

MOUNT ISA WATER BOARD

2017–2018
ANNUAL REPORT



Vision

To be a respected leader in regional water distribution and treatment.

Mission

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

Values



Customers first

- *Know your customers*
- *Deliver what matters*
- *Make decisions with empathy*



Ideas into action

- *Challenge the norm and suggest solutions*
- *Encourage and embrace new ideas*
- *Work across boundaries*



Unleash potential

- *Expect greatness*
- *Lead and set clear expectations*
- *Seek, provide and act on feedback*



Be courageous

- *Own your actions, successes and mistakes*
- *Take calculated risks*
- *Act with transparency*



Empower people

- *Lead, empower and trust*
- *Play to everyone's strengths*
- *Develop yourself and those around you*



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

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6 September 2018

The Honourable Anthony Lynham MP
Minister for Natural Resources, Mines and Energy
PO Box 15216
CITY EAST QLD 4002

Dear Minister

I am pleased to present the Annual Report 2017–18 and financial statements for Mount Isa Water Board.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at pages 89 and 90 of this annual report or accessed at www.mountisawater.qld.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Steven de Kruijff".

Steven de Kruijff

Chair
Mount Isa Water Board



About Mount Isa Water Board

Mount Isa Water Board commenced operation in 1974 to supply bulk water to industrial customers and the city of Mount Isa.

In October 2000, Mount Isa Water Board (MIWB) was established as a Category 1 Water Authority under the *Water Act 2000* (Water Act) to operate on a commercial basis.

MIWB is responsible to the Minister for Natural Resources, Mines and Energy, with its practices subject to regulating principles of the Water Act including autonomy, accountability and competitive neutrality.

Role and functions

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

Each year, MIWB submits a Performance Plan to the Minister for approval, which details how MIWB will

meet its responsibilities to its owner, the Queensland Government. These responsibilities are to:

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

Customers

MIWB's three major customers are:

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

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

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

- MIWB is one of only two Category 1 water authorities in Queensland, which have specific responsibilities under legislation.
- MIWB maintains \$137 million of vital water supply and treatment infrastructure, including 88 kilometres of transmission pipeline from Lake Julius to Mount Isa.
- Each year MIWB supplies approximately 16 gegalitres of water from Lake Moondarra and Lake Julius to customers, or the equivalent of 6,400 Olympic swimming pools.
- MIWB pumps 100 per cent of the water supplied, with all water sources on the Leichhardt River downstream of Mount Isa. Despite significant pumping costs, MIWB's supply is cost competitive compared to the Queensland average volumetric cost.
- MIWB conducts an extensive water quality sampling and testing program. Over 32,500 water quality tests were conducted in 2017–18 from 7262 samples, monitoring water provided to customers against the Australian Drinking Water Guidelines.
- MIWB treats the 20 megalitres of potable water supplied to MICC each day using an advanced microfiltration plant progressively constructed from 2014.
- MIWB employs 16 staff who live in Mount Isa and contribute to the Mount Isa community.
- MIWB provides amenities for visitors to the R48 Reserve, which include playgrounds, gazebos and barbecues.
- Lake Moondarra facilities are visited and enjoyed by thousands of people each year, including local residents and visitors to the region



Communication objective

This annual report provides information about MIWB's financial and non-financial performance during 2017–18.

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

The report has been prepared in accordance with the *Financial Accountability Act 2009*, which requires that all statutory bodies prepare annual reports and table them in the Legislative Assembly each financial year, the *Financial and Performance Management Standard 2009*, which provides specific requirements for information that is to be disclosed in annual reports, other legislative requirements and the Queensland Government's *Annual report requirements for Queensland Government agencies for 2017–18*.

This report has been prepared for the Minister for Natural Resources, Mines and Energy, to submit to Parliament. It has also been prepared to inform stakeholders including

Commonwealth, State and local governments, industry and business associations and the community.

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



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

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Highlights of 2017–18

2017–18 saw the uninterrupted supply of fit-for-purpose water to all of our major industrial customers and safe drinking water to the city of Mount Isa. MIWB continued to improve the water quality supplied to Mount Isa City Council, investigating and implementing optimisation projects in line with the Board's strategic direction statement.

Objectives

MIWB's key objectives are consistent with section 640 of the Water Act which are to be:

- (a) commercially successful in carrying out its activities
- (b) efficient and effective in providing goods and delivering services, including activities performed as community service obligations.

MIWB's commercial success, efficiency and effectiveness are measured against financial and non-financial performance targets stated in the Performance Plan.

Key operational achievements

During 2017–18, MIWB:

- achieved uninterrupted water delivery to industrial, commercial and residential water users
- successfully managed supply through an on-going unprecedented blue-green algae bloom, and

- invested in foundational elements for long-term improvements in maintenance management and capital project delivery.

Key financial results

As shown in Table 1, there was an overall decrease of 1.2 per cent in revenue between 2016–17 and 2017–18. Costs were well managed in line with budget with the main exception of lower than budget staffing costs due to high vacancies during the period.

With costs being in line with budget against increased water volumes, the average delivered drinking water price fell to a very competitive \$1.33 per 1,000 litres compared to the State Bulk Water Price of \$2.82 per 1,000 litres being paid by Brisbane consumers.

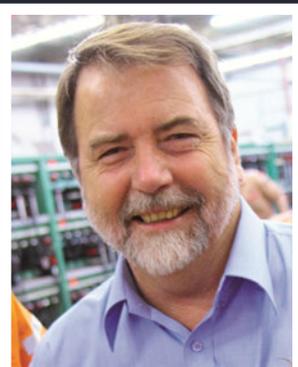
Despite cash holdings being forecast to fall, net cash flow was positive, principally due to several significant projects being behind program. Net assets increased due to the combination of asset revaluation and the paying off of a loan.

Table 1 Financial performance overview 2017–18

	2017-18	2016-17	2015-16
Financial performance			
Operating revenue	\$22.27M	\$22.54M	\$20.42M
Operating expenses	\$20.14M ⁽¹⁾	\$17.84M	\$16.03M
Operating profit	\$2.14M	\$4.69M	\$4.39M
Profit from ordinary activities (after tax)	\$1.52M	\$3.28M	\$3.06M
Financial position			
Total assets	\$163.35M	\$158.31M	\$153.84M
Total liabilities	\$30.33M	\$31.04M	\$28.34M
Net assets	\$133.02M	\$127.27M	\$125.50M
Cash flow			
Net cash provided by operating activities	\$8.93M	\$8.94M	\$8.36M
Cash at end of financial year	\$23.08M	\$20.98M	\$20.15M
Ratios			
Current ratio	3.37	3.17	4.13
Liabilities/assets ratio	18.56%	19.61%	18.42%
Liabilities/equity ratio	22.80%	24.39%	22.58%

(1) Operating expenses include one-off items for asset write-downs totaling \$1,618,225.





Chair's review

I am pleased to present Mount Isa Water Board's 2017–18 Annual Report.

Implementing our values, MIWB continued to work across boundaries during the year in order to turn ideas into action. We invested effort in the advanced simulation modeling of not only our own entire network but also our customer's networks, providing a more complete picture. This capability has resulted in even closer cooperation with customers in solving issues relevant to their business needs. It has also enabled MIWB to challenge long static operational norms and facilitated the adoption of new ideas in a risk appropriate fashion. As a result, new operational configurations have progressed through short-term trials and will be converted to permanent optimisations in the coming period.

MIWB continued to advance asset management practice with the establishment of a new maintenance management database giving improved visibility and reporting on contracted maintenance activities. Significant investment was made in front end engineering of the forward capital program with a view to achieving longer term project performance improvements in line with the Board's expectations. MIWB operates a very capital intensive business in a challenging context; nothing less than excellence in our asset investment processes will suffice to preserve the long-term effectiveness of the service and to protect the significant investment the Queensland Government has made for the benefit of the Mount Isa community.

We exist, as the local custodian of \$137 million in Queensland Government assets, to preserve and maximise the benefits that flow from a safe and reliable water supply. As a local employer and business, consistent with the Queensland Procurement Policy, the Board takes seriously our part in supporting the regional economy and contributing to the objectives of Government's Advancing North Queensland plan.

MIWB is committed to delivering what matters. The Board remains optimistic that progress will be made while ever MIWB continues to actively engage with its stakeholders. It is disappointing that the on-going power supply arrangements remain unresolved given the mutual interests which the parties have in the continuing supply of cost effective water. The bulk water supply we operate is among the most energy intensive surface water sources and the massive increase in electricity costs has certainly impacted the Mount Isa community. The community of individuals and businesses in North West can only succeed together. MIWB is 100 per cent invested in the North West and this focus is a fundamental part of the advantage we offer to our community.

The 2017–18 financial performance of \$2.14 million in gross profit is down on last year's exceptional result and was impacted by asset write-down related one-off items. However, in line with sound financial management outcomes over recent years, EBIT (Earnings Before Interest and Tax) before asset-write-down items was on budget. MIWB's commercial charter continues to be effective in driving financial management efficiency. Coupled with the Queensland Government's special grant to Mount Isa City Council for a share of the dividend and tax equivalents paid by MIWB, the framework continues to achieve the best possible outcome for the Mount Isa community.

Thank you to my fellow Board members, our Chief Executive Stephen Farrelly and staff for their continued efforts and for acting in the Mount Isa community's best interest by ensuring Mount Isa's water supply is safe and sustainable now and into the future.

Mr Steven de Kruijff

Chair
Mount Isa Water Board



Operating environment

Core business

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

MIWB's core business activities include:

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

Additional activities

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

MIWB's role as trustee of the R48 Reserve is independent of its water distribution functions under the Gulf Resource Operations Plan (Gulf ROP). However, section 570 of the Water Act provides the specific head of power by which a water authority may carry out other functions, including land management and provision of recreational facilities.

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

Regional climate and rainfall

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

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

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

Around 75 per cent of annual rainfall occurs in the wet season, between December and March, usually through heavy thunderstorms resulting from intense heat and from the passage of the inland trough systems which can occur during this time. Heavy and prolonged rain and flooding occur periodically, often associated with monsoon troughs in the Gulf of Carpentaria moving south across the region.

Mount Isa district's rainfall can vary from less than 250 mm one year to greater than 500 mm the following. The lowest recorded annual rainfall was 93 mm in 2013, with the highest annual rainfall on record of 1,092 mm recorded only two years earlier in 2011.

During 2017–18, Mount Isa received 422 mm rainfall which was just below the historic average. While Mount Isa received an amount of rainfall well below average over the December to January period, Lake Julius reached its full capacity following the late arrival of the wet season in March. Lake Moondarra, on the other hand, peaked at only 73.0 per cent in March and despite a drier than average April and May, the lake finishes the year above the June average level. Water allocations for both schemes were announced at 100 per cent at the start of the 2018–19 water year, the official water volume accounting period.

Storage dams

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

When full, Lake Moondarra Dam has a water surface area of about 2,200 hectares and has a relatively shallow topography. Lake Julius has about half the water surface area and a relatively deep topography. Consequently, Lake Moondarra has a much higher evaporation loss than Lake Julius. Evaporation rates can be up to three metres a year.

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

Future planning

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

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

With above average rainfall in 2016–17, the 2017–18 water year commenced with 100 per cent Announced Allocations for both Lake Moondarra and Lake Julius schemes. As a result, about 82 per cent of all water supplied in 2017–18 was sourced from Lake Moondarra to avoid the high pumping costs from Lake Julius.

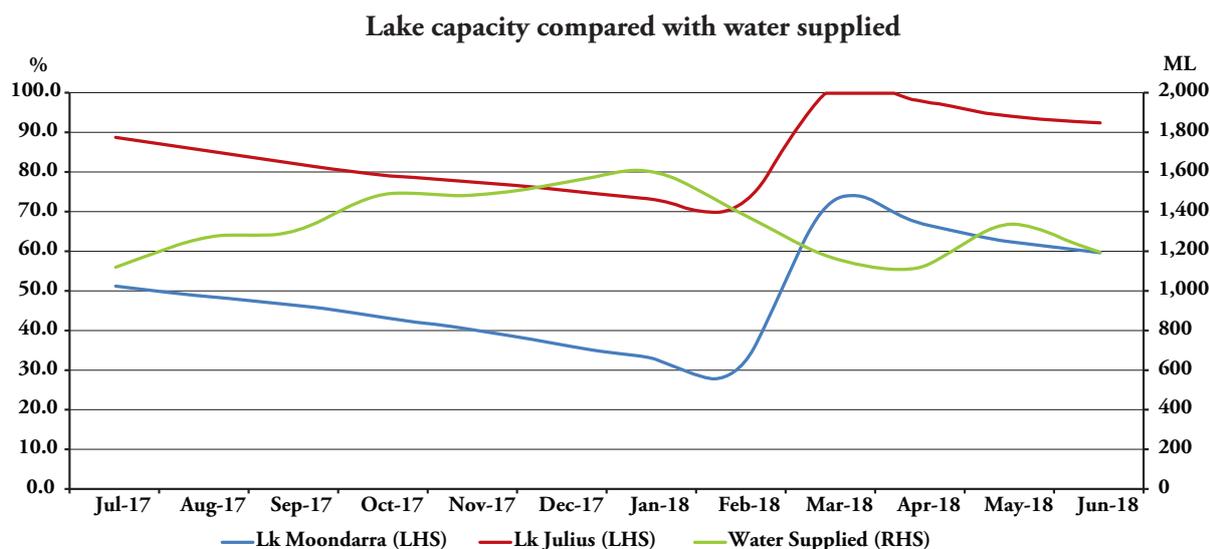


Figure 1. Lake capacity compared with water supplied

The Mount Isa region ends the reporting period with a modest risk on water supply reliability in the Moondarra system, but there is adequate supply available in Lake Julius which has a much larger and more reliable catchment. One hundred (100) per cent Announced Allocation for both lakes was granted to the water allocation holders (comprising MIWB and its major customers) for the 2018–19 water year. While there is more than sufficient capacities in both lakes to last for the 2018–19 and 2019–20 reporting periods, MIWB continues to work with customers in water conservation-related activities.

