/2020 and \$50,648 in 2020/2021.
3. Other
 - Completion of the administration building refurbishment in 2018/2019 estimated at \$50,000.
 - Blayney Depot refurbishment in 2018/2019 \$40,000
 - Motor vehicles and other plant in accordance with policy.

SALES OF ASSETS

Council did not dispose of any of its existing major assets during the period covered by this Plan.

Motor vehicles and other plant items will be replaced according to Council's present replacement policy, which is outlined below. Minor assets will be disposed of as, and if, it is considered necessary.

PLANT REPLACEMENT POLICY

Council has adopted as its policy that all vehicle changeovers be made:

- at best market prices using either auction or tender and be funded from the plant reserve.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009 AND REGULATION

The following is an extract from the above Regulation:

"The annual report of an agency (other than a Minister) required to be prepared under section 125 of the Act must include the following:

Note. An agency's report under section 125 of the Act can be included in the agency's annual report required to be prepared under the annual reporting legislation—see section 6 of the Annual Reports (Departments) Act 1985 or section 5A of the Annual Reports (Statutory Bodies) Act 1984 (as the case requires).

- (a) details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review,
- (b) the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications),
- (c) the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (Information for which there is conclusive presumption of overriding public interest against disclosure),

Note. Table D in Schedule 2 also requires information relating to access applications in respect of which there is a conclusive presumption of overriding public interest against disclosure.

- (d) information, as set out in the form required by the tables in Schedule 2, relating to the access applications (if any) made to the agency during the reporting year.

COUNCIL REPORT

A review of Council's information that is not currently accessible by the public on Council's website was undertaken by the Principal Officer during 2017/2018. No additional information was made available as a result of this review.

Council received one (1) application for information under the Government Information (Public Access) Act 2009 for the financial year ended 30 June 2018.

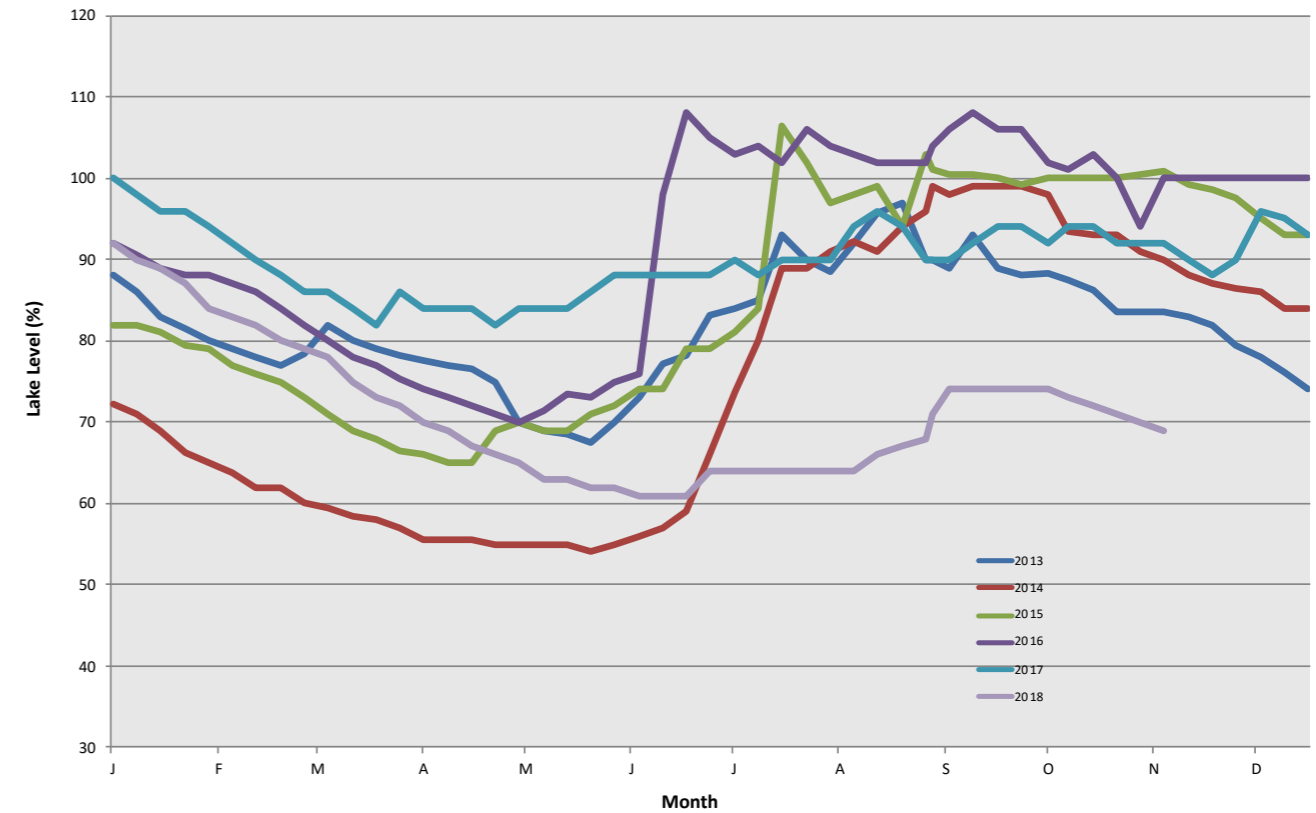
PUBLIC INTEREST DISCLOSURE (PID) ACT 1994 AND REGULATION

Council did not receive any public interest disclosures under the Public Interest Disclosure Act 1994 for the financial year ended 30 June 2018. Council has an Internal Reporting Policy in place. A copy of this policy is available on Council's website at www.ctw.nsw.gov.au

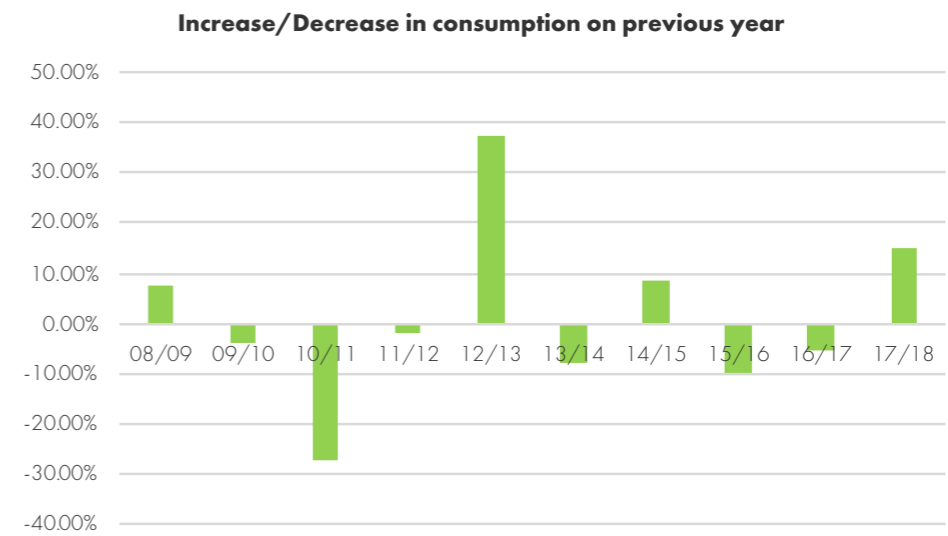
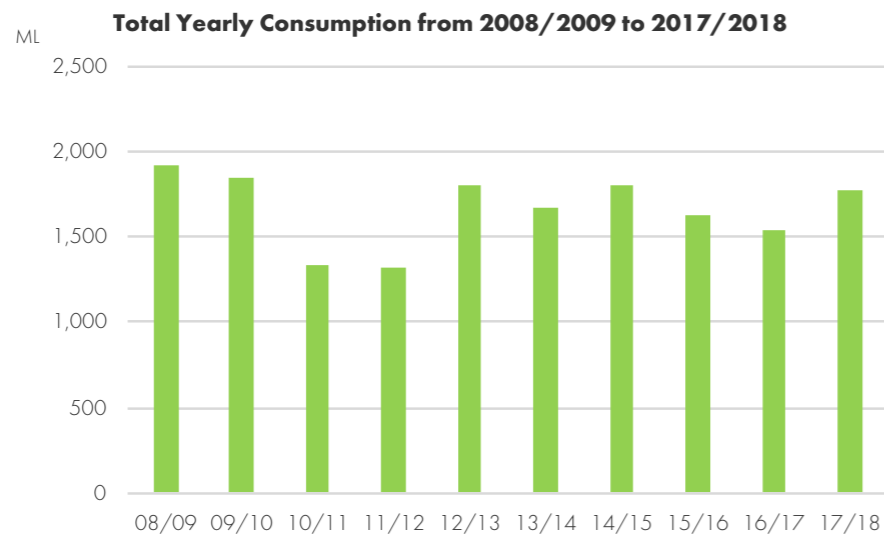
WATER CONSUMPTION

08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	CONSUMER TYPE	
746	768	605	601	792	751	869	777	725	814	ML	Single Residential
22	22	20	20	22	23	23	21	24	25	ML	Multi Residential
267	287	196	209	266	282	301	285	268	325	ML	Rural
220	231	180	189	224	203	193	204	187	217	ML	Commercial
468	315	167	136	158	189	208	212	188	236	ML	Industrial
26	28	17	15	21	32	31	27	43	44	ML	Public Parks
34	41	42	36	42	45	46	43	44	58	ML	Institutions
143	156	117	110	285	144	141	63	62	55	ML	Bulk Sales (Cowra)
1,926	1,848	1,344	1,316	1,810	1,669	1,812	1,632	1,541	1,774	ML	Sub Total
105	112	130	153	161	146	121	244	197	287	ML	Est. Leakage
127	50	27	28	42	50	50	40	68	75	ML	Flushing of mains
16	0	7	7	3	8	2	7	8	8	ML	Unaccounted
2,174	2,010	1,508	1,504	2,016	1,873	1,985	1,923	1,814	2,144	ML	Total Consumption
11.41%	8.06%	10.88%	12.50%	10.22%	10.89%	8.72%	15.13%	15.05%	17.26%	Water losses as % of total water output	
0.00%	-4.05%	-30.22%	-31.67%	-6.02%	-13.34%	-5.92%	-15.26%	-19.99%	-7.89%	% increase/decrease consumption on 2008/2009	
7.42%	-4.05%	-27.27%	-2.08%	37.54%	-7.79%	8.57%	-9.93%	-5.58%	15.12%	% increase/decrease consumption on previous year	

LAKE ROWLANDS STORAGE LEVELS 2013 - 2018



WATER USAGE OVER TIME



WATER ANALYSIS TABLE

PROGRAM: DRINKING WATER MONITORING PROGRAM, OPERATIONAL MONITORING PROGRAM, PROJECT PROGRAM

PHU: ALL

WATER UTILITY: ALL

SUPPLY SYSTEM: ALL

TOWN: ALL

TREATMENT PLANT: ALL

SOURCE: ALL

SAMPLE SITE: ALL

SAMPLE COUNT: 1056

REPORT TYPE: RESULTS SUMMARY REPORT

ENTERED DATE RANGE: -

BARCODE: ALL

ANALYSIS TYPE: ALL

CHARACTERISTICS: ALL

TREATMENT TYPE: ALL

COLLECTED DATE RANGE: 01-07-2017 - 30-06-2018

ANALYSIS TYPE	CHARACTERISTIC	GUIDELINE VALUE	UNITS	MEAN	MEDIAN	STANDARD DEVIATION	MIN	MAX	SAMPLE COUNT	EXCEPTION COUNT	95TH PERCENTILE	5TH PERCENTILE	% MEETING GUIDELINE VALUES
CHEMISTRY	Aluminium	0.200	mg/L	0.012	0.010	0.008	0.005	0.03	16	0	0.03	0.005	100.00
	Antimony	0.003	mg/L	0.001	0.001	0.000	0.001	0.001	16	0	0.001	0.001	100.00
	Arsenic	0.010	mg/L	0.001	0.001	0.000	0.001	0.002	16	0	0.002	0.001	100.00
	Barium	2.000	mg/L	0.027	0.021	0.015	0.016	0.064	16	0	0.064	0.016	100.00
	Boron	4.000	mg/L	0.056	0.050	0.017	0.05	0.1	16	0	0.1	0.05	100.00
	Cadmium	0.002	mg/L	0.000	0.000	0.000	0.000	0.001	16	0	0.001	0.000	100.00
	Calcium	10000.000	mg/L	16.038	13.150	7.949	11.6	36.5	16	0	36.5	11.6	100.00
	Chloride	250.000	mg/L	39.375	18.500	58.437	15	190	16	0	190	15	100.00
	Chromium	0.050	mg/L	0.003	0.003	0.001	0.003	0.005	16	0	0.005	0.003	100.00
	Copper	2.000	mg/L	0.035	0.026	0.036	0.005	0.159	16	0	0.159	0.005	100.00
	Fluoride	1.500	mg/L	0.943	0.955	0.130	0.66	1.14	16	0	1.14	0.66	100.00
	Fluoride (WU result)	1.500	mg/L	1.012	1.010	0.025	0.95	1.06	14	0	1.06	0.95	100.00
	Fluoride Ratio	0.8 - 1.2		1.037	1.055	0.078	0.89	1.18	14	0	1.18	0.89	100.00
	Iodine	0.500	mg/L	0.021	0.020	0.009	0.01	0.03	16	0	0.03	0.01	100.00
	Iron	0.300	mg/L	0.010	0.005	0.010	0.005	0.04	16	0	0.04	0.005	100.00
	Lead	0.010	mg/L	0.001	0.001	0.000	0.001	0.003	16	0	0.003	0.001	100.00
	Magnesium	10000.000	mg/L	11.529	8.915	7.112	7.41	30.53	16	0	30.53	7.41	100.00
	Manganese	0.500	mg/L	0.003	0.003	0.001	0.003	0.005	16	0	0.005	0.003	100.00
	Mercury	0.001	mg/L	0.000	0.000	0.000	0.000	0.000	16	0	0.000	0.000	100.00
	Molybdenum	0.050	mg/L	0.003	0.003	0.001	0.003	0.005	16	0	0.005	0.003	100.00
	Nickel	0.020	mg/L	0.005	0.005	0.000	0.005	0.005	16	0	0.005	0.005	100.00
	Nitrate	50.000	mg/L	0.656	0.500	0.239	0.5	1	16	0	1	0.5	100.00
	Nitrite	3.000	mg/L	0.050	0.050	0.000	0.05	0.05	16	0	0.05	0.05	100.00
	pH	6.5 - 8.5		7.456	7.450	0.258	7	8.1	16	0	8.1	7	100.00
	Selenium	0.010	mg/L	0.001	0.001	0.000	0.001	0.003	16	0	0.003	0.001	100.00
	Silver	0.100	mg/L	0.001	0.001	0.001	0.001	0.005	16	0	0.005	0.001	100.00
	Sodium	180.000	mg/L	29.500	12.500	47.141	10	157	16	0	157	10	100.00
Sulfate	500.000	mg/L	8.313	2.000	18.245	1	57	16	0	57	1	100.00	
Total Dissolved Solids (TDS)	600.000	mg/L	157.313	98.000	165.277	87	581	16	0	581	87	100.00	
Total Hardness as CaCO3	200.000	mg/L	87.525	68.950	49.129	59.5	216.9	16	2	216.9	59.5	87.50	
True Colour	15.000	Hazen Units (HU)	1.750	2.000	0.983	0.5	4	16	0	4	0.5	100.00	
Turbidity	5.000	NTU	0.119	0.050	0.236	0.05	1	16	0	1	0.05	100.00	
Uranium	0.017	mg/L	0.003	0.003	0.000	0.003	0.003	15	0	0.003	0.003	100.00	
Zinc	3.000	mg/L	0.017	0.010	0.016	0.005	0.07	16	0	0.07	0.005	100.00	
FLUORIDE BARCODE	Fluoride	1.500	mg/L	0.965	0.970	0.034	0.91	1.01	8	0	1.01	0.91	100.00
	Fluoride (WU result)	1.500	mg/L	1.010	1.015	0.026	0.97	1.04	8	0	1.04	0.97	100.00
	Fluoride Ratio	0.8 - 1.2		1.048	1.035	0.043	0.99	1.12	8	0	1.12	0.99	100.00
MICROBIOLOGY	E. coli	0.000	cfu/100 mL	0.000	0.000	0.000	0	0	218	0	0	0	100.00
	Free Chlorine	0.2 - 5	mg/L	0.960	0.990	0.200	0.51	1.61	226	0	1.25	0.64	100.00
	pH	6.5 - 8.5		7.515	7.500	0.088	7.2	7.8	226	0	7.6	7.3	100.00
	Total Chlorine	5.000	mg/L	1.288	1.310	0.200	0.86	1.99	226	0	1.57	0.97	100.00
	Total Coliforms	0.000	cfu/100 mL	0.000	0.000	0.000	0	0	218	0	0	0	100.00
OPERATIONAL MONITORING	Turbidity	5.000	NTU	0.226	0.220	0.064	0.1	0.37	226	0	0.33	0.13	100.00
	Fluoride (daily WU)	0.9 - 1.5	mg/L	1.035	1.030	0.051	0.88	1.19	632	2	1.13	0.96	99.68
	Fluoride (weekly WU)	0.9 - 1.5	mg/L	1.012	1.010	0.041	0.91	1.13	174	0	1.08	0.94	100.00

