



Mount Isa Water Board

2013-14
Annual Report

Vision

To be a leader in regional water distribution and treatment.

Values

Reliability

facilitates risk mitigation

Safety

facilitates zero harm

Integrity

fosters confidence in customers and stakeholders

Respect

fosters successful dealings

Teamwork

develops synergies to enhance efficiency and reliability

Transparency

develops trust in dealings with external parties

Mission

To provide efficient and reliable distribution and treatment of bulk water to meet our customers' needs, in line with government policy, by performing as a profitable, proactive, highly competent and engaged organisation.

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Mount Isa Water Board Annual Report 2013-14.

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12 September 2014

The Honourable Mark McArdle MP
Minister for Energy and Water Supply
PO Box 15216
CITY EAST QLD 4000

Dear Minister

I am pleased to present the Annual Report 2013-14 and financial statements for Mount Isa Water Board.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at pages 81 and 82 of this annual report or accessed at www.mountisawater.qld.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rowena McNally", with a horizontal line underneath.

Rowena McNally

Chair
Mount Isa Water Board



About Mount Isa Water Board

Mount Isa Water Board was established in 1974 to supply bulk treated water to industrial customers and Mount Isa City Council.

In October 2000, Mount Isa Water Board (MIWB) was established as a Category 1 Water Authority and service provider under the *Water Act 2000* (Water Act) to provide a reliable, quality supply of bulk water to the Mount Isa City Council and industrial customers, while operating on a commercial basis.

MIWB is responsible to the Minister for Energy and Water Supply, with its practices subject to regulatory principles and oversight.

Role and functions

Under section 569 of the Water Act, the main function of a water authority is to carry out water activities decided by that authority. A water authority may also carry out water activities outside of its authority area if carrying out those activities does not limit its ability to perform its main function, or financially prejudice the authority, its ratepayers or customers. In the case of MIWB, any such activities must also be in accordance with its Performance Plan.

Each year, MIWB submits a Performance Plan to the Minister for approval, which details how MIWB will meet its responsibilities to its owner, the Queensland Government. These responsibilities are to:

- conserve, store and supply bulk water to local and industrial customers

- take appropriate measures to protect the quantity and quality of present and future water supplies
- investigate and plan for future infrastructure requirements
- construct, operate and maintain water infrastructure necessary to meet customer demands
- administer and manage property under MIWB's control and
- act as trustee for R48 Recreational Reserve, a major catchment area around Lake Moondarra and one of the region's primary water sources.

Customers

MIWB's three major customers are:

- Mount Isa City Council (MICC) which reticulates treated water to around 23,000 people
- Mount Isa Mines Ltd (MIM), a Glencore Company, which uses water in its extraction, concentration and smelting processes and
- Incitec Pivot Ltd which uses water in its acid manufacturing processes.

MIWB is also the trustee of a water catchment and recreation reserve (R48 Reserve) around Lake Moondarra, located approximately 16 km north of Mount Isa. MIWB acts as trustee on behalf of the Department of Natural Resources and Mines, as administrator of the *Land Act 1994*.

R48 Reserve provides a wildlife sanctuary and popular leisure areas for the region, and MIWB maintains substantial recreational facilities including picnic and play areas and water sports facilities.

Fast facts

- MIWB is one of only two Category 1 water authorities in Queensland which have specific responsibilities under legislation.
- MIWB maintains \$94.0 million (M) of vital water supply and treatment infrastructure, including 86 km of transmission pipeline.
- Each year MIWB supplies around 20,000 megalitres (ML) of water from Lake Moondarra and Lake Julius to customers, or the equivalent of 8,000 Olympic swimming pools.
- MIWB conducts an extensive water quality sampling and testing program. Over 10,000 water quality tests were conducted in 2013-14 to ensure the water provided to customers complied with Australian Drinking Water Guidelines (ADWG).
- MIWB employs 15 staff who live in Mount Isa and contribute to the Mount Isa community.
- Over 60,000 people visit and enjoy Lake Moondarra each year.
- The three-day Lake Moondarra Fishing Classic, of which MIWB is a major sponsor, attracts record crowds each year, with 426 participants and about 4,000 spectators at the 2013 event.
- MIWB provides amenities for families at R48 Reserve which include playgrounds, gazebos and barbecues.



Communication objective

This annual report provides information about MIWB's financial and non-financial performance during 2013-14.

It describes our performance in meeting the bulk water needs of existing customers and in ensuring the future bulk water needs of North West Queensland are identified and met.

The report has been prepared in accordance with the *Financial Accountability Act 2009*, which requires that all statutory bodies prepare annual reports and table them in the Legislative Assembly each financial year, the *Financial and Performance Management Standard 2009*, which provides specific requirements for information that is to be disclosed in annual reports, other legislative requirements and the Queensland Government's *Annual report requirements for Queensland Government agencies* for 2013-14.

This report has been prepared for the Minister for Energy and Water Supply to submit to Parliament. It has also been prepared to inform stakeholders including Commonwealth and local governments, industry and business associations and the community.

MIWB is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on (07) 4740 1000 and we will arrange an interpreter to effectively communicate the report to you.



Readers are invited to comment on this report by emailing info@mountisawater.qld.gov.au

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Highlights of 2013-14

During 2013-14, we continued to distribute water to customers and maintain the infrastructure needed to treat bulk water drawn from our storage dams and transport it to customers. This was achieved through executing an effective operations and maintenance program, and supporting capital expenditure program, throughout the financial year.

Objectives

MIWB's key objectives are consistent with section 640 of the Water Act which are to be:

- (a) commercially successful in carrying out its activities
- (b) efficient and effective in providing goods and delivering its services, including things done as community service obligations.

MIWB's commercial success, efficiency and effectiveness are measured against its financial and non-financial performance targets stated in its Performance Plan.

Key operational achievements

During 2013-14, MIWB:

- achieved consistent and uninterrupted water delivery to industrial, commercial and residential customers
- designed, sourced, installed and commissioned an emergency filtration plant to supply 20 ML of filtered water per day to MICC, to address water quality issues associated with unprecedented levels of blue-green algae

- replaced 2 km of the Moondarra to Mount Isa Terminal Reservoir (MITR) Pipeline to eliminate leakage losses
- completed installation of tank mixers, to assist with maintaining water quality in reservoirs
- increased capability and reduced the turnaround time for the MIWB Water Quality Laboratory
- completed a safety audit of all MIWB assets, and implemented actions.

Key financial results

As shown in Table 1, there was an overall decrease of 9.9 per cent in revenue between 2012-13 and 2013-14. Water charges decreased by 12.3 per cent due to a "true-up" adjustment to the fixed tariff for 2010-11 to 2012-13 and revised tariffs for 2013-14. Other influencing factors included a 28.6 per cent increase in interest received and a 19.8 per cent increase in other revenue, mainly electricity sales, including to North West Queensland Pipeline Pty Ltd.

Operating expenses increased by 27.1 per cent. The increase in operating expenses was mainly due to a 53.0 per cent increase in operating and maintenance

costs, largely associated with water quality issues from unprecedented blue-green algae levels.

Net assets decreased by 1.1 per cent mainly due to decreased cash holdings, the paying down of loans and the revaluation of infrastructure assets.

Financial performance overview 2013-14

| | 2013-14 | 2012-13 | 2011-12 |
|---|------------|------------|------------|
| <i>Financial performance</i> | | | |
| Operating revenue | \$20.78 M | \$23.07 M | \$20.40 M |
| Operating expenses | \$20.28 M | \$15.95 M | \$14.29 M |
| Operating profit | \$0.52 M | \$7.13 M | \$6.11 M |
| Profit from ordinary activities (after tax) (1) | \$0.37 M | \$5.02 M | \$4.27 M |
| <i>Financial position</i> | | | |
| Total assets | \$114.84 M | \$113.64 M | \$115.21 M |
| Total liabilities | \$16.65 M | \$14.06 M | \$16.78 M |
| Net assets | \$98.19 M | \$99.58 M | \$98.43 M |
| <i>Cash flow</i> | | | |
| Net cash provided by operating activities | \$5.18 M | \$8.71 M | \$7.56 M |
| Cash at end of financial year | \$17.35 M | \$20.51 M | \$14.71 M |
| <i>Ratios</i> | | | |
| Current ratio | 6.48 | 9.66 | 6.02 |
| Liabilities/assets ratio | 14.50% | 12.37% | 14.56% |
| Liabilities/equity ratio | 16.96% | 14.12% | 17.05% |

(1) Before dividend

Table 1. Financial performance overview 2013-14

Chair's review



I am pleased to present Mount Isa Water Board's 2013-14 annual report.

The past year has been a challenging one for the Board and our staff because of below average rainfall and a number of significant water quality issues.

The reporting period started with lower than usual water storages. This, combined with the failure of the local wet season has resulted in historically low combined storage levels at the end of the 2013-14 financial year, with the effects clearly visible at Lake Moondarra. Despite the low overall storage capacity, Mount Isa is fortunate to have access to the reserve storage in Lake Julius. This will ensure continuity of supply through to the 2014-15 wet season, albeit with the significantly higher pumping and operational costs associated with greater reliance on Lake Julius for supply.

The Board has been working with its major customers and the Department of Energy and Water Supply to ensure there is sufficient awareness of the water supply situation to enable customers to make appropriate decisions regarding restrictions and selecting their source of supply.

Mount Isa also experienced a number of water quality challenges, with unprecedented blue-green algae blooms in Lake Julius, Lake Moondarra and Clear Water Lagoon which compromised customer water

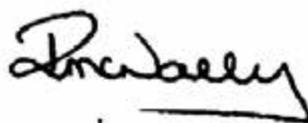
quality for the majority of the reporting period. MIWB was able to establish emergency filtration plants to eliminate the risk and ensure that the water supplied to residential customers remained reliably within ADWG levels.

The cost of addressing these issues has provided for a challenging financial year of operations. As a result, MIWB will be reporting a low net profit for 2013-14, of \$0.37 M (before dividend).

MIWB's ability to quickly and effectively respond to the sudden and unprecedented water quality issues reflects the high levels of professionalism and competence of MIWB's staff. MIWB's outstanding operational performance, in what has been a difficult year, also reflects the high quality and focus of staff, particularly our Chief Executive Officer, Greg Stevens, and the Engineering, Water Quality and Finance teams. I also acknowledge the high levels of competence and cooperation we experienced with Mount Isa Mines' Operations and Maintenance staff and wish to thank the staff of Mount Isa Mines, Mount Isa City Council and the Department of Energy and Water Supply, with whom MIWB has worked so closely and effectively.

I wish to acknowledge the significant contribution made by all MIWB Board directors, particularly retiring directors John Molony and Karen Read, the latter of whom has served on the Board as Chair of the Finance and Audit Committee for nine years. Both have been dedicated board members and I thank them for their contribution. I am also delighted to welcome new directors Alison Bohannan, Brett Peterson and Neil Hatherly.

The Board is particularly grateful for the ongoing excellence and dedication during the year of outgoing Chief Executive Officer Greg Stevens and our management and staff, and for the contribution that all have made, individually and collectively, to the Board's performance during the year.

A handwritten signature in black ink, appearing to read 'Rowena McNally', with a horizontal line underneath.

Ms Rowena McNally

Chair
Mount Isa Water Board

Chief Executive's report



Mount Isa Water Board experienced a challenging year of operations, successfully managing a number of raw water quality issues and the effects of extremely low rainfall; and ends the reporting period with historically low water storage capacity levels.

Very large blue-green algae blooms in Lake Julius, Lake Moondarra and Clear Water Lagoon resulted in significant water treatment challenges for the engineering and operations team. However an emergency membrane filtration plant was established at MITR in a very short time period, ensuring that water supplied to residential customers continued to meet the required ADWG levels.

The failures of the 2012-13 and 2013-14 wet seasons created a significantly different water security environment than at the end of the preceding financial years. At the close of this reporting period, Lake Moondarra was at 28 per cent capacity and Lake Julius at 73 per cent capacity. Water allocation holders in Lake Moondarra will start the 2014-15 financial year with substantially lower than normal announced allocations and the necessity to review water use efficiencies and consider further restrictions.

It was pleasing to see customers respond well to water conservation messages over the period, with residential

and industrial customers showing progressively greater water savings as time passed.

MIWB operations also successfully met the environmental challenges to produce another year of high levels of customer supply reliability; with no unplanned interruptions, less than forecast water losses and a consistent standard of supplied water quality.

During the year MIWB significantly enhanced the capabilities of its own small water quality laboratory, an initiative that allows faster results and better process control.

MIWB also fulfilled its responsibilities as trustee of the R48 Water and Recreation Reserve (R48 Reserve) for the Department of Natural Resources and Mines (as administrator of the *Land Act 1994*). The Reserve is a major community asset providing opportunities for a wide range of activities from fishing and swimming to hiking and cycling.

Over the reporting period, MIWB continued to manage and maintain the facilities around the lake, ensuring a high level of service delivery to the public and clubs operating in the reserve area. The Board also completed and implemented a Land Management Plan to allow better control, and recognition, of activities within the Reserve.

I would like to thank the Chair Rowena McNally, members of the outgoing Board, my senior managers and committed staff for their continuing support over the year. Without them, these achievements would not have been possible.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a long horizontal stroke.

Mr Greg Stevens

Chief Executive
Mount Isa Water Board



Operating environment

Core business

MIWB is a Category 1 Water Authority established under the *Water Act 2000* (Water Act) which operates as a commercialised statutory authority, carrying out water activities in the State of Queensland.

MIWB's core business activities include:

- acting as a registered Water Service Provider under the *Water Supply (Safety and Reliability) Act 2008*
- managing the infrastructure required to transport bulk water from storages at Lake Moondarra and Lake Julius to customers, and applying appropriate water treatment processes to comply with MIWB's legislative and commercial requirements
- conducting ongoing investigations and planning for future infrastructure requirements relevant to MIWB operations and
- constructing, operating and maintaining the bulk water infrastructure, core to MIWB operations.

Additional activities

MIWB also acts as the nominated trustee for the Water and Recreation R48 Reserve (R48 Reserve) on behalf of the Department of Natural Resources and Mines, as administrator of the *Land Act 1994*. The R48 Reserve covers an area of approximately 11,000 hectares (ha) and includes the lands surrounding Lake Moondarra.

MIWB's role as trustee of the R48 Reserve is independent of its water distribution functions under

the Gulf Resource Operations Plan (Gulf ROP).

However, section 570 of the Water Act provides the specific head of power by which a water authority may carry out other functions, including land management and provision of recreational facilities.

MIWB recognises the importance of the recreational area to the Mount Isa community and manages the operation and maintenance of these public recreational facilities.

Regional climate and rainfall

Mount Isa is located on the Leichhardt River. The city lies about 340 km south of the Gulf of Carpentaria with the Coral Sea coast about 750 km to the east. Lake Moondarra Dam is the primary source of local water and is augmented by Lake Julius Dam to supply the region's total water demand.

The Leichhardt River catchment covers around 33,000 km². The river rises in the Selwyn Ranges, 40 km south-east of Mount Isa, flowing in a northerly direction through the city and Lake Moondarra, before passing through to the Lake Julius Dam.

During the summer, Mount Isa has two types of weather; hot and wet, and hot and dry (predominantly the latter) with maximum temperatures reaching well into the 40°C scale.

Around 75 per cent of annual rainfall occurs in the wet season, between December and March, usually through heavy thunderstorms resulting from intense heat and from the passage of the inland trough system usually

prevalent during this time. Heavy and prolonged rain and flooding occur periodically, when cyclones caused by monsoon troughs in the north move south across the region.

Mount Isa district's rainfall is highly variable. Annual rainfall may be less than 250 mm one year and greater than 500 mm the following. The lowest recorded annual rainfall was 93 mm in 2013, with the highest annual rainfall on record of 1092 mm recorded only two years earlier in 2011.

