

North Burdekin Water Board

Final Report

1 July 2014 to 18 February 2015

This publication has been compiled by Strategic Water Services of Operations Support, Department of Natural Resources and Mines.

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Introduction

On 18 February 2015, the North Burdekin Water Board (the water authority) was dissolved by the Water and Other Legislation Amendment Regulation (No. 1) 2014.

The water authority was constituted under the *Water Act 2000* (the Act) and was a statutory body under the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. As the former appropriate Minister for the abolished water authority, the Minister is required to table the final annual report (final report) for the water authority in the Queensland Legislative Assembly for the water authority's final period of operation (final period)—from 1 July 2014 to 18 February 2015.

Copies of the final report are available from the Department of Natural Resources and Mines (the department).

In dissolving for the purposes of amalgamating with the South Burdekin Water Board, the water authority was one of a number of water authorities transferring the provision of their functions away from a statutory body framework to an alternative institutional structure, or to the local government whose authority area their water authority shares. In terms of other institutional reform of water authorities, some water authorities are undergoing amalgamation with related water authorities with a view to gaining efficiencies in meeting their obligations as a statutory body. Others are committed to remaining in their current form as statutory bodies.

As at 18 February 2015, the department continues to liaise regularly with representatives of each water authority as well as liaising with other key stakeholders, such as the Queensland Farmers' Federation, Canegrowers Queensland, and relevant local governments. Relevant water authorities are currently actioning their preferred institutional changes. Meanwhile, all water authorities are progressing, as applicable, with meeting the legislative obligations applicable to them while statutory bodies. The department will continue working alongside and actively supporting water authorities.

Nature of the water authority

The water authority was a large water authority servicing 247 ratepayers. The water authority's ratepayers, Wilmar Sugar, and the Burdekin Shire Council shared the cost of administering, operating and maintaining the water authority's plant, equipment and infrastructure.

Roles and objectives

The water authority provided services aligned to the government's objectives for the community and other whole-of-government strategies.

Under section 569 of the *Water Act 2000*, a water authority's main function is to carry out the water activities decided by the authority. If the water authority has an authority area, its main function is to carry out the water activities for the authority area.

The water authority's main function was to use water from the Burdekin River to replenish the subterranean water supplies of the northern part of the Burdekin Delta and to increase the quantity and improve the quality of the supply available from this source for irrigation, domestic, stock and industrial purposes. The strategic plan of the water authority contained the following objectives:

- Maintain the aquifer heights at a manageable level within the water authority's benefited area, which prevents seawater intrusion;
- Safely and reliably distribute water throughout the benefited area at the lowest sustainable price for stakeholders;
- Maintain water authority assets and infrastructure to ensure reliable water supply for the future;
- Provide proactive and transparent governance and management of the water authority's operations;
- Develop and implement fair and equitable policies;
- Provide leadership and innovation within the water industry;
- Expand the managed area (by extending water authority area boundaries); and
- Practise ecological sustainability (maintaining environmental flows, native fish passage and system health).

Location

The administration plan reference number for the water authority's authority area was AP7349. The Burdekin Shire Council was the local government for the authority area.

Operations

Management

The water authority was managed by a board of directors. Prospective directors were elected in accordance with the procedures prescribed by regulation. During the final period, the Water Regulation 2002 contained the relevant provisions for the conduct of elections either by mail or at a meeting of ratepayers. Subsequent to the election of persons, all directors were appointed by the Governor in Council.

During the final period, the water authority's principal place of business was situated in Airdmillan Road, Ayr, with all correspondence being directed to PO Box 720, Ayr 4807.

The contact person for the water authority was its Executive Officer, Mr David Sartori. Mr Sartori's phone number is 4783 1988, his facsimile 4783 1264, and his email david.sartori@nbwb.com.au.

Organisational structure

The composition of the board of the water authority was four directors elected by ratepayers, two directors nominated by Wilmar Sugar, and one director nominated by Burdekin Shire Council, for appointment by the Governor in Council.

On its dissolution, the board of the water authority was comprised of six directors who were appointed by the Governor in Council.

The following board members remained on the board until its dissolution:

- Mr Mark Castelanelli (deputy chairperson), Mr Constantine Christofides, Ms Tracey Garzotto and Mr Michael Hoey (chairperson), all of whom were appointed to the board in 2010
- Mr Peter Larsen, who was appointed in 2013
- Cr Ross Lewis, who was appointed in 2009.

No new directors were appointed to the water authority during the final period.

The administration of the water authority was performed by Lower Burdekin Water, an unincorporated joint venture between the water authority and the South Burdekin Water Board. On the dissolution of the water authority, the executive committee of Lower Burdekin Water consisted of:

- Mr Michael Caspanello (chairperson, South Burdekin Water Board)
- Mr Mark Castelanelli (deputy chairperson of the water authority)
- Mr Michael Hoey (chairperson of the water authority)
- Cr Ross Lewis (deputy chairperson, South Burdekin Water Board)
- Mr David Sartori (Executive Officer, Lower Burdekin Water).

Staff

The water authority employed 10 staff members working 38 hours per week during the final period. The water authority also employed one staff member on a casual basis. There were no staff resignations and no staff retirements during the final period. Staff received training in taxation and payroll, pump efficiency, and new and updated policies as required. Staff also participated in workshops with the local natural resource management organization and attended the annual Irrigation Australia conference.

