

Mount Isa Water Board 2011-12 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 2011-12.

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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 2012

The Honourable Mark McArdle MP
Minister for Energy and Water Supply

PO Box 15216
CITY EAST QLD 4000

Dear Minister

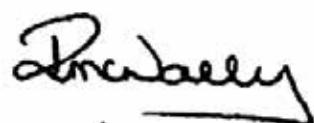
I am pleased to present the Annual Report 2011-12 for Mount Isa Water Board.

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
- aligns with the requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at pages 74 and 75 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 Supply, with its practices subject to regulatory principles and oversight.

Role and functions

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

Each year, MIWB submits a Performance Plan to 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 and 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. MIWB acts as trustee on behalf of the Department of Natural Resources and Mines, as administrator of the *Land Act 1994*.

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



Fast facts

- MIWB is one of only two Category 1 water authorities in Queensland which have specific responsibilities under legislation. This classification reflects the importance of ensuring a reliable water source for this remote industrial region and for North West Queensland.
- MIWB maintains \$98.4 M of vital water supply and treatment infrastructure, including 86 km of transmission pipeline.
- Each year it supplies around 20,000 ML of water from Lake Moondarra and Lake Julius to customers, or the equivalent of 8,000 Olympic swimming pools.
- MIWB conducts an extensive water quality sampling and testing program. More than 8,000 water quality tests were conducted in 2011-12 to ensure the water provided to customers complied with *Australian Drinking Water Guidelines*.
- MIWB employs 13 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 632 participants and about 5,000 spectators at the 2011 event.
- MIWB provides amenities for families at R48 Reserve 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 2011-12.

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 in alignment with the Queensland Government's *Annual report requirements for Queensland Government agencies* for 2011-12.

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

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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Glossary

ANZECC	Australia and New Zealand Environment and Conservation Council	MIM	Mount Isa Mines
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)	MIWB	Mount Isa Water Board - as the Statutory Corporate entity
CWL	Clear Water Lagoon. Located at Lake Moondarra, this lagoon separately filters water from the storages before being distributed to customers.	MICC	Mount Isa City Council
DMP	The registered Drought Management Plan of Mount Isa Water Board	MITR	Mount Isa Terminal Reservoir Complex. Located in Mount Isa, it receives the water pumped from Clear Water Lagoon, where water is chlorinated before distribution to customers located in the city area.
DEWS	Department of Energy and Water Supply	ML	Megalitre
DOL	Distribution Operations Licence issued under Division 1A of the <i>Water Act</i>	OWSR	Office of the Water Supply Regulator (a section of DEWS) and administrator of the <i>Water Supply (Safety and Reliability) Act</i>
DWQMP	Drinking Water Quality Management Plan	PID Act	<i>Public Interest Disclosure Act 2010</i>
EBIT	Earnings before Interest and Tax	QTC	Queensland Treasury Corporation
EMS	Environmental Management System consistent with the requirements of AS/NZS ISO 14001:2004	R48	R48 Water and Recreation Reserve
FOI	<i>Freedom of Information Act 1992</i> (replaced by the <i>Right to Information Act 2009</i>)	ROL	The Resource Operations Licence for the relevant storage facility
FTE	Full Time Equivalent (employee)	ROP	The Resource Operation Plan for the respective storage facility pursuant to the Gulf Plan
Gulf Plan	Water Resource (Gulf) Plan 2007	RTI	<i>Right To Information Act 2009</i>
ha	Hectare	SAMP	Strategic Asset Management Plan of Mount Isa Water Board
km	Kilometre or kilometres	SCADA	Supervisory Control and Data Acquisition
Lake Julius	Owned and operated by SunWater, a government-owned corporation	SLMP	System Leakage Management Plan of Mount Isa Water Board
Lake Moondarra	Owned by Xstrata Mount Isa Mines Limited and operated by Mount Isa Water Board	SMP	Safety Management Plan
LMDWPS	Lake Moondarra Deep Well Pump Station	SunWater	The government-owned corporation operating under that name
LMPPS	Lake Moondarra Pontoon Pump Station	Water Act	<i>Water Act 2000 (Qld)</i> as amended
M	Million	XMIM	Xstrata Mount Isa Mines Limited



Highlights of 2011-12



During 2011-12, 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 out its activities
- (b) efficient and effective in providing goods and delivering its services, including things done as community service obligations.

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

Key operational achievements

During 2011-12, MIWB:

- achieved consistent, uninterrupted and high quality water delivery to industrial, commercial and residential customers
- reduced water losses through the repair and relining of storage tanks at Mount Isa Terminal Reservoir
- upgraded portions of the SCADA control system to improve reliability and allow wider access to SCADA data

- completed an audit of all high voltage electrical equipment to improve reliability and safety
- improved metering accuracy with the installation of modern bulk water meters and
- improved asset management through the re-surveying and mapping of R48 Reserve assets.

Key financial results

As shown in Table 1, there was an overall increase of 2.6 per cent in revenue between 2010-11 and 2011-12. Water charges increased by 1.6 per cent due to an increase in tariff. This increase was also due to a 16.4 per cent increase in interest received and 19.0 per cent increase in other revenue, mainly electricity sales.

Operating expenses increased by 8.1 per cent. The increase in operating expenses was mainly due to an 8.3 per cent increase in operating and maintenance costs.

Net assets increased by 17.2 per cent mainly due to increased cash holdings, the paying down of loans and the revaluation of infrastructure assets.



	2011-12	2010-11	2009-10
Financial performance			
Operating revenue	\$20.40 M	\$19.88 M	\$20.00 M
Operating expenses	\$14.29 M	\$13.22 M	\$11.29 M
Operating profit	\$ 6.11 M	\$6.67 M	\$8.70 M
Profit from ordinary activities (after tax) (1)	\$ 4.27 M	\$4.77 M	\$6.09 M
Financial position			
Total assets	\$ 115.21 M	\$98.07 M	\$96.43 M
Total liabilities	\$ 16.78 M	\$14.07 M	\$17.40 M
Net assets	\$ 98.43 M	\$84.00 M	\$79.03 M
Cash flow			
Net cash provided by operating activities	\$ 7.56 M	\$6.08 M	\$12.92 M
Cash at end of financial year	\$ 14.71 M	\$12.04 M	\$ 8.37 M
Ratios			
Current ratio	6.02	3.58	2.07
Liabilities/assets ratio	14.56 %	14.35%	18.04%
Liabilities/equity ratio	17.05 %	16.75%	22.01%

(1) Before dividend.

Table 1. Financial performance overview 2011-12



Chair's review



I am pleased to present the Mount Isa Water Board's 2011-12 Annual Report.

The region has been fortunate to receive good rains during the year with lake storage capacities at both Lake Moondarra and Lake Julius above historical averages.

While the rains and the increased water-consciousness of Mount Isa's community and businesses have resulted in a slightly reduced water consumption, the 2011-12 year has been another year of sound financial management and operational achievement.

The Board recognises the important role it plays in the health and well being of the Mount Isa region, both in treatment and distribution of water, and in the maintenance of the recreational areas around Lake Moondarra.

The community will have noticed the good work that has been carried out by the Board's staff in maintaining and beautifying the recreational areas, with increased recreational amenity.

Significant work continues to be done in the area of water quality, with the development during the year of a new Drinking Water Quality Management Plan and increased internal capability for water quality testing to supplement the existing external testing facilities. The Board undertakes regular and substantial water sampling and testing to ensure that the water provided to customers, and most particularly potable water supplied to the Mount Isa City Council, consistently and reliably meets Australian Drinking Water Guidelines.

During the year the Board was declared the responsible party for the fluoridation of water supplied to Mount Isa City Council, and the Board has worked closely with customers to ensure that water delivered to both the Mount Isa City Council and industrial customers continues to meet the requisite quality standards.

During the year the Board was pleased to appoint Greg Stevens to the role of Chief Executive Officer. Greg brings a wealth of engineering and water infrastructure experience to the role.

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 Greg Stevens, outgoing Chief Executive Ian Pascoe, our senior management and all of the Mount Isa Water Board staff for their ongoing dedication and cheerful hard work during the year and for the contribution that they have made, individually and collectively, to the Board's performance during the year.

A handwritten signature in black ink, appearing to read "Rowena McNally". A horizontal line is drawn through the signature, ending in a small arrow pointing towards the right.

Ms Rowena McNally

Chair
Mount Isa Water Board

Chief Executive's report



Mount Isa Water Board experienced another stable year of operations, finishing the year in a strong financial position, with high water storages and having completed a solid year of operations and capital works.

The 2011-12 financial results reflect a continuing focus on sound financial management, with an emphasis on cost reduction, prudent purchasing and delivering efficient outcomes in the business and in the field. These activities resulted in a net profit after tax of \$4.3 M.

The 2011-12 period was the second year of a two-year supply and pricing contract with MIWB's major customers. This system provides customers with a transparent water charges framework, and provides MIWB with less revenue sensitivity to water demand variations.

Rainfall for the year was some 28 per cent above historical average; consequently customer water demand was some 5 per cent lower than forecast for the period, with the main reduction over the periods of higher rainfall.

