



2010-11 ANNUAL REPORT

Vision

To be a sustainable business managing the efficient and reliable treatment and transportation of bulk water based on commercial principles.



Mount Isa Water Board Annual Report 2010-11.

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Contact officer to whom enquiries are to be addressed for further information:

Executive Assistant
Telephone: (07) 4740 1000
Facsimile: (07) 4740 1099
Email: info@mountisawater.qld.gov.au
Address: 31 Carbonate Street, Mount Isa, Queensland, 4825
Postal: PO Box 1712, Mount Isa, Queensland, 4825

Mission

Committed to a capital works operations and maintenance program to ensure that the infrastructure employed to transport and treat bulk water is maintained to a standard that mitigates the risk of failure.

Values

<i>Reliability</i>	facilitates risk mitigation
<i>Safety</i>	facilitates zero harm
<i>Integrity</i>	fosters confidence in customers and stakeholders
<i>Respect</i>	fosters successful dealings
<i>Teamwork</i>	develops synergies to enhance efficiency and reliability
<i>Transparency</i>	develops trust in dealings with external parties

12 September 2011

The Honourable Stephen Robertson MP
Minister for Energy and Water Utilities
PO Box 15216
CITY EAST QLD 4000

Dear Minister

I am pleased to present the Annual Report 2010-11 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 70 and 71 of this annual report or accessed at www.mountisawater.qld.gov.au.

Yours sincerely

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 Utilities, 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 its governing Minister for approval, which details how it 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 the Board's control and
- act as trustee for R48 Recreational Reserve, a major catchment area around Lake Moondarra, one of the region's primary water sources.

Customers

The number of MIWB's customers has not changed during the year. The three major customers are:

- Mount Isa City Council (MICC) which reticulates treated water to around 23,000 people across a 41,000 km² area. In some cases, this water is supplied directly from MIWB's pipeline route
- Xstrata Mount Isa Mines (XMIM) which uses water in its extraction, concentration and smelting processes and
- Incitec Pivot Limited which uses water in its acid manufacturing processes.

MIWB is also trustee of a water catchment and recreation reserve (R48 Reserve) around Lake Moondarra, about 16 km downstream from Mount Isa.

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. This classification reflects the importance of ensuring a reliable water source for this remote industrial region and for North West Queensland.
- MIWB maintains \$83.9 million of vital water supply and treatment infrastructure, including 86 km of transmission pipeline.
- Each year it supplies around 20 gigalitres 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. More than 13,400 water quality tests were conducted in 2010-11 to ensure the water provided to customers complied with *Australian Drinking Water Guidelines*.
- MIWB employs 11 staff who live in Mount Isa and contribute to the Mount Isa community.
- An estimated 8,500 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 873 participants and about 6,000 spectators at the 2010 event.
- MIWB provides amenities at R48 Reserve for families which include playgrounds, gazebos and barbecues.



Communication objective



This annual report provides information about Mount Isa Water Board's financial and non-financial performance during 2010-11.

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 2010-11*.

This report has been prepared for the Minister for Energy and Water Utilities to submit to Parliament. It has also been

prepared to inform stakeholders including Commonwealth and local governments, industry and business associations and the community.

Mount Isa Water Board 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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ANZECC	Australia and New Zealand Environment and Conservation Council
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)
CWL	Clear Water Lagoon. Located at Lake Moondarra, this lagoon separately filters water from the storages before being distributed to customers.
DMP	The registered Drought Management Plan of Mount Isa Water Board
DERM	Department of Environment and Resource Management
DOL	Distribution Operations Licence issued under Division 1A of the <i>Water Act</i>
DWQMP	Drinking Water Quality Management Plan
EBIT	Earnings before Interest and Tax
EMS	Environmental Management System complaint with AS/NZS ISO 14001:2004
FOI	Freedom of Information
Gulf Plan	Water Resource (Gulf) Plan 2007
KM	Kilometre or kilometres
Lake Julius	Owned and operated by SunWater, a government-owned corporation
Lake Moondarra	Owned by Xstrata Mount Isa Mines Limited and operated by Mount Isa Water Board
LMDWPS	Lake Moondarra Deep Well Pump Station
LMPPS	Lake Moondarra Pontoon Pump Station
M	Million
MIM	Mount Isa Mines
MIWB	Mount Isa Water Board - as the Statutory Corporate entity
MICC	Mount Isa City Council
MITR	Mount Isa Terminal Reservoir Complex. Located in Mount Isa it receives the water pumped from Clear Water Lagoon, where it is chlorinated before distribution to customers located in the city area.
ML	Megalitre
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 Operation Plan for the respective storage facility pursuant to the Gulf Plan
SAMP	The registered Strategic Asset Management Plan of Mount Isa Water Board
SCADA	Supervisory Control and Data Acquisition
SLMP	System Leakage Management Plan
SMP	Safety Management Plan
SunWater	The Government-owned corporation operating under that name
Water Act	<i>Water Act 2000 (Qld)</i> as amended
XMIM	Xstrata Mount Isa Mines Limited

Highlights of 2010-11



During 2010-11, we continued to distribute water to customers and to maintain the infrastructure needed to treat bulk water drawn from storage dams and transport it to customers. This was achieved through effectively executing a capital expenditure program and an operation and maintenance 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 on 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 2010-11, MIWB:

- achieved consistent, uninterrupted and high quality water delivery to industrial, commercial and residential customers
- reached full operational status of the new \$17 million Mount Isa Terminal Reservoir (MITR) pump station, which has a flow rate of up to 815 litres per second
- completed the transition from regional water supplier, forecasting and planning for the region's short and long-term bulk water needs, to providing distribution, water quality to an agreed standard and treatment services to customers with water allocations of their own
- implemented a revised tendering and purchasing system in line with the new State Procurement Policy, including the Queensland Government's 'eTender' website tendering and procurement system.

Key financial results

As shown in Table 1, there was an overall decrease of 0.6 per cent in revenue between 2009-10 and 2010-11. Water charges decreased by 4.19 per cent due to a reduction in water taken by customers. This decrease was augmented by an 889 per cent increase in interest received and 67.2 per cent increase in other revenue, mainly electricity sales.

Operating expenses increased by 17.09 per cent. The increase in operating expenses was mainly due to a 41.4 per cent increase in electricity costs due to increased pumping from Lake Julius and a 7.04 per cent increase in operating and maintenance costs.

Net assets increased by 6.28 per cent mainly due to increased cash holdings as well as the paying down of loans.

	2010-11	2009-10	2008-09
Financial performance			
Operating revenue	\$19.88 M	\$20.00 M	\$16.07M
Operating expenses	\$13.22 M	\$11.29 M	\$15.75M
Operating profit	\$6.67 M	\$8.70 M	\$0.32 M
Profit from ordinary activities (after tax) (1)	\$4.77 M	\$6.09 M	\$0.20 M
Financial position			
Total assets	\$98.07 M	\$96.43 M	\$86.37 M
Total liabilities	\$14.07 M	\$17.40 M	\$14.05 M
Net assets	\$84.00 M	\$79.03 M	\$72.32 M
Cash flow			
Net cash provided by operating activities	\$6.08 M	\$12.92 M (2)	\$4.16 M
Cash at end of financial year	\$12.04 M	\$ 8.37 M	\$1.71 M
Ratios			
Current ratio	3.58	2.07	1.27
Liabilities/assets ratio	14.35%	18.04%	16.27%
Liabilities/equity ratio	16.75%	22.01%	19.43%

(1) Before dividend payable of \$1.0 million.

(2) Comparative net cash provided by operating activities has been reassessed. The reassessed amount increases from \$12,155,805 as reported in the 2009-10 Annual Report to \$12,921,437, being a difference of \$765,632.

Table 1 Financial performance overview 2010-11

Chair's review



Ms Rowena McNally

Chair

I am pleased to present the Mount Isa Water Board's 2010-2011 annual report.

This year has been another year of strong financial and non-financial performance outcomes against a changed climatic and statutory environment.

Mount Isa experienced one of its wettest years on record in 2010-11 with a total 879 mm of rainfall recorded over the 12 month period, nearly double the annual average of 460 mm per annum.

Tropical Cyclone Yasi that caused widespread flooding and damage to coastal areas did not manage to extend through to the Mount Isa region, reducing to a tropical low as it passed around Mount Isa. However the Yasi system did bring significant rainfalls over early February 2011, contributing to a monthly rainfall result as the wettest February on record, with March 2011 rainfall also much heavier than usual.

Due to the unseasonably late heavy rainfalls, the storage levels at Lake Moondarra at the end of the 2010 financial year were among the highest recorded, providing enhanced security of supply for the Mount Isa region for the following 2011-2012 period.

The Board's preparation for the implementation of the Gulf Resource Operations Plan resulted in a relatively smooth transition into the more regulated environment as a Distribution Operations Licence (DOL) holder. One significant operational difference has been the more regular use of the Lake Julius supply system, as Mount Isa Water Board has only a small

allocation in Lake Moondarra and must supply its own major customer from Lake Julius. Currently around 10 per cent of bulk water is sourced from Lake Julius, with the remainder from Lake Moondarra.

MIWB is also charged with safeguarding bulk water quality and fluoridation to its domestic and industrial customers. By working with stakeholders, government departments and other interested parties, we aim to increase the awareness of bulk treated water quality issues in Mount Isa region. Our Drinking Water Quality Management System – based on the Australian Drinking Water Guidelines Framework for Management of Drinking Water Quality – has helped us maintain our water quality performance. It has become a critical tool to ensure our 'catchment to tap' approach to water quality is pursued with vigilance.

Good corporate governance is a fundamental part of our culture and a prerequisite for sound business practices. Our five year Corporate Plan underpins our strategic management and ensures that the Board has the information it needs to monitor at any given time that our planning is on track.

The Board's performance this financial year reflects well on the quality and focus of the Board and our management and staff. I wish to thank my fellow board members, our Chief Executive Ian Pascoe, senior management and all of the Mount Isa Water Board staff for their dedication during the year and for the contribution they have made, individually and collectively, to the Board's performance during the year.

Ms Rowena McNally

Chair

Chief Executive's report



Ian Pascoe
Chief Executive

The 2010-11 financial results continue to strengthen MIWB's financial position by delivering a net profit after tax of \$4.8 million, increasing net assets through an increased asset base and reduced liabilities, achieving the weighted average cost of capital calculated by Queensland Treasury Corporation and adding business value.

We continue to achieve our Vision and Mission through a commitment to investing in capital infrastructure; executing projects by planning with efficiency, quality and reliability; maintaining a strict regime of maintenance; constraining expenditure by developing low cost solutions; continuing investment in staff training; and nurturing cooperative and mutually beneficial, long-term customer relationships.

Most importantly, the infrastructure did not fail to deliver water to our customers. The next major project intended to improve our infrastructure is replacing pipeline infrastructure between Clear Water Lagoon to Mount Isa Terminal Reservoir. Significant preparatory work was completed in 2010-11 and the project is self-funded from the build-up of cash reserves.

One achievement that will have long-term benefit is the implementation of the water charges framework on 1 July 2010. The water charges framework is transparent and allows the customer to assess the water charges in detail and respond or query any figures used in the model. The water charges model benefits our customers by providing greater certainty in budgeting for water charges and benefits MIWB in terms of certainty of revenue to be received.