STATEMENT OF REVENUE POLICY

Council has reviewed its Revenue Policy for 2018/19 with the main features being:

1. An increase in the consumption charge of 6% from \$2.75 to \$2.92 per kilolitre in accordance with its adopted policy to permit funding of its capital works program.
2. Availability charges will increase by 2% and applied in accordance with the Flow Capacity Factors outlined below.
3. Development contributions have been increased by 1.9% per ET in accordance with the adopted Development Servicing Plan. (Movement is based on the Sydney CPI index for 12 months to 31 December, 2017)
4. Section 603 Certificate fees being a Statutory Fee have been increased to \$80.00 in line with the Office of Local Government determination.
5. Service connection fees and private works have been increased by 3%.
6. Two new administrative fees have been added being a \$2.50 charge for copy of accounts where in excess of a single account (most recent account) is requested and a \$55.00 per hour search fee where information is requested that involves resources and time being expended by Council staff.

Availability charges will increase from \$230 to \$235 pa (\$57.50 to \$58.75 per quarter). It should be noted that Council will review availability charges annually in accordance with the Best Practice Water Pricing guidelines. This will result in availability charges changing annually rather than being fixed for a number of years between amendments. The aim being to bring more pricing stability for consumers in accordance with the Best Practice guidelines.

Council has experienced a large increase in electricity charges like many consumers, increases at some large sites being of the magnitude of 94%. This has placed significant cost pressure on Council with up to \$200,000 of additional energy costs being incurred. Council will review the impact further when assessing the 2019/20 charges.

Council is also evaluating measures that can be used to offset its energy usage and these are currently under investigation.

Council is aware of the needs of its consumers and provides a reliable and high quality water supply. Council is also aware of ensuring that its pricing policies must permit the renewal and upgrading of its water network infrastructure so that consumers expectations are met.

Council has embraced Best Practice Pricing of Local Water Utility services as outlined in the Department of Industry-Water Best Practice Management of Water Supply and Sewerage Guidelines. In summary, the following pricing regime exists for Central Tablelands Water:

1. A two part pricing policy of an availability (access) charge, determined on the diameter of the meter, and a straight line consumption charge,
2. There are no non-residential cross subsidies.
3. Water accounts are rendered quarterly.
4. Development Service Charges are set in accord with methodology set down in accord with the guidelines.

FEES AND CHARGES

FLOW CAPACITY TABLE							
DIAMETER OF WATER SERVICE	20mm	25mm	32mm	40mm	50mm	80mm	100mm
FLOW CAPACITY FACTOR	1.00	1.5625	2.56	4.00	6.25	16.00	25.00

The FCF is a factor based upon relative meter size and measures the load that can be placed on the system by that service size. (i.e. large services place greater loads on the system)

DEVELOPER CHARGES

Incorporated in Council's Development Servicing Plan is the calculated developer charge per Equivalent Tenement (ET) levied on all new developments, or additions/changes to existing developments, supplied from the Lake Rowlands Supply area.

THE SECTION 64 DEVELOPER CHARGE FOR 2018/2019 IS SET AT \$9,178.00 PER ET.

Council resolved that the determination of an ET would be in accordance with the Section 64 Determination of Equivalent Tenement Guidelines, published by the NSW Water Directorate and that the charge would be indexed on 1 July each year in accordance with the change in the Consumer Price Index for Sydney in the preceding 12 months to December. The CPI is 1.9% for the year ended December 2017.

It is important to note that blocks exceeding 2000m² in size are considered to be defined in the guidelines to exceed 1 ET.

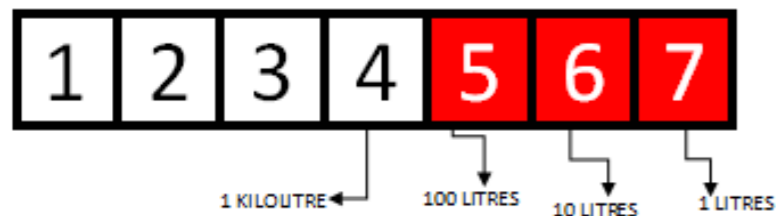
Council has also adopted a capital contribution charge for developments on existing vacant unconnected land, not subject to subdivision (in-fill blocks), within all towns and villages, with the exception of Quandialla. This charge would also be indexed on 1 July each year in accordance with the change in the Consumer Price Index for Sydney in the preceding 12 months to December. The capital contribution charge on existing vacant unconnected land for 2018/2019 is \$4,262.00 per ET.

The capital contribution charge for all vacant unbuilt upon land within the existing village of Quandialla remains in accordance with the adopted fees and charges for 2018/2019. The charge is calculated by reference to the multiple of \$464 per year or part year since the network construction year of 2001/2002.

Funding has been allocated in the 2018/19 Operational Plan to undertake a review of Council's Development Servicing Plan. As a result of that review changes will be made to the development contribution charges in 2019/2020.

HOW TO READ YOUR METER

A TYPICAL METER IS SHOWN BELOW



THE FIRST 4 NUMBERS (generally black) INDICATE KILOLITRES

THE LAST NUMBERS (generally red) INDICATE HUNDRED AND TENS OF LITRES.

FEES AND CHARGES 2018/2019 CONTINUED

TYPE	DESCRIPTION	GST	AMOUNT \$
WATER CHARGES (PER KILOLITRE)	Residential/Rural	N	\$2.92
	Non-Residential	N	\$2.92
	Industrial	N	\$2.92
	Standpipe Sales	N	\$7.90
WATER CHARGES – QUANDIALLA (PER KILOLITRE)	Residential/Rural	N	\$2.92
	Standpipe Sales	N	\$9.08
BULK WATER CHARGES	Cowra Shire	N	\$1.75
AVAILABILITY CHARGES (PER ANNUM)	20mm	N	\$235.00
	25mm	N	\$368.00
	32mm	N	\$602.00
	40mm	N	\$940.00
	50mm	N	\$1,469.00
	80mm	N	\$3,760.00
	100mm	N	\$5,875.00
	Fire Service (Restricted to fire use only)	N	\$235.00
	Unconnected Built upon Properties	N	\$117.50
METER TEST FEES	20mm and 25mm (other sizes POA)	N	\$80.00
RECONNECTION FEES	Non-payment (less than 3 months)	N	\$160.00
	Non-payment (after three months)	N	\$305.00
	Other Reconnection	N	\$305.00
OTHER FEES	Attend to Disconnect	N	\$80.00
	Special Reading Fee	N	\$80.00
DEVELOPER CHARGES	Per equivalent tenement (ET). Block sizes exceeding 2000m ² will incur an additional charge in excess of 1 ET. Seek quote on application.	N	\$9,178.00
CAPITAL CONTRIBUTION CHARGES	Lake Rowlands Supply Area (per ET). Block sizes exceeding 2000m ² are greater than 1 ET. Seek quote on application.	N	\$4,262.00
FOR DEVELOPMENTS ON EXISTING UNCONNECTED LAND, NOT SUBJECT TO SUBDIVISION	Quandialla – per year for each year, or part thereof, after construction year 2001/2002	N	\$464.00

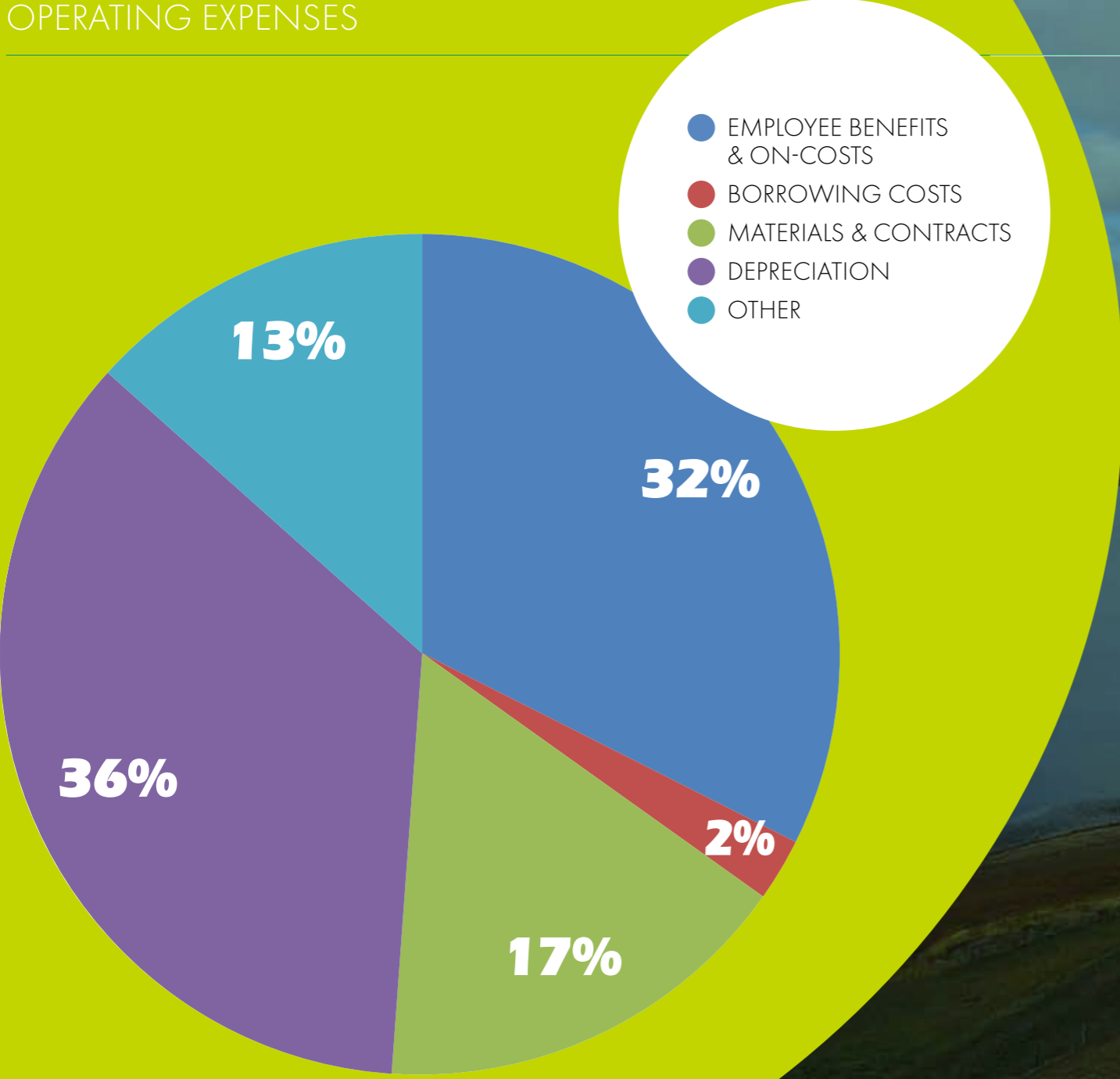
TYPE	DESCRIPTION	GST	AMOUNT \$
SERVICE CONNECTION (20MM ONLY)	4 metres (footpath)	N	\$1,231.00
	10 metres (dirt/gravel)	N	\$1,350.00
	10 metres (bitumen)	N	\$2,143.00
	20 metres (dirt/gravel)	N	\$1,869.00
	20 metres (bitumen)	N	\$3,033.00
	20 metres (bitumen & concrete footpath)	N	\$3,552.00
	Rural connection	N	\$1,995.00
MAINS EXTENSIONS	POA		
CONNECTIONS 25MM, 32MM & ABOVE	POA		
PRIVATE WORKS - NON WATER INFRASTRUCTURE	Labour rate per hour (during working hours)	Y	\$59.00
	(Overtime rates apply outside working hours)		
	Utility hire rate per kilometre	Y	\$1.00
	Excavator hire rate per hour	Y	\$142.00
	Contract Plant Hire	Y	At cost
ADMINISTRATIVE FEES	Section 603 Certificate (per property)	N	\$80.00
	Dishonoured cheque	N	\$35.00
	Dishonoured Direct Debit	N	\$35.00
	Photocopying B & W (A4) per copy	Y	\$0.60
	Photocopying Colour (A4) per copy	Y	\$1.20
	Copy of Accounts - Per account for above 1 account. (single account only no charge)	Y	\$2.50
	Search Fees - per hour	Y	\$55.00
	Facsimile – first page	Y	\$2.50
	Facsimile – subsequent (per page)	Y	\$1.00
	Interest rate for overdue accounts	N	7.5%
GOVERNMENT INFORMATION PUBLIC ACCESS (GIPA ACT)	Formal Application	N	30
	Processing Charge (Per hour)	N	35
	Internal Review Processing Fee	N	40