MIWB achieved a high level of customer supply reliability; with no unplanned interruptions, less than forecast water losses and a high level of water quality.

Major capital projects completed during the year included stabilisation of the MITR 50 ML tank embankment, lining of the MITR South tank to mitigate water losses and improve water quality, installation of two distribution mains water meters, and establishment of a developing Water Quality Laboratory. This capital

program reflects MIWB's continuing focus on asset management, reliability and loss reduction.

During the year, MIWB submitted a Drinking Water Quality Management Plan to the Department of Energy and Water Supply and was in the final approval stages by year end. This plan provides a more structured approach to water quality management, from catchment to tap.

MIWB is trustee for the R48 Water and Recreation Reserve (R48 Reserve) and during the year the Board completed a draft Land Management Plan for the R48 Reserve and submitted it for review to the Department of Natural Resources and Mines (as administrators of the *Land Act 1994*). The plan will provide a better structure to review existing and proposed activities within the Reserve.

The achievements of 2011-12 would not have been possible without the continuing support of Rowena McNally (Chair), the members of the Board, my senior managers and committed staff.

A handwritten signature in black ink, appearing to read "Greg Stevens", is placed here.

Mr Greg Stevens

Chief Executive



Operating environment



Core business

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

MIWB's core business activities include:

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

Additional activities

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

MIWB's role as trustee of the R48 Reserve is independent of its DOL functions under the Gulf Resource Operations Plan (Gulf ROP). However, section 570 of the Water Act provides the specific head of power by which a water authority may carry out other functions, including land management and provision of recreational facilities.

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

Regional climate and rainfall

Mount Isa lies about 340 km south of the Gulf of Carpentaria with the Coral Sea coast 740 km to the 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 to 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 (predominantly the latter) with maximum temperatures reaching well into the 40°C scale.

Around 75 per cent of annual rainfall occurs in the wet season, between December and March, usually through heavy thunderstorms resulting from intense heat and from the passage of the inland trough system 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 of 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 has a water surface area of about 2,200 ha, when at 100 per cent capacity, and a relatively shallow topography. Lake Julius has about half the water surface area and a relatively deep topography. Consequently, Lake Moondarra has a much higher rate of evaporation than Lake Julius, which can be up to 3 m a year.

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

Future planning

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 provide the bulk water supply to all customers in 2011-12 (refer Figure 1).

However, for operational and technical reasons, MIWB supplied some 9 per cent of all water from Lake Julius.

While the Mount Isa Supply Region is currently in an enviable position, with sufficient storage capacity for two years' supply, MIWB is not complacent with respect to water conservation and supply issues. The need for good planning and risk management strategies for bulk water infrastructure is ongoing.

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

MIWB is also undertaking feasibility assessments of alternative water treatment technologies to assess whether these can provide an enhanced low cost alternative to the methodology currently used.

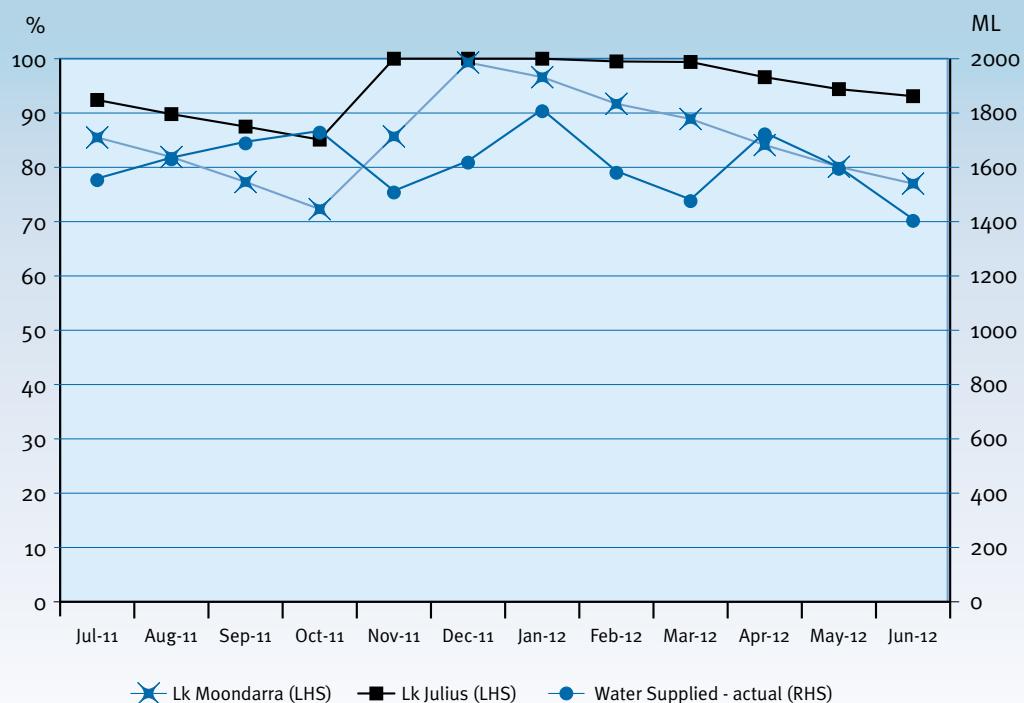


Figure 1. Lake capacity compared with water supplied

Regulatory changes

The 2011-12 year was the second year of operation under the Gulf Resource Operations Plan (ROP), as part of the blueprint for managing water resources in North West Queensland, as outlined in the *Water Resource (Gulf) Plan 2007*.

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

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

MICC and XMIM 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 2011-12 were established in July 2011 as part of an initial two-year supply and pricing contract, to be followed by a five-year term contract. These longer-term customer contracts provide greater revenue certainty for MIWB and water charges certainty for customers. They also reduce the sensitivity of MIWB's revenue stream to variations in actual water supplied compared with forecast supply.

MIWB will be engaging with customers in 2012-13 on key customer issues including: water fluoridation, future distribution services (volume and price), water quality service levels, major capital works and water pricing (water storage changes, supply and distribution, quality).

MIWB is required as a DOL holder to acquire the necessary tenure over infrastructure assets identified in its distribution system. The Board has been granted a permit to occupy, which satisfies the DOL holder requirements as an interim measure, before securing a perpetual lease which is expected to be finalised by end 2012.

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 consistent with section 640 of the Water Act namely, 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 compliance with Australian Drinking Water Guidelines (ADWG) in the quality of drinking water provided to customers and
- provide staff and contractors with a safe and satisfying working environment.

Government objectives for the community

MIWB is committed to helping the government deliver on its objectives for the community including: growing a four pillar economy, lowering the cost of living for families and delivering better infrastructure and better planning.

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

Operational outcomes

MIWB 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 Table 2.

MIWB achieved a high customer supply reliability during 2011-12, with no unplanned interruptions and nominal leaks and water losses. Customer water quality was maintained at a consistently high level, despite varying raw water quality (see water quality in Table 2). MIWB achieved all reporting targets for the period and maintained a low level of administrative costs.



Non-financial performance during 2011-12

Performance	Measures	Target 30 June 2012	Actual Outcomes 30 June 2012
Commercial results			
Business operations	Executed customer service agreements	100%	100%
	Level of administration costs as a percentage of total operating costs	30%	10.1%
	Projects delivered on time and within budget	90%	70%
Corporate responsibility	Incidences of lost time injuries (days) in 2011-12	0	2 days
	Compliance with departmental (DEWS) reporting deadlines	90%	100%
	Breach notices received pertaining to non-compliance with legislation and standards	0	0
Operational results			
Operational efficiency	Target of metering accuracy	98%	95%
	Target of water losses from distribution system	Maximum 2,500 ML	431 ML
Water quality	Provision of water as specified (under contract and legislation)	100%	ADWG potable water 99.99% ANZECC non-potable water 89.27%
	Non-complying tests for E.coli	0	0
	Non-complying tests for other health parameters	0	1
	Non-complying tests for aesthetic parameters	0%	11%
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	4

Table 2. Non-financial performance during 2011-12

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

Several engineering projects have been identified and prioritised to further improve the operational results, including: replacement of 13 km of distribution pipeline (to reduce pipeline leakage and potential supply interruptions), a water treatment options assessment (to identify improved water quality outcomes) and tank lining and roofing (to reduce water losses and improve water quality outcomes).

Engineering

MIWB experienced a stable year of operations for the 2011-12 period. The new 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:

- lining of the MITR South and Header Tanks with a flexible membrane to reduce water losses through leaks
- continuation of the Mount Isa Fluoridation Project (including concept design)
- installation of upgraded water metering at Lake



Julius Fred Haigh Pump Station (and preparation for another installation at Mount Isa Terminal Reservoir Pump Station)

- embankment protection works to the main town storage MITR reservoirs
- resealing and road work improvements at MITR and Clear Water Lagoon
- initial establishment and operation of the MIWB Water Quality Laboratory
- installation of new line valve and priming capability for Fred Haigh Pump Station and
- ongoing upgrades of the Lake Julius power supply system, including pole assemblies, battery chargers and transformer protection equipment.

