

The Cobar Water Board



**Annual Report
2015/2016**

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Introduction

The Cobar Water Board is a statutory authority established in 1963 under an Act of Parliament. The Board was established with the purpose of supplying bulk water to Cobar Shire Council (for subsequent treatment and distribution by that body to the town of Cobar) and the local mining companies.

Mining companies currently supplied with water from the Cobar Water Supply Scheme are Endeavor Operations Pty Ltd and Peak Gold Mines Pty Ltd. The latter company on-supplies water to CSA Mine under an agreement.

The scheme also supplies water to other “minor” consumers, as approved by the Board.

Charter of the Board

The Cobar Water Board is administered under the Water Management Act 2000. In accordance with this legislation, the Board is empowered to:

- Construct, maintain and operate works;
- Provide raw water by metered bulk supply to Cobar Shire Council, mining companies and other consumers approved by the Board;
- Carry out any activities for enabling the objects of the Act to be obtained, which include to provide for the integrated and sustainable use of water sources for the benefit of present and future generations; and
- Undertake any other activities or functions as are conferred and imposed upon it by the Act.

When exercising its functions the Board must have regard to the following:

- The efficient use of water resources;
- The principles of ecologically sustainable development (ESD);
- Public interest and present and future community needs;
- Environmental protection, pollution control and prevention;
- Best practice in the planning, management and operation of assets; and
- The efficient and effective management and use of natural, human and financial resources.

Aims & Objectives

The Cobar Water Board aims to supply raw water at best value, at the rate of flow at times required by its major consumers. The complementary objective is to monitor projected demands, system conditions and the need for additional works and maintenance to ensure that the primary aim can be met through effective planning and management.

The Cobar Water Board also aims to ensure that the operations of the Board are financially viable, ethical and are conducted in a manner which is consistent with the principles of ESD.

A Code of Conduct (see Appendix A) and a Guarantee of Service (see Appendix D) clearly define desired standards of efficiency, integrity and service.

History

Cobar is located in an area of rich mineral deposits and is a thriving outback town largely dependent on the mining industry for its continuing prosperity. The town has demonstrated sustained growth over a period of several years, and now has a claim to be considered as a regional centre. The area is arid and more than 140 kilometres from any permanent watercourse.

Up until 1963, regular water restrictions and frequent failure of supply, with consequent rail cartage of water from Nyngan, were an unfortunate fact of life in Cobar. The shortage in water restricted growth of the town and expansion of the mining activity.

With the proclamation of the Cobar Water Supply Act in 1963, the Cobar Water Board came into existence with a charter to provide an adequate supply of bulk water to the Cobar Shire Council and the local mining companies, a goal it has never failed to achieve.

The first mining company to be serviced by the scheme was Cobar Management Pty Ltd (formerly Cobar Mines Pty Ltd). This was followed by Endeavor Mine in the early 1980's. In 1992, Peak Gold Mine began production, and is now responsible for the supply of water to CSA Mine. The water supply system has been greatly expanded in both capacity and complexity in recent years to meet the increased demands of the mining companies and the expansion of the town.

The Board is unique among statutory authorities in that the principal source of income derives from the private sector, which also is the major consumer of water supplied. The total cost of operations and capital costs are met by the consumers.

Description of the System

The Board's principal source of water is the Bogan River at Nyngan, where water is stored in a series of pools known as the Bogan Storages. The storages are formed by a weir (the Overshot Weir) and several earthen embankments. The Bogan River is an ephemeral stream, and is generally inadequate to meet the needs of the Board, Nyngan town and approved irrigators. Security is better assured by a connection to the Macquarie River at Warren through the Albert Priest Channel. This channel is an approximately 70 kilometres long earth channel and was constructed in 1942. The channel discharges flows into the upper reaches of the Bogan Storages.

From Nyngan, the Board pumps water through parallel pipelines some 130 kilometres to a 1.14 ML reservoir at Fort Bourke Hill, Cobar. Hermidale booster pumping station, located mid-way along the pipelines, is in operation to increase the rate of flow to assist in the transfer of water. Raw water is distributed from Fort Bourke Hill Reservoir directly to the adjacent Council filtration plant, and to terminal storages located four (4) kilometres North West of Cobar. In an emergency, a limited quantity of water may be directed by gravity flow to the service reservoirs at the mines.

A pumping station at the Cobar Storages services the requirements of the mining companies. Water from the storages may also be pumped back to Fort Bourke Hill Reservoir in the event of failure of supply from Nyngan or to maximise the efficiency of system operation.

The Cobar Storages have a small catchment area. Following periods of significant rainfall and resultant run off, the quantity of water pumped from Nyngan can be reduced substantially, achieving considerable savings in power costs. The storages also ensure that an adequate supply can be maintained without interruption to the mining companies and Council during repairs, maintenance or modifications of main line pumping equipment, pipelines, or the Bogan River Storages. By acting as a buffer [storing or releasing water in accordance with variations in demand] operational management of the scheme is simplified and made more efficient.

The principal components of the Board's system are:

- ✓ Intake Works at Bogan River, Nyngan;
- ✓ Three (3) Pumping Stations;
- ✓ Catchment Area and Storages at Cobar;
- ✓ Four (4) Reservoirs
- ✓ Over 320 Kilometres of Pipeline.

Agreements

The relationship between the Board and the Major Consumers (the Cobar Shire Council, Peak Gold Mines Pty Ltd and the Endeavor Operations Pty Ltd) is regulated by a formal agreement, which defines the obligations and liabilities of all parties. The most recent agreement came into force in 1992.

An agreement exists between Bogan Shire Council, Cobar Water Board and the Albert Priest Channel Association for the purpose of defining responsibilities and allocating construction and maintenance costs for the Albert Priest Channel. The latest Albert Priest Channel Agreement became effective on 29 July 1989.

An agreement exists between the Board and Bogan Shire Council for the control and funding of the Overshot Weir works on the Bogan River at Nyngan. This agreement was signed in 1970.

Supply to minor consumers is also regulated by agreement. The latest 'Minor Consumer Agreement' was introduced on 19 April 2005 and revised in 2014, 2015 and 2016.

Impacts & Initiatives

GENERAL

The Board is facing continual challenges in respect to future infrastructure upgrades, continuing growth and expansion of mining activities and the need to ensure an efficient, effective and secure water supply. This section provides an outline of some of the events that are expected to impact on the Board's activities, as well as the initiatives that the Board has, or is about to undertake.

WATER ALLOCATION

Changes to water management legislation in NSW mean that the Board is now unable to seek an increase in the allocation of water from the Macquarie River to meet expanding industrial (e.g. mining) demands. Should the Board, or other water user, require water for industrial purposes in addition to its existing entitlement, it will need to engage in trading and purchase water from other licensed holders.

SERVICE DELIVERY

The Board has continued to engage Cobar Shire Council to provide the Technical/Operational and Administrative/Financial management of the Cobar Water Board on a contract basis.

Budgetary processes have been revised and improved and the audit of the annual accounts has resulted in no adverse comment or instruction from the Auditor.

CONSULTANTS DISCLOSURE

During 2015/2016 several consultants were engaged to carry out works on behalf of the Cobar Water Board and provide the necessary reports:

- NSW Public Works to undertake professional consultancy work for the investigation, design, documentation, tendering and site supervision for the Cobar Water Supply Pipeline Replacement and Pumping System Upgrade Project;
- NSW Public Works with assistance from Cobar Shire Council to undertake the Project Management Work for the Cobar Water Board Pipeline Replacement and Pumping System Upgrade Project;
- Energy Management Services to provide advice on electricity costs for preparation of Budgets and monitoring of energy costs through the board's electricity supplier using E21 Energy Plus.

MULTICULTURAL POLICIES & SERVICES PROGRAM

The Cobar Water Board does not have any staff, nor does it plan to engage any in the future. All Administration and Technical duties are performed by Cobar Shire Council, with whom Cobar Water Board has an Administration/Technical Agreement.

All legislative requirements, as set out in the *Annual Reports (Statutory Bodies) Regulation 2010*, are covered by Cobar Shire Council.

WORK HEALTH AND SAFETY

As part of the Board's ongoing commitment to Work Health and Safety, all contract staff have been made aware of the amendments to the Work Health and Safety Act 2011, Local Government Act 1993 and the Protection of the Environment (Operations) Act 1997.