FINANCIAL STATEMENTS

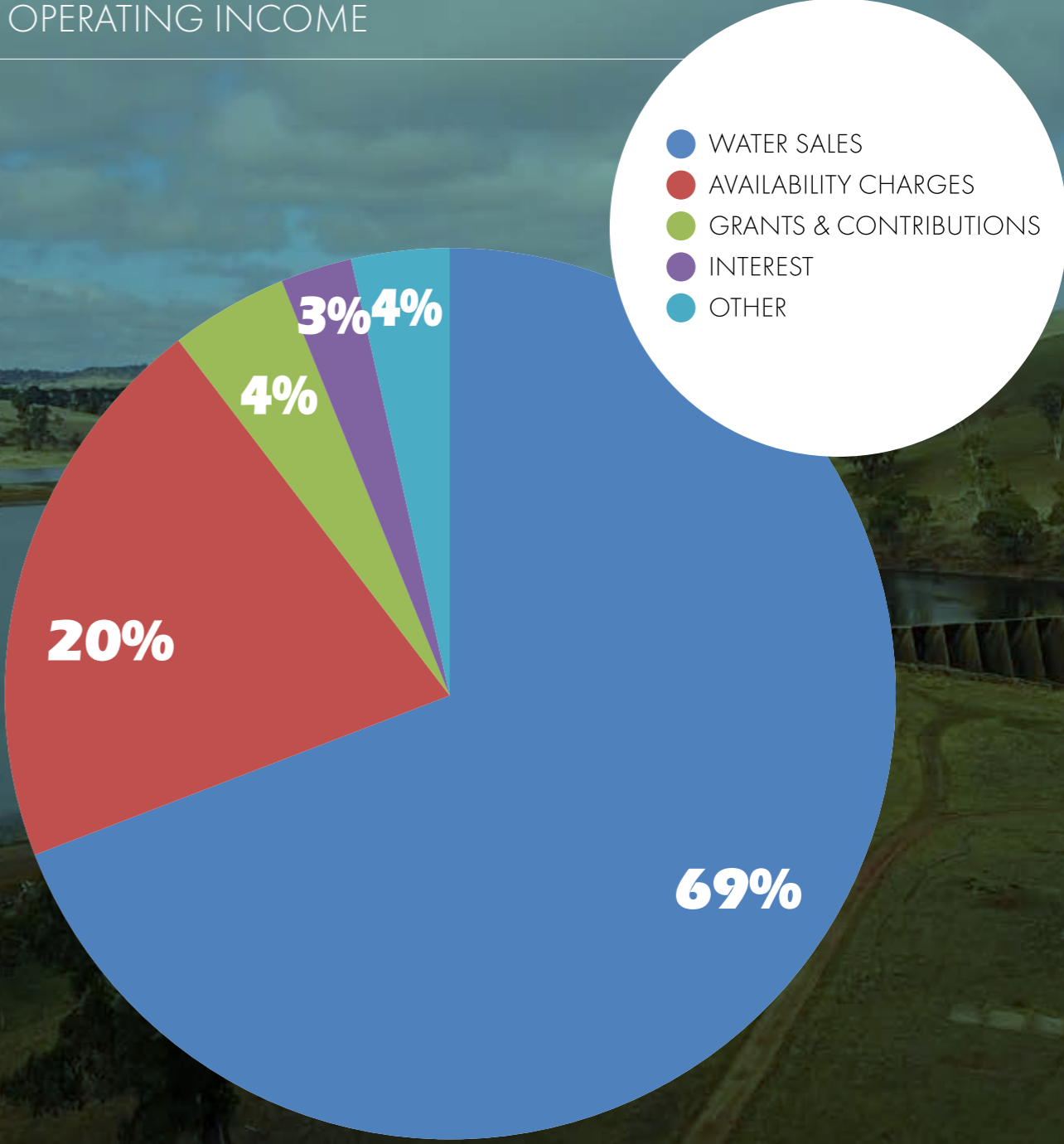
Central Tablelands County Council's audited financial reports for the year 2017/2018 are reported separately in the Financial Statements for the year ended 30th June 2018.

A copy of Council's audited Financial Statements for 2017/2018 is provided as **Appendix A** at the end of this document, page 35.

OPERATING EXPENSES



OPERATING INCOME



DELIVERY PLAN REPORT

FUTURE DIRECTION 1 – REGIONAL ECONOMIC DEVELOPMENT									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
1.1	1.1.1	Contribute to the development assistance reserve to provide funds to encourage future economic development	1.1.1.a	Allocate 4 cents from each kilolitre of water sold to the Development Assistance Reserve	Budget reflects the allocation	General Manager, Director Finance & Corporate Services	√		This allocation is reflected in Council's Operational Plan, LTFP and 30 Year Capital Works Program.
	1.1.2	Participate in meetings with Alliance councils and CENTROC to understand future development	1.1.2.a	Attend WBC meetings	No. of meetings attended Involvement in joint projects Outcomes from collaborative projects	Chairman, General Manager, Director Operations and Technical Services, & Director Finance and Corporate Services	√		CTW remains a member of the WBC Alliance.
			1.1.2.b	Active member of CENTROC and the Centroc Water Utilities Alliance	Attendance at meetings No. of meetings attended Involvement in joint projects Outcomes from collaborative projects	General Manager, Director Operations and Technical Services, & Director Finance and Corporate Services	√		The Chairman and General Manager attend all Centroc Board Meetings. The GM attends all Centroc GMAC Meetings. DFCS attends all Centroc RDOCs Meetings. The GM or DOTS attend all CWUA Meetings. CTW Staff participate in joint Centroc Projects when applicable to CTW.
1.2	1.2.1	Advocate benefits of infill development through lower Section 64 developer charges	1.2.1.a	Details of benefits are outlined in councils operations plan, newsletters and website	Newsletters are sent and information is present on website	General Manager, Director Finance and Corporate Services	√		Council continues to promote infill development through its' Operational Plan and website.
1.3	1.3.1	Be open to proposals to utilise alternative water sources	1.3.1.a	Actively seek information on the proposed water supply for Caragabal	Discussions with Caragabal Water Scheme	General Manager and Director Operations & Technical Services	√		Council is always open to proposals to utilise alternative water sources. Council, GM and DOTS will continue to have discussions with the Caragabal Water Scheme regarding possible options in providing a potable water supply.
1.4	1.4.1	Continuously advocate for supply augmentation through CENTROC	1.4.1.a	Actively participate in Centroc Water Utilities Alliance	Attendance at meetings No. of meetings attended Involvement in joint projects Outcomes from collaborative projects	Chairman, General Manager and Director Operations & Technical Services	√		The GM or DOTS attend all CWUA Meetings and participate in joint projects when applicable to CTW. Council continues to advocate for supply augmentation through Centroc's Water Infrastructure Priority Matrix. CTW as a stakeholder have also been represented on the Customer Reference Group for the Lachlan Valley Water Security Project (LVWSP).
FUTURE DIRECTION 2 – SECURE, QUALITY AND EFFICIENT WATER SUPPLIES									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
2.1	2.1.1	Provide incentive to small local subdivisions through a deferred payment scheme	2.1.1.a	Incentives are negotiated on an as needs or as requested basis.	No. of deferred payment schemes taken up	General Manager, Director Finance and Corporate Services	√		Council continues to offer its deferred payment scheme to small local subdivisions when and as required.
	2.1.2	Respond and provide advice to developer requests to connect to unserviced areas.	2.1.2.a	On an as needs basis	Advice provided is adequate and provided in timely manner	General Manager, Director Operations and Technical Services	√		The GM & DOTS respond and provide advice to developer requests to connect to unserviced areas in a timely manner.
	2.1.3	Provide planning advice to member councils	2.1.3.a	Input to councils operational plans and LEPs and on an as needs basis	Member councils have the information they need for their planning	General Manager and Director Operations and Technical Services	√		Council provides planning advice to member councils when and as required.
	2.1.4	On request conduct feasibility studies into connections to unserviced villages within CTW jurisdiction	2.1.4.a	On an as needs basis	Provide timely and appropriate advice	Director Operations and Technical Services	√		Council is always willing to discuss and conduct feasibility studies into possible new connections to unserviced villages. The Caragabal Water Scheme is a recent example.
2.2	2.2.1	Undertake regular water sampling programs in excess of requirements of NSW legislation	2.2.1.a	Samples conducted daily to check on water quality	Water samples are completed daily.	Director Operations and Technical Services, Water Quality Manager	√		Council has an extensive water quality sampling program in place which enables Council to meet regulatory water quality compliance requirements.
			2.2.1.b	Weekly samples are taken and analysed for the purpose of Dept. Health compliance	Weekly samples are collected.	Director Operations and Technical Services and Water Quality Manager	√		Council has an extensive water quality sampling program in place which enables Council to meet regulatory water quality compliance requirements.
	2.2.2	Modify filtration plants operations to respond to seasonal conditions	2.2.2.a	Modify operations based on sampling	Operations are modified on outcome of sampling Quality control measures in place	Director Operations and Technical Services and Water Quality Manager	√		CTW has an extensive water monitoring program at Lake Rowlands and WTP's which determine any adjustments to WTP operation.
			2.2.2.b	Chemicals required for operation are on supply	Chemicals are on hand when required.	Water Filtration Plant Operators	√		Chemical storages sized for spare capacity, to ensure chemicals are on supply at all times.
	2.2.3	Regularly cleanse the reticulation system	2.2.3.a	Flushing of reticulation mains is completed	Reticulation system is clean	Water Service Operators	√		All villages and towns on the CTW network have had reticulation flushed within the last financial year. Flushing of reticulation systems is included in maintenance program to be completed 1 in 2 years.
	2.2.4	Protect water storage areas from contamination	2.2.4.a	Foreshores of Lake Rowlands are fenced and maintained	Foreshores are not breached or contaminated	Director Operations and Technical Services through Contractors	√		CTW staff regularly patrol the fencing immediately surrounding Lake Rowlands and repair any damage as necessary. In the near future CTW is also fencing part of the catchment area owned by CTW upstream of Lake Rowlands. CTW continues to liaise with neighbouring landowners in the Lake Rowlands catchment area to ensure the catchment remains protected (i.e. control of noxious weeds).
2.2.4.b			All reservoirs have roofs and are bird proof	Reservoirs are not breached or contaminated	Director Operations and Technical Services through Contractors		√	CTW reservoirs are roofed and are bird proof. The Canowindra reservoir roof is in the process of being repaired after incurring damage from a major storm.	

DELIVERY PLAN REPORT CONTINUED

FUTURE DIRECTION 2 – SECURE, QUALITY AND EFFICIENT WATER SUPPLIES CONTINUED									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
2.3	2.3.1	Manage a one tier pricing system to encourage responsible water use	2.3.1.a	One tier straight line consumption pricing system is reviewed and monitored	Water use is decreased	General Manager, Director Finance and Corporate Services	√		One tier pricing is in place and is monitored on a quarterly basis.
	2.3.2	Be a member of the save water alliance which produces information to educate the community on reasonable use of water	2.3.2.a	Actively participate in Save Water and Demand Management Programs and provide information to customers	Attendance at meetings No. of meetings attended Involvement in joint projects Outcomes from collaborative projects	General Manager	√		Council was a member of the Save Water Alliance until it closed operations during 2015. Council undertake internal demand management processes through consumer newsletters and updates on the website. Council is also a member of the CWUA and participates in joint projects relevant to CTW. Council is a member of Smart Approved WaterMark.
	2.3.3	Annually, in summer, participate in joint TV advertising promotion with other Councils.	2.3.3.a	Work with other councils to conduct advertising campaign	Media promotion has been conducted	General Manager	√		Council's membership and involvement with the CWUA includes participation in joint demand management advertising and promotion. This includes the Smart Approved WaterMark membership.
	2.3.4	Install water supply control for devices for rural customers	2.3.4.a	Inspect flow control devices annually.	Inspections have been completed.	Director Operations and Technical Services and Water Service Operators	√		Inspection of flow control devices are carried out annually.
			2.3.4.b	On request install new control devices.	Number of new installations.	Water Service Operators	√		New flow control devices are installed as required.
2.3.4.c			Have stores of flow control devices on hand.	Controls are readily available.	Stores Officer	√		Flow control devices are always maintained at each Depot and the main store at Blayney.	
2.4	2.4.1	Provide metering to measure system losses	2.4.1.a	System meters are read on a weekly basis to identify potential problems	Weekly reads are completed.	Director Operations and Technical Services and Water Service Operators	√		System meter reads are completed weekly to ensure early identification of significant water losses.
			2.4.1.b	Action is taken on a as needs basis if problems identified	Problems are resolved in a timely manner.	Director Operations and Technical Services and Water Service Operators	√		At any time during the year, CTW maintains at least 4 on call staff who all actively work responsively towards minimising system losses in accordance with CTW's Levels of Service.
	2.4.2	Undertake a regular meter replacement program	2.4.2.a	Ongoing during the year – all domestic water meters are replaced at 7,500kL	No. of replacements in a year	Meter Technician and Revenue Officer	√		Meter replacement program when the meter is above 7,500 kL is ongoing.
FUTURE DIRECTION 3 - A HEALTHY, NATURAL ENVIRONMENT AND ECOLOGY									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
3.1	3.1.1	Contain chemicals and sludge within operational sites through use of bunded areas.	3.1.1.a	Chemicals and sludge are stored in a bunded area.	No chemical or sludge spills	Water Service Operators	√		All chemicals requiring bunding and sludge are contained within appropriately sized bunded areas.
	3.1.2	Backwash water from filtration plants is recycled	3.1.2.a	Backwash water captured in reservoir or lagoon and pumped through to head of plant	All backwash water is recycled through plant daily	Water Service Operators	√		All backwash water is recycled through both Blayney and Carcoar WTP's.
	3.1.3	Undertake an annual weed management program	3.1.3.a	Arrange the contractor to complete program as specified in weeds program	Weeds are controlled.	Director Operations and Technical Services and Contractor(s)	√		Annual weed control program is currently being undertaken at Lake Rowlands. CTW staff also maintain weeds throughout the CTW network on an ongoing basis.
3.2	3.2.1	Implement an annual tree planting program.	3.2.1.a	Plant trees at Blayney Filtration plant as per program	Number of trees planted in a year	Director Operations and Technical Services and Water Operators	√		Trees are planted at Wallaby every year in Winter/Spring.
	3.2.2	Utilise grant funding to manage pest and weed control.	3.2.1.b	Apply for grant funding as it becomes available	Funding secured.	General Manager	√		Council applies for grant funding when available.
3.3	3.3.1	Have discussions with relevant agencies about research into the effects of climate change	3.3.1.a	Liaison with DPI Water & Central Tablelands Local Lands Services on an as needs basis to develop regional strategies	Agencies work on joint projects or initiatives	General Manager and Director Operations and Technical Services.	√		CTW currently investigating secure yield and affects of climate change. Strategies to be developed following finalisation of secure yield.
	3.3.2	Prepare a climate change strategy for the organisation	3.3.2.a	Develop plan after consultation with the above agencies and utilising the current CTW Climate Change Adaptation and Mitigation Plan	Plan is developed	General Manager	√		CTW will prepare and develop a climate change strategy in 2018/19.
3.4	3.4.1	Examine and implement strategies to reduce reliance on conventional electricity supply	3.4.1.a	Identify potential strategies such as mini hydro on trunk mains, outlets of the Lake Rowlands dam and report to council with recommendations.	Strategies are approved and funding allocated for implementation	General Manager, Director Operations and Technical Services	√		CTW insisting on LED lighting for all new capital works projects. CTW currently examining a number of sites for solar power suitability. Administration Office lighting was replaced with LED lighting in 2015/2016. CTW have also recently partnered with Blayney Shire Council with a proposed Renewable Energy Project funding application through the NSW Government. CTW have recently had an independent Energy Audit undertaken of its assets.