Over the 2013-14 period, Mount Isa received 264 mm rainfall, primarily due to above average rainfall in February 2014. As a result, neither storage reached full capacity level, and the 2014-15 year commenced with only 9 per cent announced allocations in Lake Moondarra.

Storage dams

MIWB distributes and treats bulk water drawn from Lake Moondarra, which has a capacity of 106,800 ML and is augmented by Lake Julius, which has a capacity of 107,500 ML.

Lake Moondarra Dam has a water surface area of about 2,200 ha (when at 100 per cent capacity) and a relatively shallow topography. Lake Julius has about half the water surface area and a relatively deep topography. Consequently, Lake Moondarra has a

much higher rate of evaporation loss than Lake Julius, which can be up to 3 metres (m) a year.

Construction of the Lake Julius Dam in 1976 allowed for the allocation of additional water to Mount Isa to supplement the region's water supply. However, water from Lake Julius is used judiciously due to the higher electricity cost of pumping water.

Future planning

Water authorities across Australia, including MIWB, are undertaking significant capital investment programs to meet future needs. Resource planning has become more complex and problematic as authorities realise they can no longer rely on historic rainfall data and inflows as the basis for planning.

The combined capacity of Lake Moondarra and Lake Julius can provide a number of years' supply for the region based on typical consumption. In an average year Lake Moondarra is able to supply all of the water.

However, due to the reduced Gulf ROP water allocations in Lake Moondarra in 2013-14 (refer *Regional climate and rainfall* above), and the fact that MIWB only holds substantial water allocation in Lake Julius, some 33 per cent of all water supplied to MIWB's customers in 2013-14 was provided from Lake Julius.

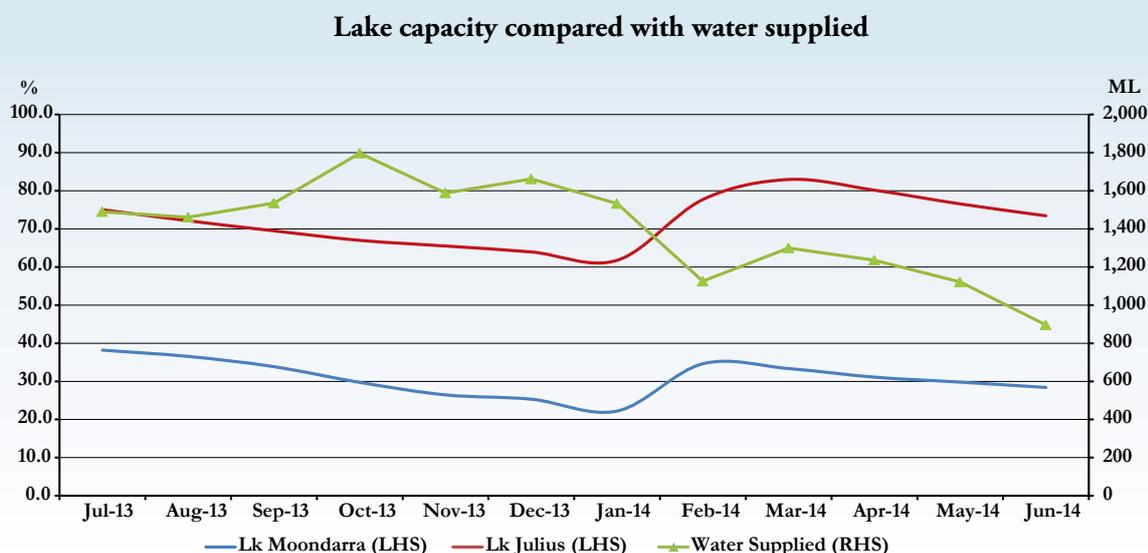


Figure 1. Lake capacity compared with water supplied

The Mount Isa region ends the reporting period in a challenging position, with low lake levels in both water storages. While there is sufficient combined capacity in both lakes to last for the 2014-15 reporting period, there is gradually reducing reserve storage available for unforeseen events. MIWB is working with all customers to increase awareness of water conservation matters and the timing of customers' full transfer to the Lake Julius supply.

MIWB continues to maintain the operational and technical capabilities necessary to provide this essential commodity to the Mount Isa community. MIWB will continue to respond to current and future regional water needs and be prepared for the challenges posed by drought, economic uncertainty and potential changes in industrial demand.

Blue-green algae blooms

During 2013-14 Mount Isa experienced exceptional blue-green algae blooms in Lake Julius, Lake Moondarra and Clear Water Lagoon. The blooms were likely a result of significantly below average seasonal rainfalls, low lake levels, high nutrient levels and environmental conditions favourable to algal growth.

Due to the unprecedented scale and duration of the blooms, the natural filtration process provided by Clear Water Lagoon was unable to treat the raw water to its normal level. To address the water quality risk, MIWB established an emergency membrane filtration plant at Mount Isa Terminal Reservoir (MITR) to ensure that the water supplied to MICC continued to meet ADWG levels.

Regulatory changes

MIWB is a Category 1 Water Authority, and its functions are consistent with, or related to, the purpose for which it was established, including core distribution services and related activities such as water quality and treatment.

The 2013-14 year was the fourth year of operation under the Gulf ROP, as required in the Water Resource (Gulf) Plan 2007.

Under the ROP regulatory environment, MIM and SunWater hold resource operations licences (ROL) for Lake Moondarra Dam and Lake Julius Dam respectively. Throughout the year, MIWB complied with all regulatory requirements, including metering and providing summary information to the ROL holders, to support their operations.

MICC and MIM are responsible for managing their own demand-supply balance and also for managing their conjunctive use of water from both storages.

MIWB intends consulting with customers in the next reporting period on the following key issues: water quality service levels, future distribution services (volume and price), future water treatment options, major capital works and water pricing (water storage changes, supply and distribution, quality).



Measuring our performance

Objectives

MIWB's **strategic objectives** are established by section 640 of the Water Act which requires that MIWB:

- operates as a commercially and operationally sustainable business consistent with the Water Act and government policy and
- ensures that the infrastructure is secure and reliable for the treatment and transport of bulk water.

In broad terms, MIWB's performance objectives must be consistent with its commercial mandate which requires MIWB to:

- meet its statutory obligations
- achieve a sustainable return to the Queensland Government and
- earn a commercial rate of return on investment.

MIWB's **operational objectives** are to:

- ensure the security and integrity of treatment and transport infrastructure to operate in a low risk, efficient and effective operating environment
- strategically plan infrastructure investment and maintain maximum asset utilisation
- implement system leakage mitigation strategies to minimise water losses in the infrastructure

- achieve compliance with Australian Drinking Water Guidelines (ADWG) in the quality of drinking water provided to customers and
- provide staff and contractors with a safe and satisfying working environment.

Government objectives for the community

MIWB is committed to the government objectives for the community including: growing a four pillar economy, lowering the cost of living, revitalising front-line services, restoring accountability in government and investing in better infrastructure and better planning.

MIWB's business operations are focused on providing a cost-efficient, safe and reliable water supply to all customers, including local industry.

Operational outcomes

MIWB's non-financial performance objectives in its corporate and performance plans measure the extent to which it meets legislative reporting requirements, fulfils corporate and social responsibility, delivers a reliable and quality bulk water supply to customers, and realises positive business outcomes.

MIWB's performance against these objectives is shown in Table 2.

Non-financial performance during 2013-14

| Performance | Measures | Target 30 June 2014 | Actual Outcomes 30 June 2014 |
|----------------------------|---|--|--|
| <i>Commercial results</i> | | | |
| Business operations | Executed customer service agreements | 100% of supply | 99.97% of supply (1) |
| | Level of administration costs as a percentage of total operating costs | 30% | 6.57% |
| | Projects delivered on time and within budget | 90% | 82% |
| Corporate responsibility | Incidences of lost time injuries (days) in 2013-14 | 0 | 4 days (2) |
| | Compliance with departmental (DEWS) reporting deadlines | 90% | 96% |
| | Breach notices received pertaining to non-compliance with legislation and standards | 0 | 0 |
| <i>Operational results</i> | | | |
| Operational efficiency | Target of metering accuracy | 98% | 98% |
| | Target of water losses from distribution system | Maximum 2,500 ML | 475 ML |
| Water quality | Provision of water as specified (under contract and legislation) | 100% | ADWG potable water 99.81% ANZECC non-potable water 88.73% |
| | Non-complying tests for E.coli | 0 | 0 |
| | Non-complying tests for other health parameters | 0 | 23 or 0.18% |
| | Non-complying tests for aesthetic parameters | 0% | 9.25.% |
| | Reliability of supply | Compliance with pressure at customer connection points | 100% |
| | Number of unplanned interruptions | 0 | 0 |
| | Water main/pipe leakages per 100 km | 2 | 11 |

(1) One minor customer contract was under review by the customer at June 2014

(2) One incident, a contractor injured their hand at work

Table 2. Non-financial performance during 2013-14

MIWB achieved high customer supply reliability during 2013-14, with no unplanned interruptions and nominal leaks and water losses. Overall water losses were 2.8 per cent of the total volume supplied. Customer water quality was maintained at a consistently high level despite average to poor raw water quality and the blue-green algae blooms (refer *Water quality* section). MIWB achieved virtually all reporting targets for the period and maintained a low level of administrative costs.

MIWB is committed to a capital investment program that eliminates 'at risk' assets which may compromise MIWB infrastructure and associated operations. The annual reviews of the Strategic Asset Management Plan (SAMP) and System Leakage Management Plans (SLMP) serve to identify and prioritise capital projects to minimise these risks.

Several engineering projects have been identified to further improve the operational results. These include: the replacement of 11 km of distribution pipeline (to reduce pipeline leakage and potential supply interruptions), further expansion of the water quality laboratory, a terminal reservoir tank re-lining project (to reduce water losses and improve water quality outcomes) and a water treatment plant options assessment (to identify the potential cost and mechanisms for improved water quality).

Engineering

MIWB experienced a challenging year of engineering and operations for the 2013-14 period. Below average seasonal rainfalls, low lake levels and large blue-green algae blooms in all raw water sources contributed to poor raw water quality during most of the 2013-14 period. To address these water quality issues MIWB established an emergency membrane filtration plant at MITR to ensure that supply to MICC met the required ADWG levels.

MIWB was able to source, design, install and commission a leased emergency filtration plant, supplying 20 ML per day of filtered water to MICC within three months and with no impact on customer water delivery. Industrial customers continued to be supplied through the existing water distribution

system, and made alternative arrangements for their own potable water needs.

Despite the additional demand for engineering resources associated with the emergency filtration plants, other notable engineering achievements for the period were:

- tendering, installation and commissioning of a 2 km section of the Lake Moondarra to MITR pipeline
- procurement, installation and commissioning of a tank mixer in the MITR South tank
- continued replacement of power poles, cross arms and insulators on the Lake Julius Power Line
- relocation and doubling the size of MIWB Water Quality Laboratory, to increase capability and reduce turnaround times
- completion of the MICC fluoridation capability project including storage of un-commissioned equipment
- design and procurement of equipment to upgrade SCADA system from analogue to digital
- upgrade of Col Popple Pump #3 wet end, including coupling
- design, procurement and installation of designated fuel and chemical storage area at MITR
- installation of rock gabion protection to eroded sections of the Lake Moondarra – Clear Water Lagoon embankment
- design, procurement and installation of quick disconnect power plugs on the Lake Moondarra Pontoon Pump Station pumps.

Operations and maintenance

MIWB has a contracted arrangement with MIM to perform MIWB's operations and maintenance services. Due to the operational and water quality issues associated with the blue-green algae blooms over the reporting period, the operations and maintenance services were extended to incorporate:

- modification and upgrade of the Old MITR switchyard to accommodate the filtration plants
- design and installation of the local electrical distribution for the emergency filtration plants
- operation of the filtration plants
- operations and maintenance of the auxiliary filtration plant equipment (pumps, compressor, storage tanks and piping infrastructure)
- increased water quality sampling.

Scheduled operations and maintenance achievements of the Utilities department during 2013-14 included:

- overhaul of the George Fisher to Lake Julius #1 transformer
- overhaul of the Old MITR Pump Station switchyard
- overhaul of the Lake Moondarra Transfer Pump #2
- overhaul of the Deep Well Pump Station switch board, and inspection of the floating intake bell mouth
- overhaul of the Lake Julius 22.6 Booster Station #1 pump and #2 non-return valve
- re-commissioning the Lake Moondarra Deep Well Pump Station
- re-commissioning the Old MITR #6 and #7 pumps to supply filtered water to MICC
- automation of the Old MITR Pump Station to control the emergency filtration plants
- fabricated valve pit covers for the eastern side of Old MITR Pump Station
- repair of 11 leaks on the Lake Moondarra Main pipeline.

Water quality

MIWB continues to provide its customers with high quality water in accordance with the Australian Drinking Water Guidelines and the supply contracts. The guidelines provide direction on what constitutes

safe, good quality water and how it can be achieved, and also consider limited aesthetic qualities. MIWB is committed to continuous improvement of the water treatment process.

MIWB has historically used Clear Water Lagoon (CWL) as a natural filtration system to treat its potable water by reducing the colour, turbidity and concentration levels of chemical and microbiological contaminants.

The raw water storages at Lake Moondarra and Lake Julius are also monitored against the Australian and New Zealand Environment and Conservation Council (ANZECC) freshwater ecosystem guidelines.

ADWG include two different types of guideline value:

- a health-related guideline value, which is the concentration or measure of a water quality characteristic that, based on present knowledge, does not result in any significant risk to the health of the consumer over a lifetime of consumption
- an aesthetic guideline value, which is the concentration or measure of a water quality characteristic that is associated with 'acceptability' of water to the consumer, e.g. appearance, taste and odour.

In times of high turbidity and blue-green algae levels, the flocculation system (a system designed to clarify water and reduce turbidity) and/or a Powdered Activated Carbon system, can also be included to improve water treatment.

During 2013-14, water supplied to major customers was 99.8 per cent compliant with ADWG health limits. There was one significant water quality issue during the reporting period associated with a blue-green algae outbreak in Lake Moondarra, Lake Julius and Clear Water Lagoon.

Due to the unprecedented scale and duration of the blue-green algae blooms during the year, Clear Water Lagoon was unable to treat the raw water to its normal level. In response to this unprecedented situation, MIWB established an emergency membrane filtration plant at MITR to ensure that supply to MICC met

ADWG levels. The filtration removes virtually all the blue-green algae thereby eliminating the risk to downstream users, particularly residents supplied by MICC through the Council reticulation system.

As a result of the unprecedented scale of the blooms, and associated significant expense in addressing the water quality risks, MIWB has initiated a Water Treatment Plant Options Study to assess the potential treatment processes and costs to provide reliable and secure water quality in the future.

Seven separate water quality incidents were reported to the Department of Energy and Water Supply (DEWS) Office of the Water Supply Regulator. The majority of the incidents related to elevated levels of disinfection byproducts as a result of the blue-green algae blooms. Due to the steps taken by MIWB, no incident resulted in a negative health outcome.

During the 2013-14 period, 67 per cent of water supplied was from Lake Moondarra, and the remaining 33 per cent was from Lake Julius.

In 2013-14 there were 10,684 water quality tests conducted across the water distribution and treatment system (nearly double the number of tests from the previous period due to the blue-green algae blooms), with the following results:

- average percentage aesthetic compliance of 90.75 per cent
- average percentage health compliance before discharge point of 99.82 per cent
- average percentage health compliance at the discharge point of 99.81 per cent.

The testing and sampling program is regularly reviewed to reflect changes in the system, emerging water quality trends and changes in water quality guidelines.

Compliance with ADWG is shown in Table 3. There was an annual 99.8 per cent compliance at the discharge point to MIWB customers.