The Board reports no incidents or accidents for the 2015/2016 financial year.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

No formal access applications were received during the 2015/2016 reporting period, nor were there any withdrawn applications.

Equal Employment Opportunity

Whilst the Cobar Water Board has no employees, the Board continues to foster Equal Employment Opportunity principles in terms of the Board's membership.

All parties to the Board nominate a representative who is then appointed by the Minister for Primary Industries. The Board makes no recommendation to the parties who should be nominated for appointment. The Board consists of 5 men and 2 women as part-time board members.

Government Energy Management Policy

In accordance with the Premier's Memorandum 98-35, the Board has formally adopted the NSW Government Energy Management Policy, with the Secretary being the Energy Manager.

Energy management goals and performance indicators are being developed in consultation with the Energy supplier.

PUBLICATIONS

The 2014/2015 Annual Report and the 2014/2015 GIPA Annual Report were the only publications produced for the public during 2015/2016, and are available from the Secretary upon request.

The Annual Report and GIPA Annual Report are printed 'in house' with no external production costs. The Annual Report and GIPA Annual Report are also available on Cobar Shire Council's website at www.cobar.nsw.gov.au.

RISK MANAGEMENT AND INSURANCE

Whilst it is not believed appropriate to insure against what are generally considered 'business' risks, action has been taken to identify and effect adequate insurance cover in respect of all major operating risks particularly in areas of industrial special risks, public and products liability, broad form fidelity, and personal accident.

As at the 30 June 2016 the Board has obtained re-insurance of all existing policies.

Consumers

MAJOR CONSUMERS

| | |
|-----------------------------|--|
| Cobar Shire Council | Council treats water at its filtration plant and supplies the township of Cobar. |
| Endeavor Operations Pty Ltd | Uses water for mining activities at the Endeavor Mine. |
| Peak Gold Mines Pty Ltd | Uses water for mining activities at the Peak Gold Mine. Through an internal agreement, a supply is made available from Peak Gold Mines Pty Ltd for supply to CSA Mine for mining purposes. |

MINOR CONSUMERS

With the approval of the Board, owners whose properties lie adjacent to the pipeline and are outside the town area may be provided with a connection from the Board's pipelines. They may utilise the raw water, when available, for domestic and stock watering purposes.

Such users are metered and charged for water in accordance with the 'Minor Consumers Agreement'.

As at 30 June 2016, there were 49 minor consumers.

PAYMENT FOR WATER USED

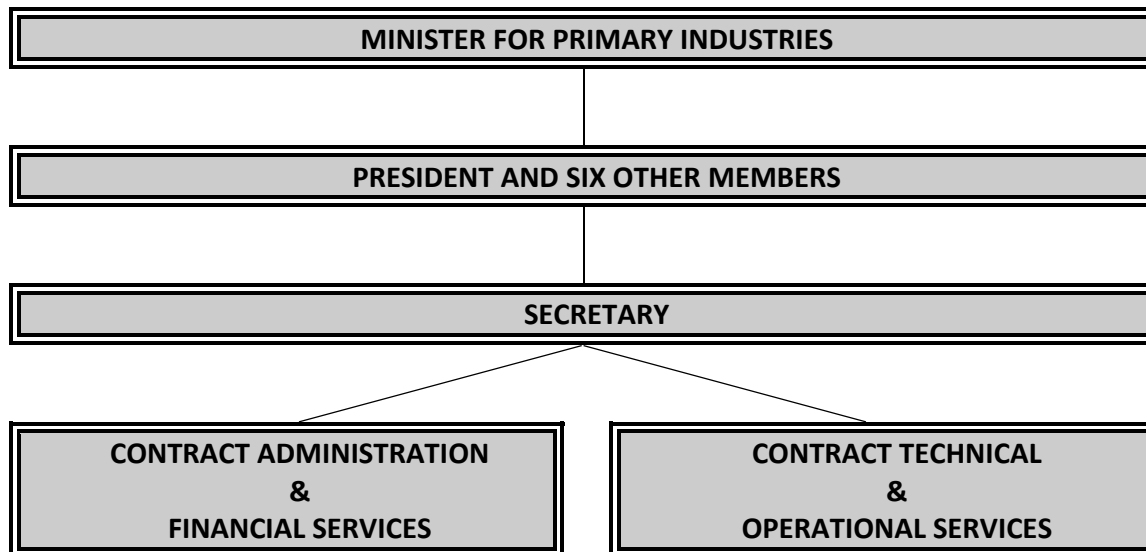
All users are metered, and pay for water on a basis that fully embraces 'user pays' principles and avoids any cross subsidisation.

Management & Structure

ACCESS

The Board does not maintain a permanently staffed office. Its administrative records are located with the Secretary. During 2015/2016, the Secretary was the General Manager of Cobar Shire Council. Cobar Shire Council also undertook the administrative/financial and technical/operational support and supervision functions of the Board on a fee for service basis.

To facilitate access, enquiries about the Board's activities are handled by Cobar Shire Council, which ensures availability of information to the public during normal business hours (8.00am to 4.30pm).



Board Membership

Board membership is defined under the Water Management Act 2000. The Act states that the Board is to consist of seven (7) part-time members appointed by the Governor. Three of the members are to be nominated by Cobar Shire Council; three are to be selected by the Minister for Primary Industries from persons nominated by the mining companies and the President of the Board is appointed by the Governor based on nominations provided to the Minister.

MEMBERSHIP OF COBAR WATER BOARD 2015/2016

| MEMBER | APPOINTED TO | PERSONAL DETAILS |
|---|------------------|--|
| Mr Doug McKay President | 25 May 2021 | Independently nominated Board President. |
| Mr Peter Abbott Cobar Shire Council | 4 May 2021 | Mr Abbott is a Councillor of 'The Council of the Shire of Cobar' |
| Mrs Tanya Gilbert CSA Mine | 23 July 2019 | Mrs Gilbert is the Health, Safety, Environment and Training Manager at Cobar Management Pty Ltd. |
| Mr Phil Gilligan Endeavor Operations Pty Ltd | 3 December 2019 | Mr Gilligan is the Safety Health and Environmental Manager of Endeavor Operations Pty Ltd. |
| Mrs Lilliane Brady OAM Cobar Shire Council | 23 November 2016 | Mrs. Brady is a Councillor and Mayor of the Shire of Cobar |

| | | |
|--|-------------------------------|---|
| Mr H. G. P. Yench Cobar Shire Council | 23 November 2016 | Mr Yench is a Councillor of 'The Council of the Shire of Cobar' |
| Mr. Tony Lord Peak Gold Mine | Resigned 21 December 2015 | Mr. Lord was the Manager – Asset Management Group, Peak Gold Mines Pty Ltd. |
| Mrs. Tracey Kings Cobar Shire Council | Resigned 10 September 2015 | Mrs. Kings is a Councillor of the Council of the Shire of Cobar. |

The General Manager of Cobar Shire Council acts as the Board's Secretary.

Board Meetings

Five meetings of the Board were held in the twelve month period to 30 June, 2016.

| MEMBER | 10.09.15 | 22.10.15 | 10.12.15 | 10.03.16 | 9.06.16 |
|--------------|----------|----------|----------|----------|---------|
| D. McKay | - | - | - | - | √ |
| G. Yench | - | √ | - | √ | √ |
| P. Abbott | - | - | - | - | √ |
| T. Kings | √ | N/A | N/A | N/A | N/A |
| L. Brady OAM | √ | √ | - | √ | √ |
| T. Gilbert | √ | - | √ | √ | √ |
| M. Zannes | - | - | - | √ | - |
| T. Lord | √ | √ | - | N/A | N/A |
| P. Gilligan | √ | √ | - | √ | - |

Board Officers as at 30 June 2016

| OFFICER | POSITION | PERSONAL DETAILS |
|------------------|--|--|
| Mr. Peter Vlatko | Secretary | Mr. Vlatko is the General Manager, Cobar Shire Council, appointed as the Board's Secretary on a part time basis. |
| Mr. Wayne Mills | Contract Technical Services | Mr. Mills is the Services Manager, Cobar Shire Council. |
| Mr. Kym Miller | Contract Administration/ Financial Services | Mr. Miller is the Director of Community and Corporate Services, Cobar Shire Council. |

Board Employees

Cobar Shire Council commenced to perform the administrative/financial and technical/operational functions of the Board on a contractual basis on 2 January 1996. This arrangement has continued in the 2015/2016 financial year, with the Board continuing to have no employees. The General Manager of Cobar Shire Council is appointed the Board Secretary.

