

# *The Cobar Water Board*



**Annual Report  
2016/2017**

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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 an agreement 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 2016/2017 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 2016/2017 financial year.

## **GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009**

No formal access applications were received during the 2016/2017 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 1 woman as 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 2015/2016 Annual Report and the 2015/2016 GIPA Annual Report were the only publications produced for the public during 2016/2017, 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](http://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 2017 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 2017, there were 41 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.

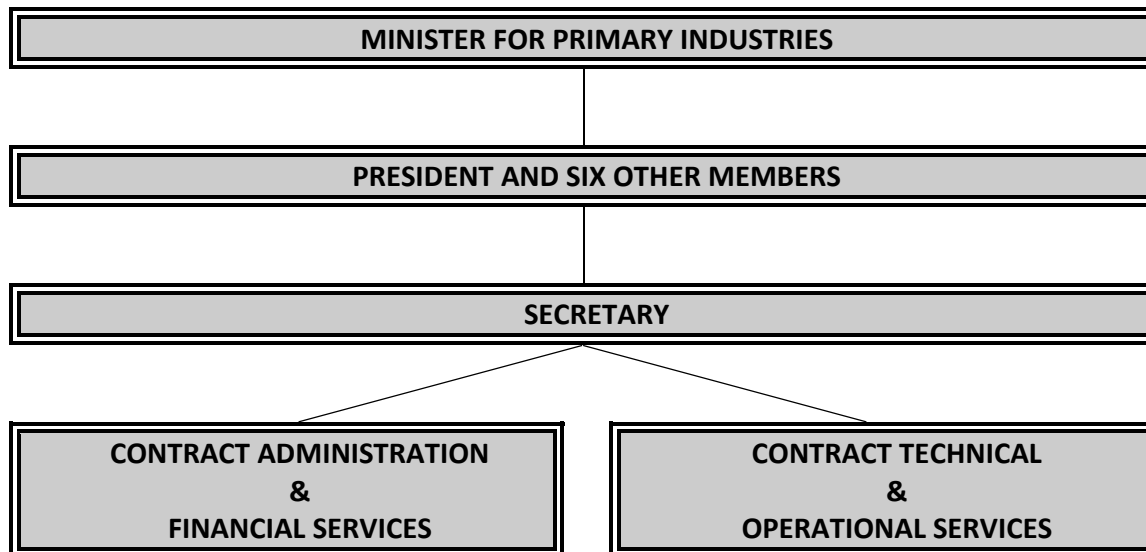
# Management & Structure

## ACCESS

The Board does not maintain a permanently staffed office. Its administrative records are located with the Secretary. During 2016/2017, 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 2016/2017

MEMBER	APPOINTED TO	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	Resigned 3 April 2017	Mrs Gilbert was 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	16 December 2021	Mrs. Brady is a Councillor and Mayor of the Shire of Cobar

Mr H. G. P. Yench Cobar Shire Council	16 December 2021	Mr Yench is a Councillor of 'The Council of the Shire of Cobar'
Mr. Michael Zannes Peak Gold Mine	August 2021	Mr Zannes is the Acting General Manager of Peak Gold Mines Pty Ltd, of New Gold.

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

## Board Meetings

Four meetings of the Board were held in the twelve month period to 30 June, 2017.

MEMBER	8.09.16	8.12.16	9.03.17	8.06.17
D. McKay	√	√	√	√
G. Yench	√	√	-	√
P. Abbott	-	√	-	√
L. Brady OAM	√	-	√	√
T. Gilbert	√	√	-	-
M. Zannes	√	√	√	√
P. Gilligan	-	-	√	√

## Board Officers as at 30 June 2017

OFFICER	POSITION	DETAILS
Mr. Peter Vlatko	Secretary	Mr. Vlatko is the General Manager, Cobar Shire Council, appointed as the Board's Secretary.
Stephen Taylor	Contract Technical Services	Mr. Taylor is the Director of Engineering Services, 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 2016/2017 financial year, with the Board continuing to have no employees. Peter Vlatko General Manager of Cobar Shire Council is appointed the Board Secretary.

## Finance

### Loans

The Board has no loans as at the 30 June 2017.