Operations and maintenance

MIWB continued to use the Utilities Department of XMIM as its operations and maintenance contractor, reflecting XMIM's resources and system knowledge. No major operational issues were experienced in 2011-12.

Operations and maintenance achievements during 2011-12 included:

- installation of new impellers at Lake Moondarra Pontoon Pump Station
- installation of 250 mm bypass of Lake Moondarra Deep Well Pump Station to supply George Fisher Mine
- installation of blanking plate in Lake Moondarra Main
- installation of new flow meter in Lake Moondarra Main
- maintenance of the air valves along the Lake Julius Main
- fabrication of a boat weed boom for mechanical removal of *salvinia molesta*
- repairs to leaks on Lake Moondarra Main (four)
- installation of replacement dewatering pumps at Lake Moondarra Deep Well Pump Station
- relocation of high voltage power distribution lines at Clear Water Lagoon and
- installation of new telecommunication lines at Clear Water Lagoon.

Water quality

MIWB provides potable water to its customers in accordance with the ADWG. The guidelines provide direction on what defines safe, good quality water, how it can be achieved and how it can be assured. They also consider limited aesthetic qualities.

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 also monitored against the Australian and New Zealand Environment and Conservation Council (ANZECC) freshwater ecosystem guidelines.

ADWG include two different types of guideline value:

- a health-related guideline value, which is the concentration or measure of a water quality characteristic that, based on present knowledge, does not result in any significant risk to the health of the consumer over a lifetime of consumption and
- 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 2011-12, water supplied to major customers was 99.99 per cent compliant with ADWG health limits. There were no major water quality issues.

Five minor water quality incidents were reported to the Department of Energy and Water Supply (DEWS) Office of the Water Supply Regulator.

During the 2011-12 period, 91.3 per cent of water supplied was from Lake Moondarra and the remaining 8.7 per cent from Lake Julius.



In 2011-12 there were 8,077 water quality tests conducted, with the following results:

- average percentage aesthetic compliance of 89.3 per cent
- average percentage health compliance before discharge point of 99.95 per cent and
- average percentage health compliance at the discharge point of 99.99 per cent compliance.

Compliance with ADWG is shown in Table 3. There was 99.99 per cent compliance at the discharge point to MIWB customers. Two potable water storage tanks are to be relined and roofed by 2014. This will further reduce the likelihood of non-compliance at the discharge point.

Month	Aesthetic compliance	Health compliance before discharge	Health compliance at discharge point
July 11	93.58%	99.79%	99.99%
August 11	94.70%	99.92%	100.00%
September 11	89.91%	100.00%	100.00%
October 11	88.08%	100.00%	100.00%
November 11	87.56%	100.00%	100.00%
December 11	91.62%	100.00%	100.00%
January 12	87.32%	100.00%	100.00%
February 12	88.92%	100.00%	100.00%
March 12	88.87%	99.87%	100.00%
April 12	89.48%	100.00%	100.00%
May 12	87.45%	99.86%	100.00%
June 12	83.71%	100.00%	100.00%
Average	89.27%	99.95%	99.99%

Table 3. Water quality compliance 2011-12

The following general water quality related events occurred in 2011-12.

- MIWB's Drinking Water Quality Management Plan (DWQMP) was submitted to DEWS for approval in April 2011 (refer following section). In association with the Plan, a new water quality monitoring program was prepared and submitted to MIWB's laboratory service provider, SGS. This new monitoring plan was progressively implemented from September 2011.
- MIWB established a small staffed water quality laboratory on site at Mount Isa Terminal Reservoir

with the intention of reducing water quality testing turnaround times and costs. MIWB has been developing and implementing testing and plans to gradually scale up the capability of the laboratory.

- No E.coli was detected in any water supplied to MIWB customers during 2011-12.
- Lake Julius was rendered unsuitable as a direct raw water source during September 2011, due to cylindrospermopsin toxin levels. Similarly, Lake Moondarra experienced elevated cylindrospermopsin toxin levels during November 2011, resulting in a three-day suspension of pumping activities.
- MIWB engaged an environmental toxicology expert to identify and assess options to remove cylindrospermopsin toxin from the water supply system. MIWB has also initiated a project to evaluate potential water treatment technologies to consistently achieve ADWG water quality targets in a cost-effective manner.

Drinking Water Quality Management Plan (DWQMP)

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. MIWB commenced work on the DWQMP in 2010-11 and the plan was approved by the Board and submitted to the Office of the Water Supply Regulator for approval by the prescribed date.

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 and
- 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.



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.

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.

MIWB used a risk assessment methodology developed by SEQ Water Grid participants. The adopted approach allows 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.

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 and
- Improvement Plan.

Implementation of the plan is now taking place. A new monitoring plan was developed, based on risk, which has allowed a reduction in overall testing due to more targeted monitoring. An Improvement Plan has also been agreed with the Office of the Water Supply Regulator, and the prioritised list of projects included in the ongoing capital projects plan.

Services

Fleet management

During 2011-12, the fleet size remained the same at eight vehicles, with one older R48 Reserve vehicle replaced with a new vehicle of the same type. Overall operating costs were slightly lower than for the 2010-11 reporting period. There was one minor third-party vehicle accident in the reporting period which did not result in any injuries. The fleet was fully maintained to an appropriate standard of operation.

R48 Reserve

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

At R48 Reserve there were a number of health, safety and environmental management initiatives undertaken to improve recreational users' convenience and enjoyment. These included tree felling and general tree management, securing parks from cattle entry and eliminating subsequent health hazards, and beautifying the far end of Warrina Park.

Aquatic weed harvesting was undertaken on a monthly basis to ensure weed growth was kept under control, and also to enhance the safety of recreational users.

R48 Reserve staff received practical training in the use of machinery, which included boat operator training and a snake handling course.

There were no significant changes to operations or events during 2011-12.

There was one lost time incident at R48 Reserve in 2011-12.



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 schedule 15, division 20 of the *Water Resources (Areas and Boards) Regulation 2000*, 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.

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 MIWB 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 directors at 30 June 2012 were (1):



Ms Rowena McNally LLB,

MAICD Chair

Director since February 2002,
reappointed June 2008,
DERM nominee

Term expired: 28/05/2011



Mr Myles Johnston BSc

(Hons), FAusIMM

Director since February 2010,
XMIM nominee

Term expired: 30/06/2011

Ms McNally is an experienced company board member and corporate lawyer with significant experience in water infrastructure, corporate law and corporate governance. Ms McNally serves on various legal and other committees and is a member of MIWB's Finance, Audit and Compliance Committee.

Myles Johnston has 24 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.



Mr John Molony

Director since February 2010,
MICC nominee

Term expired: 30/06/2011



Ms Karen Read BBUS CPA

MAICD MAMI

Director since September 2004,
XMIM nominee

Term expired: 30/06/2011

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

Karen Read is General Manager - Financial Services, Commercial and Administration for Xstrata Mount Isa Mines. She has worked for XMIM for 28 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.

(1) Mr Les Bunn OAM

Director from February 2010 to May 2012,
MICC nominee

Term expired: 30/06/2011

Les Bunn served as a Mount Isa City Council councillor from 2004 till 2012 and resigned from MIWB on 15 May 2012.

Board attendance

The Board meets 11 times a year or as required. It held 15 meetings during 2011-12 and attendances by directors are shown in Table 4.



Board meeting attendance 2011-12

Director	Meetings attended	Meetings eligible to attend	Appointed	Expired (1)
Rowena McNally (Chair)	14	15	Appointed 29 May 08	28 May 2011
Karen Read	15	15	Appointed 4 Feb 10	30 June 2011
John Molony	12	15	Appointed 4 Feb 10	30 June 2011
Myles Johnston	13	15	Appointed 4 Feb 10	30 June 2011
Les Bunn (2)	12	12	Appointed 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.

(2) Mr Les Bunn resigned as director effective 15 May 2012

Table 4. Board attendance 2011-12

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

R48 Reserve meeting attendance 2011-12

Director	Meetings attended	Meetings eligible to attend
Rowena McNally (Chair)	12	12
Karen Read	12	12
John Molony	9	12
Myles Johnston	9	12
Les Bunn (1)	9	10

(1) Mr Les Bunn resigned as director effective 15 May 2012

Table 5. R48 Reserve Board attendance 2011-12

Finance, Audit and Compliance Committee

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

This committee is responsible for the review and oversight of MIWB's financial performance and financial regulatory compliance, including the integrity of its accounting and financial reporting, 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 2011-12, this committee included Karen Read (Chair), Les Bunn, Myles Johnston, John Molony and Rowena McNally as directors. MIWB Chief Executive,

Greg Stevens, 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 2011-12, 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 show in Table 6.



Finance, Audit and Compliance Committee meeting attendance 2011-12

Director	Meetings attended	Meetings eligible to attend
Karen Read (Chair)	5	5
Les Bunn (1)	4	4
Myles Johnston	3	5
John Molony	3	5
Rowena McNally (ex officio) (2)	5	5

(1) Mr Les Bunn resigned as director effective 15 May 2012

(2) 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 2011-12

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 2011-12, 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.