The water authority employed a multi-skilled workforce including professionals, trades people, construction workers, machine operators, administration and management staff.

Related entities

The water authority did not have any related entities.

Consultancies

Table 1 – Monies paid to consultants by the water authority

Name	Description	Amount paid
Balfour Consulting	LBW Communication consultation	\$ 838.00
Balfour Consulting	LBW Communication consultation	\$ 3,667.95
JF Juffs & RW Juffs Pty Ltd	Amalgamation consultation	\$ 820.00
JF Juffs & RW Juffs Pty Ltd	Amalgamation consultation	\$ 2,680.00

During the final period, the water authority paid a total of \$7,185.95 to consultants.

Information in relation to water authorities' expenditure on consultancies is publicly accessible at the Government's Open Data website: <https://data.qld.gov.au/dataset/consultancy-spending-category-2-water-authorities>.

Overseas travel

No member of the water authority travelled overseas during the final period.

Information in relation to overseas travel costs incurred by water authority members is to be publicly accessible at the Government's Open Data website. Currently, as no member of a water authority has incurred overseas travel costs, no dataset exists.

Information systems and record keeping

During the final period, the water authority had a records management system appropriate for its particular operations. The records management system of the water authority used both hard and electronic filing processes.

Public Sector Ethics Act

Water authority members were reminded of their obligations when appointed to the water authority and given access to the Department of the Premier and Cabinet's publication titled 'Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities'. Compliance with the *Public Sector Ethics Act 1994* also requires the water authority to have had in place a Code of Conduct; the water authority had a code of conduct in place at the time it was abolished.

Audit committee

The water authority's secretary ensured appropriate accounting standards were used by the water authority during the final period.

Risk management and accountability

For the purpose of enabling the department to assess the financial viability of the water authority in past years, the water authority was requested to submit:

- its financial statements
- a prudential assessment questionnaire
- an entity indebtedness statement
- a budget for the next financial year.

Based on this information, the department conducted annual risk management and governance assessments of the water authority. From the latest review, the department found the water authority had been prudent in managing its financial affairs and had adopted appropriate risk management strategies.

Machinery of government changes

The water authority was not subject to any machinery-of-government changes during the final period.

Overview of operations

During the final period, the water authority continued to use water from the Burdekin River to replenish the subterranean water supplies of the northern part of the Burdekin Delta and to increase the quantity and improve the quality of the supply available from this source for irrigation, domestic, stock and industrial purposes.

The water authority pumped approximately 104,114 megalitres from the Burdekin River and distributed the water throughout its authority area for groundwater recharge and irrigation supply during the final period. The Ayr gauging station received approximately 400 millimetres of rainfall during the final period, which contributed to the natural recharge of groundwater within the authority area. Unfortunately, most of the rainfall was received in one event in January, which led to increased pumping throughout the final period. Drier than average conditions and high irrigation demand led to further declines in the groundwater levels within the authority area despite the efforts of the water authority. The groundwater levels within the authority area were reasonably healthy at the time of the water authority's dissolution.

In the final period, the water authority undertook repairs and maintenance of key infrastructure such as pumps, sand dams, channels and automated gates, as well as plant and equipment such as excavators, vehicles and IT systems. The water authority also purchased and took delivery of a new Hitachi ZX330-3LC hydraulic excavator during the final period.

The water authority released a tender and engaged a professional valuation company to complete a comprehensive valuation during the final period. There were some movements in the existing asset values and classifications as a result of the comprehensive valuation; these have been captured in the final financial statements for the water authority.

The work associated with the amalgamation of the water authority with South Burdekin Water Board was a key focus for the directors and management of the water authority during the final period. This work included finalisation of key documents such as the business case, business plan, and governance policy, as well as consultation with staff, ratepayers, vendors and other stakeholder groups.

Financial operations

Internal audit

When required, the board of the water authority undertook internal audit functions. There was nothing to report for the final period.

Outputs and output performance measures

The water authority was self-funded and therefore funding outputs and output performance measures are not applicable.

Remuneration of chairperson and directors

The water authority reports having paid a total of \$21,661 in fees to its chairperson and directors during the final period, comprising of \$7,299 to its chairperson and \$14,362 to its directors.

External scrutiny

Except for audits of the financial statements carried out by the Queensland Audit Office, no external auditor reviews of the water authority's operations occurred during the final period.

Summary of financial performance

The primary source of the water authority's funding during the final period was from its ratepayers, Wilmar Sugar and the Burdekin Shire Council. During the final period, the water authority was financially viable and had sufficient funds to service its debts.

Letter of compliance

The water authority's former responsible person has certified that the water authority's final report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009
- the detailed requirements set out in the Department of the Premier and Cabinet's publication, *Annual report requirements for Queensland Government agencies: requirements for the 2014–15 reporting period*.

Audit report information

The water authority's certified financial statements are at the Appendix.

Summary of independent audit report

In accordance with section 40 of the *Auditor-General Act 2009*, the Auditor-General certified that:

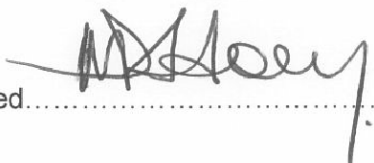
- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects
- the final financial report presents a true and fair view of the transactions of the North Burdekin Water Board for the financial period 1 July 2014 to 18 February 2015 and of the financial position of the water authority as at the end of that period.