Water quality compliance 2013-14

| Month | Aesthetic compliance | Health compliance before discharge | Health compliance at discharge point |
|----------------|----------------------|------------------------------------|--------------------------------------|
| July 13 | 98.64% | 100% | 100% |
| August 13 | 89.60% | 100% | 100% |
| September 13 | 91.27% | 99.88% | 100% |
| October 13 | 91.02% | 99.89% | 100% |
| November 13 | 85.44% | 98.78% | 99.59% |
| December 13 | 78.91% | 100% | 99.28% |
| January 14 | 88.54% | 99.62% | 99.72% |
| February 14 | 92.18% | 99.92% | 99.84% |
| March 14 | 94.28% | 100% | 100% |
| April 14 | 93.03% | 99.83% | 99.92% |
| May 14 | 93.93% | 99.91% | 99.91% |
| June 14 | 92.20% | 99.61% | 99.51% |
| Average | 90.75% | 99.82% | 99.81% |

Table 3. Water quality compliance 2013-14

The following general water quality related events occurred in 2013-14:

- No E.coli was detected in any water supplied to MIWB customers during 2013-14.
- MIWB's Drinking Water Quality Management Plan (DWQMP) was reviewed over the reporting period and the final document will be submitted to Office of the Water Supply Regulator for approval during the next reporting period.
- Lake Moondarra, Lake Julius and Clear Water Lagoon all experienced large blue-green algae blooms over the length of the reporting period. MIWB established an emergency membrane filtration plant at MITR to ensure that supply to MICC met ADWG levels.

- MIWB expanded its small water quality laboratory at MITR to increase our capability and reduce turnaround time for laboratory results. This significantly improved testing capability and allowed MIWB to report preliminary cylindrospermopsin toxin test results to Queensland Health during the blue-green algae blooms, much faster than an external laboratory.
- MIWB significantly expanded its microbiological water quality testing over the blue-green algae period to ensure relevant and up-to-date reporting.
- Recreational water users of Lake Moondarra were advised of the blue-green algae bloom during the event, and the laboratory continues to monitor recreation water quality and advise users accordingly.
- MIWB noted one fish kill event at Lake Moondarra over the reporting period, in February 2014. These incidents often follow high turbidity water inflows to the lake.

MIWB continues to invest in technology and training in managing the water quality cycle. External water quality testing services are undertaken by an independent NATA accredited laboratory.

Services

R48 Reserve

As Trustee for R48 Reserve, MIWB continued to maintain the public reserve amenities and parks in this area. These comprise several community facilities in and around Transport Bay, Blackrock and Warrina Park areas, including walking tracks and recreational areas popular with families and children.

During the reporting period there was a number of health, safety and environmental management initiatives undertaken to improve recreational users' safety, convenience and enjoyment. These included general improvements to the ablution blocks including plumbing and painting, tree felling and general

tree management in public areas, general grounds maintenance including spreading of top soil and installation of automated watering systems, installation of cable barriers at the boat ramp, removal of old and damaged infrastructure e.g. tables and BBQs and the removal of dumped car bodies and graffiti within the reserve boundaries.

Aquatic weed harvesting was undertaken in Lake Moondarra as required, to enhance the safety of recreational users and ensure weed growth was kept under control.

MIWB experienced an increase in vandalism at R48 Reserve in the period, with increased damage to landscaping, signs and gates, and a resulting increase in repair costs. MIWB has increased surveillance of the reserve area including installation of CCTV cameras.

There were no significant changes to operations or events during 2013-14.

There were no lost time injury incidents at R48 Reserve in 2013-14.

MIWB continues to be a major sponsor of the local Mount Isa fishing competition, the Lake Moondarra Fishing Classic.



Managing our business

MIWB will be a sustainable commercialised business managing the efficient and reliable treatment and transportation of bulk water infrastructure. Our management team will remain lean and efficient. Our culture creates a challenging and positive work environment for staff who function within best practice governance and operational systems. We maintain our infrastructure so as to eliminate the risk of failure.

MIWB governance framework

Board operations and membership

The Board is responsible for overseeing MIWB's corporate governance, including setting its strategic direction, establishing goals for management and monitoring performance against these goals.

The Board is accountable to the Minister for MIWB's efficient and effective performance. Each Board member is required to act in MIWB's best interests and ensure MIWB acts in accordance with its Performance and Corporate Plans.

During 2013-14 MIWB had a four member Board; two members nominated by MIM, one member nominated by MICC (as the other MICC nominee had resigned in the previous reporting period) and one member nominated by the chief executive of the Department of Energy and Water Supply.

Directors for the 2013-14 reporting period were:



Ms Rowena McNally *
LLB, MAICD FIAMA AFAIM
MAWA Chair

Director since February
2002, DEWS nominee

Rowena McNally is an experienced company board member and corporate lawyer with significant experience in water infrastructure, corporate law and corporate governance. She is the Chair of the Institute of Arbitrators & Mediators Australia, Chair of Catholic Health Australia, a director of Ergon Energy and the North West Hospital and Health Board and Chair of the Ministerial Council for Flood Mitigation Manuals. Ms McNally serves on various legal and other committees and is a member of MIWB's Finance, Audit and Compliance Committee.



Mr John Molony *

Director since February
2010, MICC nominee
until September 2013

John Molony is a former Mayor and Councillor of Mount Isa City Council. He also previously served as Mayor on the Burke Shire Council. Mr Molony is a keen businessman who manages his western outfitters store in Mount Isa and has a keen interest in all community matters.



Mr Myles Johnston *
BSc (Hons) FAusIMM

Director since February
2010, MIM nominee

Myles Johnston has 25 years' experience in the mining industry, working for a number of major mining companies in a variety of exploration, project development and operational roles in gold and base metals both in Australia and overseas. Mr Johnston previously worked at Mount Isa Mines and held a number of technical and operational roles in both the zinc and copper business units, including General Manager of Ernest Henry Mine.



Ms Karen Read *
BBUS CPA MAICD MAMI

Director since September
2004, MIM nominee
until September 2013

Karen Read worked for the Glencore Xstrata Group for 29 years and has worked in Mount Isa for a number of years since 1995, where she was a director of several of their companies, finishing September 2013. She is a Certified Practising Accountant, member of the Australian Institute of Company Directors and a member of the Australian Mutuals Institute. She serves on the boards of a credit union, a health fund and the finance committee of the North West Hospital and Health Board. Ms Read chairs MIWB's Finance, Audit and Compliance Committee.

Under the Water Act, notwithstanding a person is a nominee of an entity, they are required to act in the best interests of the MIWB.

**Under section 604 (3) of the Water Act , a MIWB Board member remains a Board member even though their term may have expired or until they or their replacement is formally appointed by notice in the Queensland Government Gazette. As a consequence, during all but two weeks of the reporting period, the MIWB Board comprised those directors at the start of the reporting period.*

The composition of the MIWB Board of Directors changed on 27 September 2013, with a new board structure, namely:

- four persons nominated by the chief executive of the Department of Energy and Water Supply and

- one person nominated by Mount Isa City Council.

The new directors were appointed on 19 June 2014.

The Board Directors of MIWB from 19 June 2014 are:

Ms Rowena McNally LLB, MAICD FIAMA
AFAIM MAWA Chair

Mr Myles Johnston BSc (Hons), FAusIMM

Ms Alison Bohannan BA (HSS), MA, FAIM

Mr Neil Hatherly BSc (Hons), FAICD, FAusIMM,
FAIM

Mr Brett Peterson – nominated by MICC.

Board attendance

The Board meets 11 times a year, or more if required.

During 2013-14 it held 12 meetings, and attendances by members of the former Board are shown in Table 4.

Board meeting attendance 2013-14

| Director | Meetings attended | Meetings eligible to attend | Last appointed | Expired |
|------------------------|--------------------------|------------------------------------|-----------------------|----------------|
| Rowena McNally (Chair) | 12 | 12 | Appointed 29 May 2008 | 28 May 2011 |
| Karen Read | 12 | 12 | Appointed 4 Feb 2010 | 30 June 2011 |
| John Molony | 10 | 12 | Appointed 4 Feb 2010 | 30 June 2011 |
| Myles Johnston | 11 | 12 | Appointed 4 Feb 2010 | 30 June 2011 |

Table 4. Board meeting attendance 2013-14

In accordance with the Trustee arrangements for R48 Reserve, Board meetings for Reserve matters are held separately to provide a distinct division of governance.

R48 Reserve meeting attendance 2013-14

| Director | Meetings attended | Meetings eligible to attend |
|------------------------|--------------------------|------------------------------------|
| Rowena McNally (Chair) | 10 | 10 |
| Karen Read | 10 | 10 |
| John Molony | 9 | 10 |
| Myles Johnston | 9 | 10 |

Table 5. R48 Reserve meeting attendance 2013-14

Finance, Audit and Compliance Committee meeting attendance 2013-14

| Director | Meetings attended | Meetings eligible to attend |
|--------------------|-------------------|-----------------------------|
| Karen Read (Chair) | 6 | 6 |
| Myles Johnston | 5 | 6 |
| John Molony | 4 | 6 |
| Rowena McNally | 6 | 6 |

Table 6. Finance, Audit and Compliance Committee meeting attendance 2013-14

Finance, Audit and Compliance Committee

The Board has established the Finance, Audit and Compliance Committee to assist in the execution of its responsibilities.

This committee is responsible for the review and oversight of MIWB's financial performance and financial regulatory compliance, including the integrity of its accounting and financial reporting, monitoring compliance with applicable accounting standards, appointment of internal auditors, appointment of significant consultancies (e.g. legal advisors and insurance brokers) and overseeing the integrity of the accounting and financial reporting.

During 2013-14, this committee included Karen Read (Chair), Myles Johnston, John Molony and Rowena McNally. MIWB Chief Executive, Greg Stevens, and Finance Manager, Bruce Galbraith, attended committee meetings by invitation.

The committee meets as required each financial year, and assists the Board by ensuring financial reports are prepared in accordance with Australian Accounting Standards (including Australian equivalence to International Financial Reporting Standards) and other prescribed statutory requirements.

During 2013-14, the committee advised the Board on the efficacy of internal and external audit functions and preparation of a budget for the next financial year.

Attendances are shown in Table 6.

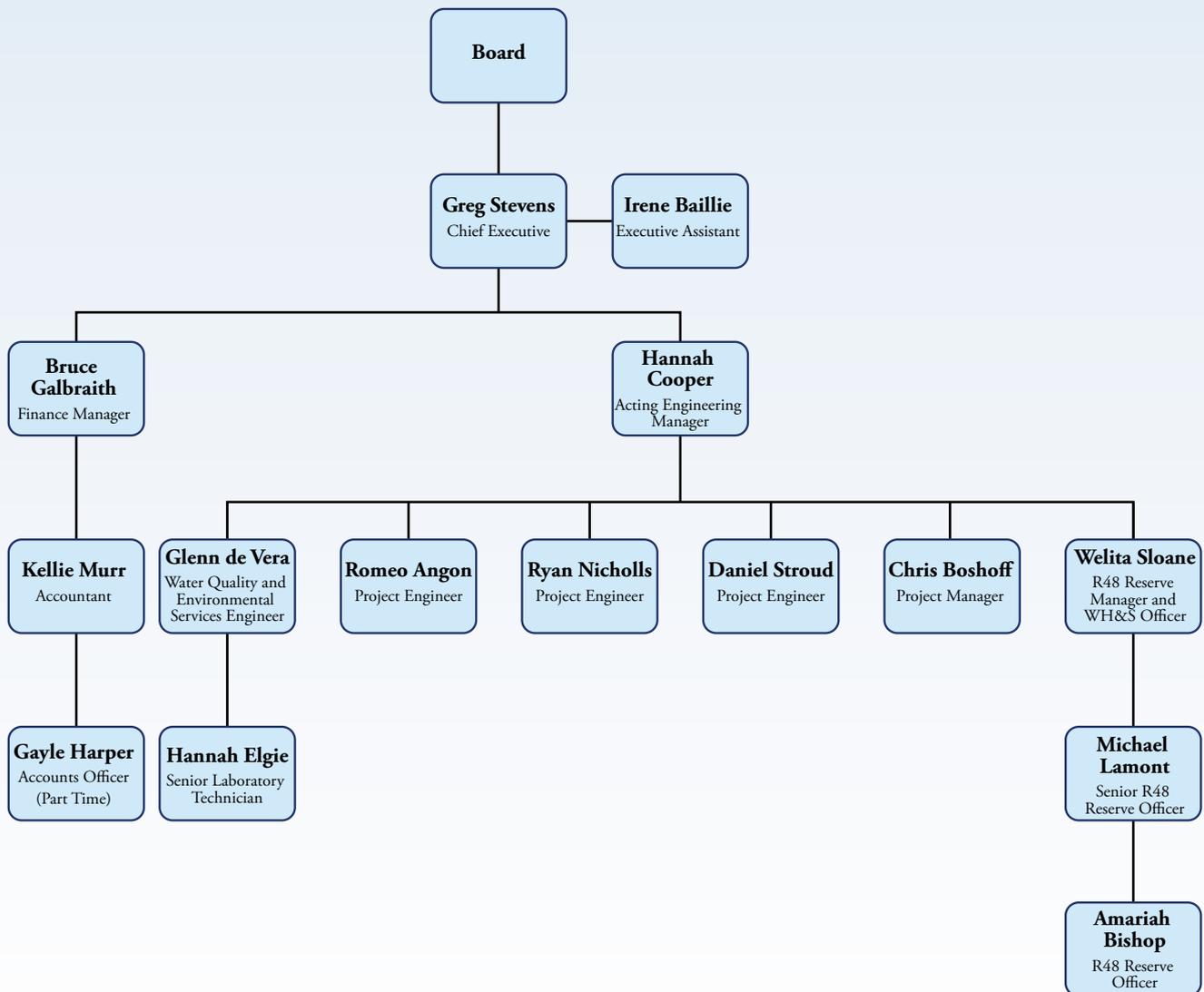
The Finance, Audit and Compliance Committee has observed the terms of its charter and has had due regard for Queensland Treasury's Audit Committee Guidelines. During 2013-14, the committee's achievements included the approval of an internal audit program for the next three years and ensuring compliance with legislation and good corporate governance.

Disclosure of directors' remuneration

Remuneration of the directors is made in accordance with current Queensland Government policy, *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*.

Remuneration is based on attendance at board and committee meetings. During 2013-14, the total remuneration paid was \$15,278. Related additional costs paid during the period (primarily for airfares and accommodation) totalled \$35,302.

Organisational structure of MIWB*



*As at 30 June 2014

Role and responsibilities of the Chief Executive

The Chief Executive, Greg Stevens, reports directly to the Board and is charged with, and is accountable for, the overall performance and leadership of the organisation.

The Chief Executive has the responsibility for the management of MIWB financial and non-financial performance, ensuring its conformity with statutory and accountability requirements. He implements

the Board's policy decisions, reflecting the Board's approved strategy as reported in the Performance Plan, Corporate Plan and annual budget.

In addition, the Chief Executive is responsible for organisational leadership and maintaining effective business relationships with directors, customers, other stakeholders and interested parties.

Executive team

MIWB's executive team is responsible for overall day-to-day operational and financial performance of the organisation and for participating in senior management groups and/or committees.

The executive team comprises the following people:



Greg Stevens

Chief Executive, BE (Hons)

Greg was appointed Chief Executive in 2011, having joined MIWB as Engineering Manager in 2008. Greg brings 27 years' experience in senior engineering and management roles including experience with professional engineering consultancy, engineering operations, local authority planning and statutory compliance. Greg has brought to MIWB a thorough understanding of the operations of MIWB, including water supply and governance issues.

Bruce Galbraith

Finance Manager, BMS NZICA

Bruce joined MIWB in February 2009 as Finance Manager and Board Secretary. He is a member of the Finance, Audit and Compliance Committee and has facilitated significant changes to the overall management of current MIWB financial processes and procedures. Bruce brings to the position more than 28 years' experience in senior commercial and financial management roles in a wide range of industries including utilities, multi-national fast moving goods and not-for-profit organisations.

Corrections to previous annual report

MIWB advises that there are no corrections to be notified from the previous annual report.