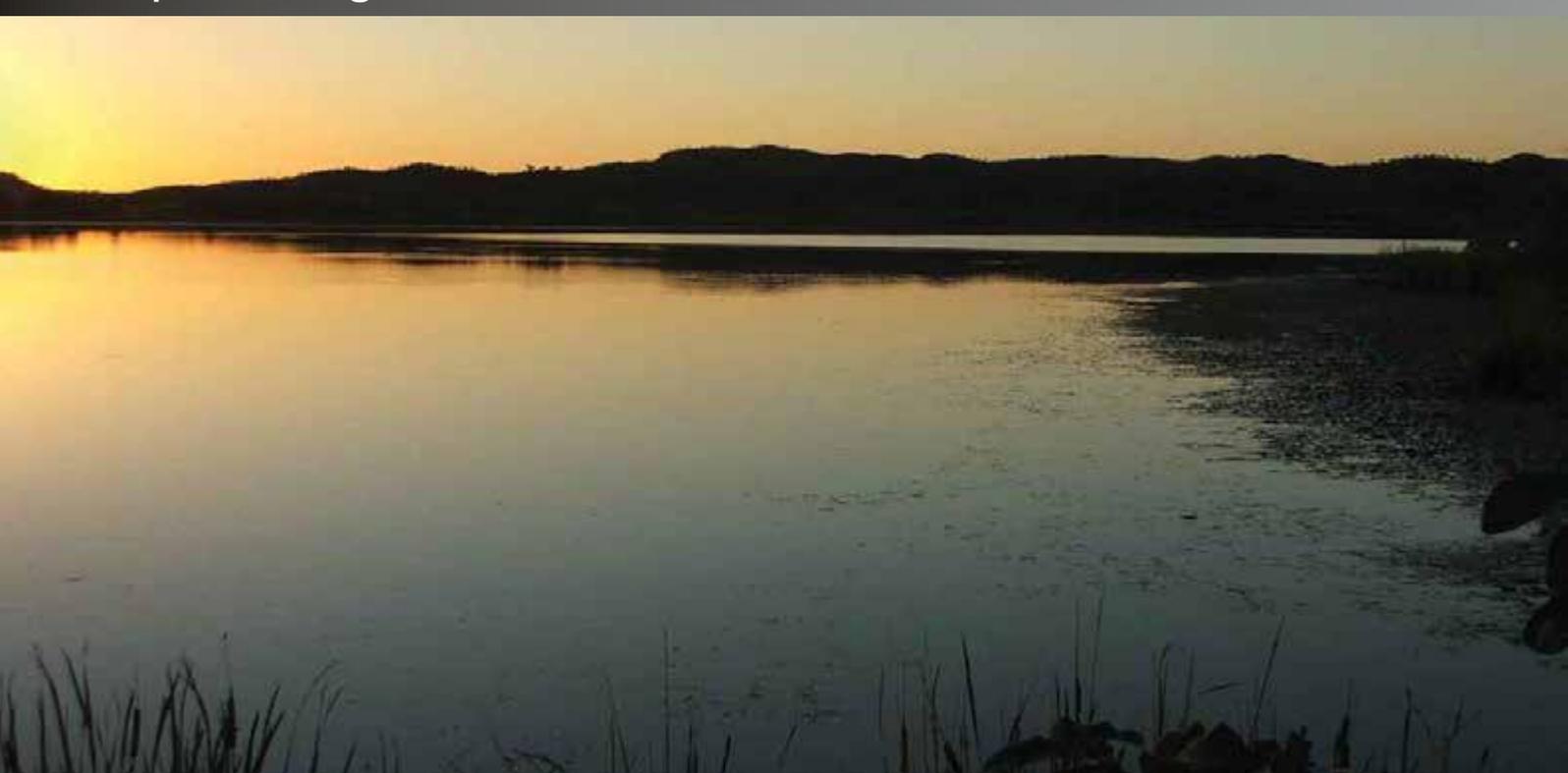
We have developed and submitted our Drinking Water Quality Management Plan to the Queensland Government, and are well advanced with the Fluoride Project to construct a fluoride plant for the purpose of providing fluoridated water to Mount Isa City Council.

In 2011-12 the major areas of focus are to review workplace health and safety procedures, further boost expenditure on staff training, find solutions to improve the accuracy of bulk water metering, ensure capital projects are completed on time and the maintenance schedule is met.

The achievements of 2010-11 would not have been possible without the continuing support of Rowena McNally (Chair), the Board, my senior colleagues and committed staff.

Ian Pascoe
Chief Executive

Operating environment



Regional climate and rainfall

Mount Isa lies about 340 km south of the Gulf of Carpentaria with the Coral Sea 740 km to the east north-east. The city is located on the Leichhardt River. Lake Moondarra Dam is the primary source of water and is augmented by Lake Julius Dam, which supply the region's 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 (usually 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 prevalent during this time. Heavy and prolonged rain and flooding occurs 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 rainfall was 161 mm in 1970, with the second lowest 174 mm in 2008. A short time later in January 2009, the highest monthly rainfall of 535 mm was officially recorded.

Storage dams

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

Lake Moondarra Dam has a water surface area, when at 100 per cent capacity, of about 2,200 hectares and a relatively shallow topography, compared with Lake Julius which has about half the water surface area and a relatively deep topography. Consequently, Lake Moondarra has a much higher rate of evaporation than Lake Julius which can be up to four metres a year.

Constructing 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 high electricity cost of pumping water.

Impacts on planning

Since 2005, the effects of climate change have been felt worldwide. 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 rainfall and inflow 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 forecast consumption. The capacity of Lake Moondarra alone was sufficient to sustain bulk water supply in 2010-11 (refer Figure 1).

However due to the obligations of the new Gulf Resource Operations Plan (refer next section), water supply to MIWB customers was largely provided from Lake Julius.

While the region is currently in an enviable position, MIWB is not complacent with respect to water supply. The need for good planning and risk management strategies for bulk water infrastructure is ongoing.

MIWB is strengthening its operational and technical capabilities in order to construct, operate and supply the bulk water infrastructure necessary to provide this essential commodity to the Mount Isa community. It 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.

Regulatory changes

The 2010-11 year was the first full year of operation under the Gulf Resource Operations Plan (ROP) as part of the Queensland Government's blueprint for managing water resources in North West Queensland, as outlined in the *Water Resource (Gulf) Plan 2007*.

MIWB has remained 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.

Under the new regulatory environment, XMIM and SunWater hold a resource operations licence (ROL) for Moondarra Dam and for Julius Dam. Throughout the year, MIWB complied with regulatory requirements, including metering and providing summary information to the ROL holders, to support their operations.

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

MIWB's water charges in 2010-11, which form the basis of long-term customer contracts, were successfully implemented on 1 July 2011. These contracts provide greater revenue certainty for MIWB and water charges certainty for customers. This will also reduce the sensitivity of MIWB's revenue stream to variations in actual water supplied compared with forecast supply.

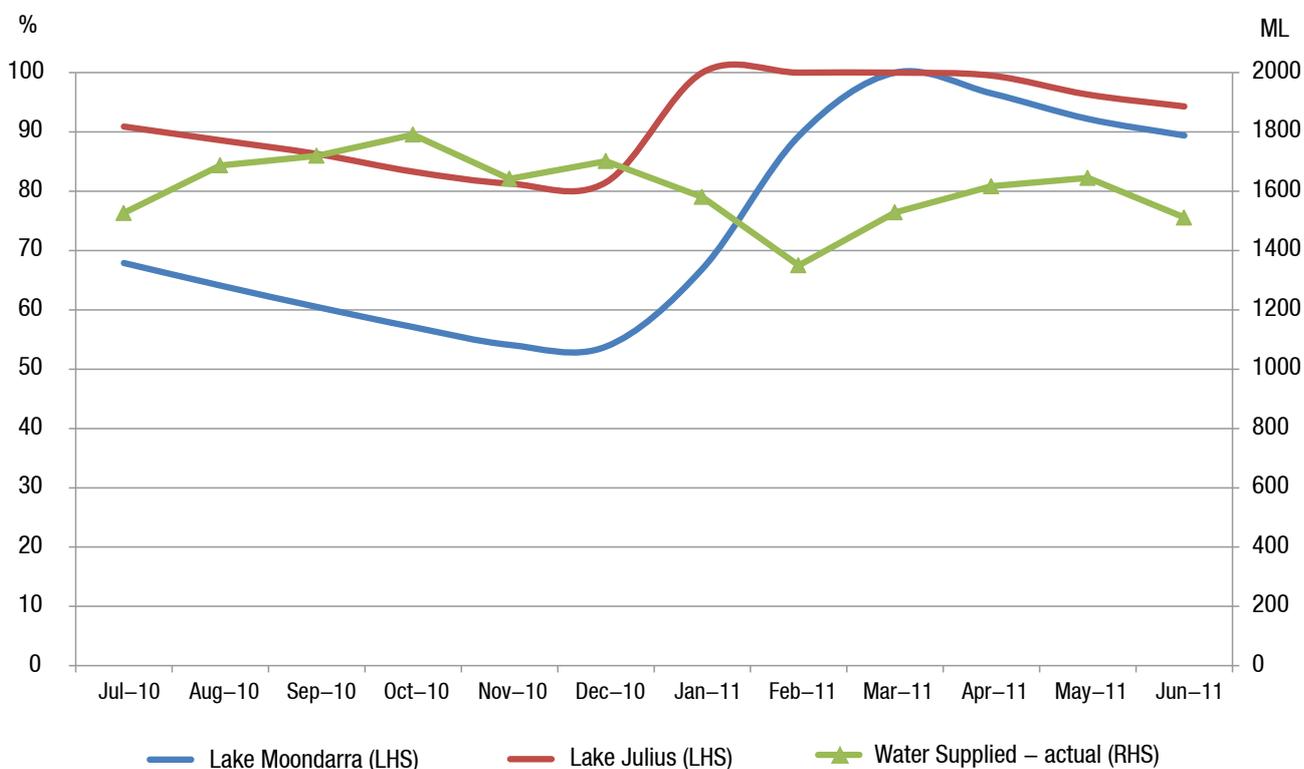


Figure 1 Lake capacity compared with water supplied

Note The abbreviations MIM and XMIM are used throughout this report. MIM is correctly used to reflect the legal owner of assets and other infrastructure, while XMIM is the correct mine operator.

Measuring our performance

Objectives

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

- operate as a commercially and operationally sustainable business consistent with the Water Act and government policy and
- ensure 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 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 helping the government realise its ambitions for Queensland as set out in the 2020 vision statement, *Toward Q2: Tomorrow's Queensland*.

MIWB's business operations are strongly connected to the following ambitions – green and healthy.

Green – protecting our lifestyle and environment

In constructing, operating and maintaining the infrastructure necessary to meet customer needs, MIWB seeks to minimise the impacts of its operations on the natural environment and on the community as far as possible.

Healthy – making Queenslanders Australia's healthiest people

As a drinking water provider, MIWB is committed to a strict testing regime and continually improving systems and knowledge in this important area, to ensure high quality drinking water is continually delivered to the Mount Isa community.

Operational outcomes

MIWB identified a number of non-financial performance objectives in its corporate and performance plans, which measure the extent to which it meets its legislative reporting requirements, fulfils its 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 the following table.

Non-financial performance during 2010-11			
Performance	Measures	Target 30 June 2011	Actual Outcomes 30 June 2011
Commercial results			
Business operations	Executed customer service agreements	100%	100%
	Level of administration costs as a percentage of total operating costs	30%	12%
	Projects delivered on time and within budget	90%	60%
Corporate responsibility	Incidences of lost time injuries (days) in 2010-11	0	0 (1)
	Compliance with departmental (DERM) reporting deadlines	90%	100%
	Breach notices received pertaining to non-compliance with legislation and standards	0	0

Non-financial performance during 2010-11

Operational results

Operational efficiency	Target of metering accuracy	98%	96%
	Target of water losses from distribution system	Maximum 2,500 ML	895 ML
Water quality	Provision of water as specified (under contract and legislation)	100%	ADWG potable water 100% ANZECC non-potable water 89.29%
	Non-complying tests for E.coli	0	0
	Non-complying tests for other health parameters	0	4
	Non-complying tests for aesthetic parameters	0%	6%
Reliability of supply	Compliance with pressure at customer connection points	0	As specified in customer service agreements
	Number of unplanned interruptions	0	0
	Water main/pipe leakages per 100 km	2	2

(1) Lost time injury occurred in 2009-10 and the Work Cover claim was finalised on 27 June 2011.

