



**ANNUAL  
REPORT  
2010/11**



# G-MW Profile

Goulburn-Murray Rural Water Corporation [trading as Goulburn-Murray Water (G-MW or the Corporation)] is a statutory Corporation constituted by Ministerial order under the provisions of the *Water Act* 1989 (the Act).

During the reporting period, the responsible Ministers were the Hon. Tim Holding, MP, Minister for Water (the Minister) from 1 July 2010 to 2 December 2010 and the Hon. Peter Walsh, MP, Minister for Water from 2 December 2010 to 30 June 2011. The Corporation is the Resource Manager for northern Victorian water systems.

G-MW has functions and powers under the *Water Act* 1989 to provide, manage and operate an irrigation district (section 221), a water district (section 163) and a waterway management district (section 189).

G-MW manages water-related services in a region of 68,000 square kilometres, bordered by the Great Dividing Range in the south and the River Murray in the north and stretching from Corryong in the east downriver to Nyah. G-MW also operates salinity mitigation works on the Murray downstream of Nyah, manages Mildura Weir, delivers bulk water to supply points outside its region and is the Victorian Constructing Authority for the Murray-Darling Basin Authority.

G-MW is the Victorian Resource Manager appointed by the Minister for Water and has been given responsibility for making the seasonal determination for all Victorian Murray entitlement holders. In this role G-MW works closely with the Murray-Darling Basin Authority.

The Murray-Darling Basin Authority determines the volumes of water available and makes bulk water allocations to each of the Murray system states in accordance with the interstate sharing arrangements in the Murray-Darling Basin Agreement and also subject to the modifications agreed by the Council of Australian Governments (COAG). G-MW is a partner in the Victorian Water Register; using it to manage more than \$4 billion of water entitlements and trade.

During the year the operations of the Corporation were divided into several Groups, with each being controlled by a General Manager who reports to the Managing Director and through him to the Board. This Report has been structured according to the organisational chart in place as at July 2010.

## G-MW customers

### Water Customers\*

<b>Gravity Irrigation (channels)</b>	<b>14,390</b>
Shepparton	
Central Goulburn	
Rochester Campaspe	
Loddon Valley	
Murray Valley	
Torrumbarry	

<b>Pumped Irrigation Systems</b>	<b>680</b>
Nyah	
Tresco	
Woorinen	

<b>Regulated Surface Water Diversions</b>	<b>3,668</b>
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<b>Unregulated Surface Water Diversions</b>	<b>7,511</b>
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<b>Groundwater</b>	<b>7,818</b>
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<b>Domestic and Stock (D&amp;S) Supply</b>	<b>1,261</b>
Tungamah	
Normanville	
East Loddon	
West Loddon	

<b>Flood Protection</b>	<b>120</b>
Loch Garry	

<b>Non-water Users</b>	<b>1,051</b>
Customers with water shares not associated with a water use licence or registration	
Bulk water supply to urban and rural water corporations	<b>6</b>

### Commercial Operators

Agricultural, Tourism and Recreational leases and licences	<b>812</b>
Houseboat licences	<b>716</b>
Hydroelectric companies	<b>2</b>
Plantation Operators	<b>1</b>

\*G-MW's customer base is determined by the number of serviced properties. An individual or organisation may have more than one serviced property or may access more than one service type, for example, a customer may access surface water and groundwater.

**Front cover photos** (left to right): Joe Vraca, tomato grower; with G-MW's David Currie; Cairn Curran spillway operating in flood; G-MW's Myra Pieterse.

**Back cover photos** (left to right): Modernised irrigation channel; Phil Planting from Pickworths Orchard with G-MW's Mark Giansiracusa; Werner Lang, dairy farmer; with G-MW's Dean Ladgrove.

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Goulburn-Murray Water is referred to as G-MW throughout this report.

# Annual Report 2010/11

## Our Vision

To be Australia's leading rural water service provider

## Our Mission

To provide efficient and effective water services to all customers

## Our Values

Human safety, customer service, sustainability of the environment, business and community, cooperation, openness, integrity, respect and pride

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# Year at a Glance 2010/11

## July 10

- Customers started the 2010/11 irrigation season with the highest-ever levels of carryover water (582,000 ML), due to late season increase in allocations and improved carryover rules on some systems.
  - G-MW's FutureFlow Alliance won a prestigious Award for Project Innovation from the International Water Association.
  - 877 applications received for the 2010/11 water share ballot. Application to trade water shares out of irrigation areas down 30% on the previous year.
  - Minister approved changes to management of groundwater in the Upper Loddon and Campaspe areas, forming the new Loddon Highlands Water Supply Protection Area and the new Lower Campaspe Valley Water Supply Protection Area to operate from 1 August, 2010. Under the changes, the Spring Hill Groundwater Supply Protection Area, the Upper Loddon Water Supply Protection Area and the Campaspe Deep Lead Groundwater Supply Protection Area were abolished.
  - Victorian Mid-Murray Storages benefited from higher flows in the Murray River due to rainfall, providing an opportunity to harvest water into Kow Swamp, Lake Charm, Lake Boga and Kangaroo Lake.
  - 70% allocation announced for the Katunga Deep Lead groundwater area, the maximum possible, under the Groundwater Management Plan.
  - Lands of the former Lake Mokoan transferred to the Winton Wetland Committee of Management, the organisation created to restore the wetlands which originally occupied the site.
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## August 10

- G-MW announced allocations in all regulated systems for the first time since the 2001/02 season.
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## September 10

- After significant rainfall across the region, many storages were filling and flooding occurred in the Loddon and Campaspe regions.
  - G-MW announced the merger of the Campaspe Irrigation District with the Goulburn-Murray Irrigation District. This merger, completed in October, enabled completion of NVIRP's program to decommission the Campaspe Irrigation District and allow a number of existing Campaspe District irrigators to move to alternative supply arrangements sourced from the Goulburn system.
  - G-MW employee Andrew Cooper won the 2010 Young Victorian Water Industry Operator of the Year Award.
  - In accordance with operating rules Loch Garry flood protection regulator was activated - for the first time since 1993. The manually operated structure is 100 metres long and provides minor to moderate flood protection to 140 customers in the Bunbartha area.
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## October 10

- Blue-green algae made an earlier than normal appearance due to the recent floods.
  - G-MW Dam Levels Daily Update e-newsletter launched to provide dam level information.
  - In partnership with DPI and local communities, G-MW commenced locust control spraying on G-MW Land. Over 500 ha was treated across all irrigation areas.
  - G-MW introduced SMS text messages to provide speedy communication to customers on water allocations.
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## November 10

- The Pyramid-Boort Irrigation Area became the Loddon Valley Irrigation Area, and the Pyramid-Boort Customer Reference Group transitioned to become the Loddon Valley Irrigation Area Water Services Committee.
  - As a result of flooding rains, high-reliability water shares reached 100% in all systems for the first time since 2001/02.
  - A G-MW project to install Australia's largest-ever structural liner, rehabilitating an irrigation siphon, won a Project of the Year Award. The Award was from the Australasian Society for Trenchless Technology, a not-for-profit organisation that promotes the science and practice of trenchless technology for the public benefit.
  - Goulburn Weir's \$3.35 million upgrade was completed.
  - G-MW engaged PriceWaterhouseCoopers to undertake a financial review of the business.
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## December 10

- G-MW activated Loch Garry Flood Protection alerts, as the Goulburn River at Shepparton was predicted to rise above 10.36 metres.
  - Community consultation underway for Lake Nillahcootie and Waranga Basin Land and On-Water Management Plans. The Plans focus on what people value and enjoy about using water storages and encourage community involvement and possible solutions to help share the lakes' future.
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## January 11

- The 3-year, \$8 million Mildura Merbein Salt Interception Scheme project was approved to commence.
  - Residents and visitors consulted as part of the Waranga Basin Land and On-Water Management Plan.
  - G-MW dams at Eppalock and Cairn Curran experienced record floods and routed the floodwaters as part of their standard operations.
  - While the dams were unharmed, floods at Laanecoorie Reservoir and Lake Eppalock caused damage to G-MW recreation areas below the spillways at both sites, which required their temporary closure to all visitors.
  - The floods were the first time G-MW's new Incident Coordination Room was operational.
  - MDBA helped G-MW to mitigate flood flows by providing air space in Lake Tutchevop. With this extra capacity, G-MW diverted water from its storages in the Kerang area to prepare for more flood inflows.
  - G-MW offered assistance to flood-affected customers with outstanding accounts for 2010/11 through alternative payment arrangements and extended payment due dates.
  - To assist flood-affected customers, G-MW ran advertisements in local media to provide information on channel operations, replacing information statements and records and accessing further assistance and information. The advertisements were based on the common questions fielded by G-MW's call centres.
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## February 11

- G-MW launched a dedicated flood recovery information web page alongside its existing media, advertising and call centre communications.
  - Rapid progress was achieved in restoring the operations of the channel network in the flood-affected regions of Rochester, Loddon and Torrumbarry.
  - G-MW warned customers and communities in flood-affected areas that ongoing warm weather was likely to exacerbate water quality problems in flood waters, and areas affected by flood waters, such as lakes, wetlands and rivers.
  - G-MW announced a recent improvement in water quality in the Torgannah Lagoon following a decline in the levels of blue-green algae.
  - G-MW Managing Director David Stewart departed after 15 years. Shane McGrath appointed as Acting Managing Director.
  - G-MW took its Water Wheels Information Van to flood affected customers in the Loddon area to provide an opportunity to talk with G-MW staff about flood-related issues.
  - G-MW released its first outlook for 2011/12 seasonal allocations. Inflows to the storages across northern Victoria in the 2010/11 season were the highest in over a decade.
  - Allocations in all systems reached 100% of high-reliability water shares (HRWS) for the first time since the 2001/02 season.
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## March 11

- G-MW Board resigned. An interim Board was appointed by the Minister for Water.
  - G-MW launched a new SMS service to alert customers of scheduled irrigation start and finish times.
  - Loddon Highlands Water Supply Protection Area (WSPA) and the Lower Campaspe Valley WSPA Groundwater Consultative Committees undertake tours of the region.
  - The Upper Ovens River WSPA Consultative Committee sought community comment on its groundbreaking Water Management Plan – the first to incorporate both groundwater and surface water resources in the same Plan.
  - G-MW's Central Murray Operations Manager Daniel Irwin travelled to the United States to study a Californian Water District after receiving the Sampson Leadership Scholarship.
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# Year at a Glance ... continued

## April 11

- Customer meetings to provide information on carryover and spillable water accounts were held across the G-MW region throughout April.
  - Customers received a full copy of G-MW's 2010/11 pricing schedule in accordance with ACCC requirements.
  - Goulburn, Campaspe and Murray Carryover and Spillable Water Account Simulator launched to help customers understand carryover.
  - Irrigators and members of the community were invited to public information sessions to share their views on the Upper Ovens River Draft Water Management Plan.
  - New bores installed in the Katunga Water Supply Protection Area, as recommended in the Katunga Groundwater Management Plan, to improve understanding of deep groundwater in the eastern Murray Valley.
  - G-MW installed new groundwater monitoring bores in the Mid Loddon Groundwater Management Area. The new bores were drilled in target regions considered important to improving current understanding of groundwater resources in the Mid Loddon GMA. Bores were installed between Serpentine and Dingee, near Carisbrook and close to existing gauging stations along the Loddon River.
  - Irrigators and rural water users across G-MW service region were invited to nominate to join G-MW's local Water Services Committees.
  - Public invited to comment on the draft Lake Boga Land and On-Water Management Plan.
  - The Minister for Water suspended trading of water allocation out of the Goulburn, Campaspe and Loddon systems to minimise negative impacts on Murray entitlement holders due to unusual seasonal conditions.
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## May 11

- After two years of planning, community consultation and input, the \$14.3 million East Loddon Pipeline Project commenced. The Project will provide an efficient year round water supply for 120 customers in the surrounding area of Serpentine and Jarklin. The project is a joint initiative between NVIRP, Coliban Water, Regional Development Victoria and G-MW.
  - G-MW's Murray Valley Water Services Committee celebrated its 200th meeting milestone.
  - Katunga Water Supply Protection Area customers invited to provide feedback on how groundwater is managed in the Katunga Water Supply Protection Area.
  - G-MW updated the outlook for 2011/12 seasonal allocations. Outlooks released were the most favorable for several years due in part to the reserves set aside this year.
  - G-MW scheduled maintenance on the Little Murray Weir for winter – to replace deteriorated bar guides and remove debris lodged around the Weir during the floods.
  - G-MW undertook drilling and installation of new monitoring bores in Alexandra and surrounding region. The works were funded by and are part of the DSE State Observation Bore Network Refurbishment Project.
  - Water Minister Peter Walsh announced a new Board had been appointed for G-MW.
  - G-MW confirmed approval to increase its borrowings to meet approved obligations for the 2010/11 financial year.
  - 2011/12 price list submitted for approval by Essential Services Commission.
  - Annual Golf and Bowls Charity Day raises funds for flood affected communities.
- 

## June 11

- Loddon, Broken and Bullarook Carryover Simulator launched on the G-MW website. The simulator helped customers to understand common carryover questions.
  - Public invited to comment on the draft Waranga Basin Land and On-Water Management Plan.
  - Annual photography competition launched to coincide with World Environment Day.
  - The annual customer satisfaction survey commenced.
  - All positions for the Loddon Valley Water Services Committee were declared vacant. Loddon Valley Irrigation Area customers were invited to nominate for positions.
  - G-MW published its 2011/12 price list detailing nearly 400 prices for groundwater, unregulated and regulated river diversions, pumped irrigation, channel delivery, drainage and water district services.
  - G-MW commenced releasing water from Lake Eildon making the first-ever spill of carryover. The storage was at its highest level in over 15 years.
  - Management responsibility for the section of decommissioned channel from Benalla to the Winton Wetland was transferred from G-MW to the Benalla Rural City.
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# Joint Report by Chairman and by Acting Managing Director

The past year has been one of challenges and opportunities – for G-MW and for the many customers and communities G-MW serves across northern Victoria.