MIWB continues to maintain the operational and technical capabilities necessary to provide this essential commodity to the Mount Isa community. MIWB will continue to respond to current and future regional water needs and be prepared for the challenges posed by drought, economic uncertainty and potential changes in the service needs of industrial customers.

Blue-green algae blooms

During 2017–18 Mount Isa experienced blue-green algae blooms in Lake Julius, Lake Moondarra and the continuation of the exceptional bloom in Clear Water Lagoon where environmental conditions were favourable to algal growth.

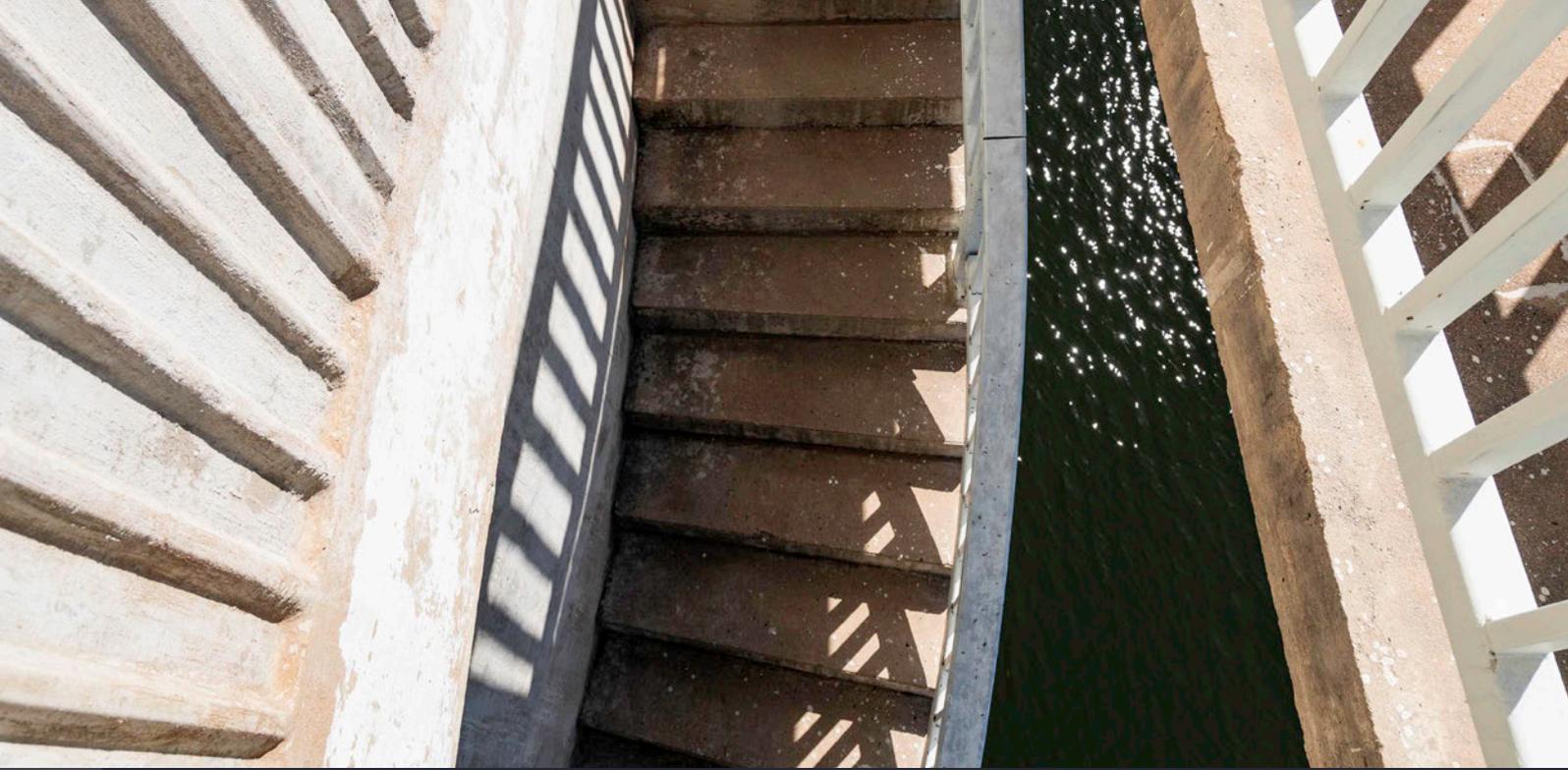
MIWB has continued to conduct investigations into rehabilitation options for Clear Water Lagoon, and is continuing with the deep well pump station capital works, which will restore its functional capacity. The natural sedimentation process in Clear Water Lagoon continues to provide some benefit such as for particulate

and mineral removal. However, the system introduces excess amounts of natural organic materials which impact the overall water quality. The current degraded ecosystem of beneficial plants demonstrates that this natural system cannot be relied upon to meet modern drinking water quality standards.

Regulatory changes

MIWB is a Category 1 Water Authority with core services of water distribution, quality and treatment. MIWB is monitoring closely the development of Health Based Targets framework for the proposed revision of the Australian Drinking Water Guidelines.

Consistent with and related to the purpose for which MIWB was established, MIWB also operates a high voltage power transmission which also supplies other entities. In Queensland, the National Energy Customer Framework commenced on 1 July 2015, impacting the legal framework regulating MIWB's activities with respect to its registration to distribute electricity under Special Approval SA05/97. Under the federal National Energy Retail Law executed by the state legislation, MIWB does not hold a retail authorisation. MIWB holds an R5 class exemption for the sale of electricity granted by the Australian Energy Regulator. MIWB continues to implement improvements with the objective of bringing clarity to historic supply arrangements. During the period, the Australian Energy Regulator released an updated guide to the exemption conditions which did not result in any material change in MIWB's obligations.



Measuring our performance

Objectives

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

- commercially successful in carrying out its activities, and
- efficient and effective in providing goods and services.

MIWB's activities must be consistent with its commercial mandate which requires MIWB to:

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

Government objectives for the community

The Queensland Government has set objectives for the community including: creating jobs and a diverse economy, delivering quality frontline services, building safe, caring and connected communities and protecting the environment. These objectives are underpinned by integrity, accountability and consultation.

MIWB's business operations are focused on providing a cost efficient, safe and reliable water supply to our customers in a way that matches stakeholder needs. By delivering on this, MIWB positively impacts on the local community and contributes to the achievement of government objectives.

Operational objectives

In implementing MIWB's statutory objectives and the government's objectives for the community, and in order to advance the achievement of the vision, the Board has set out a strategy to:

- **ASSURE:** ensure our governance and business management practices are of the highest standard
- **OPTIMISE:** improve the long run service output of the asset base and secure service quality and reliability at the lowest sustainable cost
- **ENGAGE:** participate in respectful dialogue with our stakeholders, including our local community to develop strategic, mutually beneficial relationships
- **INNOVATE:** seek out opportunities to add value for new and existing customers, creating value for our 'shareholder'.

Operational outcomes

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

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

Table 2 Non-financial performance during 2017-18

Performance	Measures	Target 30 June 2018	Actual Outcomes 30 June 2018
Commercial results			
Business operations	Executed customer service agreements	100% of supply	100% of supply
	Administrative costs per ML supplied to MICC	\$91/ML of	\$90/ML of
	Revenue per ML supplied	\$1,645/ML	\$1,332/ML
	Capital projects completed	90%	53% (1)
Corporate responsibility	Incidences of lost time injuries	0 incidents	0 incidents
	Compliance with departmental (DNRME) reporting deadlines	100%	91%
	Breach notices received pertaining to non-compliance with legislation and standards	0	0
Operational results			
Operational efficiency	Target of metering accuracy	97.5%	97.5%
	Target of water losses from distribution system (excluding filtration)	Maximum 500 ML	342 ML (2)
Water quality	Provision of water as specified (under contract and legislation)	100%	100%
	Non-complying drinking water tests for E.coli	0	0
	Non-complying drinking water tests for other health parameters	0	1 or 0.1% (3)
	Non-complying tests for E.coli (industrial supply at McNally Pump Station)	0	0
	Non-complying tests for other ADWG Table 10.6 health parameters (industrial supply at McNally Pump Station)	0	0
	Non-complying tests for aesthetic parameters in drinking water	0%	0.5% (4)
Reliability of supply	Compliance with pressure at customer connection points	100%	100%
	Number of unplanned interruptions	0	8 (5)
	Water main/pipe leakages per 100 km	3	4

- (1) MIWB cancelled a project for the construction of on-site tanks servicing MIM following the cancelling of their mooted Black Rock Open Cut project. This project has been removed from the metric presented.
- (2) Drinking water microfiltration process produced approximately 367 ML of waste water which was supplied to Mount Isa Mines as a registered recycled water scheme.
- (3) There was an open water quality incident at the commencement of the period. A single new incident occurred in 2017-18 which consisted of a single test result against the total guideline limit issued by the Queensland Health which is more stringent than the ADWG guideline limit for the component sub-species. For more detail, refer to the Water Quality on page 19.
- (4) Refer to Water Quality on page 19.
- (5) Eight interruptions to pumping occurred, none of which resulted in loss of supply to consumers due to customer storage tanks.

During the year, continued focus was placed on improving measurement of key performance indicators including implementing systems independent of the operations and maintenance contractor. This focus has been enhanced by the establishment of a new computerised maintenance management system tailored to the current and future needs of MIWB's operations management. As a result, MIWB recorded eight unplanned service interruptions. None of the service interruptions disrupted supply to the end consumers of MIWB customers. Accurate data has assisted MIWB to conduct meaningful service level discussions with customers, driving customer centred outcomes.

Overall water losses were 2.1 per cent of the total volume supplied not including backwash volumes produced by the filtration process which are delivered to MIM for recycling as process water. Customer water quality improved again over the period as MIWB continued to work in advance of more stringent standards expected to be applied when water quality guidelines are next revised. Instances of water quality outside of guideline criteria related to the continued poor ecological health of the Clear Water Lagoon (refer *Water quality* section).

Engineering

MIWB experienced a challenging year of engineering and operations for the 2017–18 period with multiple operational and infrastructure projects being delivered. MIWB continued to operate and optimise the new membrane filtration plant at Mount Isa Terminal Reservoir Complex to ensure that supply to MICC met the required Australian Drinking Water Guidelines (ADWG) standards and accepted practice with respect to blue-green algal levels. The revised chlorine dosing strategy continued to be fine-tuned to further improve water quality performance, and all changes to the water treatment system were documented in the latest revision of the Drinking Water Quality Management Plan (DWQMP).

Notable engineering achievements for the period include:

- completion of the installation of the new aeration system at Clear Water Lagoon
- installation of real-time water quality monitoring in Lake Moondarra and Clear Water Lagoon
- completion of the roll-out of the new computerised maintenance management system
- continued development, in collaboration with Mount Isa City Council, of a dynamic system model covering

the complete MIWB and Mount Isa City Council pipe networks allowing service-level modelling of current and future configurations

- trial implementation of proposed future Mount Isa City Council water delivery configurations
- repairing washouts and creek crossings on the Lake Julius Road after rain events
- ongoing improvements to Lake Julius power supply infrastructure, with nearly 10 per cent of the power poles replaced in 2017–18 period.

Operations and maintenance

MIWB has a contracted arrangement with MIM to perform MIWB's operations and maintenance services. Scheduled operations and maintenance achievements of the Utilities Department during 2017–18 included:

- operating and maintaining all chlorine dosing systems including daily checks and regular service of all equipment
- performing daily checks on all pumps in operation
- repairing pipes, valves, non-return valves and actuators as required
- servicing of all air compressor equipment
- switchyard maintenance; repair of substation and switchyard components
- transformer and switchboard maintenance
- power line repairs
- repairing filtration equipment as required
- assisting with management of control network, communication and telemetry equipment
- providing technical assistance in the implementation of Mount Isa City Council water delivery trials, and
- providing labour and operational knowledge to assist MIWB engineers with design/scoping/isolation activities on specific projects.

Water quality

MIWB continues to provide its customers with fit-for-purpose water in accordance with customer supply contracts and MIWB's Drinking Water Quality Management Plan (DWQMP). The ADWG provide direction on what constitutes safe, good quality water and how it can be achieved, and also considers aesthetic parameters. MIWB

is committed to continuous improvement of the water treatment process and has investigated and implemented various system improvements during the year.

MIWB uses a micro-filtration plant as the primary water treatment barrier in combination with chlorine disinfection. MIWB continues to use Clear Water Lagoon, primarily as a natural sedimentation system to reduce the concentration levels of inorganic minerals, however this comes at the cost of increased natural organic compounds.

The raw water storages at Lake Moondarra and Lake Julius are also monitored against the Australian and New Zealand Environment and Conservation Council (ANZECC) freshwater ecosystem guidelines. Within this raw water monitoring program 22.9 per cent of tests were outside the relevant guideline parameter limit.

In times of high turbidity and blue-green algae levels, flocculent dosing (a process designed to clarify water and reduce turbidity) and/or a Powdered Activated Carbon system, can also be included to improve water quality in some instances; however, the Powdered Activated Carbon system was not used during 2017–18.