Table 2 Non-financial performance during 2010-11

Engineering

MIWB experienced a stable year of operations for the 2010-11 period. The recently commissioned Mount Isa Terminal Reservoir (MITR) Pump Station operated smoothly for the period, with raw water supplied from Lake Julius (for MIWB customers) and Lake Moondarra (for XMIM and MICC customers).

Notable milestones for the period were:

- implementation of a revised tendering and purchasing system in line with the new State Procurement Policy, including the Queensland Government's 'eTender' website tendering and procurement system
- initiation of the Mount Isa Fluoridation Project (including preliminary scoping, feasibility and analysis)
- installation of upgraded water metering at Lake Moondarra (and preparation for another installation at Lake Julius Fred Haigh Pump Station)
- ongoing upgrades of the Lake Julius power supply system
- upgrade of the Lake Julius motor protection relays
- upgrade and resealing of the Clear Water Lagoon spillway wall
- installation of improved access to the Lake Julius 22.6 km Booster Pump Station powdered activated carbon storage
- installation of improved fencing and site security at C4 Valve Station.

Operations and maintenance

MIWB continued to use the Utilities Department of XMIM (Utilities section) as its operations and maintenance contractor, reflecting XMIM's significant resources and extensive system knowledge. No major operational issues were experienced in 2010-11.

Operations and maintenance achievements during 2010-11 included:

- implementation of actions required to meet Gulf ROP legislation including data recording and transfer for volume and water quality
- replacement and repairs to the Lake Julius 46 km Telemetry station power supply
- major maintenance to the Lake Julius Pipeline Access Road
- repairs to Lake Julius pipeline following a welded joint failure
- Clear Water Lagoon fencing and security improvements to restrict access for stock and the public to the Clear Water Lagoon area
- repairs to front main tapping band at the new MITR Pump Station
- installation of safety hand and kick rails at both Lake Moondarra and Lake Julius Pump Stations
- installation of new impellers at Lake Moondarra Primary Pump Station

- installation of earth leakage testing points at new MITR Pump Station
- replacement of destratification compressor control cabling
- clearing floating weed from Clear Water Lagoon pump intakes
- assisting consultant with a review of system wide telemetry operations and improvements
- assisting consultant with a review of water quality issues for the implementation of the Drinking Water Quality Management Plan.

Water quality

MIWB provides potable water to its customers in accordance with ADWG.

MIWB uses Clear Water Lagoon (CWL) as a natural filtration system that reduces the colour, turbidity and concentration levels of chemical and microbiological contaminants to treat its potable water.

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 (PAC) system, can also be initialised to achieve minimum ADWG specifications.

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

ADWG are the primary reference for drinking water quality in Australia. The guidelines are designed to provide an authoritative information source on what defines safe, good quality water, how it can be achieved and how it can be assured. They are concerned both with safety from a health point of view and with aesthetic quality.

The ADWG are not mandatory standards, however, they provide a basis for determining the quality of water to be supplied to customers in all parts of Australia.

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.

During 2010-11, water supplied to major customers was 100 per cent compliant with ADWG health limits and with no risk to human health. There were no major water quality issues.

The number of incidents reported to the Department of Environmental and Resource Management (DERM) Office of the Water Supply Regulator was four. A fifth incident was reported but was later reclassified as a non-incident.

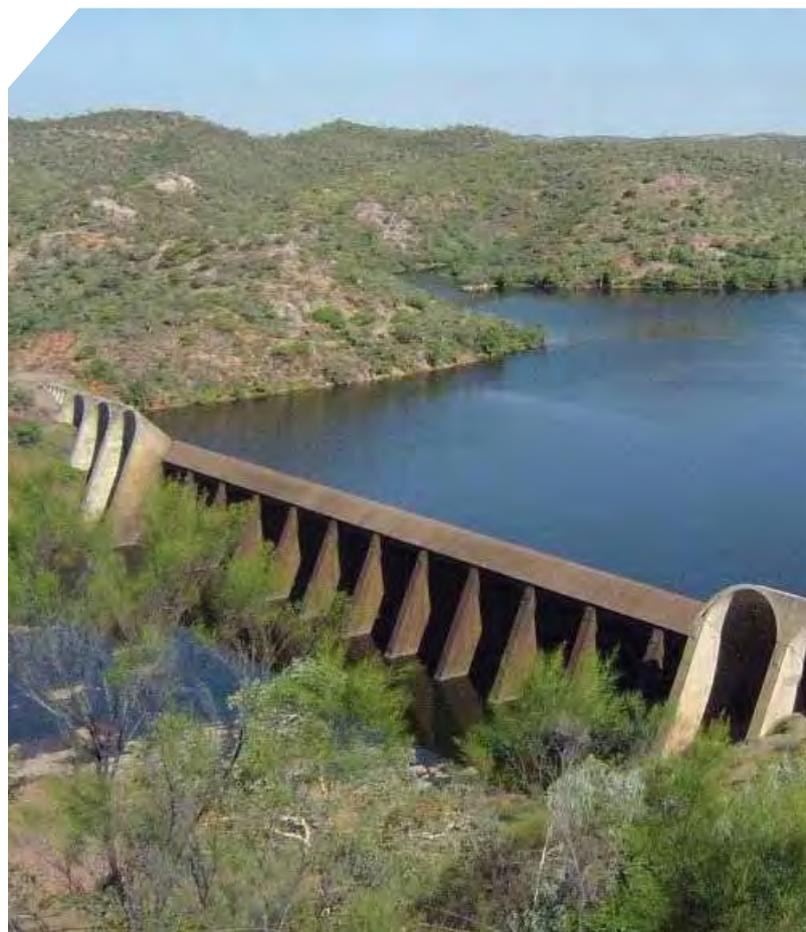
All incidents reported for the 2010-11 period related to the treatment system. No incidents were reported involving the distribution system to major customers.

During the 2010-11 period 90 per cent of water supplied was from Lake Moondarra and the remaining 10 per cent from Lake Julius.

In 2010-11 there were 13,485 water quality tests conducted, with the following results:

- average percentage aesthetic compliance of 93.9 per cent
- average percentage health compliance before discharge point of 99.9 per cent
- average percentage health compliance at the discharge point of 100 per cent compliance.

Compliance with ADWG is shown in Table 3. There was 100 per cent compliance at the discharge point to MIWB customers. Two reserve potable water storage tanks are to be relined and roofed in 2011-12. This will further reduce the likelihood of non-compliance before the discharge point.



Month	Aesthetic compliance	Health compliance before discharge	Health compliance at discharge point
July 10	94.25%	100.00%	100.0%
August 10	93.63%	100.00%	100.0%
September 10	95.13%	99.92%	100.0%
October 10	96.05%	100.00%	100.0%
November 10	95.06%	99.88%	100.0%
December 10	92.17%	100.00%	100.0%
January 11	91.84%	100.00%	100.0%
February 11	95.42%	100.00%	100.0%
March 11	96.77%	100.00%	100.0%
April 11	89.50%	100.00%	100.0%
May 11	92.39%	100.00%	100.0%
June 11	94.38%	100.00%	100.0%
Average	93.88%	100.00%	100.00%

Note: 13,485 tests conducted in 2010-11

Table 3 Water quality compliance 2010-11

The following general water quality related events occurred in 2010-11.

- Salvinia Molesta was present at Lake Julius, Lake Moondarra and Clear Water Lagoon, with a heavier concentration in Clear Water Lagoon for a brief period. The extent of growth did not cause any significant problem with operations and maintenance through the treatment system.
- MIWB's Drinking Water Quality Management Plan (DWQMP) was submitted to DERM for approval in April 2011 (refer following section). In association with the plan, a new water quality monitoring program has been prepared and submitted to MIWB's laboratory service provider, Simmonds and Bristow. Both parties will review the new monitoring plan to ease the transition from the existing plan. The target date for implementation is September 2011.
- Information and training will be organised on the new DWQMP to improve the awareness of those directly involved with operations and maintenance, sampling and monitoring, and other key staff.
- Cryptosporidium and Giardia tests were increased from a yearly to fortnightly basis, reflecting the increased risks from cattle grazing around the catchment.

- Based on Simmonds and Bristow's water quality analysis reports, there were no health exceedances at the reticulation points for 2010-11 financial year and therefore no risk to human health for water distributed to customers.

Drinking Water Quality Management Plan

With the introduction of the *Water Supply (Safety and Reliability) Act 2008* water service providers are required to prepare a DWQMP for delivering drinking water services.

As a large water service provider, MIWB had until 1 July 2011 to have an approved DWQMP in place. The plan was required to meet the following mandatory requirements of the Act:

- be prepared in accordance with the government guidelines
- state the registered services to which the plan applies
- include details of relevant infrastructure
- identify the hazards and hazardous events that may affect the quality of water
- include an assessment of the risks posed by the hazards and hazardous events

- demonstrate how MIWB, as a drinking water service provider, intends to manage the risks posed by the hazards and hazardous events
- include details of operational and verification monitoring programs, including the parameters to be used for indicating compliance with the plan and the water quality criteria for drinking water.

Detailed requirements regarding the preparation of a DWQMP are outlined in the government's *Queensland Drinking Water Quality Management Plan Guideline*.

MIWB made a commitment to the effective management of the bulk water supply system to provide a safe, quality product that consistently meets appropriate drinking water standards with the adoption of the 2010 Water Quality Policy.

Preparation of the DWQMP commenced in November 2010 with the collection of information on the water supply system including:

- catchment details
- source water information and monitoring data
- treated water monitoring data
- infrastructure details
- treatment processes.

A detailed picture of the bulk water scheme was developed to enable a risk assessment team, which included key stakeholders, to identify hazards (contaminants), hazardous events (cause of contaminants) and risks.

The cornerstone of a DWQMP is a risk assessment. MIWB used a tried and tested risk calculator that was developed by SEQ Water Grid participants. The approach to mapping risk throughout the system was unique, as is the treatment system. The approach adopted allowed hazard sources to be identified across the catchment, the risk of each hazard to be mapped through the system (raw water to supply) and the risk of each hazardous event to be identified. The outcome was a risk assessment that provided information for current risk management priorities and future risk reduction strategies for specific events and hazards.

MIWB's plan meets the Queensland Government's requirements and potable water management reflected in the ADWG, which take a holistic approach to assuring drinking water quality and protecting public health (refer page 18).

All 12 elements of the ADWG have been addressed in the DWQMP, which follows the basic structure of this guideline. MIWB's plan consists of five documents – the plan plus the following supporting attachments:

- Risk Assessment
- Monitoring Plan
- Water Quality Review
- Improvement Plan.

The DWQMP was presented to the Board in April 2011 and subsequently submitted to the Office of the Water Supply Regulator for approval, well within the prescribed timeframe.

Implementation of the plan is now taking place. A new monitoring plan has been developed, based on risk, which has allowed a reduction in overall testing due to more targeted monitoring. Awareness training is being delivered to all staff and contractors to ensure they understand the importance of adhering to the plan and their responsibilities.

Services

Fleet management

During 2010–11, the fleet size remained the same at eight vehicles. Overall operating and maintenance costs stayed the same as 2009–10. There were no accidents and the fleet was fully maintained to an appropriate standard of operation.

R48 Reserve

At R48 Reserve there were a number of health, safety and environmental management initiatives undertaken to improve recreational users' convenience and enjoyment. These included enhancements to toilets, ongoing terrestrial and aquatic weed control, upgrade of the local Transport Bay power distribution network and installation of electric barbecues at Transport Bay as well as lighting in the pergolas.

Aquatic weed monitoring and removal are undertaken on a monthly basis to keep weed growth under control, but also to enhance the safety of recreational users.

R48 Reserve staff received practical training in the use of machinery, which included operating chainsaws and other equipment. Some staff also received additional general training including S1, S2, S3 supervisor training and area inductions.

As Trustee for R48 Reserve, MIWB continued to maintain public amenities and parks at no cost to the public. This includes community facilities in and around Transport Bay and Warrina Park, including the extensive walking tracks and recreational areas popular with families and children.