Finance

Loans

The Board has no loans as at the 30 June 2016.

Review of Operations

Provision of Services

Requests for service generally relate to enquiries from the Major Consumers about water supply to their facilities. Cobar Shire Council staff are contracted to handle all such enquiries directly, including out-of-hours calls that relate to interruption to supply or other supply difficulties. Matters of policy on the provision of service are determined at Board Meetings.

Grants and Capital Projects

During 2015/2016 the Board has continued to work on the Pipeline Replacement and Pumping System Upgrade Project under the Resources for Regions grant of \$10 million together with \$7.1 million of Board funds giving a total project amount of \$17.1 million for Pipeline replacement and pumping system upgrade works.

The Cobar Water Board has also continued to work with Bogan Shire Council and Cobar Shire Council on a \$10 million project for a water storage and pipeline system at Nyngan to provide water security for both Cobar and Nyngan. (Water Security for Regions Program).

Performance Indicators

Two specific qualitative performance indicators are currently used to assist in monitoring the performance of the Board:

Distribution Reliability Measured by the number of unplanned interruptions, which are defined as an unplanned interruption of supply of more than thirty [30] minutes to an end user [e.g. a consumer or mining operation, but **not** delivery to a reservoir].

Consumer Satisfaction Measured by the number of consumer complaints, which are defined as any complaint from consumer relating to the provision of service from the Board's operations.

The targets set have been based on an analysis of past performance and take into account the operational improvements made in recent years.

DISTRIBUTION RELIABILITY (NUMBER OF INTERRUPTIONS)

| | 2013/2014 | 2014/2015 | 2015/2016 |
|--------|-----------|-----------|-----------|
| TARGET | 0 | 0 | 0 |
| ACTUAL | 2 | 0 | 0 |

CONSUMER SATISFACTION (NUMBER OF COMPLAINTS)

| | 2013/2014 | 2014/2015 | 2015/2016 |
|--------|-----------|-----------|-----------|
| TARGET | 0 | 0 | 0 |
| ACTUAL | 0 | 0 | 0 |

Operational Statistics

WATER CONSUMPTION (ML)

| CONSUMER | 2013/2014 | 2014/2015 | 2015/2016 |
|-------------------------------|--------------|-------------|--------------|
| Cobar Shire Council | 1,267 | 1,223 | 1,218 |
| Peak Gold Mines Pty Ltd | 806 | 796 | 626 |
| Endeavor Operations Pty Ltd | 694 | 674 | 416 |
| Cobar Management Pty Ltd | 919 | 947 | 899 |
| Minor Consumers | 39 | 45 | 43 |
| TOTAL (Megalitres) | 3,725 | 3685 | 3,202 |
| Water Pumped From Nyngan (ML) | 4,249 | 4569 | 3,918 |

HIGHEST MONTHLY CONSUMPTION (ML)

| CONSUMER | 2013/2014 | 2014/2015 | 2015/2016 |
|-----------------------------|-----------|-----------|-----------|
| Cobar Shire Council | 237 (Jan) | 162 (Feb) | 171 (Dec) |
| Peak Gold Mines Pty Ltd | 226 (Jan) | 86 (Jul) | 82 (Jul) |
| Endeavor Operations Pty Ltd | 93 (Feb) | 72 (Apr) | 64 (Nov) |
| All Consumers | 486 (Jan) | 381 (Dec) | 406 (Dec) |

RAINFALL AND RUNOFF

| COBAR STORAGE CATCHMENT AREA | 2014/2015 | 2015/2016 |
|------------------------------|-----------|-----------|
| Rainfall (mm) | 230 | 369 |
| Runoff (ML) | 0 | 0 |

NOTE: Average rainfall for Cobar is 390mm.

Operating Budget 2015/2016

ADMINISTRATION, OPERATION AND MAINTENANCE EXPENDITURE

| | ESTIMATE TO 30/06/16 | ACTUAL TO 30/06/16 | ESTIMATE 30/06/17 |
|------------------------|-------------------------|-----------------------|----------------------|
| Administration | 259,213 | 248,895 | 218,500 |
| Operations Maintenance | 4,548,934 | 3,887,050 | 4,104,526 |
| TOTAL | 4,808,147 | 4,135,945 | 4,323,026 |

| DESCRIPTION | ESTIMATE TO 30/06/16 | ACTUAL TO 30/06/16 | ESTIMATE 30/06/17 |
|---|-------------------------|-----------------------|----------------------|
| ADMINISTRATION | | | |
| Members Allow & Exp. | 5,550 | 4,072 | 5,550 |
| Presidential Exp. | 925 | 925 | 925 |
| Contract- Administration/Finance | 177,000 | 176,982 | 147,455 |
| Telephone | 615 | 623 | 615 |
| Audit Fees | 24,600 | 25,500 | 25,500 |
| Insurance | 47,215 | 34,106 | 35,000 |
| Misc. & Maintenance | 3,308 | 6,687 | 3,455 |
| SUB TOTAL | 259,213 | 248,895 | 218,500 |
| SYSTEMS OPERATIONS & MAINTENANCE COSTS NYNGAN PUMP STATION | | | |
| Contract Supervision | 11,314 | 11,314 | 9,426 |
| Mechanical Pumps | 75,000 | 31,119 | 75,000 |
| Service Pumps | 11,314 | 11,314 | 9,426 |
| Electricity Charges | 700,000 | 393,154 | 450,000 |
| Miscellaneous | 5,000 | 726 | 2,000 |
| Bogan Storages (Common Pond) | 41,000 | 0 | 41,000 |
| SUB TOTAL | 843,628 | 447,627 | 586,852 |
| HERMIDALE PUMP STATION | | | |
| Contract Supervision | 11,314 | 11,314 | 9,426 |
| Mechanical Pumps | 125,000 | 38,795 | 125,000 |
| Service Pumps | 11,314 | 11,314 | 9,426 |
| Electricity Charges | 522,750 | 369,223 | 400,000 |
| Miscellaneous | 3,500 | 355 | 2,000 |
| SUB TOTAL | 673,878 | 431,001 | 545,852 |
| COBAR STORAGES | | | |
| Contract Supervision | 22,830 | 22,830 | 19,021 |
| Mechanical Pumps | 90,000 | 124,001 | 90,000 |

| DESCRIPTION | ESTIMATE TO 30/06/16 | ACTUAL TO 30/06/16 | ESTIMATE 30/06/17 |
|----------------------------------|-------------------------|-----------------------|----------------------|
| Service Pumps | 22,830 | 22,830 | 19,021 |
| Electricity Charges | 221,400 | 148,877 | 180,000 |
| Miscellaneous | 3,500 | 1,481 | 3,500 |
| Drains & Gutter Maint. | 10,250 | 0 | 10,250 |
| SUB TOTAL | 370,810 | 320,019 | 321,792 |
| COBAR RESERVOIR | | | |
| Contract Supervision | 52,530 | 52,530 | 43,765 |
| Storages – Miscellaneous | 1,000 | 45 | 1,000 |
| SUB TOTAL | 53,530 | 52,575 | 44,765 |
| GRAVITY MAINS | | | |
| Contract Supervision | 11,314 | 11,314 | 9,426 |
| Infrastructure Maint. | 11,314 | 11,314 | 9,426 |
| Miscellaneous | 12,500 | 25,017 | 12,500 |
| SUB TOTAL | 35,128 | 47,645 | 31,352 |
| GENERAL SYSTEMS OPERATION | | | |
| Feasibility Study APC | 41,000 | | |
| APC Maintenance. | 175,000 | 191,860 | 200,000 |
| Miscellaneous | 1,000 | 1,530 | 1,000 |
| | 217,000 | 193,390 | 201,000 |
| PIPELINES – NYNGAN/COBAR | | | |
| Contract Supervision | 11,314 | 11,314 | 9,426 |
| Infrastructure Maint. | 11,314 | 11,314 | 9,426 |
| Heavy Veg. Clearing | 15,000 | 0 | 15,000 |
| Miscellaneous | 10,250 | 34,686 | 10,250 |
| Pigging | 52,500 | 0 | 52,500 |
| Pipeline – Valve and Maintenance | 105,000 | 49,206 | 105,000 |
| SUB TOTAL | 205,378 | 106,520 | 201,602 |
| PIPELINE – CANBELEGO | | | |
| Valve and Maintenance | 5,040 | 495 | 1,000 |
| Contract Supervision | | 4041 | 3,366 |
| SUB TOTAL | 5,040 | 4,536 | 4,366 |
| PUMPS - CSA LINE | | | |
| Contract Supervision | 5,859 | 5,859 | 4,881 |
| Infrastructure Maint. | 5,859 | 5,859 | 4,881 |
| Miscellaneous | 2,500 | 407 | 2,500 |
| SUB TOTAL | 14,218 | 12,125 | 12,262 |