ADWG include two different types of guideline criteria:

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

During 2017–18, water supplied to major customers was 99.9 per cent compliant with health parameter limits, an increase on the 2016–17 result of 98.9 per cent. It should be noted that the guidelines do not contain specific test limits relating to blue-green algae (BGA) levels. The significant and on-going blue-green algae outbreak in Clear Water Lagoon that began during 2013–14 and reached unprecedented highs the following year. The bloom fluctuates seasonally but has been continuously present since first detected. Water supplied as raw and semi-treated industrial water has continued to have high BGA cell counts and is not fit to drink without further treatment. MIWB provides this further treatment to ensure water supplied to MICC is in accordance with health requirements.

Despite its poor condition, Clear Water Lagoon has continued to be effective for the removal of inorganic minerals and suspended solids from the water, resulting in semi-treated water being available for supply to industrial customers and which also complements the downstream filtration system for the MICC supply. During 2017–18, MIWB completed the renewal of the aeration infrastructure installed in the lagoon with a view to ensuring continued inorganic mineral removal, minimising nutrient availability which favours algae, and improving performance within aesthetic water quality parameters.

One new drinking water quality incident was reported to the Department of Natural Resources, Mines and Energy (DNRME) Water Supply Regulation. This incident was a single detection of disinfection by-product levels elevated above the more stringent water quality requirement in place since November 2016. The detected levels were within Australian Drinking Water Guidelines but exceeded interim threshold figures provided by Queensland Health. The water quality outcome in MIWB product water for the whole year was again a significant improvement on historic outcomes. MIWB continues to seek further improvement opportunities, including using the advanced system model now in place. This continuous improvement is significantly reducing the baseline levels of disinfection by-products year-on-year as well as reducing chlorine consumption and associated costs.

In 2017–18 there were more than 32,500 water quality tests conducted across the water distribution and treatment system from 7,262 individual water samples. At the points of discharge to customers, the percentage of tests compliant with water quality parameter guideline thresholds were:

- 100.0 per cent for industrial supply health parameter tests
- 100.0 per cent for ADWG drinking water health parameter tests and 99.9 per cent for Queensland Health guideline values (a single assay result out of range)
- 99.5 per cent for ADWG aesthetic parameter tests (excluding chlorine) for drinking water supplies.

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

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



Table 3 Water quality compliance 2017–18 at point of discharge

Month	ADWG health parameter compliance for industrial water	Aesthetic compliance (excluding chlorine)* for drinking water	Health parameter compliance for drinking water
Jul-17	100.0%	99.0%	100.0%
Aug-17	100.0%	100.0%	100.0%
Sep-17	100.0%	100.0%	100.0%
Oct-17	100.0%	100.0%	100.0%
Nov-17	100.0%	100.0%	100.0%
Dec-17	100.0%	94.7%	100.0%
Jan-18	100.0%	100.0%	100.0%
Feb-18	100.0%	100.0%	100.0%
Mar-18	100.0%	100.0%	100.0%
Apr-18	100.0%	100.0%	100.0%
May-18	100.0%	100.0%	100.0%
Jun-18	100.0%	100.0%	99.0%
Average	100.0%	99.5%	99.9%

* Consistent with the requirements of the ADWG, chlorine dosing above the aesthetic limit occurs to ensure adequate biological control within the MICC distribution system.

The following general water quality related events occurred in 2017–18:

- No trace of E.coli was detected in any drinking water supplied to MICC during 2017–18.
- One hundred per cent compliance with Australian Drinking Water Guidelines specified health limits
- A single test result exceeding the Queensland Health limit for total haloacetic acids in drinking water occurred during the year
- MIWB's Drinking Water Quality Management Plan (DWQMP) was revised with the agreement of the regulator during the reporting period
- Lake Moondarra, Lake Julius and Clear Water Lagoon all experienced blue-green algae blooms during the reporting period. The bloom in Clear Water Lagoon is a continuation of the major event which began in 2013. Drinking water quality continues to be assured with the micro filtration plant proving to be very effective in removing blue-green algae
- Recreational water users of Lake Moondarra were advised of the blue-green algae bloom during events. The laboratory continues to monitor recreation water quality and advise users accordingly.

MIWB continues to invest in technology and training in managing the water quality. During the period MIWB conducted recruitment for fulltime water operators, bringing this function in-house for improved accountability and efficiency. External water quality testing is undertaken by an independent NATA accredited laboratory.

Services

R48 Reserve

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

During the reporting period there were a number of health, safety and environmental management initiatives undertaken to improve recreational users' safety, convenience and enjoyment. These included construction of rockfall barriers in identified risk areas; felling of

termite-affected trees and general tree management in public areas along with general grounds maintenance. In addition to the regular clean-up activities, such as removing dumped car bodies and repairing vandalism within the reserve boundaries, MIWB participated in Clean Up Australia Day, with the majority of staff volunteering their time to contribute.

During the period MIWB continued to engage with numerous community groups regarding the future management of the reserve. A number of term Trustee Permits were entered into with recreational user groups.

During the period MIWB continued with a substantial aquatic weed-harvesting program to manage the growth of weeds and maintain important recreational amenity. MIWB continues to be a sponsor of the major prize offered at the local Mount Isa fishing competition, the Lake Moondarra Fishing Classic.



Managing our business

MIWB's vision is to be a respected leader in regional water distribution and treatment. To achieve this, MIWB will be a sustainable, commercialised and customer-focused business which is engaged with its community. We will manage risks appropriately to ensure water delivery is safe, reliable and cost efficient. MIWB is committed to ensuring our governance and business management are of the highest standard.

MIWB governance framework

Board operations and membership

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

The Board is accountable to the Minister for MIWB's

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

The composition of the MIWB Board of Directors consists of five directors appointed by the Governor in Council – with one being a nominee of MICC.

During the period members of the Board Directors of MIWB were:



Mr Steve de Kruijff

OAM, MAusIMM

Director and Board Chair since May 2016

Steve de Kruijff's career spans almost four decades in the mining industry, predominantly in North West Queensland.

Mr de Kruijff was previously the Chief Operating Officer for Glencore's Australian Copper Assets Australia until February 2014. Prior to this role, Mr de Kruijff was General Manager of Xstrata's Mount Isa Copper Operations until December 2006 and Chief Operating Officer of Xstrata Copper's North Queensland division to May 2013. Mr de Kruijff has been a Director of a number of Xstrata's subsidiary companies and is a past President of the Queensland Resources Council (QRC). He is a current director of the Australasian Institute of Mining and Metallurgy (AusIMM) and was awarded the 2008 AusIMM Jim Torlach Health and Safety Award and an OAM in the 2016 Australia Day Honors List for his contribution to the mining industry and communities. Mr de Kruijff is a member of MIWB's Finance, Audit and Compliance Committee.



Mr Myles Johnston

BSc (Hons), FAusIMM

Director since February 2010

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

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



Ms Alison Dowling

BA (HSS), MA, FAIM, MAICD

Director since April 2014

Alison Dowling is the co-owner/Director of Hertz Mount Isa. Ms Dowling utilises more than two decades of professional

management, board director governance and leadership experience in the not-for-profit companies and environment sectors. Ms Dowling is a member of MIWB's Finance, Audit and Compliance Committee.



Mr Neil Hatherly

BSc (Hons), FAICD, FAusIMM

Director since April 2014

Neil Hatherly has extensive board governance experience in several sectors, including listed companies, government-owned corporations,

universities and not-for-profit organisations. Mr Hatherly is currently Chairman of Field Services Group of Brisbane City Council and a director of UniQuest, University of Queensland’s commercialisation company. Mr Hatherly previously worked for Mount Isa Mines in several technical and managerial roles. Mr Hatherly is a member of MIWB’s Finance, Audit and Compliance Committee.



Ms Karen Read

BBUS, CPA, MAICD, MAMI

Independent Chair of Finance, Audit and Compliance Committee (was formerly Director of MIWB from September 2004 to June 2014)

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



Mr George Fortune

Nominated by MICC

Director since September 2016

George Fortune has been a Councillor with Mount Isa City Council for more than five years. Mr Fortune is a

long-term resident and an active community advocate, former secretary of the Mount Isa Fish Stocking Group and former Event Manager for the Lake Moondarra Fishing Classic. Mr Fortune is a director of MIWB by nomination of the elected City Council. Mr Fortune is also a member of MIWB’s Finance, Audit and Compliance Committee.

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

Board attendance

The Board meets 11 times a year, or more if required. During 2017–18 it held 13 meetings, and attendances by members of the Board are shown in Table 4.

Table 4 Board meeting attendance 2017–18

Director	Meetings attended	Meetings eligible to attend	Last appointed	Expired
Steven de Kruijff (Chair)	13	13	Appointed 27 May 2016	26 May 2019
Alison Dowling	11	13	Appointed 19 June 2014	19 June 2017*
Neil Hatherly	13	13	Appointed 19 June 2014	19 June 2017*
Myles Johnston	6	13	Appointed 19 June 2014	19 June 2017*
George Fortune	13	13	Appointed 15 September 2016	15 September 2019

**Under section 604 (2) of the Water Act, a MIWB Board member remains in office even after their term has expired until their successor is appointed by Governor in Council as notified in the Queensland Government Gazette. As a consequence, until the appointment or reappointment of the director(s) occurs, the MIWB Board comprised those directors at the start of the reporting period.*

In accordance with the Trustee arrangements for R48 Reserve, Board meetings for Reserve matters are held separately to provide a distinct division of governance.

Table 5 R48 Reserve meeting attendance 2017–18

Director	Meetings attended	Meetings eligible to attend
Steven de Kruijff (Chair)	9	9
Alison Dowling	8	9
Neil Hatherly	9	9
Myles Johnston	0	9
George Fortune	9	9

Finance, Audit and Compliance Committee

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

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

During 2017–18, this committee included Karen Read (Independent Chair), Alison Dowling, Steven de Kruijff, Neil Hatherly, Myles Johnston and George Fortune.

MIWB Chief Executive Stephen Farrelly and Finance Manager Bruce Galbraith attended committee meetings by invitation.

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

During 2017–18, the committee advised the Board on the efficacy of internal and external audit functions and preparation of a budget for the next financial year.

Attendances are shown in Table 6.

Table 6 Finance, Audit and Compliance Committee meeting attendance 2017–18

Director	Meetings attended	Meetings eligible to attend
Karen Read (Chair)	9	9
Alison Dowling	8	9
Steven de Kruijff	9	9
Neil Hatherly	8	9
Myles Johnston	1	9
George Fortune	5	9

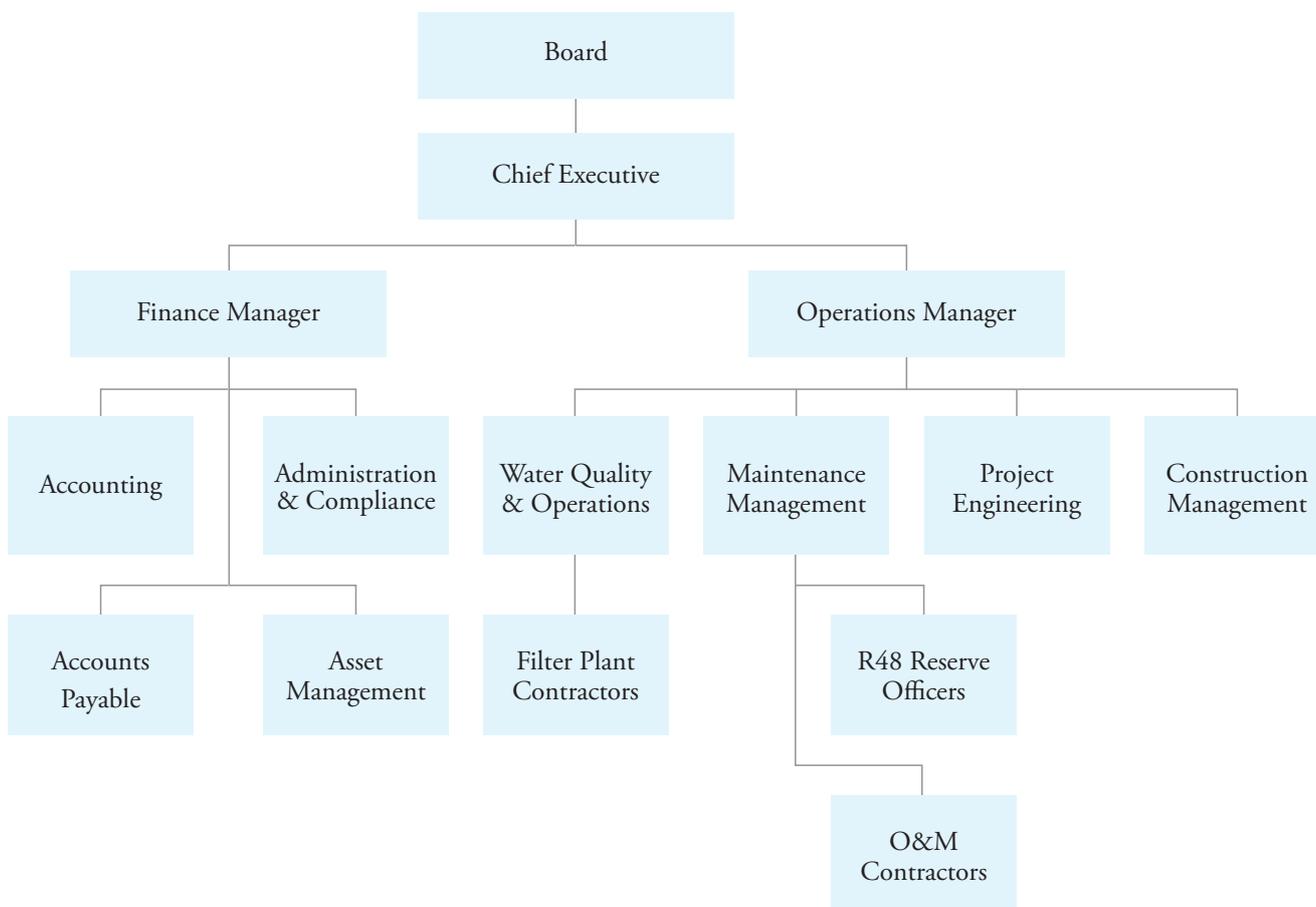
The Finance, Audit and Compliance Committee has observed the terms of its charter and has had due regard for Queensland Treasury's Audit Committee Guidelines. During 2017–18, the committee's achievements included the three year internal audit program, ensuring compliance with legislation and good corporate governance.