## **Water Resources**

From the beginning of the 2010/11 year surface and groundwater resources across G-MW's region improved rapidly and seasonal allocations on all regulated river systems reached 100% of high-reliability water shares for the first time in eight years. Resource improvements on Loddon, Campaspe, Bullarook and Broken systems enabled the first low-reliability water share allocations since the introduction of unbundling in 2007.

Regular rainfall across the season greatly reduced customer demand and G-MW's 2010/11 water deliveries are the lowest ever recorded – lower than those recorded during any of the preceding 15 years of drought. Increased water availability also contributed to a reduced water trade activity, with G-MW processing 3,205 transactions for the season – down almost 60% on the previous season. G-MW responded by maintaining field staff numbers at drought-operation levels and by scaling back staff resources required to process water trade and entitlement transactions.

G-MW anticipated the increased allocations and low water use would result in large volumes of water eligible for carryover at the end of the 2010/11 season and would trigger spillable water accounts for the first time for many customers on the Goulburn, Campaspe and Murray systems. G-MW responded with an expanded customer meeting program during April along with innovative online tools and information resources that were well received by customers.

## **Flood Recovery**

During 2010/11 all of G-MW's regulated river catchments experienced flooding with inflow rates peaking in January – well outside the traditional spring peak inflow period. Inflows into Eppalock and Cairn Curran were at least 10 times previous January records. As a result the regions' improved water resources have come at a price for many of our customers and communities across northern Victoria. G-MW continues to work with customers and communities to assist their recovery.

The floods were the first events of this magnitude experienced since G-MW was formed. Flood response responsibilities are shared between several agencies including Victorian State Emergency Service (VICSES), Catchment Management Authorities and Local Governments. During the event regular storage inflow and release information was provided to the Bureau of Meteorology and VICSES to aid the issuing of timely downstream flood warnings. In the weeks following the flood peak G-MW provided more than 6,000 G-MW staff hours and over 40 pieces of significant construction plant and equipment to the State Emergency Service and Catchment Management Authority in support of emergency response activities.

G-MW's operational response recognised that while some customers' properties were inundated, customers further along the same channel network were continuing to place orders for water deliveries. Innovative solutions including online maps, regular newspaper updates and regular communication with customers to confirm or adjust their water orders assisted customers during this difficult period. G-MW also extended account payment deadlines for flood affected customers in addition to G-MW's existing financial hardship policy.

In the weeks immediately following the January floods G-MW reviewed the operations and performance of the storages and confirmed that staff operated the storages in accordance with established procedures. Independent experts are currently reviewing these findings which will be provided to the Minister for Water.

## **Delivering Better Services More Efficiently**

Throughout 2010/11 G-MW continued to deliver services to customers, the community and stakeholders in innovative ways, capitalising on new and more cost-effective technology.

We introduced SMS services to alert customers of allocation updates and to advise their stop and start times for irrigation deliveries.



Use of our Irrigator e-news service continues to grow, Dam Levels emails provide regular storage level updates to subscribers and our e-storage update is delivering regular information about the development of Land and On-Water Management Plans to stakeholders and communities associated with our water storages. Channel automation has also paved the way for around the clock access to irrigation planners. The appointment of our first two Customer Account Managers is providing a new mobile one-to-one service for customers.

### Changing Policy and Operating Environment

The Murray-Darling Basin Authority's (MDBA) ongoing development of its Basin Plan was a major focus for G-MW and our customers during the year. G-MW provided valued technical input and customer insights via submissions, through presentations to inquiries and hearings and through our involvement in tours of the region by MDBA personnel and by other members of Federal Parliament.

G-MW also continued to work in partnership with NVIRP to encourage and facilitate the delivery of modernisation works across the channel delivery network.

NVIRP will complete automation of the 'backbone' channel network over the next 15 months, with its remaining program focused on developing connections between the customers and the backbone, and remediating high loss backbone pools.

Throughout these processes, G-MW has continued to rely on the feedback and insights of its Water Services Committees. The committees are G-MW's primary vehicle for ensuring the concerns and needs of customers are considered in the development of G-MW's policies and operations.

### Improved Governance and Financial Management

Towards the end of 2010, G-MW identified a significant understatement of its borrowings in its 2010/11 Corporate Plan.

The understatement triggered an internal review of the organisation's governance and financial management procedures, and culminated in the resignation of all non-Executive directors in February 2011. The Minister for Water immediately appointed an interim Board to address the governance issues and work with management, the Department of Sustainability and Environment and the Department of Treasury and Finance to resolve the borrowings and other financial issues. The Minister also brought forward the 2011 Board appointment process for G-MW from its traditional September timeline.

G-MW confirmed resolution of the borrowings issue in May and improved financial management and governance processes were implemented prior to the appointment of the new eight member Board in June 2011. The new Board includes two members of the interim Board and the Acting Managing Director.

We acknowledge the significant contribution of the outgoing Board and thank them for their dedicated service over the past years.

### The Future

G-MW's emphasis on ensuring robust and effective business foundations is clearly reflected in the 2011/12 Corporate Plan submitted to the Department of Sustainability and Environment in April 2011. The Corporate Plan sets a clear and positive path for the organisation and the many customers and communities it serves across northern Victoria.

A critical focus for G-MW is the ongoing need to engage with customers to maximise the benefits that will come from the modernisation of our business as well as NVIRP's modernisation of our channel infrastructure and the Commonwealth Government's on-farm modernisation grants programs.

This Annual Report confirms the sound financial and business basis from which we will pursue our objectives. In accordance with the *Financial Management Act 1994*, we are pleased to attest that the G-MW Annual Report is compliant with all statutory report requirements. We are pleased to present the Report of Operations for G-MW for the year ending 30 June 2011.



Llew Vale OAM  
Chairman

A handwritten signature in black ink, appearing to read 'L Vale'.

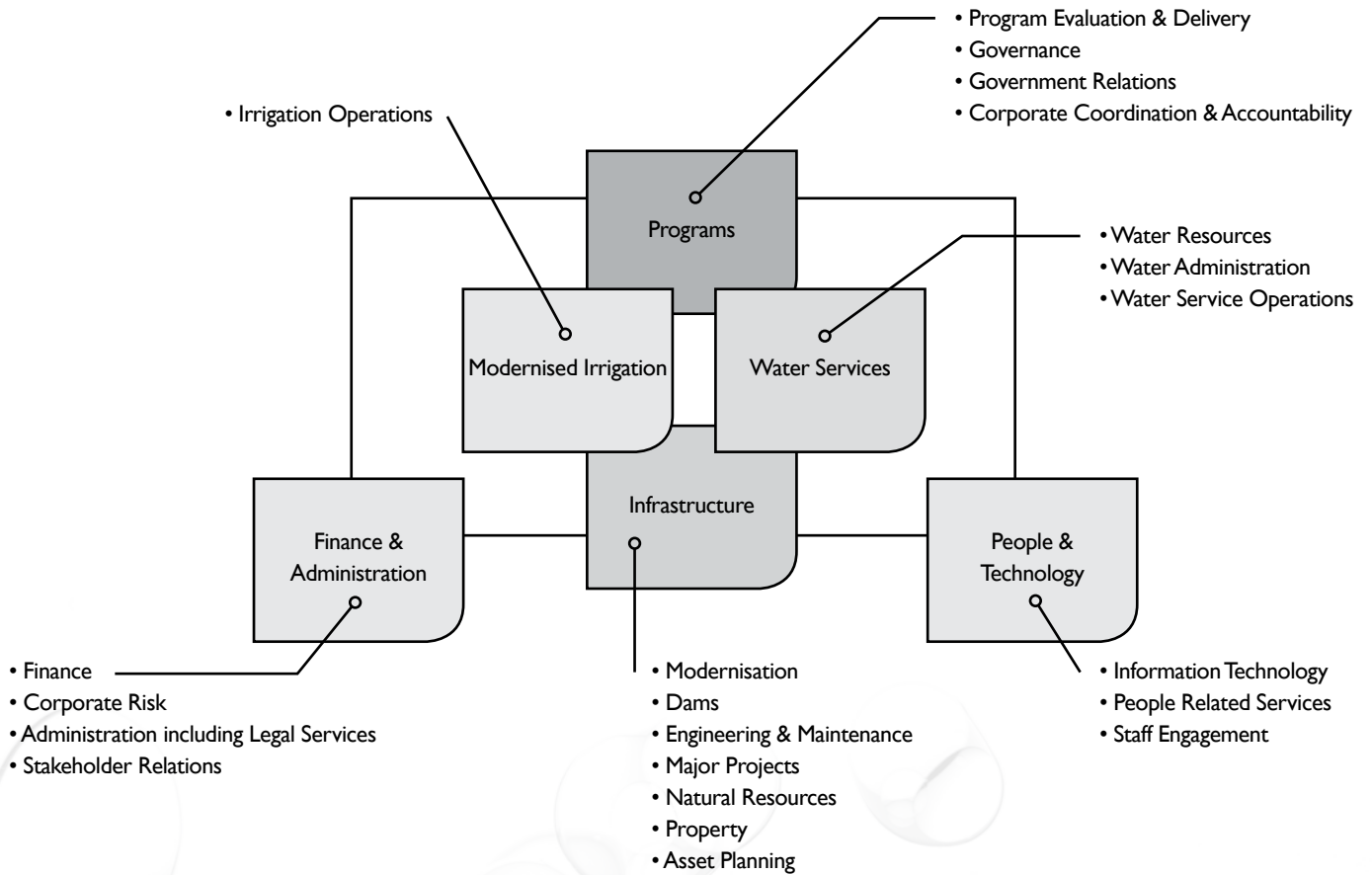
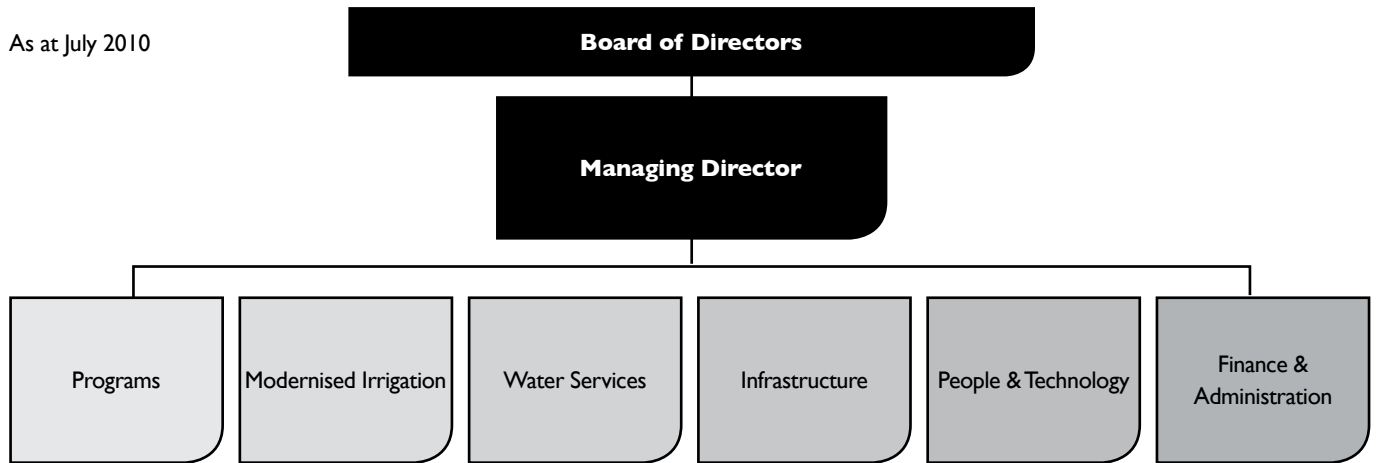


Shane McGrath  
Acting Managing  
Director

A handwritten signature in black ink, appearing to read 'Shane McGrath'.

# Organisational Structure

As at July 2010





## G-MW Directors (L to R)

Acting Managing Director Shane McGrath, Frank Whitford, Dennis Moon, Chairman Llew Vale, Jenny Dawson, Neil Pankhurst, Sarah Scales and Ian Mansbridge.

## The Board

The Minister for Water appoints the Board members of Goulburn-Murray Water under the *Water Act* 1989 and from the Board members the Minister will appoint a Chairman. The Board then appoints a Managing Director.

