



2014-15

MOUNT ISA WATER BOARD
Annual Report



Vision

To be a leader in regional water distribution and treatment.

Values

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</i>



Mission

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

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Mount Isa Water Board Annual Report 2014-15.

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Copies of this publication can be obtained by contacting (07) 4740 1000, visiting Mount Isa Water Board's office at 31 Carbonate Street, Mount Isa during business hours or by downloading the report from www.mountisawater.qld.gov.au/opendata/corporate-documents.

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11 September 2015

The Honourable Mark Bailey MP
Minister for Main Roads, Road Safety and Ports and
Minister for Energy and Water Supply
PO Box 2644
BRISBANE QLD 4001

Dear Minister

I am pleased to present the Annual Report 2014-15 and financial statements for Mount Isa Water Board.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at pages 86 and 87 of this annual report or accessed at www.mountisawater.qld.gov.au.

Yours sincerely

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

Rowena McNally

Chair
Mount Isa Water Board



About Mount Isa Water Board

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

Mount Isa Water Board (MIWB) is a water service provider, established in October 2000 as a Category 1 Water Authority under the *Water Act 2000* (Water Act) to provide a reliable, quality supply of bulk water to the MICC 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 regulating principles of the Water Act including autonomy, accountability and competitive neutrality.

Role and functions

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

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

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

Customers

Fast facts

MIWB's three major customers are:

- MICC which reticulates treated water to approximately 20,000 people
- Mount Isa Mines Ltd (MIM), a Glencore Company, which uses water in its extraction, concentration and smelting processes and
- Incitec Pivot Ltd which uses water in its acid manufacturing processes.

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

R48 Reserve provides a sanctuary for wildlife and popular leisure areas, where MIWB maintains a number of recreational facilities including picnic and play areas and water sports facilities.

- MIWB is one of only two Category 1 water authorities in Queensland which have specific responsibilities under legislation.
- MIWB maintains \$95.8 million (M) of vital water supply and treatment infrastructure, including 86 km of transmission pipeline.
- Each year MIWB supplies around 20,000 megalitres (ML) of water from Lake Moondarra and Lake Julius to customers, or the equivalent of 8,000 Olympic swimming pools.
- MIWB conducts an extensive water quality sampling and testing program. Over 10,000 water quality tests were conducted in 2014-15 to ensure the water provided to customers complied with Australian Drinking Water Guidelines (ADWG).
- MIWB employs 16 staff who live in Mount Isa and contribute to the Mount Isa community.
- Lake Moondarra facilities are visited and enjoyed by thousands of people each year, including local residents and visitors to the region.
- The three-day Lake Moondarra Fishing Classic, of which MIWB is a major sponsor, attracts significant crowds each year, with 260 nominated competitors and about 1,800 spectators at the 2014 event.
- MIWB provides amenities for visitors to the R48 Reserve which include playgrounds, gazebos and barbecues.



Communication objective

This annual report provides information about MIWB's financial and non-financial performance during 2014-15.

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

The report has been prepared in accordance with the *Financial Accountability Act 2009*, which requires that all statutory bodies prepare annual reports and table them in the Legislative Assembly each financial year, the *Financial and Performance Management Standard 2009*, which provides specific requirements for information that is to be disclosed in annual reports, other legislative requirements and the Queensland Government's *Annual report requirements for Queensland Government agencies* for 2014-15.

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

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



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

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Highlights of 2014-15

2014-15 saw the uninterrupted supply of fit for purpose water to all our major industrial customers and safe drinking water to the city. The water quality supplied to the Mount Isa City Council reached the highest level of assured quality that has ever been supplied, a standard which is now set to continue with the installation of a permanent water treatment facility.

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 2014-15, MIWB:

- achieved uninterrupted water delivery to industrial, commercial and residential customers
- successfully managed supply through an unprecedented blue-green algae bloom exceeding 6 million cells per millilitre, well above the 200,000 cells per millilitre threshold for a substantial bloom
- designed, sourced, installed and 80 per cent commissioned a new permanent filtration plant to supply 22 ML of filtered water per day to MICC,

assuring ongoing water quality now and into the future

- consolidated the increased capability of the MIWB Water Quality Laboratory and
- implemented stage 1 of a program of improved asset management for all MIWB assets, resulting in immediate benefits to MICC.

Key financial results

As shown in Table 1, there was an overall increase of 6.7 per cent in revenue between 2013-14 and 2014-15. Water charges increased by 13.0 per cent primarily due to filtration lease charges billed to MICC (at cost). Countervailing factors influencing revenue included a 24.7 per cent decrease in interest received and a 66.1 per cent decrease in other revenue, mainly electricity sales to North West Queensland Water Pipeline Pty Ltd.

Direct operating expenses decreased by 10.3 per cent. This was mainly due to a 29.7 per cent saving in filtration costs associated with the unprecedented blue-green algae bloom; with costs being reduced by the purchase of permanent filtration units.

Net assets increased by 0.4 per cent mainly due to increased non-current assets.

Financial performance overview 2014-15

	2014-15	2013-14	2012-13
Financial performance			
Operating revenue	\$22.17M	\$20.78M	\$23.07M
Operating expenses	\$19.64M	\$20.28M	\$15.95M
Operating profit	\$2.54M	\$0.52M	\$7.13M
Profit from ordinary activities (after tax) ⁽¹⁾	\$1.79M	\$0.37M	\$5.02M

Financial position

Total assets	\$115.26M	\$114.84M	\$113.64M
Total liabilities	\$16.64M	\$16.65M	\$14.06M
Net assets	\$98.62M	\$98.19M	\$99.58M

Cash flow

Net cash provided by operating activities	\$7.67M	\$5.18M	\$8.71M
Cash at end of financial year	\$17.06M	\$17.35M	\$20.51M

Ratios

Current ratio	5.67	6.48	9.66
Liabilities/assets ratio	14.44%	14.50%	12.37%
Liabilities/equity ratio	16.87%	16.96%	14.12%

(1) Before dividend

Table 1. Financial performance overview 2014-15



Chair's review

I am pleased to present Mount Isa Water Board's 2014-15 annual report.

This year has been a year of sound progress against a backdrop of significant challenges. The year commenced with serious water supply constraints, with the main supply in Lake Moondarra falling to below 25 per cent in the first quarter. Despite the low storage volume, Mount Isa is fortunate to have access to the reserve storage in Lake Julius. This ensured continuity of supply through to the 2014-15 wet season, albeit with the significantly higher pumping and operational costs associated with greater reliance on Lake Julius for supply. The January rains were a great relief to the community and resulted in Mount Isa City Council easing water restrictions.

The defining feature of the year has been the blue-green algae bloom which reached unprecedented levels following the January rains. The acquisition and installation of a permanent filtration system is a great benefit to the residents of Mount Isa, assuring water quality and significantly reducing operational costs into the future.

The initial cost of addressing these issues did however make for a challenging financial year of operations, and a net profit for 2014-15, of \$1.79M (before dividend).

This year the Board placed further emphasis on stakeholder relations, including working with MICC in a town hall meeting style forum, to improve the understanding of the water supply situation within the community and to enable customers to make appropriate decisions regarding demand management.

MIWB's ability to quickly and effectively respond to the emergent issues reflects the high levels of professionalism and competence of MIWB's staff. MIWB's outstanding operational performance, in what has been a difficult year, also reflects the high quality and focus of staff. I also acknowledge the high

levels of competence and cooperation we experienced with Mount Isa Mines' Operations and Maintenance staff, and wish to thank the staff of Mount Isa Mines, Mount Isa City Council and the Department of Energy and Water Supply, with whom MIWB has worked so closely and effectively.

During the year the Board was pleased to appoint Stephen Farrelly to the role of Chief Executive Officer. Stephen brings a keen focus on service effectiveness and financial efficiency to the role, and his experience in water infrastructure and risk management is a great asset to the business. The Board acknowledges the dedication of outgoing Chief Executive Officer Greg Stevens, who facilitated a smooth transition of management in the first quarter.

I wish to thank my fellow Board members, our Chief Executive Stephen Farrelly, our management and staff for their outstanding efforts, and all those we work with who have contributed to the Board's performance in what has been a year of exceptional challenges.

Ms Rowena McNally

Chair
Mount Isa Water Board



Chief Executive's report

2014-15 was an extraordinary year of new transitions. Not just a transition of management, but transitions from drought to flooding rains; from the emergency filtration arrangements to a permanent treatment plant; from a single product approach to tailored service levels for customers.

Having started the year with the lowest dam levels in many years, it did not take long for Moondarra allocations to be exhausted. While the shift of supply to Lake Julius was expected, the additional electricity costs were substantial, causing concern for some within the community. None the less, the Julius supply system is a great benefit to the Mount Isa community, ensuring a secure, continuous water supply even in such exceptionally dry conditions.

MIWB seized the opportunity of the dry conditions to ascertain just how secure the supply is, confirming the existence of the deep water intake structures by dive inspections and hydraulic modelling. I will take this moment to acknowledge our partnership with the MIM dive squad which is invaluable to MIWB; this work and many other projects would not have been possible without their able assistance. The deep water intake infrastructure, which has never been needed since the construction of the dam, secures MIWB's ability to extract water all the way down to 5 per cent storage, confirming several wet-seasons of assured supply independent of weather.

A wet season did arrive in January before Lake Julius reached 60 per cent, bringing above average rains; and along with the inflow we received the worst raw water quality in many years if not ever. Blue-green algae in unprecedented measure and inorganics made the treatment plant work hard. MIWB staff worked harder. Like true champions, the team rose to this new challenge. At the same time, the perception of a change in the water fortunes of the city saw consumption resume pre-drought levels within days of the rains, and necessitated the activation of the water supply contingency

plan. I am thankful to the community for responding to the call to return to reduced water consumption in time to arrest the falling clean water tanks, with 4 per cent remaining. The cooperative relationships which MIWB enjoy with MICC and MIM operational groups were key to the successful resolution of a challenging turn of events, and we offer our thanks for this and all your ongoing cooperation.

MIWB made a net profit of \$1.79M (before dividend) for 2014-15, which is modest considering the scale of the operation. This is a good outcome in the context of the challenges faced through the drought and emergent water quality issues. We are pleased with the cost savings now being achieved with the move to the permanent filtration plant.

The transition to the permanent filtration plant was achieved in the midst of the third quarter challenges, with four out of five planned packaged units operational in only 12 weeks following Ministerial approval. For this extraordinary achievement, full credit must go to the MIWB engineering team and the local contractors they ably directed. The new plant promises a new level of assurance for the quality of water delivered to MICC, and the increased capacity was of immediate benefit. With the completion of the project imminent at the time of writing, a new era for Mount Isa's water supply has indeed begun.

A differentiator of the new era is the formal adoption of tailored service standards for each of the major customers. While this came into effect with the introduction of the emergency filtration equipment which provided potable water only for MICC, it has been formalised this year with the development and adoption of a revised Drinking Water Quality Management Plan. MIWB is committed to making every effort to provide our customers with the service that meets their specific needs and constraints, and to working closely with customers to optimise the cost-quality balance. MIWB's small and flexible business

model means we are uniquely placed to provide this level of individualised service.

There are of course many more transitions ahead for MIWB. The work in implementing the Land Management Plan for the R48 Reserve, which is still in the early stages, will see the transition to more clearly defined arrangements with R48 stakeholder groups. I am hopeful this transition will help to ensure the benefits of the reserve are maintained for the community for many years to come.