| DESCRIPTION | ESTIMATE TO 30/06/16 | ACTUAL TO 30/06/16 | ESTIMATE 30/06/17 |
|---|-------------------------|-----------------------|----------------------|
| PUMPS – ENDEAVOR OPERATIONS LINE | | | |
| Contract Supervision | 11,314 | 11,314 | 9,426 |
| Infrastructure Costs | 11,314 | 11,314 | 9,426 |
| Miscellaneous | 2,500 | 1,280 | 2,500 |
| SUB TOTAL | 25,128 | 23,908 | 21,352 |
| PUMPS - FORT BOURKE HILL | | | |
| Infrastructure Maint. | 5,500 | 15,043 | 5,500 |
| SUB TOTAL | 5,500 | 15,043 | 5,500 |
| MISCELLANEOUS | | | |
| Vehicle Expenses | 38,950 | 28,473 | 38,950 |
| SUB TOTAL | 38,950 | 28,473 | 38,950 |
| SUB TOTAL | 2,488,188 | 1,682,862 | 2,015,645 |
| DEPRECIATION | | | |
| Works and Buildings | 2,051,430 | 2,083,838 | 2,083,838 |
| Plant and Equipment | 2,716 | 2,708 | 2,708 |
| Cottage | 6,600 | 6,600 | 6,600 |
| SUB TOTAL | 2,060,746 | 2,093,146 | 2,093,146 |
| SUB TOTAL | 4,548,934 | 3,776,008 | 4,108,791 |
| TWIN PIPELINE PROJECT | | | |
| Twin Pipeline Operational and Management Costs | 0 | 111,042 | 0 |
| TOTAL | 4,808,147 | 4,135,945 | 4,327,291 |

| | | | |
|-------------------------------|------------------|------------------|------------------|
| To Maintenance Reserve | 1,491,200 | 1,273,054 | 1,210,600 |
|-------------------------------|------------------|------------------|------------------|

Appendix A



Code of Conduct

COBAR WATER BOARD

CODE OF CONDUCT

Cobar Water Board is a statutory authority established to supply bulk water to Peak Gold Mine, Endeavor Mine, and Cobar Shire Council (for subsequent treatment and distribution by that body to the town of Cobar) and to be responsible for administration of its area in accordance with the applicable legislation. It must do that in the best interests of its major consumers, as well as the public in general.

The public is entitled to expect that:

- the business of the Board is conducted with efficiency and integrity;
- members and contractual staff obey the spirit and letter of the law, and in particular, the provision of all relevant statutes, regulations and instruments;

CONFLICT AND DISCLOSURE OF INTEREST

CONFLICT OF INTEREST

- a) Members and contractual staff shall ensure there is no conflict or incompatibility between their personal interests and the impartial fulfillment of their public or professional duties.
- b) Contractual staff shall not knowingly engage in private work with or for any person or body with an interest in a proposed or current dealing with the Board, without first making disclosure to the Secretary or the Board. In this respect, it does not matter whether advantage is in the fact obtained, as any appearance that private dealings could conflict with performance of public duties must be scrupulously avoided.
- c) Contractual staff shall notify the Secretary or the Board prior to undertaking a dealing in land in the area of the Board (other than purchasing or selling the principal place of residence), and shall obtain written approval from the Secretary or Board prior to engaging in any outside employment or other business dealings that relate to the activities of the Board.
- d) Contractual staff undertaking regulatory, inspectorial, recruitment or other discretionary functions shall make disclosure before dealing with relatives or persons with whom they are closely associated and, whenever possible or in doubt, shall disqualify themselves from dealing with those persons.

PERSONAL BENEFIT

USE OF CONFIDENTIAL INFORMATION

Members and contractual staff shall not use confidential Board information, to gain advantage for themselves or for any other person or body, in ways which are inconsistent with their obligation to act impartially, or properly to cause harm or detriment to any person, body or the Board.

IMPROPER OR UNDUE INFLUENCE

Members and contractual staff shall not take advantage of their position to improperly influence other members or contractual staff in the performance of their duties or functions, in order to gain undue or improper (direct or indirect) advantage or gain for themselves or for any other person or body.

GIFTS AND BRIBERY

- a) Members and contractual staff shall not seek or accept (directly or indirectly) from any person or body, any immediate or future gift, reward or benefit (other than a token kind, or moderate acts of hospitality) for themselves or for any other person or body, relating to their status with the board, or their performance of any duty or work which touches or concerns the board.
- b) If any gift, reward or benefit other than of a token kind, or moderate acts of hospitality, is offered, disclosure must be made in a prompt and full manner to the Secretary or the President.

PERSONAL BEHAVIOUR OF MEMBERS AND CONTRACTUAL STAFF

CONDUCT OF MEMBERS AND CONTRACTUAL STAFF

Members and contractual staff shall;

- a) act properly and in accordance with the requirements of the law and the terms of this Code;
- b) act in good faith (i.e. honestly, for the proper purpose, and without exceeding their powers) in the interests of the Board and the community;
- c) make no allegations which are unseemly or derogatory unless true, in the public interest and pertaining to the matter before the Board;
- d) refrain from any form of conduct, in the performance of their official or professional duties, which may cause any reasonable person unwarranted offence or embarrassment;
- e) always act in accordance with their obligation of fidelity to the Board;
- f) observe the highest standards of honesty and integrity, and avoid conduct which might suggest any departure from these standards;

- g) bring to the notice of the secretary and/or the President any dishonesty on the part of any other members of staff; and
- h) be frank and honest in their official dealings with each other.

CONDUCT OF CONTRACTUAL STAFF

Contractual staff shall;

- a) while on duty, give their whole time and attention to Board business and ensure that their work is carried out efficiently, economically and effectively, and that their standard of work reflects favourably both on themselves and on the Board;
- b) obey lawful orders given by any persons having authority to make or give such orders, with any doubts as to the priority of any such orders being taken up with the superior of the person who gave the order and, if resolution cannot be achieved, with the Secretary, and
- c) give effect to the lawful policies of their Board, whether or not they agree with or approve of them.

ADMINISTRATIVE AND MANAGEMENT PRACTICES

Members and contractual staff should ensure compliance with proper and reasonable administrative practices and standards of conduct, and professional and responsible management practices.

DEALING WITH BOARD PROPERTY

USE OF BOARD FACILITIES, FUNDS, CONTRACTUAL STAFF AND EQUIPMENT

Members and contractual staff shall;

- a) be scrupulously honest in their use of Board facilities, funds, contractual staff and equipment and shall not permit their misuse (or the appearance of misuse) by any other person or body;
- b) use Board resources entrusted to them effectively and economically in the course of their duties, and not otherwise; and
- c) not use Board resources, including the services of the Board contractual staff for private purposes (other than when supplied as part of a contract of employment), unless legally and properly authorised to do so, and payments are made where appropriate.

TRAVELING AND SUSTENANCE EXPENSES

Members and contractual staff shall claim or accept travelling and sustenance expenses arising out of travel only on matters which have a direct bearing on Board business.

ACCESS TO INFORMATION

Members and contractual staff should ensure that members are given access to all Board held information necessary for them to properly perform their duties and meet their responsibilities as members.