Hannah Cooper

Acting Engineering Manager, BE (Mech)

Hannah originally joined MIWB in February 2009 as Project Engineer, and after a period away has returned and been appointed as Acting Engineering Manager. She brings a broad range of knowledge on technical matters, project engineering and engineering management from a number of engineering roles in the private and public sector. Hannah's experience in infrastructure and utilities establishment and management is well matched to MIWB's engineering requirements.

Reporting requirements

MIWB is required to regularly review and report on a range of statutory and regulatory obligations, both as a water authority and as a government business entity.

The documents produced include:

- annual reports
- quarterly reports
- financial statements
- corporate and performance plans
- a report on the Strategic Asset Management Plan, which aims to ensure that aged assets are replaced in an efficient and economic manner
- a report on the System Leakage Management Plan, which identifies water losses (and inefficiencies) in the distribution network for remedial action and
- event-based and annual water quality reports which are collated and provided to DEWS.

MIWB was compliant with its reporting responsibilities during 2013-14, which included: providing the Minister with a summary of information and events for the year, forecasts for the year ahead, assessments of status and performance to date, and providing DEWS with financial and non-financial performance reports for each quarter, and event status reports on the blue-green algae blooms and water supply reliability matters.

During the year MIWB also regularly liaised with Queensland Health and the Chief Medical Officer in respect of MIWB's water quality issues.

Information systems and recordkeeping

MIWB's information systems support effective corporate governance and the delivery of accurate information for decision-making. MIWB maintains a secure and accurate manual and electronic recordkeeping system which satisfies the accountability requirements of the *Public Records Act 2002*.

MIWB's electronic recordkeeping system was implemented in 2006. In addition, a manual colour-coded information management system was implemented in 2009.

To support compliance with the Queensland Government's *Information Standard 40: Recordkeeping*, MIWB records are secure from unauthorised access, damage and misuse. An additional back-up system is in place.

Training sessions are conducted to ensure all office staff members are familiar with the information management and recordkeeping systems.

Measurement and monitoring of MIWB's financial performance are conducted using recognised accounting software. Detailed financial reports with analysis are prepared each month and presented to the Board at its monthly meetings.

Risk management

MIWB has various risk management policies and procedures in place relating to its assets and operations.

MIWB's major investment is the water infrastructure used to carry out its core business activity, the transport of bulk potable water from storages to customers. Its risk management strategy is to identify and replace 'at risk' assets that may cause infrastructure to fail. MIWB also maintains a commitment to an operations and maintenance program which minimises the risk of failure of those critical infrastructure assets.

MIWB has an approved System Leakage Management Plan (SLMP) and Strategic Asset Management Plan (SAMP) in place; and provided DEWS with annual reports against these plans in the 2013-14 reporting period.

Audit functions

External auditor – financial

The Auditor-General is the auditor of all Queensland public sector entities. The Queensland Audit Office engaged Crowe Howarth (previously WHK North Queensland) to conduct MIWB's 2013-14 external audit.

The external audit is normally conducted through visits to MIWB's office, with the auditor working closely with the Chief Executive, Finance Manager and finance staff. The auditor's report is considered by the Finance, Audit and Compliance Committee. A close-out interview is held between the auditors and the committee, and the committee makes recommendation to the Board concerning the adoption of the financial statements.

External auditor – non-financial

MIWB produced the legislatively required SAMP report and SLMP report as well as the event-based and quarterly water quality reports which are collated and provided to DEWS for review.

The Finance, Audit and Compliance Committee has considered all audit recommendations of the Queensland Audit Office and has ensured MIWB has due regard for these recommendations.

Internal auditors

In 2013-14, MIWB reappointed BDO as its internal auditor. The Finance, Audit and Compliance Committee worked closely with the internal auditor to develop a recommended audit program for the next three years, and to ensure the effective, efficient and economic operation of the audit activity.

The internal auditor conducted the audit based on Australian Audit Standards and reported its findings and recommendations to the Board through the

Finance, Audit and Compliance Committee. Areas reviewed included information technology, purchasing procedures, contract management, financial statement preparation, planning and the Financial Management Practices Manual.

The internal audit was conducted through visits to MIWB's office, with the auditor working closely with the Chief Executive, Finance Manager and finance staff. The audit process had due regard for Queensland Treasury's *Audit Committee Guidelines*.

Investments

MIWB is committed to investments that conform to government prudential standards. It continually reviews its infrastructure investment strategy and prioritises projects that will enhance the reliability and quality of water supplied to customers.

As at 30 June 2014, MIWB's investments (property, plant and equipment) was \$94.0 M.

Public interest disclosures

The *Public Interest Disclosure Act 2010* (PID Act) was introduced on 1 January 2011.

No public interest disclosures were received by MIWB from 1 July 2013 to 30 June 2014.

Right to information

As a statutory authority, MIWB acknowledges the right of access to government information to promote transparency, openness and accountability, and will provide this access unless it is commercial-in-confidence or contrary to the public interest to release such information.

MIWB did not receive any RTI applications between 1 July 2013 and 30 June 2014, but was consulted as an affected party in one instance. MIWB was not processing any RTI applications at the end of the reporting period.

Any enquiries about obtaining information held by MIWB should be made by contacting (07) 4740 1000 or emailing info@mountisawater.qld.gov.au.

Right to Information correspondence has been placed on the MIWB website at www.mountisawater.qld.gov.au under the 'About Us' tab.

Open data

MIWB is committed to the Queensland Government's Open Data strategy and has adopted the government's strategy, policy and principles to ensure all relevant data is published in the appropriate manner. Data on additional MIWB activities is available at www.mountisawater.qld.gov.au/opendata.

Moving forward

In 2014-15, MIWB will continue good corporate governance to achieve even better business performance through:

- regular Board meetings
- transparent business practices and decision-making
- integrity of strategies and operating systems (i.e. through sound risk management and internal audit programs)
- review of the fully transparent water charges framework and model and
- commitment to preserving MIWB's business value.



People

MIWB acknowledges the need to have a capable and accountable organisation. We focus strongly on people – attracting and retaining a highly skilled workforce, developing skills and knowledge, and demonstrating our corporate values through the way we deliver our services.

Staff profile

MIWB has a specialised workforce dedicated to the discrete aspects of its business operations. Staff levels reflect the requirements of the 2013-14 Performance Plan and forecast capital expenditure.

At 30 June 2014, MIWB's workforce comprised 14.6 Full Time Equivalent (FTE) employees, 1.4 FTE employees more than at 30 June 2013. These staff members were engaged in financial reporting, financial management, administration management, contract management, engineering, water quality monitoring and analysis, operations and management of projects.

Developing our people

MIWB strives to have a skilled, capable and committed workforce and supports training and development activities which deliver business and personal development outcomes and enable a better organisational performance.

MIWB's philosophy is that staff should take pride and receive satisfaction from making a commitment to, and achieving, work goals.

During 2013-14, MIWB invested in a broad range of training activities which included the following courses:

- MIWB Area Safety Inductions
- Generic Construction Induction – Construction (White Card)
- Apply First Aid (Senior First Aid)
- Perform CPR
- Conduct Fire Team Operations
- Safe Driving Awareness / 4WD Refresher
- Information Privacy Act
- Right to Information Act
- MYOB Advanced Processes: Beyond Day-to-Day
- Advanced Contract Administration Seminar
- Diploma in Work Health and Safety
- Cert III in Mobile Crane Operations
- Site Safety Supervisors (S1,2,3)
- Partial Completion Cert III in Horticulture
- Contaminated Site Awareness (Power & Water)
- Foundations of Directorship Program.

Public sector ethics

MIWB periodically reviews its Board and staff Codes of Conduct (Codes) to ensure they are in line with the current ethics, principles and values of the *Public Sector Ethics Act 1994*. The approved Codes align with both government requirements and community expectations.

MIWB is committed to ongoing education and continual review of processes and procedures to ensure both staff and management have proper regard for the Codes and for appropriate behaviours.

Through a comprehensive induction program and continual discussions, directors and senior officers are aware of their rights and obligations in relation to contraventions of the approved Codes of Conduct. MIWB reviewed the Board and staff Codes of Conduct in the reporting period.

Workforce planning, attraction and retention

MIWB's future workforce needs are continually monitored to ensure strategies are in place to align workforce planning with service delivery.

MIWB's staffing complement is relatively stable; however MIWB recognises the potential difficulties remote communities face in attracting and retaining appropriately skilled technical, engineering and commercial staff who can contribute to highly specialised operations.

MIWB is committed to encouraging and recognising the skills and talents of its officers, and actively identifies and provides training and development opportunities.

During 2013-14, MIWB's permanent retention rate was 78 per cent (i.e. it had 13.6 permanent staff at the beginning and of those, 10.6 remaining at the end) and its permanent separation rate was 22 per cent (three permanent staff members left).

MIWB was involved in a criminal court case during the reporting period relating to a former employee's conduct outside of the workplace. MIWB staff and directors provided background information to the Queensland Police Service on the matter.

Key workforce policies

Key MIWB workforce policies, in addition to the Codes of Conduct (refer *Public sector ethics* section), approved by the Board and actively promoted inside the organisation are:

- Alcohol and Drugs Policy
- Anti-Discrimination Policy
- Corporate Procurement Policy and Procedures
- Sexual and Workplace Harassment Policy
- Work Health and Safety Policy
- Workplace Injury Rehabilitation Policy.

Ongoing refinements to workforce policies took place throughout the year to ensure they were appropriate and reflected the needs of staff and management.

Initiatives for women

MIWB is an equal opportunity organisation which promotes and encourages career development of all staff.

As at 30 June 2014, MIWB staff members comprised seven women and eight men.

MIWB continued to have good representation of women in management roles including the Accountant, the Acting Engineering Manager and the Workplace, Health and Safety Officer.

Supporting carers

MIWB recognises carers and the important contribution they make to the people they care for and to the community generally. MIWB has provided a copy of the Carers Charter, as set out in the Schedule to the *Carers (Recognition) Act 2008*, to all staff.

During 2013-14, MIWB did not have a 'carer', as defined by the Act, on staff.

Health and safety

MIWB is committed to complying with Queensland's *Work Health and Safety Act 2011* and *Work Health and Safety Regulations 2011*. Facilitating zero harm is a MIWB corporate value, and a safe working environment is an operational objective.

During 2013-14, MIWB experienced one contractor lost time injury incident, which was treated at out-patient level and resulted in no significant or long-term harm. MIWB also recorded two minor injury incidents requiring medical treatment and one minor vehicle incident; none resulting in long-term harm.

Contractor safety and area inductions are a requirement for all contractors undertaking work on MIWB infrastructure. These inductions are conducted on a regular as-required basis.

MIWB has a Safety Management Plan which helps prevent accidents that may result in injury and/or damage to property, equipment, staff and contractors; informs staff and contractors of their minimum requirements under the conditions of employment; and raises awareness of responsibilities in the area of safety and of the requirements that apply.

One staff member is also trained as a Workplace Health and Safety Officer (WHSO) and works to ensure organisational compliance with work health and safety regulations and that the risk of workplace incidents and injuries is minimised.

During the year a consultant was again engaged to carry out a comprehensive safety audit of all MIWB assets. Issues identified were consolidated into an action list which was discussed with all stakeholders, and detailed courses of action decided upon. The list was prioritised according to risk. High risk issues were rectified immediately and the rest were placed on a schedule according to priority.

Moving forward

During 2014-15, MIWB will continue to provide a healthy and safe work environment for employees and contractors. It will also increase the core competencies of the organisation and staff by developing internal skills and resources.

MIWB will continue to strive for zero harm in a number of ways including:

- conducting monthly workplace inspections
- reporting on and monitoring health and safety statistics and taking necessary action
- maintaining up-to-date incident reporting
- conducting periodic safety audits in the field
- providing ongoing staff training
- reviewing and amending MIWB policies and procedures and
- revising and implementing safety related plans as required.



Financial management

MIWB's vision is to be a commercially sustainable business, managing the efficient and reliable transportation of bulk treated water based on commercial principles. Our capital and operational expenditure must be cost effective, our actions as transparent as possible, and we must ensure full cost recovery on all business activities.

MIWB has identified a number of financial performance objectives in its Corporate and Performance Plans, which are consistent with a commercially-oriented government business. MIWB's performance against these objectives is shown in Table 7.

Financial performance during 2013-14

| Performance | Measures | Target 30 June 2014 | Actual Outcomes 30 June 2014 |
|--------------------------|---|------------------------|---------------------------------|
| <i>Financial results</i> | | | |
| Profitability | Earnings before interest and tax (EBIT) | \$7.2 M | \$0.7 M |
| | Net profit margin | 20.5% | 2.4% |
| Financial leverage | Debt to equity ratio (1) | 6.7% | 4.7% |
| Liquidity | Current ratio | 13.9 | 6.5 |
| Return on capital | Weighted average cost of capital (WACC) (2) | 7.6% | 7.6% |
| Debt recovery | Average debt collection period | 31.3 days | 39.0 days |
| Return to shareholder | Dividend payable (3) | \$2.67 M | \$2.67 M |

(1) For the purpose of calculating WACC, QTC specify the debt to equity gearing ratio should be 50% debt to 50% equity

(2) QTC calculated MIWB WACC to be 7.6%

(3) Dividend paid on 2012-13 operations

Table 7. Financial performance during 2013-14

Highlights for 2013-14

MIWB achieved a year of sound financial performance for the benefits of its stakeholders. Key achievements included:

- returning a dividend payable of \$2.67 M to MIWB's owner, the Queensland Government and
- realising a profit from continuing operations after income tax but before dividend of \$0.37 M.

Financial performance

The net profit from ordinary activities after income tax equivalents expense for 2013-14 is \$0.37 M (before dividend) compared with \$5.02 M in 2012-13.

Operating costs were higher than budget due to greater electricity costs from increased pumping of water from Lake Julius for MIWB's own customers; as well as costs incurred to counter the blue-green algae issues faced by MIWB during the year.

A review of the Statement of Comprehensive Income and associated notes (refer page 37) shows 2013-14 revenue decreased by \$2.6 M compared with 2012-13.

Actual versus budget financial results 2013-14

| | Actual 2013-14 \$ | Budget 2013-14 \$ | Change % |
|-----------------------------------|----------------------|----------------------|-------------|
| Income | 20,782,104 | 23,343,963 | (11.0%) |
| Corporate expenses | 1,119,571 | 1,232,267 | (9.1%) |
| Depreciation | 5,049,285 | 5,100,000 | (1.0%) |
| Operating expenses | 11,532,395 | 8,153,038 | 41.4% |
| Payroll expenses | 1,340,885 | 1,398,000 | (4.1%) |
| R48 expenses | 447,909 | 619,500 | (27.7%) |
| Total expenses | 19,490,045 | 16,502,805 | 18.1% |
| Net profit after tax and dividend | (2,307,617) | 2,114,811 | (209.1%) |

Table 8. Actual versus budget financial results 2013-14

The decrease is primarily due to a "true-up" to the fixed tariff for 2010-11 to 2012-13 and revised tariffs for 2013-14.

All expense areas were under budget apart from operational expenses. Operational expenses were over budget.

A comparison of actual expenditures with budget allocations is shown in Table 8.

The Statement of Financial Position (refer page 38) shows a decrease of \$1.4 M as a result of reduced cash reserves and borrowings during the year.

The Statement of Cash Flows (refer page 40) shows a decrease in cash from \$20.5 M to \$17.4 M due to a decrease in income and an increase in operational expenditures.

Moving forward

Continued focus on financial performance in 2014-15 will ensure that major capital expenditure can be financed through internal cash flow and cash reserves, and that financial arrangements can be adapted to complement any changes to institutional arrangements.

Financial report

MOUNT ISA WATER BOARD
A.B.N. 97 761 284 021

For year ended 30 June 2014

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General information

These financial statements cover the Mount Isa Water Board and its controlled entities. References to the 'Board' throughout this section relate to the Mount Isa Water Board, not its Board of Directors.