On the R48, as with our water infrastructure, MIWB is committed to implementing and advancing the principles of asset management by seeking to optimise the trade-offs between cost and service. Achieving this is vital to the future sustainability of both MIWB's business and the services we provide. The aim of this is to provide customers and the public with the best possible service at the lowest achievable long run cost, whether in providing a reliable water service or recreational facilities for the enjoyment of residents and visitors. To achieve this, we will look forward to working with our customers and the community in the new financial year and for many years to come.

I would like to thank the Chair Rowena McNally, members of the Board, my senior managers and staff for their support over the year. Without them, these transitions would not have been as successful as they were.

A handwritten signature in black ink, appearing to read 'S. Farrelly'.

Mr Stephen Farrelly

Chief Executive
Mount Isa Water Board



Operating environment

Core business

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

MIWB's core business activities include:

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

Additional activities

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

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

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

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

Regional climate and rainfall

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

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

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

Around 75 per cent of annual rainfall occurs in the wet season, between December and March, usually through heavy thunderstorms resulting from intense heat and from the passage of the inland trough system usually prevalent during this time. Heavy and prolonged rain and flooding

occur periodically, when cyclones caused by monsoon troughs in the north move south across the region.

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

Over the 2014-15 period, Mount Isa received 477 mm rainfall which was slightly higher than the historic average. After Mount Isa received a very good amount of rainfall in January 2015, with Lake Julius reaching its full capacity and Lake Moondarra its highest level of 85.6 per cent since April 2012, water allocations for the Lake Moondarra Scheme were reset to 100 per cent Announced Allocations (AA) from a very low AA of 9 per cent announced at the start of the 2014-15 water year.

Storage dams

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

When full, Lake Moondarra Dam has a water surface area of about 2,200 ha and has a relatively shallow topography. Lake Julius has about half the water surface area and a relatively deep topography. Consequently, Lake Moondarra has a much higher rate of evaporation loss than Lake

Julius, up to 3 metres (m) a year.

Construction of the Lake Julius Dam in the 1970's allowed for the allocation of additional water to Mount Isa to supplement the region's water supply. However, customers elect to use the Moondarra supply when available due to the higher electricity cost of pumping water from Lake Julius.

Future planning

Water authorities across Australia, including MIWB, face significant forward capital investment programs to maintain service and meet future needs. Significant uncertainty exists regarding the extent to which historic rainfall, inflow and consumption data can be relied upon as the basis for planning, making planning more complex.

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

The significantly reduced Gulf ROP water allocations for Lake Moondarra and low inflows during 2013-14 resulted in minimal water year 2014-15 allocations being available in Lake Moondarra from the outset of 2014-15. As a result, 58 per cent of all water supplied in 2014-15 was pumped from Lake Julius. With good rainfalls during January, supply from Lake Moondarra recommenced in February 2015.

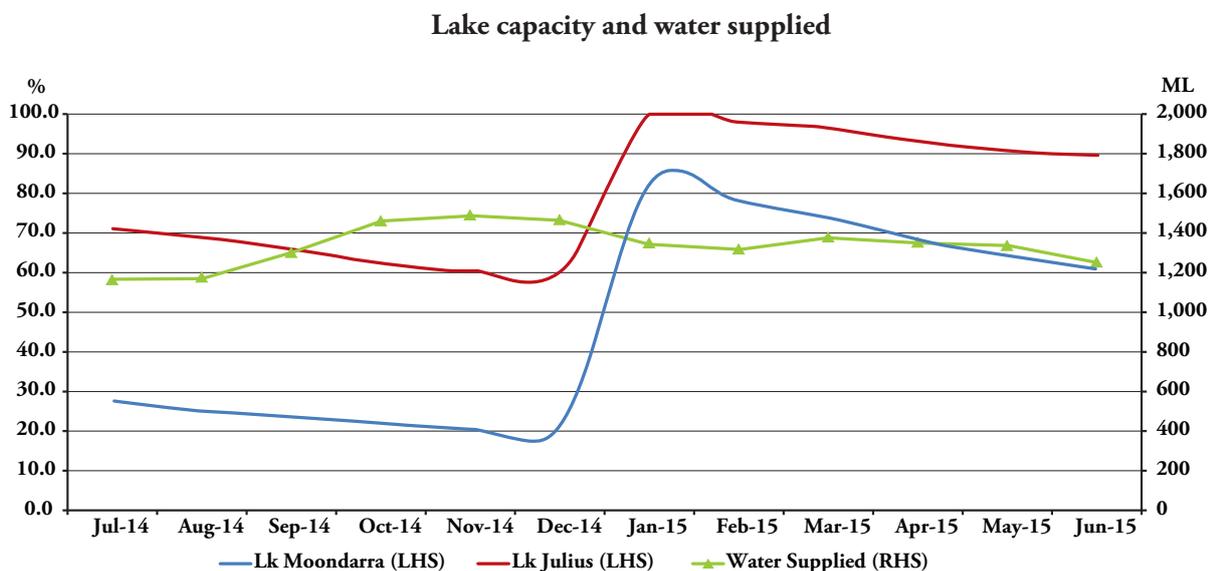


Figure 1. Lake capacity and water supplied

The Mount Isa region ends the reporting period with a relatively low risk on water supply reliability, with both Lake Moondarra and Lake Julius storages higher than their 10-year average. It is expected that a 100 per cent Announced Allocation for both lakes will be granted to the water allocation holders (comprising MIWB and its major customers) for the 2015-16 water year. While there is more than sufficient capacities in both lakes to last for the 2015-16 reporting period, MIWB is continuously working with all customers in water conservation related activities.

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 the service needs of industrial customers.

Blue-green algae blooms

During 2014-15 Mount Isa experienced exceptional blue-green algae blooms in Lake Julius, Lake Moondarra and Clear Water Lagoon. The blooms were a result of environmental conditions favourable to algal growth including high nutrient levels.

Due to the unprecedented scale and duration of the blooms, the natural filtration process provided by Clear Water Lagoon was degraded as the ecosystem of beneficial plants were overwhelmed. With water quality extracted from the Clear Water Lagoon no longer assured, it was apparent that this natural system could not be relied upon to meet modern drinking water quality standards. A new permanent treatment plant was selected and installation expedited. The new plant has progressively replaced the emergency plant established in 2013-14, substantially reducing the cost and ensuring that water supplied to MICC continues to meet modern standards.

Regulatory changes

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

The 2014-15 year was the fifth year of operation under the Gulf ROP, as required in the Water Resource (Gulf) Plan 2007.

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

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

MIWB actively consults with customers on water quality service levels, future distribution services, water treatment, pricing and major capital works.



Measuring our performance

Objectives

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

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

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

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

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
- achieve compliance with Australian Drinking Water Guidelines (ADWG) in the quality of drinking water provided to customers and

- provide staff and contractors with a safe and satisfying working environment.

Government objectives for the community

MIWB is committed to the government objectives for the community including: creating jobs and a diverse economy, delivering quality frontline services, building safe, caring and connected communities and protecting the environment. These objectives are underpinned by integrity, accountability and consultation.

MIWB's business operations are focused on providing a cost-efficient, safe and reliable water supply to all customers, which positively impacts on our local community and contributes to the achievement of these objectives.

Operational outcomes

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

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

Non-financial performance during 2014-15

Performance	Measures	Target 30 June 2015	Actual Outcomes 30 June 2015
Commercial results			
Business operations	Executed customer service agreements	100% of supply	99.94% of supply ⁽¹⁾
	Level of administration costs as a percentage of total operating costs	5.8%	8.1%
	Capital projects completed	100%	92%
Corporate responsibility	Incidences of lost time injuries in 2014-15	0 days	0 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%	98%
	Target of water losses from distribution system	Maximum 2,500 ML	322 ML
Water quality	Provision of water as specified (under contract and legislation)	100%	94% ⁽²⁾
	Non-complying tests for E.coli	0	0
	Non-complying tests for other health parameters	0	23 or 0.18%
	Non-complying tests for aesthetic parameters	0%	9.25%
Reliability of supply	Compliance with pressure at customer connection points	100%	As specified in customer service agreements
	Number of unplanned interruptions	0	1
	Water main/pipe leakages per 100 km	2	2

(1) One customer contract expired 27 June 2015 and is under review by the customer

(2) Chlorinated raw water was supplied to industrial customers during the contingent supply arrangements which facilitated safe water for MICC

Table 2. Non-financial performance during 2014-15

MIWB achieved high customer supply reliability during 2014-15, with only one unplanned interruption to a minor customer and nominal leaks and water losses. Overall water losses were 2.0 per cent of the total volume supplied. Customer water quality was improved over the period despite the blue-green algae blooms and very poor raw water quality (refer Water quality section). MIWB achieved virtually all reporting targets for the period and maintained a low level of administrative costs.

MIWB is committed to a capital investment program that appropriately manages 'at risk' assets which may compromise MIWB services to customers. This year, in line with changes in Department of State Development, Infrastructure and Planning requirements, MIWB developed a Total Asset Management Plan (TAMP) which serves to identify and prioritise capital projects to minimise these risks.

In line with the outcomes of the TAMP planning process, MIWB has deferred a significant quantum of capital works, focusing on works undertaken to address water quality assurance and seeking to optimise the risk profile while reducing the cost to customers.

Engineering

MIWB experienced a challenging year of engineering and operations for the 2014-15 period. Significantly low lake levels and announced water allocations at the start of 2014-15 water year, below average rainfall until January 2015, and large blue-green algae bloom in the Clear Water Lagoon contributed to poor raw water quality during most of the 2014-15 period. MIWB continued to operate an emergency membrane filtration plant at Mt Isa Terminal Reservoir Complex (MITR) to ensure that supply to MICC met the required ADWG standards and accepted practice with respect to blue-green algal levels.

MIWB was able to design, source, and install a permanent filtration plant, 80 per cent of which was commissioned and operational and supplying filtered water to MICC within the period. MIM elected to continue to be supplied through the existing water distribution system, and made alternative arrangements for their own potable water needs.

Despite the additional demand for engineering resources

associated with the purchase and installation of permanent filtration plants, other notable engineering achievements for the period were:

- design and procurement of a new 3.3kV switchboard for Lake Moondarra Deep Well Pump Station
- design and procurement of a new transformer to supply power to the membrane filtration plants
- modifications to water supply network at MITR to increase resilience, with the transition from hired to purchased filtration plants including: the ability to supply MICC via the new MITR pump station and improvements to the filter plant discharge pipework
- installation and commissioning of the telemetry network upgrade from analogue to digital including new technology hardware and readily available and easy to source spare parts
- design, fabrication and installation of trafficable pit lids and refurbishment of two concrete valve pits at Lake Moondarra Deep Well Pump Station
- design work for future Lake Moondarra pipeline replacement
- design, procurement and installation of new sluice gates at the North and South tank, MITR
- installation of flow meters and SCADA integration for chlorine analyser return water at New MITR
- design, procurement and installation of water treatment plants at caretakers' residences (Lake Moondarra, Warrina Park and Lake Julius) and
- installation of gabion rock protection along a section of Lake Moondarra embankment.