Disclosure of directors' remuneration

Remuneration of the directors is made in accordance with current Queensland Government policy as set out in Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies.

During 2017–18, the total remuneration paid was \$100,500. Related additional costs paid during the period (primarily for airfares and accommodation) totalled \$26,386.

Organisational structure of MIWB



Role and responsibilities of the Chief Executive

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

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

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

Executive team

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

The executive team comprises the following people:

Stephen Farrelly

Chief Executive, BE (Hons), RPEng, RPEQ (Civil), MAICD

Stephen joined MIWB as Chief Executive in October 2014. Stephen has extensive background in the cost effective management of water assets accumulated from experience in a range of roles including in engineering consultancy, engineering management, water authority planning, corporate risk management and senior management. Stephen has a thorough understanding of MIWB's infrastructure, as well as the relevant water supply and governance matters pertinent to MIWB's

operational needs. Stephen has a keen focus on aligning organisational effort and investment to achieve customer outcomes.

Bruce Galbraith

Finance Manager, BMS, GradDipACG, CA, FGIA, FCIS

Bruce joined MIWB in February 2009 as Finance Manager and Board Secretary. Since that time he has facilitated significant changes to the overall management of current MIWB financial processes and procedures. Bruce brings to the position more than 30 years' experience in senior commercial and financial management roles in a wide range of industries including utilities, multinational fast moving goods and not-for-profit organisations.

Adam Jensen

Operations Manager, BE (Mech), MIEAust

Adam has over 15 years' engineering experience spanning the mining, small business and public sectors. His experience includes both project and maintenance management roles. Adam joined MIWB in February 2016 but ceased his employment in July 2018.

Reporting requirements

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

The documents produced include:

- Annual Report
- Quarterly Reports
- Financial Statements
- Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) monthly capital reports
- Corporate Plan
- Performance Plan
- State Infrastructure Plan and Regional Action Plan update
- Water Service Provider Annual Performance Report
- s185 Right to Information and Information Privacy annual response

- Special Approval No SA05/97 Annual Report to the Regulator (*Electricity Act 1994*)
- Water Supply and Sewerage Services Survey (*Census and Statistics Act 1905*)
- revised and updated Drinking Water Quality Management Plan
- DWQMP Annual Report
- event-based water quality reports which are collated and provided to DNRME.

MIWB was compliant with its reporting responsibilities during 2017–18, which included providing the Minister with a summary of information and events for the year; forecasts for the year ahead; and assessments of status and performance to date. MIWB also provided DNRME with financial and non-financial performance reports for each quarter according to a regular timetable and water quality event investigation and research project reports as required by the regulator.

Corrections to previous annual report

MIWB advises that there are no corrections to be notified from the previous annual report.

Information systems and recordkeeping

MIWB's information systems support effective corporate governance and the delivery of accurate information for decision-making. MIWB maintains a secure and accurate recordkeeping system which satisfies the accountability requirements of the *Public Records Act 2002*.

To support compliance with the Queensland Government's *Information Standard 40: Recordkeeping (IS40)*, MIWB records are secure from unauthorised access, damage and misuse. An appropriate back-up system is in place. IS40 was repealed in June 2018, MIWB is reviewing current practices against the new Records Governance Policy.

During the period MIWB implemented a new accounting platform. Detailed financial reports with analysis are prepared each month and presented to the Board at its regular meetings.

Risk management

MIWB has various risk management policies and procedures in place for local, portfolio and enterprise levels. During the period, MIWB maintained a robust enterprise risk management framework defining the roles, responsibilities and processes for risk management from information gathering and action tracking through to Management and Board reporting.

Audit functions

External auditor – financial

The Auditor-General is the auditor of all Queensland public sector entities. The Queensland Audit Office engaged Altius Advisors to conduct MIWB's 2017–18 external audit. This is the fourth year Altius Advisors has conducted the audit.

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

External auditor – non-financial

All audit recommendations of the Queensland Audit Office are considered by the Finance, Audit and Compliance Committee which ensures MIWB has due regard for these recommendations.

Internal auditor

In 2015, MIWB reappointed BDO Australia Ltd as its internal auditor for a three-year period. The Finance, Audit and Compliance Committee worked closely with the internal auditor to develop a recommended audit program for the next three years, and to ensure the effective, efficient and economic operation of the audit activity.

The internal auditor conducted the audit based on Australian Audit Standards and reported its findings and recommendations to the Board through the Finance, Audit and Compliance Committee. Areas reviewed included operations technology, purchasing and payroll procedures, and financial statement preparation and planning.

The internal audit was conducted through visits to MIWB's office, with the auditor working closely with management, operational staff and contractors. The audit process had due regard for Queensland Treasury's Audit Committee Guidelines.



Investments

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

As at 30 June 2018, MIWB's investments (property, plant and equipment) were \$137 million.

Public interest disclosures

No public interest disclosures were received by MIWB from 1 July 2017 to 30 June 2018 under the *Public Interest Disclosure Act 2010*.

Right to information

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

MIWB did not process any RTI application between 1 July 2017 and 30 June 2018 and was not processing any RTI applications at the end of the reporting period.

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

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

Open data

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

The following information requirements are reported online:

- consultancies
- overseas travel

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

Moving forward

Ensuring governance and business management are of the highest standard is a pillar of the MIWB's strategic direction statement. Pursuing this outcome, 2018–19 will see the implementation of improved controls addressing key risks; controls which are efficient, effective and sustainable.

A key area of intensified focus for 2018–19 will be advancing the practice of project management disciplines and the supporting processes. These governance processes will ensure the timely delivery of the envisaged customer benefits and outcomes in MIWB's asset investment activities.

MIWB continues to seek out and develop ways to drive down the cost of electricity supply which is the single largest operating expense. Activities include developing an investment proposal for alternative energy infrastructure.





People

People are at the centre of MIWB's vision to be a leader in regional water supply. We empower our highly skilled and specialist team through training, feedback and encouragement to embrace responsibility and to challenge the status quo. Continuous improvement has seen us become a naturally 'customer first' culture dedicated to fulfilling our mission.

Staff profile

MIWB continues to operate on a largely outsourced model with in-house staff managing and coordinating contract firms and resources for the delivery of customer outcomes.

Our specialised workforce is employed across the key aspects of its business operations. Staff levels were below those anticipated to fulfill the 2017–18 Performance Plan and forecast capital expenditure and this slowed delivery of some key initiatives.

At 30 June 2018, MIWB's workforce comprised 15.4 Full Time Equivalent (FTE) employees, a number which has changed by only 0.1 FTE employee since 30 June 2016. This figure reflects actual staffing which is below the Board approved establishment of 19.4 FTE as a result of current vacancies. The staff team is augmented with contributions from professional service firms on term engagements equivalent to a further two full-time contractors. Staff

members were engaged in financial reporting and administration, project and contract management, engineering, operations oversight including water quality monitoring and analysis as well as maintenance management activities.

During the period the Board took the decision to in-source key filter plant operations activities to achieve improved accountability in this important area for stakeholder interests.

Developing our people

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

MIWB's philosophy is that staff should take pride and receive satisfaction from delivering value to customers by achieving work goals.

During 2017–18, MIWB invested in a broad range of training activities which included the following training:

- Work Health and Safety requirements and responsibilities
- MIWB Area Safety Inductions
- Generic Construction Induction – Construction (White Card)
- Apply First Aid (Senior First Aid)
- Perform CPR
- Information Privacy Act
- Right to Information Act
- Asset Management
- Water Quality Management

The team also benefited from opportunities for engagement with the wider water sector including through participating in Australian Water Association events and Water Services Association of Australia forums.

Public sector ethics

MIWB periodically reviews its Board and staff Codes of Conduct (Codes) to ensure they align with the current ethics, principles and values of the *Public Sector Ethics Act 1994*.

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

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

Workforce planning, attraction and retention

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

MIWB recognises the potential difficulties faced by remote communities in attracting and retaining appropriately

skilled technical, engineering and commercial staff who can contribute to highly specialised operations. The transient nature of the Mount Isa population means, from time to time, MIWB experiences periods of high turnover. Following a period of stability, MIWB experienced nearly 50 per cent turnover during 2017–18.

Over the period MIWB has had some success in recruiting highly qualified locals and returning residents with experience well suited to the Board's strategy.

Key workforce policies

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

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

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

Initiatives for women

MIWB is an equal opportunity organisation which promotes and encourages career development of all staff. As at 30 June 2018, MIWB staff members comprised five women and 11 men.

Supporting carers

MIWB recognises carers and the important contribution they make to the people they care for and to the community generally. MIWB has provided a copy of the Carers Charter, as set out in the Schedule to the *Carers (Recognition) Act 2008*, to all staff.

During 2017–18, MIWB did not have a 'carer', as defined by the Act, on staff.

Health and safety

MIWB is committed to facilitating zero harm and therefore, safety is identified as a key success factor for the organisation. MIWB complies with Queensland's *Work Health and Safety Act 2011* and Work Health and Safety Regulations 2011.

MIWB continues to invest significant effort to ensure the effectiveness and relevance of its Safety Management Plan and Procedures within a framework of continuous improvement. During 2017–18 MIWB recorded no lost time injuries to employees and contractors. MIWB also recorded no reportable near misses. All incidents, however minor, are assessed as improvement opportunities that are individually investigated for what can be learned. Safety initiatives seek to engage and include all parties carrying out activities on MIWB sites in a positive safety culture, which underpins a safe workplace for all.

Moving forward

MIWB is committed to fostering a vibrant, proactive and healthy team environment which reflects our values and

supports our vision. During 2018–19, MIWB will continue to provide a safe work environment for employees and contractors and to drive safety culture into all the activities of the business including in the practices and approaches adopted by contractors.

MIWB will continue to actively encourage staff to live the corporate values; doing what matters, challenging historic practices and taking initiative to achieve continuous improvement. MIWB will continue to apply this approach to ensure that:

- Safety Management Plans and Procedures accurately reflect the activities undertaken and are effective in controlling the risks of the activities and the environment in which we operate, and
- opportunities to eliminate or isolate risks are identified wherever possible including by reassessing the need for tasks to be undertaken.





Financial management

To achieve our vision of being a respected leader in regional water distribution and treatment, MIWB seeks to create and deliver value to our stakeholders. Core to achieving this is efficiently and effectively delivering and maintaining bulk water infrastructure which meets customers' individual needs. MIWB has a statutory commercial imperative which drives our capital investment to be prudent and recoverable; our operational expenditure to be cost effective; our actions transparent.

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

Table 7 Financial performance during 2017–18

Performance	Measures	Target 30 June 2018	Actual Outcomes 30 June 2018
Financial results			
Profitability	Earnings before interest and tax (EBIT) before one-off asset write-down items	\$3.8m	\$3.9m
	Return on Total Asset Base	≥ 2.4%	1.4% ⁽¹⁾
Cash holdings	Net cash flow	(\$4.1m)	\$2.1m
Liquidity	Current ratio	≥ 3.7	3.4
Debt recovery	Average debt collection period	≤ 29.6 days	37.2 days
Return to shareholder	Dividend paid ⁽²⁾	\$2.0m	\$2.6m
Return to shareholder	Dividend payable ⁽³⁾	\$2.0m	\$1.2m ⁽¹⁾

(1) Actual outcome impacted by one-off asset write-down related items

(2) Dividend paid on 2016–17 operations (paid in the 2017–18 year)

(3) Dividend from 2017–18 operations (payable in the 2018–19 year)

Highlights for 2017–18

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

- achieving an on budget Earnings Before Interest and Tax from continuing operations of \$3.9 million excluding the one-off asset write-down items.
- returning a dividend (paid) of \$2.6 million to MIWB's owner, the Queensland Government, and recommending a dividend payable for 2017–18 of \$1.2 million.

Financial performance

The earnings before interest and tax (EBIT) from ordinary activities excluding one-off asset write-down items for 2017–18 is \$3.9 million compared with \$4.7 million in 2016–17. However, net profit after tax is down to \$1.5 million as a result of asset write-downs.

Operating costs were higher than budget. This was mainly due to the comprehensive asset revaluation resulting in the write-down of certain assets.

A review of the Statement of Comprehensive Income and

associated notes (refer page 38) shows 2017–18 revenue decreased by \$0.2 million compared with 2016–17.

All cost centres were essentially on or under budget.

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

The Statement of Financial Position (refer page 39) shows an increase of \$5.8 million as a result of the comprehensive revaluation of non-current assets during the year, paying out of a loan in the context of a positive cash flow.

The Statement of Cash Flows (refer page 41) shows an increase of \$2.1 million as a result of lower than expected asset acquisitions.