DELIVERY PLAN REPORT CONTINUED

FUTURE DIRECTION 3 - A HEALTHY, NATURAL ENVIRONMENT AND ECOLOGY CONTINUED									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
3.5	3.5.1	Implement the recommendations of the drought management plan					√		The Drought Management Plan is to be reviewed and updated in FY18/19.
	3.5.2	Inform the community about the operational requirements of the drought management plan					√		
3.6	3.6.1	Inform the community about the adverse environmental impacts of bottles water	3.6.1.a	Provide information to community through media and newsletters	Information is provided.	General Manager	√		The community is informed through regular newsletters and information provided on the website and facebook page.
	3.6.2	Encourage the availability of environmentally friendly reusable water bottles	3.6.2.a	Provide environmentally friendly reusable water bottles	Water bottles continue to be available.	General Manager	√		The community is informed via the administration office and through regular newsletters and information provided on the website.
FUTURE DIRECTION 4 - A COMMERCIAL, EQUITABLE EFFICIENT AND CUSTOMER FOCUSED ORGANISATION									
CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
4.1	4.1.1	Implement the work health and safety policy in accordance with NSW legislation	4.1.1.a	Ensure all employees have personal protective equipment and clothing	No instances of staff not using PPE	Director Operations and Technical Services	√		PPE is issued annually or as required. Internal Audits identify any PPE issues.
			4.1.1.b	Conduct compulsory first aid training for all employees	Training to be revised this year.	Director Operations and Technical Services	√		All current CTW staff are trained in first aid.
	4.1.2	Manage risk	4.1.2.a	Undertake regular risk assessments of workplaces and projects	Risks are managed and there are no examples of incidents relating to failure to conduct risk assessments	Director Operations and Technical Services and Water Operations staff	√		Regular internal WHS Audits undertaken at all depots/WTP's. Toolbox meetings identify and manage risks prior to work (main break, etc) commencing.
			4.1.2.b	Train employees in risk assessment and safe work procedures (training will be accessed when it is available during the year)	Staff have completed appropriate training.	Director Operations and Technical Services	√		Training will be accessed when available within a reasonable distance from CTW.
4.2	4.2.1	An annual review of pricing policy is completed	4.2.1.a	Conduct annual review of pricing policy.	Review is completed and any adjustments made	General Manager and Director Finance and Corporate Services	√		Council's pricing policy is reviewed on an annual basis as part of the Operational Plan development.
4.3	4.3.1	Undertake regular customer satisfaction surveys	4.3.1.a	Develop customer satisfaction survey	Customer satisfaction survey developed	General Manager	√		A customer satisfaction survey was completed in 2012. Another customer satisfaction survey will be completed in FY18/19, with results reported to Council.
			4.3.1.b	Conduct survey, analyse and respond to results	Survey is completed and report on results has been provided to council with recommendations	General Manager reported to Council	√		As per above comments.
	4.3.2	Review and update customer service level agreements outlined in operational plan	4.3.2.a	Review and update customer service level agreements outlined in operational plan	Review has been completed.	General Manager and Director Operations and Technical Services		√	Review has been completed.
	4.3.3	Manage a customer service requests and reporting system	4.3.3.a	Maintain the customer request module on the Synergy Soft IT system.	Number of requests and response times are monitored and reported to Council.	Director Finance and Corporate Services	√		CTW manage a robust customer service request system.
4.4	4.4.1	Implement the community engagement strategy in the Strategic Business Plan	4.4.1.a	Promote and comply with the strategy	Community have been engaged in line with the strategy	General Manager, Director Operations and Technical Services	√		CTW is continuing to implement the community engagement strategy.
4.5	4.5.1	Implement the Workforce Management Plan	4.5.1.a	Plan for training and manage training database.	Training database is current Training plans are completed.	General Manager, Directors, Administrative Support	√		Training plan to be discussed and agreed during staff performance appraisals.
			4.5.1.b	An annual staff appraisal is conducted and performance and training requirements are assessed	Appraisals have been completed.	General Manager, and Directors	√		Staff performance appraisals will be conducted in June 2018. A full organisational and salary system review to be undertaken in FY18/19.
4.5	4.5.2	Accreditation standards required of employees in the water industry are met.					√		Staff are currently trained above the minimum requirement and no further training is required in this operational year.

DELIVERY PLAN REPORT CONTINUED

FUTURE DIRECTION 4 - A COMMERCIAL, EQUITABLE EFFICIENT AND CUSTOMER FOCUSED ORGANISATION CONTINUED

CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
4.6	4.6.1	Maintain a 30 year projection and 10 year financial plan	4.6.1.a	Quarterly reviews are conducted	Budget is reviewed quarterly and reported to Council	Director Finance and Corporate Services with other Managers	√		Council's 30 Year Capital Works Program and 10 Year LTFP is reviewed and updated on an annual basis. The annual budget is reviewed quarterly and reported to Council.
	4.6.2	Maintain and implement a 10 year capital works program	4.6.2.a	The annual capital works program is developed as part of the Operational Plan and then rolled out in subsequent year	Capital works program is developed annually	General Manager and Director Operations and Technical Services	√		The 10 year Capital works program has been developed for CTW.
			4.6.2.b	Capital works program is implemented.	Capital works are completed on time and in budget	Director Operations and Technical Services	√		The Capital Works program is progressing. All current capital works are within budget and within program.
	4.6.3	Regularly review the integration of the capital works program with the long term financial plan	4.6.3.a	Quarterly reviews are completed to ensure works program is on track and in budget	Reviews are completed and adjustments made.	General Manager and Director Operations and Technical Services	√		The Capital Works program is reviewed against the long term financial plan on a bi-monthly basis.
CSP Ref	DP Ref	TASK	Op Ref	Task	Measure	Responsible Officer/s	Ongoing	Completed	Comment
4.7	4.7.1	Use technology to monitor and control operational systems	4.7.1.a	Upgrade telemetry system	System has been upgraded.	Director Operations and Technical Services and Contractor		√	Telemetry System has been upgraded
			4.7.1.b	Review the support network and expertise around the telemetry system (eg service levels from Fourier Technologies)	Greater knowledge of how to support the telemetry system is in place	General Manager and Director Operations and Technical Services	√		CTW continue to investigate and implement value-for-money technology. Eg. Actuator at Canowindra.
	4.7.2	Continuously monitor technology changes and update systems.	4.7.2.a	New IT Managed Services agreement has been implemented	New technologies that improve efficiencies have been introduced.	General Manager and Director Finance and Corporate Services		√	New IT Managed Services was implemented in 2016.
4.8	4.8.1	Develop and maintain a register and manual of legislation and regulations and associated requirements	4.8.1.a	Develop and maintain a register and manual of legislation and regulations and associated requirements	Register is in place and CTW is compliant with relevant legislation	Director Finance and Corporate Services	√		The development of a compliance register is included in Council's policy and procedures review currently being undertaken. This work is anticipated to be completed in FY18/19.

FUTURE DIRECTION 5 - A COMMERCIAL, EQUITABLE EFFICIENT AND CUSTOMER FOCUSED ORGANISATION

CSP REF	DP REF	TASK	OP REF	TASK	MEASURE	RESPONSIBLE OFFICER/S	ONGOING	COMPLETED	COMMENT
5.1	5.1.1	Implement system maintenance program	5.1.1.a	Carry out maintenance as required ensuring the integrity of the system.	Maintenance program is implemented.	Director Operations and Technical Services and Water Operations Staff	√		CTW develops a maintenance program based on operational needs and asset condition on an annual basis.
			5.1.1.b	Develop the maintenance program for 2017/2018	Annual maintenance program has been developed and adopted by council	Director Operations and Technical Services		√	2017/18 maintenance program developed and implemented.
	5.1.2	Track system failures to determine maintenance and replacement priorities	5.1.2.a	Maintain data in electronic asset management system to produce reports to inform maintenance program.	Reports are produced quarterly and actions taken to resolve problems	Director Operations and Technical Services and Water Operations staff	√		CTW maintains a robust asset management system that feeds into a maintenance and replacement program.
5.2	5.2.1	Remove and replace inefficient infrastructure that regularly incurs unnecessary costs	5.2.1.a	Replacement schedule is part of annual maintenance program.	Maintenance program is implemented.	Director Operations and Technical Services and Water Operations staff	√		Ongoing implementation of maintenance program.
	5.2.2	Review staffing levels as necessary and in line with the Workforce Management Plan	5.2.2.a	An annual review of the organizational structure and staffing levels is completed	Staffing is adequate to meet service levels.	General Manager and Directors	√		A review of the organisational structure and salary system will be undertaken in FY18/19.
5.3	5.3.1	Develop, implement and review asset management plans based on the IPWEA framework and model	5.3.1.a	Asset Plan has been developed but will need to be further enhanced and reviewed	Plan is enhanced and implemented.	General Manager and Director Operations and Technical Services		√	Council's Asset Management Plan was completed in 2015. It has recently been reviewed and updated in accordance with IP&R guidelines.
5.4	5.4.1	Develop, implement and review risk management plans to manage a range of supply disruption scenarios	5.4.1.a	Develop risk plan and emergency response procedures.	Plans and procedures are in place.	Director Operations and Technical Services and Director Finance and Corporate Services		√	A Risk Management Plan and procedures are in place. In March 2016, CTW participated in a Business Continuity Management Review and Gap Analysis Program facilitated by Statewide Mutual. CTW will continue to review and update its emergency procedures, risk management plan on a regular basis. CTW's draft BCP is to be finalised in early FY18/19.

MAJOR CAPITAL WORKS PROJECTS

TRUNK MAIN K PROJECT



LINKING WATER FILTRATION PLANTS CARCOAR FILTRATION PLANT TO THE ICELY ROAD FILTRATION PLANT ORANGE



CTW & ORANGE CITY COUNCIL WATER SECURITY PIPELINE PROJECT



GOOLOOGONG TO GRENFELL

RECOGNITION OF STAFF SERVICE

Four (4) staff members at CTW reached significant service milestones during 2017/18. These staff members and their length of service are listed below:

- Rebecca Stammers, Revenue Officer, 30 years of service
- Lance Harvey, Meter Reader/Network Operator, 20 years of service
- Joshua Sligar, Water Quality Manager, 20 years of service
- Marilyn Death, Payroll and Creditors Clerk, 20 years of service

All four staff members were recognised for their dedicated and loyal service to CTW at the August Council meeting in Blayney.

PICTURED BELOW L-R: Cr Kevin Walker, Cr John Newstead, Cr Craig Bembrick, Marilyn Death, Cr Anthony Durkin, Joshua Sligar, Cr David Somerville (Chairman), Rebecca Stammers, Cr Paul Best and Lance Harvey.



CUSTOMER INFORMATION

PAYMENT OF ACCOUNTS

Central Tablelands Water issues quarterly water accounts. Accounts are issued in August, November, February and May.

To assist consumers, Central Tablelands Water has the following range of payment options:

IN PERSON

Present the account intact and make your payment by cash, cheque or EFTPOS at any Post Office.

Payments can also be made at Council's Blayney office and the office of Weddin Shire Council in Grenfell.

BPAY

If your bank offers BPAY, you can use BPAY to pay your water account by phone, internet or directly from your bank account. Please refer to your water account for your BPAY Biller Code and Reference Number.

CREDIT OR CHARGE CARD

Payments can be made over the phone using your credit or charge card by calling 13 18 16 when your water account is due, or online at www.postbillpay.com.au. Please refer to your water account for your Post BillPay Code and Reference Number.

Credit Card facilities are also available when paying in person at Council's Blayney office.

DIRECT DEBIT

Direct Debit is now available as a payment option. Please contact Council's Blayney office for a Direct Debit Request Form.

MAIL

Detach your payment slip and return it together with your cheque to:
CENTRAL TABLELANDS WATER
PO BOX 61
BLAYNEY NSW 2799

CENTRELINK

Use Centrepay to arrange regular deductions from your Centrelink payment. Call Centrelink to request Centrepay deductions.

Centrepay Reference: 555 052 389K

PENSIONERS

Pensioners are entitled to a rebate of up to \$87.50 each year on their water account. (This will appear as a deduction of \$21.88 on each account.) To be eligible you must be the owner and reside on the property.

To apply for a rebate, you must complete an application form, available from Council's administration office, or online from Council's website, www.ctw.nsw.gov.au, and provide a copy of your pensioner concession card.

CENTREPAY

Central Tablelands Water offers CENTREPAY, which enables Centrelink customers to budget and plan their finances more effectively. A Centrepay application form is available from Council's administration office, or online from Council's website, www.ctw.nsw.gov.au.

TENANTS AND LANDLORDS

The person, or persons, who are listed as the owner of the property will receive all water accounts and are responsible for their payment.

A number of landlords have lease agreements that stipulate that the tenant is responsible for the usage or consumption charge.

The billing of tenants is the owner's or agent's responsibility. Central Tablelands Water will not be involved in any arrangement to collect money from tenants.

FACEBOOK

Central Tablelands Water now has a Facebook page, which can be found at www.facebook.com/CentralTablelandsWater



APPENDIX A

CENTRAL TABLELANDS WATER

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2018



30 CHURCH STREET BLAYNEY NSW 2799

POSTAL ADDRESS: PO BOX 61, BLAYNEY NSW 2799

PH: (02) 6391 7200 **FAX:** (02) 6368 2451 **EMAIL:** water@ctw.nsw.gov.au

FACEBOOK: www.facebook.com/CentralTablelandsWater

WEB: www.ctw.nsw.gov.au

Central Tablelands Water

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

"An independent Regional Water Authority providing a quality water
supply - Reliably and Sustainably"



Central Tablelands Water

General Purpose Financial Statements for the year ended 30 June 2018

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Overview

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

30 Church Street
BLAYNEY NSW 2799

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

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

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

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

Central Tablelands Water

General Purpose Financial Statements

for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

More information

A review of Council's financial performance and position for the 17/18 financial year can be found at Note 23 of the financial statements.

Central Tablelands Water

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 10 October 2018.