Operations and maintenance

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

- operation and maintenance of the filtration plants and filtration plant auxiliary equipment
- manual and after hours operation of the Moondarra

Scheme during MICC peak demand periods including during the activation of the Water Supply Contingency Plan

- assisting consultants to create functional specifications for MIWB sites and providing labour and local knowledge to upgrade and commission the telemetry system from analogue to digital
- assistance with MIWB research and development projects relating to Clear Water Lagoon health including: gathering additional water samples, additional data collection, sediment samples, vegetation observations, providing information to consultants and associated laboratory trials
- dust suppression around the MITR area
- repair of washouts and clear sanded creeks on the Lake Julius Road after rain events and
- technical assistance with scoping electrical projects for medium and low voltage assets.

Scheduled operations and maintenance achievements of the Utilities Department during 2014-15 included:

- operation and maintenance of all chlorine dosing systems including daily checks and regular service of all equipment; replacement of vacuum regulator at MITR
- monitoring and cleaning of storage tanks; sediment removal and cleaning of North tank; removal of *Salvinia* from Clear Water Lagoon
- daily checks on all pumps in operation; removal and overhaul of Front Main Duty Pump
- repair of tanks, pipes, valves, non-return valves and actuators as required including:
 - repaired leak on surge tank pipework
 - repaired No. 2 Col Popple non-return valve
 - exposed and repaired leaking air valve on Lake Julius main
 - repaired discharge valve with new gate and spindle on No. 2 pump at Lake Julius
 - replaced F4 valve

- replaced Col Popple butterfly valves
- repaired leak on Lake Moondarra main

- servicing of all air compressor equipment
- transformer overhauls and maintenance
- switchyard maintenance
- switchboard maintenance and pole replacements.

Water quality

MIWB continues to provide its customers with high quality water in accordance with the Australian Drinking Water Guideline health parameters, customer supply contracts and MIWB Drinking Water Quality Management Plan. The guidelines provide direction on what constitutes safe, good quality water and how it can be achieved, and also considers aesthetic parameters. MIWB is committed to continuous improvement of the water treatment process.

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

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

ADWG include two different types of guideline value:

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

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

During 2014-15, water supplied to major customers was 99.8 per cent compliant with ADWG health limits. The significant blue-green algae outbreak in Lake Moondarra, Lake Julius and Clear Water Lagoon that began during the last reporting period continued and reached new unprecedented highs.

These events have demonstrated that Clear Water Lagoon can no longer be relied on to the extent it has been in the past, and is not able to meet the process assurance requirements of modern drinking water standards. In light of this Mount Isa Water Board considered a treatment plant was essential to future operations and moved to acquire a permanent filtration system during the period to meet this need. The filtration removes blue-green algae thereby eliminating the risk to downstream users, particularly residents supplied by MICC through the council reticulation system.

MIWB is investigating remediation strategies for CWL following its ecological collapse. The focus of these strategies is to return CWL to a system dominated by macrophytes instead of algae, as it was historically. Despite its poor condition, CWL has continued to effectively remove inorganic minerals and suspended solids from the water, resulting in semi-treated water being available for supply to industrial customers and for filtration prior to supply to MICC.

Six separate water quality incidents were reported to the Queensland Water Supply Regulator in the Department of Energy and Water Supply (DEWS). These incidents were individual occurrences of elevated disinfection by-products, chlorine or lead levels. No lead exceedance was ever detected in water supplied to customers. Steps were taken by MIWB to limit the possibility of negative health outcomes and work is ongoing to prevent further incidents.

During the 2014-15 period, 42 per cent of water supplied was from Lake Moondarra, and the remaining 58 per cent was from Lake Julius.

In 2014-15 there were 11,719 water quality tests conducted across the water distribution and treatment system with the following results:

- average percentage aesthetic compliance of 91.5 per cent
- average percentage health compliance before discharge point of 99.84 per cent
- average percentage health compliance at the discharge point of 99.82 per cent.

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

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

Water quality compliance 2014-15

Month	Aesthetic compliance	Health compliance before discharge	Health compliance at discharge point
July 14	92.60%	100%	99.72%
August 14	93.95%	99.75%	100%
September 14	94.96%	100%	100%
October 14	94.44%	100%	100%
November 14	93.32%	100%	99.70%
December 14	97.12%	100%	100%
January 15	93.06%	99.41%	100%
February 15	74.90%	98.71%	99.70%
March 15	88.97%	100%	100%
April 15	91.28%	100%	100%
May 15	90.80%	99.58%	98.88%
June 15	90.71%	99.68%	99.62%
Average	91.50%		

Table 3. Water quality compliance 2014-15

The following general water quality related events occurred in 2014-15:

- No E.coli was detected in any water supplied to MIWB customers during 2014-15.
- MIWB's Drinking Water Quality Management Plan (DWQMP) was reviewed and approved by the Queensland Water Supply Regulator during the reporting period.
- A drinking water supply contingency plan was developed in consultation with MICC. This plan was activated and subsequently refined during the supply shortfall which occurred in earlier February.
- Lake Moondarra, Lake Julius and Clear Water Lagoon all experienced large blue-green algae blooms over the length of the reporting period. MIWB continued to operate a leased emergency membrane filtration plant at MITR to ensure that supply to MICC met ADWG levels. This plant is being phased out as permanent units are installed.
- The MIWB Laboratory underwent an external quality assurance and quality control assessment. MIWB has implemented the recommendations from this review and now conducts selected testing in-house rather than sending externally. This results in cost savings and improves turnaround time for test results.
- A Blue-Green Algae Management Manual created during this reporting period has been implemented to ensure all potentially toxic species are monitored thoroughly and responded to appropriately.
- The MIWB Laboratory has taken over responsibility for result interpretative reporting of water quality testing outcomes rather than relying on external parties. This results in cost savings and improved on-site knowledge of our water quality.
- Recreational water users of Lake Moondarra were advised of the blue-green algae bloom during the event. The laboratory continues to monitor recreation water quality and advise users accordingly.

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

Services

R48 Reserve

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

During the reporting period there was a number of health, safety and environmental management initiatives undertaken to improve recreational users' safety, convenience and enjoyment. These included general improvements to the ablution blocks including plumbing and painting; tree felling and general tree management in public areas; general grounds maintenance including spreading of top soil and improvements to automated watering systems; and the removal of dumped car bodies and graffiti within the reserve boundaries.

MIWB experienced an increase in vandalism at R48 Reserve in the period, with increased damage to landscaping, signs and gates, and a resulting increase in repair costs.

There were no significant changes to operations or events during 2014-15.

There were no lost time injury incidents at R48 Reserve in 2014-15.

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



Managing our business

MIWB's vision is to be a respected leader in regional water distribution and treatment. To achieve this, MIWB will be a sustainable, commercialised and customer focused business, managing efficient and reliable bulk water treatment and transportation infrastructure. Our management team will remain lean and efficient; our culture, innovative. We will maintain our infrastructure so as to appropriately manage the risk of failure. MIWB is committed to ensuring our governance and business management are of the highest standard.

MIWB governance framework

Board operations and membership

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

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

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

- four persons nominated by the chief executive of the DEWS and
- one person nominated by MICC.

The new Directors were appointed on 19 June 2014. The Board Directors of MIWB from 19 June 2014 were:



Ms Rowena McNally
LLB, MAICD FIAMA FAIM
MAWA Chair*

Director since February 2002

Rowena McNally is an experienced company board member and corporate lawyer with significant experience

in water infrastructure, corporate law and corporate governance. She is the Immediate Past Chair of the Institute of Arbitrators & Mediators Australia, Chair of Catholic Health Australia, a director of the North West Hospital and Health Board, and Chair of the Ministerial Council for Flood Mitigation Manuals. Ms McNally serves on various legal and other committees and is a member of MIWB's Finance, Audit and Compliance Committee.



Mr Myles Johnston
BSc (Hons), FAusIMM

Director since February 2010

Myles Johnston has 26 years' experience in the mining industry, working for a number of major mining companies in a variety of

exploration, project development and operational roles in gold and base metals both in Australia and overseas. Mr Johnston previously worked at Mount Isa Mines and held a number of technical and operational roles in both the zinc and copper business units, including General Manager of Ernest Henry Mine. Mr Johnston is a member of MIWB's Finance, Audit and Compliance Committee.



Ms Alison Bohannan
BA (HSS), MA, FAIM, MAICD

Alison Bohannan is the co-owner/Director of Hertz Mount Isa. Ms Bohannan utilises more than two decades of professional management, board director governance and leadership

experience in the not-for-profit companies and environment sector. Ms Bohannan is a member of MIWB's Finance, Audit and Compliance Committee.



Mr Neil Hatherly
BSc (Hons), FAICD, FAusIMM

Neil Hatherly has extensive board governance experience in several sectors, including listed companies, government-owned corporations, universities and not-for-profit

organisations. Mr Hatherly is currently Chairman of Field Services Group of Brisbane City Council and a director of UniQuest, University of Queensland's commercialisation company. Mr Hatherly previously worked for Mount Isa Mines in several technical and managerial roles. Mr Hatherly is a member of MIWB's Finance, Audit and Compliance Committee.



Mr Brett Peterson

Nominated by MICC

Brett Peterson has been a Councillor with Mount Isa City Council for over 12 years and Deputy Mayor since 2012. Mr Peterson is the Managing Director of

Mount Isa Mining Supplies and a long-term resident, with Mount Isa his birthplace. Mr Peterson is the current council nominee to MIWB and a member of MIWB's Finance, Audit and Compliance Committee.



Ms Karen Read

BBUS CPA MAICD MAMI

Independent Chair of Finance, Audit and Compliance Committee, former Director from September 2004 to June 2014

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

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

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



Board attendance

The Board meets 11 times a year, or more if required. During 2014-15 it held 12 meetings, and attendances by members of the Board are shown in Table 4.

Board meeting attendance 2014-15

Director	Meetings attended	Meetings eligible to attend	Last appointed	Expired
Rowena McNally (Chair)	12	12	Appointed 19 June 2014	19 June 2015
Alison Bohannan	11	12	Appointed 19 June 2014	19 June 2017
Neil Hatherly	11	12	Appointed 19 June 2014	19 June 2017
Myles Johnston	11	12	Appointed 19 June 2014	19 June 2017
Brett Peterson	10	12	Appointed 19 June 2014	30 September 2015

Table 4. Board meeting attendance 2014-15

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 2014-15

Director	Meetings attended	Meetings eligible to attend
Rowena McNally (Chair)	9	9
Alison Bohannan	8	9
Neil Hatherly	8	9
Myles Johnston	9	9
Brett Peterson	9	9

Table 5. R48 Reserve meeting attendance 2014-15

Finance, Audit and Compliance Committee

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

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

During 2014-15, this committee included Karen Read (Independent Chair), Alison Bohannan, Neil Hatherly,

Myles Johnston, Rowena McNally and Brett Peterson. MIWB Chief Executive, Stephen Farrelly, and Finance Manager, Bruce Galbraith, attended committee meetings by invitation.

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

During 2014-15, the committee advised the Board on the efficacy of internal and external audit functions and preparation of a budget for the next financial year.

Attendances are shown in Table 6.