On or about 25 February 2011, all non-executive directors of G-MW resigned their positions. Suzanna Sheed resigned her position on 11 February 2011 and the Managing Director departed G-MW on 4 February 2011.

The non-executive Directors for the financial year to 25 February 2010 were:

- Stephen Mills (Chairman)
- Craig Cook (Deputy Chairman)
- John Brooke OAM
- Claire Penniceard
- Des Powell
- Cathie Scott, and
- Suzanna Sheed (to 11 February 2011)

On 25 February 2011 the Minister for Water appointed an interim board for G-MW. Llew Vale OAM was appointed Chairman and Jenny Dawson was appointed a Director for a three month period to 24 May 2011.

By Instrument of Appointment dated 23 May 2011 the Minister made the following Board appointments for G-MW:

Mr Llew Vale and Ms Jenny Dawson for the period 25 May 2011 to 30 September 2012, and Ian Mansbridge, Dennis Moon, Neil Pankhurst, Sarah Scales and Frank Whitford for the period 25 May 2011 to 30 September 2013.

Shane McGrath was Acting Managing Director from 24 November 2010.



## Directors - as at 30 June 2011

### LlewVale OAM

LlewVale has extensive governance and water industry experience and expertise in primary production. MrVale has been a farmer for 35 years at Toora, and is a former Councillor and Mayor of the Shire of South Gippsland. He has served as Chair of South Gippsland Water since its inception in 1995, having previously been a Member of the South Gippsland Water Board. MrVale was awarded an Order of Australia in 2002 for services to the water industry and community.

### Jennifer Dawson

BBus, FCA, MAICD

Jennifer Dawson from Bendigo has broad skills in finance, governance and the water industry. Ms Dawson has been a part time director of Bendigo and Adelaide Bank Ltd since 1999, and was a director of Coliban Water from 2000-2010. Ms Dawson has a Bachelor of Business (Accounting), is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

### Ian Mansbridge

Dip. CM, CPA

Ian Mansbridge is a fourth generation farmer from Pompapiel and has extensive experience in banking and finance with expertise in risk management and governance. Mr Mansbridge was, until 2008, Head of Special Projects at the Bendigo Bank Ltd. He is the deputy chair of Sandhurst Trustees and has held a number of director positions with other organisations. He has a Diploma of Corporate Management and is a Certified Practising Accountant.

### Dennis Moon

Dennis Moon is a business owner from Rochester with expertise in customer engagement. Mr Moon is a tomato grower and operates three other businesses. He is the former chair of the Australian Tomato Processing Research Council and is the tomato representative on Horticulture

Australia Limited. Mr Moon was awarded a Nuffield Scholarship.

### Neil Pankhurst

Neil Pankhurst has practical experience in primary production and customer engagement. Mr Pankhurst is an irrigator dairy farmer from Tongala who has been a Councillor and now Mayor of the Shire of Campaspe. He has been the captain of the Yambuna Fire Brigade and chair of Tongala & District Financial Services.

### Sarah Scales

B.Ag.

Sarah Scales is a business and risk management consultant and also owns a mixed farming enterprise near Mansfield. She was previously the General Manager, AWB International in addition to other senior management positions with AWB Limited. Ms Scales has a Bachelor of Agricultural Science and has completed the Stanford Executive Program.

### Frank Whitford

Ass. Dip. Bus. FAIM

Frank Whitford from Northwood has valuable managerial experience and skills in business management and governance. Mr Whitford is the Managing Director of Furniture and Bedding Concepts. He is a member of the board of PrimeSafe Victoria. Mr Whitford has an Associate Diploma of Business Studies and is a Fellow of the Australian Institute of Management.

### Shane McGrath

BE, CPEng, FIE Aust  
(Acting Managing Director)

Shane McGrath has 30 years experience in the management, construction and upgrading of major water supply works both in Australia and overseas, with particular expertise in dams. He is the Victorian State Representative for the Australian National Committee On Large Dams (ANCOLD). He is a Churchill Fellow, 2000, and Past Chairman - Goulburn Valley Group, Institution of Engineers, Australia.

## Board Committees

During the period 1 July 2010 to 24 February 2011 the following Board Committees were operative:

- Risk and Compliance Committee (RaCC)
- Financial and Management Audit Committee (FMAC)
- Remuneration Committee (Rem)
- G-MW and NVIRP Joint Board Coordination Committee (Co-ord)

The activities of the Committees were absorbed into the Board from 25 February 2011 for the remainder of the financial year. The Directors of G-MW will consider the mix, role and function of Board Committees as a priority for the 2011/12 financial year.

The Pricing Project Steering Committee (Pricing) was a Committee of the Board created for a specific purpose and operated from May 2010 to February 2011.

Water Services Committees (WSCs) are also advisory committees to the Board, created under section 122(c) of the Act. The Committees are comprised of customers appointed by the Board.

There are six gravity irrigation committees, four regional committees, two water district committees and one flood protection district committee. Under the WSC Charter the committees have up to nine members each. Nominations to fill vacancies are called for in June each year. In the event that more nominations are received than positions available, a ballot is held whereby customers vote to reduce the number of nominated candidates to match available positions.

An exception to the annual call for nominations to replace retiring members occurred in June 2011 for the Loddon Valley WSC. The Board declared all positions vacant and called for nominees to fill those positions. There were 17 nominations received and a ballot took place in accordance with the WSC Charter. Nine members were appointed by the Board in July 2011.

## Board Meetings

### Directors attended the following scheduled meetings to 28 February 2011

#### Number scheduled / number attended

	Board	FMAC	RaCC	Rem	Co-ord	Pricing
Stephen Mills	11/11			1/1		
John Brooke OAM	11/11			1/1	6/6	7/7
Craig Cook	11/11				6/6	7/7
Claire Penniceard	10/11	5/5	3/3			
Des Powell	10/11	1/1	2/3			7/7
Catherine Scott	11/11	5/5	3/3	1/1		
Suzanna Sheed	11/11	4/4	3/3			
David Stewart	9/10					
Shane McGrath <sup>#</sup>	2/2					
Linda Veronese <sup>*</sup>		5/5				

### Directors attended the following scheduled Board meetings between 1 March 2011 and 30 June 2011.

#### Number scheduled / number attended

Llew Vale	6/6
Jennifer Dawson	6/6
Ian Mansbridge	1/1
Dennis Moon	1/1
Neil Pankhurst	1/1
Sarah Scales	1/1
Frank Whitford	1/1
Shane McGrath <sup>#</sup>	6/6

#### Notes:

\* Ms Veronese was an external member of FMAC who resigned her position in February 2011.

# Shane McGrath attended as Acting Managing Director

## Board Charter

The Board's key governance document is its Charter, which covers the following key areas of conduct:

- Functions and responsibilities of the Board
- Conduct of Directors
- Disclosure of pecuniary and other interests
- Responsibilities of the Chairman
- Duties of the Managing Director
- Board delegations to management
- Matters reserved for the Board
- Board meetings and Committees
- Conflicts of interest
- Directors as customers

## Code of Practice for Water Industry Boards

In December 2010 the Board adopted the Code of Practice for water industry boards which was developed jointly by water corporations, VicWater and DSE. The Code was endorsed by the Minister for Water on 5 October 2010 and adopted by the G-MW Board on 8 December 2010.

## Board Delegation of Functions

The Act provides the authority under which a Water Corporation may delegate its powers. This has been done under section 122(B) of the Act by a document under the corporate seal dated 14 April 2010.

## Directors as G-MW Customers

It is a requirement of the Board Charter that Directors declare their interest as customers when information which may affect water pricing or delivery is discussed and decided upon by the Board. In accordance with the Charter, Directors will either absent themselves during such discussions or warrant that they will not buy or sell water shares prior to such information becoming publicly available. In the interests of transparency, it has been the practice of the Board to disclose in the Annual Report the names of those Directors who are also G-MW customers.

Previous Directors (to 25 February 2011) Stephen Mills, Claire Penniceard, Craig Cook and John Brooke are customers of G-MW.

Directors Ian Mansbridge, Dennis Moon, Neil Pankhurst and Frank Whitford are also customers of the Corporation, enjoying the same terms and conditions as those applying to all G-MW customers in receipt of similar services.

Within one month of joining G-MW all Directors and staff complete a form in which they acknowledge that they have read and understood the "Water Transactions by Directors and Staff" procedures and undertake to abide by its requirements. In that same form, they register their direct and indirect water holdings with the Corporate Secretary. On an annual basis, Directors and Staff who hold water entitlements complete and return a declaration as at 30 September stating water transactions undertaken since the last declaration occurred in the absence of knowledge of confidential water market information in the possession of G-MW and were in accordance with the "Water Transactions by Directors and Staff" procedures.

## Corporate Secretary

Russell Barnier B.Juris LL.B FCIS  
General Counsel & Corporate Secretary



# The Victorian Floods and Their Impact

In Victoria in late 2010 and early 2011 most water catchment systems experienced the highest inflows recorded since 1993, as a result of a series of high rainfall events. The resulting floods were widespread over central and northern Victoria, and had a significant impact on urban communities, agricultural areas and the natural environment.

Between September 2010 and February 2011 G-MW experienced flooding across most of its operating regions with record flooding in both the Loddon and Campaspe catchments. The floods covered some 16,000 square km of G-MW's service region, with approximately 3,000 km of its channel network affected. Infrastructure was damaged and recreational areas were affected by floodwaters.

G-MW customers, staff and communities in our service area were all impacted in some way by the damage caused by these events.

## Why Did the Storages Spill?

G-MW manages 16 large dams across Northern Victoria. By late 2010 most of the dams managed by G-MW were full as a result of winter and spring rains. As further heavy rainfall events occurred, stormwater runoff caused flooding in the upper catchments which flowed into the dams. These floods were passed through the dam spillways.

## What is the Purpose of the Storages G-MW Manages?

G-MW's storages are designed and operated to harvest, store and release bulk water for downstream entitlement holders. The dams are neither intended nor designed to be used for flood mitigation purposes, although G-MW operates the dams to reduce flood impacts where possible.

## Managing Floods Through Dams

G-MW dams are operated in accordance with flood operations procedures which comply with the requirements of the bulk entitlement orders. The bulk entitlement orders provide conditions under which G-MW can release water from dams; there is no scope given to release water from a dam for flood mitigation purposes except for Lake Eildon.

However, where G-MW can be reasonably assured that a pre-release can be made without adversely impacting on water resource availability then pre-releases are made from dams with gated spillways (Eildon, Cairn Curran and Buffalo).

Pre-releasing water from full or near-full storages will only be effective for relatively minor flood events, and must be managed so as to not aggravate flooding further downstream. During each of the 2010/11 flood events, water was pre-released from Cairn Curran.

Throughout the flood events G-MW maintained regular contact with VICSES, local government and the Bureau of Meteorology to provide operational advice to the flood response efforts.

## How did the Flood Impact on G-MW Assets?

Once the scale of the predicted weather event and its likely impact on G-MW's systems was evident, G-MW staff worked long hours in co-ordination with other agencies under very trying circumstances to ensure that impact of the flood water was reduced for the whole region, and to minimise damage to G-MW assets.

The floods impacted on three key storages controlled by G-MW – Laanecoorie and Cairn Curran Reservoirs (both Loddon system), and Lake Eppalock (Campaspe system). Tullaroop Reservoir was impacted to a lesser extent.

During major floods, G-MW shuts down the irrigation channel network by closing regulating structures. This allows overland floods to follow natural flow paths and aims to prevent flood water being transferred along channels and affecting other landowners.

G-MW's channel systems were significantly affected by the flooding, with many of the earthen channel banks washed away. Some road bridges owned by G-MW were destroyed and the G-MW customer centre in Rochester was also flooded.

## Providing Assistance

It is the role of the VICSES to provide flood emergency management co-ordination as a lead agency. The Bureau of Meteorology's (BoM) role is to monitor river levels and issue warnings as appropriate to G-MW, SES, local shire councils and through media networks to the public.

During flood events G-MW's role is to communicate with these agencies to provide regular information on releases from G-MW's storages. This arrangement is in accordance with the current Victorian Emergency Management Manual.

## Working with Other Agencies

In the lead up to increased flows in January 2011 G-MW contributed to an overall flood mitigation strategy for the Kerang Lakes region as well as releasing water from key storages in the area, including:

- Diverted water via irrigation channels near Kerang into Lake Tutchewop, with the approval of the Murray-Darling Basin Authority (MDBA)
- Under the direction of the Municipal Emergency Response Coordinator (MERC), G-MW's Number 9 channel was banked off during the flood threat on Swan Hill to prevent water from flowing into town, the Number 10 channel bank in the Tyntynder flats area strengthened and the 14/2 channel bank incorporated with the Town Levee to assist in the protection of the Kerang township.
- Under the direction of the Regional Incident Control Centre (ICC) in Bendigo, G-MW resources completed urgent inspections on the Kerang town levee and participated in various planning activities.
- Worked closely with the ICC to ensure that all possible avenues were explored to relieve some of the pressure on storages and channels from the rising floodwater to minimise impacts on the community.