Cllr David Somerville
Chairman
10 October 2018



Cllr Kevin Walker
Deputy Chairman
10 October 2018



Gavin Rhodes
General Manager
10 October 2018



Peter McFarlane
Responsible Accounting Officer
10 October 2018

Central Tablelands Water

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
1,436	Rates and annual charges	3a	1,437	1,225
4,310	User charges and fees	3b	4,861	3,985
113	Interest and investment revenue	3c	182	210
85	Other revenues	3d	186	247
52	Grants and contributions provided for operating purposes	3e,f	53	55
102	Grants and contributions provided for capital purposes	3e,f	246	177
Other income:				
81	Net gains from the disposal of assets	5	63	85
6,179	Total income from continuing operations		7,028	5,984
Expenses from continuing operations				
2,017	Employee benefits and on-costs	4a	1,933	1,768
144	Borrowing costs	4b	144	172
980	Materials and contracts	4c	971	927
2,131	Depreciation and amortisation	4d	2,111	1,807
780	Other expenses	4e	799	771
6,052	Total expenses from continuing operations		5,958	5,445
127	Operating result from continuing operations		1,070	539
127	Net operating result for the year		1,070	539
127	Net operating result attributable to Council		1,070	539
25	Net operating result for the year before grants and contributions provided for capital purposes		824	362

Central Tablelands Water

Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		1,070	539
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	1,949	11,128
Impairment (loss) reversal relating to IPP&E	9a	(1,373)	–
Total items which will not be reclassified subsequently to the operating result		576	11,128
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		576	11,128
Total comprehensive income for the year		1,646	11,667
Total comprehensive income attributable to Council		1,646	11,667

Central Tablelands Water

Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	817	1,165
Investments	6b	6,000	6,200
Receivables	7	561	351
Inventories	8	194	261
Other	8	8	23
Total current assets		7,580	8,000
Non-current assets			
Receivables	7	7	3
Infrastructure, property, plant and equipment	9	69,544	67,958
Intangible assets	10	67	–
Total non-current assets		69,618	67,961
TOTAL ASSETS		77,198	75,961
LIABILITIES			
Current liabilities			
Payables	11	202	274
Income received in advance	11	90	91
Borrowings	11	466	437
Provisions	12	694	602
Total current liabilities		1,452	1,404
Non-current liabilities			
Borrowings	11	1,442	1,908
Provisions	12	13	4
Total non-current liabilities		1,455	1,912
TOTAL LIABILITIES		2,907	3,316
Net assets		74,291	72,645
EQUITY			
Accumulated surplus	13	34,172	33,102
Revaluation reserves	13	40,119	39,543
Total equity		74,291	72,645

Central Tablelands Water

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		33,102	39,543	72,645	32,563	28,415	60,978
Net operating result for the year prior to correction of errors and changes in accounting policies		1,070	–	1,070	539	–	539
Net operating result for the year		1,070	–	1,070	539	–	539
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	1,949	1,949	–	11,128	11,128
– Impairment (loss) reversal relating to IPP&E	9a	–	(1,373)	(1,373)	–	–	–
Other comprehensive income		–	576	576	–	11,128	11,128
Total comprehensive income		1,070	576	1,646	539	11,128	11,667
Equity – balance at end of the reporting period		34,172	40,119	74,291	33,102	39,543	72,645

Central Tablelands Water

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
1,436	Rates and annual charges		1,437	1,225
4,297	User charges and fees		4,645	3,990
150	Investment and interest revenue received		196	215
164	Grants and contributions		300	182
–	Bonds, deposits and retention amounts received		5	–
90	Other		501	600
Payments:				
(2,024)	Employee benefits and on-costs		(1,823)	(2,049)
(1,001)	Materials and contracts		(1,066)	(825)
(144)	Borrowing costs		(144)	(172)
(780)	Other		(1,001)	(1,021)
2,188	Net cash provided (or used in) operating activities	14b	3,050	2,145
Cash flows from investing activities				
Receipts:				
4,840	Sale of investment securities		800	800
249	Sale of infrastructure, property, plant and equipment		243	310
–	Deferred debtors receipts		20	–
Payments:				
–	Purchase of investment securities		(600)	–
(6,840)	Purchase of infrastructure, property, plant and equipment		(3,391)	(2,539)
–	Deferred debtors and advances made		(33)	(15)
(1,751)	Net cash provided (or used in) investing activities		(2,961)	(1,444)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(437)	Repayment of borrowings and advances		(437)	(409)
(437)	Net cash flow provided (used in) financing activities		(437)	(409)
–	Net increase/(decrease) in cash and cash equivalents		(348)	292
6,743	Plus: cash and cash equivalents – beginning of year	14a	1,165	873
6,743	Cash and cash equivalents – end of the year	14a	817	1,165
Additional Information:				
	plus: Investments on hand – end of year	6b	6,000	6,200
	Total cash, cash equivalents and investments		6,817	7,365

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

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Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 10/10/2018.

Council has the power to amend and reissue these financial statements.

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

Basis of preparation

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

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

Full dollars have been used in Note 20 Related party disclosures in relation to the disclosure of specific related party transactions.

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

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

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) employee benefit provisions – refer Note 12.

Significant judgements in applying the Council's accounting policies

- (iii) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

Council is a single fund entity that operates to provide water supply. Council operates as a County Council pursuant to the Local Government Act 1993.

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

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

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

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

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 and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Governance	–	–	185	181	(185)	(181)	–	–	–	–
Water supplies	7,028	5,984	5,773	5,264	1,255	720	53	55	77,198	75,961
Total functions and activities	7,028	5,984	5,958	5,445	1,070	539	53	55	77,198	75,961

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Water supplies

Comprising the water supply systems servicing towns and villages within the Blayney, Cabonne, Weddin, Bland and Cowra Local Government Areas.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Residential	922	781
Commercial	243	208
Rural	173	149
Industrial	33	28
Other	66	59
Total annual charges	1,437	1,225
TOTAL RATES AND ANNUAL CHARGES	1,437	1,225
Accounting policy for rates and annual charges		
Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. 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.		
Control over assets acquired from rates and 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 rates.		
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Residential	2,301	1,906
Commercial	646	514
Rural	878	678
Industrial	629	517
Bulk supplies to Council	86	95
Other	219	174
Total specific user charges	4,759	3,884
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Private works – section 67	49	44
Section 603 certificates	25	23
Total fees and charges – statutory/regulatory	74	67
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Special meter readings and reconnection fees	28	34
Total fees and charges – other	28	34
TOTAL USER CHARGES AND FEES	4,861	3,985
Accounting policy for user charges and fees		
User charges and fees are recognised as revenue when the service has been provided.		

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue user and annual charges	12	8
– Cash and investments	170	202
TOTAL INTEREST AND INVESTMENT REVENUE	182	210
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue user and annual charges	12	8
General Council cash and investments	170	202
Total interest and investment revenue recognised	182	210

Accounting policy for interest and investment revenue

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

(d) Other revenues

Rental income – other council properties	22	21
Diesel rebate	1	1
Employee contributions to motor vehicles	21	25
Insurance claim recoveries	9	–
Insurance incentives and rebates	17	15
Investments recovery	–	107
Miscellaneous	4	2
Pipeline project income	111	76
Legal Costs Recovery - Debt Recovery	1	–
TOTAL OTHER REVENUE	186	247

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Central Tablelands Water

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
Specific purpose				
Pensioners' rates subsidies:				
– Water	53	55	–	–
Total specific purpose	53	55	–	–
Total grants	53	55	–	–
Grant revenue is attributable to:				
– State funding	53	55	–	–
	53	55	–	–
(f) Contributions				
Developer contributions:				
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):				
Cash contributions				
S 64 – water supply contributions	–	–	209	177
Total developer contributions – cash	–	–	209	177
Total developer contributions	–	–	209	177
Other contributions:				
Cash contributions				
Developer charges – mains extensions	–	–	37	–
Total other contributions – cash	–	–	37	–
Total other contributions	–	–	37	–
Total contributions	–	–	246	177
TOTAL GRANTS AND CONTRIBUTIONS	53	55	246	177

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	1,347	1,257
Travel expenses	4	7
Employee leave entitlements (ELE)	256	148
Superannuation – defined contribution plans	135	129
Superannuation – defined benefit plans	28	40
Workers' compensation insurance	30	35
Fringe benefit tax (FBT)	28	31
Payroll tax	66	69
Training costs (other than salaries and wages)	22	39
Sick leave insurance	6	5
Safety and protective clothing	10	8
Employee assistance program	1	–
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>	<u>1,933</u>	<u>1,768</u>
Number of 'full-time equivalent' employees (FTE) at year end	21	20

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

(b) Borrowing costs		
	2018	2017
(i) Interest bearing liability costs		
Interest on loans	144	172
Total interest bearing liability costs expensed	<u>144</u>	<u>172</u>
<u>TOTAL BORROWING COSTS EXPENSED</u>	<u>144</u>	<u>172</u>

Accounting policy for borrowing costs

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	602	528
Contractor and consultancy costs	334	372
Auditors remuneration ⁽¹⁾	34	26
Legal expenses:		
– Legal expenses: debt recovery	1	–
– Legal expenses: other	–	1
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>971</u>	<u>927</u>
1. Auditor remuneration		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council – NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	29	26
Remuneration for audit and other assurance services	<u>29</u>	<u>26</u>
Total Auditor-General remuneration	<u>29</u>	<u>26</u>
Non NSW Auditor-General audit firms:		
(i) Audit and other assurance services		
Other audit and assurance services - Internal Audit	5	–
Remuneration for audit and other assurance services	<u>5</u>	<u>–</u>
Total remuneration of non NSW Auditor-General audit firms	<u>5</u>	<u>–</u>
Total Auditor remuneration	<u>34</u>	<u>26</u>

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		162	165
Office equipment		10	5
Furniture and fittings		1	1
Infrastructure:			
– Buildings – non-specialised		62	22
– Water supply network		1,876	1,604
Intangible assets	10	–	10
Total depreciation and amortisation costs		<u>2,111</u>	<u>1,807</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>		<u>2,111</u>	<u>1,807</u>

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 10 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Impairment of financial assets

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	10	11
Bad and doubtful debts	5	–
Bank charges	28	28
Member expenses – chairperson’s fee	15	15
Member expenses – member fees	56	55
Member expenses (incl. chairperson) – other (excluding fees above)	13	20
Demand management (water wise programme) expenses	17	3
Donations, contributions and assistance to other organisations (Section 356)	14	12
Electricity and heating	384	309
Groundwater and unregulated access fees	40	35
Insurance	90	97
Postage	26	25
Printing and stationery	19	17
Subscriptions and publications	30	22
Telephone and communications	32	34
WBC alliance expenses	–	31
Other	20	57
<u>TOTAL OTHER EXPENSES</u>	<u>799</u>	<u>771</u>

Accounting policy for other expenses

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	9		
Proceeds from disposal – plant and equipment		243	310
Less: carrying amount of plant and equipment assets sold/written off		(180)	(225)
Net gain/(loss) on disposal		63	85
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		800	800
Less: carrying amount of financial assets sold/redeemed/matured		(800)	(800)
Net gain/(loss) on disposal		–	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>63</u>	<u>85</u>

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

Cash and cash equivalents			
Cash on hand and at bank		817	1,165
Total cash and cash equivalents		817	1,165

Accounting policy for cash and cash equivalents

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Investments				
'Loans and receivables'	6,000	–	6,200	–
Total investments	6,000	–	6,200	–
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>6,817</u>	<u>–</u>	<u>7,365</u>	<u>–</u>
Loans and receivables				
Long term deposits	6,000	–	6,200	–
Total	6,000	–	6,200	–

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days unless they are recognised as deferred debtors.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	6,817	–	7,365	–
attributable to:				
Internal restrictions (refer below)	6,316	–	6,865	–
Unrestricted	501	–	500	–
	6,817	–	7,365	–

\$ '000	2018	2017
---------	------	------

Details of restrictions

Internal restrictions

Plant and vehicle replacement	184	219
Infrastructure replacement	5,297	5,985
Employees leave entitlement	359	235
Development reserve	426	426
Consultancy	50	–
Total internal restrictions	6,316	6,865
TOTAL RESTRICTIONS	6,316	6,865

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
User charges and fees	452	–	228	–
Contributions to works	11	–	–	–
Accrued revenues				
– Interest on investments	34	–	48	–
Amounts due from other councils	1	–	18	–
Deferred debtors	21	7	12	3
Government grants and subsidies	40	–	41	–
Other debtors	7	–	4	–
Total	566	7	351	3
Less: provision for impairment				
User charges and fees	(5)	–	–	–
Total provision for impairment – receivables	(5)	–	–	–
<u>TOTAL NET RECEIVABLES</u>	<u>561</u>	<u>7</u>	<u>351</u>	<u>3</u>

There are no restrictions applicable to the above assets.

Movement in provision for impairment of receivables

	2018	2017
Balance at the beginning of the year	–	–
+ new provisions recognised during the year	5	–
Balance at the end of the year	5	–

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

For loans and receivables the amount of 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) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	194	–	197	–
Chemicals	–	–	64	–
Total inventories at cost	194	–	261	–
TOTAL INVENTORIES	194	–	261	–
(b) Other assets				
Prepayments	8	–	23	–
TOTAL OTHER ASSETS	8	–	23	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Central Tablelands Water

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

Asset class	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
\$ '000																
Capital work in progress	2,425	–	2,425	803	1,908	–	–	–	(285)	–	–	–	4,851	–	4,851	
Plant and equipment	1,296	763	533	–	464	(180)	(162)	–	–	–	–	–	1,284	629	655	
Office equipment	84	50	34	–	–	–	(10)	–	–	–	–	–	84	60	24	
Furniture and fittings	39	31	8	–	–	–	(1)	–	–	–	–	–	39	32	7	
Land:																
– Operational land	2,326	–	2,326	–	–	–	–	–	–	–	(20)	–	2,306	–	2,306	
Infrastructure:																
– Buildings	2,793	1,817	976	16	–	–	(62)	–	285	967	(311)	–	2,800	929	1,871	
– Water supply network	132,242	70,586	61,656	15	95	–	(1,876)	(1,373)	–	(967)	–	2,280	129,578	69,748	59,830	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	141,205	73,247	67,958	834	2,467	(180)	(2,111)	(1,373)	–	–	(331)	2,280	140,942	71,398	69,544	

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

Water network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Buildings	
Office furniture	10 to 20	Buildings: masonry	50 to 100
Computer equipment	3	Buildings: other	20 to 40
Vehicles	5 to 8		
Heavy plant/road making equipment	5 to 8		
Other plant and equipment	5 to 15		
Water and sewer assets			
Dams and reservoirs	80 to 100		
Bores	20 to 40		
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Note 9(b). Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2018	2017
Impairment losses recognised direct to equity (ARR):			
– Reticulation mains no longer used.		(36)	–
– Canowindra reservoir roof damaged by storm event.		(23)	–
– Trunk mains and pumping stations to be made redundant.		(1,314)	–
Total impairment losses		(1,373)	–
IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)		(1,373)	–

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
Opening values:		
Gross book value (1/7)	167	167
Accumulated amortisation (1/7)	(167)	(157)
Net book value – opening balance	–	10
Movements for the year		
– Purchases	67	–
– Amortisation charges	–	(10)
– Gross book value written off	(167)	–
– Accumulated amortisation charges written off	167	–
Closing values:		
Gross book value (30/6)	67	167
Accumulated amortisation (30/6)	–	(167)
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u> ¹	<u>67</u>	<u>–</u>

¹ **The net book value of intangible assets represent:**

– Software - development in progress	67	–
	<u>67</u>	<u>–</u>

Accounting policy for intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Central Tablelands Water

Notes to the Financial Statements
for the year ended 30 June 2018

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	142	–	207	–
Goods and services – capital expenditure	–	–	23	–
Accrued expenses:				
– Salaries and wages	30	–	6	–
– Other expenditure accruals	–	–	38	–
Security bonds, deposits and retentions	5	–	–	–
ATO – PAYG	25	–	–	–
Total payables	202	–	274	–
Income received in advance				
Payments received in advance	90	–	91	–
Total income received in advance	90	–	91	–
Borrowings				
Loans – secured ¹	466	1,442	437	1,908
Total borrowings	466	1,442	437	1,908
TOTAL PAYABLES AND BORROWINGS	758	1,442	802	1,908

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	–	–	–	–
Payables and borrowings relating to externally restricted assets	–	–	–	–
Total payables and borrowings relating to restricted assets	–	–	–	–
Total payables and borrowings relating to unrestricted assets	758	1,442	802	1,908
TOTAL PAYABLES AND BORROWINGS	758	1,442	802	1,908

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000

(b) Changes in liabilities arising from financing activities

Class of borrowings	2017		Non-cash changes			2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	2,345	(437)	–	–	–	1,908
TOTAL	2,345	(437)	–	–	–	1,908

\$ '000

2018

2017

(c) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	45	25
Total financing arrangements	45	25
Drawn facilities as at balance date:		
– Credit cards/purchase cards	–	9
Total drawn financing arrangements	–	9
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	45	16
Total undrawn financing arrangements	45	16

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

Finance leases

Council does not have any finance lease arrangements in place at balance date.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	221	–	162	–
Long service leave	473	13	440	4
TOTAL PROVISIONS	694	13	602	4

(a) Provisions relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	(1)	–	–	–
Provisions relating to externally restricted assets	(1)	–	–	–
Total provisions relating to restricted assets	(1)	–	–	–
Total provisions relating to unrestricted assets	695	13	602	4
TOTAL PROVISIONS	694	13	602	4

\$ '000	2018	2017
---------	------	------

(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	549	409
	549	409

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
At beginning of year	162	–	444	–	–	606
Additional provisions	147	–	78	–	–	225
Amounts used (payments)	(88)	–	(42)	–	–	(130)
Other - LSL Transferred	–	–	8	–	–	8
Other	–	–	(2)	–	–	(2)
Total ELE provisions at end of year	221	–	486	–	–	707

2017	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
At beginning of year	186	–	695	–	–	881
Additional provisions	117	–	13	–	–	130
Amounts used (payments)	(141)	–	(264)	–	–	(405)
Total ELE provisions at end of year	162	–	444	–	–	606

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	817	1,165
Balance as per the Statement of Cash Flows		817	1,165
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,070	539
Adjust for non-cash items:			
Depreciation and amortisation		2,111	1,807
Net losses/(gains) on disposal of assets		(63)	(85)
Non-cash capital grants and contributions		–	(50)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(206)	15
Increase/(decrease) in provision for doubtful debts		5	–
Decrease/(increase) in inventories		67	88
Decrease/(increase) in other assets		15	12
Increase/(decrease) in payables		(65)	107
Increase/(decrease) in other accrued expenses payable		(14)	(23)
Increase/(decrease) in other liabilities		29	10
Increase/(decrease) in employee leave entitlements		101	(275)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		3,050	2,145
(c) Non-cash investing and financing activities			
Dedicated Water Infrastructure		–	50
Total non-cash investing and financing activities		–	50

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Infrastructure	100	1,903
Intangible - Software Development	12	–
Total commitments	112	1,903
These expenditures are payable as follows:		
Within the next year	112	1,903
Total payable	112	1,903
Sources for funding of capital commitments:		
Internally restricted reserves	112	1,903
Total sources of funding	112	1,903

Details of capital commitments

Council has committed funds to the Orange to Carcoar Water Pipeline project which will be paid upon completion of commissioning. Council is developing new Asset System Software that will be fully commissioned in 2018/19.