There were no significant changes to operations or events during 2010–11.

There were no lost time incidents at R48 Reserve in 2010–11.

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 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

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

Under section 599 of the Water Act, MIWB's Board of directors is to comprise:

- two members nominated by MICC
- two members nominated by MIM and
- one member nominated by the Chief Executive of DERM.

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.

The Board is responsible for MIWB's commercial policy and management, and for providing guidance and leadership to the Chief Executive. It also advises the Minister on strategic issues affecting MIWB.

Directors are appointed for specific terms. Under section 604 (3) of the Water Act, a MIWB Board Member remains a Board Member even though their term may have expired, until their replacement is formally appointed by notice in the Queensland Government Gazette.

Serving as Board members as at 30 June 2010 were:



Ms Rowena McNally LLB, MAICD Chair

Director since February 2002, reappointed June 2008, DERM nominee

Term expired: 28/05/2011

Rowena McNally is an experienced company Board Member and corporate lawyer with experience in water infrastructure, corporate law and corporate governance. During the year she was a member of the boards of Gladstone Area Water Board, Queensland Law Society, Cerebral Palsy Australia, Catholic Health Australia and Mary Aikenhead Ministeries (which includes the St Vincent's Health and Aged Care Group). Ms McNally serves on various legal and other committees and is a member of MIWB's Finance, Audit and Compliance Committee.



Cr Les Bunn OAM

Director since February 2010, MICC nominee

Term expired: 30/06/2011

Les Bunn has served as a Mount Isa City Council councillor since 2004 and is currently Deputy Mayor. He is involved in a wide range of community activities and is a member of three not-for-profit boards. Cr Bunn has trade (aircraft engine fitter), engineering (Associate Diploma (Mechanical)) and Logistics (MSc) qualifications and experience in small business and large corporate management. He is driven to make a positive contribution to the Mount Isa community.



Mr Myles Johnston BSc (Hons), FAusIMM

Director since February 2010, XMIM nominee

Term expired: 30/06/2011

Myles Johnston has 23 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. At Mount Isa Mines he held a number of technical and operational roles in both the Zinc and Copper business units. Myles is currently the General Manager of Ernest Henry Mine.



Cr John Molony

Director since February 2010, MICC nominee

Term expired: 30/06/2011

John Molony is Mayor of MICC. Cr Molony has previously served four terms on MICC as a councillor and two terms on the Burke Shire Council as Mayor. Cr Molony is a keen businessman who manages his western outfitters store in Mount Isa and has a keen interest in all council matters.



Ms Karen Read BBUS CPA MAICD MAMI

Director since September 2004, XMIM nominee

Term expired: 30/06/2011

Karen Read is General Manager, Finance and Administration for Xstrata Copper North Queensland. She has worked for MIM/Xstrata for 20 years and has worked in Mount Isa for a number of years since 1995. She is a Certified Practising Accountant, member of the Australian Institute of Company Directors and serves on the boards of a credit union, health fund, several Xstrata companies and a stevedoring company. Ms Read chairs MIWB’s Finance, Audit and Compliance Committee.

The Board meets 11 times a year or as required. It held 14 meetings during 2010-11 and attendances by directors are shown in the following table.

Board meeting attendance 2010-11				
Director	Meetings attended	Meetings held	Reappointed	Expired (1)
Rowena McNally (Chair)	14	14	Reappointed 28 May 08	28 May 2011
Karen Read	12	14	Reappointed 4 Feb 10	30 June 2011
John Molony	14	14	Reappointed 4 Feb 10	30 June 2011
Myles Johnston	10	14	Reappointed 4 Feb 10	30 June 2011
Les Bunn	12	14	Reappointed 4 Feb 10	30 June 2011

(1) Directors are appointed for specific terms. Under section 604 (3) of the Water Act, a MIWB Board member remains a Board member even though their term may have expired, until they or their replacement is formally appointed by notice in the Queensland Government Gazette.

Table 4 Board attendance 2010-11

In accordance with the Trustee arrangements for R48 Reserve it was decided to delineate R48 Reserve from MIWB’s core business activity. Matters relating to R48 Reserve from October 2010 are discussed at a separate meeting.

A major outcome of Board discussions on R48 Reserve during 2010-11 was the commencement of preparation of the Land Management Plan for its future use.

R48 Reserve meeting attendance 2010-11		
Director	Meetings attended	Meetings held
Rowena McNally (Chair)	8	8
Karen Read	7	8
John Molony	7	8
Myles Johnston	7	8
Les Bunn	6	8

Table 5 R48 Reserve Board attendance 2010-11

Board committee

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

Finance, Audit and Compliance Committee

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, compliance with applicable accounting standards, appointment of internal and external auditors, appointment of significant consultancies (e.g. legal and insurance brokers) and ensuring the integrity of the accounting and financial reporting.

During 2010-11, this committee included Karen Read (Chair), Les Bunn, Myles Johnston, John Molony and Rowena McNally as directors. MIWB Chief Executive, Ian Pascoe, and Finance Manager, Bruce Galbraith, attended committee meetings by invitation.

The committee meets as required each financial year, to assist 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 2010-11, 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 the following table.

Finance, Audit and Compliance Committee meeting attendance 2010-11		
Director	Meetings attended	Meetings held
Karen Read (Chair)	4	4
Les Bunn	3	4
Myles Johnston	2	4
John Molony	3	4
Rowena McNally (ex officio) (1)	3	4

(1) An ex officio member is a committee member who is part of it by virtue of holding another office

Table 6 Finance, Audit and Compliance Committee attendance 2010-11

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 2010-11, the Committee's achievements included the approval of an internal audit program for the next two years and ensuring compliance with legislation and good corporate governance.

2010-11 Board achievements

Key Board achievements during the financial year were:

- overseeing the strategic direction of MIWB after a period of fundamental change and shift in operations, to achieve a strong financial position
- implementation of a more efficient and effective capital approval and monitoring process
- running an effective strategic planning session involving all major stakeholders.

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 2010-11, the total remuneration paid was \$5,285. Related on-costs paid during the period (primarily for airfares and accommodation) totalled \$26,532.

Current MICC and XMIM Board nominees are not paid any remuneration by MIWB.

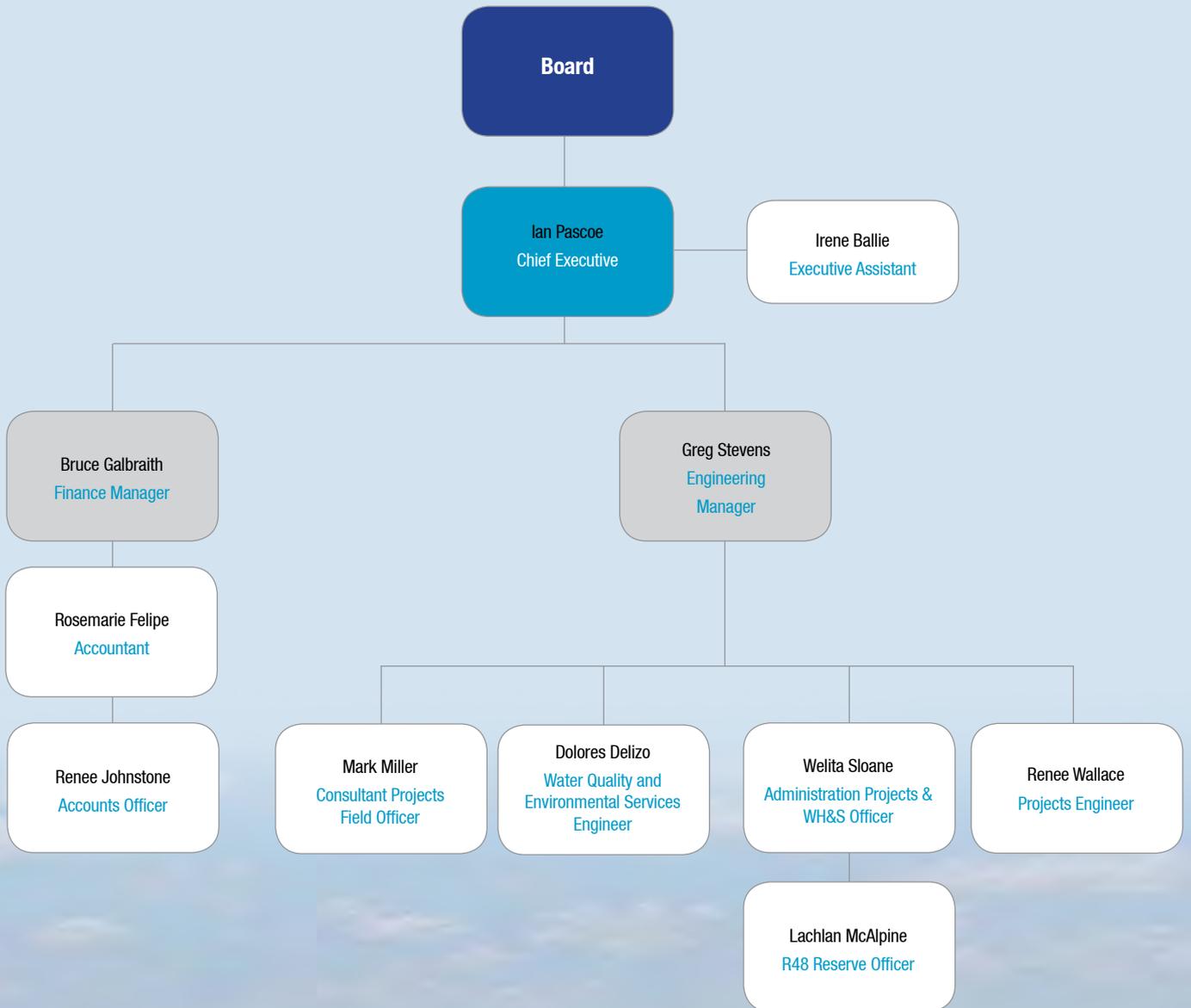
Role and responsibilities of the Chief Executive

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

The Chief Executive has all executive powers and 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.

Organisational structure of MIWB



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.



Ian Pascoe (Chief Executive) MBA, MEC, BEC, CFTP, FAIM, PMESA

Ian joined MIWB in April 2009 as Chief Executive. Ian has over 28 years experience in business management, growth and financial management. His private sector experience includes multinationals and turnaround business consultant to SMEs, and he has held senior government roles at both a state and national level. He was involved with the successful regulation of a gas and electricity market and brings to MIWB skills in combining the implementation of financial and operational initiatives with solid strategic planning and project direction. Ian possesses post-graduate qualifications in economics, finance and business administration and is currently undertaking a Juris Doctor in Law.



Bruce Galbraith (Finance Manager) BMS NZICA

Bruce joined MIWB in February 2009 as Finance Manager and Board secretary. He is a driving member of the Finance and Audit Committee and has facilitated significant and immediate changes to the overall management of current financial processes and procedures. Bruce brings to the position more than 25 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. He has the additional role of Board Secretary and is a significant contributor to the Finance, Audit and Compliance Committee. Bruce has a degree in Management Studies majoring in accounting and marketing and is a member of the New Zealand Institute of Chartered Accountants. He is undertaking a Graduate Diploma of Applied Corporate Governance with Chartered Secretaries Australia.



Greg Stevens (Engineering Manager) BE (Hons)

Greg joined MIWB as Engineering Manager in October 2008 and represents MIWB's engineering matters to the Board. Greg 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. He managed the final commissioning stages of MIWB's major capital project, the new MITR Pump Station, and contributed to restructuring of the capital works and health and safety systems, as well as management of technical reporting for statutory compliance, capital works, health and safety and water quality.

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

These documents fulfill MIWB's responsibilities for 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.

MIWB was fully compliant with its reporting responsibilities during 2010-11, which included providing DERM with financial and non-financial performance reports for each quarter.

Recent regulatory changes will bring a more detailed reporting regime than currently exists, with greater emphasis on water transportation.