The Mount Isa Water Board is a statutory body constituted under the *Water Act 2000* and is a Category 1 Water Authority and registered service provider under the Act.

The Board is a statutory authority ultimately owned by the State of Queensland.

The head office and principal place of business of the Board is:

31 Carbonate Street
Mount Isa QLD 4825

A description of the nature of the Board's operations and its principal activities is included in the annual report.

For information in relation to the Board's financial statements please call (07) 4740 1000, email info@mountisawater.qld.gov.au or visit the Board's internet site www.mountisawater.qld.gov.au.

Amounts shown in the financial statements may not add to the correct sub totals or totals due to rounding.

Statement of Comprehensive Income

MOUNT ISA WATER BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|--|----------|---------------------|---------------------|
| INCOME FROM CONTINUING OPERATIONS | 2 | | |
| Revenue | | | |
| Water charges | 2a | 18,817,343 | 21,463,313 |
| Interest | 2b | 603,281 | 469,123 |
| Other revenue | 2c | 1,361,480 | 1,136,127 |
| TOTAL REVENUE | | 20,782,104 | 23,068,563 |
| Gain on sale of property, plant and equipment | 2d | 20,000 | 14,417 |
| TOTAL INCOME FROM CONTINUING OPERATIONS | | 20,802,104 | 23,082,980 |
| EXPENSES FROM CONTINUING OPERATIONS | 3 | | |
| Employee expenses | 3a | (1,356,164) | (1,294,937) |
| Supplies and services | 3c | (12,452,090) | (8,297,434) |
| Depreciation and amortisation | 3d | (5,049,285) | (4,908,324) |
| Finance/borrowing costs | 3e | (184,633) | (181,665) |
| Other expenses | 3f | (447,909) | (583,456) |
| Losses | | | |
| Write down of Fluoridation assets | 3g | (788,646) | - |
| Loss on sale of property, plant & equipment | 3g | - | (682,776) |
| TOTAL EXPENSES FROM CONTINUING OPERATIONS | | (20,278,726) | (15,948,592) |
| OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX | | 523,378 | 7,134,388 |
| Income tax expense | 4 | (157,030) | (2,113,673) |
| OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX | | 366,348 | 5,020,715 |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Items that will not be reclassified subsequently to Operating Result:</i> | | | |
| Increase (decrease) in asset revaluation surplus | 15 | 917,568 | (2,630,574) |
| TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX | | 917,568 | (2,630,574) |
| TOTAL COMPREHENSIVE INCOME | | 1,283,916 | 2,390,141 |

The accompanying notes form part of these financial statements

Statement of Financial Position

MOUNT ISA WATER BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|--------------------------------------|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 17,352,645 | 20,512,310 |
| Receivables | 6 | 3,411,259 | 2,516,417 |
| Other current assets | 7 | 31,476 | 6,984 |
| TOTAL CURRENT ASSETS | | <u>20,795,380</u> | <u>23,035,711</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 94,045,964 | 90,262,977 |
| Intangible assets | 9 | - | 345,045 |
| TOTAL NON-CURRENT ASSETS | | <u>94,045,964</u> | <u>90,608,022</u> |
| TOTAL ASSETS | | <u>114,841,344</u> | <u>113,643,733</u> |
| CURRENT LIABILITIES | | | |
| Payables | 10 | 1,991,771 | 786,759 |
| Accrued employee benefits | 11 | 73,706 | 75,765 |
| Other financial liabilities | 12 | 665,704 | 406,181 |
| Tax liabilities | 13 | 478,690 | 1,115,586 |
| TOTAL CURRENT LIABILITIES | | <u>3,209,871</u> | <u>2,384,291</u> |
| NON-CURRENT LIABILITIES | | | |
| Accrued employee benefits | 11 | 52,294 | 33,398 |
| Other financial liabilities | 12 | 3,969,949 | 1,948,711 |
| Deferred tax liabilities | 13 | 9,237,496 | 9,436,248 |
| Other liabilities | 14 | 181,874 | 261,142 |
| TOTAL NON-CURRENT LIABILITIES | | <u>13,441,614</u> | <u>11,679,499</u> |
| TOTAL LIABILITIES | | <u>16,651,485</u> | <u>14,063,790</u> |
| NET ASSETS | | <u>98,189,859</u> | <u>99,579,943</u> |
| EQUITY | | | |
| Contributed equity | 17 | 30,430,390 | 30,430,390 |
| Accumulated surplus | 16 | 34,970,398 | 37,278,050 |
| Asset revaluation surplus | 15 | 32,789,071 | 31,871,503 |
| TOTAL EQUITY | | <u>98,189,859</u> | <u>99,579,943</u> |

The accompanying notes form part of these financial statements

Statement of Changes in Equity

MOUNT ISA WATER BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

| Note | Accumulated Surplus | Asset Revaluation Surplus | Contributed Equity | Total |
|--|------------------------|---------------------------------|-----------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2012 | 33,496,535 | 34,502,077 | 30,430,390 | 98,429,002 |
| Operating result from continuing operations | 5,020,715 | - | - | 5,020,715 |
| <i>Total other comprehensive income</i> | | | | |
| - Increase/(Decrease) in asset revaluation surplus | 15 | (2,630,574) | - | (2,630,574) |
| Total comprehensive income for the period | 5,020,715 | (2,630,574) | - | 2,390,141 |
| <i>Transactions with owners</i> | | | | |
| - Dividends paid | (1,239,200) | - | - | (1,239,200) |
| Balance at 30 June 2013 | 37,278,050 | 31,871,503 | 30,430,390 | 99,579,943 |
| Balance at 1 July 2013 | 37,278,050 | 31,871,503 | 30,430,390 | 99,579,943 |
| Operating result from continuing operations | 366,348 | - | - | 366,348 |
| <i>Total other comprehensive income</i> | | | | |
| - Increase/(Decrease) in asset revaluation surplus | 15 | 917,568 | - | 917,568 |
| Total comprehensive income for the period | 366,348 | 917,568 | - | 1,283,916 |
| <i>Transactions with owners</i> | | | | |
| - Dividends paid | (2,674,000) | - | - | (2,674,000) |
| Balance at 30 June 2014 | 34,970,398 | 32,789,071 | 30,430,390 | 98,189,859 |

The accompanying notes form part of these financial statements

Statement of Cash Flows

MOUNT ISA WATER BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|--|-----------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| <i>Inflows:</i> | | | |
| Receipts from customers | | 17,911,620 | 22,172,701 |
| Interest received | | 551,500 | 469,123 |
| Grant funds received | | 529,612 | - |
| Other Income | | 754,064 | - |
| GST Input Tax Credits from ATO | | 1,834,566 | 964,528 |
| GST received from customers | | 335,133 | 109,100 |
| <i>Outflows:</i> | | | |
| Employee expenses | | (1,339,326) | (1,272,847) |
| Supplies and services | | (11,271,537) | (9,282,131) |
| Finance/borrowing costs | | (184,633) | (181,665) |
| Other expenses | | (447,909) | (583,456) |
| GST paid to suppliers | | (2,017,799) | (972,377) |
| GST remitted to ATO | | (90,737) | (101,635) |
| Income taxes paid | | (1,385,919) | (2,609,841) |
| Net cash provided by (used in) operating activities | 18 | <u>5,178,636</u> | <u>8,711,500</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <i>Inflows:</i> | | | |
| Sale of property, plant and equipment | | 20,000 | 2,000 |
| <i>Outflows:</i> | | | |
| Payments for property, plant and equipment | | (7,965,061) | (1,558,857) |
| Net cash provided by (used in) investing activities | | <u>(7,945,061)</u> | <u>(1,556,857)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <i>Outflows:</i> | | | |
| Repayment of borrowings | | (464,240) | (379,130) |
| Loans received | | 2,745,000 | - |
| Grant funds received | | - | 261,140 |
| Dividends | | (2,674,000) | (1,239,200) |
| Net cash provided by (used in) financing activities | | <u>(393,240)</u> | <u>(1,357,190)</u> |
| Net increase (decrease) in cash and cash equivalents | | (3,159,665) | 5,797,453 |
| Cash and cash equivalents at beginning of financial year | | 20,512,310 | 14,714,857 |
| Cash and cash equivalents at end of financial year | 5 | <u>17,352,645</u> | <u>20,512,310</u> |

The accompanying notes form part of these financial statements

Notes to and Forming Part of the Financial Statements

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | |
|----------|---|
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MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Objectives and Principal Activities of MIWB

The Mount Isa Water Board ('MIWB') is a statutory body constituted under the *Water Act 2000* and is a Category 1 Water Authority and registered service provider under the *Water Supply (Safety & Reliability) Act 2008 (QLD)*. MIWB is domiciled in Australia. The address of MIWB's principal place of business is 31 Carbonate Street, Mount Isa, Queensland. MIWB is a for-profit entity and is primarily involved in the supply of bulk water.

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in compliance with Section 42 of the *Financial and Performance Management Standard 2009*. The financial statements are General Purpose Financial Statements that have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. By virtue of being prepared in accordance with Australian Accounting Standards, the financial statements comply with International Financial Reporting Standards. All applicable accounting standards and policies have been consistently applied unless otherwise stated. The financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

MIWB is a "for profit" entity for the purposes of financial reporting.

Except where stated, the historical cost convention is used. Cost is based on the fair value of the consideration given in exchange for assets.

(b) Revenue Recognition

Revenues from the sale of water and electricity are recognised upon delivery to the customer. All revenue is stated net of the amount of Goods and Services Tax (GST).

Interest revenue is recognised as it accrues using the effective interest method.

(c) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as income in the year in which MIWB obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(d) Taxation

MIWB is subject to the National Tax Equivalents Regime (NTER).

Current Income Tax Equivalents (Current Tax)

Current tax is calculated by reference to the amount of equivalent income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Current tax assets and liabilities for the current and prior period are measured at the amount expected to be received from or paid to the Queensland Treasury based on the current period's taxable income.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Taxation (cont.)

Deferred Income Tax Equivalents (Deferred Tax)

Deferred tax equivalents are accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and offsets can be utilised.

Deferred tax assets and liabilities are offset when they relate to the income taxes levied by the same taxation authority and MIWB intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Income Tax Equivalents for the Period

Current and deferred tax equivalents are recognised as an expense or income in profit or loss, except when it relates to items credited or debited to other comprehensive income or directly to equity, in which case the deferred tax is recognised in other comprehensive income or directly in equity.

(e) Cash and Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash includes cash on hand, at bank, money market investments readily convertible to cash i.e. with a term to maturity less than 3 months and bank overdrafts. Cash assets includes all cash and cheques receipted but not banked at 30 June 2014.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or delivery, with settlement being generally required within thirty (30) days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. Specific provision is made for any doubtful accounts at 30 June 2014. All known bad debts were written off as of 30 June 2014.

Other debtors generally arise from transactions outside the usual operating activities of MIWB and are recognized at their assessed values. Terms are a maximum of three (3) months, no interest is charged and generally no security obtained.

(g) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical asset and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use, including architects' fees and engineering design charges. However, any training costs are expensed as incurred. Where assets are received free of charge from another Queensland department or statutory authority (whether as a result of a machinery of Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with accumulated depreciation. Assets are recognised in the year of acquisition.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(h) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

| | |
|---------------------|--------|
| Land | \$ |
| Buildings | 1 |
| Infrastructure | 10,000 |
| Plant and Equipment | 10,000 |
| | 5,000 |

Items with a lesser value are expensed in the year of acquisition. Land improvements undertaken by MIWB are included with buildings.

(i) Depreciation of Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to MIWB.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to MIWB.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the term of the lease, which ever is shorter.

For each class of depreciable asset the following useful lives are used:

| Class of Fixed Asset | Life (Years) |
|-----------------------------|---------------------|
| Buildings | 15-60 |
| Infrastructure | 2-110 |
| Plant and Equipment | 3-20 |

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(j) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, MIWB determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus to the extent available.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Revaluation of Non-Current Physical and Intangible Assets

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable. In respect of these asset classes, the cost of the items acquired during the financial year has been judged by management of MIWB to materially represent their fair value. Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by the Finance Manager, who determines the specific revaluation practices and procedures. The Finance, Audit and Compliance Committee oversees the revaluation processes that are undertaken each year, and reports to the MIWB Board regarding the outcomes of, and recommendations arising from, each annual review.

Revaluations using independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. This is arranged by the Finance Manager after consultation with the Finance, Audit and Compliance Committee.

The fair values reported by MIWB are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 1(l)).

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of a relevant index. MIWB ensures that the application of the index results in a valid estimation of the assets' fair values at reporting date. The professional valuer recommended the use of the Office of Economic and Statistical Research (OESR) Asset Revaluation Index: Engineering Construction, Queensland. This index is publicly available and derived from ABS statistics. The index used is also tested for reasonableness by comparing the results of indexation to assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken from time to time, management assesses and confirms the relevance and suitability of the index provided by the professional valuer based on MIWB's own particular circumstances.

Assets acquired during the year have been valued at cost of acquisition.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Revaluation of Non-Current Physical and Intangible Assets (cont.)

During the reporting period, MIWB reviewed all fair value methodologies in light of the new principles in AASB 13. It is not considered that the application of AASB 13 will result in a material impact on the values for the affected Property Plant and Equipment classes.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

Infrastructure Revaluations

On revaluation, accumulated depreciation is re-stated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Building Revaluations

On revaluation, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the valued amount of the asset.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of the asset is material.

(I) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by MIWB include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by MIWB include, but are not limited to, subjective adjustments made to observable data to take into account of the characteristics of MIWB assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Fair Value Measurement (cont.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities of MIWB for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisal:

* level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

* level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

* level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of MIWB's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by MIWB, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about MIWB's Property, Plant and Equipment is outlined in Note 8.

(m) Intangibles

Intangible assets equal to or greater than \$100,000 acquired separately or internally generated are initially measured at cost, items with a lesser value being expensed. It has been determined that there is not an active market for any of MIWB's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. MIWB does not have any intangible assets with finite useful lives.

Intangible assets with indefinite lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(n) Employee Benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Payroll Tax and Worker's Compensation Insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Personal Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

As MIWB expects such liabilities to be wholly settled within twelve months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, personal leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused personal leave entitlements is recognised.

As personal leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave

Annual leave is expected to be taken within twelve months. Annual leave owing at 30 June 2014 is recognised at undiscounted values.

Long Service Leave

MIWB has estimated the liability for long service leave at 30 June 2014. A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability has been included in the financial statements as at 30 June 2014.

Superannuation

Employer superannuation contributions are made by MIWB to employee superannuation funds and are charged as expenses when they are due.

Key Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 3(b) for the disclosures on key executive management personnel and remuneration.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(o) Goods and Services Tax (GST)

Revenues, expenses and assets (excluding receivables) are recognised net of the amount of GST except for:

- When the GST incurred on a purchase of goods and services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset, or as part of an item of expense.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(p) Payables

Trade creditors are recognised when goods are received or services performed and are measured at the agreed purchase/contract price, net of applicable trade and other discounts. Usually payment is settled within thirty (30) days, the amounts owing are unsecured. The carrying amount at 30 June 2014 approximates fair value.

(q) Accounting Estimates and Judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation of Property, Plant and Equipment – note 8
Contingencies - note 20

The Australian government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012.

From 1 July 2014, the government plans to abolish the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on MIWB's critical accounting estimates, assumptions and management judgements.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(r) Financial Instruments

Recognition

Financial instruments are initially recognised in the Statement of Financial Position when MIWB becomes a party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and Cash Equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Held to maturity investment - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

Financial instruments are initially recognised at fair value, plus any transaction costs directly attributable, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Borrowings are classified as non-current liabilities to the extent that MIWB has an unconditional right to defer settlement until at least twelve months after reporting date.

MIWB does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents MIWB holds no financial assets classified at fair value through profit and loss or as available for sale.