Appendix B



Detailed Operational Data

ENERGY CONSUMPTION

PERIOD ENDING 30 JUNE 2016

| ELECTRICITY (KW) | | | | GREENHOUSE GAS EMISSIONS (TONNES) | | |
|------------------|-------------------|--------------------|--------------------|-----------------------------------|-----------------|-----------------|
| | COBAR STORAGES | NYNGAN PUMP STN | H'DALE PUMP STN | STORAGES | NYNGAN | H'DALE |
| July | 71,501.7 | 222,333.7 | 61,475.8 | 60.06 | 186.76 | 51.64 |
| August | 63,341.8 | 190,891.9 | 184,733.0 | 53.21 | 160.35 | 155.18 |
| September | 77,391.3 | 212,899.2 | 211,193.4 | 65.01 | 178.84 | 177.40 |
| October | 71,105.4 | 258,816.1 | 247,180.8 | 59.73 | 217.41 | 207.63 |
| November | 74,699.4 | 246,013.1 | 236,150.4 | 62.75 | 206.65 | 198.37 |
| December | 85,306.1 | 329,994.6 | 317,103.4 | 71.66 | 277.20 | 266.37 |
| January | 85,442.9 | 347,095.9 | 311,361.6 | 71.77 | 291.56 | 261.54 |
| February | 61,273.9 | 280,134.3 | 268,633.6 | 51.47 | 235.31 | 225.65 |
| March | 57,426.2 | 279,977.1 | 271,084.8 | 48.24 | 235.18 | 227.71 |
| April | 53,533.3 | 242,431.7 | 237,394.3 | 44.97 | 203.64 | 199.41 |
| May | 46,877.9 | 232,845.8 | 223,937.3 | 39.38 | 195.59 | 188.11 |
| June | 82,637.9 | 48,973.3 | 52,615.4 | 69.42 | 41.14 | 44.20 |
| TOTAL | 830,537.9 | 2,892,406.8 | 2,622,863.8 | 697.65 | 2,429.62 | 2,203.21 |

WATER CONSUMPTION

PERIOD ENDING 30 JUNE 2016

| WATER CONSUMED [KILOLITRES] | | | | | | |
|-----------------------------|------------------|----------------|----------------|----------------|---------------|------------------|
| MONTH | COUNCIL | PGM | ENDEAVOR | CSA | MINOR | TOTAL |
| July | 50,417 | 81,970 | 45,028 | 69,905 | | 247,320 |
| August | 54,774 | 26,040 | 42,565 | 49,759 | | 173,138 |
| September | 71,859 | 61,680 | 59,269 | 46,404 | 8,725 | 247,937 |
| October | 102,451 | 50,820 | 39,663 | 68,359 | | 261,293 |
| November | 133,464 | 41,100 | 63,784 | 66,593 | | 304,941 |
| December | 171,160 | 70,210 | 49,477 | 102,987 | 12,374 | 406,208 |
| January | 137,779 | 23,540 | 41,219 | 78,150 | | 280,688 |
| February | 159,103 | 75,470 | 19,968 | 78,528 | | 333,069 |
| March | 117,209 | 75,010 | 15,916 | 90,406 | 13,685 | 312,226 |
| April | 102,455 | 69,210 | 11,031 | 83,099 | | 265,795 |
| May | 66,402 | 50,000 | 16,544 | 73,370 | | 206,316 |
| June | 50,646 | 1,380 | 11,962 | 51,890 | 7,961 | 123,839 |
| TOTAL | 1,217,719 | 626,430 | 416,426 | 859,450 | 42,745 | 3,162,770 |

Appendix C



Summary of Land

A summary of land occupied by the Cobar Water Board is set out below.

| LOCATION | OWNER | AREA | LOCAL GOVT. AREA | CURRENT USE |
|------------|--------|----------|---------------------|--|
| Nyngan | M.P.W. | 10.08 ha | Bogan Shire | P.S. No. 1 and Suction Line |
| Hermidale | M.P.W. | 0.06 ha | Bogan Shire | P.S. No. 2 and Balance Tank |
| Mt. Boppy | M.P.W. | 0.12 ha | Cobar Shire | Balance Tank and Reservoir Site |
| Cobar | M.P.W. | 1.81 ha | Cobar Shire | Fort Bourke Hill Res. Filtration Plant |
| Cobar | M.P.W. | 485.2 ha | Cobar Shire | P.S. No. 3 In Ground Tank |
| Cobar Mine | M.P.W. | 0.12 ha | Cobar Shire | Service Reservoir |
| Cobar | C.W.B. | 0.08 ha | Cobar Shire | Board Cottage |

Appendix D



Guarantee of Service

COBAR WATER BOARD

GUARANTEE OF SERVICE

OUR ROLE

The primary role of the Cobar Water Board is to supply raw water at minimum cost, and at a specific required rate of flow to three (3) major consumers, and a number of minor consumers which may vary from time to time.

OUR CLIENTS

The principal clients of the Board are the Cobar Shire Council, the Endeavor Operations Pty Ltd, Peak Gold Mines Pty Ltd and a number of minor consumers consisting essentially of rural land holders.

OUR COMMITMENT TO CLIENTS

The Board is committed primarily to providing raw water at minimum cost, at the required rate of flow, and at times required by its major and minor consumers. The complementary objective is to monitor projected demands, system conditions and the need for additional works and maintenance to ensure that the primary aim is met.

COBAR WATER BOARD'S STANDARD OF SERVICE

The level of services with respect to the supply of water will depend on the particular locality. For those localities where specific arrangements apply, the Board will provide water in accordance with those arrangements.

AVAILABILITY OF SUPPLY

Under normal conditions the Board will provide an unrestricted supply of water. Restrictions will only become necessary in the event of a breakdown.

CONNECTION

Connection to the water system will be provided where practicable to those parties whose land the Nyngan to Cobar pipeline crosses. On occasions where a high level of construction is required to provide the connection, special arrangements, incorporating the payment of a capital contribution may be necessary.

QUALITY OF SUPPLY

The Board's Charter is to supply raw water only. The quality of raw water supplied will be limited to the quality of water at the source.

RESPONSE TO SYSTEM FAILURES AND COMPLAINTS

The Board offers 24 hour emergency service. Response times to the water supply problems will for 80% of the calls be immediate and 20% within 2 hours of receiving the call.

Customer complaints about various aspects of the water supply will be responded to immediately in 90% of the time, and within 1 working day 10% of the time.

SUGGESTIONS, ENQUIRIES AND COMPLAINTS

The Board welcomes suggestions for improving services and the opportunity to address inquiries and complaints. All suggestions, inquiries or complaints should be directed to the Secretary of the Board who can be contacted on the number below.

CONTACT DIRECTORY

PRESIDENT

Mr. Doug McKay (02) 6847 4701

SECRETARY

Mr. Peter Vlatko (02) 6836 5888

FACSIMILE

(02) 6836 3964

POSTAL ADDRESS

PO Box 8
COBAR NSW 2835

OFFICE HOURS

The Office of the Cobar Water Board is housed in the Cobar Shire Council Offices, 36 Linsley Street, Cobar NSW. Business hours are 8.00am - 4.30pm, Monday to Friday.

Appendix E



**Financial Statements/Audit Opinion
For the twelve (12) month period ended 30th
June 2016**



INDEPENDENT AUDITOR'S REPORT

Cobar Water Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Cobar Water Board (the Board), which comprise the statement of financial position as at 30 June 2016, the income statement, statement of other 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Board in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Board's ability to continue as a going concern unless the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:


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

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



James Sugumar
Director, Financial Audit Services

4 October 2016
SYDNEY

THE COBAR WATER BOARD

ABN: 82 617 007 174

FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 June 2016



THE COBAR WATER BOARD
ABN: 82 617 007 174

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THE COBAR WATER BOARD
ABN: 82 617 007 174

STATEMENT BY THE DIRECTORS


Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Sct 1983 and in accordance with a resolution of the Cobar Water Board we state that:

1. the financial statements consisting of the income statement, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements exhibit a true and fair view of the financial position and of the financial performance of the Cobar Water Board for the year ending 30 June 2016;
2. the financial statements have been prepared in accordance with the provision of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, Treasurer's Directions and the Australian Accounting Standards (including Interepretations); and
3. there are reasonable grounds to believe that the Board will be able to pay its debts as and when they become due and payable. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

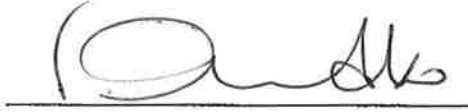
Doug McKay

PRESIDENT


Date: 30.9.16

Peter Vlatko

SECRETARY


Date: 30.9.16

THE COBAR WATER BOARD
ABN: 82 617 007 174

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|---|-------------|------------------------|------------------------|
| Revenue | 2 | 3,451 | 4,144 |
| Depreciation and amortisation expenses | 3 | (2,093) | (2,060) |
| System Operation and Maintenance Expenses | 3 | (1,770) | (2,231) |
| Other expenses | 3 | (273) | (286) |
| Net result | | <u>(685)</u> | <u>(433)</u> |

The accompanying notes form part of these financial statements.