## 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 2016/2017 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)

	2014/2015	2015/2016	2016/2017
TARGET	0	0	0
ACTUAL	0	0	0

### CONSUMER SATISFACTION (NUMBER OF COMPLAINTS)

	2014/2015	2015/2016	2016/2017
TARGET	0	0	0
ACTUAL	0	0	0

## Operational Statistics

### WATER CONSUMPTION (ML)

CONSUMER	2014/2015	2015/2016	2016/2017
Cobar Shire Council	1,223	1,218	1,168
Peak Gold Mines Pty Ltd	796	626	402
Endeavor Operations Pty Ltd	674	416	251
Cobar Management Pty Ltd	947	899	898
Minor Consumers	45	43	52
<b>TOTAL (Megalitres)</b>	<b>3685</b>	<b>3,202</b>	<b>2,771</b>
Water Pumped From Nyngan (ML)	4569	3,918	3,840

### HIGHEST MONTHLY CONSUMPTION (ML)

CONSUMER	2014/2015	2015/2016	2016/2017
Cobar Shire Council	162 (Feb)	171 (Dec)	206 (Jan)
Peak Gold Mines Pty Ltd	86 (Jul)	82 (Jul)	63 (Feb)
Endeavor Operations Pty Ltd	72 (Apr)	64 (Nov)	47 (May)
All Consumers	381 (Dec)	406 (Dec)	410 (Jan)

### RAINFALL AND RUNOFF

COBAR STORAGE CATCHMENT AREA	2015/2016	2016/2017
Rainfall (mm)	369	376
Runoff (ML)	0	0

**NOTE:** Average rainfall for Cobar is 390mm.

# Operating Budget 2016/2017

## ADMINISTRATION, OPERATION AND MAINTENANCE EXPENDITURE

	ESTIMATE TO 30/06/17	ACTUAL TO 30/06/17	ESTIMATE 30/06/18
Administration	215,500	222,325	373,331
Operations Maintenance	4,114,291	4,031,124	4,208,649
<b>TOTAL</b>	<b>4,329,791</b>	<b>4,253,449</b>	<b>4,581,980</b>

DESCRIPTION	ESTIMATE TO 30/06/16	ACTUAL TO 30/06/17	ESTIMATE 30/06/18
<b>ADMINISTRATION</b>			
Members Allow & Exp.	5,550	5,226	5,550
Presidential Exp.	925	7,505	4,000
Contract- Administration/Finance	147,455	147,455	279,126
Telephone	615	951	700
Audit Fees	25,500	26,200	25,500
Insurance	35,000	33,420	38,000
Misc. & Maintenance	455	1,568	20,455
<b>SUB TOTAL</b>	<b>215,500</b>	<b>222,325</b>	<b>373,331</b>
<b>SYSTEMS OPERATIONS &amp; MAINTENANCE COSTS NYNGAN PUMP STATION</b>			
Contract Supervision	9,426	9,426	13,864
Mechanical Pumps	75,000	53,952	10,000
Service Pumps	9,426	9,426	13,864
Electricity Charges	450,000	440,923	450,000
Miscellaneous	2,000	2,461	2,000
Bogan Storages (Common Pond)	41,000	0	4,000
<b>SUB TOTAL</b>	<b>586,852</b>	<b>516,188</b>	<b>493,729</b>
<b>HERMIDALE PUMP STATION</b>			
Contract Supervision	9,426	9,426	13,864
Mechanical Pumps	125,000	69,924	10,000
Service Pumps	9,426	9,426	13,864
Electricity Charges	400,000	393,446	400,000
Miscellaneous	2,000	1,690	2,000
<b>SUB TOTAL</b>	<b>545,852</b>	<b>483,912</b>	<b>439,729</b>
<b>COBAR STORAGES</b>			
Contract Supervision	19,021	19,021	27,979

DESCRIPTION	ESTIMATE TO 30/06/16	ACTUAL TO 30/06/17	ESTIMATE 30/06/18
Mechanical Pumps	90,000	68,490	10,000
Service Pumps	19,021	19,021	27,979
Electricity Charges	180,000	195,219	180,000
Miscellaneous	3,500	3,970	3,500
Drains & Gutter Maint.	10,250	0	10,250
<b>SUB TOTAL</b>	<b>321,792</b>	<b>305,721</b>	<b>259,708</b>
<b>COBAR RESERVOIR</b>			
Contract Supervision	43,765	43,765	64,477
Storages – Miscellaneous	1,000	1,601	3,000
<b>SUB TOTAL</b>	<b>44,765</b>	<b>45,366</b>	<b>67,477</b>
<b>GRAVITY MAINS</b>			
Contract Supervision	9,426	9,426	13,864
Infrastructure Maint.	9,426	9,426	13,864
Miscellaneous	12,500	16,926	12,500
<b>SUB TOTAL</b>	<b>31,352</b>	<b>35,778</b>	<b>40,228</b>
<b>GENERAL SYSTEMS OPERATION</b>			
APC Maintenance.	200,000	143,320	200,000
Miscellaneous	1,000	0	1,000
<b>SUB TOTAL</b>	<b>201,000</b>	<b>143,320</b>	<b>201,000</b>
<b>PIPELINES – NYNGAN/COBAR</b>			
Contract Supervision	9,426	9,426	13,864
Infrastructure Maint.	9,426	9,426	13,864
Heavy Veg. Clearing	15,000	0	30,000
Miscellaneous	10,250	1,601	10,250
Pigging	52,500	0	52,500
Pipeline – Valve and Maintenance	105,000	166,117	105,000
<b>SUB TOTAL</b>	<b>201,602</b>	<b>186,570</b>	<b>225,479</b>
<b>PIPELINE – CANBELEGO</b>			
Valve and Maintenance	1,000	1,601	1,000
Contract Supervision	3,366	3,367	4,955
<b>SUB TOTAL</b>	<b>4,366</b>	<b>4,968</b>	<b>5,955</b>
<b>PUMPS - CSA LINE</b>			
Contract Supervision	4,881	4,881	7,183
Infrastructure Maint.	4,881	4,881	7,183
Miscellaneous	2,500	7,302	2,500
<b>SUB TOTAL</b>	<b>12,262</b>	<b>17,066</b>	<b>16,865</b>