All other disclosures relating to the measurement and financial risk management of financial instruments held by MIWB are included in note 19.

(s) Finance Costs

Finance costs include interest on bank overdrafts and short-term and long-term borrowings.

Finance costs attributable to qualifying assets are capitalised as part of the assets. All other finance costs are expensed in the period in which they are incurred.

(t) Insurance

MIWB's non-current physical assets and other risks are insured through Willis Australia Limited Insurance Brokers, premiums being paid on a risk assessment basis. In addition, MIWB pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

(u) Issuance of Financial Statements

The financial statements are authorised for issue by the Chair at the date of signing the Management Certificate.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(v) New and Revised Accounting Standards

Any Australian Accounting Standards and Interpretations issued or amended and applicable for the first time in the 2013-2014 financial year that have an effect on MIWB have been implemented and applied accordingly. Also, MIWB has not voluntarily changed any of its accounting policies, nor has it adopted any Australian Accounting Standards and Interpretations that have been issued but are not yet effective for the 2013-2014 period. MIWB will apply these standards and interpretations in accordance with their respective commencement dates.

The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have a significant impact on MIWB's financial statements are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 *Fair Value Measurement became effective* from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of MIWB's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures in respect of such assets and liabilities.

MIWB reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to assess whether those methodologies comply with AASB 13. To the extent that the methodologies didn't comply, changes were made and applied to the valuations. None of the changes to valuation methodologies resulted in material differences from the previous methodologies.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not "observable" (i.e. accessible outside MIWB), the amount of information disclosed has significantly increased. Note 1(l) explains some of the principles underpinning the additional fair value information disclosed. Most of this additional information is set out in note 8 Property Plant and Equipment.

A revised version of AASB 119 *Employee Benefits became effective* for reporting periods beginning on or after 1 January 2013. Given MIWB's circumstances, the only implications were the revised concept of "termination benefits" and the revised recognition criteria for termination benefits liabilities. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. MIWB makes no contributions to defined benefit plans. Therefore, those changes to AASB 119 will have no impact on MIWB.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

New and Revised Accounting Standards (cont.)

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Pursuant to AASB 1053, public sector entities like MIWB may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of MIWB, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amended standards will have no impact on MIWB.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19, 127] will become effective from reporting periods beginning on or after 1 January 2017. The main impacts of these standards on MIWB are that they will change the requirements for the classification, measurement and disclosures associated with MIWB's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are sole payments of principal and interest on the principal amount outstanding.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

New and Revised Accounting Standards (cont.)

MIWB has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, MIWB's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions MIWB enters into, it is not expected that any of MIWB's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of MIWB's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(r) and 19). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of MIWB's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

MIWB does not expect any significant impact of the new measurement requirements.

Changed disclosure requirements will apply once AASB 9 becomes effective. A number of one-off disclosures may be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that MIWB enters into, no significant ongoing disclosure impacts are expected.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to MIWB's activities, or have no material impact to MIWB.

(w) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(x) Commercialisation

Pursuant to the *Water Act 2000*, MIWB was commercialised on 1 October 2000. Commercialisation had a significant impact on MIWB, principally through the implementation of National Competition Policy Reforms.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|---|-------------------|-------------------|
| 2 Income from Continuing Operations | | |
| 2a Water Charges | | |
| Glencore Mount Isa Mines Ltd | 7,545,739 | 9,789,220 |
| Mount Isa City Council | 9,260,109 | 9,013,033 |
| Incitec Pivot Ltd | 2,004,536 | 2,650,767 |
| Other | 6,959 | 10,293 |
| | <u>18,817,343</u> | <u>21,463,313</u> |
| 2b Interest | | |
| Interest | <u>603,281</u> | <u>469,123</u> |
| 2c Other Revenue | | |
| Revenue from power sales | 742,541 | 1,088,321 |
| Grants | 608,879 | - |
| Miscellaneous income | 10,060 | 47,806 |
| | <u>1,361,480</u> | <u>1,136,127</u> |
| 2d Gains | | |
| Revaluation gain on write down of building | - | 14,417 |
| Gain on sale of property, plant and equipment | 20,000 | - |
| | <u>20,000</u> | <u>14,417</u> |
| 3 Expenses from Continuing Operations | | |
| 3a Employee Expenses | | |
| Wages and salaries | 1,169,277 | 1,112,247 |
| Annual leave expense* | (2,059) | 5,187 |
| Long service leave expense* | 18,897 | 16,903 |
| Board member fees | 15,278 | 13,528 |
| Employer's superannuation contributions* | 116,949 | 112,141 |
| Employee Related Expenses | | |
| Worker's compensation premium* | 11,357 | 13,367 |
| Payroll tax* | 26,465 | 21,564 |
| | <u>1,356,164</u> | <u>1,294,937</u> |

* Refer to Note 1(n)

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

16

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MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3b Key executive management personnel and remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities for MIWB during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

| Position | Responsibilities | Current Incumbents | |
|---------------------------------|---|---|---|
| | | Contract classification and appointment authority | Date appointed to position |
| Chief Executive | The Chief Executive is responsible for the overall financial and operational performance and day-to-day management of MIWB | Individual Employment Contract | 21/12/2011 |
| Finance Manager/Board Secretary | The Finance Manager/Board Secretary is responsible for managing all aspects of corporate accounting, financial management, and business services to ensure good governance of, and to support efficient operations across all functions of MIWB | Individual Employment Contract | 12/02/2009 |
| Engineering Manager | The Engineering Manager is responsible for the overall management of the operations and maintenance contractor, the capital works program, health and safety, water quality and operations at R48 Reserve | Individual Employment Contract | Former Engineering Manager resigned 17/03/2014 New Engineering Manager appointed 13/05/2014 |

The new Engineering Manager (Acting) was appointed on 13 May 2014 but had commenced employment with MIWB as a Project Engineer on 17 February 2014.

b) Remuneration

Remuneration policy for MIWB's key executive management personnel is set by MIWB. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of benefits including use of motor vehicles as a tool of trade.

For 2013-14 year, remuneration of key executive management personnel was reviewed by MIWB and recommended changes were approved by MIWB.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Remuneration packages for key executive management personnel comprise the following components:-

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of vehicle as a tool of trade together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Performance bonuses are not part of the Executive Remuneration package and no performance bonuses were paid during 2012-2013 or 2013-2014.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2013 - 30 June 2014

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post Employment Benefits | Termination Benefits | Total Remuneration |
|------------------------------|------------------------------|-----------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base | Non-Monetary Benefits | | | | |
| | \$ | \$ | | | | |
| Chief Executive | 202,028 | 15,800 | 15,168 | 20,203 | - | 253,199 |
| Finance Manager | 166,249 | 9,724 | 11,820 | 16,625 | - | 204,418 |
| Engineering Manager (former) | 118,870 | - | - | 11,887 | - | 130,757 |
| Engineering Manager (new) | 43,842 | - | 74 | 4,384 | - | 48,300 |
| Total Remuneration | 530,989 | 25,524 | 27,062 | 53,099 | - | 636,674 |

1 July 2012 - 30 June 2013

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post Employment Benefits | Termination Benefits | Total Remuneration |
|---------------------------|------------------------------|-----------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base | Non-Monetary Benefits | | | | |
| | \$ | \$ | | | | |
| Chief Executive | 199,770 | 11,288 | 9,500 | 19,977 | - | 240,535 |
| Finance Manager | 163,913 | 7,566 | 7,207 | 16,391 | - | 195,078 |
| Engineering Manager | 124,307 | 5,532 | 166 | 12,431 | - | 142,436 |
| Total Remuneration | 487,990 | 24,386 | 16,873 | 48,799 | - | 578,048 |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|---|-------------------|------------------|
| 3c Supplies and Services | | |
| Accounting and secretarial | 37,532 | 29,970 |
| Audit fees – External audit* | 35,990 | 34,700 |
| Audit fees – Internal fees | 40,566 | 46,516 |
| Consultants | 102,905 | 142,374 |
| General repairs and maintenance | 16,180 | 13,398 |
| Insurance | 195,048 | 198,988 |
| Legal fees | 196,395 | 132,305 |
| Recruitment and relocation | 77,683 | 47,651 |
| Water testing | 298,870 | 315,140 |
| Sun Water – Lake Julius | 263,963 | 236,050 |
| Power costs | 3,835,673 | 3,493,258 |
| Technical services | 9,108 | 6,979 |
| Operating and maintenance | 3,615,264 | 3,205,061 |
| Ultra-filtration Costs | 3,350,495 | - |
| Other | 376,417 | 395,044 |
| | <u>12,452,090</u> | <u>8,297,434</u> |
| * Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$35,990 (2013: \$34,700). There are no non-audit services included in this amount. | | |
| 3d Depreciation and Amortisation | | |
| Buildings | 12,774 | 12,538 |
| Infrastructure | 4,933,317 | 4,782,927 |
| Plant & equipment | 103,194 | 112,859 |
| | <u>5,049,285</u> | <u>4,908,324</u> |
| 3e Finance/Borrowing Costs | | |
| Interest | 184,633 | 181,665 |
| | <u>184,633</u> | <u>181,665</u> |
| 3f Other Expenses | | |
| Operation and maintenance R48 | 447,909 | 583,456 |
| | <u>447,909</u> | <u>583,456</u> |
| 3g Losses on Property, Plant & Equipment | | |
| Writedown of Fluoridation assets | 788,646 | - |
| Loss on Disposal of property, plant and equipment | - | 682,776 |
| | <u>788,646</u> | <u>682,776</u> |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|--------------------|
| 4 Income Tax Expense | | |
| (a) Income tax equivalents expense | | |
| Current income tax charges | 749,010 | 3,163,553 |
| Deferred income tax relating to origination and reversal of temporary tax differences | (591,995) | (1,023,160) |
| Under/(over) provision in prior years | 15 | (26,720) |
| Income tax expense | <u>157,030</u> | <u>2,113,673</u> |
| Deferred income tax(revenue) expense included in income tax expense comprises: | | |
| Decrease/(Increase) in deferred tax assets | 20,784 | (86,571) |
| (Decrease)/ Increase in deferred tax liabilities | (612,779) | (965,783) |
| Write-down and/or reversal of previous write-down of a deferred tax asset | - | 29,194 |
| | <u>(591,995)</u> | <u>(1,023,160)</u> |
| (b) Numerical reconciliation of income tax expense and tax expense calculated per statutory income tax rate | | |
| Profit from operations before income tax expense | <u>523,378</u> | <u>7,134,386</u> |
| Tax at the rate of 30% (2013: 30%) | 157,015 | 2,140,316 |
| Tax effect of amounts which are not deductible | | |
| - Penalties | - | 77 |
| | 157,015 | 2,140,393 |
| Under/(over) provision in prior years | 15 | (26,720) |
| Income tax equivalents expense | <u>157,030</u> | <u>2,113,673</u> |
| (c) Tax expense relating to items of other comprehensive income | | |
| Deferred Tax | | |
| Net gain/loss on revaluation of property, plant & equipment | <u>393,243</u> | <u>(1,127,389)</u> |
| | <u>393,243</u> | <u>(1,127,389)</u> |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|--|-------------------|-------------------|
| 5 Cash and Cash Equivalents | | |
| Cash on Hand | 250 | 250 |
| Westpac Banking Corporation - Cash Management Account | 2,603,158 | 2,511,708 |
| Westpac Banking Corporation - Business Cash Reserve | 4,467,796 | 6,218,054 |
| Westpac Banking Corporation - Internet Account | 44 | 44 |
| Westpac Banking Corporation - Cheque Account | (3,588) | (493,425) |
| Westpac Banking Corporation - 3 Month Term Deposit | 10,000,000 | 12,000,000 |
| Queensland Treasury Corporation - Operating Fund | 117,299 | 107,971 |
| Queensland Treasury Corporation - Renewals & Ext Reserve | 167,686 | 167,708 |
| | <u>17,352,645</u> | <u>20,512,310</u> |
| 6 Receivables | | |
| Trade Debtors | 3,142,484 | 2,236,762 |
| Accrued interest | 51,781 | 1,463 |
| GST Receivable | 216,994 | 278,192 |
| | <u>3,411,259</u> | <u>2,516,417</u> |
| 7 Other Current Assets | | |
| Prepayments | 31,476 | 6,984 |
| | <u>31,476</u> | <u>6,984</u> |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|---|--------------------------|--------------------------|
| 8 Property Plant & Equipment | | |
| Land: | | |
| At fair value | 132,080 | 130,000 |
| | <u>132,080</u> | <u>130,000</u> |
| Leasehold Land: | | |
| At cost | 568,986 | - |
| | <u>568,986</u> | <u>-</u> |
| Buildings: | | |
| At fair value | 633,737 | 624,617 |
| Less: Accumulated depreciation | (18,813) | (5,885) |
| | <u>614,925</u> | <u>618,732</u> |
| Infrastructure: | | |
| At fair value | 226,262,604 | 216,452,279 |
| Less: Accumulated depreciation | (137,280,396) | (130,185,966) |
| | <u>88,982,208</u> | <u>86,266,313</u> |
| Plant and Equipment Infrastructure: | | |
| At cost | 1,421,939 | 1,232,572 |
| Less: Accumulated depreciation | (658,205) | (614,331) |
| | <u>763,733</u> | <u>618,241</u> |
| Capital work in progress | | |
| At cost | 2,984,032 | 2,629,691 |
| Total | <u>94,045,964</u> | <u>90,262,977</u> |

Movement in Carrying Amounts

The movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year is summarised as follows:

| 30 June 2014 | Balance at beginning of year | Adjustments Additions | Disposals | Revaluation increments / (decrements) | Depreciation expense | Transfers | Carrying amount at end of year |
|--------------------------------|------------------------------|-----------------------|------------------|---------------------------------------|----------------------|----------------|--------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land (at fair value) | 130,000 | - | - | 2,080 | - | - | 132,080 |
| Leasehold Land (at cost) | - | - | - | - | - | 568,986 | 568,986 |
| Buildings (at fair value) | 618,732 | - | - | 8,966 | (12,774) | - | 614,925 |
| Infrastructure (at fair value) | 86,266,313 | - | - | 1,299,765 | (4,933,317) | 6,349,447 | 88,982,208 |
| Plant and Equipment (at cost) | 618,241 | 51,819 | - | - | (103,194) | 196,867 | 763,733 |
| Capital WIP (at cost) | 2,629,691 | 7,913,242 | (788,645) | - | - | (6,770,256) | 2,984,032 |
| TOTAL | 90,262,977 | 7,965,061 | (788,645) | 1,310,811 | (5,049,284) | 345,045 | 94,045,964 |

| 30 June 2013 | Balance at beginning of year | Adjustments Additions | Disposals | Revaluation increments / (decrements) | Depreciation expense | Transfers | Carrying amount at end of year |
|--------------------------------|------------------------------|-----------------------|------------------|---------------------------------------|----------------------|-----------|--------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land (at fair value) | 125,000 | - | - | 5,000 | - | - | 130,000 |
| Leasehold Land (at cost) | - | - | - | - | - | - | - |
| Buildings (at fair value) | 616,853 | - | - | 14,417 | (12,538) | - | 618,732 |
| Infrastructure (at fair value) | 94,744,123 | - | (678,851) | (3,762,963) | (4,782,927) | 746,932 | 86,266,313 |
| Plant and Equipment (at cost) | 538,014 | 93,661 | (5,925) | - | (112,859) | 105,350 | 618,241 |
| Capital WIP (at cost) | 2,016,776 | 1,465,196 | - | - | - | (852,282) | 2,629,691 |
| TOTAL | 98,040,766 | 1,558,857 | (684,776) | (3,743,546) | (4,908,324) | - | 90,262,977 |

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Property Plant & Equipment (con't)

Land

MIWB's land was last revalued based on specific appraisals by Tara Runde (AAPI CPV 3341) of Herron Todd White Independent Property Advisers at 30 June 2013. The fair value of land was based on publicly available data on sales of similar land in nearby locations in the six months prior to the date of the revaluation in determining the values, adjustments were made to the sales data to take into account the location of MIWB's land, its size, street/road frontage and access, and any significant restrictions.