Finance, Audit and Compliance Committee meeting attendance 2014-15

Director	Meetings attended	Meetings eligible to attend
Karen Read (Chair)	8	8
Alison Bohannan	7	8
Neil Hatherly	8	8
Myles Johnston	7	8
Rowena McNally	8	8
Brett Peterson	4	8

Table 6. Finance, Audit and Compliance Committee meeting attendance 2014-15

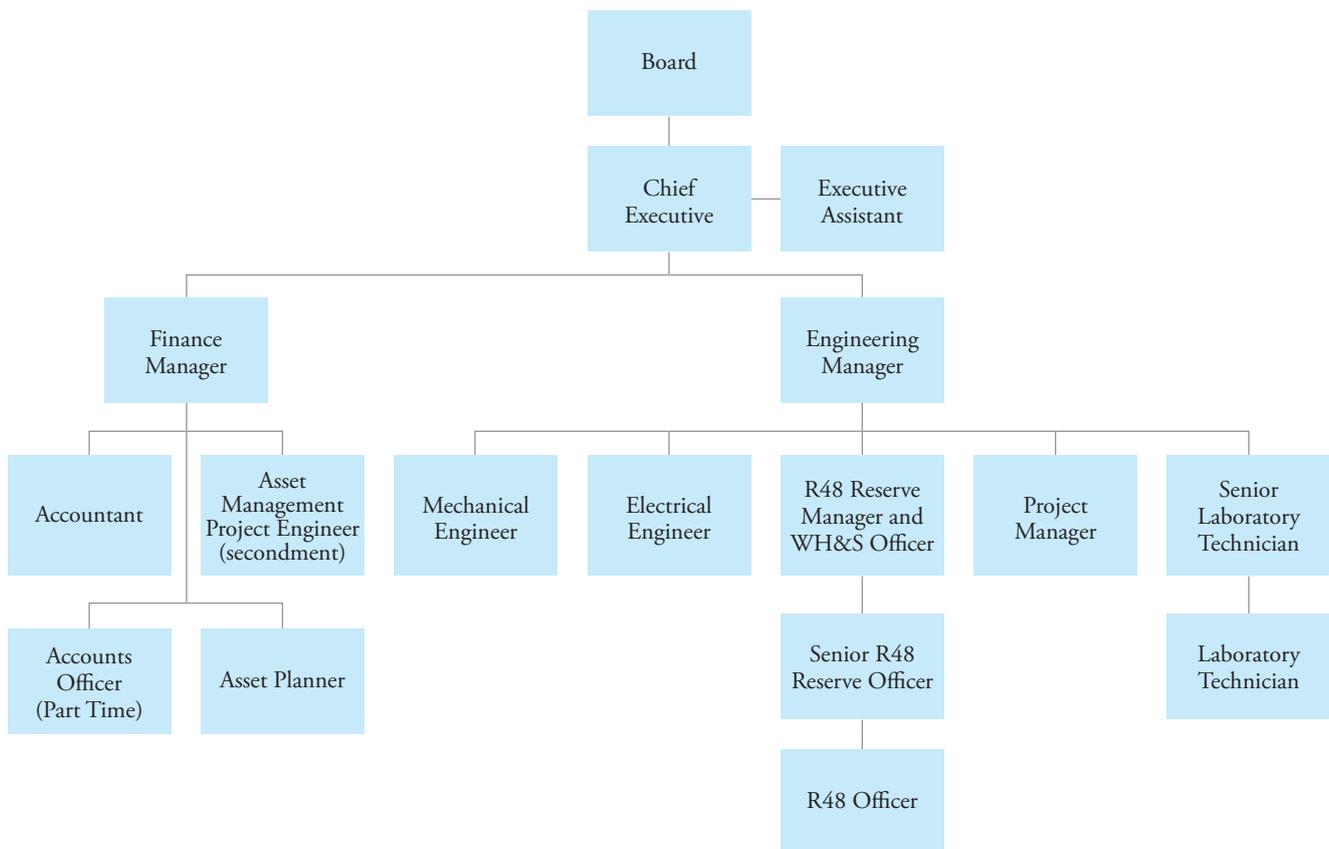
The Finance, Audit and Compliance Committee has observed the terms of its charter and has had due regard for Queensland Treasury's *Audit Committee Guidelines*. During 2014-15, the committee's achievements included the approval of an internal audit program for the next three years and ensuring compliance with legislation and good corporate governance.

Disclosure of directors' remuneration

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

Remuneration is based on attendance at board and committee meetings. During 2014-15, the total remuneration paid was \$101,460. Related additional costs paid during the period (primarily for airfares and accommodation) totalled \$66,174.

Organisational structure of MIWB



Role and responsibilities of the Chief Executive

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

The Chief Executive has the responsibility for the management of MIWB financial and non-financial performance, ensuring its conformity with statutory and accountability requirements. He implements the Board's policy decisions, reflecting the Board's approved strategy as reported in the Performance Plan, Corporate Plan and annual budget.

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

Executive team

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

The executive team comprises the following people:



Stephen Farrelly
Chief Executive, BE (Hons)
RPEQ (Civil)

Stephen joined MIWB as Chief Executive in October 2014. Stephen brings significant experience in the cost effective management of water assets including experience in professional engineering consultancy, engineering management, water authority planning, corporate risk

management and senior management roles. Stephen joined MIWB with a thorough understanding of MIWB's infrastructure, as well as the relevant water supply and governance matters pertinent to MIWB's operational needs.

Bruce Galbraith

Finance Manager, BMS CA ANZ GradDipACG FGIA FCIS

Bruce joined MIWB in February 2009 as Finance Manager and Board Secretary. Since that time he has facilitated significant changes to the overall management of current MIWB financial processes and procedures. Bruce brings to the position more than 29 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.

Hannah Cooper

Engineering Manager, BE (Mech)

Hannah originally served MIWB as Project Engineer for several years from February 2008, and rejoined in 2014 as Engineering Manager. She brings a broad range of knowledge on technical matters, project engineering and engineering management from a number of engineering roles in the private and public sector. Hannah's experience in efficiency infrastructure delivery is well matched to MIWB's engineering requirements.

Reporting requirements

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

The documents produced include:

- annual reports
- quarterly reports
- financial statements
- corporate and performance plans
- Total Asset Management Plan and
- event-based and annual water quality reports which are collated and provided to DEWS.

MIWB was compliant with its reporting responsibilities during 2014-15, which included: providing the Minister with a summary of information and events for the year; forecasts for the year ahead; assessments of status and performance to date; providing DEWS with financial and non-financial performance reports for each quarter; and event status reports on the blue-green algae blooms and water supply reliability matters.

During the year MIWB also liaised with Queensland Health in respect of MIWB's water quality events.



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 recordkeeping system which satisfies the accountability requirements of the *Public Records Act 2002*.

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

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

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

Risk management

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

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

Audit functions

External auditor – financial

The Auditor-General is the auditor of all Queensland public sector entities. The Queensland Audit Office engaged Altius Advisors to conduct MIWB's 2014-15 external audit.

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

External auditor – non-financial

MIWB produced the legislatively required TAMP 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 auditor

In 2014-15, MIWB reappointed BDO Australia Ltd as its internal auditor. The Finance, Audit and Compliance Committee worked closely with the internal auditor to develop a recommended audit program for the next three years, and to ensure the effective, efficient and economic operation of the audit activity.

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

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

Investments

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

As at 30 June 2015, MIWB's investments (property, plant and equipment) were \$95.8M.

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 2014 to 30 June 2015.

Right to information

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

MIWB processed one RTI application between 1 July 2014 and 30 June 2015. MIWB was not processing any RTI applications at the end of the reporting period.

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

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

Open data

A number of annual reporting requirements are addressed through publication of information through the Queensland Government Open Data website (<https://data.qld.gov.au>) in lieu of inclusion in the annual report.

The following information requirements are reported online:

- consultancies
- government bodies.

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

Moving forward

In 2015-16, 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)
- maintenance of the fully transparent water charges framework and model and
- commitment to preserving MIWB's business and value.



People

A capable and accountable organisation is a critical success factor for the achievement of MIWB's vision. We focus strongly on people – attracting and retaining a highly skilled workforce, developing skills and knowledge, and demonstrating our corporate values in the way we deliver our services.

Staff profile

MIWB has a specialised workforce dedicated to the discrete aspects of its business operations. Staff levels reflect the requirements of the 2014-15 Performance Plan and forecast capital expenditure.

At 30 June 2015, MIWB's workforce comprised 15.6 Full Time Equivalent (FTE) employees, 1.0 FTE employees more than at 30 June 2014. These staff members were engaged in financial reporting, financial management, administration management, contract management, engineering, water quality monitoring and analysis, operations and management of projects.

Developing our people

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

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

During 2014-15, MIWB invested in a broad range of training activities which included the following courses:

- MIWB Area Safety Inductions
- Generic Construction Induction – Construction (White Card)
- Apply First Aid (Senior First Aid)
- Perform CPR
- Conduct Fire Team Operations
- Driving AWD / 4WD Vehicles on Unsealed Roads
- Information Privacy Act
- Right to Information Act
- Provide Advanced Resuscitation
- Project Management Professional – PMBOK 5th Edition – Aligned
- Graduate Diploma in Applied Corporate Governance
- Asset Management for Engineering Teams
- Water Supply and Sewerage Training Program
- Diploma of Risk Management and Business Continuity.

Public sector ethics

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

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

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

Workforce planning, attraction and retention

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

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

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

During 2014-15, MIWB's permanent retention rate was 79 per cent (i.e. it had 14.6 staff at the beginning and of those, 11.6 remaining at the end) and its permanent separation rate was 21 per cent (three staff members left).

Key workforce policies

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

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

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

Initiatives for women

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

As at 30 June 2015, MIWB staff members comprised seven women and nine men.

MIWB continued to have good representation of women in management roles including the Accountant, the Engineering Manager and the R48 Manager.

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 2014-15, MIWB did not have a 'carer', as defined by the Act, on staff.

Health and safety

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

During 2014-15, MIWB experienced one contractor lost time injury incident, which was treated at out-patient level and resulted in no significant or long-term harm. MIWB also recorded two minor injury incidents

requiring medical treatment, one minor incident not requiring medical treatment and one minor vehicle incident; none resulting in long-term harm. MIWB had one incident of access to site without the necessary permits in place and one incident of a small grass fire, both at MITR. MIWB reported one contractor incident concerning mild electrical shock – no lost time.

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

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

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

Moving forward

During 2015-16, MIWB will continue to provide a healthy and safe work environment for employees and contractors, in a framework of continuous improvement. It will also increase the core competencies of the organisation and staff by developing internal skills and resources.

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

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



Financial management

To achieve our vision of being a respected leader in regional water distribution and treatment, MIWB seeks to create and deliver value to our stakeholders. Efficiently and effectively managing the bulk water transportation and treatment infrastructure based on commercial principles is MIWB's core business. Our capital expenditure must be prudent and recoverable; our operational expenditure must be cost effective; our actions must be transparent.

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

Financial performance during 2014-15

Performance	Measures	Target 30 June 2015	Actual Outcomes 30 June 2015
Financial results			
Profitability	Earnings before interest and tax (EBIT)	\$2.2M	\$2.8M
	Net profit margin	5.4%	8.0%
Financial leverage	Debt to equity ratio ⁽¹⁾	6.1%	4.0%
Liquidity	Current ratio	7.1	7.1
Return on capital	Weighted average cost of capital (WACC) ⁽²⁾	7.6%	7.6%
Debt recovery	Average debt collection period	28.2 days	36.2 days
Return to shareholder	Dividend paid ⁽³⁾	nil	\$0.29M
Return to shareholder	Dividend payable ⁽⁴⁾	nil	\$1.42M

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

(2) QTC calculated MIWB WACC to be 7.6%

(3) Dividend paid on 2013-14 operations (paid in the 2014-15 year)

(4) Dividend recommended based on 80% of 2014-15 NPAT

Table 7. Financial performance during 2014-15

Highlights for 2014-15

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

- returning a dividend (paid) of \$0.29M to MIWB's owner, the Queensland Government and recommending a dividend payable for 2014-15 of \$1.42M
- realising a profit from continuing operations after income tax but before dividend of \$1.79M.