DESCRIPTION	ESTIMATE TO 30/06/16	ACTUAL TO 30/06/17	ESTIMATE 30/06/18
<b>PUMPS – ENDEAVOR OPERATIONS LINE</b>			
Contract Supervision	9,426	9,426	13,864
Infrastructure Costs	9,426	9,428	13,864
Miscellaneous	2,500	2,003	2,500
<b>SUB TOTAL</b>	<b>21,352</b>	<b>20,857</b>	<b>30,229</b>
<b>PUMPS - FORT BOURKE HILL</b>			
Infrastructure Maint.	5,500	114,882	7,500
<b>SUB TOTAL</b>	<b>5,500</b>	<b>114,882</b>	<b>7,500</b>
<b>MISCELLANEOUS</b>			
Major Pump Repairs	0	0	200,000
Purchase of FP & LT	2,500	0	2,500
Maintenance Longworth St	3,000	1,707	50,000
Vehicle Expenses	38,950	28,243	38,950
<b>SUB TOTAL</b>	<b>44,450</b>	<b>29,950</b>	<b>291,450</b>
<b>SUB TOTAL</b>	<b>2,021,145</b>	<b>1,904,578</b>	<b>2,079,349</b>
<b>DEPRECIATION</b>			
Works and Buildings	2,083,838	2,117,246	2,120,000
Plant and Equipment	2,708	2,700	2,700
Cottage	6,600	6,600	6,600
<b>SUB TOTAL</b>	<b>2,093,146</b>	<b>2,126,546</b>	<b>2,129,300</b>
<b>SUB TOTAL</b>	<b>4,114,291</b>	<b>4,031,124</b>	<b>4,208,649</b>
<b>TOTAL</b>	<b>4,329,791</b>	<b>4,253,449</b>	<b>4,581,980</b>

<b>To Maintenance Reserve</b>	<b>1,491,200</b>	<b>1,087,660</b>	<b>1,569,400</b>
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# 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 2017**

ELECTRICITY (KW)			GREENHOUSE GAS EMISSIONS (TONNES)			
	COBAR STORAGES	NYNGAN PUMP STN	H'DALE PUMP STN	STORAGES	NYNGAN	H'DALE
July	111848.8	87175.5	89228.4	93.95	73.23	74.95
August	112711.8	315083.8	316211.7	94.68	264.67	265.62
September	97464.6	73116.1	77457.7	81.87	61.42	65.06
October	77154.8	333782.2	324665.8	64.81	280.38	272.72
November	134440.1	299446.4	288003	112.93	251.53	241.92
December	122159	341358.7	329943.7	102.61	286.74	277.15
January	109806.4	286363.0	270325.5	92.24	240.54	227.07
February	56944.7	284185.6	255895.3	47.83	238.72	214.95
March	66599.4	303428.1	49492.5	55.94	254.88	41.57
April	71292.3	281739.8	213267.5	59.89	236.66	179.14
May	95749.5	286046.9	279821.1	80.43	240.28	235.05
June	64274.9	220130.4	197233.0	53.99	184.91	165.68
<b>TOTAL</b>	<b>1120446.3</b>	<b>3111856.5</b>	<b>2691545.2</b>	<b>941.17</b>	<b>2613.96</b>	<b>2260.90</b>

