

# FINANCIAL STATEMENTS

## Coliban Region Water Authority Statement of Financial Performance for the year ended 30 June 2004

	Note	2003/04 (\$ '000)	2002/03 (\$ '000)
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
Operating Revenue	4(a), 16	44,470	41,819
Non Operating Revenue	4(b), 16	3,031	3,777
<b>Total Revenue from Ordinary Activities</b>	<b>1(xi)</b>	<b>47,501</b>	<b>45,596</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Operating & Maintenance Expenses	6, 16	40,508	39,379
Administration Expenses	7, 16	7,667	7,499
Asset Write Offs	8, 16	0	758
<b>Total Expenses from Ordinary Activities</b>		<b>48,175</b>	<b>47,636</b>
<b>Net Results from Ordinary Activities Before Tax</b>		<b>(674)</b>	<b>(2,040)</b>
Income tax expense	9	0	0
<b>Net results from ordinary activities</b>		<b>(674)</b>	<b>(2,040)</b>
Increase in Asset Revaluation Reserve	18	0	7,796
<b>Total change in Equity other than those resulting from transactions with the Victorian State Government in its capacity as owner</b>		<b>(674)</b>	<b>5,756</b>

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

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## Coliban Region Water Authority Statement of Financial Position as at 30 June 2004

	Note	2003/04 (\$'000)	2002/03 (\$'000)
<b>CURRENT ASSETS</b>			
Cash	1(iv), 17	560	1,519
Receivables	11, 17	9,635	9,645
Investments	1(v), 12, 17	45,861	60,419
Prepayments		183	498
<b>Total Current Assets</b>		<b>56,239</b>	<b>72,081</b>
<b>NON CURRENT ASSETS</b>			
Receivables	11, 17	2,210	2,059
Investments	1(v), 12, 17	20	20
Infrastructure & Facilities	1(viii), 13	547,420	531,378
Land	1(viii), 13	11,185	11,185
Buildings	1(viii), 13	3,489	3,581
Plant & Equipment	1(viii), 13	732	1,321
Works in Progress	1(viii)	26,651	30,580
<b>Total Non Current Assets</b>		<b>591,707</b>	<b>580,124</b>
<b>Total Assets</b>		<b>647,946</b>	<b>652,205</b>
<b>CURRENT LIABILITIES</b>			
Payables	17	7,861	11,613
Provision for Employee Annual Leave	1(vii)	397	392
Provision for Employee Long Service Leave	1(vii)	102	103
<b>Total Current Liabilities</b>		<b>8,360</b>	<b>12,108</b>
<b>NON CURRENT LIABILITIES</b>			
Payables	17	166	0
Provision for Employee Long Service Leave	1(vii)	921	924
<b>Total Non Current Liabilities</b>		<b>1,087</b>	<b>924</b>
<b>Total Liabilities</b>		<b>9,447</b>	<b>13,032</b>
<b>Net Assets</b>		<b>638,499</b>	<b>639,173</b>
<b>EQUITY</b>			
Asset Revaluation Reserve	18	429,694	429,694
Contributed Capital	1 (xii), 5(a)	241,877	241,877
Accumulated Losses	5(b)	(33,072)	(32,398)
<b>Total Equity</b>		<b>638,499</b>	<b>639,173</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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## Coliban Region Water Authority Cash Flow Statement for the Year Ended 30 June 2004

	Note	2003/04 (\$'000)	2002/03 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Rates & Charges		33,557	35,325
Other Customer Revenue		8,968	5,659
GST Refunds		5,376	5,269
Interest Received		2,648	3,833
		<b>50,549</b>	<b>50,086</b>
<b>PAYMENTS</b>			
Payments to Suppliers & Employees (inclusive of GST)		(40,927)	(36,140)
<b>Net Cash Provided by Operating Activities</b>	<b>19</b>	<b>9,622</b>	<b>13,946</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net Payments for Investments		14,558	10,343
Payments for Fixed Assets		(25,139)	(26,806)
<b>Net Cash Used in Investing Activities</b>		<b>(10,581)</b>	<b>(16,463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Income for Capital Purposes - Government	5(a)	0	2,529
<b>Net Cash Provided By Financing Activities</b>		<b>-</b>	<b>2,529</b>
<b>Net Cash Increase/(Decrease) in cash held</b>		<b>(959)</b>	<b>12</b>
<b>Cash at Beginning of Year</b>		<b>1,519</b>	<b>1,507</b>
<b>Cash at End of Year</b>	<b>1(iv)</b>	<b>560</b>	<b>1,519</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

These notes form part of and should be read in conjunction with the financial statements of Coliban Region Water Authority.

## 1. Statement of Accounting Policies

### (i) Accounting Standards

The general purpose financial statements have been prepared in accordance with the provisions of the Financial Management Act 1994, applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and consensus views of the Urgent Issues Group, relevant Directions and Determinations of the Minister for Finance and accounting policy papers released by the Department of Treasury and Finance.

The statements have been prepared on a historical cost basis with the exception of infrastructure assets, which are recorded at their Optimised Depreciated Deprival Value, and land and buildings, which are recorded at their Fair Value. Optimised Depreciated Deprival Value measures the value of assets at the current cost of the most cost-effective currently available asset which would meet the required level and quality of service. Fair Value is estimated by reference to the best available market evidence of the price at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Except where otherwise stated, these general purpose financial statements have been prepared on the accrual basis whereby revenues and expenses are recognised when they are earned or incurred, and are brought to account in the period to which they relate.

### (ii) Income Tax

Coliban Water was notified by the Treasurer of Victoria on 17 May 2002, of the Government's decision to direct Urban Rural Water Authorities to become subject to the National Tax Equivalent Regime (NTER) from 1 July 2002. The NTER is administered by the Australian Taxation Office.

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit and liability, calculated at tax rates applicable at the point of reversal, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised. Coliban Water expects to be in a tax loss position for some time and therefore will not pay income tax for the foreseeable future (refer note 9).

### (iii) Rounding

Unless otherwise stated amounts reported in the Financial Statements have been rounded to the nearest thousand dollars.

### (iv) Cash

Cash includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts.

### (v) Investments

Investments are valued at cost and are classified between current and non-current assets based on maturity dates of individual investments. Interest revenue from investments is brought to account as it is earned.

### (vi) Depreciation

Non-current assets with a cost in excess of \$1,000 are capitalised. Depreciation has been provided on depreciable assets, using the straight line method of depreciation, so as to allocate depreciable asset costs (or valuations) over their estimated useful lives to the entity. Estimated useful lives are reviewed on an annual basis. Land is not depreciated.

#### Summary of estimated lives used for depreciation calculations

Water Infrastructure Assets	10-300 years
Water Distribution Assets	15-200 years
Wastewater Infrastructure Assets	2-130 years
Rural Infrastructure Assets	15-80 years
Headworks Infrastructure Assets	5-200 years
Buildings	20-50 years
Plant & Equipment	2-20 years

The above estimated lives used for depreciation calculations have not changed from the previous financial year. The estimated lives were initially determined in conjunction with Kinhill Metcalfe and Eddy - Water and Environmental Engineers as part of the asset valuation at 1 July 1996.

### (vii) Employee Benefits

#### Wages and Salaries

Liabilities for wages and salaries are recognised and measured as the amount unpaid at the reporting date at current pay rates including on-costs in respect of employee's services up to that date.

#### Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to the reporting date. Annual Leave entitlements are provided for at their nominal value. The nominal basis of measurement uses employee remuneration rates, including on-costs, that the entity expects to pay at the time the annual leave entitlements are paid and does not discount cash flows to their present value.

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## Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, including oncosts, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the reporting date, to Australian Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. The proportion of long service leave estimated to be payable within the next financial year is classified as a current liability and the balance of the provision as a non-current liability.

## Superannuation

Coliban Region Water Authority contributes in respect of its employees to various defined benefits and accumulation superannuation plans. The statutory contributions made by Coliban Region Water Authority to these superannuation plans make up the superannuation expense for the reporting period and are detailed in Note 15.

## (viii) Carrying Amount of Non-Current Assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The recoverable amount of an asset is the net amount expected to be received through the net cash inflows arising from its continued use and subsequent disposal.

Expected net cash flows are not discounted to their present value in determining recoverable amount for major asset groups.

In the 2001/02 financial year, new Accounting Standard AASB 1041 was introduced. Under the transitional arrangements of this standard, and in accordance with the "Revaluation of Non Current Physical Assets" guidance released by the Department of Treasury and Finance in May 2002 (section 3.3), and reaffirmed to be applicable for the 2003/04 financial year in June 2004, Coliban Water has elected to continue to apply the existing measurement basis for the reporting period ended 30 June 2004.

Revaluation increments are credited to an asset revaluation reserve except to the extent to which the increment reverses a revaluation decrement of the same class of asset previously recognised as an expense, in which case the increment is recognised as revenue in the statement of financial performance.

Non current assets constructed during the financial year are recorded at actual cost plus an allocation of administration overhead. The values of non current constructed assets that are not complete at balance date are held in Work in Progress. On completion the total construction costs of the assets are transferred from Work in Progress to the appropriate asset category within the asset register. The assets are depreciated from their completion date.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated.

## (ix) Receivables

Receivables are carried at amounts due. The likelihood of debts being collected is assessed at balance date and specific provision is made for doubtful debts. A provision is made for doubtful debts based on a review of all outstanding receivables at balance date. Bad debts are written off in the period in which they are recognised.

## (x) Payables

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not they have been billed.

## (xi) Income Recognition

Revenue is brought to account when services have been provided or when a rate levy has been made.

Water charges by measure are recognised as income when the service has been used. Meter reading is cyclical and therefore estimation is made at the end of each accounting period of water services used that are recorded on meters which have not been read. The estimation is made by multiplying the number of days since the last reading by an adjusted reading for an equivalent prior period.

Assets acquired at no cost to Coliban Water (developer's capital contributions) are recognised at their fair value as revenue upon their acceptance by Coliban Water for maintenance in perpetuity. Water and wastewater mains are often constructed and financed by property developers and on completion ownership of the mains are transferred to Coliban Water as a gifted asset.

## (xii) State Government Grants for Capital Works

The individual circumstances of a particular entity may require that certain State Government capital contributions, normally those associated with major programs, be accounted for as equity contributions. In such instances, the Minister may, after consultation with the Minister for Finance, direct that such contributions be recognised as equity contributions.

No capital contributions were received from the State Government during 2003/04. In accordance with direction from the Minister for Finance, capital contributions received from the State Government during 2002/03 of \$2.5 million were treated as equity and appeared in the Statement of Financial Position as Contributed Capital.

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## (xiii) State Government Dividend

An obligation to pay a dividend only arises after consultation between the Board and the relevant portfolio Minister and the Treasurer. Following this consultation a formal determination is made by the Treasurer. The process to determine the dividend applicable to the 2003-2004 financial year has not yet been completed at the reporting date however it is anticipated that no dividend will be payable.

## (xiv) Operating Leases

In respect of operating leases, where the lessor effectively retains substantially all of the risks and benefits incidental to the ownership of the leased items, lease payments are charged as expenses over the lease term.

## (xv) Segment Information

Segment information is prepared in conformity with the accounting policies of Coliban Water and the revised segment reporting accounting standard AASB 1005 "Segment Reporting".

Segment information is reported on the basis of business segments, as risks and returns are affected predominantly by differences in the products and services provided through those segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors and employee entitlements.

Segment revenues, expenses and results include transfers between segments. These transfers are priced on an "arms-length" basis and are eliminated on consolidation.

## (xvi) Comparatives

Where necessary comparatives have been reclassified to achieve consistency with presentation and disclosure in the current year. In particular:

Note 11 shows GST Receivables separately. In previous years GST Receivables were included in the Sundry Debtors Receivables totals.

## 2. Impacts of adopting AASB equivalents to IASB standards

For financial reporting periods beginning on or after 1 January 2005, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRSs). This requirement also extends to any comparative financial information included within the report. The first day of the comparative period, 1 July 2004, effectively becomes the transition date. Any adjustments arising from changes in the recognition or measurement of assets and liabilities at the transition date arising from the adoption of IFRS will be made against accumulated funds at the transition date.

Coliban Region Water Authority has taken the following steps in managing the transition to Australian equivalents to IFRSs:

- Appointed an officer to oversee the transition to and implementation of the Australian equivalents to IFRSs;
- Commenced activities to identify key issues and the likely impacts resulting from the adoption of Australian equivalents to IFRSs.

Coliban Region Water Authority has identified changes to the existing accounting policies that could have a material impact on the Authority's financial position and future financial performance on the adoption of the requirements of the Australian equivalents to IFRSs.

These include:

- Impairment of Assets. Under the new standards, an asset will be required to be assessed for impairment each year. If indicators of impairment exist, the carrying value of an asset will need to be assessed to ensure that the carrying value does not exceed its recoverable amount, which is the higher of its value-in-use and fair value less costs to sell. For Coliban Water, value-in-use of an asset is its depreciated replacement cost. Other than financial assets and assets arising from construction contracts, impairment testing will apply to all assets regardless of whether they are measured on a cost or fair value basis. Where the carrying value of an asset exceeds its recoverable amount, the difference will be written-off as an impairment loss to the statement of financial performance except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset. Any impairment losses at the transition date will be adjusted against accumulated funds.
- In addition, a number of other possible changes in requirements have been identified which may lead to changes in methodology or processes, increased disclosures and possibly changes in measurement of assets and liabilities. Any changes are not expected to have a material impact.

## 3. Recognition of BOOT contracts

During the 1998/99 financial year, Coliban Water signed two Build Own Operate Transfer (BOOT) contracts.

A contract deed for the provision of wastewater treatment services at Castlemaine, reticulated sewerage at Maldon and enhanced treatment of sludges at the Bendigo wastewater treatment plant was signed on 14 July 1998 with Castlemaine Wastewater Treatment Pty Ltd, a subsidiary of Henry Walker Eltin. The contract was enacted on 17 February 1999. Commercial acceptance of this contract was granted on 23 June 2000.

A further contract deed was signed on 5 May 1999 with USF Bendigo Water Services Pty Ltd for provision of water treatment services for Bendigo, Castlemaine and Kyneton. USF Bendigo Water Services is a fully owned subsidiary of Comgen Australia Pty Ltd, which is ultimately a fully owned subsidiary of Vivendi Environment SA (France). Commercial acceptance of this contract was granted on 1 June 2002.