## Helping Customers

G-MW immediately started a program of assistance for flood-affected customers. G-MW extended account payment deadlines and provided replacement statements. Information about assistance from Government and other agencies was given and G-MW created a dedicated web page with up-to-date flood status and recovery information. G-MW also provided input to government planning on flood recovery assistance programs. In addition G-MW's Water Wheels Information Van toured the region and G-MW gave regular updates to DSE and the Government to help develop flood recovery assistance.

## Recovery

G-MW has repaired or replaced damaged infrastructure and public recreation areas. Dam gates have been repaired or replaced at Laanecoorie, channel banks reinstated and recreation areas cleaned up and repaired. The G-MW office in Rochester has been refurbished with most of the flood damage to the interior of the building repaired.

At 30 June recovery work on channels was 95% complete, with some small areas of channel rectification to occur before the next irrigation season commences.

Following the floods, one of the main issues for the business was the 40 degree heat after the January rain. While some areas were flooding, others required water for irrigation again within days. Repairing channels in order to use them for water supply was a logistical challenge for G-MW. Many staff resources were diverted to assist the recovery effort, including diverting staff from other centres, construction crews and asset assessors to walk channel banks and identify where repairs were needed. External contractors were also engaged to allow repairs to be carried out quickly and efficiently.

After the floods, G-MW staff also assisted local councils to identify areas where flood water had ponded, and provided resources to help move it on, particularly in the Benjeroop area.

## Moving Forward

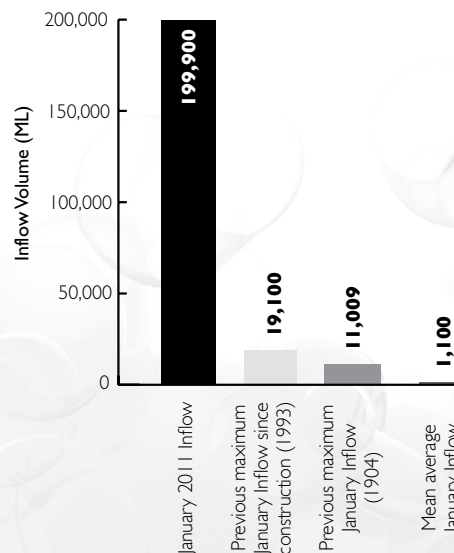
Following the January 2011 floods, G-MW attracted considerable criticism from the media and community for perceived inappropriate action in relation to flood mitigation at, in particular, the Cairn Curran and Laanecoorie dams, and Lake Eppalock. This has highlighted the need for further community education on the design, and role of the storages G-MW manages in relation to flood events and the need to reinforce the role of each agency in relation to flood warnings and information updates.

A preliminary internal review has been undertaken, and G-MW is confident that appropriate procedures were followed throughout the incident, and that those procedures remain valid for future safe operation of our assets. G-MW also identified that:

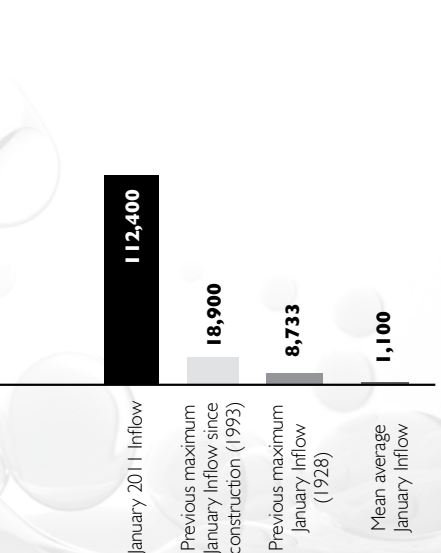
- Forecast information from the BoM was consistent with similar information provided in previous flood events.
- Flood level scenario modelling provided by BoM was helpful to gauge the possible severity of the event.
- Some improvements could be made to streamline internal and external communications.
- Current level of personnel resourcing for dams operations is adequate to manage significant flood events. 24 hour operating flood rosters were implemented during each event. Rostering staff rest breaks was challenging, but generally was managed.
- Staff isolation at various sites was anticipated and well managed.
- Significant public interest at storages created some challenges with public and traffic management.
- Co-ordination with the ICC was adequate, and mainly maintained through regular situation reports and periodic telephone calls. In future events, G-MW will offer to have a liaison officer embedded at the ICC.
- Engaging with the public to increase awareness of the possibility of flooding was difficult prior to the November 2010 event, especially amongst new members of the community. Following the event there was significant interest from downstream communities.
- G-MW experienced significant demand for information updates on flood issues that were unrelated to the operation of our infrastructure, as well as increased requests from landowners to operate irrigation infrastructure to divert floodwaters.

Flood events on the scale of November 2010 and January 2011 are rare (likely to be only one in 100 years). G-MW's operating procedures had never been tested under these conditions. G-MW is engaging an independent review of the dams operating procedures and the use of those procedures during these two flood events. The review is scheduled for completion in September 2011.

January Inflows to Eppalock



January Inflows to Cairn Curran



# Programs

The Programs unit works across the whole organisation to drive corporate co-ordination, performance and accountability. The unit leads the evaluation, development and delivery of Water Plan and Corporate Plan, major business programs and change initiatives. It monitors and reports on organisational performance against targets, provides policy, governance and legal services and oversees government relations.

## Cost Reduction

In 2010/11 G-MW set itself a target of achieving a minimum of 3.5% per annum cost reduction across all recurrent expenditure proposed under its Water Plan over the remaining three years of the Plan. As well, it set itself a target of having the lowest proportional corporate overhead of Australian rural water providers by the end of 2012/13.

To achieve these objectives a Cost and Performance Improvement Committee was established to review all recurrent expenditure across the business, develop productivity plans, review corporate overheads, benchmark business performance and establish corporate targets.

The outcome of the expenditure review has been a cost reduction of 3.5% over the three years from 2010/11 to 2012/13. This was achieved by various means across the different business segments and included productivity savings, reduced staffing under modernisation, consolidation of work units, centralisation of support functions, development of internal service agreements, improved processes, work practices and technology, reduced contingency provisions and elimination of non-core/non-essential tasks.

As part of the Cost and Performance Improvement review, a range of strategic change projects were initiated totalling nearly \$7 million over three years and these are being funded by investing some of the cost savings back into the business. These strategic change projects include a range of reviews into costs, billing, pricing and tariffs, borrowings and finances, Information Communications and Technology, strategy and security, whole of life costs and additional resources for billing, customer data cleansing, financial management, regulatory and pricing, government relations and strategic planning. The outcome to date of the review of corporate overheads has been a 7% reduction in overheads for 2011/12 and the work of the Cost and Performance Improvement Committee is continuing.

<b>Business Improvement Initiatives commenced during 2010/11</b>	
<b>Initiative</b>	<b>Status</b>
<b>Infrastructure</b>	
Integration of CAD & survey instrumentation.	Full integration of data system complete.
Implementation of Maximo - new asset management system.	Installation of Maximo system complete. Development of further system functionality ongoing.
Implementation of Enterprise Project Management System.	Work plan in place. Implementation in progress.
Implementation of central tracking and work allocation for maintenance vehicles.	System established. Implemented on selected vehicles. Rollout across vehicle and fleet plant continuing.
Central management of maintenance and construction field resources.	EAMs unit to centrally manage. Project plan developed. Implementation in progress.
Implementation of programmed maintenance (CTPM) process.	Functional with continuous improvement ongoing.
Development of internal service level agreements and performance benchmarks.	First generation service level agreements being finalised. Framework for next generation of agreements being developed.
Development of Land and On-Water Management Plans for each storage.	Program in place to develop Land and On-Water Plans for all storages in accordance with set priorities and budgets.
<b>Modernised Irrigation</b>	
Consolidation of Loddon and Campaspe operations.	Management resources consolidated. Pyramid Hill office replacement proceeding.
Revision of Customer Service Charter.	New charter drafted and comment sought from WSCs. Final version to be submitted to ESC for approval. Adoption in 2011/12.
Implementation of central planning of irrigation deliveries.	Shepparton, Rochester and Pyramid planning functions consolidated in Tatura. Kerang and Cobram as per project plan.
Implementation of enhanced on-line customer services.	New e-services being rolled out. Allocation announcement and Start/Stop notification implemented.
Implementation of customer service contact centre.	In progress. Business case completed.
Accreditation as a customer service organisation.	Project plan being developed.
<b>Human Resources</b>	
Negotiation of 2010 Enterprise Agreement with unions and staff.	2010 Enterprise Agreement ratified by Fair Work Australia and fully implemented.
<b>Programs</b>	
Update of Whole of Life cost modelling of modernised irrigation business.	Updated modelling work completed and report finalised.
Additional borrowings secured for 2010/11.	Additional borrowings secured and conditions precedent met. Borrowings approved for 2011/12.
Technology Strategy developed.	In progress with Enterprise Information Management System being implemented.
Review of future customer and community engagement arrangements.	Review completed with recommendations to be implemented.
Training Centre Review.	In progress.
Implementation of new telephony system project.	In progress.
External review of risk procedures, plans and systems.	In progress.
<b>Finance</b>	
Implementation of Critical Finance Projects.	Number of Finance projects underway to address critical issues - resources, processes and systems. On target for completion in 2011/12.
<b>Water Administration</b>	
Review of billing processes and implementation of recommendations.	Independent review completed and recommendations implemented.
Cleansing and quality control processes around customer data.	In progress.

## Delivery of the Corporate Plan 2010/11

No.	Key Performance Indicator	Achieved
<b>Modernisation</b>		
1	Achievement of NRSWS implementation milestones.	100%
2	Optimal "backbone" investment plan established in 2010/11. - Development of long term investment plan for modernised channel "backbone" system.	100%
3	Modernised customer service standards adopted for 2011/12. - Development of new service standards for modernised irrigation system.	80%
4	Best practice service improvement targets set in 2010/11 and achieved by 2013/14.	40%
5	Faster and Smarter project implementation completed by 2012/13. - Faster and Smarter review of customer business processes.	100%
<b>Pricing</b>		
6	National benchmarking - best practice range for rural service providers.	40%
7	Gravity irrigation tariff review completed in 2010/11.	70%
8	Diversions tariff review completed in 2011/12.	30%
9	Water district tariff review completed in 2011/12.	0%
10	Cost reduction targets met over period to 2012/13. Productivity Plans in place 2010/11. - Development of cost reduction program for 2010 to 2013.	100%
<b>People and Technology</b>		
11	Succession planning / critical role analysis in place..	100%
12	Lead indicators for workplace safety - 2010 base year.	100%
13	Staff engagement survey - 2011 base year.	N/A
14	Development Programs - return on investment analysis in place.	N/A
15	National benchmarking.	100%
<b>New Business Model</b>		
16	New Modernised Irrigation Division established in 2010/11. - Functional separation of modernised irrigation business.	100%
17	National benchmarking - best practice range for rural service providers.	40%
18	Corporate reputation survey (bi-annual - 2010 base year).	100%
19	Future capital delivery model established in 2010/11. - Evaluation of future capital program delivery models.	100%
20	Capital delivery performance and benchmark indicators in place in 2010/11.	100%
21	Lowest rural water provider proportional corporate overhead by 2012/13.	30%
22	Review of corporate overhead allocation methodology completed in 2010/11.	100%
23	Customer and community engagement reviewed in 2011/12.	100%
24	New set of corporate operating performance indicators developed in 2010/11.	40%

### Notes:

1. Three year implementation program developed. Delivered on 2010/11 outcomes.
2. 10 year plan developed and approved.
3. Interim modernised service standards developed. - Service standards incorporated into revised draft customer charter.
4. In progress.
5. Review completed. - Five improvement processes identified and initiated.
6. In progress.
7. Development commenced. Principles agreed. Target completion 2011/12.
8. Planning on track. Target completion 2011/12.
9. Not commenced. Target completion 2011/12.
10. Cost review completed by Cost & Performance Improvement Committee. Target reductions achieved. Strategic change project initiated.
11. Critical area of SCADA operation roles completed.
12. Safety leadership KPI's established and implemented.
13. KPI to be reviewed for future.
14. Under development for 2011/12.
15. Adapted for comparison against water sector.
16. Modernised irrigation business division established. Functional separation achieved.
17. In progress.
18. Stakeholder survey completed.
19. Strategy developed and endorsed.
20. New project management reporting system implemented.
21. In progress.
22. Review completed by C&PI Committee. Recommendations for 2011/12 implemented. On track to achieve 2012/13 target.
23. Report finalised.
24. In progress.