**WATER CONSUMPTION**

**PERIOD ENDING 30 JUNE 2017**

WATER CONSUMED [KILOLITRES]						
MONTH	COUNCIL	PGM	ENDEAVOR	CSA	MINOR	TOTAL
July	52,171	13,580	9,472	60,075		135,298
August	57,251	23,090	11,675	69,050		161,066
September	52,789	16,940	13,795	65,242	5,153	159,072
October	68,210	31,760	15,029	62,387		177,386
November	136,592	53,510	12,919	90,434		293,455
December	64,962	54,268	13,527	30,803	9,141	172,701
January	206,200	45,198	15,734	142,967		410,099
February	154,101	62,706	20,496	77,431		314,734
March	142,836	31,547	20,191	91,042	11,196	296,812
April	80,814	34,113	33,390	66,350		214,667
May	69,658	28,277	46,737	72,188		216,860
June	82,336	6,715	38,106	70,486	21,207	218,850
<b>TOTAL</b>	<b>1,167,920</b>	<b>401,704</b>	<b>251,071</b>	<b>898,455</b>	<b>51,850</b>	<b>2,771,000</b>



# 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 30<sup>th</sup>  
June 2017**



## INDEPENDENT AUDITOR'S REPORT

### Cobar Water Board

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial report of Cobar Water Board (the Board), which comprise the statement of financial position as at 30 June 2017, 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 report:

- give a true and fair view of the financial position of the Board as at 30 June 2017, 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 the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial report' section of my report.

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

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

## Other Information

The members of the Board are responsible for the Other Information, which comprises the information in the Board's annual report for the year ended 30 June 2017, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

## The Board's Responsibility for the Financial report

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

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

## Auditor's Responsibility for the Audit of the Financial report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). 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 report on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial report.



James Sugumar  
Director, Financial Audit Services

22 September 2017  
SYDNEY



# **THE COBAR WATER BOARD**

ABN: 82 617 007 174

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED**

30 June 2017





**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 Act 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 ended June 30 2017;
2. the financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, Treasurer's Directions and the Australian Accounting Standards (including Interpretations); 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:

Lilliane Brady

**BOARD MEMBER**



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Date:

Peter Vlatko

**SECRETARY**



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Date:

**THE COBAR WATER BOARD**  
**ABN: 82 617 007 174**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>2017</b> <b>\$'000</b>	<b>2016</b> <b>\$'000</b>
Revenue	2	6,602	3,451
Depreciation and amortisation expenses	3	(2,127)	(2,093)
System operating and maintenance expenses	3	(1,902)	(1,770)
Other expenses	3	(224)	(273)
Net result		<u>2,349</u>	<u>(685)</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 2017

	Note	2017 \$'000	2016 \$'000
Net result		2,349	(685)
Other comprehensive income: Items that will not be classified to surplus/(deficit)			
Net increase/(decrease) in property, plant and equipment revaluation	8	(20,338)	1,292
Total comprehensive income		<u>(17,989)</u>	<u>607</u>

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 2017**

	Note	2017 \$'000	2016 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	4,458	6,357
Receivables	6	967	347
Prepayments	6	33	
Assets Held-for-sale	7	172	
<b>TOTAL CURRENT ASSETS</b>		<b>5,630</b>	<b>6,704</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	71,587	88,312
<b>TOTAL NON-CURRENT ASSETS</b>		<b>71,587</b>	<b>88,312</b>
<b>TOTAL ASSETS</b>		<b>77,217</b>	<b>95,016</b>
<b>CURRENT LIABILITIES</b>			
Payables	9	945	755
<b>TOTAL CURRENT LIABILITIES</b>		<b>945</b>	<b>755</b>
<b>TOTAL LIABILITIES</b>		<b>945</b>	<b>755</b>
<b>NET ASSETS</b>		<b>76,272</b>	<b>94,261</b>
<b>EQUITY</b>			
Reserves	8	84,527	104,865
Accumulated deficits		(8,255)	(10,604)
<b>TOTAL EQUITY</b>		<b>76,272</b>	<b>94,261</b>

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 2017**

	Note	Accumulated Deficits \$'000	Asset Revaluation Reserve \$'000	Total \$'000
<b>Balance at 1 July 2016</b>		(10,604)	104,865	94,261
Net result		2,349	-	2,349
Other comprehensive income				
Net increase/(decrease) in property, plant and equipment	8	-	(20,338)	(20,338)
Total comprehensive income for the year		-	(20,338)	(20,338)
<b>Balance at 30 June 2017</b>		<b>(8,255)</b>	<b>84,527</b>	<b>76,272</b>
<b>Balance at 1 July 2015</b>		(9,919)	103,573	93,654
Net result		(685)	-	(685)
Other comprehensive income				
Net increase/(decrease) in property, plant and equipment	8	-	1,292	1,292
Total comprehensive income for the year		-	1,292	1,292
<b>Balance at 30 June 2016</b>		<b>(10,604)</b>	<b>104,865</b>	<b>94,261</b>

The accompanying notes form part of these financial statements.