THE COBAR WATER BOARD
ABN: 82 617 007 174

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|--|-------------|------------------------------|------------------------------|
| Net result | | (685) | (433) |
| Other comprehensive income: | | | |
| Items that will not be classified to surplus/(deficit) | | | |
| Net increase/(decrease) in property, plant and equipment revaluation surplus | 11 | 1,292 | 1,295 |
| | | <hr/> | <hr/> |
| Total comprehensive income | | 607 | 862 |

The accompanying notes form part of these financial statements.

THE COBAR WATER BOARD
ABN: 82 617 007 174

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|----------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 6,357 | 2,074 |
| Receivables | 6 | 347 | 642 |
| Other financial assets | 7 | - | 2,715 |
| Other assets | 8 | - | 2 |
| TOTAL CURRENT ASSETS | | 6,704 | 5,433 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 88,312 | 88,881 |
| TOTAL NON-CURRENT ASSETS | | 88,312 | 88,881 |
| TOTAL ASSETS | | 95,016 | 94,314 |
| CURRENT LIABILITIES | | | |
| Payables | 10 | 755 | 660 |
| TOTAL CURRENT LIABILITIES | | 755 | 660 |
| TOTAL LIABILITIES | | 755 | 660 |
| NET ASSETS | | 94,261 | 93,654 |
| EQUITY | | | |
| Reserves | 11 | 104,865 | 103,573 |
| Accumulated deficits | | (10,604) | (9,919) |
| TOTAL EQUITY | | 94,261 | 93,654 |

The accompanying notes form part of these financial statements.

THE COBAR WATER BOARD
ABN: 82 617 007 174

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | Accumulated Deficits \$'000 | Asset Revaluation Reserve \$'000 | Total \$'000 |
|--|------|-----------------------------------|---|-----------------|
| Balance at 1 July 2015 | | (9,919) | 103,573 | 93,654 |
| Net result | | (685) | - | (685) |
| Other comprehensive income | | | | |
| Net increase/(decrease) in property, plant and equipment | 11 | - | 1,292 | 1,292 |
| Total comprehensive income for the year | | - | 1,292 | 1,292 |
| Balance at 30 June 2016 | | (10,604) | 104,865 | 94,261 |
| | | | | |
| Balance at 1 July 2014 | | (9,486) | 102,278 | 92,792 |
| Net result | | (433) | - | (433) |
| Other comprehensive income | | | | |
| Net increase/(decrease) in property, plant and equipment | 11 | - | 1,295 | 1,295 |
| Total comprehensive income for the year | | - | 1,295 | 1,295 |
| Balance at 30 June 2015 | | (9,919) | 103,573 | 93,654 |

The accompanying notes form part of these financial statements.

THE COBAR WATER BOARD
ABN: 82 617 007 174

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|--|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of GST) | | 2,969 | 3,762 |
| Payments to suppliers (inclusive of GST) | | (1,651) | (2,711) |
| Maintenance contributions | | 200 | 200 |
| Grants received | | 154 | 298 |
| Interest received | | 113 | 96 |
| Other income | | 15 | 343 |
| Net cash from operating activities | 15 | 1,800 | 1,988 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase property, plant and equipment | | - | (435) |
| Purchase of investments | | - | (83) |
| Proceeds from redemption of financial assets | | 2,715 | |
| Net cash from investing activities | | 2,715 | (518) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net cash from financing activities | | - | - |
| Net increase (decrease) in cash and cash equivalents | | 4,283 | 1,470 |
| Cash and cash equivalents at beginning of financial year | | 2,074 | 604 |
| Cash and cash equivalents at end of financial year | 5 | 6,357 | 2,074 |

The accompanying notes form part of these financial statements.

THE COBAR WATER BOARD
ABN: 82 617 007 174

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The Board is a not-for-profit statutory body and water supply authority constituted under the *Water Management Act 2000*. The purpose of the Board is to supply raw water at best value, at the rate of flow at times required by its major consumers.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015 and Treasurer's Directions.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit and loss' and available for sale assets are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest thousand dollar and are expressed in Australian dollars.

The following is a summary of the material accounting policies adopted by the Board in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Property, Plant and Equipment

Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the Board. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

Capitalisation thresholds

Water supply works assets with a cost of less than \$10,000 and all other assets with a cost of less than \$500 are not capitalised.

Revaluation

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-1). Due to the specialised nature of the Board's Water Supply assets, its fair value is determined as its estimated current replacement costs.

The determination of estimated current replacement cost for these assets is based on estimates of modern engineering equivalent replacement asset values ("MEERA") on a whole of facility basis and takes into account condition-based assessments of the assets and its asset lives to determine their remaining service potential. When the Board's Water Supply assets are revalued, any accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the net carrying amount of the asset after revaluation equals its revalued amount.

THE COBAR WATER BOARD
ABN: 82 617 007 174

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

A comprehensive valuation of the water supply network was performed by CPE Associates for the year ended 30 June 2012. Between comprehensive valuations the water supply network has been indexed annually. The index rate applied at 30 June 2016 was 1.5% based on the construction rate supplied by the NSW Office of Water.

Fair value of freehold land and buildings is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is current replacement cost.

Buildings were last revalued at 30 June 2014 and Land at 30 June 2015. Management assessed there have been no material changes in fair value of land and buildings at 30 June 2016.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the income statement, the increment is recognised immediately as revenue in the income statement. Revaluation decrements are recognised immediately as expenses in the income statement, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Impairment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* is unlikely to arise. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the Board are regarded as immaterial.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Board commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Buildings | 4% |
| Plant and equipment | 5 - 33% |
| Water Supply Works | 1 - 3 % |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated funds/(deficit).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

(b) Receivables

Receivables are initially recognised at fair value, and subsequently at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

An allowance for doubtful debts is recognised when specific amounts are considered to be either doubtful or uncollectible. The recoverability of trade receivables is regularly reviewed throughout the reporting period.

(c) Payables

Trade and other payables represents liabilities for goods and services provided to the Board to the end of the reporting period that are unpaid.

Trade and other payables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method. Trade payables are normally settled within 30 days.

(d) Financial Instruments

Financial instruments comprise cash and cash equivalents, receivables and payables.

Financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

A financial instrument is recognised if the Board becomes a party to the contractual provision of the instrument. Financial assets are derecognised if the Board's contractual rights to the cash flows from the financial assets expire or if the Board transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade dates, that is, the date that the Board commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Board's obligations specified in the contract expire or are discharged or cancelled.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

THE COBAR WATER BOARD
ABN: 82 617 007 174

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

(f) Revenue Recognition

In terms of the Agreement between the Board, Cobar Shire Council and the two Mining Companies, the Board's obligations are to carry out certain works, to maintain and operate existing and future water works and to make available to the Council and the Mining Companies agreed quantities of water. Charges for water supplied each year are to be determined at a level to meet net operating, maintenance and administrative costs. Revenue is recognised on an accrual basis. The Council and the Mining Companies are to provide to the Board, in agreed proportions, sufficient funds to meet interest and loan repayment charges applicable to the works described in the Agreement.

Grant recognition is in accordance with AASB 1004. Income from contributions is recognised when the Board obtains control of the contribution. Details of contributions received in year ending 30 June 2016 appear in the notes to the accounts.