Moving forward

MIWB is focused on improving the governance and cost effectiveness of the second largest operating expense (after electricity), the outsourced operations and maintenance arrangements. As MIWB prepares for a step change improvement in the management of these activities, the foundational elements which have been built in 2017–18 will be leveraged to deliver the optimised customer outcomes envisaged in the Board's strategic direction statement.

Table 8 Actual versus budget financial results 2017–18

	Actual 2017-18 \$	Budget 2017-18 \$	Variance %
Income	22,270,886	22,829,000	(2.4%)
Corporate expenses	1,539,658	1,530,400	0.6%
Depreciation	5,202,567	5,157,000	0.9%
Direct operating expenses	9,818,196	10,008,000	(1.9%)
Payroll expenses	1,465,142	1,826,000	(19.8%)
R48 expenses	497,183	681,000	(27.0%)
Total expenses	18,522,745	19,192,400	(3.5%)
EBIT before asset write-down items	3,853,920	3,803,600	1.3%
Asset write-downs	1,618,225	-	-
Net profit after tax	1,515,945	2,538,620	(40.3%)



Financial report

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

For year ended 30 June 2018

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General information

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

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

MIWB is controlled by the State of Queensland which is the ultimate parent.

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

31 Carbonate Street
Mount Isa QLD 4825

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

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

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

Statement of Comprehensive Income

MOUNT ISA WATER BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
INCOME FROM CONTINUING OPERATIONS	2		
Revenue			
Water charges	2a	21,374,254	21,620,297
Interest		333,705	347,288
Other revenue	2b	562,927	537,994
TOTAL REVENUE		22,270,887	22,505,579
Gain on sale of property, plant and equipment		12,727	30,169
TOTAL INCOME FROM CONTINUING OPERATIONS		22,283,614	22,535,749
EXPENSES FROM CONTINUING OPERATIONS	3		
Employee expenses	3a	(1,565,642)	(1,756,154)
Supplies and services	3c	(11,164,302)	(10,606,856)
Depreciation and amortisation	7	(5,202,567)	(4,871,585)
Finance/borrowing costs		(93,051)	(175,327)
Revaluation decrement	12	(1,618,225)	-
Other expenses		(497,183)	(431,378)
TOTAL EXPENSES FROM CONTINUING OPERATIONS		(20,140,970)	(17,841,301)
OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		2,142,644	4,694,448
Income tax expense	4	(626,699)	(1,412,498)
OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX		1,515,945	3,281,950
OTHER COMPREHENSIVE INCOME			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase (decrease) on revaluation of property, plant and equipment	12	5,453,370	1,105,049
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		5,453,370	1,105,049
TOTAL COMPREHENSIVE INCOME		6,969,315	4,386,999

The accompanying notes form part of these financial statements

Statement of Financial Position

MOUNT ISA WATER BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	23,077,808	20,984,917
Receivables	6	3,276,508	4,739,477
Other current assets		7,068	7,959
TOTAL CURRENT ASSETS		<u>26,361,384</u>	<u>25,732,353</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	136,989,583	132,577,368
TOTAL NON-CURRENT ASSETS		<u>136,989,583</u>	<u>132,577,368</u>
TOTAL ASSETS		<u>163,350,967</u>	<u>158,309,721</u>
CURRENT LIABILITIES			
Payables	8	7,472,716	6,928,733
Accrued employee benefits		87,292	77,687
Other financial liabilities	9	270,800	818,253
Tax liabilities		(1,905)	285,048
TOTAL CURRENT LIABILITIES		<u>7,828,902</u>	<u>8,109,721</u>
NON-CURRENT LIABILITIES			
Accrued employee benefits		59,335	58,796
Other financial liabilities	9	1,455,232	1,722,748
Deferred tax liabilities	10	20,833,235	19,393,808
Other liabilities	11	151,561	1,758,504
TOTAL NON-CURRENT LIABILITIES		<u>22,499,362</u>	<u>22,933,856</u>
TOTAL LIABILITIES		<u>30,328,264</u>	<u>31,043,577</u>
NET ASSETS		<u>133,022,703</u>	<u>127,266,144</u>
EQUITY			
Contributed equity		30,430,390	30,430,390
Accumulated surplus		36,611,133	36,307,943
Asset revaluation surplus	12	65,981,180	60,527,811
TOTAL EQUITY		<u>133,022,703</u>	<u>127,266,144</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

MOUNT ISA WATER BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Note	Accumulated Surplus \$	Asset Revaluation Surplus \$	Contributed Equity \$	Total \$
Balance at 1 July 2016		35,651,552	59,422,762	30,430,390	125,504,704
Operating result from continuing operations		3,281,950	-	-	3,281,950
<i>Other comprehensive income</i>					
- Increase/(Decrease) on revaluation of property, plant and equipment	12	-	1,105,049	-	1,105,049
Total comprehensive income for the period		3,281,950	1,105,049	-	4,386,999
<i>Transactions with owners</i>					
- Dividend accrued		(2,625,560)	-	-	(2,625,560)
- Dividends paid		-	-	-	-
Balance at 30 June 2017		36,307,943	60,527,811	30,430,390	127,266,144
Balance at 1 July 2017		36,307,943	60,527,811	30,430,390	127,266,144
Operating result from continuing operations		1,515,946	-	-	1,515,946
<i>Other comprehensive income</i>					
- Increase/(Decrease) on revaluation of property, plant and equipment	12	-	5,453,370	-	5,453,370
Total comprehensive income for the period		1,515,946	5,453,370	-	6,969,316
<i>Transactions with owners</i>					
- Dividends accrued		(1,212,756)	-	-	(1,212,756)
- Dividends paid		-	-	-	-
Balance at 30 June 2018		36,611,133	65,981,180	30,430,390	133,022,703

The accompanying notes form part of these financial statements

Statement of Cash Flows

MOUNT ISA WATER BOARD

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Receipts from customers		21,016,831	20,628,871
Interest received		327,927	353,471
Other Income		556,865	531,931
GST Input Tax Credits from ATO		1,681,447	1,322,740
GST received from customers		54,630	57,108
<i>Outflows:</i>			
Employee expenses		(1,555,499)	(1,724,155)
Supplies and services		(9,206,623)	(7,687,694)
Finance/borrowing costs		(93,051)	(175,327)
Other expenses		(497,183)	(431,378)
GST paid to suppliers		(1,454,233)	(1,500,985)
GST remitted to ATO		(56,555)	(56,068)
Income taxes paid		(1,844,063)	(2,372,598)
Net cash provided by (used in) operating activities	13	<u>8,930,493</u>	<u>8,945,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Proceeds from sale of property, plant and equipment		12,727	30,169
<i>Outflows:</i>			
Payments for property, plant and equipment		<u>(3,409,801)</u>	<u>(4,961,541)</u>
Net cash provided by (used in) investing activities		<u>(3,397,074)</u>	<u>(4,931,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Outflows:</i>			
Repayment of borrowings		(814,967)	(731,505)
Dividends paid		<u>(2,625,561)</u>	<u>(2,450,190)</u>
Net cash provided by (used in) financing activities		<u>(3,440,528)</u>	<u>(3,181,695)</u>
Net increase (decrease) in cash and cash equivalents		2,092,891	832,849
Cash and cash equivalents at beginning of financial year		20,984,917	20,152,068
Cash and cash equivalents at end of financial year	5	<u>23,077,808</u>	<u>20,984,917</u>

The accompanying notes form part of these financial statements

Notes to and Forming Part of the Financial Statements

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Objectives and Principal Activities of MIWB
Note 1:	Summary of Significant Accounting Policies
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Note 4:	Income Tax Expense
Note 5:	Cash and Cash Equivalents
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MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

Objectives and Principal Activities of MIWB

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

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in compliance with Section 42 of the *Financial and Performance Management Standard 2009*. The financial statements are General Purpose Financial Statements that have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. By virtue of being prepared in accordance with Australian Accounting Standards, the financial statements comply with International Financial Reporting Standards. All applicable accounting standards and policies have been consistently applied unless otherwise stated. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the period ending 30 June 2018, and other authoritative pronouncements to the extent they are considered relevant.

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

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

(b) Revenue Recognition

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

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

(c) Grants and Contributions

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(d) Taxation

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

Current Income Tax Equivalents (Current Tax)

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

Deferred Income Tax Equivalents (Deferred Tax)

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

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

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

Current and Deferred Income Tax Equivalents for the Period

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

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand, at bank, money market investments readily convertible to cash i.e. with a term to maturity less than 3 months and bank overdrafts. Cash assets includes all cash and cheques receipted but not banked at 30 June 2018.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or delivery, with settlement being generally required within thirty (30) days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. Specific provision is made for any doubtful accounts at 30 June 2018. All known bad debts were written off as of 30 June 2018.

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

(g) Acquisition of Assets

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

(h) Property, Plant and Equipment

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

Land	\$ 1
Buildings	10,000
Infrastructure	10,000
Plant and Equipment	5,000

Items with a lesser value are expensed in the year of acquisition. Land improvements undertaken by MIWB are included with buildings.

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(i) Depreciation of Property, Plant and Equipment

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

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

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

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

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

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

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

Class of Fixed Asset	Life (Years)
Buildings	15-60
Infrastructure - Pipeline	15-85
Infrastructure - Other	2-110
Plant and Equipment	3-20

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(j) Impairment of Non-Current Assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs of disposal and value in use.

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

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

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

(k) Revaluation of Non-Current Physical Assets

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable. In respect of these asset classes, the cost of the items acquired during the financial year has been judged by management of MIWB to materially represent their fair value.

Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies.

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(k) Revaluation of Non-Current Physical Assets (cont.)

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

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

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

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

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

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class in equity, except to the extent it reverses a revaluation decrement of the same asset 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 the same asset.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(k) Revaluation of Non-Current Physical Assets (cont.)

On revaluation:

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

Infrastructure Revaluations

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

Building Revaluations

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

(l) Fair Value Measurement

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

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

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(l) Fair Value Measurement (cont.)

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

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

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

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

More specific fair value information about MIWB's Property, Plant and Equipment is outlined in Note 7.

(m) Employee Benefits

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

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

Wages, Salaries and Personal Leave

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

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

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

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(m) Employee Benefits (cont.)

Annual Leave

Annual leave is expected to be taken within twelve months. Annual leave owing at 30 June 2018 is recognised at undiscounted values.

Long Service Leave

MIWB has estimated the liability for long service leave at 30 June 2018. A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability has been included in the financial statements as at 30 June 2018.

Superannuation

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

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with FRR3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 3(b) for the disclosures on key-management personnel and remuneration.

(n) Goods and Services Tax (GST)

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

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

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

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

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(o) Payables

Trade creditors are recognised when goods are received or services performed and are measured at the agreed purchase/contract price, net of applicable trade and other discounts. Usually payment is settled within thirty (30) days, the amounts owing are unsecured. The carrying amount at 30 June 2018 approximates fair value.

(p) Accounting Estimates and Judgments

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

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

Valuation of Property, Plant and Equipment – note 7
Contingencies - note 15

(q) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Receivables - held at amortised cost
- Held to maturity investment - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

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

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by MIWB are included in note 14.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(r) Finance Costs

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

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

(s) Insurance

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

(t) Issuing of Financial Statements

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

(u) New and Revised Accounting Standards

Any Australian Accounting Standards and Interpretations issued or amended and applicable for the first time in the 2017-18 financial year that have an effect on MIWB have been implemented and applied accordingly. Also, MIWB has not voluntarily changed any of its accounting policies, nor has it adopted any Australian Accounting Standards and Interpretations that have been issued but are not yet effective for the 2017-2018 period. MIWB will apply these standards and interpretations in accordance with their respective commencement dates.

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

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(u) New and Revised Accounting Standards (cont)

AASB 15 Revenue from Contracts with Customers

This standard will first apply to MIWB from its financial statements for 2018-19 and contains much more detailed requirements for the accounting for revenue from contracts with customers. Depending on the respective contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of MIWB's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that MIWB has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). MIWB is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.

A range of new disclosures will also be required by AASB15 in respect of MIWB's revenue.

AASB 9 Financial Instruments

This standard will first apply to MIWB from its financial statements for 2018-19. The main impact of the standard on MIWB is that it will change the requirements for the classification, measurement, impairment and disclosures associated with MIWB's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

MIWB has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, MIWB's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions MIWB enters into, it is expected that MIWB's financial assets will meet the criteria in AASB 9 to continue to be measured at amortised cost.

Another impact of AASB 9 relates to calculating impairment losses for MIWB's receivables. Assuming no substantial change in the nature of MIWB's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, MIWB will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

(u) New and Revised Accounting Standards (cont)

MIWB will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that MIWB enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

AASB 16 Leases

This standard will first apply to MIWB from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MIWB does not have any current operating lease, so has not quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to operating leases.