**THE COBAR WATER BOARD**  
**ABN: 82 617 007 174**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		3,998	2,969
Payments to suppliers (inclusive of GST)		(8,844)	(1,651)
Grants received		2,838	154
Interest received		95	113
Other income		14	15
Net cash from operating activities		(1,899)	1,800
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase property, plant and equipment		(5,912)	-
Purchase of investments		-	-
Proceeds from redemption of financial assets		-	2,715
Net cash from investing activities		(5,912)	2,715
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(1,899)	4,283
Cash and cash equivalents at beginning of financial year		6,357	2,074
Cash and cash equivalents at end of financial year	5	4,458	6,357

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 2017**

**Note 1            Summary of Significant Accounting Policies**

**Reporting Entity**

The Cobar Water 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 to customers.

**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.

The financial statements are prepared on a cost basis except property, plant and equipment, assets held for sale and financial assets at 'fair value through profit and loss' and available for sale assets which are measured at fair value.

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 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.

A comprehensive valuation of the water supply network was performed by Australis for the year ended 30 June 2017. Between comprehensive valuations the fair value of the water supply network is reassessed using industry based index numbers.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**Note 1 Summary of Significant Accounting Policies**

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 as at 30 June 2014 and Land as at 30 June 2015. Management assessed there have been no material changes in fair value of land and buildings as at 30 June 2017.

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.

**Impairment**

As a not-for-profit entity, 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's assets 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. Land is not a depreciable asset.

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).

**(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.

**THE COBAR WATER BOARD**  
**ABN: 82 617 007 174**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 1            Summary of Significant Accounting Policies**

**(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.

**(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. 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.

Revenue from water usage charges is recognised on an accrual basis when the water is provided.

Grant recognition is in accordance with AASB 1004. Income from contributions is recognised when the Board obtains control of the contribution. Control is normally obtained upon receipt of cash.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**Note 1 Summary of Significant Accounting Policies**

**(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) Assets Held For Sale**

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

**(j) Comparative Figures**

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

**(k) Changes to Accounting Policies, Including new or revised Australian Accounting Standards**

**(i) Effective for the First Time in 2016-17**

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2016-17.

**AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative:  
Amendments to AASB 101 (applicable to annual reporting periods beginning on or after 1 January 2016).**

The amendments clarify that entities need not disclose information that is qualitatively and quantitatively immaterial. The notes to the financial statements can and should be tailored to provide users with a clear picture of an entities financial position and performance.

The amendments clarify that:

- information should not be aggregated or disaggregated in a way that obscures useful information;
- the line items in the primary financial statements can be disaggregated and aggregated when such presentation is relevant to an understanding of an entity's financial position and performance;
- the concept of materiality applies to both the financial statements and the accompanying note disclosures;
- even when a standard specifies minimum disclosure requirements, if the disclosure is immaterial, it does not need to be disclosed;
- notes are to be presented systematically (or grouped) to enhance the understandability and comparability of the financial statements. The amendments provide examples of ways preparers can improve disclosures; and,
- the nature of an entity's operations and user expectations should be considered when determining which accounting policies to disclose.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies

(k) Changes to Accounting Policies, Including new or revised Australian Accounting Standards (continued)

This Standard has not significantly impacted the Board.

**AASB 2015-6: Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-For-Profit Public Sector Entities (applicable for reporting periods on or after July 2016)**

This standard amends AASB 124 Related Party Disclosures by extending its scope to include NFP public sector entities.

The Board has implemented this standard and included disclosure in these financial statements.

**AASB 2015-7: Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-For-Profit Public Sector Entities (applicable for reporting periods on or after July 2016)**

This standard amends AASB 13 Fair Value Measurement to relieve NFP public sector entities from certain disclosures applying to assets within the scope of AASB 116 *Property, Plant and Equipment* whose future economic benefits are not primarily dependent on the asset's ability to generate future net cash inflows.

The Board will not be required to disclose quantitative information concerning the significant unobservable inputs used in the fair value measurement of Level 3 hierarchy assets. The Board will also not be required to disclose, for recurring fair value measurements categorised in Level 3, the amount of total gains/losses which is attributable to changes in unrealised gains/losses, nor will it be required to disclose a narrative description of the sensitivity of fair value measurement to changes in unobservable inputs if such a change results in significantly higher or lower fair value measurements.