Financial performance

The net profit from ordinary activities after income tax equivalents expense for 2014-15 is \$1.79M (before dividend) compared with \$0.37M in 2013-14.

Operating costs were lower than budget due to reduced electricity costs from lower than expected pumping of water from Lake Julius for MIWB's own customers; as well as lower than budgeted costs incurred to counter the blue-green algae issues faced by MIWB during the year after the purchase of the filtration units.

A review of the Statement of Comprehensive Income

and associated notes (refer page 39) shows 2014-15 revenue increased by \$1.4M compared with 2013-14. The increase is primarily due to filtration lease charges billed to MICC (at cost).

Corporate, Depreciation and Payroll expenses were over budget. Operational and R48 expenses were under budget.

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

The Statement of Financial Position (refer page 40) shows an increase of \$0.4M as a result of increased non-current assets during the year.

The Statement of Cash Flows (refer page 42) shows cash remained essentially steady at \$17.0M.

Moving forward

Continued focus on financial performance in 2015-16 will ensure that customer outcomes are the driver for all capital expenditures, which are only undertaken on a sound financial basis. All capital is expected to be financed through internal cash flow and cash reserves during 2015-16.

Actual versus budget financial results 2014-15

	Actual 2014-15 \$	Budget 2014-15 \$	Change %
Income	22,175,092	24,160,255	(8.2%)
Corporate expenses	1,339,725	1,244,598	7.6%
Depreciation	5,522,445	5,379,000	2.7%
Direct operating expenses	10,346,647	13,420,704	(22.9%)
Payroll expenses	1,753,496	1,665,900	5.3%
R48 expenses	436,155	578,500	(24.6%)
Total expenses	19,398,468	22,288,702	(13.0%)
Net profit after tax and dividend	81,030	1,310,087	(93.8%)

Table 8. Actual versus budget financial results 2014-15



Financial report

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

For year ended 30 June 2015

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General information

These financial statements cover the Mount Isa Water Board and its controlled entities.

The Mount Isa Water Board is a statutory body constituted under the *Water Act 2000* as a Category 1 Water Authority and registered service provider under the *Water Supply (Safety and Reliability) Act*.

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

The head office and principal place of business of MIWB is:

31 Carbonate Street
Mount Isa QLD 4825

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

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

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

Statement of Comprehensive Income

MOUNT ISA WATER BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
INCOME FROM CONTINUING OPERATIONS	2		
Revenue			
Water charges	2a	21,258,638	18,817,343
Interest	2b	454,380	603,281
Other revenue	2c	462,073	1,361,480
TOTAL REVENUE		22,175,092	20,782,104
Gain on sale of property, plant and equipment	2d	8,000	20,000
TOTAL INCOME FROM CONTINUING OPERATIONS		22,183,092	20,802,104
EXPENSES FROM CONTINUING OPERATIONS	3		
Employee expenses	3a	(1,854,956)	(1,356,164)
Supplies and services	3c	(11,333,941)	(12,452,090)
Depreciation and amortisation	3d	(5,522,445)	(5,049,285)
Finance/borrowing costs	3e	(250,971)	(184,633)
Other expenses	3f	(436,155)	(447,909)
Losses			
Write down of Fluoridation assets	3g	-	(788,646)
Loss on sale of property, plant & equipment	3g	(245,346)	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS		(19,643,814)	(20,278,726)
OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		2,539,277	523,378
Income tax expense	4	(746,249)	(157,030)
OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX		1,793,028	366,348
OTHER COMPREHENSIVE INCOME			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase (decrease) on revaluation of property, plant and equipment	15	352,131	917,568
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		352,131	917,568
TOTAL COMPREHENSIVE INCOME		2,145,159	1,283,916

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 2015

		2015 \$	2014 \$
	Note		
CURRENT ASSETS			
Cash and cash equivalents	5	17,036,438	17,352,645
Receivables	6	2,261,532	3,411,259
Other current assets	7	21,293	31,476
TOTAL CURRENT ASSETS		<u>19,319,263</u>	<u>20,795,380</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	95,823,066	94,045,964
Intangible assets	9	-	-
Receivables	6	121,650	-
TOTAL NON-CURRENT ASSETS		<u>95,944,716</u>	<u>94,045,964</u>
TOTAL ASSETS		<u>115,263,979</u>	<u>114,841,344</u>
CURRENT LIABILITIES			
Payables	10	2,398,077	1,991,771
Accrued employee benefits	11	76,184	73,706
Other financial liabilities	12	699,662	665,704
Tax liabilities	13	232,866	478,690
TOTAL CURRENT LIABILITIES		<u>3,406,789</u>	<u>3,209,871</u>
NON-CURRENT LIABILITIES			
Accrued employee benefits	11	39,424	52,294
Other financial liabilities	12	3,270,424	3,969,949
Deferred tax liabilities	13	8,647,740	9,237,496
Other liabilities	14	1,276,582	181,874
TOTAL NON-CURRENT LIABILITIES		<u>13,234,171</u>	<u>13,441,614</u>
TOTAL LIABILITIES		<u>16,640,959</u>	<u>16,651,485</u>
NET ASSETS		<u>98,623,019</u>	<u>98,189,859</u>
EQUITY			
Contributed equity	17	30,430,390	30,430,390
Accumulated surplus	16	35,051,428	34,970,398
Asset revaluation surplus	15	33,141,202	32,789,071
TOTAL EQUITY		<u>98,623,020</u>	<u>98,189,859</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 2015

Note	Accumulated	Asset	Contributed	Total
	Surplus	Revaluation Surplus	Equity	
	\$	\$	\$	\$
	Note 16	Note 15	Note 17	
Balance at 1 July 2013	37,278,050	31,871,503	30,430,390	99,579,943
Operating result from continuing operations	366,348	-	-	366,348
<i>Total other comprehensive income</i> - Increase/(Decrease) on revaluation of property, plant and equipment	15	917,568	-	917,568
Total comprehensive income for the period	366,348	917,568	-	1,283,916
<i>Transactions with owners</i> - Dividends paid	(2,674,000)	-	-	(2,674,000)
Balance at 30 June 2014	34,970,398	32,789,071	30,430,390	98,189,859
Balance at 1 July 2014	34,970,398	32,789,071	30,430,390	98,189,859
Operating result from continuing operations	1,793,028	-	-	1,793,028
<i>Total other comprehensive income</i> - Increase/(Decrease) on revaluation of property, plant and equipment	15	352,131	-	352,131
Total comprehensive income for the period	1,793,028	352,131	-	2,145,159
<i>Transactions with owners</i> - Dividends accrued - Dividends paid	(1,422,000) (290,000)	- -	- -	(1,422,000) (290,000)
Balance at 30 June 2015	35,051,427	33,141,202	30,430,390	98,623,019

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 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Receipts from customers		23,248,980	17,911,620
Interest received		491,755	551,500
Grant funds received		-	529,612
Other Income		449,948	754,064
GST Input Tax Credits from ATO		2,200,053	1,834,566
GST received from customers		227,242	335,133
<i>Outflows:</i>			
Employee expenses		(1,865,348)	(1,339,326)
Supplies and services		(12,339,451)	(11,271,537)
Finance/borrowing costs		(250,971)	(184,633)
Other expenses		(436,155)	(447,909)
GST paid to suppliers		(1,824,598)	(2,017,799)
GST remitted to ATO		(495,506)	(90,737)
Income taxes paid		(1,732,743)	(1,385,919)
Net cash provided by (used in) operating activities	18	<u>7,673,206</u>	<u>5,178,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sale of property, plant and equipment		8,000	20,000
<i>Outflows:</i>			
Payments for property, plant and equipment		(7,041,848)	(7,965,061)
Net cash provided by (used in) investing activities		<u>(7,033,848)</u>	<u>(7,945,061)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Outflows:</i>			
Repayment of borrowings		(665,565)	(464,240)
Loans received		-	2,745,000
Dividends		(290,000)	(2,674,000)
Net cash provided by (used in) financing activities		<u>(955,565)</u>	<u>(393,240)</u>
Net increase (decrease) in cash and cash equivalents		(316,207)	(3,159,665)
Cash and cash equivalents at beginning of financial year		17,352,645	20,512,310
Cash and cash equivalents at end of financial year	5	<u>17,036,438</u>	<u>17,352,645</u>

The accompanying notes form part of these financial statements

Notes to and Forming Part of the Financial Statements

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Objectives and Principal Activities of MIWB

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

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in compliance with Section 42 of the *Financial and Performance Management Standard 2009*. The financial statements are General Purpose Financial Statements that have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. By virtue of being prepared in accordance with Australian Accounting Standards, the financial statements comply with International Financial Reporting Standards. All applicable accounting standards and policies have been consistently applied unless otherwise stated. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2015, and other authoritative pronouncements.

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

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

(b) Revenue Recognition

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

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

(c) Grants and Contributions

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

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

(d) Taxation

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

Current Income Tax Equivalents (Current Tax)

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Taxation (cont.)

Deferred Income Tax Equivalents (Deferred Tax)

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

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

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

Current and Deferred Income Tax Equivalents for the Period

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

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand, at bank, money market investments readily convertible to cash i.e. with a term to maturity less than 3 months and bank overdrafts. Cash assets includes all cash and cheques received but not banked at 30 June 2015.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or delivery, with settlement being generally required within thirty (30) days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. Specific provision is made for any doubtful accounts at 30 June 2015. All known bad debts were written off as of 30 June 2015.

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

(g) Acquisition of Assets

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(h) Property, Plant and Equipment

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

	\$
Land	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.

MIWB has a comprehensive annual maintenance program for its infrastructure assets. Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear etc) is expensed.

(i) Depreciation of Property, Plant and Equipment

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

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

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

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

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

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

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(j) Impairment of Non-Current Assets

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

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

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

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

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

(k) Revaluation of Non-Current Physical Assets

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable (refer also to an explanation later in this note regarding the impact of different methods of accounting for accumulated depreciation and accumulated impairment losses in conjunction with revaluations).

In respect of these asset classes, the cost of the items acquired during the financial year has been judged by management of MIWB to materially represent their fair value. Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

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

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

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

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revaluation of Non-Current Physical Assets (cont.)

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

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

On revaluation:

- for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'; and
- for assets revalued using a market or income-based valuation approach - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for valuation. This is generally referred to as the 'net method'.

In previous years, Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector (NCAPs) mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAPs now require either the gross or net method be used, according to the valuation approach adopted for individual assets (as explained above). In accordance with the above policies, this means a reported asset class may contain assets for which revaluations are accounted for using either method. While this does not impact on carrying amounts (i.e. fair values) reported, it does make a significant difference to the figures displayed for gross, accumulated depreciation and accumulated impairment losses (refer also to note 8 Property, Plant and Equipment for a comparison to figures reported for 2013-14).

Infrastructure Revaluations

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

Building Revaluations

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

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

(I) Fair Value Measurement

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

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Fair Value Measurement (cont.)