2011-12 Board achievements

Key Board achievements during the financial year were:

- development and implementation of the financial management practices manual
- development of the R48 Reserve land management plan
- defined and implemented a risk appetite policy and

- overseeing the strategic direction of MIWB to achieve a strong financial position.

Disclosure of directors' remuneration

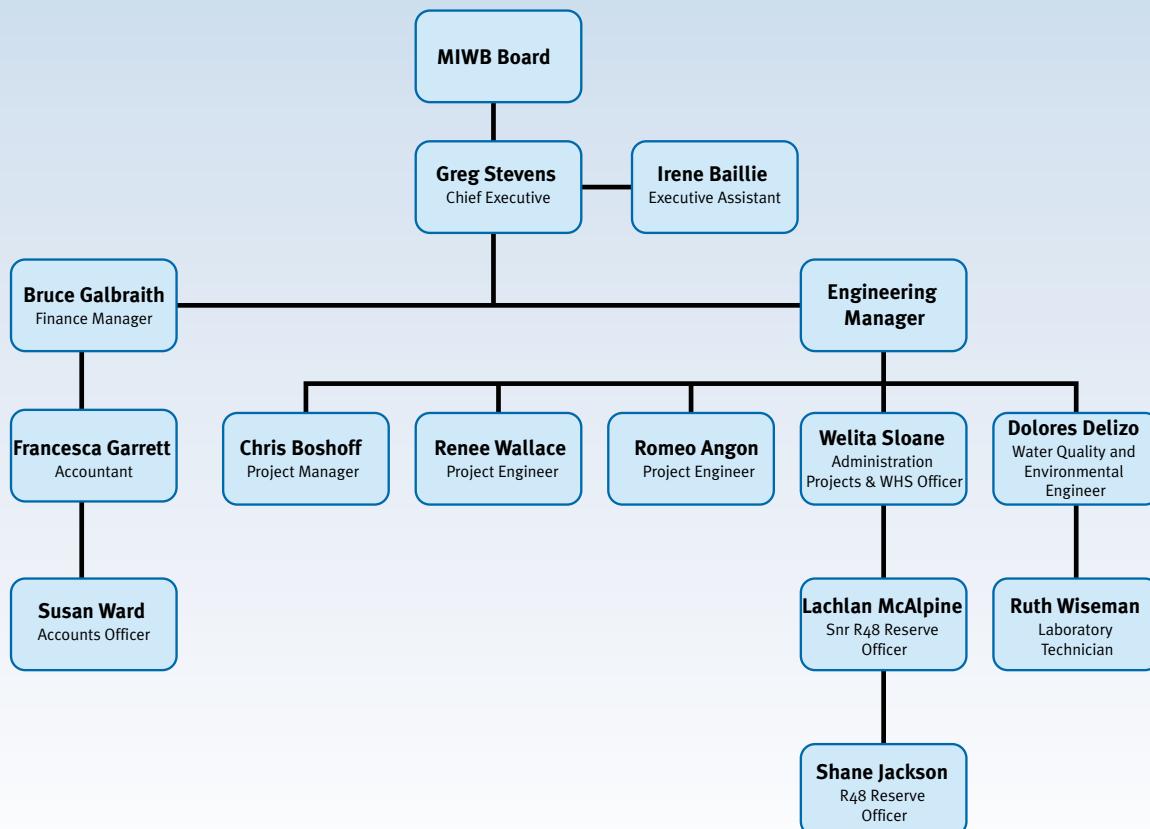
Remuneration of the directors is made in accordance with current Queensland Government policy, *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*.

Remuneration is based on attendance at Board and committee meetings. During 2011-12, the total remuneration paid was \$5,261. Related on-costs paid during the period (primarily for airfares and accommodation) totalled \$30,559.

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



Organisational structure of MIWB



Role and responsibilities of the Chief Executive

The Chief Executive, Greg Stevens, 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.

Executive team

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

The executive team comprises the following people.



Greg was appointed Chief Executive in December 2011, having joined MIWB as Engineering Manager in October 2008. Greg brings 25 years' experience in senior engineering and management roles including experience with professional engineering consultancy, engineering operations, local authority planning and

statutory compliance. Greg's time as Engineering Manager has led to a thorough understanding of the operations of MIWB, including water quality and operations at the R48 Reserve. He is currently undertaking a Master of Business Administration. (1)

Bruce Galbraith (Finance Manager) BMS NZICA

Bruce joined MIWB in February 2009 as Finance Manager and Board secretary. He is a member of the Finance, Audit and Compliance Committee and has facilitated significant changes to the overall management of current financial processes and procedures. Bruce brings to the position more than 26 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. Bruce is a member of the New Zealand Institute of Chartered Accountants and is undertaking a Graduate Diploma of Applied Corporate Governance with Chartered Secretaries Australia.

Engineering Manager

This position was vacant at 30 June 2012.

Reporting requirements

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

The documents produced include:

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

These documents fulfil 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 2011-12, which included providing DEWS with financial and non-financial performance reports for each quarter.

Corrections to previous annual report

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

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

During 2011-12, MIWB implemented processes to ensure compliance with *Information Standard 31: Retention and Disposal of Public Records*.

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

(1) Mr Ian Pascoe resigned as Chief Executive effective 8 December 2011.



Risk management

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

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

MIWB has an approved System Leakage Management Plan (SLMP) and Strategic Asset Management Plan (SAMP) in place and has also undertaken to update these plans in the next reporting period.

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 2011-12 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 as well as the event-based and quarterly water quality reports which are collated and provided to DEWS for review.

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

Internal auditors

In 2011-12, MIWB reappointed BDO as its internal auditor. The Finance, Audit and Compliance Committee worked closely with the internal auditor to develop a recommended audit program for the year, and ensure the effective, efficient and economic operation of the audit activity.

The internal auditor conducted the audit based on Australian Audit Standards and reported its findings and recommendations to the Board through the Finance, Audit and Compliance Committee. Areas reviewed included information technology, purchasing procedures, contract management, financial statement preparation, planning and the Financial Management Practices Manual.

The internal audit was conducted 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*.

Investments

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

As at 30 June 2012 MIWB's investments (property, plant and equipment) was \$98.4 M.

Public interest disclosures

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

No public interest disclosures were received by MIWB from 1 July 2011 to 30 June 2012.



Right to information

From 1 July 2009, the *Right to Information Act 2009* (RTI) replaced the *Freedom of Information Act 1992* (FOI).

MIWB is not processing any RTI (or FOI) applications at this time and has received no applications under the new legislation from 1 July 2011 to 30 June 2012.

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* (regulation repealed in 2011; however reporting requirements remain until December 2012).

Moving forward

In 2012-13, 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 and
- implementation of a fully transparent water charges framework and 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 the discrete aspects of its business operations. Staff levels reflected the requirements of the 2011-12 Performance Plan and forecast capital expenditure.

At 30 June 2012, MIWB's workforce comprised 12.5 full-time equivalent (FTE) employees, 2.5 FTE employees more than at 30 June 2011. These staff members were engaged in financial reporting, financial management, administration management, engineering, water quality monitoring and analysis and management of projects.

Developing our people

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

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

During 2011-12, MIWB invested in training activities, which included the following courses:

- General (Construction) Safety Induction

- MIWB Area Inductions
- Conduct Fire Team Operations
- Perform CPR
- Cert IV Workplace Health and Safety
- Microsoft Excel Level 1
- Microsoft Excel Intermediate
- Electrical Power System Fundamentals
- Government Procurement Policy
- MYOB Business Reporting and Analysis
- MYOB Advanced Processes
- Design Management for Construction and
- Information Privacy Act.

Public sector ethics

Following amendments to the *Public Sector Ethics Act 1994* in November 2010, MIWB has reviewed its Code of Conduct (Code) to ensure it is in line with the 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 management 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; however MIWB recognises the potential difficulties remote communities face in attracting and retaining appropriately skilled technical, engineering and commercial staff who can contribute to highly specialised operations.

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

During 2011-12, MIWB's permanent retention rate was 70 per cent (i.e. it had 10 permanent staff at the beginning and seven at end) and its permanent separation rate was 30 per cent (three permanent staff members 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
- Corporate Procurement Plan
- Occupational Health and Safety Policy and
- Workplace Injury Rehabilitation Policy.

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

Initiatives for women

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

As at 30 June 2012, MIWB staff members comprised seven women and six men.

MIWB continued to have good representation of women in management roles including the accountant,

two senior engineers and the Workplace, Health and Safety Officer.

Supporting carers

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

During 2011-12, 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.

Health and safety

MIWB is committed to complying with Queensland's *Work Health and Safety Act 2011* and *Work Health and Safety Regulations 2011*.

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

During 2011-12, MIWB experienced: One lost time incident, which resulted in no significant or long-term harm, three level 2 incidents (including the lost time incident) and four level 1 incidents. The level 2 incidents comprised two medically treated injuries; and the level 1 incidents consisted of damage to company vehicles and theft from a MIWB motor vehicle.

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

During the year, a staff member completed a Workplace Health and Safety Officer (WHSO) to Certificate IV Bridging training course. The WHSO role works to ensure organisational compliance with workplace health and safety regulations and that the risk of workplace incidents and injuries is minimised.