David Sartori, Former Responsible Person, North Burdekin Water Board

Signed 

Date 16 Oct 2015

Michael Hoey, Former Chairperson, North Burdekin Water Board

Signed 

Date 16 Oct. 2015

Annual report requirements for Queensland Government agencies

The compliance checklist provided in Table 1 indicates where the annual report requirements (ARRs) for the 2014–15 reporting period are addressed in this report. The relevant legislative provisions are also provided.

Table 2 – Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the statutory body to the relevant Minister 	ARRs – section 8	Page 5
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	Page i Page 9
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	Page 1
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Not applicable
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	Inside front cover
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 10.5	Inside front cover
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	Page 1
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	Page 1
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	Page 2
	<ul style="list-style-type: none"> Machinery of government changes 	ARRs – section 11.4	Page 4
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 12.1	Page 1
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	Page 1
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	Page 1
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 12.4	Page 1
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	Page 4

Governance – management and structure	• Organisational structure	ARRs – section 14.1	Page 2
	• Executive management	ARRs – section 14.2	Page 2
	• Government bodies (statutory bodies and other entities)	ARRs – section 14.3	Page 2
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	Page 3
Governance – risk management and accountability	• Risk management	ARRs – section 15.1	Page 3
	• External scrutiny	ARRs – section 15.2	Page 5
	• Audit committee	ARRs – section 15.3	Page 3
	• Internal audit	ARRs – section 15.4	Page 4
	• Information systems and recordkeeping	ARRs – section 15.5	Page 3
Governance – human resources	• Workforce planning and performance	ARRs – section 16.1	Page 2
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	Page 2
Open Data	• Consultancies	ARRs – section 17 ARRs – section 34.1	Page 3
	• Overseas travel	ARRs – section 17 ARRs – section 34.2	Page 3
	• Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	Not applicable
	• Government bodies	ARRs – section 17 ARRs – section 34.4	Page 2
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 5
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Pages 5 and 10
	• Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	Page 4

Glossary

ARRs	Annual report requirements for Queensland Government agencies
FAA	<i>Financial Accountability Act 2009</i>
FPMS	Financial and Performance Management Standard 2009
QGEA	Queensland Government Enterprise Architecture

Appendix

NORTH BURDEKIN WATER BOARD STATEMENT OF COMPREHENSIVE INCOME for the period ended 18 February 2015

	Notes	2015 \$	2014 \$
Income from Continuing Operations			
User Charges	2	3,203,038	4,902,771
Interest Revenue	3	69,612	105,888
Total Revenue		3,272,650	5,008,659
Gains			
Gain on Sale of Property Plant and Equipment	3a	-	3,034
Total Income from Continuing Operations		3,272,650	5,011,694
Expenses from Continuing Operations			
Employee Benefits	4	659,615	1,088,939
Supplies and Services	5	2,124,114	3,074,408
Depreciation	6	409,896	625,786
Revaluation Decrement/De-recognition	7	247,628	-
Total Expenses		3,441,253	4,789,133
Other Expenses			
Loss on Disposal of Plant and Equipment	8	45,500	-
Total Expenses from Continuing Operations		3,486,753	4,789,133
Operating Result from Continuing Operations		(214,103)	222,560
Other Comprehensive Income			
Increase in Asset Revaluation Surplus	19	11,390,438	-
Total Other Comprehensive Income		11,390,438	-
Total Comprehensive Income		11,176,335	222,560

QAO
certified statements

The accompanying notes form part of these statements

NORTH BURDEKIN WATER BOARD
STATEMENT OF FINANCIAL POSITION
as at 18 February 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and Cash Equivalents	9	3,828,270	3,447,440
Receivables	10	917,082	548,410
Inventories	11	33,780	49,531
Other current assets	12	30,426	8,005
Total Current Assets		4,809,559	4,053,386
Non Current Assets			
Intangible Assets	13	3,000,000	3,000,000
Property, Plant and Equipment	14	27,080,921	15,993,217
Total Non Current Assets		30,080,921	18,993,217
Total Assets		34,890,480	23,046,603
Current Liabilities			
Payables	15	1,401,691	749,132
Provision for Employee Benefits	16	296,288	234,561
Other current liabilities	17	27,967	10,849
Total Current Liabilities		1,725,945	994,541
Non Current Liabilities			
Provision for Employee Benefits	16	41,094	104,957
Total Non Current Liabilities		41,094	104,956
Total Liabilities		1,767,038	1,099,497
NET ASSETS		33,123,442	21,947,106
Equity			
Accumulated Surplus		21,623,003	21,837,106
Asset Revaluation Surplus	18	11,500,438	110,000
TOTAL EQUITY		33,123,442	21,947,106

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NORTH BURDEKIN WATER BOARD
STATEMENT OF CHANGES IN EQUITY
for the period ended 18 February 2015

	Accumulated Surplus	Asset Revaluation Surplus (Note 18)	Total
	\$	\$	\$
Balance as at 1 July 2013	21,614,546	110,000	21,724,546
Operating Result from Continuing Operations	222,560	-	222,560
Balance as at 30 June 2014	21,837,106	110,000	21,947,106
	\$	\$	\$
Balance as at 1 July 2014	21,837,106	110,000	21,947,106
Operating Result from Continuing Operations	(214,103)	-	(214,103)
<i>Other Comprehensive Income</i>			
- Increase in asset revaluation surplus	-	11,390,438	11,390,438
Balance as at 18 February 2015	21,623,003	11,500,438	33,123,441

