

# **South 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 South 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 North 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 148 ratepayers. The water authority's ratepayers, Wilmar Sugar, and the Burdekin Shire Council shared the cost of administrating, 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 southern 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 AP6512. 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 at 28 Ninth Street, Home Hill with all correspondence being directed to PO Box 376, Home Hill, 4806.

The contact person for the water authority was its Executive Officer, Mr David Sartori. Mr Sartori's phone number is 4782 1703, his facsimile 4782 2039, and his email [david.sartori@nbwb.com.au](mailto: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 seven directors appointed by the Governor in Council.

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

- Mr Murray Cannavan, Mr Michael Caspanello (chairperson), Ms Tracey Garzotto, Mr Joseph Linton and Cr Loizos (Lou) Loizou, all of whom were appointed to the board in 2010
- Mr Peter Larsen, who was appointed in 2013
- Cr Ross Lewis (deputy chairperson), 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 of the water authority)
- Mr Mark Castelanelli (deputy chairperson, North Burdekin Water Board)
- Mr Michael Hoey (chairperson, North Burdekin Water Board)
- Cr Ross Lewis (deputy chairperson of the water authority)
- Mr David Sartori (Executive Officer, Lower Burdekin Water).

### Staff

The water authority employed seven staff members working 38 hours per week during the final period. There were no staff resignations and no staff retirements during the final period. Staff received training in taxation and payroll, 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
GHD Pty Ltd	McDowell's pipeline RRJ Rehabilitation	\$ 390.00
GHD Pty Ltd	McDowell's pipeline RRJ Rehabilitation	\$ 2,130.00
GHD Pty Ltd	McDowell's pipeline RRJ Rehabilitation	\$ 5,115.00

During the final period, the water authority paid a total of \$15,640.95 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 southern 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 60,665ML from the Burdekin River and distributed the water throughout its authority area for groundwater recharge and irrigation supply during the final period. The water authority's Home Hill depot received approximately 340 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.

During the final period, the water authority undertook repairs and maintenance to key infrastructure such as pumps, sand dams, pipelines and channel gates, as well as plant and equipment such as excavators, vehicles and IT systems.

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 the North Burdekin Water Boards 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 \$30,206 in fees to its chairperson and directors during the final period, comprising of \$13,250 to its chairperson and \$16,956 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

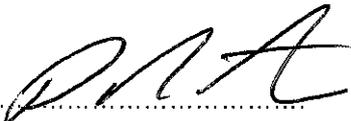
The water authority's certified financial statements are at the Appendix.

## Summary of independent audit report

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

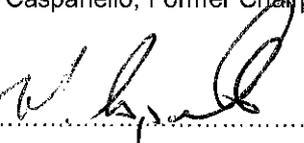
- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects
- the final financial report presents a true and fair view of the transactions of the South Burdekin Water Board for the financial period 1 July 2014 to 18 February 2015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

David Sartori, Former Responsible Person, South Burdekin Water Board

Signed.....

Date.....26/10/2015

Michael Caspanello, Former Chairperson, South Burdekin Water Board

Signed.....

Date.....20/10/2015

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

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

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

	Notes	2015 \$	2014 \$
<b>Income from Continuing Operations</b>			
User Charges	2	1,800,012	2,503,655
Interest Revenue	3	41,639	79,386
<b>Total Revenue</b>		<b>1,841,651</b>	<b>2,583,041</b>
<b>Gains</b>			
Gain on Sale of Property Plant and Equipment	3a	11,478	11,782
<b>Total Income from Continuing Operations</b>		<b>1,853,129</b>	<b>2,594,823</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits	4	457,746	614,058
Supplies and Services	5	1,179,562	1,712,591
Depreciation	6	213,381	325,067
Revaluation Decrement/De-recognition	7	189,675	-
<b>Other Expenses</b>			
Loss on Disposal of Plant and Equipment	8	-	39,129
<b>Total Expenses from Continuing Operations</b>		<b>2,040,364</b>	<b>2,690,844</b>
<b>Operating Result from Continuing Operations</b>		<b>(187,234)</b>	<b>(96,021)</b>
<b>Other Comprehensive Income</b>			
Increase in Asset Revaluation Surplus	18	832,730	-
<b>Total Other Comprehensive Income</b>		<b>832,730</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>645,495</b>	<b>(96,021)</b>