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

During the year a consultant was engaged to carry out a comprehensive safety audit of all MIWB operations and assets.



Moving forward

During 2012-13, MIWB will continue to provide a healthy and safe work environment for employees and contractors and increase the core competencies of the organisation and staff by developing internal skills and resources.

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

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



Financial management

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

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

Financial performance during 2011-12

Performance	Measures	Target 30 June 2012	Actual Outcomes 30 June 2012
Financial results			
Profitability	Earnings before interest and tax (EBIT)	\$7.1 M	\$6.3 M
	Net profit margin	23.3%	21.0%
Financial leverage	Debt to equity ratio (1)	3.2%	2.8%
Liquidity	Current ratio	3.5	6.0
Return on capital	Weighted average cost of capital (WACC) (2)	8.3%	6.4%
Debt recovery	Average debt collection period	30.0 days	33.2 days
Return to shareholder	Dividend payable	\$1.0 M	\$1.0 M

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

(2) QTC calculated MIWB WACC to be 8.3%

Table 7. Financial performance 2011-12



Highlights for 2011-12

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

- realising a profit from continuing operations after income tax of \$4.27 M
- returning a dividend payable of \$1.0 M to MIWB's owner, the Queensland Government, indicating MIWB has again made appropriate investments in its operations and
- a reduction of expenses compared with budget of 6 per cent through sound, prudent management decision-making.

Financial performance

The net profit from ordinary activities after income tax equivalents expense for 2011-12 is \$4.27 M compared with \$4.77 M in 2010-11. The result was less than 2010-11 due to an increase in costs as well as impairment losses on write down of building and write off of assets.

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 supplied to the North West Queensland Water Pipeline.

A review of the Statement of Comprehensive Income and associated notes (refer page 37) shows 2011-12 revenue increased by \$0.5 M compared with 2010-11. The increase 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 difficulties in recruiting planned engineering and R48 staff, and consequential associated on-costs.

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

The Statement of Financial Position (refer page 38) shows an increase of \$14.4 M as a result of improvement in cash reserves and asset revaluations during the year.

The Statement of Cash Flows (refer page 40) shows an increase in cash from \$12.0 M to \$14.7 M due to an increase in income and a reduction in expenditures.

	Actual 2011-12 \$	Budget 2011-12 \$	Change %
Income	20,394,484	21,242,455	(4.0%)
Corporate expenses	921,545	1,398,000	(34.1%)
Depreciation	4,330,114	4,469,000	(3.1%)
Operating expenses	6,424,295	6,580,000	(2.4%)
Payroll expenses	1,161,908	1,617,000	(28.1%)
R48 expenses	489,844	541,500	(9.5%)
Total expenses	13,327,706	14,605,500	(8.7%)
Net profit after tax	3,275,341	3,945,869	(17.0%)

Table 8. Actual versus budget financial results 2011-12



Consultants

MIWB uses external expertise where appropriate to assist in the planning and delivery of its services. In 2011-12, expenditure on external consultants decreased from 2010-11 figures.

The 2011-12 consultant expenditure reflects a need to procure external expertise in engineering, water pricing, regulatory compliance, land management planning, cultural heritage 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 the 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 (refer Table 9) for consistency, which included work that, under the definition, could be considered to have been performed by a contractor.

Overseas travel

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

Moving forward

Continued focus on financial performance in 2012-13 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.

Consultants (1) engaged by MIWB in 2011-12

Category	2011-12 \$	2010-11 \$	2009-10 \$
Engineering	12,632	23,421	114,335
Pricing	29,703	nil	nil
Regulatory compliance	19,488	38,913	71,691
Safety management (2)	nil	nil	3,150
Land management & cultural heritage	31,138	nil	nil
Water quality regulatory compliance	27,437	64,005	6,075
Total expenditure	120,398	126,339	195,251

(1) <http://www.hpw.qld.gov.au/supplydisposal/GovernmentProcurement/ProcurementPolicyGuidance/ProcurementGuidance/Pages/AllProcurementGuidanceMaterial.aspx>

(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 2011-12



Financial report

For year ended 30 June 2012

Mount Isa Water Board
A.B.N. 97 761 284 021



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General Information

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

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

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

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

31 Carbonate Street
Mount Isa QLD 4825

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

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

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

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 June 2012

	Note	2012 \$	2011 \$
INCOME FROM CONTINUING OPERATIONS	2		
Revenue			
Water charges	2a	18,963,722	18,666,447
Interest	2b	494,165	424,597
Other revenue	2c	<u>936,597</u>	<u>787,222</u>
TOTAL REVENUE		20,394,484	19,878,266
Gains	2d	<u>3,036</u>	-
TOTAL INCOME FROM CONTINUING OPERATIONS		20,397,520	19,878,266
EXPENSES FROM CONTINUING OPERATIONS	3		
Employee expenses	3a	(1,161,908)	(1,068,302)
Supplies and services	3c	(7,135,441)	(7,243,339)
Depreciation and amortisation	3d	(4,330,114)	(4,248,758)
Finance/borrowing costs	3e	(210,399)	(235,504)
Other expenses	3f	(489,844)	(421,816)
Losses			
Revaluation loss on write down of building	3g	(497,007)	-
Loss on sale of property, plant & equipment	3g	<u>(465,426)</u>	<u>-</u>
TOTAL EXPENSES FROM CONTINUING OPERATIONS		<u>(14,290,139)</u>	<u>(13,217,719)</u>
OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		<u>6,107,381</u>	<u>6,660,547</u>
Income tax expense	4	<u>(1,832,040)</u>	<u>(1,891,356)</u>
OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX		<u>4,275,341</u>	<u>4,769,191</u>
OTHER COMPREHENSIVE INCOME			
Increase (decrease) in asset revaluation surplus	14	11,157,744	1,193,553
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		<u>11,157,744</u>	<u>1,193,553</u>
TOTAL COMPREHENSIVE INCOME		<u>15,433,085</u>	<u>5,962,744</u>

The accompanying notes form part of these financial statements



Statement of Financial Position

MOUNT ISA WATER BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 June 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	14,714,857	12,036,302
Receivables	6	2,089,293	1,819,778
Other	7	19,840	6,868
TOTAL CURRENT ASSETS		<u>16,823,990</u>	<u>13,862,948</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	98,040,766	83,859,105
Intangible assets	9	345,045	345,045
TOTAL NON-CURRENT ASSETS		<u>98,385,811</u>	<u>84,204,150</u>
TOTAL ASSETS		<u>115,209,801</u>	<u>98,067,098</u>
CURRENT LIABILITIES			
Payables	10	2,325,182	3,456,148
Accrued employee benefits	11	70,578	53,704
Other financial liabilities	12	379,322	350,303
Tax liabilities	13	18,531	10,319
TOTAL CURRENT LIABILITIES		<u>2,793,613</u>	<u>3,870,474</u>
NON-CURRENT LIABILITIES			
Accrued employee benefits	11	16,495	28,422
Other financial liabilities	12	2,354,700	2,733,958
Deferred tax liabilities	13	11,615,991	7,438,327
TOTAL NON-CURRENT LIABILITIES		<u>13,987,186</u>	<u>10,200,707</u>
TOTAL LIABILITIES		<u>16,780,798</u>	<u>14,071,181</u>
NET ASSETS		<u>98,429,002</u>	<u>83,995,917</u>
EQUITY			
Contributed equity	16	30,430,390	30,430,390
Accumulated surplus	15	33,496,535	30,221,194
Asset revaluation surplus	14	34,502,077	23,344,333
TOTAL EQUITY		<u>98,429,002</u>	<u>83,995,917</u>

The accompanying notes form part of these financial statements



Statement of Changes in Equity

MOUNT ISA WATER BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 June 2012

	Note	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	Total
		\$	\$	\$	\$
Balance at 1 July 2010		26,452,003	22,150,780	30,430,390	79,033,173
Operating result from continuing operations		4,769,191	-	-	4,769,191
<i>Total other comprehensive income</i>					
- Increase(Decrease) in asset revaluation surplus	14	-	1,193,553	-	1,193,553
Total comprehensive income for the period		4,769,191	1,193,553	-	5,962,744
<i>Transactions with owners</i>					
- 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
Balance at 1 July 2011		30,221,194	23,344,333	30,430,390	83,995,917
Operating result from continuing operations		4,275,341	-	-	4,275,341
<i>Total other comprehensive income</i>					
- Increase(Decrease) in asset revaluation surplus	14	-	11,157,744	-	11,157,744
Total comprehensive income for the period		4,275,341	11,157,744		15,433,085
<i>Transactions with owners</i>					
- Dividends paid		(1,000,000)	-	-	(1,000,000)
Balance at 30 June 2012		33,496,535	34,502,077	30,430,390	98,429,002

The accompanying notes form part of these financial statements

Statement of Cash Flows

MOUNT ISA WATER BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Receipts from customers		19,701,786	19,580,808
Interest received		494,165	424,597
GST Input Tax Credits from ATO		955,386	1,848,136
GST received from customers		92,611	74,140
<i>Outflows:</i>			
Employee expenses		(1,156,961)	(1,018,038)
Supplies and services		(8,451,092)	(8,862,469)
Finance/borrowing costs		(210,399)	(235,504)
Other expenses		(489,844)	(421,816)
GST paid to suppliers		(1,027,677)	(1,415,417)
GST remitted to ATO		(91,362)	(62,426)
Income taxes paid		(2,256,922)	(3,834,085)
Net cash provided by (used in) operating activities	17	7,559,691	6,077,926
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sale of property, plant and equipment		5,000	-
<i>Outflows:</i>			
Payments for property, plant and equipment		(3,535,897)	(1,086,145)
Net cash provided by (used in) investing activities		(3,530,897)	(1,086,145)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Outflows:</i>			
Repayment of borrowings		(350,239)	(324,923)
Dividends		(1,000,000)	(1,000,000)
Net cash provided by (used in) financing activities		(1,350,239)	(1,324,923)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of financial year		2,678,555	3,666,858
Cash and cash equivalents at end of financial year	5	14,714,857	12,036,302

The accompanying notes form part of these financial statements



Notes to and Forming Part of the Financial Statements

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

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.