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The contracts, which comprise both fixed and variable components, commit Coliban Water to the payment of significant tolls over the 25 year contract periods. The toll payments are treated as an expense in the Statement of Financial Performance (refer Note 6).

A further contract deed was signed on 26 November 2002 with ETE Coliban Pty Ltd for provision of wastewater treatment and reuse services for Echuca and Rochester. ETE Coliban Pty Ltd is a fully owned subsidiary of Earth Tech Engineering Pty Ltd, which is an Australian subsidiary of the global company, Tyco International Ltd. The infrastructure required to carry out the services under the contract was approximately 78% complete as at 30 June 2004. Commercial acceptance of this contract is expected in October 2004.

Based on best estimates of population growth, volume throughput, movements in the Consumer Price Index and other relevant variables, the present value of the expected future toll streams of the three projects total \$172.2 million.

## Expected Future Obligations

	As at 30 June 2004 (\$'000)	As at 30 June 2003 (\$'000)
<b>&lt; 1 year</b>		
Fixed	12,797	10,117
Variable	2,645	2,536
<b>1 - &lt; 6 Years</b>		
Fixed	62,448	59,484
Variable	12,435	11,790
<b>6 - &lt; 11 Years</b>		
Fixed	80,967	80,229
Variable	18,357	17,725
<b>&gt; 11 Years</b>		
Fixed	232,367	248,866
Variable	65,836	69,758
<b>Total Value of Expected Future Obligations</b>	<b>487,852</b>	<b>500,505</b>

The financial impact of these future transactions has not been recognised in the General Purpose Financial Statements of Coliban Water. General guidelines for the presentation of BOOT contracts in the 2003/04 financial statements has been obtained from ED100, Arrangements for Public Sector Infrastructure by Other Entities – Disclosure Requirements, and Department of Treasury and Finance Reporting Direction 19.

Toll payments for the BOOT schemes are expensed over the 25 year life of each of the contracts. Under traditional asset construction methods, these assets would have been amortised over a significantly longer period as represented by their technical life.

Toll payments for Henry Walker Eltin paid or provided for in respect of the 2003/04 financial year were \$4.6 million (2002/03 – \$4.3 million). Toll payments for USF Bendigo Water Services paid or provided for in respect of the 2003/04 financial year were \$7.3 million (2002/03 – \$7.8 million).

## 4. Revenue from Ordinary Activities

### (a) Operating Revenue

Operating Revenue is comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
Rates and Charges	33,776	34,465
Capital Works Contribution	1,639	1,499
Headworks Contributions	6,021	3,712
Developer Contributions	2,524	1,768
Property Connection Fees	22	22
Rural Transfer Fees	12	16
Information Certificates Income	265	261
Interest on Non Current Receivables	10	21
Revenue Grants from Government Sources	150	0
Miscellaneous Income	51	55
<b>Total Operating Revenue</b>	<b>44,470</b>	<b>41,819</b>

### (b) Non Operating Revenue

Non Operating Revenue is comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
Rental Income	67	55
Treatment Works Income	78	79
Sale of Maize & Barley Crops	0	77
Laboratory Income	2	15
Sale of Scrap & Obsolete Assets	155	40
Interest on Investments	2,705	3,465
Miscellaneous Income	24	46
<b>Total Non Operating Revenue</b>	<b>3,031</b>	<b>3,777</b>

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## 5. Contributed Capital & Accumulated Losses

### (a) Contributed Capital

No State Government Contributed Capital was received during 2003/04. State Government Contributed Capital received during 2002/03 of \$2.5 million was comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
Trentham & Tylden Sewerage Schemes		184
Boort Sewerage Scheme		170
Campbells Creek Sewerage Scheme		160
Chewton Sewerage Scheme		91
Harcourt Sewerage Scheme		69
Pyramid Hill Sewerage Scheme		98
Gunbower Sewerage Scheme		190
Leitchville Sewerage Scheme		184
Newstead Sewerage Scheme		319
Dunolly Sewerage Scheme		435
Axedale Sewerage Scheme		113
Wedderburn Sewerage Scheme		516
<b>Total Contributed Capital</b>	<b>0</b>	<b>2,529</b>

### Reconciliation of Contributed Capital in Statement of Financial Position

	2003/04 (\$'000)	2002/03 (\$'000)
<b>Opening balance Contributed Capital</b>	<b>241,877</b>	<b>239,348</b>
Contributed Capital – Government	0	2,529
<b>Closing balance Contributed Capital</b>	<b>241,877</b>	<b>241,877</b>

### (b) Accumulated Losses

Reconciliation of Accumulated Losses in Statement of Financial Position

	2003/04 (\$'000)	2002/03 (\$'000)
<b>Opening balance</b>	<b>(32,398)</b>	<b>(30,358)</b>
Net Result from Ordinary Activities	(674)	(2,040)
<b>Closing balance</b>	<b>(33,072)</b>	<b>(32,398)</b>

## 6. Operating & Maintenance Expenses

Operating & Maintenance Expenses are comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
Labour	1,730	1,550
Materials	803	740
Outside Services	3,405	3,368
Partnership Contract Expenses	8,919	7,670
Electricity	1,600	1,828
BOOT Toll Payments (Note 3)	11,957	12,141
Depreciation (Note 14)	11,817	11,782
Other Operating & Maintenance Expenses	277	300
<b>Total Operating &amp; Maintenance Expenses</b>	<b>40,508</b>	<b>39,379</b>

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## 7. Administration Expenses

Administration Expenses are comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
Labour	1,702	1,304
Materials	147	136
Outside Services	1,311	2,342
Partnership Contract Expenses	2,140	1,512
LASB Super Payout (*)	0	360
Serco Long Service Leave Provision (**)	185	0
Depreciation (Note 14)	860	810
Loss on Asset Disposals/Retirements	291	0
Other Administration Expenses	1,031	1,035
<b>Total Administration Expenses</b>	<b>7,667</b>	<b>7,499</b>

(\*) Local Authorities Super Pty Ltd, the Trustee of the Local Authorities Superannuation Fund, performed an actuarial review of the Local Authorities Superannuation Defined Benefit Plan at 31 December 2002. The actuarial review determined that the Defined Benefit Plan had an unfunded liability as at the date of the review. Coliban Water's share of the unfunded liability was \$359,535. This amount was paid in June 2003.

(\*\*) In December 2003, Coliban Water reached a commercial settlement with Serco Australia regarding a number of contractual issues outstanding at the conclusion of the Provision for Services contract on 30 June 2003. As part of the settlement, Coliban Water has assumed liability for the Long Service Leave accrued by employees transitioning to Campaspe Asset Management Services from Serco Australia for their service period with Serco Australia. A total liability of \$185,000 has been recognised. A contingent liability was recognised for this commitment at 30 June 2003.

## 8. Individually Significant Items

### 2003-2004

There were no individually significant items for 2003-2004.

### 2002-2003

Coliban Water revalued its buildings on 1 July 2002. The revaluation resulted in an overall revaluation decrement of \$836,000 and was accounted for in accordance with AASB 1041 (refer Note 1 (viii)).