The effect on the Board has reduced disclosure relating to Level 3 hierarchy assets.

**(ii) 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 2018).** 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 following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:- Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities.

- However, AASB 9 requires that gains or losses on financial assets measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.
- Financial assets that are debt instruments will be classified according to the objectives of the business model for managing those assets and the characteristics of their cashflows.
- Recognition of credit losses are no longer to be dependent on the Board first identifying a credit loss event.
- 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**Note 1 Summary of Significant Accounting Policies**

**(k) Changes to Accounting Policies, Including new or revised Australian Accounting Standards (continued)**

The amendments are not expected to significantly impact the Board.

**AASB 15: Revenue from contracts from Customers (December 2014) (applicable to annual reporting periods commencing on or after 1 January 2019 for NFP entities).**

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.

AASB 15 will impact all entities providing goods or services under contract arrangements, especially those offering bundled products and services, providing warranties or rebates, or contracts with variable consideration.

This Standard is not expected to significantly impact the Board.

**AASB 16: Leases (February 2016) (applicable to annual reporting periods beginning on or after 1 January 2019).**

This standard eliminates the need for lessees to classify leases as either operating leases or finance leases. Leases will be 'capitalised' by recognising the present value of the future lease payments.

Preparers can present leased assets in financial statements as either leased (right-of-use) assets, or together with property, plant and equipment.

Lessees will recognise a financial liability for their obligation to make future lease payments. The principal and interests portions of the cash payments will be separately disclosed in the Statement of Cash Flows.

While the new requirements will significantly increase leased assets and financial liabilities that lessees will record on their balance sheets for most entities, as the Cobar Water Board does not have any leases, nor does the Board intend to commence any leases, this standard is not expected to have any significant impact on the Board.

**AASB 1058: Income of Not for Profit Entities December 2016 (applicable to annual reporting periods beginning on or after 1 January 2019).**

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The requirements of this Standard more closely reflect the economic reality of NFP entity transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This Standard applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable AAS.

This standard is not expected to significantly impact the Board.

**THE COBAR WATER BOARD**  
**ABN: 82 617 007 174**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

		2017 \$'000	2016 \$'000
<b>Note 2</b>	<b>Revenue</b>		
	water sales	3,033	2,969
	grants received	3,260	154
	interest received	95	113
	maintenance contributions	200	200
	other revenues	14	15
	<b>Total revenue</b>	<u>6,602</u>	<u>3,451</u>
<b>Note 3</b>	<b>Expenses</b>		
	Depreciation of Non-Current Assets		
	- Water supply network	2,117	2,084
	- Engineers cottage	7	7
	- Plant and equipment	3	2
	<b>Total depreciation</b>	<u>2,127</u>	<u>2,093</u>
	operating and maintenance	1,902	1,770
	other	224	273
		<u>2,126</u>	<u>2,043</u>
<b>Note 4</b>	<b>Auditor's Remuneration Included in Other Expenses</b>		
	Remuneration of the auditor for:		
	- audit of the financial statements (The Audit Office of NSW)	<u>26</u>	<u>26</u>
<b>Note 5</b>	<b>Cash and Cash Equivalents</b>		
	Cash at bank and in hand	<u>4,458</u>	<u>6,357</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>4,458</u>	<u>6,357</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

		2017 \$'000	2016 \$'000
<b>Note 6</b>	<b>Receivables</b>		
	Trade receivables	963	328
	Accrued income	4	19
	Prepayments	33	-
		1,000	347
	<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 2017, no trade receivables were considered to be impaired. (2016 - \$Nil).</p>		
	<b>Ageing of Receivables</b>		
	Current	995	186
	0-30 days	-	160
	31-60 days	-	-
	61-90 days	4	-
	90 days +	1	1
		1,000	347
<b>Note 7</b>	<b>Assets Held-for-sale</b>		
	Land and Buildings	172	-
		172	-
<b>Note 8</b>	<b>Property, Plant and Equipment</b>		
	Water supply works		
	Gross carrying amount	162,638	164,808
	Less accumulated depreciation	(97,674)	(77,389)
	Net carrying amount	64,964	87,419
	Capital work in progress		
	Gross carrying amount	6,579	667
	Freehold land		
	Gross carrying amount	19	46
	Buildings		
	Gross carrying amount	-	165
	Less accumulated depreciation	-	(13)
	Net carrying amount	-	152
	Plant and equipment:		
	Gross carrying amount	57	57
	Less accumulated depreciation	(32)	(29)
	Net carrying amount	25	28
	<b>Total Property, Plant and Equipment</b>	71,587	88,312

**THE COBAR WATER BOARD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 8 Property, Plant and Equipment (Continued)**