(v) Other Presentation Matters

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

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

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

(w) Commercialisation

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

	2018 \$	2017 \$
2	Income from Continuing Operations	
2a	Water Charges	
	Glencore Mount Isa Mines Ltd	9,746,492
	Mount Isa City Council	9,731,765
	Incitec Pivot Ltd	9,276,453
	Other	2,607,070
	<u>5,295</u>	<u>5,010</u>
	<u>21,374,254</u>	<u>21,620,297</u>
2b	Other Revenue	
	Revenue from power sales	553,071
	Miscellaneous income	523,142
	<u>9,856</u>	<u>14,852</u>
	<u>562,927</u>	<u>537,994</u>
3	Expenses from Continuing Operations	
3a	Employee Expenses	
	Wages and salaries	1,235,760
	Annual leave expense*	1,329,036
	Long service leave expense*	(6,659)
	Employee housing allowance *	17,979
	Board member fees	14,911
	Employer's superannuation contributions*	19,559
	<u>25,792</u>	<u>37,255</u>
	<u>100,500</u>	<u>108,167</u>
	<u>140,931</u>	<u>172,343</u>
	Employee Related Expenses	
	Worker's compensation premium*	11,880
	Payroll tax*	10,566
	<u>42,528</u>	<u>61,249</u>
	<u>1,565,642</u>	<u>1,756,154</u>
	* Refer to Note 1(m)	
	The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	
	15.4	14.3

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

3b a) Key executive management personnel and related party disclosures

The directors of MIWB and the key executive management personnel, described as KMP, that had authority and responsibility for planning, directing and controlling the activities of the agency during the 2017-18 and during the 2016-17 financial year (for comparative purposes) were:

Board of Directors

Position	Responsibilities	Appointment authority	Date initially appointed to position (Date appointment ceased)
Chairperson - Mr Steve de Kruijff	Responsible for leading and directing the board, presiding at all meetings attended, for governing the operations of MIWB and reporting and continuous disclosure to the Minister under the <i>Water Act 2000</i> .	<i>Water Act 2000</i> section 600,601 and 604	Chairperson: 27 May 2016
Director - Ms Alison Dowling (formerly Bohannan)	Responsible for governing the operations of MIWB and reporting and continuous disclosure to the Minister under the <i>Water Act 2000</i> .	<i>Water Act 2000</i> section 600 and 604	19/06/2014
Director - Mr Neil Hatherly			19/06/2014
Director - Mr Myles Johnston			Reappointed 4/02/2010
Director - Mr George Fortune			15/09/2016
Director - Mr Brett Peterson			19/06/2014 (14/09/2016)
Independent Chair of Finance, Audit and Compliance Committee - Ms Karen Read	Responsible for chairing the Finance, Audit and Compliance Committee	Board Resolution	23/07/2014

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

3b a) Key executive management personnel and related party disclosures (cont.)

Key Executive Management Personnel

Position	Responsibilities	Current Incumbents	
		Contract classification	Date appointed to
Chief Executive	The Chief Executive is responsible for the overall financial and operational performance and day-to-day management of MIWB	Individual Employment Contract	30/09/2014
Finance Manager/Board Secretary	The Finance Manager/Board Secretary is responsible for managing all aspects of corporate accounting, financial management, and business services to ensure good governance of, and to support efficient operations across all functions of MIWB	Individual Employment Contract	12/02/2009
Operations Manager	The Operations Manager is responsible for the overall management of the operations and maintenance contractor, the capital works program, health and safety, water quality and operations at R48 Reserve	Individual Employment Contract	Operations Manager appointed 22/02/2016

3b b) Remuneration

Remuneration policy for MIWB's key management personnel is set by MIWB. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for the provision of benefits including use of motor vehicles as a tool of trade.

For 2017-18 year, remuneration of key management personnel was reviewed by MIWB and recommended changes were approved by MIWB.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

3b b) Remuneration (cont.)

Remuneration packages for key management personnel comprise the following components:-

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of vehicle as a tool of trade together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Performance bonuses are not part of the Executive Remuneration package and no performance bonuses were paid during 2016-17 or 2017-18.

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.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

3b b) Remuneration (cont.)

**Board of Directors' compensation
1 July 2017 - 30 June 2018**

Position	Short Term Employee		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chairperson - Mr Steve de Kruijff	37,000	-	-	3,700	-	40,700
Director - Ms Alison Dowling (formerly Bohannon)	19,500	-	-	1,950	-	21,450
Director - Mr Neil Hatherly	19,500	-	-	1,950	-	21,450
Director - Mr Myles Johnston	19,500	-	-	1,950	-	21,450
Independent Chair of Finance, Audit & Compliance Committee - Ms Karen Read	5,000	-	-	115	-	5,115
Total Remuneration	100,500	-	-	9,665	-	110,165

1 July 2016- 30 June 2017

Position	Short Term Employee		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chairperson - Mr Steve de Kruijff	38,138	-	-	3,814	-	41,952
Director - Ms Alison Bohannon	20,100	-	-	2,009	-	22,109
Director - Mr Neil Hatherly	20,100	-	-	2,009	-	22,109
Director - Mr Myles Johnston	20,100	-	-	2,010	-	22,110
Director - Mr Brett Peterson	4,575	-	-	458	-	5,033
Independent Chair of Finance, Audit & Compliance Committee - Ms Karen Read	5,154	-	-	115	-	5,269
Total Remuneration	108,167	-	-	10,415	-	118,582

Key Executive Management Personnel compensation

1 July 2017 - 30 June 2018

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive	258,864	-	3,268	23,921	-	286,053
Finance Manager	177,663	-	6,104	17,412	-	201,179
Operations Manager	166,853	-	763	15,884	-	183,500
Total Remuneration	603,380	-	10,135	57,217	-	670,732

1 July 2016- 30 June 2017

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Chief Executive	256,773	-	1,055	25,677	-	283,505
Finance Manager	178,761	-	6,932	17,876	-	203,569
Operations Manager	164,923	-	418	16,492	-	181,834
Total Remuneration	600,457	-	8,405	60,046	-	668,908

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**3b c) Transactions with Directors' and Director related entities**

In the ordinary course of business, under normal terms and conditions and excluding Director remuneration, during the financial year MIWB has dealt with the following entities, which are Director related entities:

- Mount Isa City Council, of which Mr George Fortune was a councillor.

MIWB entered into 13 transactions for the supply of goods and services to director related entities during the year (2016-17: 15 transactions) and 17 transactions for the purchase of goods and services (2016-17: 5 transactions). The aggregate amounts recognised in profit or loss during the year relating to Directors and Director related entities, other than Directors' remuneration, comprise:

	2018	2017
	\$	\$
Revenue		
Water Charges	8,868,411	9,276,453
Miscellaneous income	-	1,697
Expenditure		
Other expenses	16,702	18,098

Amounts receivable from and payable to directors and their director related entities at the reporting date comprise:

Receivables		
Trade receivables	719,998	1,501,909
Payables		
Trade creditors	1,155	-

d) Transactions with Key Executive Management Personnel and Key Executive Management Personnel Related Entities

The terms and conditions of the transactions with Key Executive Management Personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Key Executive Management Personnel related entities on an arm's length basis.

From time to time, Key Executive Management Personnel of MIWB or their related entities, may purchase goods from MIWB. These purchases are on the same terms and conditions as those entered into by other employees of MIWB or customers and are trivial or domestic in nature. There are no transactions with Key Executive Management Personnel and their related entities during the period.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

	2018	2017
	\$	\$
3c Supplies and Services		
Accounting and secretarial	44,875	42,310
Audit fees – External audit*	51,110	44,500
Audit fees – Internal fees	30,380	55,547
Professional Services	475,436	94,963
General repairs and maintenance	3,996	7,933
Insurance	174,843	199,068
Legal fees	242,286	182,259
Recruitment and relocation	95,234	8,649
Water testing	116,526	142,498
SunWater – Lake Julius	401,575	365,900
Power costs	4,504,524	4,961,347
Technical services	297,427	147,155
Operating and maintenance	4,061,817	3,913,923
Filtration costs	293,648	117,100
Other	370,625	323,705
	<u>11,164,302</u>	<u>10,606,856</u>

* Total audit fees paid to the Queensland Audit Office relating to the 2017-18 financial statements are estimated to be \$51,110 (2017: \$44,500). There are no non-audit services included in this amount.

4 Income Tax Expense**(a) Income tax equivalents expense**

Current income tax charges	1,557,111	1,801,631
Deferred income tax relating to origination and reversal of temporary tax differences	(914,317)	(393,296)
Under/(over) provision in prior years	(16,094)	4,163
Income tax expense	<u>626,699</u>	<u>1,412,498</u>

Deferred income tax(revenue) expense included in income tax expense comprises:

Decrease/(Increase) in deferred tax assets	(13,875)	(7,111)
(Decrease)/ Increase in deferred tax liabilities	(900,441)	(386,185)
	<u>(914,316)</u>	<u>(393,296)</u>

(b) Numerical reconciliation of income tax expense and tax expense calculated per statutory income tax rate

Profit from operations before income tax expense	2,142,644	4,694,448
Tax at the rate of 30% (2017: 30%)	642,793	1,408,334
Under/(over) provision in prior years	(16,094)	4,164
Income tax equivalents expense	<u>626,699</u>	<u>1,412,498</u>

(c) Tax expense relating to items of other comprehensive income

Deferred Tax		
Net gain/loss on revaluation of property, plant & equipment	1,907,246	473,592
	<u>1,907,246</u>	<u>473,592</u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

	2018 \$	2017 \$
5 Cash and Cash Equivalents		
Cash at Bank	22,760,546	20,676,148
Deposits at Queensland Treasury Corporation, at call	317,262	308,769
	<u>23,077,808</u>	<u>20,984,917</u>
6 Receivables		
Current		
Trade Debtors	3,081,267	4,324,725
Accrued Interest	56,307	50,529
GST Receivable	138,934	364,224
	<u>3,276,508</u>	<u>4,739,477</u>
7 Property Plant & Equipment		
Land:		
At fair value	88,571	137,132
	88,571	137,132
Leasehold Land:		
At cost	568,986	568,986
	568,986	568,986
Buildings:		
At fair value	1,170,000	683,034
Less: Accumulated depreciation	(668,571)	(61,418)
	501,429	621,616
Infrastructure: Pipelines		
At fair value	152,913,544	170,109,242
Less: Accumulated depreciation	(83,772,899)	(92,351,248)
	69,140,645	77,757,995
Infrastructure: Other		
At fair value	120,441,860	98,603,765
Less: Accumulated depreciation	(58,330,934)	(47,587,832)
	62,110,926	51,015,933
Plant and Equipment Infrastructure:		
At cost	1,930,402	1,389,996
Less: Accumulated depreciation	(932,820)	(817,136)
	997,582	572,860
Capital work in progress		
At cost	3,581,443	1,902,846
Total	<u><u>136,989,583</u></u>	<u><u>132,577,368</u></u>

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

7 Property Plant & Equipment (cont.)

Movement in Carrying Amounts

The movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year is summarised as follows:

30 June 2018	Balance at beginning of year	Adjustments Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land (at fair value)	137,133	-	-	(48,561)	-	-	88,571
Leasehold Land (at cost)	568,986	-	-	-	-	-	568,986
Buildings (at fair value)	621,616	-	-	(102,959)	(17,228)	-	501,429
Infrastructure: Pipelines (at fair value)	77,757,995	12,911	-	(6,447,410)	(2,182,851)	-	69,140,645
Infrastructure: Other (at fair value)	51,015,933	(12,911)	-	12,803,912	(2,886,804)	1,190,796	62,110,926
Plant and Equipment (at cost)	572,857	-	-	-	(115,684)	540,406	997,582
Capital WIP (at cost)	1,902,846	3,409,798	-	-	-	(1,731,202)	3,581,443
TOTAL	132,577,366	3,409,798	0	6,204,982	(5,202,567)	-	136,989,583

30 June 2017	Balance at beginning of year	Adjustments Additions	Disposals	Revaluation increments / (decrements)	Depreciation expense	Transfers	Carrying amount at end of year
	\$	\$	\$	\$	\$	\$	\$
Land (at fair value)	135,397	-	-	1,736	-	-	137,133
Leasehold Land (at cost)	568,986	-	-	-	-	-	568,986
Buildings (at fair value)	601,777	-	-	7,066	(14,369)	27,142	621,616
Infrastructure: Pipelines (at fair value)	77,340,239	-	-	965,128	(2,060,296)	1,512,923	77,757,995
Infrastructure: Other (at fair value)	49,983,621	-	-	604,711	(2,676,374)	3,103,975	51,015,933
Plant and Equipment (at cost)	662,417	-	(11,649)	-	(120,546)	42,635	572,857
Capital WIP (at cost)	1,616,333	4,973,187	-	-	-	(4,686,675)	1,902,846
TOTAL	130,908,771	4,973,187	(11,649)	1,578,641	(4,871,585)	-	132,577,366

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

7 Property Plant & Equipment (cont.)

Land & Buildings - fair value hierarchy level 2 both 2017 and 2018

As at 30 June 2018, MIWB completed an independent valuation of its Land and Buildings in accordance with AASB 116 Property Plant and Equipment and AASB 13 Fair Value. A market based approach has been applied. MIWB engaged AssetVal to undertake an independent valuation of the Land assets.

The valuation of 31 Carbonate Street Office Building used the Direct Comparison Approach as the Primary method, and the Cost Approach as the Secondary/Check method to determine Fair Value, therefore utilizing Level 2 inputs as per AASB 13. The Direct Comparison method involved researching a number of sales in the Mount Isa area, these sales were selected as evidence in determining a fair value. The selection criteria for these sales considered Location, Site Area, Topography, Zoning, Access and Potential Demand.

After determining Fair Value using the Direct Comparison Approach the Cost Approach was used as a secondary/check methodology to the Direct Comparison Approach. The Cost Approach adds the Depreciated Replacement Cost of the site improvements (office building) to a determined land value to arrive at Fair Value. To accomplish this a number of vacant land sales were selected as evidence to determine the land value of the site, allowing for adjustments for factors such as size, location shape and topography. The building replacement cost was obtained from the application of unit rates obtained from cost guides such as Rawlinsons Australian Construction Handbook while the Depreciation Rate was determined based on age and functionality of the subject building.