The impact of the revaluation decrement was disclosed within the financial statements as follows:

	2002/03 (\$'000)
Asset Write Offs - Statement of Financial Performance	758
Revaluation Decrement - Asset Revaluation Reserve (Note. 18)	78
<b>Total Revaluation Decrement</b>	<b>836</b>

The revaluation decrement is mainly due to Coliban Water finalising the vacation of its premises at Alder Street in Golden Square. These premises had been the headquarters of Coliban Water since its formation. The site is to be redeveloped for urban housing and subsequently, all of the buildings remaining on site have become redundant. The nature and permanency of the majority of the buildings will require that they be demolished to permit the new development to proceed. Advice from third parties indicates that any proceeds from sale of the buildings are likely to be offset by demolition costs.

As a result, the gross asset value and accumulated depreciation of the Alder Street buildings have been written out of the statement of financial position.

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## 9. Income Tax

Coliban Region Water Authority will not pay income tax for 2003/04. Projections show that the likelihood of Coliban Water making consistent profits at a level likely to offset the large tax losses that will accumulate is unlikely. Accordingly tax losses are not disclosed in the Statement of Financial Performance and Statement of Financial Position.

	2003/04 (\$'000)	2002/03 (\$'000)
<b>PRIMA FACIE TAX CALCULATIONS</b>		
Loss from ordinary activities	(674)	(2,040)
Prima facie tax calculated at 30%	(202)	(612)
Tax effect of permanent differences		
Non deductible expenses	6	272
Balancing deduction on disposal of Fixed Assets - Tax	(324)	0
<b>Prima facie income tax expense</b>	<b>(520)</b>	<b>(340)</b>

### INCOME TAX EXPENSE COMPRISES:

Deferred income tax provision	930	1,748
Future income tax benefit	(1450)	(2,088)
	<b>(520)</b>	<b>(340)</b>

### Tax loss write offs

Deferred income tax provision – Timing differences offset by losses	930	1,736
Future income tax benefit – Offset against timing differences	(930)	(1,748)
Future income tax benefit – Losses not to be booked	520	340

### Income tax expense disclosed in financial statements

	<b>0</b>	<b>0</b>
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The timing differences in the deferred income tax provision have been offset by losses in the future income tax benefit as these will reverse in the same period.

The benefit of the balance of the tax losses has not been brought to account as realisation is not virtually certain. The benefit will only be obtained if:

- Coliban Water derives future assessable income of a nature sufficient to enable the benefits from deductions of losses and reversal of timing differences to be realised.
- no changes in tax legislation or rulings adversely affect Coliban Water.

## 10. Bad & Doubtful Debts Provision

The following bad and doubtful debts were provided for during 2003/04

	2003/04 (\$'000)	2002/03 (\$'000)
<b>INCREASE (DECREASE) IN DOUBTFUL DEBTS PROVISION</b>		
Rates & Charges Receivables	1	(7)
Sundry Debtors Receivables	2	(10)
Deferred Debtors Receivables	3	(52)
<b>Total Increase (Decrease) in Doubtful Debts</b>	<b>6</b>	<b>(69)</b>

### BAD DEBTS WRITTEN OFF

Rates & Charges Receivables	3	63
Sundry Debtors Receivables	0	2
Deferred Debtors Receivables	0	67
<b>Total Bad Debts written off</b>	<b>3</b>	<b>132</b>

## 11. Receivables

Receivables are comprised of the following:

	2003/04 (\$'000)	2002/03 (\$'000)
<b>CURRENT RECEIVABLES</b>		
Rates & Charges Receivables	3,929	2,960
Sundry Debtors Receivables	579	492
GST Receivables	392	834
Income Receivables	1,277	1,148
Accrued Revenue	3,542	4,292
Provision for Doubtful Debts	(84)	(81)
<b>Total Current Receivables</b>	<b>9,635</b>	<b>9,645</b>
<b>NON CURRENT RECEIVABLES</b>		
Deferred Debtors Receivables	2,439	2,285
Provision for Doubtful Debts	(229)	(226)
<b>Total Non Current Receivables</b>	<b>2,210</b>	<b>2,059</b>
<b>Total Receivables</b>	<b>11,845</b>	<b>11,704</b>

# FINANCIAL STATEMENTS

## 12. Investments

	30 June 2004 (\$'000)	30 June 2003 (\$'000)
<b>CURRENT INVESTMENTS</b>		
Negotiable certificates of deposit and interest-bearing deposits or other money market securities	45,861	60,406
Other government, semi-government, municipal and other public debentures, stock, notes, bonds and other securities not quoted on stock exchanges	0	13
<b>Total Current Investments</b>	<b>45,861</b>	<b>60,419</b>
<b>NON CURRENT INVESTMENTS</b>		
Shares in Bendigo Telco Limited (*) 20,000 Shares @ \$1.00 each	20	20
Total Non Current Investments	20	20
<b>TOTAL INVESTMENTS</b>	<b>45,881</b>	<b>60,439</b>

(\*) Coliban Water owns 20,000 Shares @ \$1.00 each in Bendigo Telco Limited. Approval for purchase of the shares was granted by the Minister.

## 13. Fixed Assets

	Cost/ Valuation as at 30/6/04 (\$'000)	Accum Deprec as at 30/6/04 (\$'000)	WDV as at 30/6/04 (\$'000)	WDV as at 30/6/03 (\$'000)
<b>WATER INFRASTRUCTURE</b>				
At Cost	22,881	2,396	20,485	16,896
At Valuation 1/7/96	270,121	127,901	142,220	145,924
At Valuation 1/7/99	86,155	17,064	69,091	69,580
<b>WATER DISTRIBUTION ASSETS</b>				
At Cost	5,104	377	4,727	4,765
At Valuation 1/7/96	4,917	1,741	3,176	3,250
At Valuation 1/7/99	137,952	113,530	24,422	25,433
<b>WASTEWATER INFRASTRUCTURE</b>				
At Cost	53,537	3,728	49,809	37,180
At Valuation 1/7/96	229,822	104,600	125,222	127,069
<b>RURAL INFRASTRUCTURE</b>				
At Cost	755	57	698	707
At Valuation 1/7/96	84,349	82,086	2,263	2,344
<b>HEADWORKS INFRASTRUCTURE</b>				
At Cost	9,045	141	8,904	970
At Valuation 1/7/99	152,909	56,506	96,403	97,260
<b>TOTAL INFRASTRUCTURE &amp; FACILITIES</b>	<b>1,057,547</b>	<b>510,127</b>	<b>547,420</b>	<b>531,378</b>
<b>LAND</b>				
At Valuation 1/7/02	11,185	-	11,185	11,185
<b>BUILDINGS</b>				
At Valuation 1/7/02	3,673	184	3,489	3,581
<b>PLANT &amp; EQUIPMENT</b>				
At Cost	4,062	3,330	732	1,321
<b>TOTAL FIXED ASSETS</b>	<b>1,076,467</b>	<b>513,641</b>	<b>562,826</b>	<b>547,465</b>

In line with government directions Coliban Water engaged independent consultants to carry out an identification of all water, wastewater, rural and headworks facility assets and to provide optimised current replacement (deprival) valuations as at 1 July 1996 for each of these assets. Valuations were carried out by Price Waterhouse - Chartered Accountants, Kinhill Metcalfe & Eddy - Water and Environmental Engineers, and Countrywide Valuers - Registered Valuers.