**(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
<b>2017</b>						
Net carrying amount at start of year	46	152	28	87,419	667	88,312
Additions	-	-	-		5,912	5,912
Assets held for sale	(27)	(145)				(172)
Net revaluation increment/(decrement)	-	-	-	(20,338)		(20,338)
Depreciation expense	-	(7)	(3)	(2,117)		(2,127)
Net carrying amount at end of year	<u>19</u>	<u>-</u>	<u>25</u>	<u>64,964</u>	<u>6,579</u>	<u>71,587</u>
<b>2016</b>						
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	<u>46</u>	<u>152</u>	<u>28</u>	<u>87,419</u>	<u>667</u>	<u>88,312</u>

**2017**  
**\$'000**

**2016**  
**\$'000**

**Note 9 Payables**

Trade payables	932	729
Sundry payables and accrued expenses	13	26
	<u>945</u>	<u>755</u>

**Note 10 Restricted Cash**

Cash at bank and in hand (Note 5)	4,458	6,357
	<u>4,458</u>	<u>6,357</u>
<i>External restrictions on cash</i>		
Unspent maintenance contributions	2,300	2,100
Unspent levy contributions	1,923	3,487
	<u>4,223</u>	<u>5,587</u>
Unrestricted cash	235	770
	<u>4,458</u>	<u>6,357</u>

**(a) Unspent Maintenance Contributions**

Opening balance	2,100	1,900
Maintenance contribution	200	200
Closing balance	<u>2,300</u>	<u>2,100</u>

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>Note 10</b>	<b>Restricted Cash (Continued)</b>	<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(b)</b>	<b>Unspent Levy Contributions</b>		
	Opening balance	3,487	2,292
	Levy - 40 cents per kilolitre	1,088	1,273
	Grant funding received	3,260	154
	Less capitalised pipeline works	(5,912)	(232)
	Less pipeline upgrade expenses	-	-
	Closing balance	1,923	3,487

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

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

Last year in the calculation of unspent levy contributions The Board reported \$667,000 as capitalised pipeline works the correct figure was \$232,000 this has made no impact to the profit line.

**Note 11 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 respectively.

**(b)**

Not later than 1 year	7,100	10,500
Later than 1 year not later than 5 years	3,000	7,245
Later than 5 years	-	-
Total (Inc GST)	10,100	17,745

**Note 12 Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets at 30 June 2017 (2016 - \$Nil).

**Note 13 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 2017**

**Note 13 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.

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment (Note 9)</b>				
Water supply works	-	-	64,964	64,964
Land	-	19	-	19
Buildings	-	-	-	-
	-	19	64,964	64,983
<b>2016</b>				
Water supply works	-	-	87,419	87,419
Land	-	46	-	46
Buildings	-	152	-	152
	-	198	87,419	87,617

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**Note 13 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 Australis in 2017 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.

Australis 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. Australis 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.

**Note 14 Events After the Reporting Date**

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

**Note 15 Board Details**

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

The Cobar Water Board  
36 Linsley Street  
COBAR NSW 2835

**THE COBAR WATER BOARD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 16 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.

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>2017</b>	<b>2016</b>
			<b>\$'000</b>	<b>\$'000</b>
Cash and Cash Equivalents	5	N/A	4,458	6,357
Receivables	6	(at amortised cost)	1,000	347
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>2017</b>	<b>2016</b>
			<b>\$'000</b>	<b>\$'000</b>
Payables	8	amortised cost	945	755

(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)

**(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.

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 2017, 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:

<i>Change in net result</i>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Increase in interest rate by 1%	46	37
Decrease in interest rate by 1%	(46)	(37)
<i>Change in equity</i>		
Increase in interest rate by 1%	46	37
Decrease in interest rate by 1%	(46)	(37)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 16 Financial Instruments (Continued)**

**(c) Liquidity Risk**

The Board manages liquidity risk by monitoring forecast cash flows.

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Non-interest bearing	Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate		<1 year	1-5 years	> 5 years
<b>2017</b>								
Payables	0%	945	-	-	945	945	-	-
<b>2016</b>								
Payables	0%	755	-	-	755	755	-	-

**(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 41% (2016 - 87%) 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
<b>2017</b>			
< 3 months overdue	4	4	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	1	1	-
<b>2016</b>			
< 3 months overdue	142	142	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	1	1	-

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.

**THE COBAR WATER BOARD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 17 Related Party Disclosures**

**(a) Key Management Personnel Compensation**

There were no key management personnel who received financial compensation during the financial year.