# Programs ... continued

<b>Water Plan 2008 - Report on Performance in 2010/11</b>			
<b>KPI</b>	<b>Description</b>	<b>Target</b>	<b>Achieved</b>
<b>G-MW Corporate Key Performance Indicators</b>			
<b>Economic Sustainability</b>	Retail Water System overall efficiency achieved as a % of delivered	76%	75% <sup>1</sup>
	Bulk water assets availability of storage capacity as a % of design storage capacity	100%	100%
	Retail Water assets number of unplanned service failures greater than 12 hours	0	5 <sup>3</sup>
	Retail Water assets reported channel leaks responded to within agreed times	85%	90%
<b>Social Sustainability</b>	Bulk water assets availability to deliver water on demand to customers as a % of time	100%	100%
	Complaints to EWOV (excluding enquiries)	6	19 <sup>6</sup>
	Telephone calls answered within 30 seconds	95%	95%
	Processing of Temporary Transfer of water entitlement within 5 business days	100%	97% <sup>8</sup>
<b>Environmental Sustainability</b>	Processing of Permanent Transfer of water entitlement within 15 business days	95%	94% <sup>9</sup>
	Regulated rivers minimum river flow regimes > or equal to specified minimum flows 100% time	100%	100%
	Unregulated rivers meet agreed targets or natural flow 90% of the time	90%	100%
<b>Irrigation Areas Key Performance Indicators</b>			
<b>Shepparton</b>			
Gravity Supply	Irrigation water orders delivered on day requested	91%	97%
	Unaccounted for water	26%	11%
Pumped Supply (369 km of pipeline in pumped districts)	Unavailability of stock and domestic supply systems for continuous periods in excess of 96 hours	2	0
	Number of pipeline bursts and leaks (per 100 km of pipeline)	50	0
	Unaccounted for water	19%	12%
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
	Availability of sub-surface drainage schemes	98%	100%
<b>Central Goulburn</b>			
Gravity Supply	Irrigation water orders delivered on day requested	92%	93%
	Unaccounted for water	26%	26%
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
	Availability of sub-surface drainage schemes	98%	100%
<b>Rochester - Campaspe</b>			
Gravity Supply	Irrigation water orders delivered on day requested	83%	80% <sup>23</sup>
	Unaccounted for water	27%	24%
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
	Availability of sub-surface drainage schemes	98%	100%
<b>Loddon Valley (Pyramid-Boort)</b>			
Gravity Supply	Irrigation water orders delivered on day requested	82%	86%
	Unaccounted for water	21%	29% <sup>28</sup>
Pumped Supply (308 km of pipeline in pumped districts)	Unavailability of stock and domestic supply systems for continuous periods in excess of 96 hours	1	0
	Number of pipeline bursts and leaks (per 100 km of pipeline)	75	4
	Unaccounted for water	15%	39% <sup>31</sup>
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
<b>Murray Valley</b>			
Gravity Supply	Irrigation water orders delivered on day requested	89%	86% <sup>33</sup>
	Unaccounted for water	26%	32% <sup>34</sup>
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
	Availability of sub-surface drainage schemes	98%	100%
<b>Torrumbarry</b>			
Gravity Supply	Irrigation water orders delivered on day requested	94%	89% <sup>37</sup>
	Unaccounted for water	27%	23%
Pumped Supply (149 km of pipeline in pumped districts)	Irrigation water order delivered on day requested	98%	100%
	Number of pipeline bursts and leaks (per 100 km of pipeline)	50	5
	Unaccounted for water	8%	6%
Irrigation Drainage	Availability of surface drainage schemes	98%	100%
	Availability of sub-surface drainage schemes	98%	100%

# Modernised Irrigation

## Notes and reasons for non-achievement:

1. Lower than expected deliveries in the second part of the irrigation season. Diversion data based on hydrographic and operational data. Not all hydrographic data available at the time of assessment, once all hydrographic data is available, the system efficiency may change. The calculation of system operating requirements in the Torrumbarry system has been effected by the overbank flows that occurred during periods of flood in 2010/11. The overbank flows have compromised the ability to accurately assess the amount of water entering and exiting the system. The system operating requirements have been based on the total estimated flow into and out of the system. Shepparton Gravity Irrigation Area, which is fully modernised achieved an efficiency rate of around 90%.
3. Unplanned service failures greater than 12 hours related to failure of assets; mainly 2 pipeline breaks in the Torrumbarry pumped districts, 2 channel bank failures and flooding impact in the Torrumbarry area. Service was reinstated as quickly as possible, full consultation was undertaken with affected customers.
6. This figure represents all complaints to EWOV including 4 Stage 1 complaints, 14 Stage 2 complaints and 1 Stage 3 complaint.
8. Intra and Interstate transactions rely on timely responses from other water corporations to meet KPI.
9. The large number of Water Share applications involved in the 4% Ballot results in the majority of Ballot application processing times exceeding the 15 days KPI.
23. Due to low deliveries there have been low numbers of orders and these are being optimised to minimise losses.
28. Start of season system fill and low deliveries have contributed to low efficiency and higher than expected unaccounted for water losses. All operational areas were below water loss targets at the end of the irrigation season.
31. Due to evaporation from the 2 open storages that supply the system; delivery loss in channels that supply the open storages; flushing of the system; and failure of pipeline due to extended drought and floods.
33. Due to low deliveries there have been low numbers of orders and these are being optimised to minimise losses.
34. Start of season system fill and low deliveries have contributed to low efficiency and higher than expected unaccounted for water losses. All operational areas were below water loss targets at the end of the irrigation season.
37. Due to low deliveries there have been low numbers of orders and these are being optimised to minimise losses.

**A key element of G-MW's 2010/11 Corporate Plan was the internal functional separation of the gravity irrigation areas into the Modernised Irrigation Business on 1 July 2010. Modernised Irrigation had a clear and transparent focus on the management and delivery of improved valued customer service outcomes at the least cost to Goulburn Murray Irrigation District (GMID) customers. The delivery of service and business efficiency outcomes was clearly linked to the successful delivery of modernisation across the GMID, and many benefits have been realised this year.**

## A Focus on Customer Service

Moving from a focus on water delivery to a broader and modern approach to service has yielded positive outcomes for customers this year. Initiatives have included introducing Customer Account Managers to work closely with large farm businesses in the field, developing modernised service standards and introducing SMS services for allocation announcements, and notification of irrigation "start/stop" times.

In addition, in areas that have been modernised, the planning function provides 24/7 customer contact to ensure around the clock service for irrigators, with substantially reduced requirements for advance water ordering notice and much improved response times for field maintenance issues.

## Listening to Our Customers

G-MW has increased its engagement with customers this year by targeting a broader range of customers, including conducting the annual customer satisfaction survey by phone to ensure more representative participation. The suite of online communications tools has expanded, allowing customers and other stakeholders to "opt in" to regular communication (via email newsletters) and updates such as Irrigator e-news, Dam Levels and e-storage updates.

G-MW has also provided online pricing simulators and carryover simulators to help customers plan for their individual business needs. Over the year G-MW has continued to hold customer meetings in local halls and to meet regularly with its Water Services Committees.

## Facilities Focus on Customers

Regional administration offices have been refocussed as customer service centres, and work has commenced on providing local shopfronts with a similar look and feel to reflect G-MW's consistent high standard of customer service. The Rochester office was remodelled following extensive flood damage and the old Pyramid Hill office is being replaced.

## Restructuring Reduces Costs and Improves Service

This year has seen the consolidation of the Loddon and Campaspe Operations teams under the leadership of one manager, with field staff continuing to operate from their existing local depots. This has increased the operational efficiency of the workforce and resources by reducing management and allowing flexible use of operational and maintenance staff in the field. Based on this successful rollout G-MW will consolidate Central Goulburn and Goulburn Broken operations teams next year to extend the benefits.

Local weed spray teams have also been consolidated within the Infrastructure Group. This increasingly complex and important function will be delivered more efficiently under specialised management and field supervision.

## Automation Delivers Efficiencies

The Shepparton and Central Goulburn Areas are the first systems to be automated under the modernisation program. Automation of water delivery has provided better control, monitoring, improved efficiency and improved service to these customers.

Distribution efficiency in the Shepparton Irrigation Area was 90% this year, compared with 75% over G-MW's entire system. Depending on conditions, efficiency can fluctuate between years however this demonstrates the results modernised systems are delivering for customers.

# Modernised Irrigation ... continued

## Water Delivery Infrastructure

G-MW owns and operates Australia's largest irrigation delivery network, with more than 6,300 km of channels, 900 km of pipes and 3,000 km of drains.

G-MW plans and schedules hundreds of water orders a day in the irrigation season. As the irrigation system is being modernised, the service expected by customers is being redefined and G-MW is restructuring and streamlining its operations to deliver an efficient and flexible service.

## Water Delivery and Ordering

### Regulated System Customers

Customers who source their water from channels, rivers or lakes where the water is stored and flows are controlled or "regulated" by a large dam are known as regulated system customers.

### Regulated System Operations

This year G-MW witnessed a major turnaround in seasonal conditions, with many years of drought broken by unprecedented flooding of the Campaspe and Loddon Rivers. This has seen most of the major storages full. The wet conditions resulted in very low demand for water deliveries - around half the orders compared with the previous year. G-MW customers placed about 65,000 orders during the irrigation season representing about 250 orders each day.

Irrigation Orders Placed By Customers On Regulated Systems							
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Murray Valley	32,438	33,822	33,338	12,250	12,925	16,535	9,873
Torrumbarry	56,242	57,375	48,033	25,677	27,271	35,760	19,855
Shepparton	24,157	23,630	18,600	16,829	18,333	22,021	8,541
Central Goulburn	54,656	52,249	32,962	30,065	28,172	36,639	17,518
Rochester-Campaspe	20,347	20,425	8,994	8,623	7,695	9,676	4,959
Loddon Valley (Pyramid-Boort)	11,536	12,359	6,672	6,125	5,646	6,291	3,230
Diversions	11,078	10,659	8,091	6,929	6,537	4,929	1,783
<b>Total</b>	<b>210,454</b>	<b>210,519</b>	<b>156,690</b>	<b>106,498</b>	<b>106,579</b>	<b>131,851</b>	<b>65,759</b>

## Trends in Delivery Shares

In July 2007 all water entitlements in G-MW regulated river systems were unbundled into three separate components. Irrigation Area customers hold delivery shares, water shares and water use licences. Changes in the number of delivery shares indicates a change in the number of customers seeking access to the delivery network, it does not indicate changes in the volume of water delivered.

Delivery Shares in Irrigation Areas				
Delivery System	1/07/09	1/07/10	1/07/11	Change (2010 to 2011)
Campaspe Irrigation District <sup>1</sup>	202.49	198.33	36.14	-162.19
Central Goulburn Irrigation Area	3,883.85	3,880.49	3,873.16	-7.33
Murray Valley Irrigation Area	2,730.42	2,735.08	2,728.52	-6.56
Loddon Valley (Pyramid-Boort) Irrigation Area	2,229.22	2,227.17	2,193.16	-34.02
Rochester Irrigation Area <sup>2</sup>	1,903.37	2,058.55	2,058.78	0.23
Shepparton Irrigation Area	1,820.56	1,790.09	1,784.13	-5.96
Torrumbarry Irrigation Area	3,429.72	3,434.78	3,426.22	-8.55
Woorinen Irrigation Area <sup>3</sup>	294.27	292.73	242.83	-49.90
Nyah Irrigation District	137.59	136.78	136.78	0.00
Tresco Irrigation District	94.32	93.70	93.71	0.01

## Explaining the trends in Delivery Shares

**1. Campaspe** - In September 2010 the Campaspe Irrigation District was united with the larger Goulburn-Murray Irrigation District (GMID). Uniting the two Districts enabled completion of NVIRP's program to decommission the Campaspe Irrigation District and allowed a number of existing Campaspe District irrigators to move to alternative supply arrangements sourced from the Goulburn system.

**2. Rochester** - An increase between 2009 and 2010 was due to bulk water delivery share for Coliban Water in the Water Register as a Delivery Share - other bulk water entities don't have delivery share in the Water Register.

**3. Woorinen** - During the year outstanding matters with two customers were finalised resulting in those customers no longer holding delivery shares in Woorinen.

### Unregulated System Customers

Customers who source their water directly from rivers, streams and lakes - where supply is not managed from a storage but instead relies on access to natural stream flows - are defined as unregulated surface water customers. There are over 150,000 km of unregulated waterways across G-MW's region with customers holding approximately 160,000 ML of licence entitlement.

### Unregulated Stream Management

To improve certainty and transparency about how customers' diversion licences are managed, including roster and restriction triggers, G-MW is undertaking a program to document all management arrangements applicable to unregulated stream catchments. The resulting "Local Management Rules" will include roster and restriction triggers, as well as information about monitoring points and trading rules. The project is due for completion in 2015.

With significant rainfall occurring across the region during 2010/11, most unregulated streams had above average flows. Restrictions and rosters were removed across all streams for the first time in many years. Due to the high rainfall, usage within the unregulated systems was also well down with meters across the region showing little to no use.

### Meeting Service Standards in a Year of Contrasts

With a vast range of seasonal conditions experienced throughout the year customers relied heavily on G-MW operational staff to deliver and vary orders at short notice. Despite the challenging season, G-MW generally met delivery targets in all Areas delivering 97.5% of water orders within a day either side of the customer request. The table below outlines water deliveries key performance indicators.

### G-MW Annual Customer Satisfaction Survey

Each year G-MW undertakes a customer satisfaction survey to capture and measure performance against organisational key performance targets. Five hundred randomly selected customers participate in the telephone survey and record their satisfaction and perceptions against five key criteria – water management, water delivery/access, customer service, communications and consultation.

52% of those customers rated G-MW's service overall as 7 or more out of 10.