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

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	9	2,523,551	2,096,948
Receivables	10	261,088	213,779
Inventories	11	12,097	10,496
Other current assets	12	37,482	6,042
<b>Total Current Assets</b>		<b>2,834,218</b>	<b>2,327,264</b>
<b>Non Current Assets</b>			
Intangible Assets	13	1,500,000	1,500,000
Property, Plant and Equipment	14	13,188,344	12,596,786
<b>Total Non Current Assets</b>		<b>14,688,344</b>	<b>14,096,786</b>
<b>Total Assets</b>		<b>17,522,563</b>	<b>16,424,050</b>
<b>Current Liabilities</b>			
Payables	15	829,725	409,863
Provisions	16	278,421	161,552
<b>Total Current Liabilities</b>		<b>1,108,146</b>	<b>571,415</b>
<b>Non Current Liabilities</b>			
Provisions	16	63,762	147,476
<b>Total Non Current Liabilities</b>		<b>63,762</b>	<b>147,476</b>
<b>Total Liabilities</b>		<b>1,171,908</b>	<b>718,891</b>
<b>Net Assets</b>		<b>16,350,653</b>	<b>15,705,160</b>
<b>Equity</b>			
Accumulated Surplus		15,093,383	15,280,616
Asset Revaluation Surplus	18	1,257,274	424,544
<b>Total Equity</b>		<b>16,350,653</b>	<b>15,705,160</b>

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The accompanying notes form part of these statements

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

	Accumulated Surplus	Asset Revaluation Surplus (Note 18)	Total
	\$	\$	\$
<b>Balance as at 1 July 2013</b>	<b>15,376,637</b>	<b>424,544</b>	<b>15,801,181</b>
Operating Result from Continuing Operations	(96,021)	-	(96,021)
<b>Balance as at 30 June 2014</b>	<b>15,280,616</b>	<b>424,544</b>	<b>15,705,160</b>
	\$	\$	\$
<b>Balance as at 1 July 2014</b>	<b>15,280,616</b>	<b>424,544</b>	<b>15,705,160</b>
Operating Result from Continuing Operations	(187,234)	-	(187,234)
<i>Other Comprehensive Income</i>			
- Increase in asset revaluation surplus	-	832,730	<b>832,730</b>
<b>Balance as at 18 February 2015</b>	<b>15,093,383</b>	<b>1,257,274</b>	<b>16,350,653</b>

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The accompanying notes form part of these statements

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

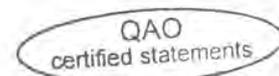
	Notes	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>			
<i>Inflows:</i>			
User Charges		1,723,739	2,513,040
Interest Receipts		41,639	79,386
GST input tax credit from ATO		114,244	139,136
GST collected from customers		64,708	60,278
		<u>1,944,329</u>	<u>2,791,840</u>
<i>Outflows:</i>			
Employee Expenses		(424,591)	(612,365)
Supplies and Services		(777,571)	(1,538,850)
GST remitted to ATO		(28,534)	(10,505)
GST paid to suppliers		(136,623)	(208,531)
		<u>(1,367,320)</u>	<u>(2,370,251)</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	<b>22</b>	<b><u>577,010</u></b>	<b><u>421,589</u></b>
<b>Cash Flows from Investing Activities</b>			
<i>Inflows:</i>			
Sale of Property, Plant & Equipment		25,000	96,818
<i>Outflows</i>			
Payments for Property, Plant & Equipment		(175,408)	(793,879)
<b>Net Cash Provided by (used in) Investing Activities</b>		<b><u>(150,408)</u></b>	<b><u>(697,061)</u></b>
Net Increase (Decrease) in cash and cash equivalents		426,602	(275,471)
Cash and cash equivalents at Beginning of Financial Period		2,096,948	2,372,418
<b>Cash and cash equivalents at End of Financial Period</b>	<b>9</b>	<b><u>2,523,551</u></b>	<b><u>2,096,948</u></b>

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The accompanying notes form part of these statements

**SOUTH 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 21 Commitments and Contingencies
- Note 22 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 Southern 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 South Burdekin Water Board has prepared these financial statements in compliance with section 48 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 South Burdekin Water Board as on the 18/02/2015, the Governor in Council abolished the South 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 South Burdekin Water Board has applied those requirements applicable to not-for-profit entities, as the South 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 received 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 South 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 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 South 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 South 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.

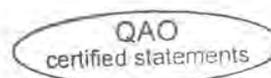
Revaluations using independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, 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 15000 ML Water Allocation above the allocations gazetted in 1992.*

The purchase of an additional 15000 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.

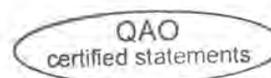
Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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-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 except for the one employee to whom sick leave vests, 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 \$157,917 (2013/14: \$148,334). 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 \$140,520 (2013/14: \$118,224). Refer Note 16.

*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 South Burdekin Water Board. GST credits recoverable from, and GST payable to the ATO, are recognised (refer to Note 10).