Correction to previous annual report

MIWB advises that net cash provided by operating activities in 2009-10 was incorrectly reported in the previous annual report. Subsequent reassessment has revised the amount upwards from \$12,155,805 to \$12,921,437, being a difference of \$765,632 (refer page 11).

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, replacing the former physical information management system.

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 regularly to ensure all office staff members are familiar with the information management systems.

During 2010-11, MIWB implemented processes to ensure compliance with *Information Standard 31: Retention and Disposal of Public Records*. At 30 June 2011 MIWB's draft Retention and Disposal Schedule was substantially complete and on track for provision to Queensland State Archives in August 2011.

Measurement and monitoring of MIWB's financial performance is 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.

In 2010-11 a strategic and operational risk management assessment was conducted to identify financial and non-financial risks. The outcome is that 10 major strategic risks and 10 operational risks facing MIWB were identified and a risk register prepared which lists the risks and provides solutions to address the risks.

MIWB's major investment is in 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 operation and maintenance program which minimises the risk of failure of those critical infrastructure assets.

MIWB has a certified and DERM-approved System Leakage Management Plan (SLMP) and a Strategic Asset Management Plan (SAMP) in place.

The SAMP aims to ensure that aged assets are replaced efficiently and economically following detailed analysis of its useful life estimate and a consideration of replacement versus refurbishment.

Audit functions

External auditor – financial

The Auditor-General is the auditor of all Queensland public sector entities.

The Queensland Audit Office engaged WHK North Queensland to conduct MIWB's 2010-11 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. Then a close-out interview is held between the auditors and the committee, and the committee recommends the adoption of the financial statements.

External auditor – non-financial

MIWB produced the legislatively-required SAMP report and SLMP report. In addition, the annual insurance risk audit was conducted.

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 2010-11, MIWB re-appointed 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 year, and ensure the effective, efficient and economic operation of the function.

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 and planning.

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

The internal auditor reported to the Board's Finance, Audit and Compliance Committee.

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 of 30 June 2011 MIWB's investments (property, plant and equipment) was \$83.9 M.

Public interest disclosures

With the repeal of the *Whistleblowers Protection Act 1994* and the introduction of the *Public Interest Disclosure Act 2010* (PID Act) on 1 January 2011, the way in which public interest disclosures are to be publicly reported has changed. As from 1 January 2011 agencies are no longer required to report public interest disclosures in annual reports.

Under section 61 of the PID Act, the Public Service Commission (PSC) is now responsible for the oversight of public interest disclosures and preparing an annual report on the operation of the PID Act. From 1 January 2011 agencies are required to report information about public interest disclosures to the PSC. The PSC will prepare an annual report on the operations of the PID Act and the information provided by agencies. The annual report will be made publicly available after the end of each financial year.

No public interest disclosures were received by MIWB from 1 July 2010 to 31 December 2010.

Right to information

From 1 July 2009, the *Right to Information Act 2009* replaced the *Freedom of Information Act 1992*. The former Freedom of Information (FOI) legislation still applies to applications made before 1 July 2009.

MIWB was not processing any FOI applications at this time and has received no applications under the new legislation in 2010-11.

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.

Any enquiries about obtaining information held by MIWB should be made by contacting us on (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.

Waste management

All waste generated on MIWB property is dealt with in accordance with the *Environmental Protection (Waste Management) Regulation 2000*.

Moving forward

In 2011-12, 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)
- commitment to preserving MIWB's business value
- implementation of a fully transparent water charges framework and Excel spreadsheet model.

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 discrete aspects of its business operations. Staff levels reflected the requirements of the *2010-11 Performance Plan* and forecast capital expenditure.

At 30 June 2011, MIWB's workforce comprised 11 full-time equivalent (FTE) employees, the same number as at 30 June 2010. They were engaged in financial reporting, financial management, administration management, engineering 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 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 2010-11, MIWB invested in training activities, which included the following courses:

- General Safety Induction (Construction)
- S1, S2 and S3 Supervisor's Course
- Certificate IV (Workplace Health and Safety)
- Excel 2007 Advanced
- Fire Extinguisher
- Confined Space Entry
- National Greenhouse Energy Reporting
- Perform High Risk Work
- Strategic Risk Management
- Mapinfo
- Fire Warden
- Certificate II in Water Operations.

Public sector ethics

In 2010, the *Public Sector Ethics Act 1994* was amended with changes commencing on 1 November 2010. MIWB is required to report on activities before and after this change.

Prior to November 2010, MIWB continued to actively promote its Code of Conduct, providing education and training opportunities to staff. MIWB staff have access to information on public sector ethics, principles and obligations, which are continually reinforced.

Since November 2010, MIWB has reviewed its Code of Conduct to ensure it is in line with amended ethics principles and values. The approved Code aligns 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 officials have proper regard for the Code 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 Code of Conduct.

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 and has been for several years. However, MIWB recognises the potential difficulties remote communities face in attracting and retaining appropriately skilled technical, engineering and commercial people who can contribute to highly specialised operations.

Given this context, MIWB considers its strategies to plan, attract, develop and retain its workforce to achieve its business objectives during 2010-11 have been effective.

MIWB's team is small but highly skilled. It has implemented an employee performance management framework which includes annual performance reviews. MIWB is committed to encouraging and recognising the skills and talents of its officers, and actively identifies and provides training and development opportunities. During 2010-11, MIWB's permanent retention rate was 90 per cent (i.e. it had 10 permanent staff at the beginning and 11 at end) and its permanent separation rate was 10 per cent (one permanent staff member left).

Key workforce policies

Key MIWB workforce policies, in addition to the Code of Conduct (see above), approved by the Board and actively promoted inside the organisation are:

- Alcohol and Drugs Policy
- Anti-Discrimination Policy
- Occupational Health and Safety Policy
- Whistleblowers' Protection 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 of 30 June 2011, MIWB staff members comprised six women and five men.

MIWB continued to have good representation of women in management roles including a female accountant and two female senior engineers, one being 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 more generally.

As a Queensland Government Statutory Authority, MIWB has certain obligations under the *Carers (Recognition) Act 2008*. MIWB has provided a copy of the Carers Charter as set out in the Schedule to this Act to all staff.

However, during 2010-11, MIWB did not have a 'carer', as defined by the Act, on staff. Further, MIWB did not implement any strategic policy or planning decisions which it believed would affect carers, during the period. Accordingly, it did not consult with any 'carers representative bodies' concerning such matters in this period.

Health and safety

MIWB is committed to complying with Queensland's *Workplace Health and Safety Act 1995* and *Workplace Health and Safety Regulations 2008*.

Facilitating zero harm is a MIWB corporate value and a safe working environment is an operational objective.

During 2010-11, MIWB experienced six 'level 3' incidents, the majority of which were minor and varied from scratching a vehicle against a wall to reversing a vehicle into a barbed wire fence.

A 'level 3' injury, as described by the National Safety Council of Australia, generally involves little or no injury such as minor cuts and bruises, negligible financial loss or environmental damage.



MIWB is now undertaking its own contractor's area inductions (in addition to those conducted by operations and maintenance contractor, XMIM) to overcome scheduling issues which were presenting difficulties. These inductions are a site entry requirement for all contractors to undertake work on MIWB infrastructure.

During the year, a staff member completed a Workplace Health and Safety Officer (WHSO) to Certificate IV bridging course to ensure currency of their skills and knowledge. The WHSO role helps ensure compliance with workplace health and safety regulations, and that the risk of workplace incidents and injuries is minimised.

Three chemical and fuel storage cabinets were installed at the Warrina Park workshop to further improve local workplace safety. The cabinets are spill proof and fire secure, and reduce the likelihood of a fuel or chemical incident.

MIWB has a Safety Management Plan which helps prevent accidents which 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.

During the year a consultant was approached to undertake a follow up review of MIWB's existing workplace health and safety system, and several amendments were made to improve its operation and recording processes and practices.

A desktop audit was conducted by Workplace Health and Safety Queensland, from which MIWB scored a high result. Many areas were deemed more than satisfactory, with the WHSO given tools to improve upon some areas. MIWB was deemed compliant in all areas of the workplace health and safety system.

Moving forward

During 2011-12, MIWB will continue to provide a healthy and safe work environment for employees and to 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
- ongoing staff training
- reviewing and amending MIWB policies and procedures
- revising and implementing the MIWB Emergency Response Plan and other 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 the following table.

Financial performance during 2010-11			
Performance	Measures	Target 30 June 2011	Actual Outcomes 30 June 2011
Financial results			
Profitability	Earnings before interest and tax (EBIT)	\$5.6 M	\$6.9 M
	Net profit margin	16.3%	24.0%
Financial leverage	Debt to equity ratio (1)	6.5%	3.7%
Liquidity	Current ratio	3.2	3.6
Return on capital	Weighted average cost of capital (WACC) (2)	9.4%	8.5%
Debt recovery	Average debt collection period	30.6 days	30.3 days
Return to shareholder	Dividend payable	\$1.0 M	\$1.0 M

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

(2) QTC calculated MIWB WACC to be 9.4%

Table 7 Financial performance 2010-11

Highlights for 2010-11

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

- realising a net profit of \$4.77 million
- returning a dividend payable of \$1.0 million to MIWB's owner, the Queensland Government, indicating MIWB has again made appropriate investments in its operations
- a reduction of expenses compared with budget of six per cent through sound, prudent management decision-making.

Financial performance

The net profit from ordinary activities after income tax equivalents expense for 2010-11 is \$4.77 million compared with \$6.09 million in 2009-10. While the result was less than 2009-10 due to an increase in operational costs, it remains 17.4 per cent higher than budget.

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 electricity to pump to the North West Queensland Water Pipeline.

A review of the Statement of Comprehensive Income and associated notes (refer page 35) shows 2010-11 revenue decreased by \$0.12 million compared with 2009-10. The decrease is due to variance in actual water charges compared with budget water charges to customers.

Corporate expenses decreased compared with budget due to the reduced reliance on external consultants (as outlined in the following section). The interest expense also decreased compared with budget due to lower than expected debt requirements.

Payroll expenses were lower than budget due to reduced staff members as a result of not undertaking the planned recruitment of extra engineers and R48 staff, and consequential associated on-costs.

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

	Actual 2010-11 \$	Budget 2010-11 \$	Change %
Income	19,878,265	19,651,316	1.2%
Corporate expenses	1,271,592	1,975,920	(35.6%)
Depreciation	4,248,758	4,328,184	(1.8%)
Operating expenses	6,211,953	6,115,100	1.6%
Payroll expenses	1,063,017	1,234,500	(13.9%)
R48 expenses	421,816	412,144	2.3%
Total expenses	13,217,136	14,065,848	(6.0%)
Net profit after tax	3,769,773	3,209,827	17.4%

Table 8 Actual versus budget financial results 2010-11

The Statement of Financial Position (refer page 36) shows an increase of \$5.0 million as a result of improvement in cash reserves and asset revaluations during the year.

The Statement of Cash Flows (refer page 38) shows an increase in cash from \$8.4 million to \$12.0 million due to an increase in income and a reduction in expenditures.

Consultants

MIWB uses external expertise where appropriate to assist in the planning and delivery of its services. In 2010-11, its expenditure on external consultants decreased from 2009-10 figures.

The 2010-11 consultant expenditure reflects a need to procure external expertise in engineering, regulatory compliance and water quality regulatory compliance. Comparative expenditure and the category of activity are shown in Table 9. All amounts are GST exclusive.

MIWB has adopted the definition of 'consultant' used in State Purchasing Policy, which considers a 'consultant' (in general) to be an organisation or individual engaged on an irregular basis to provide highly specialised advice, expertise and analysis. As a result, MIWB has amended data from 2009-10 and 2008-09 (refer Table 9) for consistency, which included work that, under the definition, could be considered to have been performed by a contractor.