The financial statements have been prepared in compliance with Section 43 of the *Financial and Performance Management Standard 2009*. The financial statements are General Purpose Financial Statements that have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. By virtue of being prepared in accordance with Australian Accounting Standards, the financial statements comply with International Financial Reporting Standards. All applicable accounting standards and policies have been consistently applied unless otherwise stated. The financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2012, and other authoritative pronouncements.

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

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

(b) Revenue Recognition

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

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

(c) Taxation

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

Current Income Tax Equivalents (Current Tax)

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



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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.

(d) 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 received but not banked at 30 June.

(e) 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.

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

(f) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical asset and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use. Assets are recognised in the year of acquisition.



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

(g) Property, Plant and Equipment

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

	\$
Land	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.

(h) Depreciation of Property, Plant and Equipment

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

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

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

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

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

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

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 2012

(i) Impairment of Non-Current Assets

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 1(j).

(j) 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 they are measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years by an independent professional valuer 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 2012 – Table 15 Selected Output of Division E Construction, group and Class index numbers (Roads & Bridge Construction Australia). Indices used are also tested for reasonableness by applying the indices to a sample of assets which have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in value over time. At year end, Management assess the relevance and suitability of indices.

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 2012

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.

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

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.

(k) Intangible Assets

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

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

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

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



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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.

(I) Employee Benefits

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

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

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.

Employer superannuation 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 2012. 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 2012.

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

(m) 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 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.

(n) 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.

(o) Accounting Estimates and Judgments

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

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

Valuation of Property, Plant and Equipment – note 8
Contingencies - note 19



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

The Australian government passed its Clean Energy Act in November 2011 with a start date of 1 July, 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July, 2012. The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July, 2015. It will be preceded by a three (3) year period during which the price of permits will be fixed at \$23 per tonne or carbon dioxide equivalent in one(1) year, \$24.15 in year two (2) and \$25.40 in year three (3). Section 4.3.4 of Queensland Treasury's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7% and 0.8% over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on Mount Isa Water Board crucial accounting estimates, assumptions and management judgements.

(p) 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 fair value through profit and loss
- 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. 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.

(q) 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.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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

(r) 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.

(s) Issuance of Financial Statements

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

(t) New and Revised Accounting Standards

Any Australian Accounting Standards and Interpretations issued or amended and applicable for the first time in the 2011-2012 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 2011-2012 period. MIWB will apply these standards and interpretations in accordance with their respective commencement dates.

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

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] applies as from reporting periods beginning on or after 1 July 2012. The only impact on MIWB will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in different sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

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

MIWB has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While MIWB is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for MIWB's property, plant and equipment as from 2013-14.



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

New and Revised Accounting Standards (cont.)

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside MIWB, the amount of information to be disclosed will be relatively greater.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2011)* [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.

MIWB has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, MIWB's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions MIWB enters into, it is not expected that any of MIWB's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of MIWB's financial assets are expected to be required to be measured at fair value, and classified accordingly. The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of MIWB's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

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

Changed disclosure requirements will apply once AASB 9 becomes effective. A number of one-off disclosures may be required in the 2013-14 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that MIWB enters into, no significant ongoing disclosure impacts are expected.



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

New and Revised Accounting Standards (cont.)

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013 -

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 *Investments in Associates and Joint Ventures*; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*

MIWB is reviewing the new and revised standards but is not yet in a position to reliably determine the future implications of these new and revised standards for MIWB's financial statements.

AASB 10 redefines and clarifies the concept of control of another entity, which is the basis for determining which entities should be consolidated into an entity's financial statements. Therefore MIWB will need to re-assess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control, and sets out new principles for determining the type of joint arrangement that exists - which, in turn, dictates the accounting treatment. The new categories of joint arrangements are more aligned to the actual rights and obligations of the parties to the arrangement. MIWB will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

AASB 12 contains a wide range of new disclosure requirements in respect of interests in other entities, whether those entities are controlled entities, associates, joint arrangements, or structured entities that aren't consolidated. The volume and nature of disclosures that MIWB will be required to make as from its 2013-14 financial statements will depend on MIWB's eventual assessment of the implications of the new and revised standards listed above, particularly AASB 10, AASB 11 and AASB 128.

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

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



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

New and Revised Accounting Standards (cont.)

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

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods on or after 1 July 2013). However, Treasury Department's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlling entities, associates or interests in jointly controlled entities.

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 adoption of tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amended standards. Therefore, the release of AASB 1053 and associated amended standards will have no impact on MIWB.

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.

(u) Comparative Information

Comparative information has been revised where necessary to conform to be consistent with disclosures in the current financial year.

(v) 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 2012**

		2012 \$	2011 \$
2	Income from Continuing Operations		
2a	Water Charges		
	Xstrata Mount Isa Mines Ltd	8,553,665	8,441,190
	Mount Isa City Council	8,102,330	7,891,653
	Incitec Pivot Ltd	2,304,176	2,317,658
	Other	3,551	15,946
		<u>18,963,722</u>	<u>18,666,447</u>
2b	Interest		
	Interest	<u>494,165</u>	<u>424,597</u>
2c	Other Revenue		
	Revenue from power sales	924,990	737,923
	Miscellaneous income	11,607	49,299
		<u>936,597</u>	<u>787,222</u>
2d	Gains		
	Gain on sale of property, plant and equipment	<u>3,036</u>	<u>0</u>
3	Expenses from Continuing Operations		
3a	Employee Expenses		
	Wages and salaries	997,197	876,287
	Annual leave expense*	16,874	21,841
	Long service leave expense*	(11,927)	28,422
	Board member fees	5,261	5,285
	Employer's superannuation contributions*	119,719	109,809
	Employee Related Expenses		
	Worker's compensation premium*	11,556	4,211
	Payroll tax*	<u>23,228</u>	<u>22,447</u>
		<u>1,161,908</u>	<u>1,068,302</u>

* Refer to Note 1(l)

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

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MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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 2011-12. 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	Acting Chief Executive from 3/10/2011. Appointment as Chief Executive 21/12/2011
Finance Manager/Board Secretary	The Finance Manager/Board Secretary is responsible for managing all aspects of corporate accounting, financial management, and business services to ensure good governance of, and to support efficient operations across all functions of MIWB	Individual Employment Contract	12/02/2009
Engineering Manager	The Engineering Manager is responsible for the overall management of the operations and maintenance contractor, the capital works program, health and safety, water quality and operations at R48 Reserve	Individual Employment Contract	As at 30 June 2012 the position was vacant

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 2011-12 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 2012

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 2010-2011 or 2011-2012.

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 2011 - 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive	183,455	8,365	-	25,386	-	217,206
Finance Manager	155,002	11,460	-	15,500	-	181,962
Engineering Manager	60,080	-	-	35,769	-	95,849
Total Remuneration	398,537	19,825	-	76,655	-	495,017

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	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 2012**

		2012 \$	2011 \$
3c	Supplies and Services		
Accounting and secretarial		62,162	31,740
Audit fees – External audit*		29,400	47,677
Audit fees – Internal fees		48,993	26,818
Consultants		49,191	158,187
General repairs and maintenance		27,985	39,889
Insurance		161,566	180,186
Legal fees		59,338	184,945
Recruitment and relocation		63,621	33,038
Water testing		317,820	374,831
Sun Water – Lake Julius		199,900	171,600
Power costs		2,938,175	3,006,523
Technical services		0	19,262
Operating and maintenance		2,826,709	2,611,711
Major maintenance project		0	28,026
Other		350,581	328,906
		7,135,441	7,243,339
3d	Depreciation and Amortisation		
Buildings		9,716	9,506
Infrastructure		4,219,160	4,116,461
Plant & equipment		101,238	122,791
		4,330,114	4,248,758
3e	Finance/Borrowing Costs		
Interest		210,399	235,504
		210,399	235,504
3f	Other Expenses		
Operation and maintenance R48		489,844	421,816
		489,844	421,816
3g	Losses on Sale of Property, Plant & Equipment		
Revaluation loss on write down of building		497,007	-
Loss on Disposal of Assets		465,426	-
		962,433	-
4	Income Tax Expense		
(a) Income tax equivalents expense			
Current income tax charges		2,436,266	2,445,081
Deferred income tax relating to origination and reversal of temporary tax differences		(604,226)	(553,725)
Income tax expense		1,832,040	1,891,356
Deferred income tax(revenue) expense included in income tax expense comprises:			
Decrease/(Increase) in deferred tax assets		(3,727)	(41,075)
(Decrease)/ Increase in deferred tax liabilities		(600,499)	(512,650)
		(604,226)	(553,725)