Water Management	42%
Water Delivery/access	58%
Customer Service	62%
Communications	60%
Consultation	42%

G-MW's target Customer Satisfaction Performance Indicator in the Corporate Plan was 62%.

## Partnerships

G-MW again focused on building relationships with stakeholder organisations and groups to ensure a cooperative approach to programs and projects. G-MW concluded works with FutureFlow (a G-MW alliance) during the financial year. Works continue with Rubicon (key supplier of G-MW systems and technology) and the Northern Victoria Irrigation Renewal Project (NVIRP) to assist with planning, policy development and in ensuring G-MW technical standards are met. G-MW continued to provide a range of information to assist NVIRP in the delivery of its modernisation works across the region and in supporting and planning for the delivery of water reforms.



# Modernised Irrigation ... continued

## System Efficiency

G-MW continued to operate the systems to minimise operating requirements (losses). As a result of a continued focus on tight system management and low demand, due to wetter conditions, the lowest ever system operating requirements were recorded for the Irrigation Areas.

### System Performance for G-MW Irrigation Areas (excluding pumped supply districts)

1996/97 to 2010/11

IGL = 1,000ML	Goulburn (Shepparton, Central Goulburn, Rochester and Loddon Valley (Pyramid-Boort) Irrigation Areas)					Murray (Murray Valley and Torrumbarry Irrigation Areas)						
	Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)	System Allocation %		Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)	% of Water Right up to 2006/07 then % HRWS	
					% of Water Right up to 2006/07 then % HRWS	% of Sales up to 2006/07 then % LRWS						
1996/97	1,501	494	1,995	75%	100	100	989	303	1,292	77%	100	
1997/98	1,190	483	1,673	71%	100	20	810	381	1,191	68%	100	
1998/99	1,016	424	1,440	71%	100	0	910	404	1,314	69%	100	
1999/2000	927	360	1,287	72%	100	0	719	386	1,105	65%	100	
2000/01	1,024	404	1,428	72%	100	0	874	342	1,216	72%	100	
2001/02	1,072	402	1,474	73%	100	0	977	412	1,389	70%	100	
2002/03	630	349	979	64%	57	0	814	417	1,231	66%	100	
2003/04	969	350	1,319	73%	100	0	685	304	989	69%	100	
2004/05	958	348	1,306	73%	100	0	680	319	998	68%	100	
2005/06 <sup>5</sup>	987	353	1,340	74%	100	0	751	316	1,067	70%	100	
2006/07 <sup>6</sup>	362	243	605	60%	29	0	592	313	905	65%	95	
2007/08 <sup>5</sup>	420	207	627	67%	57	0	219	182	401	55%	43	
2008/09 <sup>5</sup>	365	180	545	67%	33	0	212	197	409	52%	35	
2009/10 <sup>7</sup>	463	158	621	75%	71	0	308	186	494	62%	100	
2010/11 <sup>8,9</sup>	266	85	351	76%	100	0	230	82	313	74%	100	
<b>15 year average</b>	<b>810</b>	<b>323</b>	<b>1,133</b>	<b>72%</b>			<b>651</b>	<b>303</b>	<b>954</b>	<b>68%</b>		

### Qualifiers

- System operating requirements include evaporation, leakage and seepage, meter error and unplanned outfalls (spills) and are sometimes referred to as losses. The data only refers to operations within the irrigation areas/district, it does not include storage and river operations.
- System Operating Requirements = (Net diversion into an irrigation area or district) – delivery.
- Since 2004/05 G-MW has implemented a number of drought response measures to reduce system losses. Since 2007/08, with the cooperation of customers, G-MW at times has not operated 20-30 % of its 6,300 km channel network, required customers along sections of the network to group their orders, ran channels at lower levels which impacted flows onto farm and tankered in stock and domestic supplies. These strategies are severe drought response measures not standard operating practices.
- The Goulburn system losses do not include evaporation from Waranga Basin.
- In 2005/06, the Campaspe system supplies were augmented by drought pumping from the Waranga Western Channel. This resulted in deliveries in the Campaspe system being higher than the diversions into the Campaspe East and West channels, and inflated the calculated efficiency. Drought pumping also augmented deliveries in 2007/08 and 2008/09.
- In 2006/07 the Campaspe allocation was zero therefore no irrigation deliveries. Diversions to the channel network were required for domestic and stock supply.
- Volumes supplied in 2009/10 and 2010/11 were from the Campaspe system only. Deliveries from the Waranga Western Channel are included in the Rochester deliveries.
- Data supplied for 2010/11 contains both hydrographic and operational data. Figures may change as further hydrographic data becomes available.
- The calculation of system operating requirements in the Torrumbarry system has been effected by the overbank flows that occurred during periods of flood in 2010/11. The overbank flows have compromised the ability to accurately assess the amount of water entering and exiting the system. The system operating requirements have been based on the total gauged flow into and out of the system.

Campaspe Irrigation District										Total G-MW		
										(All Areas and district)		
System Allocation % % of Sales up to 2006/07 then % LRWS	Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency(%)	% of Water Right up to 2006/07 then % HRWS	System Allocation % % of Sales up to 2006/07 then % LRWS	Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)		
100	40	4	44	92%	100	120	2,530	801	3,330	76%		
30	35	3	38	91%	100	90	2,035	867	2,903	70%		
100	25	2	27	91%	100	0	1,951	830	2,780	70%		
90	24	3	27	89%	100	0	1,670	749	2,419	69%		
100	33	5	38	86%	100	120	1,931	751	2,682	72%		
100	36	5	41	87%	100	80	2,085	819	2,904	72%		
29	21	2	23	92%	100	0	1,465	768	2,232	66%		
0	23	1	24	95%	100	0	1,677	655	2,331	72%		
0	10	1	11	87%	39	0	1,648	668	2,325	71%		
44	8	0	8	104%	31	0	1,746	669	2,430	73%		
0	0	2	2	0%	0	0	954	558	1,497	63%		
0	4	1	5	84%	18	0	643	390	1,010	63%		
0	3	1	4	85%	0	0	578	378	955	60%		
0	0.3	0.9	1	26%	0	0	770	345	1,115	69%		
0	3	2	5	63%	100	100	497	169	666	75%		
	<b>18</b>	<b>2</b>	<b>20</b>	<b>89%</b>			<b>1,479</b>	<b>628</b>	<b>2,105</b>	<b>70%</b>		

# Modernised Irrigation ... continued

## Goulburn System - System Performance within Irrigation Areas

2006/07 to 2010/11

1GL= 1,000ML Season	Shepparton			Central Goulburn			Rochester		
	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency
2006/07	69	37	65%	157	115	58%	68	42	62%
2007/08	69	29	70%	170	90	65%	95	41	70%
2008/09	65	20	76%	144	75	66%	86	45	66%
2009/10	72	14	84%	175	67	72%	112	43	72%
2010/11	43	5	90%	124	45	75%	54	17	76%
<b>Average</b>	<b>64</b>	<b>21</b>	<b>75%</b>	<b>154</b>	<b>78</b>	<b>66%</b>	<b>83</b>	<b>38</b>	<b>69%</b>

## Murray System - System Performance within irrigation Areas

2006/07 to 2010/11

Season	Murray Valley			Torrumbarry <sup>6,7,8</sup>			Total		
	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency
2006/07	243	105	70%	349	208	63%	592	313	65%
2007/08	79	51	61%	140	131	52%	219	182	55%
2008/09	84	54	61%	129	143	47%	212	197	52%
2009/10	117	59	66%	191	127	60%	308	186	62%
2010/11	86	39	68%	145	43	77%	231	82	74%
<b>Average</b>	<b>122</b>	<b>62</b>	<b>66%</b>	<b>191</b>	<b>131</b>	<b>59%</b>	<b>312</b>	<b>192</b>	<b>62%</b>

## Campaspe Irrigation District

2006/07 to 2010/11<sup>9</sup>

Season	Delivery (GL)	System operating requirements (GL)	Efficiency
2006/07	0.0	1.7	0%
2007/08 <sup>10</sup>	3.7	0.7	84%
2008/09 <sup>10</sup>	3.4	0.6	85%
2009/10 <sup>11</sup>	0.3	0.9	26%
2010/11	3.4	2.0	63%
<b>Average</b>	<b>2.2</b>	<b>1.2</b>	<b>65%</b>

### Qualifiers

- System operating requirements include evaporation, leakage and seepage, meter error and unplanned outfalls (spills) and are sometimes referred to as losses. The data only refers to operations within the irrigation area/district, it does not include storage and river operations.
- System Operating Requirements = (Net diversion into an irrigation area or district) – delivery.
- Diversion data based on hydrographic and operational data. Not all hydrographic data available at the time of publication. System operating requirements may change once all hydrographic data has been incorporated.
- Since 2004/05 G-MW has implemented a number of drought response measures to reduce system losses. Since 2007/08, with the cooperation of customers, G-MW at times has not operated 20-30 % of its 6,300 km channel network, required customers along sections of the network to group their orders, ran channels at lower levels which impacted flows onto farm and tankered in stock and domestic supplies. These strategies are severe drought response measures not standard operating practices.
- The Goulburn system losses do not include evaporation from Waranga Basin.
- The calculation of system operating requirements in the Torrumbarry system has been effected by the overbank flows that occurred during periods of flood in 2010/11. The overbank flows have compromised the ability to accurately assess the amount of water entering and exiting the system. The system operating requirements have been based on the total gauged flow into and out of the system.
- The Torrumbarry distribution network includes more than 300km of natural carriers. The existing network offers limited opportunities to reduce losses using drought response measures applied in other irrigation Areas, however with appropriate investment there are opportunities to improve system efficiency while continuing to meet the environment needs of wetlands and other areas currently serviced by the network.
- Losses reported for Torrumbarry for 2010/11 include the losses associated with the operation of the Victorian Mid Murray Storages.
- Diversion data for the Campaspe Irrigation District is based on operational data.
- In 2006/07 the Campaspe allocation was zero therefore no irrigation deliveries. Diversions to the channel network were required for domestic and stock supply.
- Volumes supplied in 2009/10 and 2010/11 were from the Campaspe system only. Deliveries from the Waranga Western Channel are included in the Rochester deliveries.

Loddon Valley (Pyramid-Boort)			Total		
Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency
68	49	58%	362	243	60%
86	47	65%	420	207	67%
70	40	64%	365	180	67%
103	34	75%	463	158	75%
45	18	71%	266	85	76%
<b>74</b>	<b>38</b>	<b>66%</b>	<b>375</b>	<b>175</b>	<b>68%</b>



# Modernised Irrigation ... continued

## G-MW Water Delivery Performance 2010/11

### 2010/11 Performance Targets

Area	Water delivered +/- day of the day requested		Water delivered on the day requested		Reactive (unplanned) maintenance requests responded to within *24 hours for priority 1 *96 hours for Priority 2	
	Target	Actual	Target	Actual	Target	Actual
Shepparton	97%	98.6%	91%	96.6%	85%	95%
Central Goulburn	98%	96%	92%	92.6%	85%	92%
Rochester-Campaspe	95%	96.6%	83%	79.8%	85%	96%
Loddon Valley (Pyramid-Boort)	94%	96.3%	82%	86.2%	85%	92%
Murray Valley	96%	97.8%	88%	86.1%	85%	76%
Torrumbarry	97%	97.5%	93.5%	88.9%	85%	89%
Torrumbarry (Pumped)	99%	100%	98%	99.5%	NA	NA

### Compliance and Enforcement Activity

The surveillance efforts by G-MW and the community resulted in 254 reports of suspected unauthorised diversions of water and/or suspected interference with G-MW works, 35 fewer than last year.

#### Enforcement

G-MW prosecuted 54 *Water Act* offences during 2010/11 including the taking of water without authority and contravening licence conditions (94 last year).

The number of successful prosecutions was 47 (84 last year). This figure includes some incidents investigated in previous years.

#### National Framework for Compliance and Enforcement

A project to implement the National Framework for Compliance and Enforcement in Victoria started during the year and will run until 2016.

### Preparing for Water Pricing

G-MW is required to produce a schedule of fees and charges for its services for the coming year. Following approval by the Essential Services Commission (ESC) G-MW published its 2011/12 price list detailing nearly 400 fees and charges for groundwater, unregulated and regulated river diversions, pumped irrigation, channel delivery, drainage and water district services. More than a third of the 2011/12 prices were reduced or unchanged from the previous year. Of the prices that changed, half increased by less than 10%. All prices include the consumer price index increase of 3.3%.

The annual costs are determined in consultation with local Customer Committees who advise G-MW on the trade-off between an appropriate level of services and cost of delivering this service standard. Long term costs are determined according to a formula defined by the ESC.

During the year, G-MW developed a suite of online simulator tools to help customers estimate and understand the fees and charges that may apply for their water services for 2011/12 as well as simplifying customer accounts to help customers understand their fees and charges. As no two customers have exactly the same combination of water services, pricing simulators and online carryover simulators were developed to assist customers in understanding how certain charges may affect them.