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

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

- * level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- * level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- * level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of MIWB's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

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

(m) Intangibles

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

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

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(n) Employee Benefits

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

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

Wages, Salaries and Personal Leave

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

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

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

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

Annual Leave

Annual leave is expected to be taken within twelve months. Annual leave owing at 30 June 2015 is recognised at undiscounted values.

Long Service Leave

MIWB has estimated the liability for long service leave at 30 June 2015. 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 2015.

Superannuation

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

Key Management Personnel and Remuneration

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for:

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

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

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

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

(p) Payables

Trade creditors are recognised when goods are received or services performed and are measured at the agreed purchase/contract price, net of applicable trade and other discounts. Usually payment is settled within thirty (30) days, the amounts owing are unsecured. The carrying amount at 30 June 2015 approximates fair value.

(q) Accounting Estimates and Judgments

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

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

Valuation of Property, Plant and Equipment – note 8
Contingencies - note 20
Depreciation - note 1(i) and note 3d

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(r) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

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

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

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

(s) Finance Costs

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

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

(t) Insurance

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

(u) Issuance of Financial Statements

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(v) New and Revised Accounting Standards

Any Australian Accounting Standards and Interpretations issued or amended and applicable for the first time in the 2014-15 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 2014-2015 period. MIWB will apply these standards and interpretations in accordance with their respective commencement dates.

The Australian Accounting Standard changes applicable for the first time as from 2014-15 that had the most significant impact on MIWB's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, MIWB has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (note 25). This note discloses MIWB's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of MIWB's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

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

From reporting periods beginning on or after 1 July 2016, MIWB will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. MIWB already discloses information about the remuneration expenses for key management personnel (refer to note 3b (a) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for MIWB's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 15 *Revenue from Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2017. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of MIWB's goods and services, such that some revenue may need to be deferred to a later period to the extent that MIWB has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). MIWB is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on MIWB are that they will change the requirements for the classification, measurement, impairment and disclosures associated with MIWB's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

New and Revised Accounting Standards (cont.)

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

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

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

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

(w) Other Presentation Matters

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

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

Current/Non-Current Classification - Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or MIWB does not have an unconditional right to defer settlement beyond 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

(x) Commercialisation

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
2 Income from Continuing Operations		
2a Water Charges		
Glencore Mount Isa Mines Ltd	9,244,875	7,545,739
Mount Isa City Council	9,052,292	9,260,109
Incitec Pivot Ltd	2,956,756	2,004,536
Other	4,715	6,959
	<u>21,258,638</u>	<u>18,817,343</u>
2b Interest		
Interest	<u>454,380</u>	<u>603,281</u>
2c Other Revenue		
Revenue from power sales	447,291	742,541
Grants	-	608,879
Miscellaneous income	14,782	10,060
	<u>462,073</u>	<u>1,361,480</u>
2d Gains		
Gain on sale of property, plant and equipment	8,000	20,000
	<u>8,000</u>	<u>20,000</u>
3 Expenses from Continuing Operations		
3a Employee Expenses		
Wages and salaries	1,515,233	1,169,277
Annual leave expense*	2,477	(2,059)
Long service leave expense*	(12,870)	18,897
Employee housing allowance *	24,565	-
Board member fees	101,460	15,278
Employer's superannuation contributions*	155,221	116,949
Employee Related Expenses		
Worker's compensation premium*	10,095	11,357
Payroll tax*	58,774	26,465
	<u>1,854,956</u>	<u>1,356,164</u>
* Refer to Note 1(n)		
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	16	16

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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 2014-15. 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	Former Chief Executive resigned 3/10/2014 New Chief Executive appointed 30/09/2014
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	13/05/2014

The new Chief Executive was appointed on 30/09/2014 due to the resignation of the former Chief Executive.

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 2014-15 year, remuneration of key executive management personnel was reviewed by MIWB and recommended changes were approved by MIWB.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2013-2014 or 2014-2015.

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 2014 - 30 June 2015

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive (new)	171,613	4,418	133	17,161	-	193,325
Chief Executive (former)	86,955	6,450	-	5,780	-	99,185
Finance Manager	170,980	10,249	14,837	17,098	-	213,164
Engineering Manager	158,154	2,777	384	15,815	-	177,130
Total Remuneration	587,701	23,894	15,354	55,855	-	682,804

1 July 2013 - 30 June 2014

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
3c Supplies and Services		
Accounting and secretarial	22,957	37,532
Audit fees – External audit*	41,838	35,990
Audit fees – Internal fees	72,504	40,566
Consultants	98,752	102,905
General repairs and maintenance	18,495	16,180
Insurance	184,719	195,048
Legal fees	178,843	196,395
Recruitment and relocation	60,096	77,683
Water testing	264,957	298,870
Sun Water – Lake Julius	299,763	263,963
Power costs	3,502,092	3,835,673
Technical services	2,518	9,108
Operating and maintenance	3,770,271	3,615,264
Filtration costs	2,356,093	3,350,495
Other	460,043	376,417
	11,333,941	12,452,090
<p>* Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial statements are estimated to be \$41,978 (2014: \$34,700). There are no non-audit services included in this amount.</p>		
3d Depreciation and Amortisation		
Buildings	12,831	12,774
Infrastructure	5,413,259	4,933,317
Plant & equipment	96,355	103,194
	5,522,445	5,049,285
3e Finance/Borrowing Costs		
Interest	250,971	184,633
	250,971	184,633
3f Other Expenses		
Operation and maintenance R48	436,155	447,909
	436,155	447,909
3g Losses on Property, Plant & Equipment		
Writedown of Fluoridation assets	-	788,646
Loss on Disposal of property, plant and equipment	245,346	-
	245,346	788,646

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
4 Income Tax Expense		
(a) Income tax equivalents expense		
Current income tax charges	1,502,453	749,010
Deferred income tax relating to origination and reversal of temporary tax differences	(740,670)	(591,995)
Under/(over) provision in prior years	(15,535)	15
Income tax expense	<u>746,249</u>	<u>157,030</u>
Deferred income tax(revenue) expense included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	9,773	20,784
(Decrease)/ Increase in deferred tax liabilities	(750,443)	(612,779)
Write-down and/or reversal of previous write-down of a deferred tax asset	-	-
	<u>(740,670)</u>	<u>(591,995)</u>
(b) Numerical reconciliation of income tax expense and tax expense calculated per statutory income tax rate		
Profit from operations before income tax expense	2,539,277	523,378
Tax at the rate of 30% (2014: 30%)	761,783	157,015
Tax effect of amounts which are not deductible		
- Penalties	-	-
	761,783	157,015
Under/(over) provision in prior years	(15,535)	15
Income tax equivalents expense	<u>746,249</u>	<u>157,030</u>
(c) Tax expense relating to items of other comprehensive income		
Deferred Tax		
Net gain/loss on revaluation of property, plant & equipment	150,914	393,243
	<u>150,914</u>	<u>393,243</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
5 Cash and Cash Equivalents		
Cash on Hand	250	250
Westpac Banking Corporation - Cash Management Account	2,876,027	2,603,158
Westpac Banking Corporation - Business Cash Reserve	3,865,680	4,467,796
Westpac Banking Corporation - Internet Account	44	44
Westpac Banking Corporation - Cheque Account	243	(3,588)
Westpac Banking Corporation - 3 Month Term Deposit	10,000,000	10,000,000
Queensland Treasury Corporation - Operating Fund	126,589	117,299
Queensland Treasury Corporation - Renewals & Ext Reserve	167,606	167,686
	<u>17,036,438</u>	<u>17,352,645</u>
6 Receivables		
Current		
Trade Debtors	2,137,325	3,142,484
Accrued interest	14,405	51,781
GST Receivable	109,802	216,994
	<u>2,261,532</u>	<u>3,411,259</u>
Non-Current		
Trade Debtors *	121,650	-
	<u>121,650</u>	<u>-</u>
<p>* MIWB has accrued the calculated Fixed Charge True-up for MIM for the period 2013-14 and 2014-15. This amount is due to be paid by MIM on 1 July 2018.</p>		
7 Other Assets		
Current		
Prepayments	21,293	31,476
	<u>21,293</u>	<u>31,476</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
8 Property Plant & Equipment		
Land:		
At fair value	132,872	132,080
	<u>132,872</u>	<u>132,080</u>
Leasehold Land:		
At cost	568,986	568,986
	<u>568,986</u>	<u>568,986</u>
Buildings:		
At fair value	637,212	633,737
Less: Accumulated depreciation	(31,761)	(18,813)
	<u>605,451</u>	<u>614,925</u>
Infrastructure:		
At fair value	234,477,258	226,262,604
Less: Accumulated depreciation	(140,966,210)	(137,280,396)
	<u>93,511,048</u>	<u>88,982,208</u>
Plant and Equipment Infrastructure:		
At cost	1,429,672	1,421,939
Less: Accumulated depreciation	(697,901)	(658,205)
	<u>731,771</u>	<u>763,733</u>
Capital work in progress		
At cost	272,938	2,984,032
Total	<u>95,823,066</u>	<u>94,045,964</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 2015	Balance at beginning of year	Adjustments Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land (at fair value)	132,080	-	-	792	-	-	132,872
Leasehold Land (at cost)	568,986	-	-	-	-	-	568,986
Buildings (at fair value)	614,925	-	-	3,358	(12,832)	-	605,451
Infrastructure (at fair value)	88,982,208	-	(239,784)	498,895	(5,413,259)	9,682,988	93,511,048
Plant and Equipment (at cost)	763,733	-	(5,562)	-	(96,355)	69,955	731,771
Capital WIP (at cost)	2,984,033	7,041,848	-	-	-	(9,752,943)	272,939
TOTAL	94,045,964	7,041,848	(245,346)	503,045	(5,522,445)	-	95,823,066

30 June 2014	Balance at beginning of year	Adjustments Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land (at fair value)	130,000	-	-	2,080	-	-	132,080
Leasehold Land (at cost)	-	-	-	-	-	568,986	568,986
Buildings (at fair value)	618,732	-	-	8,966	(12,774)	-	614,925
Infrastructure (at fair value)	86,266,313	-	-	1,299,765	(4,933,317)	6,349,447	88,982,208
Plant and Equipment (at cost)	618,241	51,819	-	-	(103,194)	196,867	763,733
Capital WIP (at cost)	2,629,691	7,913,242	(788,645)	-	-	(6,770,256)	2,984,033
TOTAL	90,262,977	7,965,061	(788,645)	1,310,811	(5,049,284)	345,045	94,045,964

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Property Plant & Equipment (con't)

Land

MIWB's land was last revalued based on specific appraisals by Tara Runde (AAPI CPV 3341) of Herron Todd White Independent Property Advisers at 30 June 2013. The fair value of land was based on publicly available data on sales of similar land in nearby locations in the six months prior to the date of the revaluation. In determining the values, adjustments were made to the sales data to take into account the location of MIWB's land, its size, street/road frontage and access, and any significant restrictions. In addition to the formal revaluation of assets in 2013 MIWB applied indices to the 2014 and 2015 asset values in order to appropriately determine their fair value.

Leasehold Land

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

Buildings

MIWB's buildings were last revalued based on specific appraisals by Tara Runde (AAPI CPV 3341) of Herron Todd White Independent Property Advisers at 30 June 2013. The fair value of the office building was determined based on an average of rental rates per square meter advertised publically for comparable buildings in similar locations, together with industry-accepted rental multiples for such buildings. Adjustments are made for the age, internal features/design and physical condition of each building being valued, but none of the adjustments have a significant impact on valuations. In addition to the formal revaluation of assets in 2013 MIWB applied indices to the 2014 and 2015 asset values in order to appropriately determine their fair value.