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

	2012 \$	2011 \$
(b) Numerical reconciliation of income tax expense and tax expense calculated per statutory income tax rate		
Profit from operations before income tax expense	<u>6,107,381</u>	<u>6,661,128</u>
Tax at the rate of 30% (2011: 30%)	1,832,040	1,998,164
Tax effect of amounts which are not deductible		
- Entertainment	-	-
- P & E not deductible	-	-
	<u>1,832,040</u>	<u>1,998,164</u>
Under/(over) provision in prior years	-	(106,830)
Income tax equivalents expense	<u>1,832,040</u>	<u>1,891,334</u>
(c) Tax expense relating to items of other comprehensive income		
Deferred Tax		
Net gain on revaluation of property, plant & equipment	<u>4,781,890</u>	<u>511,523</u>
	<u>4,781,890</u>	<u>511,523</u>
5 Cash and Cash Equivalents		
Cash on Hand	250	250
Westpac Banking Corporation - Cash Management Account	1,728,202	1,565,794
Westpac Banking Corporation - Business Cash Reserve	12,703,777	10,223,141
Westpac Banking Corporation - Internet Account	56,345	56,345
Westpac Banking Corporation - Cheque Account	(38,710)	(61,143)
Queensland Treasury Corporation - Operating Fund	97,216	83,946
Queensland Treasury Corporation - Renewals & Ext Reserve	<u>167,777</u>	<u>167,969</u>
	<u>14,714,857</u>	<u>12,036,302</u>
6 Receivables		
Trade Debtors	1,811,486	1,612,954
GST Receivable	<u>277,807</u>	<u>206,824</u>
	<u>2,089,293</u>	<u>1,819,778</u>
7 Other Current Assets		
Prepayments	<u>19,840</u>	<u>6,868</u>
	<u>19,840</u>	<u>6,868</u>



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

	2012 \$	2011 \$
8 Property Plant & Equipment		
Land:		
Land at fair value	125,000	109,653
Less: Accumulated impairment losses	-	-
	<u>125,000</u>	<u>109,653</u>
Buildings:		
At fair value	619,617	556,906
Less: Accumulated depreciation	(2,764)	(46,092)
Less: Accumulated impairment losses	-	-
	<u>616,853</u>	<u>510,814</u>
Infrastructure:		
At fair value	219,537,675	180,355,013
Less: Accumulated depreciation	(124,793,552)	(98,305,850)
Less: Accumulated impairment losses	-	-
	<u>94,744,123</u>	<u>82,049,163</u>
Plant and Equipment\Infrastructure:		
At cost	1,042,062	972,444
Less: Accumulated depreciation	(504,048)	(464,627)
Less: Accumulated impairment losses	-	-
	<u>538,014</u>	<u>507,817</u>
Plant and Equipment\Infrastructure:		
At cost	2,016,776	681,658
Total	<u>98,040,766</u>	<u>83,859,105</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 2012	Balance at beginning of year	Adjustments Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land	109,653		-	15,347	-	-	125,000
Buildings	510,814	-	-	(602,579)	(9,716)	718,334	616,853
Infrastructure	82,049,163		(463,990)	16,027,953	(4,219,160)	1,350,158	94,744,124
Plant and Equipment	507,817	-	(1,694)	201	(101,238)	132,927	538,013
Capital WIP	681,658	3,536,536	-	-	-	(2,201,418)	2,016,776
TOTAL	83,859,105	3,536,536	(465,684)	15,440,922	(4,330,114)	-	98,040,766

30 June 2011	Balance at beginning of year	Adjustments Additions	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	-	1,705,076	(4,248,758)	-	83,859,105

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

Land and buildings have been revalued by Fran Baguley (AAPI CPV 3273) of Herron Todd White Independent Property Advisers at 3 April 2012. Such valuations are based on publicly available data on sales of similar land/buildings in nearby locations in the six months prior to 30 June 2012. In respect of buildings, such valuations are also influenced by details in respect of the age, internal features/design and physical condition of each building.

Infrastructure assets have been revalued at 30 June 2012 using a combination of comprehensive revaluations performed by a qualified engineer with considerable experience in the water industry from BDA Management Pty Ltd and management valuations using application of a relevant index.

Comprehensive Valuation

The comprehensive revaluation has been performed by BDA Management Pty Ltd at 30 June 2012. These values reflect prices to purchase/construct similar infrastructure in a similar condition at that date, based on all available data. The revaluation of infrastructure assets was carried out based on Current Replacement Cost valuation pricing, with an assessment of conditions and remaining useful lives in order to determine fair value.

Management Valuation

For the remaining infrastructure assets, it was determined that indexed current replacement cost would be consistent with current replacement cost at the same date. For these assets the index applied was Index Number 3101 Road and Bridge Construction Australia for the period March 2011 to March 2012 which resulted in indexation of 6.3% being applied to both gross values and accumulated depreciation of these assets. This index was considered the most appropriate to be used by Management of Mount Isa Water Board, in consultation with the Mount Isa Water Board Internal Auditors and BDA Management Pty Ltd, due to the Mount Isa region being routinely serviced by geographically dispersed suppliers and contractors, including those from regions such as Western Australia, South Australia and Northern Territory.

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(kg).

Cost of Assets Recognised at Fair Value

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

	2012	2011
	\$	\$
Land	32,500	32,500
Buildings	748,320	400,481
Infrastructure	76,194,105	75,057,859
TOTAL	76,974,925	75,490,840



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

	2012 \$	2011 \$
9 Intangible Assets		
Land Act Tenure		
Opening gross carrying value 1 July	345,045	345,045
Additions	-	-
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	1,312,939	2,419,583
Other creditors	27,448	25,997
Accruals	984,795	1,009,987
	<u>2,325,182</u>	<u>3,455,567</u>
11 Accrued Employee Benefits		
Current		
Annual leave liability	70,578	53,704
	<u>70,578</u>	<u>53,704</u>
Non-Current		
Long service leave liability	16,495	28,422
	<u>16,495</u>	<u>28,422</u>
12 Other Financial Liabilities		
Current		
Loan - Queensland Treasury Corporation	379,322	350,303
	<u>379,322</u>	<u>350,303</u>
Non Current		
Loan – Queensland Treasury Corporation	2,354,700	2,733,958
	<u>2,354,700</u>	<u>2,733,958</u>
Total Financial Liabilities	<u>2,734,022</u>	<u>3,084,261</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 7.17%.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

Queensland Treasury Corporation advises that the amount to be repaid is the market value of the debt which is \$3,016,577 (2011 \$3,265,004). 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

	2012	2011
	\$	\$
Liabilities		
Current		
Provision for taxes	<u>18,531</u>	<u>10,319</u>
Assets		
Non-current		
Deferred tax asset comprises:		
Employee benefits	26,122	24,637
Accrued expenses	9,836	8,663
Depreciation	<u>18,454</u>	<u>17,385</u>
Deferred tax asset	<u>54,412</u>	<u>50,685</u>
Liabilities		
Non-current		
Deferred tax liability comprises of:		
Property Plant & Equipment	<u>11,670,403</u>	<u>7,489,012</u>
Deferred tax liability	<u>11,615,991</u>	<u>7,438,327</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 2012	\$					
	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
\$	\$	\$	\$	\$	\$	\$
Land	54,007	10,743	-	-	-	64,750
Buildings	106,237	-	(106,237)	-	-	-
Infrastructure	23,107,977	11,253,097	-	-	-	34,361,074
Plant & Equipment	76,112	141	-	-	-	76,253
TOTAL	23,344,333	11,263,981	(106,237)	-	-	34,502,077

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)	-	-	34,344,333

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 2012**

	2012 \$	2011 \$
Asset Revaluation Surplus	34,502,077	23,344,333
Closing Balance	34,502,077	23,344,333
15 Accumulated Surplus		
Balance 1 July	30,221,194	26,452,003
Profit from ordinary activities after Income Tax Equivalents	4,275,341	4,769,772
Transactions with owners in their capacity as owners		
-Dividends Paid	(1,000,000)	(1,000,000)
	33,496,535	30,221,775
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	4,275,341	4,769,191
Depreciation	4,330,114	4,248,758
Loss on Sale of Asset	497,007	-
Profit on Sale of Asset	465,426	-
	(3,036)	-
	9,564,852	9,017,949
Movement in Operating Assets and Liabilities		
Receivables	(198,533)	123,509
GST Receivables	(71,042)	444,433
Sundry Debtors	0	3,430
Prepayments	(12,972)	(82)
Deposit and Bonds	0	200
Payables	(1,131,547)	(1,724,066)
Annual Leave	16,874	21,842
Long Service Leave	(11,927)	28,422
Deferred Tax	(604,226)	(553,725)
Provision for Taxes	8,212	(1,283,986)
Net cash from operating activities	7,559,691	6,077,926



MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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.