**(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 to 18 February 2015 period. Australian accounting standard changes applicable for the first time for the 1 July 2014 to 18 February 2015 period have had minimal effect on the South 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 South 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.







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

	2015 \$	2014 \$
<b>6. Depreciation</b>		
<i>Depreciation incurred in respect of</i>		
Buildings	51,525	83,784
Plant & Equipment	41,765	65,146
Infrastructure	120,093	176,137
<b>Total</b>	<u>213,381</u>	<u>325,067</u>
Depreciation expense on buildings decreased by \$2,527,747, as a result of revaluations as at the end of the reporting period and several assets reclassified into their correct asset class of infrastructure.		
<b>7. Revaluation Decrement / De-recognition</b>		
Land - Derecognition	146,100	-
Land - Revaluation Decrement	5,100	-
Buildings - Revaluation Decrement	38,475	-
<b>Total</b>	<u>189,675</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.		
<b>8. Loss on Disposal of Plant and Equipment</b>		
Loss on Disposal of Plant and Equipment	-	39,129
<b>Total</b>	<u>-</u>	<u>39,129</u>
<b>9. Cash and Cash Equivalents</b>		
Operating Fund Bank Account	41,297	81,002
Online Interest Account	1,767,880	1,326,657
Capital Work Fund Bank Account	68,487	68,539
Reserve Fund Bank Account	16,165	16,190
Operating Fund Investments	286,744	278,751
Leave Provision Account	322,123	315,464
Wages Account	20,655	10,144
Petty Cash & Postage	200	200
<b>Total</b>	<u>2,523,551</u>	<u>2,096,948</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 (\$15,000), Warren's Gully Upgrade Stage 1 (\$200,000) and Warren's Gully Culvert (\$10,318) for the remainder of the 2014/2015 financial year.		
<b>10. Receivables</b>		
Trade Debtors	247,918	186,815
GST Receivable	42,360	56,155
GST Payable	(29,190)	(29,190)
<b>Total</b>	<u>261,088</u>	<u>213,779</u>
<b>11. Inventories</b>		
Meters	12,097	10,496
<b>Total</b>	<u>12,097</u>	<u>10,496</u>
<b>12. Other Current Assets</b>		
Prepayments	22,312	6,042
Other Receivables	15,170	-
<b>Total</b>	<u>37,482</u>	<u>6,042</u>
<b>13. Intangible Assets</b>		
Purchase of Additional 15,000 ML of Water Allocation	1,500,000	1,500,000
<b>Total</b>	<u>1,500,000</u>	<u>1,500,000</u>
<b>14. Property, Plant and Equipment</b>		
<b>Land</b>		
Land at fair value	379,000	2,337,600
	<u>379,000</u>	<u>2,337,600</u>
<b>Buildings</b>		
Buildings at fair value	632,000	6,120,130
Accumulated Depreciation Buildings	(415,700)	(2,859,663)
	<u>216,300</u>	<u>3,260,467</u>
<b>Plant &amp; Equipment</b>		
Plant & Equipment at cost	1,206,465	1,205,087
Accumulated Depreciation Plant & Equipment	(679,222)	(657,740)
	<u>527,243</u>	<u>547,347</u>
<b>Infrastructure at Independent Valuation</b>		
Infrastructure at fair value	20,191,700	10,990,668
Accumulated Depreciation Infrastructure	(8,218,135)	(5,090,223)
	<u>11,973,565</u>	<u>5,900,445</u>
<b>Capital Work in Progress at Cost</b>	<u>92,237</u>	<u>550,927</u>
<b>Total</b>	<u>13,188,344</u>	<u>12,596,786</u>

QAO  
certified statements

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.

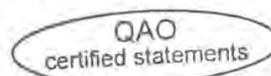
The infrastructure, building and other asset valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- 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.



**SOUTH 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	2,337,600	3,344,251	6,042,816	514,981	12,492	12,252,140
Acquisitions	-	-	33,766	221,678	538,435	793,879
Disposals	-	-	-	(124,165)	-	(124,165)
Depreciation	-	(63,784)	(176,137)	(65,146)	-	(325,067)
<b>Carrying amount at 30 June 2014</b>	<b>2,337,600</b>	<b>3,260,467</b>	<b>5,900,445</b>	<b>547,347</b>	<b>550,927</b>	<b>12,596,786</b>
	\$	\$	\$	\$	\$	\$
Property, Plant and Equipment Opening Value 1 July 2014	2,337,600	3,260,467	5,900,445	547,347	550,927	12,596,786
Acquisitions	-	-	-	35,183	140,225	175,408
Disposals	-	-	-	(13,522)	-	(13,522)
Assets Derecognised*	(146,100)	-	-	-	-	(146,100)
Transfer of assets between classes	(1,807,400)	(2,954,168)	5,360,483	-	(598,915)	(0)
Depreciation	-	(51,525)	(120,093)	(41,765)	-	(213,382)
Revaluation Increment / (Decrement)	(5,100)	(38,475)	832,730	-	-	789,155
<b>Carrying amount at 18 February 2015</b>	<b>379,000</b>	<b>216,300</b>	<b>11,973,565</b>	<b>527,243</b>	<b>92,237</b>	<b>13,188,344</b>

The capital works in progress relate to Infrastructure Upgrades (\$92,237).