After considering both methods side by side, the valuation from the Primary Methodology was adopted for Fair Value of 31 Carbonate Street Office Building. The AASB 13 framework provides multiple methodologies to conduct level 2 and level 3 valuations, and sets out that the methodology that allows the most observable data to be utilized in producing the valuation should be adopted as the preferred methodology. As stated above, for the case of 31 Carbonate Street Office Building the methodology was the Direct Comparison Approach.

Leasehold Land

Leasehold land is held under perpetual leases and is valued at cost.

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

7 Property Plant & Equipment (cont.)

Infrastructure: Pipelines & Other - fair value hierarchy level 3 both 2017 and 2018

As at 30 June 2018, MIWB completed an independent valuation of its pipeline and other infrastructure assets in accordance with AASB 116 Property Plant and Equipment and AASB 13 Fair Value Measurement. Other infrastructure and pipeline assets have been valued using a cost approach. In undertaking the valuation of the other infrastructure assets, due consideration has been given to the degree of obsolescence (physical, function/technical and economic) associated with each of these assets. MIWB engaged AssetVal to undertake an independent valuation of the fair value of the other and pipeline infrastructure assets. In doing this the valuer adopted the depreciated replacement cost approach. Other infrastructure assets revalued included pump stations, storages, treatment facilities, buildings (including laboratories), electrical facilities and R48 facilities. Plant was excluded from the revaluation as were assets at the end of their useful life.

Due to the predominantly specialised nature of water infrastructure assets, the valuations have been undertaken on a Cost Approach. The cost approach is deemed a Level 3 input. Under this approach, the following process has been adopted.

Level 3 Significant valuation inputs and relationship to fair value

Pipeline infrastructure assets have been assessed utilising valuation techniques that maximise the use of observable data where possible. Typically, the methodology applied will be determined based on the AASB 13 Input Decision tree. Standard valuation principles dictate that a cost approach method (generally incremental Greenfield) is a suitable primary methodology when assessing assets that have no active market nor has directly applicable income. The major steps in using the cost approach for these assets include:

- Where there is no market, the net current value of an asset is the gross 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 utilized to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminary and professional fees. This is considered a Level 2 input.
- 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, the Valuer has disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

7 Property Plant & Equipment (cont.)

Condition rating	Description explanation	Percentage of Life Remaining
1	Near new with no visible deterioration	90-100%
2	Excellent overall condition early stages of deterioration	80-90%
3	Very good overall condition with obvious deterioration evident	70-80%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly	60-70%
5	Fair overall condition, obvious deterioration, some serviceability loss	50-60%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss	40-50%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30-40%
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20-30%
9	Extremely poor condition, severe serviceability problems, renewal required immediately	10-20%
10	Failed asset, no longer serviceable. Should not remain in service	0-10%

The valuation techniques used in the determination of fair values maximize 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.

Calculation of Gross Replacement Cost

The replacement cost of the water infrastructure assets was determined by applying the unit rates to each individual asset.

The unit rates applied include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinsons' Construction Handbook.

Accumulated Depreciation

An assessment of remaining useful life was made using data supplied by Mount Isa Water Board. An assessment of remaining useful life was made by the Valuer taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

MOUNT ISA WATER BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018****7 Property Plant & Equipment (cont.)**

Impact of Unobservable Inputs

The Valuer has undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. The analysis is summarized in the following table:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour Hours	5-100 hr/m ²	The higher the labour hours, the higher the fair value
Raw material usage quantities	Varies dependent of type and applications	The higher the usage quantities, the higher the fair value
Condition Rating	1-10 as specified	The lower the condition rating, the higher the fair value
Remaining useful life	1-200 years	The longer the remaining life, the higher the fair value

Carrying Amount of Assets Recognised at Fair Value

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

	2018	2017
	\$	\$
Land	32,500	32,500
Buildings	775,460	775,460
Infrastructure - Pipelines	35,253,593	35,253,593
Infrastructure - Other	63,610,679	62,419,883
TOTAL	99,672,232	98,481,436

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

	2018 \$	2017 \$
8 Payables		
Current Liabilities		
Trade creditors	1,333,044	626,222
Other creditors	43,972	38,862
Accruals	4,882,943	3,638,089
Dividends payable *	<u>1,212,756</u>	<u>2,625,560</u>
	<u>7,472,716</u>	<u>6,928,733</u>

* On 4 May 2018, MIWB wrote a letter to the Minister of Natural Resources, Energy and Mines recommending the payment of a dividend to the State for the financial year ended 30 June 2018 based on 80% of NPAT as per section 660(3) of the *Water Act 2000*. The Minister has yet to approve the Dividend recommendation.

9 Other Financial Liabilities**Current**

Loans - Queensland Treasury Corporation	<u>270,800</u>	<u>818,253</u>
	<u>270,800</u>	<u>818,253</u>

Non Current

Loans – Queensland Treasury Corporation	<u>1,455,232</u>	<u>1,722,748</u>
	<u>1,455,232</u>	<u>1,722,748</u>
Total Financial Liabilities	<u>1,726,032</u>	<u>2,541,001</u>

No assets have been pledged as security for any liabilities.

All borrowings are in \$AUD denominated amounts and carried at amortised cost. No interest has been capitalised during the current or comparative reporting period. The repayment date for the QTC loan is March 2024. There have been no defaults or breaches of the loan agreements during the period.

Principal and interest repayments are made quarterly in arrears with interest rates being 4.676%.

Queensland Treasury Corporation advises that the amount to be repaid is the market value of the debt which is \$1,826,950.08 (2017 \$2,678,397). Market Value at a relevant time reflects the remaining cash flows required to repay the debt, valued at the current market rate of interest at the time which equates to the amount that would be required at any point in time to be repaid, to extinguish the debt outstanding at that time.

It is the intention of MIWB to hold all its borrowings for their full term and as such there is no fair value adjustment required to be made to the carrying amount of the borrowings.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

	2018	2017
	\$	\$
10 Current and Deferred Tax		
	2018	2017
	\$	\$
Assets		
Non-current		
Deferred tax asset comprises:		
Employee benefits	43,988	40,945
Accrued expenses	(1,112)	(7,006)
Deferred income	45,468	47,287
Depreciation	17,482	10,724
Deferred tax asset	<u>105,826</u>	<u>91,950</u>
Liabilities		
Non-current		
Deferred tax liability comprises:		
Property Plant & Equipment	<u>20,939,061</u>	<u>19,485,758</u>
Net deferred tax liability	<u>20,833,235</u>	<u>19,393,808</u>
11 Other Liabilities		
	2018	2017
	\$	\$
Non-current		
Deferred liability *	-	1,600,881
Grants received in advance	151,561	157,623
	<u>151,561</u>	<u>1,758,504</u>

* MIWB has amended the pricing contract with MICC which avoids the cost of the new treatment plant impacting on MICC pricing. In order to effect the adjustments to MICC pricing the retrospective change to the contract has created a true-up liability in favour of MICC. The amount is not due to be paid to MICC until July 2018 and the liability will be reduced each year by charging MICC an amount less than that estimated by the building block pricing model. MIWB has also recognised the calculated Fixed Charge True-up for MIM for the period 2013-2018 and IPL for the period 2015-2018. As at June 2018 the outstanding liability has been treated as Trade debtors.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

12 Asset Revaluation Surplus

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

30 June 2018	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Revaluation Decrements in Operating Surplus (deficit)	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$	\$
Land	73,243	-	(33,993)	-	-	-	39,250
Buildings	20,913	-	(20,913)	(73,083)	-	-	-
Infrastructure	60,357,401	13,185,671	(7,677,395)	(1,545,142)	-	-	65,865,677
Plant & Equipment	76,253	-	-	-	-	-	76,253
TOTAL	60,527,811	13,185,671	(7,732,301)	(1,618,225)	-	-	65,981,180

30 June 2017	Balance at beginning of year	Revaluation Increments	Revaluation Decrements	Revaluation Decrements in Operating Surplus (deficit)	Impairment Losses through equity	Impairment reversals through equity	Balance at end of year
	\$	\$	\$	\$	\$	\$	\$
Land	72,028	1,215	-	-	-	-	73,243
Buildings	15,967	4,946	-	-	-	-	20,913
Infrastructure	59,258,513	1,098,887	-	-	-	-	60,357,401
Plant & Equipment	76,253	-	-	-	-	-	76,253
TOTAL	59,422,761	1,105,049	-	-	-	-	60,527,811

Revaluation increments and decrements above are disclosed net of tax.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

13 Cashflow Information

Reconciliation of Profit to Net Cash from Operating Activities	2018	2017
	\$	\$
Profit after income tax	1,515,944	3,281,950
Depreciation	5,202,567	4,871,585
Revaluation decrement	1,618,225	-
Profit on Sale of Asset	(12,727)	(30,169)
	<u>8,324,009</u>	<u>8,123,366</u>
Movement in Operating Assets and Liabilities		
Receivables	1,243,458	(1,796,153)
Interest Receivable	(5,778)	6,183
GST Receivables	225,289	(177,205)
Prepayments	892	890
Payables	355,906	3,723,000
Annual Leave	9,604	12,440
Long Service Leave	539	19,559
Deferred Income	(6,062)	(6,063)
Deferred Tax	(930,411)	(376,283)
Provision for Taxes	(286,953)	(583,818)
Net cash from operating activities	<u>8,930,493</u>	<u>8,945,916</u>

Changes in Liabilities Arising from Financing Activities

	Closing Balance 2017 \$	Non-Cash Charges			Cash Flows		Closing Balance 2018 \$
		Transfers to/(from other Queensland Government Entities \$	New Leases Acquired \$	Other \$	Cash Received \$	Cash Repayments \$	
Leases	-	-	-	-	-	-	-
Borrowings	2,541,001	-	-	-	-	814,967	1,726,032
Dividends Payable	2,625,560	-	-	1,212,756	-	2,625,560	1,212,756
Total	5,166,561	-	-	1,212,756	-	3,440,527	2,938,788

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

14 Financial Instruments

Financial Risk Management

MIWB's financial instruments consist primarily of cash and cash equivalents, accounts receivable and payable, and loans from Queensland Treasury Corporation.

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

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

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

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

i) Financial Risk Management

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

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

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

ii) Credit Risk Exposure

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**14 Financial Instruments (cont.)****ii) Credit Risk Exposure (cont.)**

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

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

MIWB has four key customers which operate in the West Queensland region. As such there is some concentration of trade receivables. The individual most material trade receivable balance at 30 June 2018 is \$2,148,206, which represents 67.7 per cent of the total trade receivables at balance date (2017 \$1,501,909 and 50 per cent).

No collateral is held as security and no credit enhancements relate to financial assets held by MIWB.

MIWB manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that MIWB invests in secure assets and monitors all funds owned on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. These economic and geographic changes form part of MIWB's documented risk analysis assessment in conjunction with historic experience and associated industry data.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

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

2018 Financial Assets Past Due But Not Impaired

	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Financial Assets	\$	\$	\$	\$	\$
Receivables	-	-	65,851	1,257,299	1,323,150

As at 30 June 2018 no financial assets were impaired.

2017 Financial Assets Past Due But Not Impaired

	<30 Days	30 - 60 Days	61 - 90 Days	>90 days	Total
Financial Assets	\$	\$	\$	\$	\$
Receivables	-	-	18,167	134,808	152,975

As at 30 June 2017 no financial assets were impaired.

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

14 Financial Instruments (cont.)

iii) Liquidity Risk

Liquidity risk refers to the situation where MIWB may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

MIWB is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on Queensland Government's gazetted floating rate.

MIWB manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring MIWB has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by MIWB. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities and the repayment of the principal amount outstanding at balance date. The undiscounted cash flows in these tables differ from the amounts in the Statement of Financial Position.

2018 Payable in

	Note	< 1 year	1 - 5 years	> 5 years	Total
Financial Liabilities		\$	\$	\$	\$
Payables	8	7,472,716	-	-	7,472,716
Other financial liabilities					
- QTC Borrowings	9	343,426	1,373,705	257,570	1,974,702
Total		7,816,142	1,373,705	257,570	9,447,417

2017 Payable in

	Note	< 1 year	1 - 5 years	> 5 years	Total
Financial Liabilities		\$	\$	\$	\$
Payables	8	6,928,733	-	-	6,928,733
Other financial liabilities					
- QTC Borrowings	9	910,401	1,373,705	600,996	2,885,103
Total		7,839,134	1,373,705	600,996	9,813,836

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**14 Financial Instruments (cont.)****iv) Market Risk**

MIWB does not trade in foreign currency and is not materially exposed directly to commodity price changes or other market prices. MIWB is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposits in interest bearing accounts. MIWB does not undertake any hedging in relation to interest risk.

v) Interest Rate Risk

The MIWB's exposure to interest rate risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which may be provided to management, depicting the outcome to profit and loss and equity if interest rates would change by +/- 1% from the year-end rates applicable to MIWB's financial assets and liabilities. With all other variables held constant, MIWB would have a surplus and equity increase/(decrease) of \$213,517 (2017: \$184,439). This is mainly attributable to MIWB's exposure to variable interest rates on Cash and cash equivalents and variable interest rates on its borrowings from Queensland Treasury Corporation.

2018 Financial Instruments	Carrying Amount \$	2018 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss \$	Equity \$	Profit & Loss \$	Equity \$
Cash and cash equivalents	23,077,808	(230,778)	(230,778)	230,778	230,778
QTC Borrowings	1,726,032	17,261	17,261	(17,260)	(17,260)
Potential Impact on Profit and Equity		(213,517)	(213,517)	213,518	213,518

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**14 Financial Instruments (cont.)****v) Interest Rate Risk (cont.)**

MIWB's sensitivity to interest has increased in the current period due to increases in cash.