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	13	13
Later than one year and not later than 5 years	–	13
Total non-cancellable operating lease commitments	13	26

b. Non-cancellable operating leases include the following assets:

Computers & Office Equipment

Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

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

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(i) Defined benefit superannuation contribution plans (continued)

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was **\$28,100.31**

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is **\$ 22,939.56**

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program, however any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(i) Defined benefit superannuation contribution plans (continued)

Council's additional lump sum contribution is around 0.0003% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

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.

ASSETS NOT RECOGNISED:

(i) Assets to be dedicated to Council

Council is involved in a jointly project with Orange City Council and Restart NSW in respect of the Orange to Carcoar Water Pipeline. Commissioning of this project is expected to occur in 2018/19 at which time Council will receive a substantial dedication of water infrastructure that will be under the care and control of Council. The exact value of the infrastructure has not been determined at the time of this report.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management

\$ '000

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 department under policies approved by the Council.

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only placing investments with approved deposit institutions that are regulated by Australian Prudential Regulatory Authority.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values	600	600	(600)	(600)
Possible impact of a 1% movement in interest rates	60	60	(60)	(60)
2017				
Possible impact of a 10% movement in market values	620	620	(620)	(620)
Possible impact of a 1% movement in interest rates	66	66	(66)	(66)

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required based upon the prospect of recovery of the receivable.

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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	100%	100%	86%	94%
Overdue	0%	0%	14%	6%
	100%	100%	100%	100%
(ii) Ageing of receivables – value			2018	2017
Rates and annual charges				
Current			292	195
< 1 year overdue			160	33
			452	228
Other receivables				
Current			120	101
0 – 30 days overdue			–	1
31 – 60 days overdue			–	16
61 – 90 days overdue			–	8
> 91 days overdue			1	–
			121	126

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables	0.00%	–	202	-	-	202	202
Loans and advances	6.60%	-	581	1,587	-	2,168	1,908
Total financial liabilities		–	783	1,587	–	2,370	2,110
2017							
Trade/other payables	0.00%	–	274	-	-	274	274
Loans and advances	6.60%	-	581	2,170	-	2,751	2,345
Total financial liabilities		–	855	2,170	–	3,025	2,619

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 14 June 2017 and is not required to be audited.

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

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

Note that for variations* of budget to actual :

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

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

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
REVENUES					
Rates and annual charges	1,436	1,437	1	0%	F
User charges and fees	4,310	4,861	551	13%	F
The prolonged hot and dry period at the commencement of 2018 increased the demand for water. This resulted in higher water consumption for the 2017/18 financial year.					
Interest and investment revenue	113	182	69	61%	F
Delays in the completion of two major capital projects resulted in the average level of funds invested. These projects were the renewal of truck main K from Gooloogong to Grenfell and the Carcoar to Orange pipeline project. Council was also able to take advantage of better than expected interest rates through use of its rolling short term investment strategy.					
Other revenues	85	186	101	119%	F
As the completion of the Carcoar to Orange pipeline was delayed this resulted in additional project management fees being earned in respect of that project. This additional amount of revenue was not in the original budget.					
Operating grants and contributions	52	53	1	2%	F
Capital grants and contributions	102	246	144	141%	F
During the year demand for new connections to Council's high quality and reliable water supply resulted in more income than was in the original budget.					
Net gains from disposal of assets	81	63	(18)	(22%)	U
Funds realised from the sale of vehicles was less than in the original budget. This resulted from the deferral of the sale of one vehicle together with declining sale values for Council's vehicle fleet.					

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	2,017	1,933	84	4%	F
Borrowing costs	144	144	-	0%	F
Materials and contracts	980	971	9	1%	F
Depreciation and amortisation	2,131	2,111	20	1%	F
Other expenses	780	799	(19)	(2%)	U

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

Cash flows from operating activities	2,188	3,050	862	39.4%	F
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Cash generated from operations improved due to increased user charges income, additional capital contributions and lower than expected employee costs due to staff vacancies.

Cash flows from investing activities	(1,751)	(2,961)	(1,210)	69.1%	U
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The cash flows spent on investing activities exceeded budget due to major capital projects being deferred from the 16/17 year to the 17/18 year. This included the trunk main K project (Gooloogong to Grenfell) and the Carcoar to Orange regional pipeline project.

Cash flows from financing activities	(437)	(437)	-	0.0%	F
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Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/18	–	–	656	656
Office Equipment	30/06/18	–	–	24	24
Furniture & Fittings	30/06/18	–	–	7	7
Operational Land	30/06/18	–	–	2,306	2,306
Buildings	30/06/18	–	–	1,871	1,871
Water Supply Network	30/06/17	–	–	59,829	59,829
Capital Works in Progress	30/06/18	–	–	4,851	4,851
Total infrastructure, property, plant and equipment		–	–	69,544	69,544
2017					
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/17	–	–	533	533
Office Equipment	30/06/17	–	–	34	34
Furniture & Fittings	30/06/17	–	–	8	8
Operational Land	30/06/13	–	–	2,326	2,326
Buildings	30/06/13	–	–	976	976
Water Supply Network	30/06/17	–	–	61,656	61,656
Capital Works in Progress	30/06/17	–	–	2,425	2,425
Total infrastructure, property, plant and equipment		–	–	67,958	67,958

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

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

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

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

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

Plant & Equipment, Office Equipment and Furniture & Fittings

Loader, vehicles, trucks, computers, desks, chairs, cupboards, etc. - (Level 3)

Valuation Technique - Cost approach

These assets are valued at cost but are disclosed at fair value in Note 9(a). The carrying amount of these assets are assumed to approximate fair value due to the nature of the items and their short useful lives.

Operational Land - (Level 2 & 3)

Valuation Technique - Market approach

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2018 and was performed by Australis Asset Advisory Group by Elise Wallace Certified Practising Valuer AAPI #66461.

Buildings – (Level 2 and 3)

Council Office, Council Depots and Council Filtration Plant Buildings

Council's Buildings were last valued on 30 June 2018 by Australis Asset Advisory Group by Elise Wallace Certified Practising Valuer AAPI#66461. Fair value was determined using the Cost approach (using depreciated current replacement cost). This method determines the cost to market participant to acquire or construct a similar building of comparable service potential adjusted for depreciation or obsolescence.

The market approach was applied to two buildings where sufficient sales evidence existed to permit recent sales history to permit a market value to be determined.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

Water Supply Network

Trunk Mains, Reticulation Mains, Filtration Plants, Reservoirs, Pump Stations, Bores, Dams, Telemetry - (Level 3)

The Water Supply Network was last valued on 30 June 2017 utilising both "in house" staff and external consultants. A former employee with extensive experience and qualifications prepared the valuations of the Bores, Trunk Mains, Reticulation Mains, Telemetry and Pump Stations. The valuation methodology used for Reservoirs, Pump Stations Bores and Trunk Mains is based on use of the reference rates sourced from the NSW Office of Water Reference Rate Manual (RRM) in June 2014 and then applying the capital cost factor for 2017.

Dams and Treatment Plants were valued by Australia Asset Advisory Group whom have extensive experience and qualifications in the valuation of assets of this type. The valuation was completed in accord with fair valuation principles. These principles lead to valuations being made on the basis of depreciated replacement costs using standard unit rates. The valuation considered the nature and condition of the assets based upon physical inspection and asset data such as asset life.

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

a. The following tables present the changes in level 3 fair value asset classes.

	IPP&E	Total
Opening balance – 1/7/16	56,275	56,275
Purchases (GBV)	2,577	2,577
Disposals (WDV)	(225)	(225)
Depreciation and impairment	(1,797)	(1,797)
FV gains – other comprehensive income	11,128	11,128
Closing balance – 30/6/17	67,958	67,958
Purchases (GBV)	3,302	3,302
Disposals (WDV)	(180)	(180)
Depreciation and impairment	(3,485)	(3,485)
FV gains – other comprehensive income	1,949	1,949
Closing balance – 30/6/18	69,544	69,544

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

Purchases: Movements include purchases of plant & equipment, building, office equipment and water infrastructure construction.

Disposals: This movement includes the WDV of plant and equipment that was sold during the year.

Depreciation Expense: This represents the depreciation on Water Infrastructure Assets during the the year.

FV Gains: Movement in FV Gains for the year relates to the FV revaluation adjustment for Level 3 Water Infrastructure Assets that were revalued in 2016/17.

c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
IPP&E			
Plant & Equipment	656	Refer Note 19 above	Increase/decrease in cost of unit or useful life
Office Equipment	24	Refer Note 19 above	Increase/decrease in cost of unit or useful life
Furniture & Fittings	7	Refer Note 19 above	Increase/decrease in cost of unit or useful life
Operational Land	2,306	Refer Note 19 above	Increase/decrease in land value,land area
Buildings - Non Specialised	1,871	Refer Note 19 above	Increase/decrease in cost of unit or useful life
Water Supply Network	61,144	Refer Note 19 above	Increase/decrease in cost of unit or useful life
Capital Works in Progress	4,851	Refer Note 19 above	Increase/decrease in cost of unit

(5). Highest and best use

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

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

\$ '000

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. This includes Councillors and members of Councils Senior Executive Team.

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

Compensation:	2018	2017
Short-term benefits	440	759
Post-employment benefits	33	37
Other long-term benefits	9	7
Total	482	803

During 2016/17 some long serving members of the KMP terminated and were paid out accrued employee entitlements. This accounts for the large difference in total KMP remuneration in 2018 compared to 2017.

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. being a water consumer) are not considered to be related party transactions.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2018						
Automotive Services	1	770	-	Normal Commercial Terms	-	-
Telemetry Services	2	145,402	-	Normal Commercial Terms	-	-

1 A KMP member operated a automotive business which sold a mower to Council on a normal commercial terms and conditions.

2 A KMP Member was a director and owner of a company who supplied telemetry services to Council during the year on normal terms and conditions. The engagement of this Company has now ceased.

2017

Nil

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S64 contributions	–	209	–	–	(209)	–	–	
Total contributions	–	209	–	–	(209)	–	–	–

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods 2017	2016	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>761</u>	11.33%	4.84%	5.27%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>6,719</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>6,666</u>	95.71%	96.07%	94.19%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>6,965</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>7,580</u>	8.38x	8.04x	8.10x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>904</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>3,016</u>	5.19x	3.88x	3.99x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>581</u>				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>6,817</u>	18.30 mths	19.7 mths	23.5 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>373</u>				
WATER AVAILABILITY & USER CHARGES RATIO					
Council has operated under a "user pays" system since January 1994 and has not raised rates since that time. Since Council does not have any rates within it's income base, the ratios shown below have more relevance:					
6. Annual water charges coverage ratio					
Annual water charges	<u>6,196</u>	92.22%	89.29%	88.73%	
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>6,719</u>				
7. Annual water charges, interest and extra charges outstanding percentage					
Annual water and extra charges outstanding	<u>447</u>	6.96%	4.28%	4.20%	
Annual water and extra charges collectible	<u>6,424</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 11 and 12.

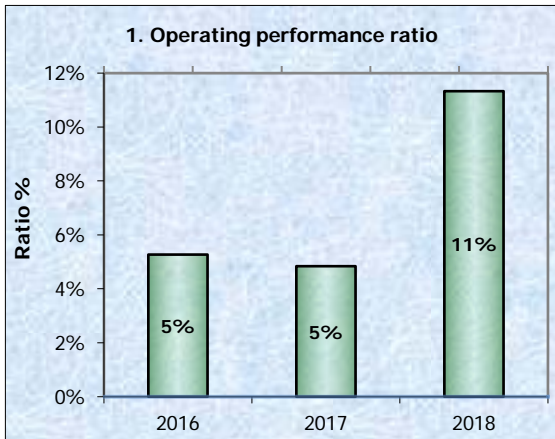
⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

End of audited financial statements

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 22(b). Statement of performance measures – consolidated results (graphs)



Purpose of operating performance ratio

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

Commentary on 2017/18 result

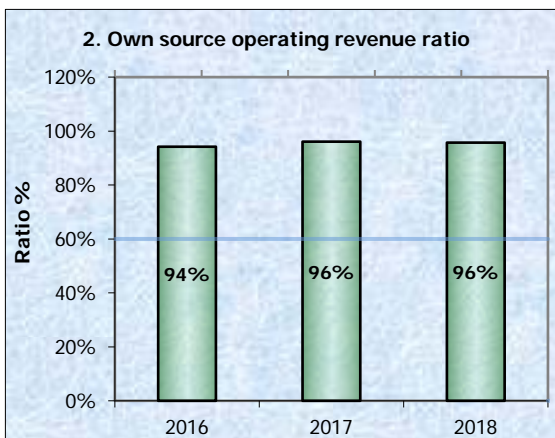
2017/18 ratio 11.33%

Councils operating result improved significantly due to extended dry conditions which resulted in improved water sales.

Benchmark: ——— Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 2017/18 result

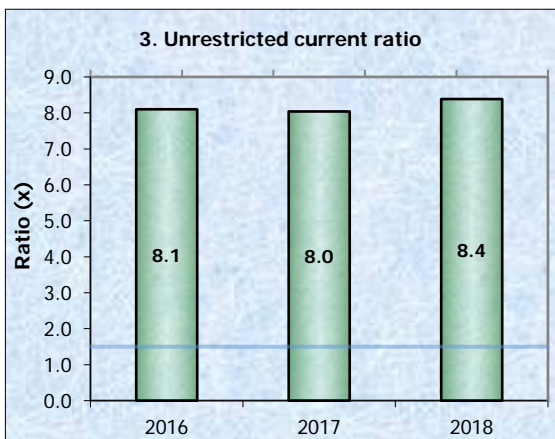
2017/18 ratio 95.71%

Council receives very little grant funding so its own source revenue ratio is consistently high.