Consultants (1) engaged by MIWB in 2010-11			
Category	2010-11 \$	2009-10 \$	2008-09 \$
Engineering	23,421	114,335	576,200
Marketing	nil	nil	6,943
Regulatory compliance	38,913	71,691	237,664
Safety management (2)	nil	3,150	3,440
Water quality regulatory compliance	64,005	6,075	16,934
Total expenditure	126,339	195,251	841,181

(1) Refer to http://www.qgm.qld.gov.au/00_downloads/bpg_revised_engaging.pdf

(2) Safety management previously conducted by a consultant is now being conducted in-house by the Workplace, Health and Safety Officer.

Table 9 Consultants expenditure 2010-11

Overseas travel

No overseas travel was undertaken by any MIWB directors or staff at MIWB's expense during the financial year.

Moving forward

Continued focus on financial performance in 2011-12 will ensure that major capital expenditure can be financed through internal cash flow and that financial arrangements can be adapted to complement any changes to institutional arrangements.

For the year ended 30 June 2011

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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 principle 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.

MOUNT ISA WATER BOARD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
INCOME FROM CONTINUING OPERATIONS	2		
Revenue			
Water charges	2a	18,666,447	19,483,137
Interest received	2b	424,597	42,929
Other revenue	2c	<u>787,222</u>	<u>470,819</u>
TOTAL REVENUE		19,878,266	19,996,885
Gains	2d	<u>-</u>	<u>335</u>
TOTAL INCOME FROM CONTINUING OPERATIONS		19,878,266	19,997,220
EXPENSES FROM CONTINUING OPERATIONS	3		
Employee expenses	3a	(1,068,302)	(954,837)
Supplies and services	3c	(7,243,339)	(6,138,372)
Depreciation and amortisation	3d	(4,248,758)	(3,581,699)
Finance/borrowing costs	3e	(235,504)	(265,738)
Other expenses	3f	(421,816)	(314,886)
Losses			
Loss on sale of property, plant & equipment	3g	<u>-</u>	<u>(37,272)</u>
TOTAL EXPENSES FROM CONTINUING OPERATIONS		<u>(13,217,719)</u>	<u>(11,292,804)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		<u>6,660,547</u>	<u>8,704,416</u>
Income tax expense	4	<u>(1,891,356)</u>	<u>(2,618,156)</u>
PROFIT FROM CONTINUING OPERATIONS AFTER INCOME TAX		<u>4,769,191</u>	<u>6,086,260</u>
OTHER COMPREHENSIVE INCOME			
Increase (decrease) in asset revaluation surplus	14	<u>1,193,553</u>	<u>630,319</u>
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		<u>1,193,553</u>	<u>630,319</u>
TOTAL COMPREHENSIVE INCOME		<u>5,962,744</u>	<u>6,716,579</u>

The accompanying notes form part of these financial statements

MOUNT ISA WATER BOARD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	12,036,302	8,369,444
Receivables	6	1,819,778	2,391,150
Other	7	6,868	6,986
TOTAL CURRENT ASSETS		<u>13,862,948</u>	<u>10,767,580</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	83,859,105	85,316,642
Intangible assets	9	345,045	345,045
TOTAL NON-CURRENT ASSETS		<u>84,204,150</u>	<u>85,661,687</u>
TOTAL ASSETS		<u>98,067,098</u>	<u>96,429,267</u>
CURRENT LIABILITIES			
Payables	10	3,456,148	3,530,214
Provision for employee benefits	11	53,704	31,862
Other financial liabilities	12	350,303	325,018
Tax liabilities	13	10,319	1,294,305
TOTAL CURRENT LIABILITIES		<u>3,870,474</u>	<u>5,181,399</u>
NON-CURRENT LIABILITIES			
Payables	10	-	1,650,000
Provision for employee benefits	11	28,422	-
Other financial liabilities	12	2,733,958	3,084,166
Deferred tax liabilities	13	7,438,327	7,480,529
TOTAL NON-CURRENT LIABILITIES		<u>10,200,707</u>	<u>12,214,695</u>
TOTAL LIABILITIES		<u>14,071,181</u>	<u>17,396,094</u>
NET ASSETS		<u>83,995,917</u>	<u>79,033,173</u>
EQUITY			
Contributed equity	16	30,430,390	30,430,390
Accumulated surplus	15	30,221,194	26,452,003
Asset revaluation surplus	14	23,344,333	22,150,780
TOTAL EQUITY		<u>83,995,917</u>	<u>79,033,173</u>

The accompanying notes form part of these financial statements

MOUNT ISA WATER BOARD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Note	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	Total
	\$	\$	\$	\$
Balance at 1 July 2009	20,365,743	21,520,461	30,430,390	72,316,594
Profit from continuing operations	6,086,260			6,086,260
Total other comprehensive income				
- Increase(Decrease) in asset revaluation surplus		630,319		630,319
Total comprehensive income for the period	6,086,260	630,319		6,716,579
Transactions with owners in their capacity as owners				
- Dividends paid				
Balance at 30 June 2010	26,452,003	22,150,780	30,430,390	79,033,173
Balance at 1 July 2010	26,452,003	22,150,780	30,430,390	79,033,173
Profit from continuing operations	4,769,191			4,769,191
Total other comprehensive income				
- Increase(Decrease) in asset revaluation surplus		1,193,553		1,193,553
Total comprehensive income for the period	4,769,191	1,193,553		5,962,744
Transactions with owners in their capacity as owners				
- Dividends paid	(1,000,000)			(1,000,000)
Balance at 30 June 2011	30,221,194	23,344,333	30,430,390	83,995,917

The accompanying notes form part of these financial statements

MOUNT ISA WATER BOARD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Receipts from customers		19,580,808	19,819,747
Interest received		424,597	42,929
GST Input Tax Credits from ATO		1,848,136	1,533,256
GST received from customers		74,140	50,061
<i>Outflows:</i>			
Employee expenses		(1,018,038)	(946,430)
Supplies and services		(8,967,487)	(3,232,970)
Finance/borrowing costs		(235,504)	(265,738)
Other expenses		(421,816)	(314,886)
GST paid to suppliers		(1,415,417)	(1,765,383)
GST remitted to ATO		(62,426)	(57,973)
Income taxes paid		(3,729,067)	(1,941,176)
Net cash provided by (used in) operating activities	17	<u>6,077,926</u>	<u>12,921,437</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sale of property, plant and equipment		-	39,115
<i>Outflows:</i>			
Payments for property, plant and equipment		(1,086,145)	(5,995,161)
Net cash provided by (used in) investing activities		<u>(1,086,145)</u>	<u>(5,956,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Outflows:</i>			
Repayment of borrowings		(324,923)	(303,968)
Dividends		(1,000,000)	-
Net cash provided by (used in) financing activities		<u>(1,324,923)</u>	<u>(303,968)</u>
Net increase (decrease) in cash and cash equivalents		3,666,858	6,661,423
Cash and cash equivalents at beginning of financial year		8,369,444	1,708,021
Cash and cash equivalents at end of financial year	5	<u>12,036,302</u>	<u>8,369,444</u>

The accompanying notes form part of these financial statements

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1 Summary of Significant Accounting Policies

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 that Act.

Basis of Preparation

The financial statements have been prepared in compliance with Section 43 of the *Financial Performance Management Standard 2009*. The financial statements are General Purpose Financial Statements that have been prepared 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 2011, and other authoritative pronouncements.

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

The financial statements of MIWB have been prepared on an accrual accounting basis and, except where stated, have been prepared in accordance with the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets.

(a) 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.

(b) Taxation

MIWB is subject to the National Tax Equivalent 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 2011****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 the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity.

(c) 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 and money market investments readily convertible to cash i.e. with a term to maturity less than 3 months. Cash assets includes all cash and cheques receipted but not banked at 30 June.

(d) 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.

All known bad debts were written off as of 30 June.

(e) Property, Plant and Equipment**Acquisition**

Actual cost is used for the initial recording of all non-current physical 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. Assets are recognised, in the year of acquisition.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**Property, Plant and Equipment (cont.)****Recognition**

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	1
Buildings	10,000
Infrastructure	10,000
Plant and Equipment	5,000

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

Depreciation

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.

For each class of depreciable asset the following depreciation rates are used:

Class of Fixed Asset	Rate (Years)
Buildings	20-60
Infrastructure	5-100
Plant and Equipment	3-60

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Property, Plant and Equipment (cont.)**Impairment**

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 value in use.

An impairment would be 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. Refer also note 1(f).

(f) 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* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. 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 are measured at cost.

Where intangible assets have an active market, they are measured at fair value, otherwise measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index. Indices used for the current year's valuation were derived from the Australian Bureau of Statistics Producer Price Indexes Catalogue 6427.0 – March Quarter 2011 – Table 15 Selected Output of Division E Construction, group and Class index numbers (Roads & Bridge Construction Australia).

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 2011**

Where adjustments are required, revaluation increments and decrements are accounted for by asset in the following manner:

- A revaluation increment is credited directly to the asset revaluation surplus except to the extent that the increment reverses a revaluation decrement previously recognised as an expense in respect of the asset, the increment is recognised as revenue in the Statement of Comprehensive Income.
- A revaluation decrement is recognised as an expense in the Statement of Comprehensive Income except to the extent that a credit balance exists in the asset revaluation surplus in respect of the relevant asset, the revaluation decrement is debited directly to the asset revaluation surplus.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

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.

(g) Intangible Assets

Intangible assets equal to or greater than \$10,000 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 2011**Land Act Tenure**

MIWB has a Perpetual Lease and two permits to occupy. The following is a legal description of this Land Act Tenure:

Perpetual lease 232528 from Lake Julius to C4 with property description; Lot 4 RD183, Lot 9 CP 891285, Lot 13 CP891310, Lot 16 CP891311, Lot 17 CP891312 and Lot 3 MTH34940. There are two permits to occupy between C4 to Mount Isa Terminal Reservoir: (1) permit to occupy 234215 with property description Lot A AP and Lot W AP20231; and (2) permit to occupy 234216 Lot TW, AA, AD, AF, AH, AJ.

Land act tenure is the generic term that captures its perpetual lease and two permits to occupy. The land act tenure is considered to be intangible as MIWB has possession of the land, but does not have title to the land. In addition, there is no payment made or received for the land. Finally, the sole purpose of the land act tenure is to provide MIWB access to the pipeline infrastructure to carry out operation and maintenance, and replacement of pipeline infrastructure.

The Land Act Tenure is assessed annually at 30 June for impairment. This assessment is performed more frequently where indicators of impairment exists.

(h) Employee Benefits

Provision is made for MIWB's liability for employee benefits arising from services rendered by employees to balance date. Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Employee benefits expected to be settled within one year, together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Contributions are made by MIWB to employee superannuation funds and are charged as expenses when incurred.

MIWB has estimated the liability for long service leave at 30 June 2011. 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 2011.

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 3b 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 2011

(i) Goods and Services Tax (GST)

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

- 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 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.

(j) 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 approximates fair value.

(k) Critical 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
Provisions for employee benefits – note 11
Contingencies - note 19

MOUNT ISA WATER BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

(l) Financial Instruments**Recognition**

Financial instruments are initially measured 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 amortised cost
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, 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.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that MIWB has an unconditional right to defer settlement until at least 12 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.

All other disclosures relating to the measurement and financial risk management of financial instruments held by MIWB are included in note 18.

(m) Finance Costs

Finance costs are recognised as an expense in the period in which they are incurred.

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

Finance costs are not directly attributable to the acquisition or construction of a qualifying asset, and as such have not been capitalised.

(n) 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.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(o) Issuance of Financial Statements

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

(p) New and Revised Accounting Standards

Any Australian Accounting Standards and Interpretations issued or amended and applicable for the first time in the 2010-2011 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 2010/2011 period. MIWB will apply these standards and interpretations in accordance with their respective commencement dates.

Only one amendment to an Australian Accounting Standard applicable for the first time for 2010 - 2011 was relevant to MIWB, as explained below.