2017 Financial Instruments	Carrying Amount \$	2017 Interest Rate Risk			
		-1%		+1%	
		Profit & Loss \$	Equity \$	Profit & Loss \$	Equity \$
Cash and cash equivalents	20,984,917	(209,849)	(209,849)	209,849	209,849
QTC Borrowings	2,541,001	25,411	25,411	(25,410)	(25,410)
Potential Impact on Profit and Equity		(184,439)	(184,439)	184,439	184,439

Fair Value

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

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment, as recognised in the statement of financial position.

The fair value of Borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer Note 9) and is disclosed below:

	2018		2017	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial Liabilities				
Financial liabilities at amortised cost:				
QTC Borrowings	1,726,032	1,826,950	2,541,001	2,678,397
Total	1,726,032	1,826,950	2,541,001	2,678,397

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

15 Contingencies

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

(a) Litigation in Progress

As at 30 June 2018, the following cases were filed in the courts naming MIWB acting as defendant:

	2018	2017
	Number of cases	Number of cases
Supreme Court	1	1
Total	<u>1</u>	<u>1</u>

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

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

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**16 Budget vs Actual Comparison**

Statement of Comprehensive Income

	Variance Notes	Budget 2018 \$	Actual 2018 \$	Variance \$	Variance % of Budget
INCOME FROM CONTINUING OPERATIONS					
Revenue					
Water charges	1	21,934,000	21,374,254	(559,746)	-2.6%
Interest	2	360,000	333,705	(26,295)	-7.3%
Other revenue	3	535,000	562,927	27,927	5.2%
TOTAL REVENUE		22,829,000	22,270,886	(558,114)	-2.4%
Gain on sale of property, plant and equipment		-	12,727	12,727	NA
TOTAL INCOME FROM CONTINUING OPERATIONS		22,829,000	22,283,614	(545,386)	-2.4%
EXPENSES FROM CONTINUING OPERATIONS					
Employee expenses	4	(1,927,000)	(1,565,642)	361,358	18.8%
Supplies and services	5	(11,270,400)	(11,164,302)	106,098	0.9%
Depreciation and amortisation		(5,157,000)	(5,202,567)	(45,567)	-0.9%
Finance/borrowing costs		(167,000)	(93,051)	73,949	44.3%
Revaluation decrement		-	(1,618,225)	1,618,225	NA
Other expenses		(681,000)	(497,183)	183,817	27.0%
Losses					
Loss on sale of property, plant & equipment		-	-	-	NA
TOTAL EXPENSES FROM CONTINUING OPERATIONS		(19,202,400)	(20,140,970)	(938,570)	-4.9%
OPERATING RESULTS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		3,626,600	2,142,644	(1,483,956)	-40.9%
Income tax expense		(1,087,980)	(626,699)	461,281	42.4%
OPERATING RESULTS FROM CONTINUING OPERATIONS AFTER INCOME TAX		2,538,620	1,515,945	(1,022,675)	-40.3%
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified subsequently to Operating Result:</i>					
Increase (decrease) in asset revaluation surplus		-	5,453,370	-	NA
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		-	5,453,370	-	NA
TOTAL COMPREHENSIVE INCOME		2,538,620	6,969,315	4,430,695	174.5%

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

16 Budget vs Actual Comparison (cont.)

Statement of Financial Position

	Variance Notes	Budget 2018 \$	Actual 2018 \$	Variance \$	Variance % of Budget
CURRENT ASSETS					
Cash and cash equivalents	6	15,523,807	23,077,808	7,554,001	48.7%
Receivables	7	1,484,401	3,276,508	1,792,107	120.7%
Other current assets		228,604	7,068	7,068	NA
TOTAL CURRENT ASSETS		17,236,812	26,361,384	9,353,176	54.3%
NON-CURRENT ASSETS					
Property, plant and equipment		142,663,664	136,989,583	(5,674,081)	-4.0%
TOTAL NON-CURRENT ASSETS		142,663,664	136,989,583	(5,674,081)	-4.0%
TOTAL ASSETS		159,900,476	163,350,967	3,450,491	2.2%
CURRENT LIABILITIES					
Payables		1,826,632	7,472,716	5,646,084	309.1%
Accrued employee benefits		70,136	87,292	17,156	24.5%
Dividend payable		2,030,896		(2,030,896)	-100.0%
Other financial liabilities		950,010	270,800	(679,210)	-71.5%
Tax liabilities		(213,830)	(1,905)	211,925	-99.1%
TOTAL CURRENT LIABILITIES		4,663,844	7,828,902	3,165,058	67.9%
NON-CURRENT LIABILITIES					
Accrued employee benefits		39,000	59,335	20,335	52.1%
Other financial liabilities		8,505,640	1,455,232	(7,050,408)	-82.9%
Deferred tax liabilities	8	19,185,455	20,833,235	1,647,780	8.6%
Other liabilities		151,686	151,561	(125)	-0.1%
TOTAL NON-CURRENT LIABILITIES		27,881,781	22,499,362	(5,382,419)	-19.3%
TOTAL LIABILITIES		32,545,625	30,328,264	(2,217,361)	-6.8%
NET ASSETS		127,354,851	133,022,703	5,667,852	4.5%
EQUITY					
Contributed equity		30,430,390	30,430,390	-	0.0%
Accumulated surplus		37,711,700	36,611,133	(1,100,567)	-2.9%
Asset revaluation surplus		59,212,761	65,981,180	6,768,419	11.4%
TOTAL EQUITY		127,354,851	133,022,703	5,667,852	4.5%

MOUNT ISA WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2018

16 Budget vs Actual Comparison (cont.)

Statement of Cash Flow		Budget	Actual		
	Variance			Variance	Variance
	Notes	2018	2018		% of
		\$	\$	\$	Budget
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Inflows:</i>					
Receipts from customers		23,223,501	21,016,831	(2,206,670)	-9.5%
Interest received		360,000	327,927	(32,073)	-8.9%
Other Income		535,000	556,865	21,865	4.1%
GST per budget	8	2,966,356	-	(2,966,356)	-100.0%
GST Input Tax Credits from ATO	8	-	1,681,447	1,681,447	NA
GST received from customers	8	-	54,630	54,630	NA
<i>Outflows:</i>					
Employee expenses		(1,927,000)	(1,555,499)	371,501	-19.3%
Supplies and services	5	(14,580,045)	(9,206,624)	5,373,421	-36.9%
Finance/borrowing costs		(167,000)	(93,051)	73,949	-44.3%
Other expenses		(681,000)	(497,183)	183,817	-27.0%
GST paid to suppliers	8	-	(1,454,233)	(1,454,233)	NA
GST remitted to ATO	8	-	(56,555)	(56,555)	NA
Income taxes paid		(1,411,774)	(1,844,063)	(432,289)	30.6%
Net cash provided by (used in) operating activities		8,318,038	8,930,493	612,455	7.4%
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Inflows:</i>					
Sale of property, plant and equipment		-	12,727	12,727	NA
<i>Outflows:</i>					
Payments for property, plant and equipment		(17,193,089)	(3,409,801)	13,783,288	-80.2%
Net cash provided by (used in) investing activities		(17,193,089)	(3,397,074)	13,796,015	-80.2%
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Outflows:</i>					
Repayment of borrowings		(960,992)	(814,967)	146,025	-15.2%
Loans received		7,900,000	-	-	NA
Dividends		(2,203,196)	(2,625,561)	(422,365)	19.2%
Net cash provided by (used in) financing activities		4,735,812	(3,440,528)	(8,176,340)	-172.6%
Net increase (decrease) in cash and cash equivalents		(4,139,239)	2,092,891	6,232,130	-150.6%
Cash and cash equivalents at beginning of financial year		19,663,046	20,984,917	1,321,871	6.7%
Cash and cash equivalents at end of financial year	6	15,523,807	23,077,808	7,554,001	48.7%

MOUNT ISA WATER BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

16 Budget vs Actual Comparison (cont.)

Explanations of Major Variances

Statement of Comprehensive Income

1. Actuals are lower than budget due to fixed and variable charge true-ups at year end.
2. Actuals are lower than budget due to lower than forecast interest rates.
3. Actuals are higher than budget due to higher than budgeted electricity charges.
4. Actuals are lower than budget due to lower than budgeted staff numbers for part of the financial year.
5. Actuals are lower than budget due to lower than budgeted operational costs.

Statement of Financial Position

6. Actuals are higher than budget due to lower expenses and lower than budgeted capital spent during the financial year.
7. Actuals are higher than budget due to a pricing dispute with MIM.

Statement of Cash Flows

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

Certificate of the Mount Isa Water Board

MOUNT ISA WATER BOARD

CERTIFICATE OF THE MOUNT ISA WATER BOARD

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

- (a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) The statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Mount Isa Water Board for the period 1 July 2017 to 30 June 2018 and of the financial position of the Mount Isa Water Board as at the end of that year.
- (c) These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Steven de Kruijff

Chairperson



Stephen Farrelly

Chief Executive Officer

Dated 22nd day of August 2018



INDEPENDENT AUDITOR'S REPORT

To the Board of Mount Isa Water Board

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Mount Isa Water Board.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and certificates given by the Chairperson and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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



Other Information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

A handwritten signature in black ink, appearing to read "Vaughan Stemmett", is written over a horizontal line.

Vaughan Stemmett
as delegate of the Auditor-General

29 August 2018
Queensland Audit Office
Brisbane

Glossary

ADWG	Australian Drinking Water Guidelines (2011)
Announced Allocation	A defined share of water available to be taken under an annual water allocation, and recalculated annually
ANZECC	Australian and New Zealand Environment and Conservation Council
Blue-green algae	A naturally occurring type of bacteria known as “Cyanobacteria” and found in rivers, lakes, damp soil, tree trunks and hot springs. Some species of BGA have the potential to produce toxins.
Board	The Board of Directors of Mount Isa Water Board
DNRME	Department of Natural Resources, Mines and Energy
DOL	Distribution Operations Licence issued under Division 1A of the Water Act
DWQMP	Drinking Water Quality Management Plan
EBIT	Earnings before Interest and Tax
FTE	Full Time Equivalent (employee)
Glencore	Glencore completed a merger with Xstrata in May 2013 and the local mining operator is now known as Mount Isa Mines, a Glencore Company.
Gulf Plan	Water Resource (Gulf) Plan 2007
km	Kilometre or kilometres
Lake Julius	Owned and operated by SunWater, a government-owned corporation
Lake Moondarra	Owned by Mount Isa Mines Limited as resource operations licence holder
LMDWPS	Lake Moondarra Deep Well Pump Station
LMPPS	Lake Moondarra Pontoon Pump Station
M	Million
MIM	Mount Isa Mines Ltd, a Glencore Company
MIWB	Mount Isa Water Board – as the Statutory Corporate entity
MICC	Mount Isa City Council
ML	Megalitre (one million litres)
R48 Reserve	R48 Water and Recreation Reserve
ROP	The Resource Operations Plan for the respective storage facility pursuant to the Gulf Plan
RTI	Right to Information relating to the <i>Right to Information Act 2009</i>
SunWater	The government-owned corporation operating under that name
Water Act	<i>Water Act 2000 (Qld)</i> as amended

Readers' survey

MIWB is committed to improving the quality of our annual report. Please take a few moments to complete this survey and return it to us.

The survey can be detached from the annual report, or hard copies can be downloaded from www.mountisawater.qld.gov.au.

Please tick the appropriate response.

1. The level of detail in the annual report was:

- far too little
- too little
- just right
- too much
- far too much

2. The language and style of the annual report text were:

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

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

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

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

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

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

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

6. If I could make one improvement to the annual report, it would be:

7. Please use this space to provide any comments you would like to make that have not been addressed elsewhere.

8. What is your main reason for reading the report?

- Business purposes
- Library reference
- Official use
- Staff use
- General interest
- Student needs
- Other (please specify below)

9. The annual report is available through the Mount Isa Water Board website at www.mountisawater.qld.gov.au and in the future:

- I would prefer to access it electronically
- I still want a hard copy

Thank you for your comments.

MIWB staff Please return the completed survey to the Chief Executive.

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

Annual report compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 7 4
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 9.1 8
	<ul style="list-style-type: none"> Glossary 	87
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2 3
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3 7
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4 3
	<ul style="list-style-type: none"> Information licensing 	<i>QGEA - Information Licensing</i> ARRs – section 9.5 N/A to MIWB
General information	<ul style="list-style-type: none"> Introductory information 	ARRs – section 10.1 5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2 5
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3 14-16
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1 17
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2 N/A to MIWB
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3 10,11,17-22
	<ul style="list-style-type: none"> Agency service areas, and service standards 	ARRs – section 11.4 N/A to MIWB
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1 11, 35-36
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1 28
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2 28-29
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3 26-27
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 33
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5 2

Annual report compliance checklist

Summary of requirement	Basis for requirement	Annual report reference	
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	30
	• Audit Committee	ARRs – section 14.2	27
	• Internal Audit	ARRs – section 14.3	30
	• External scrutiny	ARRs – section 14.4	30
	• Information systems and recordkeeping	ARRs – section 14.5	29
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	33
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment (from 20 May 2016)</i> ARRs – section 15.2	N/A to MIWB
Open data	• Statement advising publication of information	ARRs – section 16	31
	• Consultancies	ARRs – section 33.1	31
	• Overseas travel	ARRs – section 33.2	31
	• Queensland Language Services Policy	ARRs – section 33.3	N/A to MIWB
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	83
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	84

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

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

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