Leasehold Land

Previously reported uncertainties relating to land tenure have been resolved. Perpetual Lease number 232528 was issued over Lot 9 on CP891285, Lot 13 on CP891310, Lot 16 on CP891311, Lot 17 on CP891312, Lot 3 on MPH34940 and Lot 4 on RD183. The purchase of assets owned by MIM Ltd has been completed and the land tenure issues have been finalised. Perpetual lease number 237274 (previously Land Act tenure recognised as an intangible asset) was issued over Lot 92 on SP237661, Lot 96 on SP238554, Lot 21 on SP259051, Lot 95 on SP238556, Lot 93 on SP237661 and Lot 94 on SP238555 and is now treated as Leasehold Land. The Leasehold Land is valued at cost.

Buildings

MIWB's buildings were last revalued based on specific appraisals by Tara Runde (AAPI CPV 3341) of Herron Todd White Independent Property Advisers at 30 June 2013. The fair value of the office building was determined based on an average of rental rates per square meter advertised publically for comparable buildings in similar locations, together with industry-accepted rental multiples for such buildings. Adjustments are made for the age, internal features/design and physical condition of each building being valued, but none of the adjustments have a significant impact on valuations. In addition to the formal revaluation of assets in 2013 MIWB applied indices to the 2014 asset values in order to appropriately determine their fair value.

Infrastructure

MIWB's infrastructure assets were last revalued by BDA Management Pty Ltd at 30 June 2013. These values reflect prices to purchase/construct similar infrastructure in a similar condition at that date, based on all available data. The revaluation of infrastructure assets was carried out based on Optimised Replacement Cost valuation pricing (as there is no active market for such a assets), with an assessment of conditions and remaining useful lives in order to determine fair value. Non-current physical assets revalued included pump stations, pipelines, storages, treatment facilities, buildings (including laboratories), electrical facilities and R48 facilities. Plant was excluded from the revaluation as were assets at the end of their useful life. The revaluation carried out during April and May 2013 involved a field inspection, condition assessment and revaluation. The revaluation considered assessment of remaining useful life for all assets, as well as aspects of optimisation and impairment. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of the facility. MIWB applied indices to the 2014 asset values in order to appropriately determine their fair value.

Cost of Assets Recognised at Fair Value

The Carrying Amount of Property, Plant and Equipment which has been revalued, that would have been recognised had the assets been carried at cost, is set out below:

| | 2014 | 2013 |
|-----------------------|-------------------|-------------------|
| | \$ | \$ |
| Land | 32,500 | 32,500 |
| Buildings | 748,320 | 748,320 |
| Infrastructure | 82,608,712 | 76,259,265 |
| TOTAL | 83,389,532 | 77,040,085 |

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Property Plant & Equipment (con't)

Categorisation of fair values recognised as at 30 June 2014 (refer to note 1(l))

| | Level 2 \$ | Level 3 \$ | Total \$ |
|----------------|---------------|---------------|-------------|
| Land | 132,080 | - | 132,080 |
| Buildings | 614,925 | - | 614,925 |
| Infrastructure | - | 88,982,208 | 88,982,208 |

Level 3 significant valuation inputs and relationship to fair value

Infrastructure Assets

The Infrastructure Assets of MIWB are specialised assets that are rarely sold in an asset market.

Accordingly, they have been valued using the Optimised Replacement Cost (ORC) method. ORC is the replacement cost of assets based on cost for replacement using modern techniques, technology and components. Factors taken into account include:

- Cost of design
- Asset purchase price/contract sum
- Site works
- Delivery
- Installation Cost of design
- Testing
- Contract management and
- Other professional fees

The method used to value MIWB infrastructure utilises these factors which requires judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Property Plant & Equipment (con't)

| Significant unobservable input | Range of inputs | Relationship of unobservable inputs to fair value |
|-----------------------------------|---|---|
| Cost of design | Varies depending on the complexity of the project | The higher the cost of design, the higher the fair value |
| Asset purchase price/contract sum | Varies depending on the complexity of the project | The higher the purchase price/contract sum, the higher the fair value |
| Site works | Varies depending on the complexity of the project | The more site works required, the higher the fair value |
| Delivery | Range of freight costs | The higher the freight cost, the higher the fair value |
| Installation cost of design | Varies depending on the complexity of the project | The higher the installation cost of design, the higher the fair value |
| Testing | Varies depending on the complexity of the project | The more complex the testing required, the higher the fair value |
| Contract management | Varies depending on the complexity of the project | The more complex contract management necessary for the project, the higher the fair value |
| Other professional fees | Varies depending upon the type of material | The higher cost of fees, the higher the fair value |
| Condition rating (useful life) | 1 – 5 as specified above | The higher the condition rating, the lower the fair value. |
| Remaining useful life | 5-100 years | The longer the remaining useful life, the higher the fair value. |

Useful life assessments were conducted taking into account:

- Asset register remaining useful lives
- Standard useful life periods for similar assets
- Condition assessments from field assessments
- Maintenance and performance records and
- Input from MIWB/MIM operations personnel.

The condition assessment, which was used to estimate remaining useful life are tabled below:

| Condition rating | Condition description | Description explanation | Remaining useful life % |
|------------------|-----------------------|---|-------------------------|
| 1 | As new / excellent | Asset "as new" | 95% of useful life |
| 2 | Good | Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset. | 75% of useful life |
| 3 | Fair | Asset is reliable and operates as intended, but its appearance and structural integrity are questionable. | 50% of useful life |
| 4 | Poor | Asset still operates, but does not meet intended duty or does not appear sound. | 25% of useful life |
| 5 | Unserviceable | Asset is not functioning/ needs immediate attention. | 5% of useful life |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|------------------|
| 9 Intangible Assets | | |
| Land Act Tenure | | |
| Opening gross carrying value 1 July 2013 | 345,045 | 345,045 |
| Additions | - | - |
| Impairment | - | - |
| Transferred to Leasehold Land | (345,045) | - |
| Net carrying value at 30 June 2014 | <u>-</u> | <u>345,045</u> |
| Total intangible assets | <u>-</u> | <u>345,045</u> |
| 10 Payables | | |
| Current Liabilities | | |
| Trade creditors | 1,264,781 | 144,792 |
| Other creditors | 37,495 | 31,484 |
| Accruals | 689,495 | 610,483 |
| | <u>1,991,771</u> | <u>786,759</u> |
| 11 Accrued Employee Benefits | | |
| Current | | |
| Annual leave liability | 73,706 | 75,765 |
| | <u>73,706</u> | <u>75,765</u> |
| Non-Current | | |
| Long service leave liability | 52,294 | 33,398 |
| | <u>52,294</u> | <u>33,398</u> |
| 12 Other Financial Liabilities | | |
| Current | | |
| Loans - Queensland Treasury Corporation | 665,704 | 406,181 |
| | <u>665,704</u> | <u>406,181</u> |
| Non Current | | |
| Loans – Queensland Treasury Corporation | 3,969,949 | 1,948,711 |
| | <u>3,969,949</u> | <u>1,948,711</u> |
| Total Financial Liabilities | <u>4,635,653</u> | <u>2,354,892</u> |

No assets have been pledged as security for any liabilities.

All borrowings are in \$AUD denominated amounts and carried at amortised cost, with interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. The repayment dates for the QTC loans range from July 2018 to 2024. There have been no defaults or breaches of the loan agreements during the period.

Principal and interest repayments are made quarterly in arrears with interest rates ranging from 4.2% to 7.21%.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Other Financial Liabilities (con't)

Queensland Treasury Corporation advises that the amount to be repaid is the market value of the debt which is \$4,879,672 (2013 \$2,578,550). Market Value at a relevant time reflects the remaining cash flows required to repay the debt, valued at the current market rate of interest at the time which equates to the amount that would be required at any point in time to be repaid, to extinguish the debt outstanding at that time.

It is the intention of MIWB to hold all its borrowings for their full term and as such there is no fair value adjustment required to be made to the carrying amount of the borrowings.

13 Current and Deferred Tax

| | 2014 \$ | 2013 \$ |
|--------------------------------------|------------------|------------------|
| Liabilities | | |
| Current | | |
| Provision for taxes | <u>478,690</u> | <u>1,115,586</u> |
| Assets | | |
| Non-current | | |
| Deferred tax asset comprises: | | |
| Employee benefits | 37,800 | 32,749 |
| Accrued expenses | 11,891 | 11,420 |
| Deferred income | 54,562 | 78,341 |
| Depreciation | 15,947 | 18,473 |
| Deferred tax asset | <u>120,200</u> | <u>140,983</u> |
| Liabilities | | |
| Non-current | | |
| Deferred tax liability comprises of; | | |
| Property Plant & Equipment | <u>9,357,696</u> | <u>9,577,231</u> |
| Net deferred tax liability | <u>9,237,496</u> | <u>9,436,248</u> |

14 Other Liabilities

| | 2014 \$ | 2013 \$ |
|----------------------------|----------------|----------------|
| Non-current | | |
| Grants received in advance | <u>181,874</u> | <u>261,142</u> |
| | <u>181,874</u> | <u>261,142</u> |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

15 Asset Revaluation Surplus

The asset revaluation surplus represents the net effect of upward and downward revaluations of property, plant and equipment to fair value.

| 30 June 2014 | Balance at beginning of year | Revaluation Increments | Revaluation Decrements | Impairment Losses through equity | Impairment reversals through equity | Balance at end of year |
|-------------------|------------------------------|------------------------|------------------------|----------------------------------|-------------------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Land | 68,250 | 1,466 | - | - | - | 69,706 |
| Buildings | - | 6,276 | - | - | - | 6,276 |
| Infrastructure | 31,727,000 | 909,836 | - | - | - | 32,636,836 |
| Plant & Equipment | 76,253 | - | - | - | - | 76,253 |
| TOTAL | 31,871,503 | 917,568 | - | - | - | 32,789,071 |

| 30 June 2013 | Balance at beginning of year | Revaluation Increments | Revaluation Decrements | Impairment Losses through equity | Impairment reversals through equity | Balance at end of year |
|-------------------|------------------------------|------------------------|------------------------|----------------------------------|-------------------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Land | 64,750 | 3,500 | - | - | - | 68,250 |
| Buildings | - | - | - | - | - | - |
| Infrastructure | 34,361,074 | - | (2,634,074) | - | - | 31,727,000 |
| Plant & Equipment | 76,253 | - | - | - | - | 76,253 |
| TOTAL | 34,502,077 | 3,500 | (2,634,074) | - | - | 31,871,503 |

Revaluation increments and decrements above are disclosed net of tax.

16 Accumulated Surplus

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Balance 1 July 2013 | 37,278,050 | 33,496,535 |
| Profit from ordinary activities after Income Tax Equivalents | 366,348 | 5,020,715 |
| Transactions with owners in their capacity as owners | - | - |
| -Dividends Paid | (2,674,000) | (1,239,200) |
| | 34,970,398 | 37,278,050 |

17 Contributed Equity

| | | |
|----------------------|-------------------|-------------------|
| Balance 1 July 2013 | 30,430,390 | 30,430,390 |
| Movement | - | - |
| Balance 30 June 2014 | 30,430,390 | 30,430,390 |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 \$ | 2013 \$ |
|---|------------------|-------------------|
| 18 Cashflow Information | | |
| Reconciliation of Profit to Net Cash from Operating Activities | | |
| Profit after income tax | 366,348 | 5,020,715 |
| Depreciation | 5,049,285 | 4,908,324 |
| Revaluation (gain)/loss | - | (14,417) |
| Loss on Sale of Asset | 788,646 | 682,776 |
| Profit on Sale of Asset | (20,000) | - |
| | <u>6,184,279</u> | <u>10,597,398</u> |
| Movement in Operating Assets and Liabilities | | |
| Receivables | (905,722) | (425,276) |
| Interest Received | (51,781) | - |
| GST Receivables | 61,164 | (384) |
| Sundry Debtors | 1,463 | (1,463) |
| Prepayments | (24,492) | 12,856 |
| Payables | 1,205,044 | (1,538,423) |
| Annual Leave | (2,059) | 5,187 |
| Long Service Leave | 18,896 | 16,903 |
| Deferred Income | (79,267) | - |
| Deferred Tax | (591,994) | (1,052,353) |
| Provision for Taxes | (636,896) | 1,097,055 |
| Net cash from operating activities | <u>5,178,636</u> | <u>8,711,500</u> |

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

19 Financial Instruments

Financial Risk Management

MIWB's financial instruments consist primarily of deposits with banks, accounts receivable and payable, and loans from Queensland Treasury Corporation.

The main purpose of non-derivative financial instruments is to raise finance for operations.

The Board has overall responsibility for the determination of the entity's risk management objectives and policies. It has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to MIWB's Finance Manager. MIWB's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of MIWB where such impacts may be material. MIWB receives monthly reports from the Finance Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The entity's internal auditors also review the risk management policies and processes and report their findings to the Audit and Finance Committee.

MIWB does not have any derivative instruments at financial year end.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

i) Categorisation of Financial Instruments

MIWB has the following categories of financial assets and financial liabilities:

| Category | Note | 2014 | 2013 |
|---|-------------|-------------------|-------------------|
| Financial Assets | | \$ | \$ |
| Cash and cash equivalents | 5 | 17,352,645 | 20,512,310 |
| Receivables | 6 | 3,411,259 | 2,516,417 |
| Total | | 20,763,904 | 23,028,727 |
| Financial Liabilities | | | |
| Payables | 10 | 1,991,771 | 786,759 |
| Other financial liabilities - QTC Borrowing | 12 | 4,635,653 | 2,354,892 |
| Total | | 6,627,425 | 3,141,651 |

ii) Financial Risk Management

MIWB's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk. All financial risk is managed by the Finance Section under policies approved by MIWB. MIWB provides written principles for overall risk management, as well as policies covering specific areas.

MIWB measures risk exposure using a variety of methods as follows:

| Risk Exposure | Measurement Method |
|----------------------|------------------------------------|
| Credit risk | Ageing analysis, earnings at risk |
| Liquidity risk | Cash flow analysis |
| Market risk | Interest rate sensitivity analysis |

iii) Credit Risk Exposure

Credit risk exposure refers to the situation where MIWB may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Financial Instruments (cont.)

The maximum exposure to credit risk at balance date in relation to each asset class of recognised financial assets is the gross carrying amount of those assets inclusive of any provision for impairment.

The following table represents MIWB's maximum exposure to credit risk based on contractual amounts net of any allowances.

There is concentration of credit risk with respect to receivables as MIWB has a small number of customers. MIWB policy is that water sales are only made to eligible customers.

Maximum Exposure to Credit Risk

| Category | Note | 2014 | 2013 |
|---------------------------|-------------|--------------------------|--------------------------|
| Financial Assets | | \$ | \$ |
| Cash and Cash Equivalents | 5 | 17,352,645 | 20,512,310 |
| Receivables | 6 | 3,411,259 | 2,516,417 |
| Total | | <u>20,763,904</u> | <u>23,028,727</u> |

MIWB has four key customers which operate in the West Queensland region. As such there is some concentration of trade receivables. The individual most material trade receivable balance at 30 June 2014 is \$2,568,356, which represents 82 per cent of the total trade receivables at balance date (2013 \$793,628 and 35 per cent).

No collateral is held as security and no credit enhancements relate to financial assets held by MIWB.

MIWB manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that MIWB invests in secure assets and monitors all funds owned on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. These economic and geographic changes form part of MIWB's documented risk analysis assessment in conjunction with historic experience and associated industry data.

There is no recognised impairment loss in the current year. This represents no change from 2013.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Financial Instruments (cont.)