## G-MW Water Services Committees

Water Services Committees (WSCs) are an important source of customer advice and feedback. Committee representatives are appointed by the Board to provide advice in critical areas such as pricing, service standards and asset management. Customer Committee contributions combined with G-MW's water management expertise enable the best outcomes for customers and their communities. There are potentially 110 positions available and currently 96 committee members represent G-MW's customer base across 13 committees.

A review of the Diversions Customer Committee commenced in July 2010. Fifteen Catchment Committees, system WSCs and groundwater reference committees were consolidated into five new regional WSCs to streamline roles, administration and support the integration of diversion functions and resources with other retail water services, management and resources.

In August 2010, two of the five new regional committees Loddon and Campaspe Regional WSCs were combined due to similar geography, service interest and limited community nominations.

The annual nomination process for WSC representatives whose terms expire was conducted in May 2011 for ten of the committees. Sufficient nominations were received for the vacant positions, so a ballot was not required.

The Board declared Loddon Valley Irrigation Area Water Services Committee positions vacant in June 2011. The nomination process concluded on 24 June and the ballot process was completed on 15 July 2011 which reduced the number of nominations received to equal the number of vacancies on the committee. Appointments were made by the Board at its August 2011 meeting.

**2010/11 Water Services Committee Meetings**

WSC	Number of members	Meetings held	Average Attendance
Shepparton	8	12	69%
Central Goulburn	9	9	85%
Rochester-Campaspe	9	11	77%
Loddon Valley (Pyramid-Boort)	5	10	88%
Murray Valley	9	11	86%
Torrumbarry	8	9	84%
Loddon Water Districts	9	4	69%
Tungamah Water District	7	5	77%
Loch Garry Flood Protection District	5	1	80%
Goulburn Broken Regional	6	4	75%
Loddon Campaspe Regional	6	2	88%
Kiewa/Mitta Mitta/Upper Murray Regional	8	2	87%
Ovens/King/Mid Murray Regional	7	2	87%
<b>Total</b>	<b>96</b>	<b>82</b>	

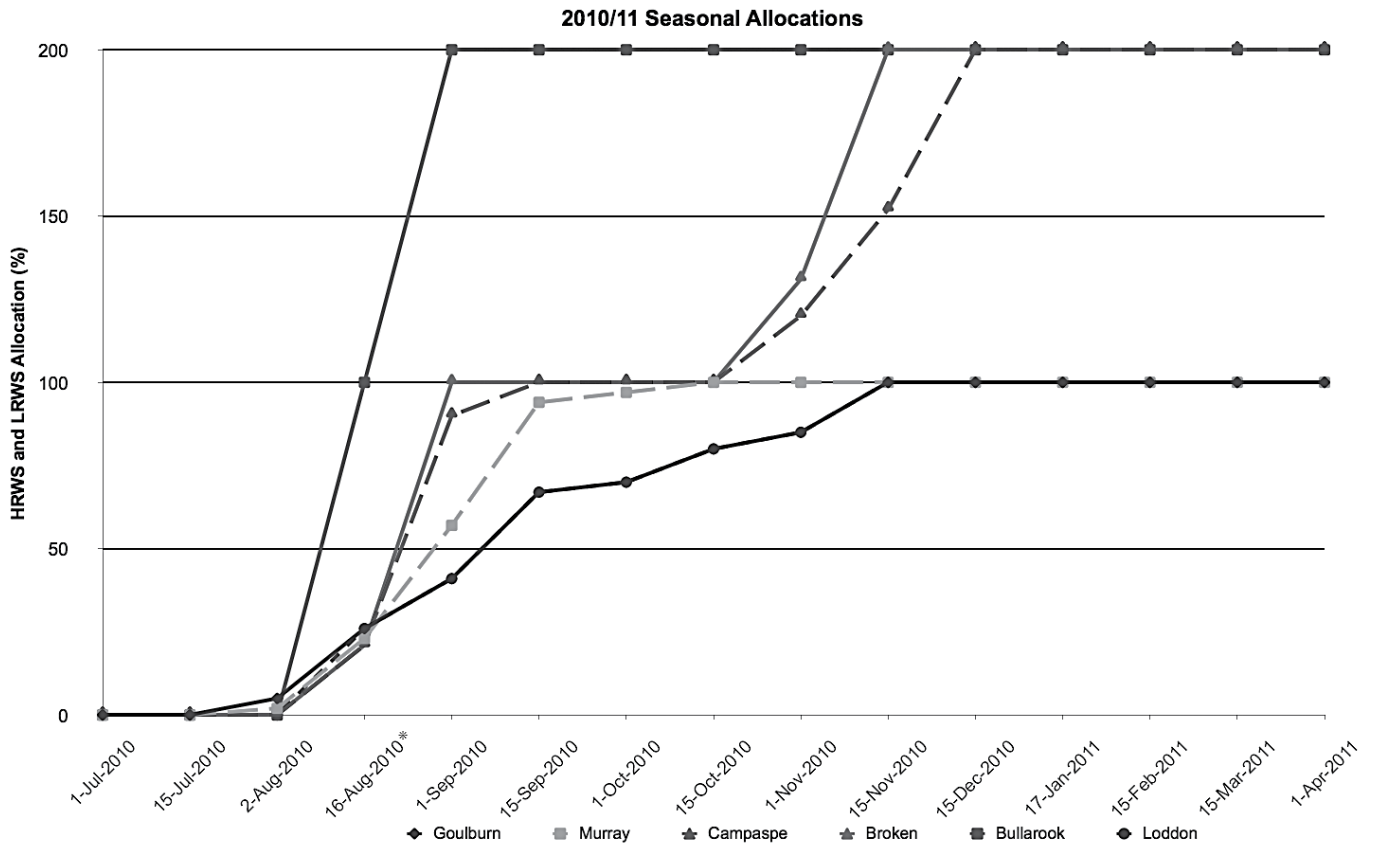
# Water Services

One of G-MW's core business functions is to manage water resources as the Government appointed Resource Manager for northern Victorian water systems. The other functions include implementing Government regulations and policy for surface and groundwater, water share and allocation trading, water use licensing, and making the seasonal allocation determinations for all Victorian Murray entitlement holders. G-MW's responsibility also includes compliance, billing administration and customer service.

<b>Historical Seasonal Allocations for G-MW's Regulated Systems</b>													
Season	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek		
	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	
1994/1995	100	120	-	-	100	100	100	80	-	-	-	-	
1995/1996	100	100	-	-	100	50	100	100	-	-	-	-	
1996/1997	100	100	-	-	100	100	100	120	-	-	-	-	
1997/1998	100	30	100	70	100	20	100	90	-	-	100	90	
1998/1999	100	100	100	70	100	0	100	0	-	-	100	90	
1999/2000	100	90	100	70	100	0	100	0	-	-	100	90	
2000/2001	100	100	100	70	100	0	100	120	-	-	100	90	
2001/2002	100	100	100	70	100	0	100	80	-	-	100	90	
2002/2003	100	29	100	0	57	0	100	0	-	-	100	70	
2003/2004	100	0	100	70	100	0	100	0	67	0	100	77	
2004/2005	100	0	100	70	100	0	39	0	100	0	100	90	
2005/2006	100	44	100	70	100	0	31	0	100	0	100	90	
2006/2007	95	0	77	0	29	0	0	0	0	0	36	0	
2007/2008	43	0	71	0	57	0	18	0	5	0	0	0	
2008/2009	35	0	0	0	33	0	0	0	0	0	0	0	
2009/2010	100	0	17	0	71	0	0	0	3	0	19	0	
2010/2011	100	0	100	100	100	0	100	100	100	0	100	100	
HRWS	High-reliability water shares												
LRWS	Low-reliability water shares												

## Water Availability in Regulated Systems

For the fourth consecutive year, there was no allocation announced on 1 July. However, water availability rapidly improved and by 16 August 2010 all systems had an allocation of 20% of high reliability water share (HRWS). This was the first time since 2002 that every system had an allocation at the start of the irrigation season. Allocations in all systems reached 100% HRWS by 15 November. Entitlement holders in the Broken, Campaspe and Bullarook systems also all received a 100% low reliability water share (LRWS) allocation, the first time any allocations had been made for LRWS.



\* After 15 August, the Goulburn and Loddon allocations were the same.

### Water Trading

High seasonal allocations coupled with large volumes of water carried over from the previous year and low irrigation demand meant there was less reliance on trade to source water allocation. Consequently, there was a substantial reduction in water allocation trade application numbers in 2010/11. The total number of applications processed was 3,205 which compared to 7,846 in the previous year. While the number of applications processed in 2010/11 was significantly lower than last year, the volume of water traded was high in comparison with 1,130,930 ML traded compared to 603,997 ML in the previous year. This was partially due to increased activity by environmental and institutional water owners transferring water allocation between their accounts. Trade suspensions were introduced by the Victorian Minister for Water in April and May 2011 aimed at protecting the seasonal allocations available to Victorian entitlement holders for 2011/12.

### Business Transactions

G-MW improved processing timeframes for water trading applications in 2010/11 through the development and implementation of a new tailored business system. This initiative was introduced for water share trading in July 2010 and allocation trading in March 2011 and saw average processing times reduce by approximately 50%.

In its role as delegate for the Minister for Water, G-MW processes applications relating to water entitlements, delivery shares and licensing in the Victorian Water Register. As a major partner in the Water Register, which is managed by DSE, G-MW continues to play a lead role in the development of policy and improvements relating to the system. In 2010/11 the Water Register underwent a substantial program of enhancements aimed at improving the management of water entitlement data, land information, licensing records and interstate trading.



# Water Services ... continued

<b>Business Transactions Processed by G-MW</b>				
Transaction Type	2007/08	2008/09	2009/10	2010/11
Water Share applications	3,080	3,191	3,315	3,323
Allocation Trades*	10,060	10,271	7,846	3,234*
Information Statements	1,587	2,164	3,064	2,855
Subdivisions	92	112	201	197
Amalgamations	6	0	0	5
Bore Construction Licences	806	939	817	302
<b>Total</b>	<b>15,631</b>	<b>16,677</b>	<b>15,243</b>	<b>9,916</b>

\* Includes 3,205 water allocation, 9 surface water temporary transfers from unregulated systems & 29 groundwater trades

## 2010/11 Water Share Ballot

In early July 2010 G-MW held a ballot to determine the order in which water share trade applications subject to the annual 4% trade-out limits were processed. In total 877 applications for just under 130,000 ML of water shares were lodged during the three week ballot lodgement period with the majority of entitlement holders seeking to sell water shares to the Commonwealth Government under the water entitlement buyback program.

The 4% limits were reached in all of the major Irrigation Areas during the ballot processing period with a total of 588 applications or 75,100 ML of water shares approved for transfer.

## Bore Construction Licences

Seasonal conditions saw a significant reduction in the number of bore construction licences issued in the 2010/11 irrigation season. For the first time in many years customers were able to rely on surface water access and did not seek to construct groundwater bores as a method of securing an alternative source of water.

## Carryover by G-MW Customers

The 2010/11 marked the first season customers on the Goulburn, Campaspe and Murray system had unlimited carryover due to the further extension of carry over rules which removed the 100% of water share limit provided that there was sufficient storage capacity available. Many water users had large volumes of unused allocation in 2009/10 due partly to the late increases in seasonal allocations. At the start of 2010/11, G-MW customers had carried over about 588,000 ML of unused allocation from the previous season. This was over three times the volume carried over into the 2009/10 season.

<b>Carryover brought forward (GL)</b>						
<b>IGL = 1,000ML</b>						
Water System	2007/08	2008/09	2009/10	2010/11	2011/12	Equivalent HRWS allocation
Murray	23.3	59.7	60.5	244	716.0	103 %
Goulburn	24.5	92.9	89.4	338	947.0	95 %
Campaspe	N/A	2.3	1.3	1.1	35.0	95 %
Broken	N/A	6.9	2.5	4.0	10.0	56 %
Loddon	N/A	0.4	0.3	0.9	12.3	57 %
Bullarook	N/A	N/A	N/A	0.1	0.5	71 %
<b>Total</b>	<b>47.8</b>	<b>162.2</b>	<b>154.0</b>	<b>588.1</b>	<b>1,720.8</b>	

### Notes:

The previous years show the volume carried over by the holders of water shares in each water system. The volume for 2011/12 is then displayed as an equivalent high-reliability allocation. The total carryover figure includes water carried over to 1 July 2011 by bulk entitlement holders and holders of supplies by agreement for supplies to towns and the environment. Information is current as at 14 July 2011.

## Spillable Water Accounts and Spill Declaration

For each water share holder with a linked water use licence, any allocation that was unused at the end of the 2009/10 season in the Murray, Goulburn and Campaspe systems that was above the volume of 100% of HRWS and 100% of LRWS was carried over in Spillable Water Accounts (SWAs). Water remains in SWAs until the declaration that the probability the storage will spill is low.

On 1 July 2010, the Resource Manager for Northern Victoria determined that the probability of spill at Lake Eildon, Dartmouth Reservoir and Lake Eppalock was low which enabled water in SWAs to become available for use or trade in the 2010/11 season.