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The accompanying notes form part of these statements

NORTH BURDEKIN WATER BOARD
STATEMENT OF CASH FLOWS
for the period ended 18 February 2015

	Notes	2015 \$	2014 \$
Cash Flows from Operating Activities			
<i>Inflows:</i>			
User Charges		2,871,570	4,872,210
Interest Receipts		69,612	105,888
GST input tax credits from ATO		203,089	204,923
GST collected from customers		112,170	107,941
		<u>3,256,440</u>	<u>5,290,961</u>
<i>Outflows:</i>			
Employee Expenses		(661,751)	(1,066,795)
Supplies and Services		(1,518,571)	(2,683,473)
GST remitted to ATO		(33,095)	(24,362)
GST paid to suppliers		(261,901)	(320,038)
		<u>(2,475,323)</u>	<u>(4,094,668)</u>
Net Cash Provided by (used in) Operating Activities	23	781,117	1,196,293
Cash Flows from Investing Activities			
<i>Inflows:</i>			
Sale of Property, Plant & Equipment		48,004	120,980
<i>Outflows</i>			
Payments for Property, Plant & Equipment		(448,289)	(815,600)
Net Cash Provided (used in) by Investing Activities		(400,285)	(694,620)
Net Increase (Decrease) in Cash and Cash Equivalents		380,832	501,673
Cash and Cash Equivalents at Beginning of Financial Period		3,447,440	2,945,768
Cash and cash equivalents at End of Financial Period	9	3,828,270	3,447,440

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The accompanying notes form part of these statements

NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY
2015

	Objectives and Principal Activities of the Organisation
Note 1	Summary of Significant Accounting Policies
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Note 3	Interest Revenue and Gain on Sale of Property, Plant and Equipment
Note 4	Employee Expenses, Key Management Personnel and Remuneration Expenses
Note 5	Supplies and Services and External Audit Fees
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Note 7	Revaluation Decrement/ De-Recognition
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Note 22	Commitments and Contingencies
Note 23	Reconciliation of Operating Result to Net Cash from Operating Activities



Objectives and Principal Activities of the Organisation

The objective of the organisation is to utilise part of the flow in the Burdekin River to replenish the subterranean water supplies in the Northern part of the Burdekin Delta and to thereby increase the quantity and improve the quality of the supply available from those sources for irrigation, domestic, stock, industrial and urban purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The North Burdekin Water Board has prepared these financial statements in compliance with section 46 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. These are the final set of financial statements for the North Burdekin Water Board as on the 18/02/2015, the Governor in Council abolished the North Burdekin Water Board and nominated Lower Burdekin Water as the new alternative institutional structure. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the period ending 18 February 2015, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the North Burdekin Water Board has applied those requirements applicable to not-for-profit entities, as the North Burdekin Water Board is a not-for-profit organisation. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The organisation does not control other entities. The financial statements include the value of all income, expenses, assets, liabilities and equity for the organisation as an individual entity.

(c) User Charges and Fees, Taxes, Penalties and Fines

User charges and fees collected by the organisation are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the organisation where they can be deployed for the achievement of objectives.

Interest Revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(d) Grants and Contributions

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

(e) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 18 February as well as deposits at call with financial institutions.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date. As per the Water Act 2000 (Qld) the North Burdekin Water Board is charging interest after 60 days of any unpaid amounts. The simple interest is charged at a rate of 15% per annum on all outstanding rates and charges commencing 60 days from the date of issue of the subject rate or charge. Such interest will continue to accrue until the rate or charge is paid in full. If accrued, the interest will become due and payable concurrently with the original rate or charge.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 18 February.

Other debtors generally arise from transactions outside the usual operating activities of the organisation and are recognised at their assessed values.

(g) Inventories

Inventories held for distribution are those inventories which the organisation distributes for no or nominal consideration. These consist of water meters and structures provided for rateable farmers. Inventories held for distribution are measured at replacement cost adjusted, where applicable, for any loss of service potential.

(h) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(i) Property, Plant & Equipment

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

Buildings	\$1,000
Infrastructure	\$1,000
Plant & Equipment	\$1,000
Land	\$1

Items with a lesser value are expensed in the year of acquisition.

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

Land improvements undertaken by the North Burdekin Water Board are included with Buildings.



(j) Revaluations of Non-Current Physical and Intangible Assets

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

In respect of the abovementioned asset classes, the cost of items acquired during the financial period has been judged by management of the North Burdekin Water Board to materially represent their fair value at the end of the reporting period.

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

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

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by management employees (Executive Officer, Finance Officer and Engineering Officer) who determine the specific revaluation practices and procedures and oversees the revaluation processes. Management undertakes annual reviews of the revaluation practices (after each year's revaluation exercise), and reports to the Board regarding the outcomes of, and recommendations arising from, each annual review.

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

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

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

On revaluation:

- * for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

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

(k) Fair Value Measurement

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

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

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

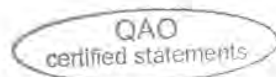
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

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

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

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

More specific fair value information about the organisation's Property, Plant and Equipment is outlined in Note 14.



(l) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the organisation, less any anticipated residual value. The residual value is zero for all the organisation's intangible assets. If the useful life of the intangible asset is indefinite then the asset is not amortised.

It has been determined that there is not an active market for any of the organisation's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchase of Additional 30000 ML Water Allocation above the allocations gazetted in 1992.