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following table:

2014 Financial Assets Past Due But Not Impaired

| | <30 Days | 30 - 60 Days | 61 - 90 Days | >90 days | Total |
|-------------------------|----------|--------------|--------------|----------|-----------|
| Financial Assets | \$ | \$ | \$ | \$ | \$ |
| Receivables | - | 1,637,381 | - | - | 1,637,381 |

As at 30 June 2014 no financial assets were impaired.

2013 Financial Assets Past Due But Not Impaired

| | <30 Days | 30 - 60 Days | 61 - 90 Days | >90 days | Total |
|-------------------------|----------|--------------|--------------|----------|---------|
| Financial Assets | \$ | \$ | \$ | \$ | \$ |
| Receivables | - | 208,294 | - | - | 208,294 |

As at 30 June 2013 no financial assets were impaired.

iv) Liquidity Risk

Liquidity risk refers to the situation where MIWB may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

MIWB is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on Queensland Government's gazetted floating rate.

MIWB manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring MIWB has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by MIWB. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities and the repayment of the principal amount outstanding at balance date. The undiscounted cash flows in these tables differ from the amounts in the Statement of Financial Position that are based on discounted cash flows.

2014 Payable in

| | Note | < 1 year | 1 - 5 years | > 5 years | Total |
|------------------------------|------|------------------|------------------|------------------|------------------|
| Financial Liabilities | | \$ | \$ | \$ | \$ |
| Payables | 10 | 1,991,771 | - | - | 1,991,771 |
| Other financial liabilities | | | | | |
| - QTC Borrowings | | 901,846 | 3,038,414 | 1,596,454 | 5,536,714 |
| Total | | 2,893,617 | 3,038,414 | 1,596,454 | 7,528,485 |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Financial Instruments (cont.)

| Financial Liabilities | Note | 2013 Payable in | | | Total |
|-----------------------------|------|------------------|------------------|-----------|------------------|
| | | < 1 year | 1 - 5 years | > 5 years | |
| | | \$ | \$ | \$ | \$ |
| Payables | 10 | 786,759 | - | - | 786,759 |
| Other financial liabilities | | | | | |
| - QTC Borrowings | | 563,893 | 2,248,603 | - | 2,812,496 |
| Total | | 1,350,652 | 2,248,603 | - | 3,599,255 |

v) Market Risk

MIWB does not trade in foreign currency and is not materially exposed to commodity price changes. MIWB is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposits in interest bearing accounts. MIWB does not undertake any hedging in relation to interest risk and manages its risk as per the market risk management strategy.

vi) Interest Rate Risk

The MIWB's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which may be provided to management, depicting the outcome to profit and loss and equity if interest rates would change by +/- 1% from the year-end rates applicable to MIWB's financial assets and liabilities. With all other variables held constant, MIWB would have a surplus and equity increase/(decrease) of \$127,169 (2013: \$181,574). This is mainly attributable to MIWB's exposure to variable interest rates on Cash and cash equivalents and variable interest rates on its borrowings from Queensland Treasury Corporation.

| 2014 Financial Instruments | Carrying Amount | 2014 Interest Rate Risk | | | |
|--|--------------------|-------------------------|------------------|------------------|----------------|
| | | -1% | | +1% | |
| | | Profit & Loss | Equity | Profit & Loss | Equity |
| | \$ | \$ | \$ | \$ | \$ |
| Cash and cash equivalents | 17,352,645 | (173,526) | (173,526) | 173,526 | 173,526 |
| QTC Borrowings | 4,635,653 | 46,357 | 46,357 | (46,357) | (46,357) |
| Potential Impact on Profit and Equity | | (127,169) | (127,169) | 127,170 | 127,170 |

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Financial Instruments (cont.)

MIWB's sensitivity to interest has increased in the current period due to decrease in cash and increase in borrowings.

| 2013 Financial Instruments | Carrying Amount | 2013 Interest Rate Risk | | | |
|--|--------------------|-------------------------|------------------|------------------|----------------|
| | | -1% | | +1% | |
| | | Profit & Loss | Equity | Profit & Loss | Equity |
| | \$ | \$ | \$ | \$ | \$ |
| Cash and cash equivalents | 20,512,310 | (205,123) | (205,123) | 205,123 | 205,123 |
| QTC Borrowings | 2,354,892 | 23,549 | 23,549 | (23,549) | (23,549) |
| Potential Impact on Profit and Equity | | (181,574) | (181,574) | 181,574 | 181,574 |

Fair Value

MIWB does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The fair value of Borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer Note 12) and is disclosed below:

| | 2014 | | 2013 | |
|--|--------------------|------------------|--------------------|------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Liabilities | | | | |
| Financial liabilities at amortised cost: | | | | |
| QTC Borrowings | 4,635,653 | 4,879,672 | 2,354,892 | 2,578,550 |
| Total | 4,635,653 | 4,879,672 | 2,354,892 | 2,578,550 |

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

20 Contingencies

At the date of this report, there are no known contingent liabilities apart from the matters referred to below:

(a) Litigation in Progress

As at 30 June 2014, the following cases were filed in the courts naming MIWB acting as defendant:

| | 2014 | 2013 |
|---------------|-----------------|-----------------|
| | Number of cases | Number of cases |
| Supreme Court | 1 | 1 |
| Total | <u>1</u> | <u>1</u> |

It is not possible to make a reliable estimate the outcome or the final amount payable, if any, in respect of the litigation before the courts at this time.

Proceedings were commenced by Nortask Pty Ltd in 2008 in relation to claims arising out of works associated with the Lake Moondarra Pipeline in 2002/2003. No step has been taken in the proceedings since 2009. As a consequence of this fact, Nortask Pty Ltd must seek an order from the court before proceeding any further. The solicitors for the plaintiff have issued a letter pursuant to the court rules stating that they intend to proceed with the litigation. However, this letter is not a "step" for the purpose of the court rules, it is no more than notification of an intention. MIWB rejects the claims and intends defending them should they be pursued.

(b) Native Title Claims

Three Native Title claims have been made covering areas which house MIWB's infrastructure. At the date of this Report, MIWB is unaware what impact (if any) these claims will have on its future operations.

21 Capital Expenditure Commitments

There were no material classes of capital expenditure commitments contracted for at reporting date but not recognised in the accounts as payables.

22 Segment Reporting

MIWB operates predominantly in one industry being that of bulk water supply. It operates predominantly in one geographic segment being North-West Queensland.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

23 Creation of MIWB Employing Office

On 23 April 2007 the Queensland Parliament passed the *Statutory Bodies Legislation Amendment Act 2007* which amended the *Water Act 2000*. These amendments included a provision that an employing office for a water entity may be established by regulation. The *Water and Other Legislation Amendment Regulation* to facilitate the establishment of an employing entity for MIWB has now been made by the Governor in Council on 6 November 2008 with a commencement date of 7 November 2008. The MIWB has not adopted an Employing Office during this financial year.

24 Subsequent Event

On 24 July 2014, MIWB wrote a letter to the Minister of Energy and Water Supply recommending the payment of a dividend to the State for the financial year ended 30 June 2014 of \$290,000 as per section 660(3) of the *Water Act 2000*. The dividend has not been approved as at the date of the signing.

Certificate of the Mount Isa Water Board

MOUNT ISA WATER BOARD

CERTIFICATE OF THE MOUNT ISA WATER BOARD

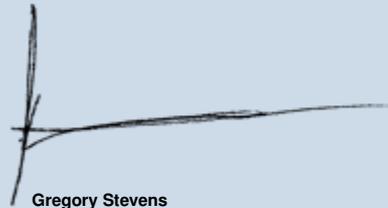
These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- (a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) The statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Mount Isa Water Board for the period 1 July 2013 to 30 June 2014 and of the financial position of the Mount Isa Water Board as at the end of that year.
- (c) These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Rowena McNally LLB

Chairperson



Gregory Stevens

Chief Executive Officer

Dated

28th day of August

2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Mount Isa Water Board

Report on the Financial Report

I have audited the accompanying financial report of Mount Isa Water Board, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, 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 certificate given by the Chairperson and Chief Executive Officer.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal controls as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Mount Isa Water Board for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of the financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.



N GEORGE CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Glossary

| | | | |
|----------------------|---|--|---|
| ADWG | Australian Drinking Water Guidelines (2011) | Gulf Plan | Water Resource (Gulf) Plan 2007 |
| Announced Allocation | A defined share of water available to be taken under an annual water allocation, and recalculated annually | ha | Hectare |
| ANZECC | Australian and New Zealand Environment and Conservation Council | km | Kilometre or kilometres |
| Blue-green algae | A naturally occurring type of bacteria known as “Cyanobacteria” and found in rivers, lakes, damp soil, tree trunks and hot springs. Some species of BGA have the potential to produce toxins. | Lake Julius | Owned and operated by SunWater, a government-owned corporation |
| Board | The Board of Directors of Mount Isa Water Board (for references throughout the body of the annual report). Mount Isa Water Board (for references in the accompanying financial report) | Lake Moondarra | Owned by Mount Isa Mines Limited and operated by Mount Isa Water Board |
| CCTV | Closed circuit television. The use of video cameras to transmit a signal to a specific place, generally as a means of surveillance monitoring | LMDWPS | Lake Moondarra Deep Well Pump Station |
| CWL | Clear Water Lagoon. Located at Lake Moondarra, this lagoon separately filters water from the storages before being distributed to customers. | LMPPS | Lake Moondarra Pontoon Pump Station |
| DEWS | Department of Energy and Water Supply | M | Million |
| DOL | Distribution Operations Licence issued under Division 1A of the Water Act | MIM | Mount Isa Mines, a Glencore Company |
| DWQMP | Drinking Water Quality Management Plan | MIWB | Mount Isa Water Board – as the Statutory Corporate entity |
| EBIT | Earnings before Interest and Tax | MICC | Mount Isa City Council |
| EMS | Environmental Management System consistent with the requirements of AS/NZS ISO 14001:2004 | MITR | Mount Isa Terminal Reservoir Complex. Located in Mount Isa, it receives the water pumped from Clear Water Lagoon, where water is chlorinated before distribution to customers located in the city area. |
| FTE | Full Time Equivalent (employee) | ML | Megalitre (one million litres) |
| Glencore | Glencore completed a merger with Xstrata in May 2013 and the local mining operator is now known as Mount Isa Mines, a Glencore Company. | North West Queensland Pipeline Pty Ltd (NWQWP) | A wholly owned subsidiary of SunWater |
| | | OWSR | Office of the Water Supply Regulator (a section of DEWS) and administrator of the <i>Water Supply (Safety and Reliability) Act</i> |
| | | PID Act | <i>Public Interest Disclosure Act 2010</i> |
| | | QTC | Queensland Treasury Corporation |
| | | R48 Reserve | R48 Water and Recreation Reserve |
| | | ROL | The Resource Operations Licence for the relevant storage facility |
| | | ROP | The Resource Operations Plan for the respective storage facility pursuant to the Gulf Plan |

Glossary

| | |
|-----------|--|
| RTI | <i>Right to Information Act 2009</i> (replaced the <i>Freedom of Information Act 1992</i> in 2009) |
| SAMP | Strategic Asset Management Plan of Mount Isa Water Board |
| SCADA | Supervisory Control and Data Acquisition |
| SLMP | System Leakage Management Plan of Mount Isa Water Board |
| SMP | Safety Management Plan |
| SunWater | The government-owned corporation operating under that name |
| Water Act | <i>Water Act 2000 (Qld)</i> as amended |

Readers' survey

MIWB is committed to improving the quality of our annual report. Please take a few moments to complete this survey and return it to us.

Please tick the appropriate response.

1. The level of detail in the annual report was:

- far too little
- too little
- just right
- too much
- far too much

2. The language and style of the annual report text were:

- far too simple
- too simple
- just right
- too complex
- far too complex

3. For my needs, the length of the annual report was:

- far too short
- too short
- just right
- too long
- far too long

4. I found the design of the annual report to be:

- very unappealing
- unappealing
- acceptable
- appealing
- very appealing

5. Compared with the previous annual report, this year's report was:

- much worse
- worse
- about the same
- better
- much better
- OR I didn't see the previous annual report

The survey can be detached from the annual report, or hard copies can be downloaded from www.mountisawater.qld.gov.au.

6. If I could make one improvement to the annual report, it would be:

7. Please use this space to provide any comments you would like to make that have not been addressed elsewhere.

8. What is your main reason for reading the report?

- Business purposes
- Library reference
- Official use
- Staff use
- General interest
- Student needs
- Other (please specify below)

9. The annual report is available through the Mount Isa Water Board website at www.mountisawater.qld.gov.au and in the future:

- I would prefer to access it electronically
- I still want a hard copy

Thank you for your comments.

MIWB staff Please return the completed survey to the Executive Assistant to the Chief Executive.

External readers Please return the completed survey to:
Mount Isa Water Board, PO Box 1712, Mount Isa, Qld 4825

Annual report compliance checklist

| Summary of requirement | Basis for requirement | Annual report reference |
|---------------------------------------|--|--|
| Letter of compliance | • A letter of compliance from the accountable officer or statutory body to the relevant Minister ARRs – section 8 | 4 |
| Accessibility | • Table of contents | ARRs – section 10.1 8 |
| | • Glossary | 78 |
| | • Public availability | ARRs – section 10.2 3 |
| | • Interpreter service statement | <i>Queensland Government Language Services Policy</i> ARRs – section 10.3 7 |
| | • Copyright notice | <i>Copyright Act 1968</i> ARRs – section 10.4 3 |
| | • Information licensing | <i>QGEA - Information Licensing</i> ARRs – section 10.5 N/A to MIWB |
| General information | • Introductory information | ARRs – section 11.1 5 |
| | • Agency role and main functions | ARRs – section 11.2 5 |
| | • Operating environment | ARRs – section 11.3 14-16 |
| | • Machinery of government changes | ARRs – section 11.4 N/A to MIWB |
| Non-financial performance | • Government's objectives for the community | ARRs – section 12.1 17 |
| | • Other whole-of-government plans / specific initiatives | ARRs – section 12.2 N/A to MIWB |
| | • Agency objectives and performance indicators | ARRs – section 12.3 10,11,17-22 |
| | • Agency service areas, and service standards | ARRs – section 12.4 N/A to MIWB |
| Financial performance | • Summary of financial performance | ARRs – section 13.1 11, 34-35 |
| Governance – management and structure | • Organisational structure | ARRs – section 14.1 27 |
| | • Executive management | ARRs – section 14.2 27,28 |
| | • Related entities | ARRs – section 14.3 N/A to MIWB |
| | • Government bodies | ARRs – section 14.4 N/A to MIWB |
| | • Public Sector Ethics Act 1994 | <i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5 32 |

Annual report compliance checklist

| Summary of requirement | | Basis for requirement | Annual report reference |
|---|---|---|-------------------------|
| Governance – risk management and accountability | • Risk management | ARRs – section 15.1 | 29 |
| | • External scrutiny | ARRs – section 15.2 | 29 |
| | • Audit Committee | ARRs – section 15.3 | 26 |
| | • Internal Audit | ARRs – section 15.4 | 29 |
| | • Public Sector Renewal | ARRs – section 15.5 | N/A to MIWB |
| | • Information systems and recordkeeping | ARRs – section 15.6 | 29 |
| Governance – human resources | • Workforce planning, attraction and retention, and performance | ARRs – section 16.1 | 32 |
| | • Early retirement, redundancy and retrenchment | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2 | N/A to MIWB |
| | • Voluntary Separation Program | ARRs – section 16.3 | N/A to MIWB |
| Open data | • Open data | ARRs – section 17 | 30 |
| Financial statements | • Certification of financial statements | FAA – section 62 FPMS – section 50 ARRs – section 18.2 | 75 |
| | • Independent Auditor’s Report | FAA – section 62 FPMS – section 50 ARRs – section 18.2 | 76 |
| | • Remuneration disclosures | <i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3 | 55-56 |

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*
ARRs *Annual report requirements for Queensland Government agencies*

This annual report is available for viewing or download from www.mountisawater.qld.gov.au/about_documents