AASB 2009 - 5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project included certain amendments to AASB 117 *Leases* that revised the criteria for reclassifying leases involving land and buildings. Consequently, MIWB, was required to reassess the classification of the land elements of all expired leases MIWB has entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the MIWB's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

New or amended standards that may have an impact on MIWB in the future years are explained below.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and *Interpretation 13*] becomes effective from reporting periods beginning on or after 1 January 2011. MIWB may need to make changes to its disclosures about credit risk on financial instruments. No longer will MIWB need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If MIWB holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by MIWB.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**New and Revised Accounting Standards (cont.)**

AASB 9 *Financial Instruments* (December 2010) 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] become effective from reporting periods on or after 1 January 2013. The main impacts of these standards on MIWB are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either 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.

On initial application of AASB 9, MIWB will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. 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 fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, 1052] apply to 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 - 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. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

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, the Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, MIWB has not early adopted AASB 1053.

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

(q) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) 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 2011

	2011 \$	2010 \$	
2	Income from Continuing Operations		
2a	Water Charges		
	Xstrata Mount Isa Mines Ltd	8,441,190	11,046,386
	Mount Isa City Council	7,891,653	6,857,845
	Southern Cross Fertilisers Pty Ltd	2,317,658	1,561,643
	Other	15,946	17,263
	18,666,447	19,483,137	
2b	Interest Received		
	Interest received	424,597	42,929
2c	Other Revenue		
	Revenue from electricity sales	737,923	448,427
	Other sundry income	49,299	22,392
	787,222	470,819	
2d	Gains		
	Gain on sale of property, plant and equipment	-	335
3	Expenses from Continuing Operations		
3a	Employee Expenses		
	Wages and salaries	876,287	807,497
	Annual leave expense	21,841	8,408
	Long service leave expense	28,422	-
	Board member fees	5,285	11,233
	Employer's superannuation contributions*	109,809	99,751
	Employee Related Expenses		
	Worker's compensation premium	4,211	11,741
	Payroll tax	22,447	16,207
	1,068,302	954,837	

* Employer superannuation contributions are regarded as employee benefits. Workers' compensation insurance is a consequence of employing employees, but is not counted in employees' total remuneration package. It is not an employee benefit, but rather an employee related expense.

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

11	10
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MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2010-11. 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	15/04/2009
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	6/10/2008

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 2010-11 year, remuneration of key executive management personnel was reviewed by an external consultant and recommended changes were approved by MIWB.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2009-2010 or 2010-2011.

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 2010 - 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive	188,670	12,550	4,935	18,870	-	225,025
Finance Manager	135,000	7,678	3,802	13,500	-	159,980
Engineering Manager	167,108	9,963	5,406	16,711	-	199,188
Total Remuneration	490,778	30,191	14,143	49,081	-	584,193

1 July 2009 - 30 June 2010

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive	171,200	13,212	-	17,120	-	201,532
Finance Manager	115,540	8,436	-	11,554	-	135,530
Engineering Manager	160,000	12,284	-	16,000	-	188,284
Total Remuneration	446,740	33,932	-	44,674	-	525,346

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
3c Supplies and Services		
Insurance	180,186	184,397
Professional services	19,262	256,240
Sun Water charge – Lake Julius	171,600	38,164
Water testing	374,831	204,101
Operating and maintenance	2,611,711	2,439,926
Major maintenance project	28,026	-
Power costs	3,006,523	2,126,177
Audit fees – external audit	47,677	26,900
Audit fees – internal fees	26,818	18,771
Accounting and secretarial	31,740	44,020
Consultants	158,187	203,603
Legal fees	184,945	234,249
Recruitment and relocation	33,038	4,473
General repairs and maintenance	39,889	41,647
Other	328,906	315,704
	<u>7,243,339</u>	<u>6,138,372</u>
3d Depreciation and Amortisation		
Buildings	9,506	9,506
Infrastructure	4,116,461	3,449,817
Plant & equipment	122,791	122,376
	<u>4,248,758</u>	<u>3,581,699</u>
3e Finance/Borrowing Costs		
Interest	235,504	265,738
	<u>235,504</u>	<u>265,738</u>
3f Other Expenses		
Operation and maintenance	421,816	314,886
	<u>421,816</u>	<u>314,886</u>
3g Losses on Disposal of Property, Plant & Equipment		
Operation and maintenance	-	37,272
	<u>-</u>	<u>37,272</u>
4 Income Tax Expense		
(a) Income tax equivalents expense		
Current income tax charges	2,445,081	2,971,721
Deferred income tax relating to organisation and reversal of temporary tax differences	(553,725)	(353,565)
Income Tax Expense per Statement of Comprehensive Income	<u>1,891,356</u>	<u>2,618,156</u>
Income tax equivalents expense is attributable to:		
Deferred income tax(revenue) expense included in Income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	(41,075)	2,574
(Decrease)/ Increase in deferred tax liabilities	(512,650)	(356,139)
	<u>(553,725)</u>	<u>(353,565)</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
(b) Numerical reconciliation of income tax expense recognised in the statement of comprehensive income and tax expense calculated per statutory income tax rate		
Profit from operations before income tax expense	6,660,547	8,704,416
Tax at the rate of 30% (2010: 30%)	1,998,164	2,611,325
Tax effect of amounts which are not deductible		
- Entertainment	22	-
- P & E not deductible	-	1,829
	<u>1,998,186</u>	<u>2,613,154</u>
Under/(over) provision in prior years	(106,830)	(5,002)
Income tax equivalents expense	<u>1,891,356</u>	<u>2,618,156</u>
(c) Amounts recognised directly to equity		
Deferred income tax related to items charged (credited) directly to equity:		
Current Tax – credited directly to equity		
Net gain on revaluation of property, plant & equipment	511,523	265,943
Income tax equivalents reported in equity	<u>511,523</u>	<u>265,943</u>
5 Cash and Cash Equivalents		
Cash on Hand	250	250
Westpac Banking Corporation - Cash Management Account	1,565,794	1,603,582
Westpac Banking Corporation – Business Cash Reserve	10,223,141	6,511,788
Westpac Banking Corporation - Internet Account	56,345	56,345
Westpac Banking Corporation – Cheque Account	(61,143)	(41,595)
Queensland Treasury Corporation - Operating Fund	83,946	71,144
Queensland Treasury Corporation - Renewals & Ext Reserve	167,969	167,930
	<u>12,036,302</u>	<u>8,369,444</u>
6 Receivables		
Trade Debtors	1,612,954	1,736,463
GST Receivable	206,824	651,257
Other Debtors	-	3,430
	<u>1,819,778</u>	<u>2,391,150</u>
7 Other Current Assets		
Deposits & Bonds	-	200
Prepayments	6,868	6,786
	<u>6,868</u>	<u>6,986</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
8 Property Plant & Equipment		
Land at fair value	109,653	107,293
Buildings at fair value	556,906	544,918
Infrastructure at fair value	180,355,013	175,663,132
Plant and equipment at cost	972,444	1,005,416
WIP at cost	681,658	486,182
	<u>182,675,674</u>	<u>177,806,941</u>
Less: Accumulated Depreciation		
Buildings	46,092	35,594
Infrastructure	98,305,850	92,073,222
Plant and equipment	464,627	381,483
	<u>98,816,569</u>	<u>92,490,299</u>
Total (Net of Accumulated Depreciation)	<u>83,859,105</u>	<u>85,316,642</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 2011	Balance at beginning of year	Additions/ Adjustments	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land	107,293			2,360			109,653
Buildings	509,324			10,996	(9,506)		510,814
Infrastructure	83,589,910			1,748,429	(4,116,461)	827,285	82,049,163
Plant and Equipment	623,933	7,494		(56,709)	(122,791)	55,890	507,817
Capital WIP	486,182	1,078,651				(883,175)	681,658
TOTAL	85,316,642	1,086,145	0	1,705,076	(4,248,758)	0	83,859,105

30 June 2010	Balance at beginning of year	Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land	105,500			1,793			107,293
Buildings	510,644			8,186	(9,506)		509,324
Infrastructure	62,655,334	5,560		883,487	(3,449,817)	23,495,346	83,589,910
Plant and Equipment	808,923	3,093	(76,052)		(122,376)	10,345	623,933
Capital WIP	18,350,410	5,986,508				(23,850,736)	486,182
TOTAL	82,430,811	5,995,161	(76,052)	893,466	(3,581,699)	(345,045)	85,316,642

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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. Land Act tenure has been recognised as an intangible asset and disclosed in Note 9 and 1(g).

An independent valuation of all assets was undertaken at 30 June 2008 by a qualified civil engineer with considerable experience in the water industry from *BDA Management Pty Ltd*. Revaluation of assets was carried out based on Current Replacement Cost valuation pricing.

In addition to the formal revaluation of assets in 2008 MIWB applied indices to the 2009, 2010 and 2011 asset values in order to appropriately determine their fair value. Refer to note 1 (f) for further details.

Land, buildings and infrastructure were subject to an interim revaluation as at 30 June 2011 at a rate of 2.2% based on the Australian Bureau of Statistics Producers Price Indexes Catalogue 6427.0. This index was recommended by the Valuer as the most appropriate index for MIWB's assets. Property, plant and equipment are carried at cost.

Cost of Assets Recognised at Fair Value

The amount of Property, Plant and Equipment disclosed at fair value, that would have been recognised had the assets been carried at cost, is set out below:

	2011	2010
	\$	\$
Land	32,500	32,500
Buildings	400,481	400,481
Infrastructure	75,057,859	74,230,574
TOTAL	75,490,840	74,663,555

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
9 Intangible Assets		
Land Act Tenure		
Opening gross carrying value 1 July	345,045	-
Additions	-	345,045
Impairment	-	-
Net carrying value at 30 June	<u>345,045</u>	<u>345,045</u>
Total intangible assets	<u>345,045</u>	<u>345,045</u>
10 Payables		
Current Liabilities		
Trade Creditors	2,419,583	2,271,343
Other Creditors	25,997	30,808
Accruals	1,010,568	1,228,063
	<u>3,456,148</u>	<u>3,530,214</u>
Non Current Liabilities		
Trade Creditors – non current	-	1,650,000
	<u>-</u>	<u>1,650,000</u>
11 Provisions for Employee Benefits		
Current Provision		
Annual leave liability	53,704	31,862
	<u>53,704</u>	<u>31,862</u>
Non-Current Provision		
Long service leave liability	28,422	-
	<u>28,422</u>	<u>-</u>
12 Other Financial Liabilities		
Current		
Loan - Queensland Treasury Corporation	350,303	325,018
	<u>350,303</u>	<u>325,018</u>
Non Current		
Loan – Queensland Treasury Corporation	2,733,958	3,084,166
	<u>2,733,958</u>	<u>3,084,166</u>
Total Financial Liabilities	<u>3,084,261</u>	<u>3,409,184</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 reporting period. The repayment date for the QTC loan is July 2018. There have been no defaults or breaches of this loan agreement during the period.