The purchase of an additional 30000 megalitres of water allocation above the allocations gazetted in 1992 was based on a commercial contractual agreement. This allocation is non-transferrable nor tradeable under current provisions contained within the Water Act 2000. The asset has been recorded at cost.

The intangible asset is the purchase price for an indefinite life licence for water allocation from the board of Natural Resources and Mines. The licence for water allocation is tradeable at market value. The water volume is replenished every year from the Burdekin Dam. The intangible asset is measured at cost and the organisation tests for impairment each year.

(m) Depreciation and Amortisation of Property, Plant & Equipment and Intangibles

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

The intangible has an indefinite useful life and is not amortised.

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

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

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

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

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

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

Buildings	2-20 years
Plant & Equipment	3-35 years
Infrastructure	20-80 years



(n) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the organisation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The organisation has not identified any assets for impairment for the 1 July 2014-18 February 2015 period.

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

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

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

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

(o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(p) Employee Benefits

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

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Wages, Salaries, and Sick leave

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

As the organisation expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The organisation has chosen to calculate the value of the liability based on current pay rates and projected future increases in those rates and also includes related employee on costs. The liability is treated as a provision of the organisation. The value currently and non currently provided for is \$215,439 (2013/14: \$197,508). Refer Note 16.

Annual Leave

A liability for annual leave is recognised and based on current wage and salary levels with an additional allowance being made for annual leave loading. This liability is treated as an accrual of the organisation and not as a provision. The value currently and non currently accrued is \$121,942 (2013/14: \$142,010). Refer Note 14.

Superannuation

Employer superannuation contributions are paid to the employee's nominated superannuation fund. Contributions are expensed in the period in which they are paid. This liability is treated as a creditor of the organisation and no provision is shown in the financial statements.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the Section 5 Addendum (issued in May 2014) to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note 4a and 4b for the disclosures on key executive management personnel and remuneration.

(q) Provisions

Provisions are recorded when the organisation has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. The amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of the assets.



(r) Finance/Borrowing Costs

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

Finance costs include:

- Ancillary administration charges.

(s) Insurance

The Organisation's non-current physical assets and other risks are insured through AON Risk Services. In addition, the organisation pays premiums to Work Cover Queensland in respect of its obligations for employee compensation.

(t) Taxation

The organisation is a state body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the North Burdekin Water Board. GST credits recoverable from, and GST payable to the ATO, are recognised (refer to Note 8).

(u) Issuing of Financial Statements

The financial statements are authorised for issue by the Chairman and Executive Officer at the date of signing the Management Certificate.

(v) Accounting Estimates and Judgements

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

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:
Valuation of Property, Plant and Equipment - Notes 1(j) - (k) and Note 14;

Provisions - Note 16; and Note 1(q)

Depreciation and Amortisation - Note 1(m) and Note 14.

Further, the matters covered in each of those notes (except for Depreciation and Amortisation) necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the organisation's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

(w) Other Presentation Matters

Currency and Rounding - Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1, unless disclosure of the full amount is specifically required.

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

(x) New and Revised Accounting Standards

The organisation did not voluntarily change any of its accounting policies during the 1 July 2014-18 February 2015 period. Australian accounting standard changes applicable for the first time for the 1 July 2014-18 February 2015 period have had minimal effect on the North Burdekin Water Board's financial statements.

The organisation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the North Burdekin Water Board has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The organisation applies standards and interpretations in accordance with their respective commencement dates.

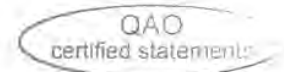
NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

	2015 \$	2014 \$
2. User charges		
Area Charge - Cane Grower	1,335,706	2,046,927
Area Charge - Cane Miller	658,191	1,008,154
Area Charge - Other Crops	57,463	55,209
Open Water Levies	997,548	1,461,801
Open Water Excess	9,510	82,537
Open Water River Base	-	3,319
Open Water River Excess	-	321
Burdekin Shire Council Levies	96,344	121,376
Hire of Equipment	28,865	10,688
Sale of Structures	4,851	3,802
Administration Charge	200	450
Sundry Income	14,259	78,186
Total	3,203,038	4,902,771
3. Interest revenue		
Interest Received - Wages Account	1	2
Interest Received - Operating Fund	4	6
Interest Received - Reserve Fund	5	8
Interest Received - Investment Fund	15,909	19,598
Interest Received - Overdue Accounts	9,860	10,771
Interest Received - Online Fund	43,833	75,503
Total	69,612	105,888
3a. Gain on sale of Property, Plant and Equipment		
Plant and Equipment	-	3,034
Total	-	3,034
4. Employee expenses		
Employee Benefits		
Wages	490,922	829,531
Superannuation	80,912	136,481
Annual Leave Expense	59,223	76,999
Long Service Leave Expense	17,931	27,874
Employee Related Expenses		
Other	10,627	18,054
Total	659,615	1,088,939
The number of employees as at 30 June including both full-time employees and part-time employees measured on a full-time equivalent basis is:	10	10
Remuneration of Board Members and Senior Management		
Board Members		
Payments in respect of attendance of Meetings	21,661	27,372
Total Payments to Board Members	21,661	27,372
Board Members whose income was within the following bands:		
Earnings in the range \$0 - \$5,000	6	5
Earnings in the range \$10,001 - \$15,000	1	2

4a. Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the organisation during the 1 July 2014-18 February 2015 period. Further information on these positions can be found in the body of the Annual Report under the Section relating to Executive Management.