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

(g) Income Tax

The Cobar Water Board is exempt from income tax.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) New Australian Accounting Standards and Interpretations Issued but Not Effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Board. The Board has decided not to early adopt any of the new and amended pronouncements. The Board's assessment of the new and amended pronouncements that are relevant to the Board but applicable to future reporting periods is set out below:

AASB 9: Financial Instruments (December 2014) (applicable for reporting periods on or after 1 January 2019). This standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

THE COBAR WATER BOARD
ABN: 82 617 007 174

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

- The Board will consider a broad range of information when assessing credit risk and measuring the expected credit losses including past experience of historical losses for similar financial instruments.

The amendments are not expected to significantly impact the Board.

AASB 15 Revenue from contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

Revenue from financial instruments is not covered by this new Standard, but AASB 15 establishes a new revenue recognition model for other types of revenue.

This Standard is not expected to significantly impact the Board.

AASB 16: Leases (February 2016) (applicable for reporting periods on or after January 2019).

The Board has considered this standard but notes that due to not having any leases or similar instruments

This Standard is not expected to significantly impact the Board.

AASB 1 24: Related Party Disclosures (July 2015) (applicable for reporting periods on or after July 2016)

The Board has considered this standard and will include interim reporting on related party disclosures each Board Meeting noting that each of the Major Consumers is a related party and each is represented on the board. Full disclosure will be included in statutory accounts for financial year ending 30 June 2017.

THE COBAR WATER BOARD
ABN: 82 617 007 174

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Note 2 Revenue | | |
| Operating Activities | | |
| - water sales | 2,969 | 3,515 |
| Total sales revenue | <u>2,969</u> | <u>3,515</u> |
| Other revenue | | |
| - grants received | 154 | 298 |
| - interest received | 113 | 109 |
| - maintenance contributions | 200 | 200 |
| - other revenues | 15 | 22 |
| Total other revenue | <u>482</u> | <u>629</u> |
| Total operating activities and other revenue | <u>3,451</u> | <u>4,144</u> |
| Note 3 Expenses | | |
| Depreciation of Non-Current Assets | | |
| - Water supply network | 2,084 | 2,051 |
| - Engineers cottage | 7 | 7 |
| - Plant and equipment | 2 | 2 |
| Total depreciation | <u>2,093</u> | <u>2,060</u> |
| Other expenses | | |
| - System operation and maintenance | 1,770 | 2,231 |
| - Administration | 273 | 203 |
| - Other expenses | - | 83 |
| | <u>2,043</u> | <u>2,517</u> |
| Note 4 Auditor's Remuneration | | |
| Remuneration of the auditor for: | | |
| - audit of the financial statements (The Audit Office of NSW) | <u>26</u> | <u>23</u> |
| Note 5 Cash and Cash Equivalents | | |
| Cash at bank and in hand | <u>6,357</u> | <u>2,074</u> |
| Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | |
| Cash and cash equivalents | <u>6,357</u> | <u>2,074</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Note 6 Receivables | | |
| Trade receivables | 328 | 535 |
| Accrued income | 19 | 107 |
| | <u>347</u> | <u>642</u> |
| <p>Current trade receivables are generally on 30 days terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. At 30 June 2016, no trade receivables were considered to be impaired. (2015 - \$Nil).</p> | | |
| Ageing of Receivables | | |
| Current | 186 | 496 |
| 0-30 days | 160 | 146 |
| 31-60 days | - | - |
| 61-90 days | - | - |
| 90 days + | 1 | - |
| | <u>347</u> | <u>642</u> |
| Note 7 Other Financial Assets | | |
| Other deposits | <u>-</u> | <u>2,715</u> |
| <p>Other deposits are term deposits with terms greater than 90 days.</p> | | |
| Note 8 Other Assets | | |
| Prepayments | <u>-</u> | <u>2</u> |
| Note 9 Property, Plant and Equipment | | |
| Water supply works | | |
| Gross carrying amount | 164,808 | 162,373 |
| Less accumulated depreciation | (77,389) | (74,162) |
| Net carrying amount | <u>87,419</u> | <u>88,211</u> |
| Work in progress | | |
| Gross carrying amount | 667 | 435 |
| Net carrying amount | <u>667</u> | <u>435</u> |
| Freehold land | | |
| Gross carrying amount | 46 | 46 |
| Net carrying amount | <u>46</u> | <u>46</u> |
| Buildings | | |
| Gross carrying amount | 165 | 165 |
| Less accumulated depreciation | (13) | (7) |
| Net carrying amount | <u>152</u> | <u>158</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2016
\$'000

2015
\$'000

Note 9 Property, Plant and Equipment (Continued)

| | | |
|---|--------|--------|
| Plant and equipment: | | |
| Gross carrying amount | 57 | 57 |
| Less accumulated depreciation | (29) | (26) |
| Net carrying amount | 28 | 31 |
| Total Property, Plant and Equipment | 88,312 | 88,881 |

The Board's water supply works were revalued in 2012, buildings in 2014 and land in 2015 by independent valuers. Valuations were made on the basis included in Note 1 (a). The revaluation surplus was credited to an asset revaluation reserve.

(a) Movements in Carrying Amount

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land | Buildings | Plant and Equipment | Water Supply Works | Work in Progress | Total |
|---------------------------------------|--------|-----------|------------------------|--------------------------|---------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2016 | | | | | | |
| Net carrying amount at start of year | 46 | 158 | 31 | 88,211 | 435 | 88,881 |
| Additions | - | - | - | - | 232 | 232 |
| Net revaluation increment/(decrement) | - | - | - | 1,292 | - | 1,292 |
| Depreciation expense | - | (6) | (3) | (2,084) | - | (2,093) |
| Net carrying amount at end of year | 46 | 152 | 28 | 87,419 | 667 | 88,312 |
| 2015 | | | | | | |
| Net carrying amount at start of year | 54 | 165 | 33 | 88,959 | - | 89,211 |
| Additions | - | - | - | - | 435 | 435 |
| Net revaluation increment/(decrement) | (8) | - | - | 1,303 | - | 1,295 |
| Depreciation expense | - | (7) | (2) | (2,051) | - | 2,060 |
| Net carrying amount at end of year | 46 | 158 | 31 | 88,211 | 435 | 88,881 |

2016
\$'000

2015
\$'000

Note 10 Payables

| | | |
|--------------------------------------|-----|-----|
| Trade payables | 729 | 240 |
| Sundry payables and accrued expenses | 26 | 420 |
| | 755 | 660 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 | 2015 |
|--------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Note 11 Reserves | | |
| Asset revaluation reserve | <u>104,865</u> | <u>103,573</u> |
| (a) Asset Revaluation Reserve | | |
| Opening balance | 103,573 | 102,278 |
| Revaluation increments/(decrements) | | |
| - Water supply works | 1,292 | 1,303 |
| - Land | - | (8) |
| - Buildings | - | - |
| Closing balance | <u>104,865</u> | <u>103,573</u> |

The asset revaluation reserve records revaluations of non-current assets.

Note 12 Restricted Assets

| | | |
|-----------------------------------|--------------|--------------|
| Cash at bank and in hand (Note 5) | 6,357 | 2,074 |
| Other deposits (Note 7) | - | 2,715 |
| | <u>6,357</u> | <u>4,789</u> |
| <i>Restrictions on cash</i> | | |
| Unspent maintenance contributions | 2,100 | 1,900 |
| Unspent levy contributions | 3,052 | 2,292 |
| | <u>5,152</u> | <u>4,192</u> |
| Unrestricted cash | 1,205 | 597 |
| | <u>6,357</u> | <u>4,789</u> |

(a) Unspent Maintenance Contributions

| | | |
|--------------------------|--------------|--------------|
| Opening balance | 1,900 | 1,700 |
| Maintenance contribution | 200 | 200 |
| Closing balance | <u>2,100</u> | <u>1,900</u> |

Each year the major consumers contribute a combined \$200,000 towards the maintenance of the water supply works.

(b) Unspent Levy Contributions

| | | |
|---------------------------------|--------------|--------------|
| Opening balance | 2,292 | 1,300 |
| Levy - 40 cents per kilolitre | 1,273 | 1,384 |
| Grant funding received | 154 | 298 |
| Less capitalised pipeline works | (667) | (435) |
| Less pipeline upgrade expenses | - | (255) |
| Closing balance | <u>3,052</u> | <u>2,292</u> |

The Board implemented a 40 cents per kilolitre levy commencing in 2014 for the Nyngan/Cobar pipeline sinking fund.