# FINANCIAL STATEMENTS

## 13. Fixed Assets (continued)

Coliban Water engaged independent consultants to carry out a further revaluation of all Headworks, Major Urban Storages, Coliban Main Channel and Eppalock Pipeline assets and to provide optimised current replacement (deprival) valuations as at 1 July 1999 for each of these assets. Valuations were carried out by Armitage Downie - Chartered Accountants and Geo - Eng - Water and Environmental Engineers.

Coliban Water revalued Land and Buildings to Fair Value during the 2002/03 financial year. The valuation was carried out by PricewaterhouseCoopers – Chartered Accountants and Countrywide Valuers – Registered Valuers.

### Reconciliation – Fixed Assets

Reconciliations of the carrying amounts of each class of property, plant & equipment and infrastructure assets at the beginning and end of the current financial year are set out below:

	Land (\$'000)	Buildings (\$'000)	Plant & Equipment (\$'000)	Infrastructure (\$'000)	Works in Progress (\$'000)	Total (\$'000)
<b>2003/2004</b>						
Carrying amount at start of year	11,185	3,581	1,321	531,378	30,580	578,045
Additions					24,400	24,400
WIP Capitalised			179	28,150	(28,329)	
WDV Asset Disposals/Retirements Infrastructure				(291)		(291)
Depreciation expense		(92)	(768)	(11,817)		(12,677)
<b>Carrying amount at end of year</b>	<b>11,185</b>	<b>3,489</b>	<b>732</b>	<b>547,420</b>	<b>26,651</b>	<b>589,477</b>

# FINANCIAL STATEMENTS

## 14. Depreciation charges

	2003/04 (\$'000)	2002/03 (\$'000)
Water Infrastructure	4,937	4,727
Water Distribution	1,163	1,158
Wastewater Infrastructure	4,696	4,884
Rural Infrastructure	97	96
Headworks Infrastructure	924	917
<b>Total Operating &amp; Maintenance Depreciation</b>	<b>11,817</b>	<b>11,782</b>
Buildings	92	92
Plant & Equipment & Motor Vehicles	768	718
<b>Total Administration Depreciation</b>	<b>860</b>	<b>810</b>
<b>TOTALS</b>	<b>12,677</b>	<b>12,592</b>

# FINANCIAL STATEMENTS

## 15. Superannuation

Contributions to superannuation schemes expensed during the financial year were as follows:

Scheme	Contribution Paid		Contribution Outstanding		Basis of Calculation
	2003/04	2002/03	2003/04	2002/03	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Local Authorities Superannuation Scheme	76	71	0	0	9.25% (9.25% 2002-03) of member employee's salary plus the equivalent of the employees own contribution to a maximum of 1.5%
Local Authorities LASPLAN Superannuation Scheme	181	150	0	0	9% (9% 2002-03) of member employee's salary
State Superannuation Board New Scheme	50	49	0	0	9% (9% 2002-03) of member employee's salary plus an additional contribution relevant to the employee's own contribution
State Superannuation Revised Scheme	56	63	0	0	15.5% (15.5% 2002-03) of member employee's salary
MLC Universal Super Fund	20	22	0	0	9% (9% 2002-03) of member employee's salary
Bendigo Bank Staff Superannuation Fund	6	6	0	0	9% (9% 2002-03) of member employee's salary
Commonwealth Personal Superannuation	5	5	0	0	9% (9% 2002-03) of member employee's salary
Vic Super Scheme	9	7	0	0	9% (9% 2002-03) of member employee's salary
AM Corp Lifetrack Superannuation Fund	16	14	0	0	9% (9% 2002-03) of member employee's salary
ING Life Limited	0	2	0	0	9% (9% 2002-03) of member employee's salary
Colonial First State Rollover Superannuation Fund	2	2	0	0	9% (9% 2002-03) of member employee's salary
Employee Personal Superannuation Funds	8	8	0	0	9% (9% 2002-03) of member employee's salary
<b>Total Contributions</b>	<b>429</b>	<b>399</b>	<b>0</b>	<b>0</b>	

Coliban Water has no obligation for unfunded superannuation liabilities (2003 – nil). There were no loans from any of the above superannuation schemes to Coliban Water during the financial year (2003 – nil). Coliban Water had 61 employees at 30 June 2004 (61 - 30 June 2003).

# FINANCIAL STATEMENTS

## 16. Segment Reporting

In accordance with both Accounting Standard AAS 16 "Financial Reporting by Segments" and directions under Section 51 of the Financial Management Act 1994 the following financial information relating to separate reporting of wholesale and retail operations and the disclosure of financial information on retail services is disclosed.

	Retail Water Total (\$'000)		Retail Wastewater Total (\$'000)		Retail Rural Total (\$'000)	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
<b>REVENUE</b>						
Operating Revenue	18,784	20,160	22,904	19,191	2,117	2,034
Bulk Water Sales						
Non Operating Revenue	1,146	1,495	1,946	2,179	(229)	41
<b>Total Revenue from Ordinary Activities</b>	<b>19,930</b>	<b>21,655</b>	<b>24,850</b>	<b>21,373</b>	<b>1,888</b>	<b>2,075</b>
<b>EXPENSES</b>						
Operating & Maintenance Expenses	20,539	20,131	16,340	15,592	1,930	1,904
Bulk Water Purchases	749	884			538	581
Administration Expenses	4,135	4,603	2,960	2,370	314	311
Asset Write Offs		357		129		83
<b>Total Expenses from Ordinary Activities</b>	<b>25,423</b>	<b>25,975</b>	<b>19,300</b>	<b>18,091</b>	<b>2,782</b>	<b>2,879</b>
<b>Net Result from Ordinary Activities</b>	<b>(5,493)</b>	<b>(4,320)</b>	<b>5,550</b>	<b>3,282</b>	<b>(894)</b>	<b>(804)</b>

	Retail Water Total (\$'000)		Retail Wastewater Total (\$'000)		Retail Rural Total (\$'000)	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
<b>ASSETS</b>						
Investments	17,148	22,589	28,389	37,397		
Land & Buildings, Infrastructure, Plant & Equip	265,407	269,824	196,007	186,350	18,302	19,539
Other Assets	9,271	6,905	13,748	9,596	(9,478)	(9,470)
<b>Total Assets</b>	<b>291,826</b>	<b>299,318</b>	<b>238,144</b>	<b>233,343</b>	<b>8,824</b>	<b>10,069</b>
<b>LIABILITIES</b>						
Other Liabilities	4,414	6,414	4,517	5,264	376	727
<b>Total Liabilities</b>	<b>4,414</b>	<b>6,414</b>	<b>4,517</b>	<b>5,264</b>	<b>376</b>	<b>727</b>
<b>CASH FLOWS</b>						
Net Cash Provided By / (Used In)						
Operating Activities	216	4,471	8,423	7,805	(260)	665
Net Cash Used In Investing Activities	2,974	(7,600)	(4,777)	(9,464)	108	(1,476)
Net Cash Provided By / (Used In)						
Financing Activities				2,529		
<b>Net Increase (Decrease) in Cash</b>	<b>3,190</b>	<b>(3,129)</b>	<b>3,646</b>	<b>870</b>	<b>(152)</b>	<b>(811)</b>

# FINANCIAL STATEMENTS

Retail Sub-Total (\$'000)		Wholesale Total (\$'000)		Eliminations Total (\$'000)		Total (\$'000)	
2003/04	2002/03	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
43,806	41,388	664	431			44,470	41,819
-	-	1,287	1,465	(1,287)	(1,465)	-	-
2,862	3,715	169	62			3,031	3,777
<b>46,668</b>	<b>45,103</b>	<b>2,120</b>	<b>1,958</b>	<b>(1,287)</b>	<b>(1,465)</b>	<b>47,501</b>	<b>45,596</b>

38,809	37,627	1,699	1,752			40,508	39,379
1,287	1,465			(1,287)	(1,465)	-	-
7,409	7,284	258	215			7,667	7,499
-	569		189			-	758
<b>47,505</b>	<b>46,945</b>	<b>1,957</b>	<b>2,156</b>	<b>(1,287)</b>	<b>(1,465)</b>	<b>48,175</b>	<b>47,636</b>

<b>(837)</b>	<b>(1,842)</b>	<b>163</b>	<b>(198)</b>			<b>(674)</b>	<b>(2,040)</b>
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Retail Sub-Total (\$'000)		Wholesale Total (\$'000)		Total (\$'000)	
2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
45,537	59,986	344	453	45,881	60,439
479,716	475,713	109,761	102,332	589,477	578,045
13,541	7,031	(953)	6,690	12,588	13,721
<b>538,794</b>	<b>542,730</b>	<b>109,152</b>	<b>109,475</b>	<b>647,946</b>	<b>652,205</b>

9,307	12,405	140	627	9,447	13,032
<b>9,307</b>	<b>12,405</b>	<b>140</b>	<b>627</b>	<b>9,447</b>	<b>13,032</b>

8,379	12,941	1,243	1,005	9,622	13,946
(1,695)	(18,540)	(8,886)	2,077	(10,581)	(16,463)

-	2,529				2,529
<b>6,684</b>	<b>(3,070)</b>	<b>(7,643)</b>	<b>3,082</b>	<b>(959)</b>	<b>12</b>

# FINANCIAL STATEMENTS

## 17. FINANCIAL INSTRUMENTS

### 17 (a) Terms, Conditions and Accounting Policies

Coliban Water's accounting policies including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<b>FINANCIAL ASSETS</b>			
Cash at Bank	1 (iv)	Cash at Bank is carried at the principal amount. Interest received/receivable on any bank balance is recognised in the statement of financial performance as the interest is earned.	Interest is earned daily based on the credit balance of the bank account at the end of each day.
Current Receivables - Rates & Charges	11	Rates & Charges Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.	Credit is allowed for a 28 day term.
Current Receivables - Other	11	Other Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.	Credit is allowed for a 30 day term.
Non Current Receivables	11	Non Current Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.	For deferred receivables resulting from amounts owing by customers under the Government sewerage scheme initiative, credit is allowed for various terms up to a maximum period of twenty years. Instalments are made quarterly. For all other deferred receivables, credit is allowed for various terms up to a maximum period of ten years. Instalments are made quarterly and interest is charged over the term of the credit at varying interest rates.
Current Investments	1 (v), 12	Short Term Fixed Interest Bearing Bonds and Deposits are carried at their principal amounts. Interest is recognised in the statement of financial performance when it is earned.	Short Term Fixed Interest Bearing Bonds and Deposits have an average maturity of 335 days and effective interest rates between 5.06% and 6.02%.
Unlisted Shares	12	20,000 Shares in Bendigo Telco Limited are carried at cost	
<b>FINANCIAL LIABILITIES</b>			
Payables		Payables are recognised for future amounts to be paid in respect of goods and services received, whether or not they are billed as at year end.	Settlement of payables is normally effected within a 30 day term.

# FINANCIAL STATEMENTS

## 17. FINANCIAL INSTRUMENTS (continued)

### 17 (b) (i) Interest Rate Risk

Financial Instruments	Floating Interest Rate (\$'000)	Fixed Interest maturing in:			Non Interest bearing (\$'000)	Total Carrying Amount per Statement of Financial Position		Weighted Average Effective Interest Rate	
		Less than 1 year (\$'000)	1 to 5 yrs (\$'000)	> 5 yrs (\$'000)		2003/04 (\$'000)	2002/03 (\$'000)	2003/04 (\$'000)	2002/03 (\$'000)
<b>FINANCIAL ASSETS</b>									
Cash at Bank	560					560	1,519	4.56%	4.25%
Current Receivables - Rates & Charges					3,856	3,856	2,887	N/A	N/A
Current Receivables - Other					2,237	2,237	2,466	N/A	N/A
Accrued Revenue					3,542	3,542	4,292	N/A	N/A
Non Current Receivables		15	60	71	2,064	2,210	2,059	6.45%	6.7%
Short Term Investments	2,015	43,846				45,861	60,419	5.65%	4.9%
Unlisted Shares					20	20	20	N/A	N/A
<b>Total Financial Assets</b>	<b>2,575</b>	<b>43,861</b>	<b>60</b>	<b>71</b>	<b>11,719</b>	<b>58,286</b>	<b>73,662</b>		
<b>FINANCIAL LIABILITIES</b>									
Payables					8,027	8,027	11,613	N/A	N/A
<b>Net Financial Assets / (Liabilities)</b>	<b>2,575</b>	<b>43,861</b>	<b>60</b>	<b>71</b>	<b>3,692</b>	<b>50,259</b>	<b>62,049</b>		

### 17 (b) (ii) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of Coliban Water which have been recognised on the statement of financial position is the carrying amount net of any provision for doubtful debts.

Coliban Water minimises concentrations of credit risk by undertaking transactions with a large number of customers. Coliban Water is therefore not materially exposed to any individual customer.

# FINANCIAL STATEMENTS

## 17. FINANCIAL INSTRUMENTS (continued)

### 17 (c) Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

Financial Instruments	Total Carrying Amount per Statement of Financial Position		Aggregate Net Fair Values	
	2003/04 \$'000	2002/03 \$'000	2003/04 \$'000	2002/03 \$'000
<b>FINANCIAL ASSETS</b>				
Cash at Bank	560	1,519	560	1,519
Current Receivables - Rates & Charges	3,856	2,887	3,856	2,887
Current Receivables - Other	2,237	2,466	2,237	2,466
Accrued Revenue	3,542	4,292	3,542	4,292
Non Current Receivables	2,210	2,059	2,210	2,059
Short Term Investments	45,861	60,419	45,861	60,419
Unlisted Shares	20	20	20	20
<b>Total Financial Assets</b>	<b>58,286</b>	<b>73,662</b>	<b>58,286</b>	<b>73,662</b>
<b>FINANCIAL LIABILITIES</b>				
Payables	8,027	11,613	8,027	11,613
Total Financial Liabilities	8,027	11,613	8,027	11,613
<b>Net Financial Assets / (Liabilities)</b>	<b>50,259</b>	<b>62,049</b>	<b>50,259</b>	<b>62,049</b>

**The following methods and assumptions are used to determine the net fair values of Financial Assets and Financial Liabilities:**

Cash and short term investments:	These financial instruments have a short term to maturity. Accordingly it is considered that carrying amounts reflect fair values.
Receivables and Payables:	Carrying amounts reflect fair values.

# FINANCIAL STATEMENTS

## 18. Asset Revaluation Reserve

### Reconciliation of movements in Asset Revaluation Reserve

	2003/04 (\$'000)	2002/03 (\$'000)
<b>Opening balance at beginning of year</b>	<b>429,694</b>	<b>421,898</b>
<b>OPENING BALANCE ADJUSTMENTS</b>		
Land Assets		7,874
Buildings Assets		(78)
<b>Closing balance at end of year</b>	<b>429,694</b>	<b>429,694</b>

## 19. Reconciliation of Net Result from Ordinary Activities with Net Cash Provided by Operating Activities

	2003/04 (\$'000)	2002/03 (\$'000)
<b>Net Result from Ordinary Activities</b>	<b>(674)</b>	<b>(2,040)</b>
Plus: Depreciation	12,677	12,592
Less: Non Cash Capital Contributions	(2,524)	(1,768)
(Increase)/Decrease in Receivables	(141)	475
(Increase)/Decrease in Prepayments	315	(128)
Increase/(Decrease) in Payables	(323)	3,927
Increase/(Decrease) in Provisions	1	77
Asset Write Offs	291	811
<b>Net cash provided by Operating Activities</b>	<b>9,622</b>	<b>13,946</b>

## 20. Commitments

### (i) Capital Expenditure Commitments

The value of capital expenditure commitments outstanding as at 30 June 2004 totalled \$4.6 million (\$22.3 million - 30 June 2003). All capital expenditure commitments are due and payable within 12 months.

### (ii) Operating Expenditure Commitments

The value of operating expenditure commitments as at 30 June 2004 totalled \$109.5 million (30 June 2003 - \$118.4 million). This amount represents a ten year contract for services to be provided to Coliban Water to support the delivery of its outputs. Operating expenditure commitments are due and payable as follows:

	2003/04 (\$'000)	2002/2003 (\$'000)
<b>OPERATING EXPENDITURE COMMITMENTS</b>		
Not later than one year	11,760	11,607
Later than one year and not later than five years	47,917	46,399
Later than five years	49,815	60,422
<b>Total Operating Expenditure Commitments</b>	<b>109,492</b>	<b>118,428</b>

# FINANCIAL STATEMENTS

## 21. Leasing Commitments

Coliban Water does not have any Finance Lease commitments as at 30 June 2004 (30 June 2003 – nil).

### (i) Operating Lease on Head Office Building

Coliban Water signed an Operating Lease agreement on 20 September 2000 for lease of the Coliban Water Head Office building at Bridge Street Bendigo. The operating lease is for a period of twenty (20) years commencing 1 September 2000. Lease payments for the period 1 September 2000 to 31 October 2002 were nil. Total lease payments over the remaining period of the lease are expected to be \$2 million.

	2003/04 (\$'000)	2002/03 (\$'000)
<b>OPERATING LEASE EXPENDITURE COMMITMENTS</b>		
Not later than one year	102	96
Later than one year and not later than five years	436	411
Later than five years	1,471	1,531
<b>Total Operating Lease Expenditure Commitments</b>	<b>2,009</b>	<b>2,038</b>

### (ii) Operating Leases on Motor Vehicles

Coliban Water also has a number of Cancellable Operating Leases for the lease of motor vehicles. Operating Lease rentals of \$138,291 (\$164,416 – 2002/03) have been included in the determination of the operating result for the accounting period.

## 22. Contingent Liabilities & Contingent Assets

There were no material contingent liabilities or contingent assets at 30 June 2004. In 2003 a contingent liability was noted and an amount of \$400,000 was identified as the potential liability.

## 23. Financing Facilities

The bank overdraft limit of Coliban Water is \$400,000. This facility is subject to annual review and at 30 June 2004 the amount of unused credit was \$400,000 (2003 - \$400,000).

The bank overdraft is secured by way of mortgage over the revenue of Coliban Water.

## 24. State Government Dividend

The Public Authorities (Dividends) Regulations 1993 prescribed every authority within the meaning of the Water Act 1989 as a Public Authority for the purposes of the Public Authorities (Dividends) Act 1983.

Pursuant to section 4 and 5 of the Public Authorities (Dividends) Act 1983, the Treasurer determined on 23 February 2004 that the dividend payable by Coliban Region Water Authority during the year ended 30 June 2004, to be \$nil (\$nil – year ended 30 June 2003) given the net result from operating activities for 2002/2003.

# FINANCIAL STATEMENTS

## 25. Related Party Information

- (A) The names of persons, who were Responsible Persons of Coliban Region Water Authority, as prescribed by the Financial Management Act 1994, at any time during the financial year are:

Mr G J McKern - Director

Mrs P K Cotton - Director

Mr K Rowland - Director

Mr N Harvey – Director

Mr F Reid – Director

Ms J Dawson – Director

Ms S McGuinness – Director

Mr G Michell - Chief Executive

- (B) The Hon John Thwaites MP was Minister for Water from 1 July 2003 to 30 June 2004.

No related party transactions occurred between Coliban Water and the Minister during the reporting period.

- (C) During the financial year ended 30 June 2004, the following related party transactions that were based on normal terms and conditions and conducted on an arms length basis occurred:

- (i) Ms J Dawson is a Director of Bendigo Bank Ltd. Coliban Water had funds invested with Bendigo Bank Ltd during the financial year and received interest on those funds of \$742,293. Interest rates applicable to the investments are market rates applicable at the time of investment. Investment balances held by Coliban Water with Bendigo Bank Ltd as at 30 June 2004 totalled \$7,772,000.
- (ii) Mr K Rowland's son is a director of Rowlands Underground Technology Pty Ltd. Coliban Water made payments to Rowlands Underground Technology Pty Ltd to the value of \$31,440 (includes GST) during the reporting period. A total of \$5,753 was paid under two contracts for the construction of two water mains at Echuca. A further \$25,687 was paid under a contract for the construction of a water main at Gunbower. The contracts were offered and awarded by a tender process conducted under normal commercial terms and conditions.
- (iii) Other than normal water and wastewater services that are levied on normal commercial terms no other related party transactions occurred between the Directors and their related parties and Coliban Water during the reporting period.

## 26. Remuneration of Responsible Persons and Executives

Remuneration received by the Minister is reported in the annual report of the Department of Premier and Cabinet. Total remuneration received, or due and receivable, during 2003/04 by Responsible Persons, excluding the Chief Executive whose remuneration is disclosed under executive officers' remuneration, from Coliban Region Water Authority in connection with the management of Coliban Region Water Authority was \$183,150 (\$183,150 – 2002/03).

The number of Responsible Persons whose remuneration for the year ended 30 June 2004 falls within the following bands are:

Band (\$)	Number of Responsible Persons 2003/04	Number of Responsible Persons 2002/03
0 – 9,999	0	0
10,000 - 19,999	0	0
20,000 – 29,999	6	6
40,000 - 49,999	1	1

The number of Executive Officers whose remuneration for the year ended 30 June 2004 falls within the following bands are:

Band (\$)	Number of Executives 2003/04	Number of Executives 2002/03
110,000 - 119,999	2	2
120,000 – 129,999	1	0
130,000 - 139,999	0	1
140,000 – 149,999	1	0
210,000 – 219,999	1	1

Total remuneration for the reporting period of executive officers included above amounted to \$711,563 (\$579,254 – 2002/03).

## 27. Auditors Remuneration

The fee for auditing the financial statements of Coliban Water for 2003/04 has been set at \$40,200 (\$40,200 – 2002/03) by the Auditor-General. The fee for auditing the performance indicators for 2003/04 has been set at \$3000 (nil-2002/03). No other benefits were received or are receivable by the Auditor General.

The internal audit function of Coliban Water is performed by AFS & Associates Pty Ltd.

# STATUTORY CERTIFICATION

We the undersigned certify that the accompanying financial statements of Coliban Region Water Authority for the year ended 30 June 2004, have been prepared in accordance with the provisions of the Financial Management Act 1994, applicable Statements of Accounting Standards in Australia, other mandatory professional requirements, relevant Directions and Determinations of the Minister for Finance and accounting policy papers released by the Department of Treasury and Finance.

In our opinion, the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements present fairly the financial transactions of Coliban Region Water Authority during 2003/04 and the financial position of Coliban Region Water Authority as at 30 June 2004.

At the date of signing the Financial Statements, we are not aware of any circumstances which would render any particulars included in the statements misleading or inaccurate.

Chairman ..... 

Chief Executive ..... 

Dated ..... 23 September 04



AUDITOR GENERAL  
VICTORIA

**AUDITOR-GENERAL'S REPORT**

**To the Members of the Parliament of Victoria, responsible Ministers and Members of the Board of Coliban Region Water Authority**

**Audit Scope**

The accompanying financial report of Coliban Region Water Authority for the financial year ended 30 June 2004, comprising statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Board as required by the *Audit Act* 1994.


The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the Authority's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of Coliban Region Water Authority as at 30 June 2004 and its financial performance and cash flows for the year then ended.

MELBOURNE  
23 September 2004



J.W. CAMERON  
Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000  
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# YOUR FEEDBACK

The Coliban Water 2003/04 Annual Report has been prepared to provide you with clear and pertinent information on our economic, social and environmental performance. Triple bottom line reporting is a continuous improvement process and we value your feedback on our report. Please take a minute to complete the following questionnaire.

**1. How do you rate the report in providing you with the information you need to assess the performance of Coliban Water?**

- not informative
- informative
- very informative

**2. How do you rate the section on Organisation and Report Profile?**

- did not read
- not informative
- informative
- very informative

**3. How do you rate the section on Governance Structure and Management Systems?**

- did not read
- not informative
- informative
- very informative

**4. How do you rate the section on our Economic Profile?**

- did not read
- not informative
- informative
- very informative

**5. How do you rate the section on our Environmental Profile?**

- did not read
- not informative
- informative
- very informative

**6. How do you rate the section on our Social Profile?**

- did not read
- not informative
- informative
- very informative

**7. What relevant issues do you think were not covered or were not covered sufficiently?**

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**8. How did you find the presentation of information in the text of sections you read?**

- difficult to understand
- mostly clear and understandable
- very clear and easy to understand

**9. How did you find the presentation of information in the tables?**

- difficult to understand
- mostly clear and understandable
- very clear and easy to understand

**10. How did you find the amount of information provided?**

- not enough detail provided
- amount of detail about right
- too detailed

**11. How did you find the length of the report overall?**

- too short
- about right
- too long

**12. What in your opinion could Coliban Water do to improve this report next year?**

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**13. My interest in Coliban Water's Annual Report is as a:**

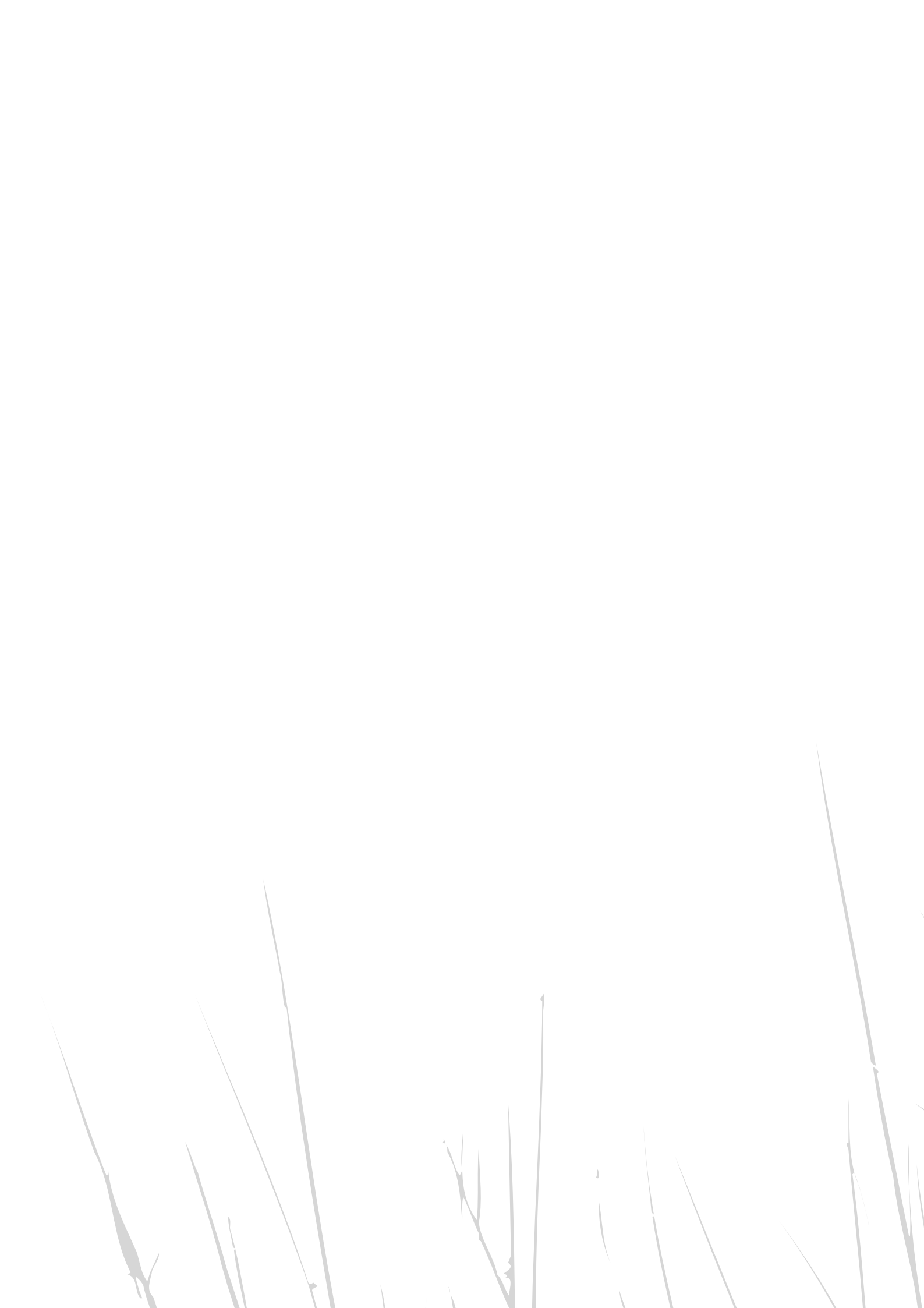
- customer
- employee
- regulatory body
- environmental group
- community group
- other, please specify:

Thank you for your help.

# DISCLOSURE INDEX

The Annual Report of Coliban Water is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
<b>MINISTERIAL DIRECTIONS</b>		
<b>Report of Operations</b>		
<b>Charter and Purpose</b>		
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FRD 22	Compliance with building and maintenance provisions of Building Act 1993 .....	41
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