Position	Responsibilities	Current Incumbents*	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Executive Officer	Responsible for the day to day operations, finances, governance and due diligence of the North Burdekin Water Board.	Salary	Appointed 4/06/2012
Operations Managers	Responsible for maintaining all plant and equipment, maintaining aquifers and providing entitlement holders with surface water when requested.	Salary	Appointed 15/01/79 and 02/09/13



NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

4b. Remuneration

Remuneration policy for the agency's key executive management personnel is set by the North Burdekin Water Board. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

For the 1 July 2014-18 February 2015 period, remuneration of key executive management personnel includes:

Short term employee benefits which include:

^a Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.

^a Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee benefits include long service leave accrued.

Post employment benefits include superannuation contributions.

Redundancy payments are not provided for within individuals contracts of employment. Contracts of employment provide only for notice periods of payment in lieu of notice of termination, regardless of the reason of termination.

Performance bonuses are not paid under contracts in place.

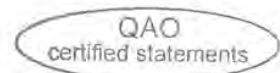
Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2014 - 18 February 2015

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employee Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Executive Officer	114,610	Full private use of company vehicle subject to FBT, Reportable Employee FBT amount not yet calculated as it will be incurred under the new entity	The employee is not currently entitled to any long service leave	22,072	-	136,682
Operations Manager 1	76,647	Full private use of company vehicle, not subject to FBT due to the vehicle having a one tonne carrying capacity	Entitled to 32.70 hours of long service leave	16,907	-	96,201
Operations Manager 2	70,329	Full private use of company vehicle subject to FBT, Reportable Employee FBT amount not yet calculated as it will be incurred under the new entity	The employee is not currently entitled to any long service leave	6,647	-	76,976
Total Remuneration	261,586		2,647	45,627	-	309,859

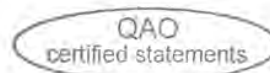
1 July 2013 - 30 June 2014

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employee Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Executive Officer	166,859	Full private use of company vehicle subject to FBT, Reportable Employee FBT amount was 7,189	The employee is not currently entitled to any long service leave	23,471	-	197,518
Operations Manager 1	106,320	Full private use of company vehicle, not subject to FBT due to the vehicle having a one tonne carrying capacity	Entitled to 49.40 hours of long service leave	19,530	-	128,422
Operations Manager 2	82,386	Full private use of company vehicle subject to FBT, Reportable Employee FBT amount was 7,512	The employee is not currently entitled to any long service leave	7,621	-	97,518
Total Remuneration	355,564	14,701	2,571	50,622	-	423,458



NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

	2015 \$	2014 \$
5. Supplies and services		
<i>Administration</i>		
Overheads	209,141	437,566
Research & Development	7,088	3,600
<i>Operations</i>		
Vehicles	29,967	48,396
Equipment	136,536	236,046
Pump Stations	1,135,453	1,596,438
Water Allocation Charges	378,972	458,070
<i>Maintenance</i>		
Vehicles	8,716	20,078
Equipment	100,917	153,741
Pump Stations	51,176	32,073
Channels	51,614	75,298
Dams	4,534	8,843
Aquifers	-	4,258
Total	<u>2,124,114</u>	<u>3,074,408</u>
5a. External Audit Fees		
Total External Audit Fees payable to Queensland Audit Office relating to the 1 July 2014-18 February 2015 period are \$17,118 (2014 \$16,750). There are no non audit services included in this amount.		
6. Depreciation		
<i>Depreciation was incurred in respect of</i>		
Buildings	6,561	10,278
Plant & Equipment	47,842	64,576
Infrastructure	355,493	550,932
Total	<u>409,896</u>	<u>625,786</u>
7. De-Recognition / Revaluation Decrement		
Land - De-Recognition	245,000	-
Buildings - Revaluation Decrement	2,628	-
Total	<u>247,628</u>	<u>-</u>
The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value. The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.		
8. Loss on Disposal of Plant and Equipment		
Loss on Disposal of Plant and Equipment	45,500	-
Total	<u>45,500</u>	<u>0</u>
9. Cash and cash equivalents		
Operating Fund Bank Account	(223)	72,099
Wages Account	21,553	28,092
Online Interest Account	3,174,514	2,730,681
Reserve Fund Bank Account	80,453	80,504
Capital Work Fund Bank Account	1	1
Leave Provision Account	551,973	536,064
Total	<u>3,828,270</u>	<u>3,447,440</u>
Of the cash balances at 18 February 2015 the newly formed Organisation (Lower Burdekin Water) intends to spend part of the funds on the following projects. Plant and Equipment (\$92,460), Lilliesmere Upgrade Stage 1 (\$65,700) and AWMA Gate's Sheepstation System (\$81,318) for the remainder of the 2014/2015 financial year.		
10. Receivables		
Trade Debtors	837,207	505,739
Provision for Impairment	(3,000)	(3,000)
GST Payable	(16,048)	(16,048)
GST Receivable	39,954	60,213
Other Receivables	58,970	1,506
Total	<u>917,082</u>	<u>548,410</u>
11. Inventories		
Meters	17,717	29,593
Structures	16,064	19,939
Total	<u>33,780</u>	<u>49,531</u>
12. Other Current Assets		
Prepayments	30,426	8,005
Total	<u>30,426</u>	<u>8,005</u>
Non Current Assets		
13. Intangible assets		
Purchase of Additional 30,000 ML of Water Allocation	3,000,000	3,000,000
Total	<u>3,000,000</u>	<u>3,000,000</u>
14. Property, Plant and Equipment		
Land at fair value	305,000	553,000
	<u>305,000</u>	<u>553,000</u>
Buildings at fair value	636,000	646,000
Accumulated Depreciation Buildings	(412,300)	(317,111)
	<u>223,700</u>	<u>328,889</u>
Plant & Equipment at cost	1,544,012	1,332,400
Accumulated Depreciation Plant & Equipment	(826,617)	(795,275)
	<u>717,395</u>	<u>537,125</u>
Infrastructure at fair value	44,699,715	28,174,386
Accumulated Depreciation Infrastructure	(19,096,009)	(13,863,282)
	<u>25,603,706</u>	<u>14,311,105</u>
Capital Work in Progress at Cost	230,120	263,099
	<u>230,120</u>	<u>263,099</u>
Total	<u>27,080,921</u>	<u>15,993,217</u>



NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

As from 2014-15, land, buildings, plant and equipment and infrastructure assets revalued using a market or income-based approach are accounted for using the gross method of revaluation, as per Queensland Treasury's revised Non-current Asset Policies for the Queensland Public Sector (refer to Note 1(j)). As from 2014-15, for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses.

Land

The organisation's land was last revalued based on specific appraisals by AssetVal effective from 18 February 2015. Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market Approach by way of Direct Comparison or Income methods can be utilised, and are accepted valuation methodologies under AASB 13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method which is considered a Level 2 input on the Fair Value Hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. The organisation notes the Direct Comparison approach has been utilised in their assessment for all Land Assets, however fair value measurement has been either a Level 2 or 3, depending on the following assumptions:

- Whether the land is subject to restrictions as to use and/or sale;
- Whether there is no active market.

If these assumptions apply to the land as per Queensland Treasury NCAP 3, the expected Fair Value is measured as a Level 3. However if an active market can be established and there are no unreasonable restrictions as to use and/or sale the measurement is deemed to be a Level 2. Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that has no observable active market, has been assessed as a Level 3.

The valuation techniques used to measure fair value maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

For assets valued under a Level 3, the organisation concludes the unobservable input to be the rate per square metre applied to the asset.

Infrastructure, Buildings and Other Assets

The organisation's infrastructure, buildings, and other assets were last revalued based on specific appraisals by AssetVal effective from 18 February 2015.

Where there is an active and liquid market as evidenced by sales transactions of similar asset types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

The infrastructure, building and other asset valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, these assets have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required (level 3).

The Condition rating inputs for infrastructure can be defined in the following table:

- Brand new or rehabilitated to new with no visible deterioration. 95-100%
- Excellent overall early stages of deterioration. 55-95%
- Fair overall condition, obvious deterioration, some serviceability loss. 15-55%
- Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs. 5-15%
- Extremely poor condition, severe serviceability problems. Renewal required immediately. 0-5%

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.



NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

14. Property, Plant and Equipment Reconciliation

	Land	Buildings	Infrastructure	Plant & Equipment	Capital Works in Progress	TOTALS
	\$	\$	\$	\$	\$	\$
Property, Plant and Equipment Opening Value 1 July 2013	553,000	339,166	14,366,452	295,925	366,807	15,921,351
Acquisitions	-	-	495,585	320,014	-	815,599
Disposals	-	-	-	(14,238)	(103,708)	(117,946)
Depreciation/Amortisation	-	(10,278)	(550,932)	(64,576)	-	(625,786)
Carrying amount at 30 June 2014	553,000	328,888	14,311,105	537,125	263,099	15,993,217
	\$	\$	\$	\$	\$	\$
Property, Plant and Equipment Opening Value 1 July 2014	553,000	328,888	14,311,105	537,125	263,099	15,993,218
Acquisitions	-	-	51,420	321,612	75,257	448,289
Disposals	-	-	-	(93,500)	-	(93,500)
Assets derecognised*	(245,000)	-	-	-	-	(245,000)
Transfers of assets between classes	-	-	108,236	-	(108,236)	-
Revaluation Increment / (Decrement)	(2,000)	(98,627)	11,468,438	-	-	11,387,811
Depreciation	-	(6,561)	(355,493)	(47,842)	-	(409,896)
Carrying amount at 18 February 2015	306,000	223,700	25,603,706	717,395	230,120	27,080,921

The capital works in progress relate to Gates/Culvert Upgrade on the Sheepstation Channel System (\$94,957), Under/Over Gate Upgrade on the Red Lily System (\$114,963), Kilrie Gully Debottlenecking Feasibility (\$3,400) and the Lilliesmere Pump Station Upgrade Stage 1 (\$16,800).