Both of these contribution sources are supported by cash at bank and will be expensed on the

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Pipeline Replacement Project.

Note 13 Capital and Leasing Commitments

- (a) Cobar Water Board has entered into two funding agreements with Infrastructure NSW for \$5 million each. These amounts are to replace a section of the pipeline which carries raw water from Nyngan to Cobar. Cobar Water Board will contribute \$5.7 Million and 1.4 Million. Construction is expected to commence in July 2016.

| (b) | 2016 | 2015 |
|--|--------|------|
| Not later than 1 year | 10,500 | |
| Later than 1 year not later than 5 years | 7,245 | |
| Later than 5 years | - | - |
| Total (Inc GST) | 17,745 | - |

Note 14 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at 30 June 2016 (2015 - \$Nil).

| 2016 | 2015 |
|--------|--------|
| \$'000 | \$'000 |

Note 15 Cash Flow Information

(a) **Reconciliation of Net Result for the year with Cash Flows from Operations**

| | | |
|--|-------|-------|
| Net result for the year | (685) | (433) |
| <i>Non-cash flows in profit from ordinary activities</i> | | |
| - Depreciation | 2,093 | 2,060 |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in receivables | 295 | 70 |
| (Increase)/decrease in other assets | 2 | - |
| Increase/(decrease) in payables | 95 | 291 |
| Net cash flow from operating activities | 1,800 | 1,988 |

Note 16 Fair Value Measurement

(a) **Fair Value Hierachy**

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierachy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 16 Fair Value Measurement (Continued)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These techniques maximise to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset is included in Level 3.

Valuation techniques

The Board selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Board are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Board gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

2016

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---|-------------------|-------------------|-------------------|-------------------------------|
| Property, plant and equipment (Note 9) | | | | |
| Water supply works | - | - | 87,419 | 87,419 |
| Land | - | 46 | - | 46 |
| Buildings | - | 152 | - | 152 |
| | - | 198 | 87,419 | 87,617 |

2015

| | | | | |
|--------------------|---|-----|--------|--------|
| Water supply works | - | - | 88,646 | 88,646 |
| Land | - | 46 | - | 46 |
| Buildings | - | 158 | - | 158 |
| | - | 204 | 88,646 | 88,850 |

There were no transfers between Level 1 or 2 during the year.

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FOR THE YEAR ENDED 30 JUNE 2016

Note 16 Fair Value Measurement (Continued)

(b) Valuation techniques, inputs and processes

The fair value techniques the Board has used for Level 2 and Level 3 inputs are as follows:

Water supply works

The Board engaged the services of CPE and Associates in 2012 and complied with AASB 13 Fair Value Measurement and the guidance contained in the NSW Treasury Accounting Policy TPP 14-01 Valuation of Physical Non-Current Assets at Fair Value.

CPE and Associates provided a valuation for each asset of the water supply works applying a unit rate based on the current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. CPE and Associates in conjunction with the Board performed a condition assessment, estimated the total life, residual life and residual value for each asset.

The asset class is categorised as Level 3. Valuation techniques remained the same for the reporting period.

Between comprehensive valuations the water supply network will be indexed annually based on indexation issued by NSW Office of Water.

Land

The Board engaged the services of Australis Asset Advisory Group in 2015 and complied with AASB 13 Fair Value Measurement and the guidance contained in the NSW Treasury Accounting Policy TPP 14-01 Valuation of Physical Non-Current Assets at Fair Value. Fair value is the best estimate of the price reasonably obtained in the market at the date of valuation. As defined in AASB 13, it 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.

The asset class is categorised as Level 2. Valuation techniques remained the same for the reporting period.

Buildings

The Board engaged the services of Red Earth Real Estate in 2014 and complied with AASB 116 Property, plant and equipment and the guidance contained in the NSW Treasury Accounting Policy TPP 14-01 Valuation of Physical Non-Current Assets at Fair Value. Fair value is the best estimate of the price reasonably obtained in the market at the date of valuation. As defined in AASB 116, it is the "amount which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction".

The asset class is categorised as Level 2. Valuation techniques remained the same for the reporting period.

(c) Reconciliation of recurring Level 3 fair value measurements

| | Water supply works \$'000 | Total recurring Level 3 fair value \$'000 |
|--|--|--|
| Fair value at 1 July 2015 | 88,646 | 88,646 |
| Additions | 232 | 232 |
| Revaluation increment recognised in other comprehensive income | 1,292 | 1,292 |
| Depreciation | (2,084) | (2,084) |
| Fair value at 30 June 2016 | 88,086 | 88,086 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 17 Events After the Reporting Date

There are no subsequent events that require reporting in the financial statements.

Note 18 Board Details

The registered office and principal place of business of the entity is:

The Cobar Water Board
 36 Linsley Street
 COBAR NSW 2835

Note 19 Financial Instruments

(a) Financial Risk Management

The Board's financial instruments consist mainly of deposits with banks, local money market transactions, short term investments, accounts receivable and accounts payable. The Board does not have any derivative instruments.

The main risks the Board is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

| Financial Assets | Note | Category | 2016 \$'000 | 2015 \$'000 |
|--------------------------------|-------------|---|------------------------|------------------------|
| Cash and Cash Equivalents | 5 | N/A | 6,357 | 2,074 |
| Receivables | 6 | Loans and receivables (at amortised cost) | 347 | 642 |
| Financial assets at fair value | | At fair value through profit or loss – classified as held for trading | - | - |
| | | At fair value through profit or loss – designated as such upon initial recognition | - | - |
| | | Available-for-sale financial assets (at fair value) | 88,312 | 88,881 |
| Other financial assets | | Loans and receivables (at amortised cost) | - | - |
| | | Held-to-maturity (at amortised cost) | - | - |
| Financial Liabilities | Note | Category | 2016 \$'000 | 2015 \$'000 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

| | | | | |
|------------|----|--|-----|-----|
| Payables | 10 | Financial liabilities measured at amortised cost | 755 | 660 |
| Borrowings | | Financial liabilities measured at amortised cost | - | - |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(b) **Interest Rate Risk**

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

As only cash and cash equivalents and other financial assets are affected by interest rate risk, the Board manages this risk by investing in appropriate term deposits suitable to maintain the cash flow requirements of the Board.

Interest rate risk

The Board has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change to this risk.

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

Change in net result

Increase in interest rate by 1%

Decrease in interest rate by 1%

Change in equity

Increase in interest rate by 1%

Decrease in interest rate by 1%

| | 2016 | 2015 |
|---------------------------------|--------|--------|
| | \$'000 | \$'000 |
| <i>Change in net result</i> | | |
| Increase in interest rate by 1% | 37 | 30 |
| Decrease in interest rate by 1% | (37) | (30) |
| <i>Change in equity</i> | | |
| Increase in interest rate by 1% | 37 | 30 |
| Decrease in interest rate by 1% | (37) | (30) |

(1) Excludes statutory receivables and prepayments (not within the scope of AASB 7)

(2) Excludes statutory payables and unearned revenue (not within the scope of AASB 7)

(c) **Liquidity Risk**

The Board manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(d) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Board has a material credit risk exposure in that the three main debtors of the Board represent 87% (2015 - 79%) of receivables. These debtors are related entities.

Approved deposit taking institutions are used to lodge term deposits.

The Board monitors the credit risk by actively assessing the rating quality and liquidity of counterparties.

| | Total | Past due but not impaired | Considered impaired |
|-----------------------------|-------|---------------------------|---------------------|
| 2016 | | | |
| < 3 months overdue | 347 | 141 | - |
| 3 months - 6 months overdue | - | - | - |
| > 6 months overdue | 1 | 1 | - |
| 2015 | | | |
| < 3 months overdue | 573 | 146 | - |
| 3 months - 6 months overdue | - | - | - |
| > 6 months overdue | 0.5 | 0.5 | - |

(e) Net Fair Values

Fair value is determined based upon quoted market prices (in active markets for identical investments) at reporting date or independent valuation. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

For cash and cash equivalents, trade receivables and trade and other payables, carrying values in the statement of financial position equate to their fair value.

END OF AUDITED FINANCIAL STATEMENTS