Benchmark: ——— Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 2017/18 result

2017/18 ratio 8.38x

Councils unrestricted current ratio is consistent with previous years reflecting Councils strong liquidity position.

Benchmark: ——— Minimum ≥ 1.50

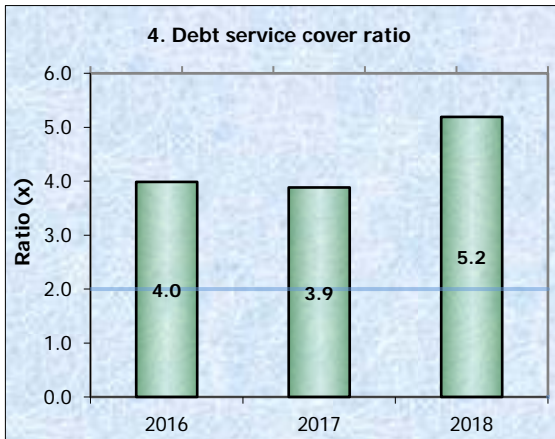
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 22(b). Statement of performance measures – consolidated results (graphs)



Purpose of debt service cover ratio

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

Commentary on 2017/18 result

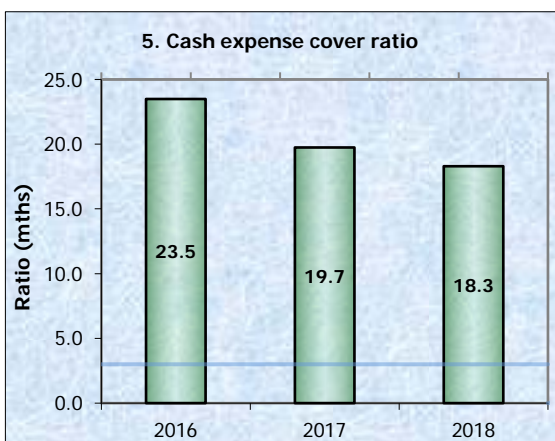
2017/18 ratio 5.19x

Councils strong revenue growth due to increased water sales resulted in an improvement in this ratio. Council can comfortably meet its existing loan servicing commitments.

Benchmark: Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of cash expense cover ratio

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

Commentary on 2017/18 result

2017/18 ratio 18.30 mths

This ratio indicates that Council's liquidity position is sound and it can sustain its operations if revenue inflows are disrupted.

Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark

Central Tablelands Water

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Inflows:					
Rates and annual charges revenue	1,437	1,225	1,216	1,205	1,233
User charges revenue	4,861	3,985	3,941	3,706	3,696
Interest and investment revenue (losses)	182	210	206	206	185
Grants income – operating and capital	53	55	56	57	57
Total income from continuing operations	7,028	5,984	5,903	5,454	5,434
Sale proceeds from IPP&E	243	310	232	260	316
Outflows:					
Employee benefits and on-cost expenses	1,933	1,768	1,766	1,594	1,542
Borrowing costs	144	172	198	222	244
Materials and contracts expenses	971	927	769	998	779
Total expenses from continuing operations	5,958	5,445	5,371	5,380	5,150
Total cash purchases of IPP&E	3,391	2,539	826	1,093	656
Total loan repayments (incl. finance leases)	437	409	383	359	336
Operating surplus/(deficit) (excl. capital income)	824	362	245	(130)	149
Financial position figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Current assets	7,580	8,000	8,611	7,081	6,434
Current liabilities	1,452	1,404	1,565	1,447	1,412
Net current assets	6,128	6,596	7,046	5,634	5,022
Available working capital (Unrestricted net current assets)	950	758	956	926	484
Cash and investments – unrestricted	501	500	500	500	5
Cash and investments – internal restrictions	6,316	6,865	7,373	5,904	5,724
Cash and investments – total	6,817	7,365	7,873	6,404	5,729
Total borrowings outstanding (Loans, advances and finance leases)	1,908	2,345	2,754	3,137	3,496
Total value of IPP&E (excl. land and earthwork)	138,636	138,879	125,199	122,931	121,915
Total accumulated depreciation	71,398	73,247	71,251	68,592	67,293
Indicative remaining useful life (as a % of GBV)	48%	47%	43%	44%	45%

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

Central Tablelands Water

Notes to the Financial Statements for the year ended 30 June 2018

Note 24. Council information and contact details

Principal place of business:

30 Church Street
BLAYNEY NSW 2799

Contact details

Mailing address:

PO Box 61
BLAYNEY NSW 2799

Opening hours:

9am to 4.30pm
Monday to Friday

Telephone: 02 6391 7200

Facsimile: 02 6368 2451

Internet: www.ctw.nsw.gov.au

Email: water@ctw.nsw.gov.au

Officers

GENERAL MANAGER

Gavin Rhodes

RESPONSIBLE ACCOUNTING OFFICER

Peter McFarlane

PUBLIC OFFICER

Peter McFarlane

AUDITORS

Audit Office of NSW
Level 15
1 Margaret Steet
Sydney NSW 2000

Elected members

CHAIRPERSON

Cllr David Somerville

DEPUTY CHAIRPERSON

Cllr Kevin Walker

COUNCILLORS

Cr John Newstead
Cr Anthony Durkin
Cr Paul Best
Cr Craig Bembrick

Other information

ABN: 43 721 523 632



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Central Tablelands County Council

To the Councillors of the Central Tablelands County Council

Opinion

I have audited the accompanying financial report of Central Tablelands County Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note on Material budget variations
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Karen Taylor
Director, Financial Audit Services

31 October 2018
SYDNEY

Cr David Somerville
Chairman
Central Tablelands County Council
PO Box 61
BLAYNEY NSW 2799

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D1827001/1817

31 October 2018

Dear Mr Chairman

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Central Tablelands County Council**

I have audited the general purpose financial statements of the Central Tablelands County Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	1.4	1.2	↑ 16.7
User Charges and fees	4.9	4.0	↑ 22.5
Grants and contributions revenue	0.3	0.2	↑ 50.0
Depreciation and amortisation expense	2.1	1.8	↑ 16.7
Operating result for the year	1.1	0.5	↑ 120.0
Net operating result before capital amounts	0.8	0.4	↑ 100.0

Income from annual charges increased following a 15 per cent increase in access charges applicable to all user categories. User charges and fees also increased following drier conditions leading to increased consumption.

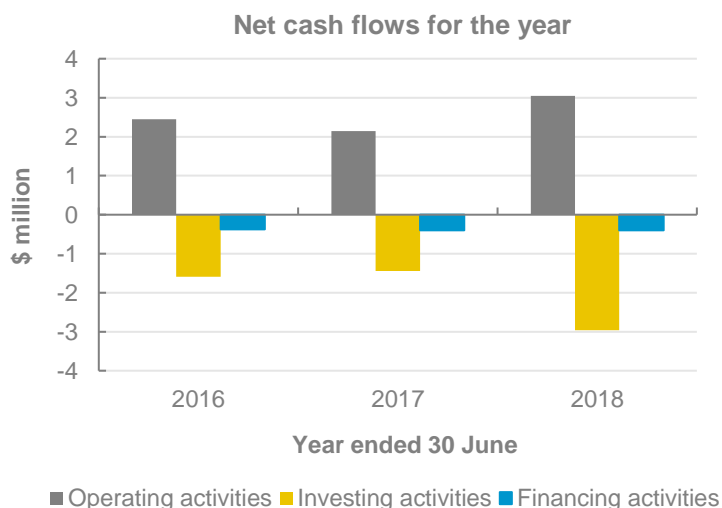
Capital grants and contributions were up \$67,000 compared to 2017. The increase mainly followed growth in developer contributions from across the service area.

The operating result was also impacted by increased depreciation expense. Water infrastructure was revalued in 2017 with an \$11.0 million increase to fair value. Depreciation on the higher fair value was applied for the first time in 2018.

STATEMENT OF CASH FLOWS

2017-18 saw a net cash outflow of \$0.3 million. Council's cash, cash equivalents and investments balance has not changed greatly over the past three years.

Over this period, Council has generated operating cash flow surpluses allowing it to maintain and renew network infrastructure.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2018	2017	Commentary
	\$m	\$m	
Internal restrictions	6.3	6.9	Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Unrestricted	0.5	0.5	
Cash and investments	6.8	7.4	Unrestricted balances provide liquidity for day-to-day operations.

Debt

At 30 June 2018, Council had external borrowings of \$1.9 million and access to a \$45 thousand credit card facility. None of this facility was used at year-end.

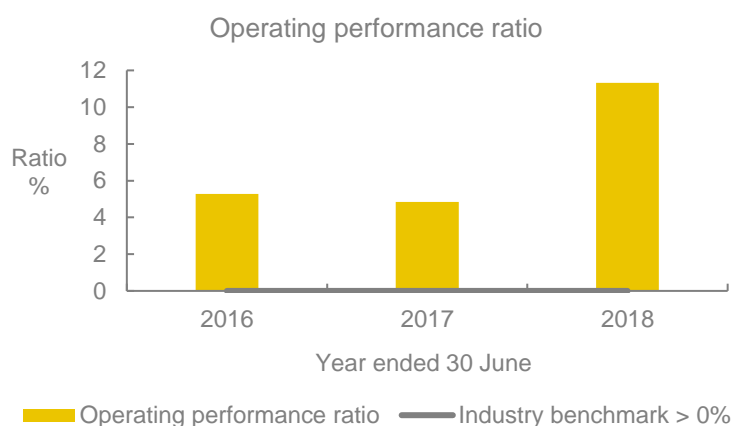
PERFORMANCE RATIOS

The definition of each ratio analysed below is included in Note 22 of the Council's audited general purpose financial statements.

Operating performance ratio

Council's operating performance ratio exceeded the industry benchmark over the past three years.

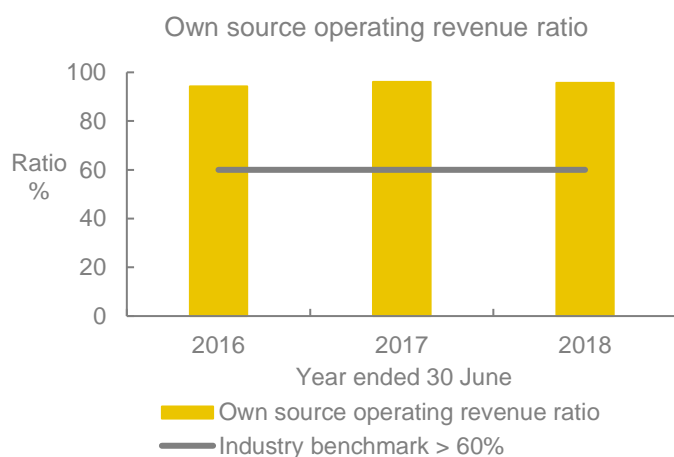
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

Council's own source operating revenue ratio has consistently been above the benchmark. This will typically be so while water access and consumption charges are the main source of revenue.

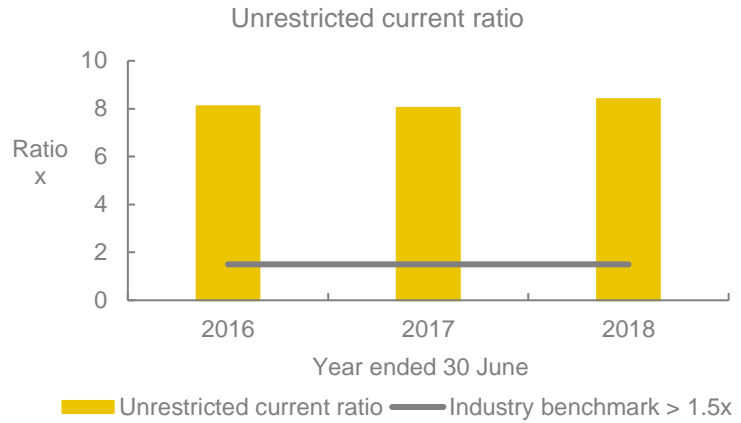
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council's unrestricted current ratio exceeded the industry benchmark over the past three years.

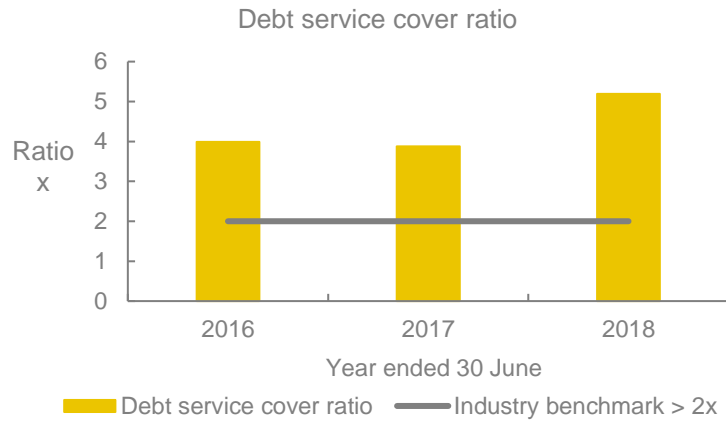
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The result of this ratio indicates council can comfortably service the existing levels of debt.

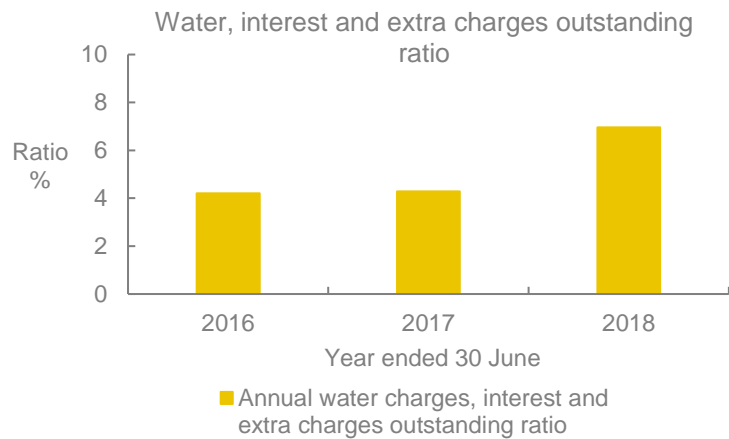
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Annual water charges, interest and extra charges outstanding percentage

Whilst prevailing economic conditions and the timing of billing runs may influence the outcome, the efficiency, timing and application of collection procedures are still the largest determinants of the outcome.

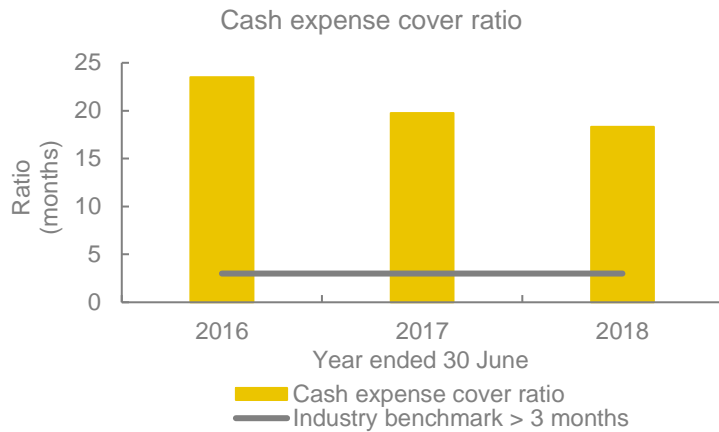
The 'water, interest and extra charges outstanding ratio' assesses the impact of uncollected usage and access charges on council's liquidity and the adequacy of debt recovery efforts. There is no OLG benchmark.