Infrastructure

MIWB's infrastructure assets were last revalued by BDA Management Pty Ltd at 30 June 2013. These values reflect prices to purchase/construct similar infrastructure in a similar condition at that date, based on all available data. The revaluation of infrastructure assets was carried out based on Optimised Replacement Cost valuation pricing (as there is no active market for such assets), with an assessment of conditions and remaining useful lives in order to determine fair value. Non-current physical assets revalued included pump stations, pipelines, storages, treatment facilities, buildings (including laboratories), electrical facilities and R48 facilities. Plant was excluded from the revaluation as were assets at the end of their useful life. The revaluation carried out during April and May 2013 involved a field inspection, condition assessment and revaluation. The revaluation considered assessment of remaining useful life for all assets, as well as aspects of optimisation and impairment. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of the facility. MIWB applied indices to the 2014 and 2015 asset values in order to appropriately determine their fair value.

Cost of Assets Recognised at Fair Value

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

	2015	2014
	\$	\$
Land	32,500	32,500
Buildings	748,320	748,320
Infrastructure	91,301,668	82,608,712
TOTAL	92,082,488	83,389,532

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Property Plant & Equipment (con't)

Categorisation of fair values recognised as at 30 June 2015 (refer to note 1(l))

	Level 2		Level 3		Total	Total
	\$		\$		\$	\$
	2015	2014	2015	2014	2015	2014
Land	132,872	132,080	-	-	132,872	132,080
Buildings	605,452	614,925	-	-	605,452	614,925
Infrastructure	-	-	93,511,048	88,982,208	93,511,048	88,982,208

Level 3 significant valuation inputs and relationship to fair value

Infrastructure Assets

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

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

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

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Property Plant & Equipment (con't)

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

Useful life assessments were conducted taking into account:

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

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
9 Intangible Assets		
Land Act Tenure		
Opening gross carrying value 1 July 2014	-	345,045
Additions	-	-
Impairment	-	-
Transferred to Leasehold Land	-	(345,045)
Net carrying value at 30 June 2015	<u>-</u>	<u>-</u>
Total intangible assets	<u>-</u>	<u>-</u>
10 Payables		
Current Liabilities		
Trade creditors	342,753	1,264,781
Other creditors	42,174	37,495
Accruals	591,150	689,495
Dividends payable *	1,422,000	-
	<u>2,398,077</u>	<u>1,991,771</u>
* On 25 May 2015, MIWB wrote a letter to the Minister of Energy and Water Supply recommending the payment of a dividend to the State for the financial year ended 30 June 2015 based on 80% of NPAT as per section 660(3) of the <i>Water Act 2000</i> . The Minister approved the Dividend recommendation.		
11 Accrued Employee Benefits		
Current		
Annual leave liability	76,184	73,706
	<u>76,184</u>	<u>73,706</u>
Non-Current		
Long service leave liability	39,424	52,294
	<u>39,424</u>	<u>52,294</u>
12 Other Financial Liabilities		
Current		
Loans - Queensland Treasury Corporation	699,662	665,704
	<u>699,662</u>	<u>665,704</u>
Non Current		
Loans – Queensland Treasury Corporation	3,270,424	3,969,949
	<u>3,270,424</u>	<u>3,969,949</u>
Total Financial Liabilities	<u>3,970,086</u>	<u>4,635,653</u>

No assets have been pledged as security for any liabilities.

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

Principal and interest repayments are made quarterly in arrears with interest rates ranging from 4.09% to 7.10%.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Other Financial Liabilities (con't)

Queensland Treasury Corporation advises that the amount to be repaid is the market value of the debt which is \$4,217,711 (2014 \$4,879,672). 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

	2015 \$	2014 \$
Liabilities		
Current		
Provision for taxes	<u>232,866</u>	<u>478,690</u>
Assets		
Non-current		
Deferred tax asset comprises:		
Employee benefits	34,682	37,800
Accrued expenses	7,823	11,891
Deferred income	50,924	54,562
Depreciation	16,998	15,947
Deferred tax asset	<u>110,427</u>	<u>120,200</u>
Liabilities		
Non-current		
Deferred tax liability comprises of;		
Property Plant & Equipment	<u>8,758,167</u>	<u>9,357,696</u>
Net deferred tax liability	<u>8,647,740</u>	<u>9,237,496</u>

14 Other Liabilities

	2015 \$	2014 \$
Non-current		
Deferred Income *	1,106,833	-
Grants received in advance	<u>169,749</u>	<u>181,874</u>
	<u>1,276,582</u>	<u>181,874</u>

* MIWB has amended the pricing contract with MICC which avoids the cost of the new treatment plant impacting on MICC pricing. In order to effect the adjustments to MICC pricing the retrospective change to the contract has created a true-up liability in favour of MICC. The amount is not due to be paid to MICC until July 2018 and the liability will be reduced each year by charging MICC an amount less than that estimated by the building block pricing model.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

15 Asset Revaluation Surplus

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

30 June 2015	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$
Land	69,706	554	-	-	-	70,260
Buildings	6,276	2,351	-	-	-	8,627
Infrastructure	32,636,836	349,226	-	-	-	32,986,062
Plant & Equipment	76,253	-	-	-	-	76,253
TOTAL	32,789,071	352,131	-	-	-	33,141,202

30 June 2014	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$
Land	69,250	1,456	-	-	-	69,706
Buildings	-	6,276	-	-	-	6,276
Infrastructure	31,727,000	909,836	-	-	-	32,636,836
Plant & Equipment	76,253	-	-	-	-	76,253
TOTAL	31,871,503	917,568	-	-	-	32,789,071

Revaluation increments and decrements above are disclosed net of tax.

16 Accumulated Surplus

	2015 \$	2014 \$
Balance 1 July 2014	34,970,398	37,278,050
Profit from ordinary activities after Income Tax Equivalents	1,793,029	366,348
Transactions with owners in their capacity as owners		
-Dividends Accrued	(1,422,000)	-
-Dividends Paid	(290,000)	(2,674,000)
Balance 30 June 2015	35,051,427	34,970,398

17 Contributed Equity

	2015 \$	2014 \$
Balance 1 July 2014	30,430,390	30,430,390
Movement	-	-
Balance 30 June 2015	30,430,390	30,430,390

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
18 Cashflow Information		
Reconciliation of Profit to Net Cash from Operating Activities		
Profit after income tax	1,793,028	366,348
Depreciation	5,522,445	5,049,285
Loss on Sale of Asset / write-downs	245,346	788,646
Profit on Sale of Asset	(8,000)	(20,000)
	<u>7,552,819</u>	<u>6,184,279</u>
Movement in Operating Assets and Liabilities		
Receivables	883,510	(905,722)
Interest Received	37,375	(51,781)
GST Receivables	107,192	61,164
Sundry Debtors	-	1,463
Prepayments	10,183	(24,492)
Payables	(1,015,695)	1,205,044
Annual Leave	2,477	(2,059)
Long Service Leave	(12,870)	18,896
Deferred Income	1,094,708	(79,267)
Deferred Tax	(740,670)	(591,994)
Provision for Taxes	(245,824)	(636,896)
Net cash from operating activities	<u>7,673,206</u>	<u>5,178,636</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19 Financial Instruments

Financial Risk Management

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

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

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

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

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

i) Categorisation of Financial Instruments

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

Category	Note	2015	2014
Financial Assets		\$	\$
Cash and cash equivalents	5	17,036,438	17,352,645
Receivables	6	2,383,182	3,411,259
Total		19,419,620	20,763,904
Financial Liabilities			
Payables	10	2,398,077	1,991,771
Other financial liabilities - QTC Borrowing	12	3,970,086	4,635,653
Total		6,368,163	6,627,425

ii) Financial Risk Management

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

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

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

iii) Credit Risk Exposure

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Instruments (cont.)

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

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

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

Maximum Exposure to Credit Risk

Category	Note	2015	2014
Financial Assets		\$	\$
Cash and Cash Equivalents	5	17,036,438	17,352,645
Receivables	6	2,383,182	3,411,259
Total		<u>19,419,620</u>	<u>20,763,904</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 2015 is \$743,604, which represents 33 per cent of the total trade receivables at balance date (2014 \$2,568,356 and 82 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 2014.

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 2015**

Financial Instruments (cont.)

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

2015 Financial Assets Past Due But Not Impaired

	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Financial Assets	\$	\$	\$	\$	\$
Receivables	-	550,191	-	(73)	550,117

As at 30 June 2015 no financial assets were impaired.

2014 Financial Assets Past Due But Not Impaired

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

As at 30 June 2014 no financial assets were impaired.

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.

2015 Payable in

	Note	< 1 year	1 - 5 years	> 5 years	Total
Financial Liabilities		\$	\$	\$	\$
Payables	10	2,398,077	-	-	2,398,077
Other financial liabilities					
- QTC Borrowings		901,846	2,476,046	1,272,233	4,650,126
Total		3,299,923	2,476,046	1,272,233	7,048,203

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Instruments (cont.)

Financial Liabilities	Note	2014 Payable in			Total
		< 1 year	1 - 5 years	> 5 years	
		\$	\$	\$	\$
Payables	10	1,991,771	-	-	1,991,771
Other financial liabilities					
- QTC Borrowings		901,846	3,038,414	1,596,454	5,536,714
Total		2,893,617	3,038,414	1,596,454	7,528,485

v) Market Risk

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

vi) Interest Rate Risk

The MIWB's exposure to interest rate risk, 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 \$130,663 (2014: \$127,169). This is mainly attributable to MIWB's exposure to variable interest rates on Cash and cash equivalents and variable interest rates on its borrowings from Queensland Treasury Corporation.

2015 Financial Instruments	Carrying Amount	2015 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss	Equity	Profit & Loss	Equity
	\$	\$	\$	\$	\$
Cash and cash equivalents	17,036,438	(170,364)	(170,364)	170,364	170,364
QTC Borrowings	3,970,086	39,701	39,701	(39,701)	(39,701)
Potential Impact on Profit and Equity		(130,663)	(130,663)	130,664	130,664

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Financial Instruments (cont.)