\* 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/m <sup>2</sup>	The higher the labour hours, higher the Fair Value
Raw Material Usage Quantities	Varies dependant 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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**SOUTH BURDEKIN WATER BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18 FEBRUARY 2015**

	2015 \$	2014 \$	
<b>15. Payables</b>			
Trade Creditors	114,892	402,826	
Other Payables	-	7,037	
Accrued Expenses	17,118	-	
Prepaid Revenue	697,715	-	
<b>Total</b>	<b>829,725</b>	<b>409,863</b>	
<b>16. Provisions for Employee Benefits - Current</b>			
Annual Leave	140,520	35,467	
Long Service Leave	137,901	126,084	
	<b>278,421</b>	<b>161,552</b>	
<b>Provision for Employee Benefits - Non-current</b>			
Annual Leave	-	82,757	
Long Service Leave	20,016	22,250	
Sick Leave	43,746	42,469	
	<b>63,762</b>	<b>147,476</b>	
<b>Total Provision for Employee Benefits</b>	<b>342,183</b>	<b>309,027</b>	
<b>17. Asset Revaluation Surplus</b>			
Buildings	-	173,618	
Infrastructure	1,257,274	250,926	
	<b>1,257,274</b>	<b>424,544</b>	
<b>18. Asset Revaluation Surplus by Class</b>			
	<b>Buildings</b>	<b>Infrastructure</b>	<b>TOTALS</b>
	\$	\$	\$
<b>2013</b>			
Balance 1 July 2013	173,618	250,926	424,544
<b>Balance 30 June 2014</b>	<b>173,618</b>	<b>250,926</b>	<b>424,544</b>
	\$	\$	\$
<b>2014</b>			
Balance 1 July 2014	173,618	250,926	424,544
Revaluation increments	-	832,730	832,730
Transfer between classes	(173,618)	173,618	-
<b>Carrying amount at 18 February 2015</b>	<b>-</b>	<b>1,257,274</b>	<b>1,257,274</b>

**19. South 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 South Burdekin Water Board Employing Office as a statutory body for the purposes of the Financial Accountability Act 2009. In relation to the South 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 South Burdekin Water Board Employing Office.

**20. Events occurring after Balance Date**

The South and North 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 South Burdekin Water Board and nominated Lower Burdekin Water as the new alternative institutional structure.

On dissolution, the assets and liabilities of the South 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.

**21. Commitments and Contingencies**

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

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

	2015	2014
<b>22. Reconciliation of Operating Result to Net Cash from Operating Activities</b>		
Operating surplus/(deficit)	(187,234)	(96,019)
Non-Cash items:		
Depreciation and amortisation expense	213,381	325,067
Revaluation decrement	189,675	-
Net losses on disposal of property, plant and equipment	-	39,129
Net gains on disposal of property, plant and equipment	(11,478)	(11,782)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(61,103)	9,385
(Increase)/decrease in GST input tax credits receivable	13,795	(19,623)
(Increase)/decrease in other receivables	(15,170)	-
(Increase)/decrease in inventories	(1,601)	(4,587)
(Increase)/decrease in prepayments/other	848	473
Increase/(decrease) in accounts payable	(294,971)	177,855
Increase/(decrease) in accrued employee benefits	33,156	1,693
Increase/(decrease) in unearned revenue	697,715	-
<b>Net cash from operating activities</b>	<b><u>577,010</u></b>	<b><u>421,589</u></b>

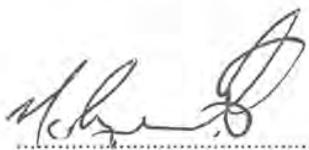
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**SOUTH BURDEKIN WATER BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2014-18**  
**FEBRUARY 2015**

**CERTIFICATE OF THE SOUTH 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 South 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.



..... 19/08/15

M. Caspanello  
FORMER CHAIRMAN



..... 19/08/15

D. Sartori  
FORMER EXECUTIVE OFFICER



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Final Financial Report**

I have audited the accompanying final financial report of former South 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 South 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 South 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 South 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