* Assets no longer under the control of the organisation therefore no longer meeting the definition of capital assets

The following sensitivity analysis was implemented to observe the impact of unobservable inputs to Fair Value for Infrastructure Assets:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair Value
Number of Labour Hours	5-100 hr/m2	The higher the labour hours, higher the Fair Value
Raw Material Usage Quantities	Varies dependent on type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 as specified	The higher the condition rating, the lower the Fair Value
Remaining useful Life	1-79 years	The longer the remaining life, the higher the Fair Value
Residual Value	\$0-450,000	The higher the residual, the higher the Fair Value

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NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015

	2015	2014		
	\$	\$		
15. Payables				
Trade Creditors	258,638	730,697		
Other Payables	-	18,435		
Prepaid Revenue	1,143,053	-		
	<u>1,401,691</u>	<u>749,132</u>		
16. Provision for Employee Benefits - Current				
Annual Leave	121,942	56,804		
Long Service Leave	174,346	177,757		
	<u>296,288</u>	<u>234,561</u>		
Provision for Employee Benefits - Non-current				
Annual Leave	-	85,206		
Long Service Leave	41,094	19,751		
	<u>41,094</u>	<u>104,957</u>		
Total Provision for Employee Benefits	<u>337,381</u>	<u>339,518</u>		
17. Other Liabilities				
Accrued Expenses	27,967	10,849		
	<u>27,967</u>	<u>10,849</u>		
18. Asset Revaluation Surplus				
Land	12,000	14,000		
Buildings	-	96,000		
Infrastructure	11,488,438	-		
	<u>11,500,438</u>	<u>110,000</u>		
19. Asset Revaluation Surplus by Class				
	Land	Buildings	Infrastructure	TOTALS
	\$	\$	\$	\$
Balance 1 July 2013	14,000	96,000	-	110,000
Balance 30 June 2014	14,000	96,000	-	110,000
	\$	\$	\$	\$
Balance 1 July 2014	14,000	96,000	-	110,000
Revaluation Increment	-	-	11,488,438	11,488,438
Revaluation Decrement	(2,000)	(96,000)	-	(98,000)
Carrying amount at 18 February 2015	12,000	-	11,488,438	11,500,438

20. North Burdekin Water Board Employing Office

On 23 April 2007 the Queensland Parliament passed the Statutory Bodies Legislation Amendment Act 2007 which amended the Water Act 2000. These amendments included the creation of the North Burdekin Water Board Employing Office as a statutory body for the purposes of the Financial Accountability Act 2009. In relation to the North Burdekin Water Board Employing Office there were no transactions prior to 18 February 2015 and no assets and liabilities existing as at 18 February 2015. No employee was employed under the employing office for the 1 July 2014-18 February 2015 period. Accordingly, a separate financial report for the 1 July 2014-18 February 2015 period has not been prepared by the North Burdekin Water Board Employing Office.

21. Subsequent Events

The North and South Burdekin Water Boards have approved the amalgamation of the existing category 2 boards into a new single category 2 water authority. On the 18/02/2015, the Governor in Council abolished the North Burdekin Water Board and nominated Lower Burdekin Water as the new alternative institutional structure.

On dissolution, the assets and liabilities of the North Burdekin Water Board became the assets and liabilities of Lower Burdekin Water.

Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.

22. Commitments and Contingencies

The North Burdekin Water Board does not currently have any Financial Commitments and Contingencies.



NORTH BURDEKIN WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18
FEBRUARY 2015

	2015	2014
23. Reconciliation of Operating Result to Net Cash from Operating Activities		
Operating surplus/(deficit)	(214,103)	222,559
Non-cash items:		
Depreciation and amortisation expense	409,896	625,786
Revaluation decrement	247,628	-
Net losses on disposal of property, plant and equipment	45,500	-
Net gains on disposal of property, plant and equipment	-	(3,034)
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(331,468)	(30,561)
(Increase)/decrease in GST input tax credits receivable	20,258	(31,541)
(Increase)/decrease in other receivables	(57,463)	-
(Increase)/decrease in inventories	15,751	498
(Increase)/decrease in prepayments/other	(22,421)	830
Increase/(decrease) in accounts payable	(473,376)	389,607
Increase/(decrease) in accrued employee benefits	(2,136)	22,144
Increase/(decrease) in unearned revenue	1,143,053	-
Net cash from operating activities	<u>781,117</u>	<u>1,196,293</u>



CERTIFICATE OF THE NORTH BURDEKIN WATER BOARD

These general purpose financial statements have been prepared pursuant to section 62(1)(a) of the *Financial Accountability Act 2009* (the Act), s.48 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the North Burdekin Water Board for the period ended 18 February 2015 and of the financial position of the organisation as at the end of that period, and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

 19/8/15

M. Hoey
FORMER CHAIRMAN

 19/8/15

D. Sartori
FORMER EXECUTIVE OFFICER



INDEPENDENT AUDITOR'S REPORT

To the former Minister of former *North Burdekin Water Board*

Report on the Financial Report

I have audited the accompanying final financial report of former North Burdekin Water Board, which comprises the statement of financial position as at 18 February 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2014 to 18 February 2015, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the former Executive Officer and the former Chairperson of the former Board.

The former Board's Responsibility for the final Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the final financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the final financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the final financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the former Board, as well as evaluating the overall presentation of the final financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the final financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the former North Burdekin Water Board for the period 1 July 2014 to 18 February 2015 and of the financial position as at 18 February 2015.

Emphasis of Matter – Abolishment of former North Burdekin Water Board

Without modifying my opinion, attention is also drawn to Note 21 in the final financial report, which identifies that pursuant to the *Water and Other Legislation Amendment Regulation (No 1) 2014* the former North Burdekin Water Board was abolished on 18 February 2015.

In accordance with the requirements of the Regulation, all assets and liabilities of the former statutory body as at the date of abolition were transferred to Lower Burdekin Water Board after the abolishment at the values reported in the Statement of Financial Position.

Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane