



Australian Government
**Australian Accounting
Standards Board**

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10 November 2011

Mr Andrew Terracini
Water Accounting Standards Board Officer
Water Accounting Standards Board Office
Bureau of Meteorology
GPO Box 2334
CANBERRA
ACT 2601

Dear Andrew

National Water Accounting Standards Update

Thank you for your letter dated 10 October 2011 enclosing a copy of the Water Accounting Standards Board (WASB) Status Report as of 30 August 2011. We note that a meeting between representatives of the two Boards held on 14 July 2009 agreed that the AASB would be kept informed through receiving Project Status Reports following each WASB meeting. The Australian Accounting Standards Board (AASB) has a continuing interest in the work of your Office.

Yours sincerely,

A handwritten signature in blue ink that reads 'Kevin Stevenson'.

Kevin M. Stevenson
Chairman and CEO

cc Peter Batten



Australian Government
Bureau of Meteorology

AASB 7-8 December 2011
Agenda paper 3.5

Water Accounting Standards Board Office
Bureau of Meteorology
GPO Box 2334, CANBERRA ACT 2601

10 October 2011

Mr Kevin Stevenson
Chair and CEO
Australian Accounting Standards Board
PO Box 204
MELBOURNE VIC 8007

Dear Kevin

National Water Accounting Standards Update

As discussed at the meeting between WASB and AASB, we agreed that WASB would keep you updated on our activities by sending you our project status report.

Accordingly, please find attached the Water Accounting Standards Board (WASB) project status report as at 30 August 2011.

If you would like an electronic copy of this document, or have any queries, please do not hesitate to contact me (details below).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Terracini'.

Andrew Terracini
Water Accounting Standards Board Officer
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14 OCT 2011

Water Accounting Standards Board

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Introduction

The primary activity of WASB is to support the National Water Accounting Development project (NWADp), through the development of Australian Water Accounting Standards (AWAS). WASB Terms of Reference are posted on the WASB website. WASB are supported by the Water Accounting Standards Board Office (WASBO).

1. User Information Requirements (UIR) Study

- 1.1. WADC1 (21 November 2008) agreed that the UIR should be revisited and iteratively developed as the development of water accounting as a discipline progresses
- 1.2. On 28 July 2009, WASB members reviewed and updated the UIR Study and the UIR Summary.
- 1.3. Some minor issues were resolved at WASB4 (18 September 2009) and WASB subsequently approved both documents for public release on the WASB website.

2. Water Accounting Conceptual Framework

- 2.1. WASBO prepared a Water Accounting Conceptual Framework for the Preparation and Presentation of General Purpose Water Accounting Reports (WACF) document for hard copy publication and distribution to key stakeholders. Over 400 copies of the WACF were distributed together with an introduction letter on August 14 2009.
- 2.2. Copies of the WACF as well as individual Statements of Water Accounting Concepts (SWACs) may be downloaded from the WASB website.
- 2.3. Feedback on the WACF will be taken into account in its review, which will take place after feedback is received on the Exposure Draft of Australian Water Accounting Standard 1 (ED AWAS 1): *Preparation and Presentation of General Purpose Water Accounting Reports* and the Exposure Draft of Australian Water Accounting Standard 2 (ED AWAS 2): *Assurance of General Purpose Water Accounting Reports*
- 2.4. **WASB15 (30 August 2011) agreed on the process of the revision steps for the WACF.**

3. Standards

- 3.1. WASB3 (16 June 2009) agreed to the amended Standard Development Process and the proposed timeline following the development of the Preliminary Australian Water Accounting Standard (PAWAS).
- 3.2. WASB3 (16 June 2009) agreed to final changes to the PAWAS and Model Report, before its publication, following exposure to Pilot project representatives. An issues register was established to document all PAWAS, WACF and model report issues and assist with resolutions.

¹ The Water Accounting Development Committee (WADC) transitioned into the Water Accounting Standards Board (WASB) on 17 April 2009.

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- 3.3. WASB3 agreed that WASB focus in relation to water trading should be on trades of water (source, volume, and destination) rather than quantifying the dollar values applicable in financial reporting standards, although it was acknowledged there was some potential for overlap because water trade reports can include financial information.
- 3.4. A combined Preliminary Australian Water Accounting Standard (PAWAS) and Model Report document was published on 16 June 2009 and distributed for comment.
- 3.5. WASB9 (9 June 2010) agreed to the final changes of the content of the ED AWAS 1 and the associated model reports.
- 3.6. WASB11 (7 December 2010) noted the release of ED AWAS 1 and the associated model reports on 29 October 2010, as well as the associated seminars and roundtables.
- 3.7. An issues register has been established to document all ED AWAS 1 issues raised and assist with the resolutions.
- 3.8. WASB14 (14 June 2011) agreed to discuss and approve the adjusted Terms of Reference for the Assurance Steering Committee at an out of session meeting on 24 June 2011.
- 3.9. **WASB15 (30 August 2011) noted the report on the feedback received from the consultation period of ED AWAS 1.**

4. Pilot Program

- 4.1. WADC2 (18 May 2007) agreed the Terms of Reference Framework for Individual Pilot Projects established to test the statements of water accounting concepts and inform the development of the PAWAS. The Pilot Program run in partnership with state jurisdictions with input from a Jurisdictional Reference Panel involved projects in Queensland (Pioneer Valley) NSW (Murrumbidgee Supply System), Victoria (Goulburn-Broken), South Australia (lower River Murray), MDBC and Western Australia (Gascoyne and Gngarra).
- 4.2. Following completion of the Pilot Assessment program in December 2008, WADC9 (20 February 2010) agreed to revised objectives of the pilot program to test and inform on the utility, practicality, and fitness for purpose of the key deliverables of the NWADp. With the launch of the PAWAS WASB4 (18 September 2009) agreed to an extended pilot program to cover gaps in the initial program. The extension Pilot Program included the Minerals Council of Australia (MCA), Hydro Tasmania, Amcor Ltd, Harvey Water, and NT Power and Water.
- 4.3. The NWA Unit (BoM) released the Chart of Accounts for the Methods Pilot for the National Water Account (MPNWA) to the jurisdictional reporting partners on 12 June 2009. With the assistance of WASBO personnel they commenced populating the selected pilot water accounting statements in September 2009.
- 4.4. The extension Pilot Program ran from August 2009 to January 2010. Over this time WASBO staff had several meetings with reporting partners with and held a cross-pilot workshop in January 2010. Outputs from the workshops were included in considerations which influenced the presentation of ED AWAS 1.

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5. Communication and Capacity Building

- 5.1. WASB agreed on a communication strategy at WASB1 including to the content of the WASB web site (see www.bom.gov.au/water/wasb). An abridged version of the Water Accounting Story was developed as a handout to assist with stakeholder communications.
- 5.2. WASB met with representatives of the AASB and AUASB on 14 July 2009 to give them background on the current status of the NWADp and sought clarity on how WASB would interface with their areas of work. It was agreed that AASB and AUASB would be kept informed through receiving Project Status Reports following each WASB meeting.
- 5.3. WASB members held roundtable meetings with water industry stakeholders in July 2009 in six state capitals. 75 stakeholders participated in the meetings run by the Chair and available members of WASB. Overall these meetings were positive and feedback from the two-way interaction was valuable. Participants gained an understanding of the WACF and PAWAS and how they are relevant to their businesses.
- 5.4. WASB agreed that the Current Project Status Report (this report) would be posted on the website following each WASB meeting.
- 5.5. A session on water accounting chaired by WASB, which included four papers were included at the Irrigation Australia Conference in June 2010.
- 5.6. WASB8 (17 May 2010) noted information from a meeting held between members of WASB and the National Water Commission and also a meeting with accounting professionals from CA and CPA to discuss development of the AWAS.
- 5.7. WASB11 (7 December 2010) made a submission on the National Water Commission Biennial Assessment 2011.
- 5.8. WASB11 (7 December 2010) approved the National Water Accounting Development project final report to be provided to the National Water Commission
- 5.9. WASB11 (7 December 2010) provided the WASB Annual Report (period ending 30 June 2010) to the Director of Meteorology
- 5.10. WASB11 (7 December 2010) made a submission to Murray Darling Basin Authority in response to its Guide to the proposed Basin Plan.
- 5.11. WASB12 (8 January 2011) recommended to BoM to publish the document 'Reading GPWAR' on the WASB website.
- 5.12. WASB12 (8 January 2011) agreed the submission of the abstract through BoM 'Analysing GPWAR', to Riversymposium (conference held in Brisbane in September 2011).
- 5.13. WASB12 (8 January 2011) agreed to make a submission to the UN through BoM to be included in the 4th World Water Development Report.
- 5.14. WASB13 (12 April 2011) noted the feedback on ED AWAS 1 and its potential adoption by DSE.
- 5.15. WASB14 (14 June 2011) noted the presentation made at VicWater Finance Issues Workshop and RMIT Accounting for Sustainability Conference.

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- 5.16. *WASB15 (30 August 2011) noted the publication of the International Water Accounting: Current practice and potential development paper on the WASB website and agreed to revise.*

6. Institutional Arrangements

- 6.1. The WADC Sub Committee report recommendations on institutional arrangements were considered by the Contact Group on Water Information, as part of their formulation of recommendations to the CoAG Water Sub-Group (WSG) for accelerating water accounting. The contact group's recommendations, which included: (i) the establishment of a National Water Account Committee (NWAC) to oversee the preparation of a roadmap and the production of the National Water Account; and (ii) the reconstitution of WADC as the Water Accounting Standards Board (WASB) to advise BoM and NWAC on accounting standard matters, were endorsed (October 2008).
- 6.2. WASB3 agreed that determining the Institutional Arrangements for water accounting were outside the scope of WASB but developing a proposal was consistent with the terms of reference of the NWADp. Changes to the document were agreed at WASB4 (18 September 2009). WASB6 noted that discussions on institutional arrangements would be held with the then Department of Environment Water Heritage and the Arts² (DEWHA) before further consideration would be given to making the institutional arrangements paper available on the website.
- 6.3. WASB provided feedback on the WASB Terms of Reference, including a process for the future membership of the WASB.
- 6.4. WASB12 (8 January 2011) agreed to reconvene the group that produced the Institutional Arrangements for Water Accounting Standards Development and Setting to update the document in lieu of changes to the governance of water accounting since the document was produced.
- 6.5. WASB14 (14 June 2010) agreed to consider the consultation paper of 'A Proposal for Institutional Arrangements for Water Accounting in Australia' out of session with a final date for comments on 25 July.

7. Assurance Framework

- 7.1. A scoping workshop on assurance was held in January 2010. The workshop involved invited external participants to consider assurance of general purpose water accounting reports.
- 7.2. WASB6 (19 February 2010) considered a report on the development of the Australian Water Assurance Standard (AWAS 2).
- 7.3. At WASB8 (17 May 2010) WASB met with AUASB Chair, Merran Kelsall, Executive Director, Richard Mifsud and Senior Project Officer Patricia Wales, to discuss common interests and future cooperation in developing the AWAS 2.

² The Department of Environment Water Heritage and the Arts has been reconstituted as the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC)

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- 7.4. WASB11 (7 December 2010) agreed to the project plan for the development of AWAS 2 assurance of GPWARs.
- 7.5. WASB12 (8 January 2011) noted the proposed arrangements for the first Steering Committee and Project Advisory Group, and the progress that has been made on developing a consultation paper for the development of assurance of general purpose water accounting reports
- 7.6. WASB13 (12 April 2011) noted the status of the NWA 'walkthrough' process and the development of the assurance of GPWARs 'consultation paper'

8. Effects Analysis

- 8.1. WASB12 (8 January 2011) agreed to the use of external organisations to support the CBA; and agreed to use the jurisdictional contacts and other pilot project organisations as a foundation to develop the case studies
- 8.2. WASB13 (12 April 2011) noted the progress on this project, including the change of name to 'Effects Analysis' project to reflect that a broader range of analysis is required beyond the conventional cost benefit analysis.

9. Planning

- 9.1. A workplan to transition from the PAWAS to a Draft Exposure of the AWAS by the end of June 2010 was agreed at WASB3 (16 June 2009).
- 9.2. WASB5 (7 December 2009) updated its workplan and also agreed to map out a longer term strategic plan for the development of water accounting beyond the June 2010 completion of the National Water Accounting Development project. WASB6 (19 February 2010) discussed and provided input to the first draft of this plan.
- 9.3. WASB7 (30 March 2010) agreed to a Strategic Plan for further development of water accounting beyond June 2010 as a 2 year Australian Water Accounting Standards Implementation and Adoption project for consideration by the Director of Meteorology and DEWHA.
- 9.4. WASB14 (14 June 2011) agreed to appoint a new WASB member to replace Tom Vanderbyl. WASB further agreed that the new member will be sourced via an Open Tender approach.