Cash expense cover ratio

Council's high levels of liquidity results in being well over the benchmark for the cash expense cover ratio over the past three years.

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



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11(b).

Legislative compliance

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

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

Karen Taylor
Director, Financial Audit Services

Central Tablelands Water

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

"An independent Regional Water Authority providing a quality water
supply - Reliably and Sustainably"



Central Tablelands Water

Special Purpose Financial Statements

for the year ended 30 June 2018

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Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Central Tablelands Water

Special Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 10 October 2018.



Cllr David Somerville
Chairman



Cllr Kevin Walker
Deputy Chairman


Gavin Rhodes
General Manager
Peter McFarlane
Responsible Accounting Officer

Central Tablelands Water

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	1,437	1,225
User charges	4,759	3,884
Fees	102	101
Interest	182	210
Grants and contributions provided for non-capital purposes	53	55
Profit from the sale of assets	63	85
Other income	186	247
Total income from continuing operations	6,782	5,807
Expenses from continuing operations		
Employee benefits and on-costs	1,933	1,768
Borrowing costs	144	172
Materials and contracts	971	927
Depreciation, amortisation and impairment	2,111	1,807
Other expenses	799	771
Total expenses from continuing operations	5,958	5,445
Surplus (deficit) from continuing operations before capital amounts	824	362
Grants and contributions provided for capital purposes	246	177
Surplus (deficit) from continuing operations after capital amounts	1,070	539
Surplus (deficit) from all operations before tax	1,070	539
Less: corporate taxation equivalent (30%) [based on result before capital]	(247)	(109)
SURPLUS (DEFICIT) AFTER TAX	823	430
Plus opening retained profits	33,102	32,563
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	247	109
Closing retained profits	34,172	33,102
Return on capital %	1.4%	0.8%
Subsidy from Council	861	1,083
Calculation of dividend payable:		
Surplus (deficit) after tax	823	430
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	823	430
Potential dividend calculated from surplus	411	215

Central Tablelands Water

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	817	1,165
Investments	6,000	6,200
Receivables	561	351
Inventories	194	261
Other	8	23
Total current assets	7,580	8,000
Non-current assets		
Receivables	7	3
Infrastructure, property, plant and equipment	69,544	67,958
Intangible assets	67	–
Total non-current assets	69,618	67,961
TOTAL ASSETS	77,198	75,961
LIABILITIES		
Current liabilities		
Payables	202	274
Income received in advance	90	91
Borrowings	466	437
Provisions	694	602
Total current liabilities	1,452	1,404
Non-current liabilities		
Borrowings	1,442	1,908
Provisions	13	4
Total non-current liabilities	1,455	1,912
TOTAL LIABILITIES	2,907	3,316
NET ASSETS	74,291	72,645
EQUITY		
Accumulated surplus	34,172	33,102
Revaluation reserves	40,119	39,543
TOTAL EQUITY	74,291	72,645

Central Tablelands Water

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

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2	Water Supply Business Best-Practice Management disclosure requirements	10

Central Tablelands Water

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

Note 1. Significant accounting policies

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

Central Tablelands Water Supplies

Comprising the whole of the operations and net assets of the water supply systems servicing towns and villages within the Local Government Areas of Blayney, Cabonne, Cowra, Bland and Weddin.

Central Tablelands Water

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Category 2

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

Council has no Category 2 Business Activities.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars,

(i) Taxation-equivalent charges

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

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

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 \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

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

In accordance with Department of Primary Industry Water Guidelines, 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 to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Central Tablelands Water

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

Local government rates and 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 and 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 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 when 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 difference between revenue generated from ‘rate of return’ pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

Central Tablelands Water

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

(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 or sewerage business surplus.

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Central Tablelands Water does not pay dividends as funding is required for a large capital works program as outlined in its 30 year Strategic Business Plan.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Central Tablelands Water

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	17,511
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(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]	411,400
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	175,110
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	1,711,700

2018 Surplus	822,800	2017 Surplus	430,400	2016 Surplus	458,500
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	175,110
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Central Tablelands Water

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	6,783
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)]	%	71.39%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	59,830
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	3,695
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	3,302
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	1.40%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Central Tablelands County Council

To the Councillors of the Central Tablelands County Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Central Tablelands County Council's (the Council) Declared Business Activity, Water Supply, which comprise the Income Statement of the Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of the Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activity declared by Council, and the Statement by Councillors and Management.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Note 2 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in blue ink, appearing to read "Karen Taylor".

Karen Taylor
Director, Financial Audit Services

31 October 2018
SYDNEY

Central Tablelands Water

SPECIAL SCHEDULES

for the year ended 30 June 2018

"An independent Regional Water Authority providing a quality water supply - Reliably and Sustainably"



Central Tablelands Water

Special Schedules

for the year ended 30 June 2018

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

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

Central Tablelands Water

Special Schedule 1 – Net Cost of Services for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	185	–	–	(185)
Administration	–	–	–	–
Public order and safety				
Fire service levy, fire protection, emergency services	–	–	–	–
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	–	–	–	–
Other	–	–	–	–
Total public order and safety	–	–	–	–
Health	–	–	–	–
Environment				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	–	–	–	–
Solid waste management	–	–	–	–
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
Total environment	–	–	–	–
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	–	–	–	–
Total community services and education	–	–	–	–
Housing and community amenities				
Public cemeteries	–	–	–	–
Public conveniences	–	–	–	–
Street lighting	–	–	–	–
Town planning	–	–	–	–
Other community amenities	–	–	–	–
Total housing and community amenities	–	–	–	–
Water supplies	5,773	6,782	246	1,255
Sewerage services	–	–	–	–

Central Tablelands Water

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	–	–	–	–
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	–	–	–	–
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	–	–	–	–
Swimming pools	–	–	–	–
Parks and gardens (lakes)	–	–	–	–
Other sport and recreation	–	–	–	–
Total recreation and culture	–	–	–	–
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	–	–	–	–
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	–	–	–	–
Transport and communication				
Urban roads (UR) – local	–	–	–	–
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	–	–	–	–
Aerodromes	–	–	–	–
Other transport and communication	–	–	–	–
Total transport and communication	–	–	–	–
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	–	–	–	–
Total economic affairs	–	–	–	–
Totals – functions	5,958	6,782	246	1,070
General purpose revenues ⁽¹⁾		–		–
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	5,958	6,782	246	1,070

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Central Tablelands Water

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	1,059	1,160
b. Engineering and supervision	372	280
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	26	42
b. Maintenance expenses	52	31
– Mains		
c. Operation expenses	16	–
d. Maintenance expenses	535	449
– Reservoirs		
e. Operation expenses	16	14
f. Maintenance expenses	76	79
– Pumping stations		
g. Operation expenses (excluding energy costs)	26	29
h. Energy costs	275	205
i. Maintenance expenses	60	126
– Treatment		
j. Operation expenses (excluding chemical costs)	457	260
k. Chemical costs	183	168
l. Maintenance expenses	113	247
– Other		
m. Operation expenses	403	284
n. Maintenance expenses	26	130
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	1,876	1,604
b. Plant and equipment	235	165
4. Miscellaneous expenses		
a. Interest expenses	152	172
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	5,958	5,445

Central Tablelands Water

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	922	781
b. Usage charges	2,301	1,906
7. Non-residential charges		
a. Access (including rates)	514	444
b. Usage charges	2,459	1,978
8. Extra charges	102	101
9. Interest income	182	210
10. Other income	186	248
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	53	55
c. Other grants	–	–
12. Contributions		
a. Developer charges	246	126
b. Developer provided assets	–	50
c. Other contributions	–	–
13. Total income	6,965	5,899
14. Gain (or loss) on disposal of assets	63	85
15. Operating result	1,070	539
15a. Operating result (less grants for acquisition of assets)	1,070	539

Central Tablelands Water

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	2,003	–
b. New assets for growth	–	–
c. Renewals	834	1,827
d. Plant and equipment	465	348
17. Repayment of debt	437	409
18. Totals	3,739	2,584
Non-operating funds employed		
19. Proceeds from disposal of assets	243	310
20. Borrowing utilised	–	–
21. Totals	243	310
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	4,275	4,246
b. Residential (unoccupied, ie. vacant lot)	44	45
c. Non-residential (occupied)	1,506	1,548
d. Non-residential (unoccupied, ie. vacant lot)	12	20
23. Number of ETs for which developer charges were received	36 ET	20 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 96,880	\$ 99,926

Central Tablelands Water

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	6,817	–	6,817
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	–	–	–
c. User charges	447	–	447
d. Other	114	7	121
27. Inventories	194	–	194
28. Property, plant and equipment			
a. System assets	–	59,830	59,830
b. Plant and equipment	–	9,714	9,714
29. Other assets	–	75	75
30. Total assets	<u>7,572</u>	<u>69,626</u>	<u>77,198</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	292	–	292
33. Borrowings	466	1,442	1,908
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	694	13	707
35. Total liabilities	<u>1,452</u>	<u>1,455</u>	<u>2,907</u>
36. NET ASSETS COMMITTED	<u>6,120</u>	<u>68,171</u>	<u>74,291</u>
EQUITY			
37. Accumulated surplus			34,172
38. Asset revaluation reserve			40,119
39. Other reserves			–
40. TOTAL EQUITY			<u>74,291</u>
Note to system assets:			
41. Current replacement cost of system assets			129,578
42. Accumulated current cost depreciation of system assets			(69,748)
43. Written down current cost of system assets			<u>59,830</u>

Central Tablelands Water

Notes to Special Schedule 3 for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedule 3) 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 Schedule 3) 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 Schedule 3) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedule 3) 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 Schedule 3) includes all expenses not recorded elsewhere.

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

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

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

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3) 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 Schedule 3) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

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

Other contributions (items 12c and 13c of Special Schedule 3) including capital contributions for water supply 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 **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.

Central Tablelands Water

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	220	147	96	96	1,871	2,800	59%	30%	0%	10%	1%
	Sub-total	220	147	96	96	1,871	2,800	59.0%	30.0%	0.0%	10.0%	1.0%
Water supply network	Filtration Plants	1,886	1,173	458	483	9,699	14,961	50%	33%	1%	8%	8%
	Reticulation Mains	3,017	13	290	375	17,007	28,309	51%	34%	14%	1%	0%
	Trunk Mains	3,531	–	119	122	15,224	48,813	12%	79%	9%	0%	0%
	Bores	81	26	51	65	79	370	14%	57%	15%	14%	0%
	Reservoirs	2,083	547	65	82	5,708	13,592	6%	74%	12%	7%	1%
	Dams	11,256	151	181	147	10,472	19,265	19%	4%	76%	0%	1%
	Pump Stations	342	91	201	216	1,566	3,954	34%	56%	6%	4%	0%
	Telemetry	192	5	55	63	74	314	4%	15%	78%	3%	0%
	Sub-total	22,388	2,006	1,420	1,553	59,830	129,578	26.0%	51.3%	19.5%	2.0%	1.2%
	TOTAL – ALL ASSETS	22,608	2,153	1,516	1,649	61,701	132,378	26.7%	50.8%	19.1%	2.2%	1.2%

Notes:

a Required maintenance is the amount identified in Council's asset management plans. Service level is set by reference to performance indicators not related to asset condition.

Infrastructure asset condition assessment 'key'

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

Central Tablelands Water

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	834	43.03%	112.36%	30.08%	>= 100%
Depreciation, amortisation and impairment	1,938				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	22,608	36.64%	34.89%	44.86%	< 2.00%
Net carrying amount of infrastructure assets	61,701				
3. Asset maintenance ratio					
Actual asset maintenance	1,649	108.77%	99.18%	100.00%	> 100%
Required asset maintenance	1,516				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	2,153	1.63%	1.41%	0.00%	
Gross replacement cost	132,378				

Notes

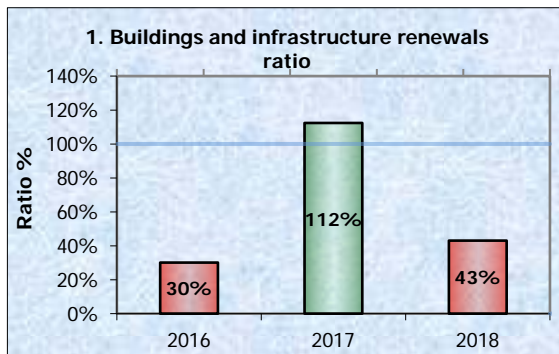
* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Central Tablelands Water

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018



Purpose of asset renewals ratio

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

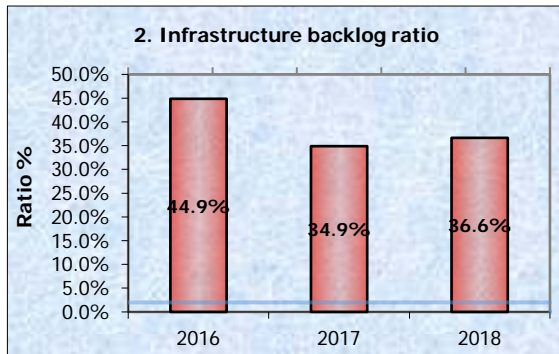
Commentary on 2017/18 result

2017/18 Ratio 43.03%

Council has been undertaking a renewal of a major trunk main (K) that is currently still in progress. If this expenditure was included the ratio would be about 43%.

Benchmark: — Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of infrastructure backlog ratio

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

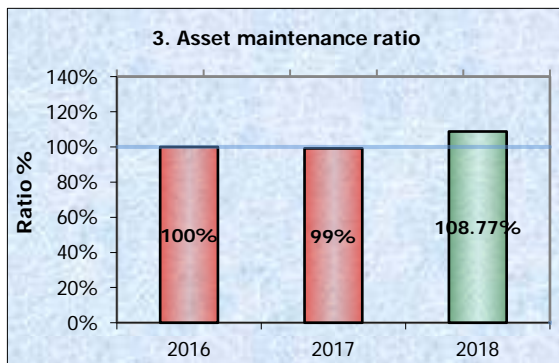
Commentary on 2017/18 result

2017/18 Ratio 36.64%

Ratio is similar to previous year. Council is addressing this issue through a ongoing major program of asset renewals as outlined in the Asset Management Plan.

Benchmark: — Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

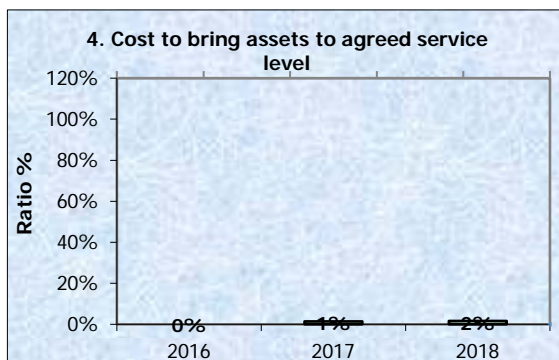
Commentary on 2017/18 result

2017/18 Ratio 108.77%

Council is continuing to spend sufficient funds on maintenance to meet its customer service standards.

Benchmark: — Minimum $> 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of agreed service level ratio

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

Commentary on 2017/18 result

2017/18 Ratio 1.63%

Council's assets are currently meeting the customer service standards agreed with its consumers.