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

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

Fair Value

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

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

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

Financial Liabilities	2015		2014	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial liabilities at amortised cost:				
QTC Borrowings	3,970,086	4,217,711	4,635,653	4,879,672
Total	3,970,086	4,217,711	4,635,653	4,879,672

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

20 Contingencies

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

(a) Litigation in Progress

As at 30 June 2015, the following cases were filed in the courts naming MIWB acting as defendant:

	2015	2014
	Number of cases	Number of cases
Supreme Court	<u>1</u>	<u>1</u>
Total	<u><u>1</u></u>	<u><u>1</u></u>

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

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

21 Capital Expenditure Commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows.:

- Filtration Unit

Payable:	
Not later than one year	1,320,000
Later than one year and not later than 5 years	-
Later than 5 years	-
Total	<u><u>1,320,000</u></u>

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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 25 May 2015, MIWB wrote a letter to the Minister of Energy and Water Supply recommending the payment of a dividend to the State for the financial year ended 30 June 2015 of \$1,422,000 as per section 660(3) of the *Water Act 2000*. The dividend recommendation was approved by the Minister in a letter dated 2 July 2015.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

24 Budget vs Actual Comparison

Statement of Comprehensive Income		Budget 2015	Actual 2015	Variance	Variance % of Budget
Variance Notes	\$	\$	\$		
INCOME FROM CONTINUING OPERATIONS					
	Revenue				
	Water charges	22,961,060	21,258,638	(1,702,422)	-7.4%
1	Interest	300,000	454,380	154,380	51.5%
2	Other revenue	899,195	462,073	(437,122)	-48.6%
3					
	TOTAL REVENUE	24,160,255	22,175,092	(1,985,163)	-8.2%
	Gain on sale of property, plant and equipment	-	8,000	-	NA
	TOTAL INCOME FROM CONTINUING OPERATIONS	24,160,255	22,183,092	(1,977,163)	-8.2%
EXPENSES FROM CONTINUING OPERATIONS					
	Employee expenses	(1,665,900)	(1,854,956)	(189,056)	11.3%
4	Supplies and services	(14,346,104)	(11,333,941)	3,012,163	-21.0%
5	Depreciation and amortisation	(5,379,000)	(5,522,445)	(143,445)	2.7%
	Finance/borrowing costs	(319,198)	(250,971)	68,227	-21.4%
6	Other expenses	(578,500)	(436,155)	142,345	-24.6%
	Losses				
	Write down of Fluoridation assets	-	-	-	NA
	Loss on sale of property, plant & equipment	-	(245,346)	-	NA
	TOTAL EXPENSES FROM CONTINUING OPERATIONS	(22,288,702)	(19,643,814)	(2,644,888)	-11.9%
	OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	1,871,553	2,539,277	(667,724)	35.7%
	Income tax expense	(561,466)	(746,249)	184,783	32.9%
	OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX	1,310,087	1,793,029	(482,942)	36.9%
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified subsequently to Operating Result:</i>					
	Increase (decrease) in asset revaluation surplus	-	352,131	-	NA
	TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	-	352,131	-	NA
	TOTAL COMPREHENSIVE INCOME	1,310,087	2,145,160	(835,073)	63.7%

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

25 Budget vs Actual Comparison (cont.)

Statement of Financial Position		Variance	Budget	Actual	Variance	Variance
	Notes	2015	2015		% of	
		\$	\$	\$	Budget	
CURRENT ASSETS						
Cash and cash equivalents	7	20,100,760	17,036,438	(3,064,322)	-15.2%	
Receivables	8	2,372,994	2,261,532	(111,462)	-4.7%	
Other current assets		-	21,293	21,293	NA	
TOTAL CURRENT ASSETS		22,473,754	19,319,263	(3,154,491)	-14.0%	
NON-CURRENT ASSETS						
Property, plant and equipment	9	95,058,409	95,823,066	764,657	0.8%	
Intangible assets		-	-	-	NA	
Receivables		-	121,650	121,650	NA	
TOTAL NON-CURRENT ASSETS		95,058,409	95,944,716	886,307	0.9%	
TOTAL ASSETS		117,532,163	115,263,979	(2,268,184)	-1.9%	
CURRENT LIABILITIES						
Payables		1,424,321	2,398,077	973,756	68.4%	
Accrued employee benefits		129,410	76,184	(53,226)	-41.1%	
Other financial liabilities	10	1,387,486	699,662	(687,824)	-49.6%	
Tax liabilities		193,555	232,866	39,311	20.3%	
TOTAL CURRENT LIABILITIES		3,134,772	3,406,789	272,017	8.7%	
NON-CURRENT LIABILITIES						
Accrued employee benefits		24,700	39,424	14,724	59.6%	
Other financial liabilities	10	4,559,789	3,270,424	(1,289,365)	-28.3%	
Deferred tax liabilities	11	11,439,420	8,647,740	(2,791,680)	-24.4%	
Other liabilities	12	791,677	1,276,582	484,905	61.3%	
TOTAL NON-CURRENT LIABILITIES		16,815,586	13,234,171	(3,581,416)	-21.3%	
TOTAL LIABILITIES		19,950,358	16,640,959	(3,309,399)	-16.6%	
NET ASSETS		97,581,805	98,623,019	1,041,214	1.1%	
EQUITY						
Contributed equity		30,430,390	30,430,390	-	0.0%	
Accumulated surplus		35,489,912	35,051,428	(438,484)	-1.2%	
Asset revaluation surplus		31,661,503	33,141,202	1,479,699	4.7%	
TOTAL EQUITY		97,581,805	98,623,020	1,041,216	1.1%	

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

25 Budget vs Actual Comparison (cont.)

Statement of Cash Flow	Variance Notes	Budget	Actual	Variance	Variance % of Budget
		2015	2015		
		\$	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Inflows:</i>					
Receipts from customers		22,747,628	23,248,980	501,352	2.2%
Interest received	2	300,000	491,755	191,755	63.9%
Grant funds received		-	-	-	NA
Other Income	3	899,195	449,948	(449,247)	-50.0%
GST per budget	13	1,927,363	-	(1,927,363)	-100.0%
GST Input Tax Credits from ATO	13	-	2,200,053	2,200,053	NA
GST received from customers	13	-	227,242	227,242	NA
<i>Outflows:</i>					
Employee expenses		(1,650,900)	(1,865,348)	(214,448)	13.0%
Supplies and services		(17,255,308)	(12,339,451)	4,915,857	-28.5%
Finance/borrowing costs		(319,198)	(250,971)	68,227	-21.4%
Other expenses		(578,500)	(436,155)	142,345	-24.6%
GST paid to suppliers	13	-	(1,824,598)	1,824,598	NA
GST remitted to ATO	13	-	(495,506)	495,506	NA
Income taxes paid		(97,578)	(1,732,743)	(1,635,165)	1675.8%
Net cash provided by (used in) operating activities		5,972,702	7,673,206	1,700,504	28.5%
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Inflows:</i>					
Sale of property, plant and equipment		-	8,000	8,000	NA
<i>Outflows:</i>					
Payments for property, plant and equipment	9	(7,740,000)	(7,041,848)	698,152	-9.0%
Net cash provided by (used in) investing activities		(7,740,000)	(7,033,848)	706,152	-9.1%
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Outflows:</i>					
Repayment of borrowings		(833,904)	(665,565)	168,339	-20.2%
Loans received	6	4,000,000	-	(4,000,000)	-100.0%
Grant funds received		-	-	-	NA
Dividends		-	(290,000)	(290,000)	NA
Net cash provided by (used in) financing activities		3,166,096	(955,565)	(4,121,661)	-130.2%
Net increase (decrease) in cash and cash equivalents		1,398,798	(316,207)	(1,715,005)	-122.6%
Cash and cash equivalents at beginning of financial year		18,701,962	17,352,645	(1,349,317)	-7.2%
Cash and cash equivalents at end of financial year		20,100,760	17,036,438	(3,064,322)	-15.2%

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

25 Budget vs Actual Comparison (cont.)

Explanations of Major Variances

Statement of Comprehensive Income

1. Actuals are lower than budget due to reduced water usage due to the drought conditions experienced during the year in Mount Isa. Also from February 2015 MIWB entered an agreement to purchase filtration plant which meant a reduced charge to MICC for the balance of the financial year and the recognition of a "true-up" as a non-current liability.
2. Actuals are higher than budget due to higher than budgeted cash holdings during parts of the financial year and higher than budgeted interest rates.
3. Actuals are lower than budget due to lower than estimated demand for pumping water to Ernest Henry Mine.
4. Actuals are higher than budget due to higher than budgeted staff numbers for part of the financial year and additional overhead costs resulting from staff changes.
5. Actuals are lower than budget due to lower than anticipated power costs due to lower than estimated demand for pumping water to Ernest Henry Mine and lower filtration costs due to the purchase of filtration plant.
6. Actuals are lower than budget due to budgeted borrowings not taken up during the financial year.

Statement of Financial Position

7. Actuals are lower than budget due to purchase of filtration plant during the financial year.
8. Actuals are higher than budget due to customers paying their accounts after due date. All outstandings were paid after the end of the financial period.
9. Actuals are higher than budget due to the purchase of filtration units for \$6.0M during the period.
10. Actuals are lower than budget due to loans not taken up.
11. Actuals are lower than budget due to lower than budgeted deferred tax liabilities brought forward from the previous year.
12. Actuals are higher than budget due to the recognition of the pricing 'true-up' owed to MICC as part of the pricing review.

Statement of Cash Flows

13. For budgeting purposes GST is not split between the categories reported in the financial statements.

Certificate of the Mount Isa Water Board

MOUNT ISA WATER BOARD

CERTIFICATE OF THE MOUNT ISA WATER BOARD

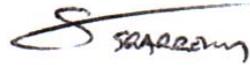
These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act 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 2014 to 30 June 2015 and of the financial position of the Mount Isa Water Board as at the end of that year.
- (c) These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Rowena McNally LLB

Chairperson



Stephen Farrelly

Chief Executive Officer

Dated 21st day of August, 2015

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 2015, 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.

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 2014 to 30 June 2015 and of the financial position as at the end of that year;

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane

Glossary

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

Glossary

R48 Reserve	R48 Water and Recreation Reserve
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ROL	The Resource Operations Licence for the relevant storage facility
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ROP	The Resource Operations Plan for the respective storage facility pursuant to the Gulf Plan
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RTI	<i>Right to Information Act 2009</i> (replaced the <i>Freedom of Information Act 1992</i> in 2009)
-----	--

SCADA	Supervisory Control and Data Acquisition
-------	--

SMP	Safety Management Plan
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SunWater	The government-owned corporation operating under that name
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TAMP	Total Asset Management Plan of Mount Isa Water Board
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Water Act	<i>Water Act 2000 (Qld)</i> as amended
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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 were:

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

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

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

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

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

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

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

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 Chief Executive.

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

Annual report compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 8	4
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 10.1	8
	<ul style="list-style-type: none"> Glossary 		83
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	3
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	7
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	3
	<ul style="list-style-type: none"> Information licensing 	<i>QGEA - Information Licensing</i> ARRs – section 10.5	N/A to MIWB
General information	<ul style="list-style-type: none"> Introductory information 	ARRs – section 11.1	5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	5
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	15-17
	<ul style="list-style-type: none"> Machinery of government changes 	ARRs – section 11.4	N/A to MIWB
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 12.1	18
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	N/A to MIWB
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	10,11,18-23
	<ul style="list-style-type: none"> Agency service areas, and service standards 	ARRs – section 12.4	N/A to MIWB
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	11, 36-37
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	29
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	29,30
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 14.3	N/A to MIWB
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	34

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 15.1	31
	• External scrutiny	ARRs – section 15.2	31
	• Audit Committee	ARRs – section 15.3	28
	• Internal Audit	ARRs – section 15.4	31
	• Information systems and recordkeeping	ARRs – section 15.5	31
Governance – human resources	• Workforce planning, attraction and retention, and performance	ARRs – section 16.1	34
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A to MIWB
Open data	• Consultancies	ARRs – section 17 ARRs – section 34.1	32
	• Overseas travel	ARRs – section 17 ARRs – section 34.2	N/A to MIWB
	• Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	N/A to MIWB
	• Government bodies	ARRs – section 17 ARRs – section 34.4	28,32
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – section 50 ARRs – section 18.2	80
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	81
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	56-57

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

This annual report is available for viewing or download from
www.mountisawater.qld.gov.au/opendata/corporate-documents