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

i) Categorisation of Financial Instruments

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

Category		2012	2011
		\$	\$
Financial Assets			
Cash & cash equivalents	5	14,714,857	12,036,302
Receivables	6	2,089,293	1,819,778
Total		<u>16,804,150</u>	<u>13,856,080</u>
Financial Liabilities			
Payables	10	2,325,182	3,456,148
Other financial liabilities - QTC Borrowing	12	2,734,022	3,084,261
Total		<u>5,059,203</u>	<u>6,540,409</u>

ii) Financial Risk Management

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

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

Risk Exposure	Measurement Method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

iii) Credit Risk Exposure

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



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

Financial Instruments (cont.)

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

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

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

Maximum Exposure to Credit Risk

Category		2012	2011
Financial Assets		\$	\$
Cash and Cash Equivalents	5	14,714,857	12,036,302
Receivables	6	2,089,293	1,819,778
Total		<u>16,804,150</u>	<u>13,856,080</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 2012 is \$696,603, which represents 38 per cent of the total trade receivables at balance date (2011 \$693,761 and 38 per cent).

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

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

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

There is no recognised impairment loss in the current year. This represents no change from 2011.

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 2012

Financial Instruments (cont.)

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

2012 Financial Assets Past Due But Not Impaired

Financial Assets	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Receivables	\$ -	\$ 197,743	\$ -	\$ -	\$ -

As at 30 June 2012 no financial assets were impaired.

2011 Financial Assets Past Due But Not Impaired

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

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

iv) Liquidity Risk

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

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

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

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

2012 Payable in

Financial Liabilities	Note	< 1 year	1 - 5 years	> 5 years	Total
Payables	10	\$ 2,325,182	\$ -	\$ -	\$ 2,325,182
Other financial liabilities					
- QTC Borrowings		563,893	2,255,572	566,504	3,385,969
Total		2,889,075	2,255,572	566,504	5,711,151



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

Financial Instruments (cont.)

2011 Payable in

Financial Liabilities	Note	< 1 year	1 - 5 years	> 5 years	Total
Payables	10	\$ 3,455,567	\$ -	\$ -	\$ 3,455,567
Other financial liabilities					
- QTC Borrowings		563,893	2,255,572	1,118,951	3,938,416
Total		4,019,460	2,255,572	1,118,951	7,393,983

v) Market Risk

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

vi) Interest Rate Risk

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

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which may be provided to management, depicting the outcome to profit and loss and equity if interest rates would change by +/- 1% from the year-end rates applicable to MIWB's financial assets and liabilities. With all other variables held constant, MIWB would have a surplus and equity increase/(decrease) of \$119,808 (2011: \$89,520). This is mainly attributable to MIWB's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

Financial Instruments	Carrying Amount	2012 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss	Equity	Profit & Loss	Equity
Cash and cash equivalents	14,714,857	(147,149)	(147,149)	147,149	147,149
QTC Borrowings	2,734,022	27,340	27,340	(27,340)	(27,340)
Potential Impact on Profit and Equity		(119,809)	(119,809)	119,809	119,809

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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

Financial Instruments	Carrying Amount	2011 Interest Rate Risk			
		-1%	+1%	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

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:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Liabilities				
Financial liabilities at amortised cost:				
QTC Borrowings	2,734,022	3,016,577	3,084,261	3,265,004
Total	2,734,022	3,016,577	3,084,261	3,265,004



MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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 2012, the following cases were filed in the courts naming MIWB acting as defendant:

	2012 Number of cases	2011 Number of cases
Supreme Court	1	1
Total	<hr/> <hr/>	<hr/> <hr/>

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

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

(b) Native Title Claims

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

20 Capital Expenditure Commitments

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

21 Segment Reporting

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

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 27 August 2012, MIWB received a letter from the Minister of Energy and Water Supply approving the payment of a dividend to the State for the financial year ended 30 June 2012 of \$1,239,200 as per section 660(3) of the *Water Act 2001*.



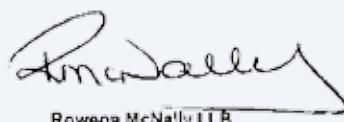
Certificate of the Mount Isa Water Board

MOUNT ISA WATER BOARD

CERTIFICATE OF THE MOUNT ISA WATER BOARD

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

- (a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) The statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Mount Isa Water Board for the period 1 July 2011 to 30 June 2012 and of the financial position of the Mount Isa Water Board as at the end of that year.



Rowena McNally LLB

Chairperson



Gregory Stevens

Chief Executive Officer

Dated 4th day of SEPTEMBER 2012



Independent Auditor's Report

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 2012, 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 Chief Executive Officer.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1 (a), 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 be removed only by Parliament.

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Mount Isa Water Board for the financial year 1 July 2011 to 30 June 2012 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 (a).

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 2012. 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: 25/9/2012





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

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

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

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

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

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

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

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

Thank you for your comments.

MIWB staff

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

External readers

Please return the completed survey to:

Mount Isa Water Board, PO Box 1712, Mount Isa, Qld 4825



Annual report compliance checklist

FAA 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	• Table of contents	ARRs – section 8.1	8
	• Glossary		9
	• Public availability	ARRs – section 8.2	2
	• Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 8.3	7
	• Copyright notice	<i>Copyright Act 1968</i> ARRs – section 8.4	2
	• Government Information Licensing Framework (GILF) Licence	<i>Government Information Licensing Framework (GILF) QGEA Policy</i> ARRs – section 8.5	N/A to MIWB
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 9	4
General information	• Introductory Information	ARRs – section 10.1	5
	• Agency role and main functions	ARRs – section 10.2	5
	• Operating environment	ARRs – section 10.3	14,15,16
	• External scrutiny	ARRs – section 10.4	27,28
	• Machinery of government changes	ARRs – section 10.5	N/A to MIWB
	• Review of proposed forward operations	ARRs – section 10.6	29,32,35
Non-financial performance	• Government objectives for the community	ARRs – section 11.1	17
	• Other whole-of-government plans / specific initiatives	ARRs – section 11.2	N/A to MIWB
	• Council of Australian Government (COAG) initiatives	ARRs – section 11.3	N/A to MIWB
	• Agency objectives and performance indicators	ARRs – section 11.4	10,11,17,18
	• Agency service areas, service standards and other measures	ARRs – section 11.5	N/A to MIWB
Financial performance	• Summary of financial performance	ARRs – section 12.1	10,11,33,34
	• Chief Finance Officer (CFO) statement	ARRs – section 12.2	N/A to MIWB
Governance – management and structure	• Organisational structure	ARRs – section 13.1	26
	• Executive management	ARRs – section 13.2	27
	• Related entities	ARRs – section 13.3	N/A to MIWB
	• Schedule of statutory authorities or instrumentalities	ARRs – section 13.4	N/A to MIWB
	• Boards and committees	ARRs – section 13.5	22 - 25
	• Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 13.6	30



Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	28
	• 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	31
	• Early retirement, redundancy and retrenchment	Directive No.17/09 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	N/A to MIWB
	• Voluntary Separation Program	ARRs – section 15.3	N/A to MIWB
Financial statements	• Certification of financial statements	FA Act – section 62 FPMS – sections 42, 43 and 50 ARRs – section 16.1	70
	• Independent Auditors Report	FA Act – section 62 FPMS – section 50 ARRs – section 16.2	71,72
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 16.3	25
Disclosure of additional information	• Information systems and recordkeeping	ARRs – section 17	27
	• Consultancies	ARRs – section 17	35
	• Overseas travel	ARRs – section 17	35
	• Waste management	<i>Environmental Protection (Waste Management) Policy 2000, Environmental Protection Act 1994</i>	29
	• Recycling Policy for Buildings and Civil Infrastructure	<i>Premier's Statement</i>	N/A to MIWB
	• Carbon emissions	<i>Premier's Statement</i>	N/A to MIWB
	• Initiatives for women	<i>Premier's Statement</i>	31
	• Carers (Recognition) Act 2008	<i>Carers (Recognition) Act 2008</i>	31
	• Aboriginal and Torres Strait Islander matters (The Queensland Government Reconciliation Action Plan 2009–2012)	<i>The Queensland Government Reconciliation Action Plan 2009-2012</i>	N/A to MIWB
	• Queensland Multicultural Policy (Queensland Multicultural Action Plan 2011–2014)	<i>(Queensland Multicultural Action Plan 2011-2014)</i>	N/A to MIWB
	• Right to Information	<i>Right to Information Act 2009</i>	29
	• Information Privacy	<i>Information Privacy Act 2009</i>	N/A to MIWB
	• Native title	<i>Premier's Statement</i>	N/A to MIWB
	• Complaints Management	<i>Premier's Statement</i>	N/A to MIWB
	• Shared services	<i>Premier's Statement</i>	N/A to MIWB

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