Principal and interest repayments are made quarterly in arrears at an interest rate of 7.260%.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Queensland Treasury Corporation advises that the amount to be repaid is the market value of the debt which is \$3,663,548. 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

	2011 \$	2010 \$
Liabilities		
Current		
Provision for Taxes	<u>10,319</u>	<u>1,294,305</u>
Assets		
Non-current		
Deferred tax asset comprises:		
Accrued Long Service Leave	8,527	-
Accrued annual leave	16,111	9,559
Accrued expenses	8,451	51
Legal fees	2,497	-
FBT	(2,285)	-
Depreciation	17,385	-
Deferred tax asset	<u>50,685</u>	<u>9,610</u>
Liabilities		
Non-current		
Deferred tax liability comprises:		
Property Plant & Equipment	<u>7,489,012</u>	<u>7,490,139</u>
Deferred tax liability	<u>7,438,327</u>	<u>7,480,529</u>

14 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 2011	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$
Land	52,355	1,652				54,007
Buildings	98,540	7,697				106,237
Infrastructure	21,884,077	1,223,900				23,107,977
Plant & Equipment	115,808		(39,696)			76,112
TOTAL	22,150,780	1,233,249	(39,696)			23,344,333

\$						
30 June 2010	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$
Land	51,100	1,255				52,355
Buildings	92,810	5,730				98,540
Infrastructure	21,265,635	618,442				21,884,077
Plant & Equipment	110,916	4,892				115,808
TOTAL	21,520,461	630,319				22,150,780

Revaluation increments and decrements above are disclosed net of tax.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
Asset Revaluation Surplus	23,344,333	22,150,780
Closing Balance	23,344,333	22,150,780
15 Accumulated Surplus		
Balance 1 July	26,452,003	20,365,743
Profit from ordinary activities after Income Tax Equivalents	4,769,191	6,086,260
Transactions with owners in their capacity as owners		
-Dividends Paid	(1,000,000)	-
	30,221,194	26,452,003
16 Contributed Equity		
Balance 1 July	30,430,390	30,430,390
Movement	-	-
Balance 30 June	30,430,390	30,430,390
17 Cashflow Information		
Reconciliation of Profit to Net Cash from Operating Activities		
Profit after income tax	4,769,191	6,086,260
Add/(less) non-cash items:		
Depreciation	4,248,758	3,581,699
Loss on Sale of Asset	-	37,272
Profit on Sale of Asset	-	(335)
	9,017,949	9,704,896
Movement in Operating Assets and Liabilities		
Receivables	123,509	(137,962)
GST Receivables	444,433	(240,039)
Sundry Debtors	3,430	936
Prepayments	(82)	200,095
Deposit and Bonds	200	2,817
Payables	(1,724,066)	2,705,307
Annual Leave	21,842	8,407
Long Service Leave	28,422	-
Deferred Tax	(553,725)	(348,674)
Provision for Taxes	(1,283,986)	1,025,654
Net cash from operating activities	6,077,926	12,921,437

For 2010-2011 MIWB decided to report GST using the four line method. Accordingly the 2009-2010 comparatives have been restated.

In calculating the restatement, the net cash provided by (used in) operating activities has changed from \$ 12,155,805 to \$12,921,437 and the net cash provided by (used in) investing activities has changed from \$5,190,414 to \$5,956,046.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**18 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.

i) Categorisation of Financial Instruments

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

Category		2011	2010
Financial Assets		\$	\$
Cash & Cash Equivalents	5	12,036,302	8,369,444
Receivables	6	1,819,778	2,391,150
Total		13,856,080	10,760,594
Financial Liabilities			
Payables	10	3,456,148	5,180,214
Other financial liabilities - QTC Borrowing	12	3,084,261	3,409,184
Total		6,540,409	8,589,398

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	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

ii) Credit Risk Exposure

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.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**Financial Instruments (cont.)**

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 current and non-current 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		2011	2010
Financial Assets		\$	\$
Cash and Cash Equivalents	5	12,036,302	8,369,444
Receivables	6	1,819,778	2,391,150
Total		<u>13,856,080</u>	<u>10,760,594</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 2011 is \$693,761, which represents 38 per cent of the total trade receivables at balance date.

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.

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

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 2010.

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 2011**Financial Instruments (cont.)**

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

2011 Financial Assets Past Due But Not Impaired

	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Financial Assets	\$	\$	\$	\$	\$
Receivables	-	-	-	-	-

As at 30 June 2011 no financial assets were past due nor were they impaired.

2010 Financial Assets Past Due But Not Impaired

	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Financial Assets	\$	\$	\$	\$	\$
Receivables	-	-	-	23,727	23,727

iii) Liquidity Risk

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 cash flows relating to the repayment of the principal amount outstanding at balance date.

2011 Payable in

	Note	< 1 year	1 - 5 years	> 5 years	Total
Financial Liabilities		\$	\$	\$	\$
Payables	10	3,456,148	-	-	3,456,148
Other financial liabilities					
- QTC Borrowings	12	563,893	2,255,572	1,118,951	3,938,416
Total		4,020,041	2,255,572	1,118,951	7,394,564

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Financial Instruments (cont.)

Financial Liabilities	Note	2010 Payable in			Total
		< 1 year	1 - 5 years	> 5 years	
Payables	10	\$ 3,530,214	\$ 1,650,000	\$ -	\$ 5,180,214
Other financial liabilities					
- QTC Borrowings	12	563,893	2,255,572	1,731,323	4,550,788
Total		4,094,107	3,905,572	1,731,323	9,731,002

iv) 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 liquidity risk management strategy.

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 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 \$89,520 (2010: \$49,602). This is mainly attributable to MIWB's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

2011 Financial Instruments	2011 Carrying Amount	2011 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss	Equity	Profit & Loss	Equity
Cash and Cash Equivalents	12,036,302	(120,363)	(120,363)	120,363	120,363
QTC Borrowings	3,084,261	30,843	30,843	(30,843)	(30,843)
Potential Impact on Profit and Equity		(89,520)	(89,520)	89,520	89,520

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

2010 Financial Instruments	Carrying Amount	2010 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss	Equity	Profit & Loss	Equity
Cash and Cash Equivalents	8,369,444	(83,694)	(83,694)	83,694	83,694
QTC Borrowings	3,409,184	34,092	34,092	(34,092)	(34,092)
Potential Impact on Profit and Equity		(49,602)	(49,602)	49,602	49,602

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 11) and is disclosed below:

	2011		2010	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial Liabilities				
Financial liabilities at amortised cost:				
QTC Borrowings	3,084,261	3,265,004	3,409,184	3,663,548
Total	3,084,261	3,265,004	3,409,184	3,663,548

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**19 Contingent Liabilities**

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 2011, the following cases were filed in the courts naming MIWB acting as defendant:

	2011 Number of cases	2010 Number of cases
Supreme Court	1	1
Total	<u>1</u>	<u>1</u>

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.

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.

(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.

20 Capital Expenditure Commitments

There were no material classes of capital expenditure commitments inclusive of anticipated GST contracted for at reporting date but not recognised in the financial statements as payables.

21 Segment Reporting

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

MOUNT ISA WATER BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

22 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.

23 Subsequent Event

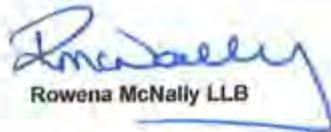
On, 31 July 2011, MIWB wrote to the Minister for Energy and Water Utilities advising that as per section 660(3) of the *Water Act 2001*. MIWB recommends to pay a dividend to the State for the financial year ended 30 June 2011 of \$1,000,000. As at the date of finalising the financial statements, the Minister's confirmation of approval had not been received.

MOUNT ISA WATER BOARD

CERTIFICATE OF THE MOUNT ISA WATER BOARD

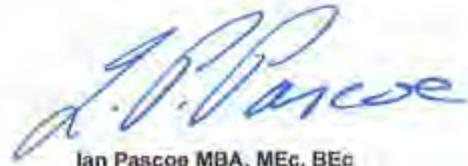
These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act 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 2010 to 30 June 2011 and of the financial position of the Mount Isa Water Board as at the end of that year; and
- (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.



Rowena McNally LLB

Chairperson



Ian Pascoe MBA, MEd, BEc

Chief Executive Officer

Dated 24th day of August 2011

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 2011, 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 certificates given by the Chairperson and the 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 also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 to the financial statements, the Board also states, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 control 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 control, 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 only be removed 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

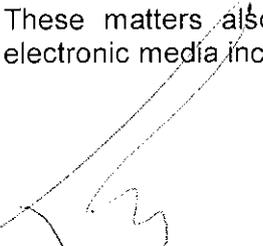
In accordance with s.40 of the *Auditor-General Act 2009* –

- (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 2010 to 30 June 2011 and of the financial position as at the end of that year; and
 - (iii) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 to the financial statements.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Mount Isa Water Board for the year ended 30 June 2011. Where the financial report is included on Mount Isa Water Board's website the Board is responsible for the integrity of Mount Isa Water Board's website and I have not been engaged to report on the integrity of Mount Isa Water Board's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.


Derek Campbell CA
(as Delegate of the Auditor-General of Queensland)

Townsville

Dated: 30/8/2011



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.

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

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 was:

- 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 to 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

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

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.

Thank you for your comments.

Annual report compliance checklist

FA ACT Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

Summary of requirement		Basis for requirement	Annual report reference
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 8.1	8 9
	<ul style="list-style-type: none"> Public availability 	ARRs – section 8.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i>	7
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i>	2
	<ul style="list-style-type: none"> Government Information Licensing Framework (GILF) Licence 	<i>Government Information Licensing Framework (GILF) QGEA Policy</i>	N/A to MIWB
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister(s) 	ARRs – section 9	4
General information	<ul style="list-style-type: none"> Introductory Information Agency role and main functions Operating environment External scrutiny Machinery of government changes Review of proposed forward operations 	ARRs – section 10.1 ARRs – section 10.2 ARRs – section 10.3 ARRs – section 10.4 ARRs – section 10.5 ARRs – section 10.6	5 5,6 14, 15 27,28 N/A to MIWB 28, 31, 33
Non-financial performance	<ul style="list-style-type: none"> Government objectives for the community 	ARRs – section 11.1	16
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	N/A to MIWB
	<ul style="list-style-type: none"> Council of Australian Government (COAG) initiatives 	ARRs – section 11.3	N/A to MIWB
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.4	10, 11, 16, 17
	<ul style="list-style-type: none"> Agency services and service standards 	ARRs – section 11.5	N/A to MIWB
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	11, 32
	<ul style="list-style-type: none"> Chief Finance Officer (CFO) statement 	ARRs – section 12.2	N/A to MIWB
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	25
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	26
	<ul style="list-style-type: none"> Related entities 	ARRs – section 13.3	N/A to MIWB
	<ul style="list-style-type: none"> Schedule of statutory authorities or instrumentalities 	ARRs – section 13.4	N/A to MIWB
	<ul style="list-style-type: none"> Boards and committees 	ARRs – section 13.5	21–24
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule)	30
	<ul style="list-style-type: none"> <i>Whistleblowers Protection Act 1994</i> 	<i>Whistleblowers Protection Act 1994</i> (sections 30 – 31 and Schedule)	28

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	27
	• Audit committee	ARRs – section 14.2	24
	• Internal Audit	ARRs – section 14.3	28
Governance – human resources	• Workforce planning, attraction and retention	ARRs – section 15.1	30
	• Early retirement, redundancy and retrenchment	Directive No.17/09 <i>Early Retirement, Redundancy and Retrenchment</i>	N/A to MIWB
	• Initiatives for women	ARRs – section 15.1 and 15.3	30
	• Carers (Recognition) Act 2008	<i>Carers (Recognition) Act 2008</i>	30
Governance – operations	• Consultancies	ARRs – section 16.1	33
	• Overseas travel	ARRs – section 16.2	33
	• Information systems and recordkeeping	ARRs – section 16.3	27
	• Waste management	<i>Environmental Protection (Waste Management) Policy 2000, Environmental Protection Act 1994</i>	28
Other prescribed requirements	• Indigenous matters (The Queensland Government Reconciliation Action Plan 2009-2012)	<i>The Queensland Government Reconciliation Action Plan 2009-2012</i>	N/A to MIWB
	• Shared services	ARRs – section 17.2	N/A to MIWB
	• Carbon emissions	<i>Premier's Statement</i>	N/A to MIWB
Optional information that may be reported	• Corrections to previous annual reports	ARRs – section 18.1	27
	• Right to Information	<i>Right to Information Act 2009</i>	28
	• Information Privacy	<i>Information Privacy Act 2009</i>	N/A to MIWB
	• Native title	N/A	N/A to MIWB
	• Complaints Management	N/A	N/A to MIWB
Financial statements	• Certification of financial statements	FA Act – section 62 FPMS – sections 42, 43 and 50	66
	• Independent Auditors Report	FA Act – section 62 FPMS – section 50	67, 68
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i>	24