- (b)** During the year, the entity entered into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balances as at and for the year ending 30 June 2017 are as follows:

**Nature of Transaction**

	<b>Transaction Value \$'000</b>	<b>Net Receivable/ (Payable) \$'000</b>
Sales of raw water		
- Peak Gold Mine	1,525	219
- Endeavor Mine	319	77
- Cobar Shire Council	<u>1,087</u>	<u>94</u>
	<u>2,931</u>	<u>390</u>
 Rental Income		
- Peak Gold Mine	-	-
- Endeavor Mine	-	-
- Cobar Shire Council	<u>14</u>	<u>-</u>
	<u>14</u>	<u>-</u>
 Payments for provision of services		
- Peak Gold Mine	-	-
- Endeavor Mine	-	-
- Cobar Shire Council	<u>(695)</u>	<u>(166)</u>
	<u>(695)</u>	<u>(166)</u>

*END OF AUDITED FINANCIAL STATEMENTS*

# The Cobar Water Board

## Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year



I, Doug Mackay on behalf of the governing board am of the opinion that the Cobar Water Board has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector specifically:

### Core Requirements

#### Risk Management Framework

- 1.1 The agency head is ultimately responsible and accountable for risk management in the agency **COMPLIANT**
- 1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009 **COMPLIANT**

#### Internal Audit Function

- 2.1 An internal audit function has been established and maintained **NON-COMPLIANT**
- 2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing **NON-COMPLIANT**
- 2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter' **COMPLIANT**

#### Audit and Risk Committee

- 3.1 An independent Audit and Risk Committee with appropriate expertise has been established **NON-COMPLIANT**
- 3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations **NON-COMPLIANT**
- 3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter' **COMPLIANT**

#### Membership

The chair and members of the Audit and Risk Committee are:

**No current members**

## Departures from Core Requirements

I, Doug Mackay advise that the internal audit and risk management processes for Cobar Water Board depart from the following core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector:

The departure from the core requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements, OR

The circumstances giving rise to these departures have been determined by the Portfolio Minister and the Cobar Water Board has implemented [or is implementing] the following practicable alternative measures to meet the core requirements:

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
Non-Compliance	
Core Requirement 2.1, 2.2, 3.1, 3.2	See attached letter from Treasury. Independent members have been invited to join the Audit and Risk Committee. Two of these have been placed on the list of approved members and chairpersons. The Cobar Water Board will now seek to have those formally appointed. As an interim measure an Operating Committee comprising of Board Members with risk and internal audit knowledge has been established to review all payments. A preliminary review of governance and risk has been conducted to ensure that appropriate segregation of duties and handling of financial transactions . Extensive reports have been received from independent consultants on the condition of the assets to form the basis of risk mitigation on water delivery.
In Transition	
Core Requirement 2.1, 2.2, 3.1, 3.2	All functions which are non-compliant are in transition.

These processes, including the practicable alternative measures [being] implemented, demonstrate that the Cobar Water Board has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Cobar Water Board.



18/10/17

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Cobar Water Board or in accordance with a resolution of the Governing Board of the Statutory Body

Peter Vlatko, Secretary

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Agency Contact Officer



Mr Peter Vlatko  
Secretary  
Cobar Water Board  
PO Box 8  
COBAR NSW 2835

Dear Mr Vlatko

**Cobar Water Board  
Audit and Risk Committee Exemption – TPP 15-03**

Thank you for your letter dated 19 June 2017 requesting an exemption for the Cobar Water Board (the Board) from TPP 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector* (the Policy) for 2016-17.

Treasury understands that, while the Board has been non-compliant with the Policy during 2016-17, significant work has been undertaken to achieve compliance going forward.

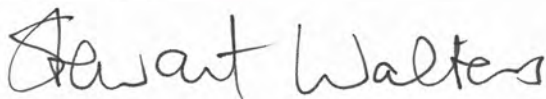
Treasury maintains a small agency exemption program in relation to the Policy, whereby eligible small agencies are invited to apply to Treasury for an exemption from all aspects of the Policy.

Treasury considers that the Board may be eligible for such an exemption, and understands that the Board is currently compiling an application. The Board should note that the risk profile of the agency is considered when assessing an agency's ability to hold a small agency exemption.

Treasury anticipates receiving a completed application in the near future and looks forward to working with the Board to achieve a positive governance outcome that is appropriate to the Board's size and operations.

For further information on the Policy or a related matter, please contact Danielle Burgess on (02) 9228 5303 or at [danielle.burgess@treasury.nsw.gov.au](mailto:danielle.burgess@treasury.nsw.gov.au).

Yours sincerely



**Stewart Walters**  
Executive Director, Fiscal Estimates and Financial Reporting