## Northern Region Sustainable Water Strategy

The Northern Region Sustainable Water Strategy (NRSWS) was released by the Victorian Government in November 2009. The strategy addresses water management challenges and risks including those arising from drought and climate change through 17 new policies and 51 actions to implement those policies. Since the NRSWS was released G-MW has been working on implementing of the actions. Water users have benefited from the completed actions including the introduction of the Goulburn system reserve policy, extended carryover provisions and new dairy wash licensing. The return flow pilot study was completed and rules developed and implemented.

Work is continuing on actions such as; new Reserve Policy in the Murray system, trading rules in the Ovens/King and Broken basins, carryover rules in the Loddon, Broken and Bullarook systems, registration of Domestic and Stock (D&S) dams in rural residential areas, developing reasonable D&S use guidelines, review of guidelines and licence conditions and review of records for unregulated stream and groundwater licenses, local management rules for unregulated streams and groundwater systems, development of Management Plans for the Lower Campaspe, Loddon Highlands and Upper Ovens areas, new reticulation systems for D&S rights for environmental deliveries in irrigation delivery systems, review of riparian management plans and development of revised salinity management arrangements. The work on these initiatives will continue through 2011/12 and be implemented progressively.

## Qualification of Rights

Qualifications of Rights declared by the Minister for Water continued to give customers access to water for specific purposes including use inside the home, stock watering and dairy washdown during periods early in the season when water availability was low. Qualifications of Rights for the Murray, Goulburn and Broken systems were revoked in October 2010 once allocations exceeded critical thresholds. Qualifications of Rights remained in effect in the Loddon and Campaspe systems until they expired on 30 June 2011, to ensure aspects of the Qualifications relating to minimum passing flows could continue.

## Goulburn System Water Quality Reserve

The Goulburn Bulk Entitlement (BE) Order requires G-MW to set aside or reserve 30,000 ML annually to make provision for a source of water to address water quality risks in the Goulburn River and lower Broken Creek systems. This provision is sometimes referred to as the Goulburn Water Quality Reserve. The history of use of this provision is shown in the following table.

Goulburn System Water Quality Reserve History		
Year	Volumes and purpose of use	Total Use
2004/05	0	0
2005/06	513 ML was delivered to the Broken Creek to assist water quality	513 ML
2006/07	422 ML was delivered to the Broken Creek. 7,000ML released onto the Goulburn water market for purchase by local irrigators and urban corporations	7,422 ML
2007/08	1,878 ML was used in the Broken Creek to assist water quality. 10,000 ML supplied to Coliban Water and Central Highlands Water to supplement existing supplies and meet critical water shortages in Bendigo and Ballarat.*	11,878 ML
2008/09	2,817 ML was used in the Broken Creek to assist natural break up of a weed infestation (azolla) and improve dissolved oxygen concentrations. 10,000 ML supplied to Coliban Water and Central Highlands Water to supplement existing supplies and meet critical shortages in Bendigo and Ballarat.*	12,817 ML
2009/10	818 ML used to stabilise dissolved oxygen concentrations in the lower Broken Creek. 10,000 ML supplied to Melbourne via the Sugarloaf Pipeline (in accordance with Qualification of Rights).	10,818 ML
2010/11	2,352 ML was provided to the lower Goulburn River in response to low dissolved oxygen levels. 7,791 ML was used to increase the minimum flow in the lower Broken Creek to maintain dissolved oxygen levels.	10,143 ML

\* Coliban Water and Central Highlands Water paid commercial rates for access to additional water; with pricing arrangements agreed by the Minister for Water in accordance with the Qualification of Rights.

# Water Services ... continued

## Environmental Watering

The focus of environmental watering changed from managing low volumes in 2009/10 to responding to water quality issues associated with higher flows following some of the highest stream flows for over 15 years. When low dissolved oxygen levels in the River Murray were identified, water from the Living Murray entitlements in the Goulburn was used to attempt to raise the oxygen levels in the River Murray. As the low dissolved oxygen levels spread to the Goulburn River, further water was sourced from the Murray Flora and Fauna, Goulburn Water Quality Reserve and the Commonwealth Environmental Water Holder.

During periods of unregulated flows in the River Murray, water was delivered to Round Lake, Cullens Lake, Hird Swamp and McDonald's Swamp.

The Barmah-Millewa forest was flooded on a number of occasions from high tributary flows upstream of Yarrowonga. To ensure flows through the Barmah-Millewa forest remained high enough to encourage bird breeding after the upstream tributary flows had receded, flows in the River Murray were supported from the Living Murray and Barmah-Millewa Forest entitlements.

The Commonwealth Environmental Water Holder provided water for environmental flows in the Goulburn, Broken, Campaspe and Loddon Rivers during 2010/11.

## The Basin Plan

The MDBA continued to prepare the Basin Plan, as required by the *Commonwealth Water Act (2007)* throughout 2010/11.

The Basin Plan is a management plan for the surface waters, groundwater and environmental resources of the Murray-Darling Basin which will set the framework for the Water Management Plans to be prepared by each State Government. The Basin Plan will, amongst other things, set the sustainable diversion limits (SDLs) on the quantities of water that can be used. SDLs are intended to ensure that sufficient water remains in the rivers to provide for long term sustainability.

G-MW participated in the MDBA forums, workshops and meetings of stakeholders and expert reference panels prior to and following the release of the *Guide to Draft Basin Plan* in October 2010. The Guide was released to gauge public reaction to a range of water recovery scenarios. Comment was sought with the intention to release the draft Plan in early 2011.

The draft Plan indicated significant reductions to the diversions in river basin managed by G-MW and entitlements by G-MW customers, and changed groundwater management arrangements. These changes had potentially serious effects on the future viability of irrigation. G-MW prepared a response, which included comment from the Water Services Committees, and this was lodged in December 2010.

Following the MDBA's public engagement phase in late 2010, a series of further enquires were undertaken. G-MW made representations to these enquires and to the fact-finding delegations which have visited the region. The MDBA is now preparing the draft Basin Plan for release in 2011.

## eWater CRC

eWater CRC is developing water management software for its partners.

G-MW is a partner of eWater and through our investment in funding and in-kind staff support will share in the advancement of water management technology. G-MW has been a funding partner of the eWater CRC since its inception and 2010/11 was the sixth year of the seven year program life.

eWater Source is an integrated eco-hydrological modelling platform for water resource planning and management which addresses the full water cycle. This system is designed to meet the hydrological modelling needs of Australian governments, agencies and authorities, including G-MW, for at least the next decade. For G-MW, the two key products in this platform are Source Rivers, previously known as River Manager, and Source Catchments, previously known as WaterCAST.

G-MW is contributing to the development and testing of Source Rivers through the provision of staff from the Water Resources Unit with river and storage operating experience. Source Catchments continues to be used for the development of water quality models and the emphasis has been on the Lake Eppalock catchment for the application of this model. G-MW is contributing to the northern Victorian focus catchment project through the provision of data and advice from staff experienced in river operations and water quality management. This project applies the eWater software tools to improve understanding of the flows and ecological responses in the Goulburn and Ovens Rivers.

## Dairy Shed Water Licensing Transition Program

The issuing of licences under the Dairy Shed Water Licence Transition Program is now well underway, with just over 240 licences already issued or increased. However in some areas dairy shed groundwater licences cannot be issued until entitlement caps, known as Permissible Consumptive Volumes (PCVs), are adjusted. G-MW will shortly provide the information necessary to allow these PCV changes to take place. Once these PCVs are changed; which is expected later in 2011, the remaining licences can be issued.

## Groundwater

G-MW has the responsibility for licensing and managing about half of Victoria's groundwater resources and has a vital role in ensuring groundwater use is sustainable. G-MW is also delegated to issue licences to take and use groundwater under the *Water Act 1989* and, in doing so, making sure needs of existing water users and the environment are considered.

During 2010/11 G-MW successfully completed a number of important groundwater resource appraisal projects to provide the technical understanding required to develop Local Management Rules and Management Plans, including:

- Drilling 77 new monitoring bores under the State Observation Bore Refurbishment Project, taking the total to 192 across the G-MW region.

- Groundwater appraisals in the Goulburn-Broken Catchment, Mineral Springs region of Central Victoria, Ovens and King Valleys.
- Gaining important insights from 3D mapping of aquifers in the Loddon and Campaspe Catchments.

#### **Improvement in groundwater resource position**

Aquifer levels across G-MW's region recovered significantly during 2010/11 as a result of above average rainfall and flooding. A positive aspect of the summer floods has been the response seen in aquifers, particularly in the Loddon and Campaspe catchments. Many observation bores showed groundwater levels similar to those seen nearly a decade ago.

#### **Groundwater management and planning**

**Shepparton Irrigation Region – towards a new management framework** – G-MW is undertaking a National Water Commission (NWC) funded water resources project to develop a new groundwater management framework for the Shepparton Irrigation Region Water Supply Protection Area (WSPA). The WSPA for this shallow alluvial aquifer extends from Rochester in the west to Yarrawonga in the east and from Murchison in the south to the Murray River. A new more flexible management framework is required to facilitate groundwater pumping during wet periods to reduce the risk of shallow groundwater salinity impacts, as well as maintaining access to groundwater during droughts. The project, due for completion in December 2011, involves significant stakeholder consultation and social research into groundwater user behaviours and aspirations. This information will be vital to the development of new management arrangements.

#### **Improving alignment of groundwater management between Victoria and NSW**

The objective of a second NWC funded project is to investigate the opportunity for greater alignment of groundwater management across the New South Wales - Victoria border. This project will culminate in a strategic workshop bringing together groundwater decision makers from Victoria, NSW, the MDBA and the National Water Commission. The project is scheduled for completion in December 2011.

#### **Upper Ovens River Water Management Plan draft completed**

- Managing groundwater and surface water as a single resource is the focus of a draft management plan just completed by the Upper Ovens River Water Supply Protection Area Consultative Committee. As at June 2011 the Draft Upper Ovens Water Management Plan has been completed after having been released for public comment in April and following community consultation meetings.

#### **New Management Plans being developed in Lower Campaspe Valley and Loddon Highlands Water Supply Protection Areas**

- During 2010/11 two consultative committees were appointed to draft groundwater management plans for the new Lower Campaspe Valley and Loddon Highlands Water Supply Protection Areas. Plans will consider trigger levels and associated seasonal restrictions, rules for transfer and carry over of water entitlements, as well as monitoring and reporting requirements. The committees will consult with communities before completing their groundwater management plans by March 2012 for submission to the Minister for Water for approval.



# Water Services ... continued

<b>Urban Groundwater Use</b>			
<b>Town Supplied</b>	<b>Urban Corporation</b>	<b>2010/11 Licensed Entitlement (ML/yr)</b>	<b>2010/11 Extraction (ML)</b>
Strathmerton	Goulburn Valley Water	730	0
Katunga	Goulburn Valley Water	110	39.22
Barnawartha	North East Region Water	293	1.39
Chiltern	North East Region Water	25	0
Springhurst	North East Region Water	20	0
Wangaratta	North East Region Water	465	49.59
Moyhu	North East Region Water	15	0
Myrtleford	North East Region Water	75	0
Goorambat	North East Region Water	24	13.70
Elmore	Coliban Water	284	113.70
Trentham	Coliban Water	48	0
Smeaton	Central Highlands Water	48	0
Clunes	Central Highlands Water	350	155.20
Forest Hill System (Forest Hill bore field)	Central Highlands Water	350	139.50
Waubra	Central Highlands Water	100	8.40
Learmonth	Central Highlands Water	100	0
Avoca (Bung Bong)	Central Highlands Water	250	0
Maryborough System (Mololort bore field)	Central Highlands Water	1095.8*	34.50
Maryborough System (Stoney Creek, Evansford bore field)	Central Highlands Water	240*	27.60
Daylesford System (Coomoora bore field)	Central Highlands Water	273	0

\*Indicates that temporary trade has occurred to gain entitlement

### Temporary Groundwater Trading Summary

Groundwater Management Unit	2010/11 ML Traded	Number Of Applications
Katunga	217.5	2
King Lake	30.0	2
Lower Campaspe Valley	565.0	4
Loddon Highlands	1,365.8	9
Lower Ovens	104.0	6
Mid Goulburn	134.0	3
Mid Loddon	10.0	1
Spring Hill	10.0	1
Upper Ovens	34.0	1
<b>Total</b>	<b>2,470.3</b>	<b>29</b>

# Infrastructure

The Infrastructure Group controls the building, maintenance and servicing of G-MW's infrastructure assets, which have a replacement value of over \$5 billion. A structured approach to asset management is used to ensure consistency of service to customers in a cost-efficient manner. The Group manages all aspects of dams, including operations and maintenance, dam safety and "land and on-water" issues. The Group is also responsible for environmental compliance, water quality monitoring, and aquatic plant and pest management.

## Dams Management

G-MW manages 16 large dams across northern Victoria, with the capacity to hold around 9 million ML, or some 70% of Victoria's stored water resources.

This area of G-MW's business is modernising all aspects of its function to ensure it is managing the long term safety of the dam asset portfolio efficiently and effectively. The past fifteen years has seen a focus on upgrading dam infrastructure towards contemporary standards to reduce large scale portfolio risk. Now that most dams have at least undergone a first stage of risk reduction works there is an opportunity for the Dams business to refocus existing resources on upgrading and modernising its day-to-day dams management practices to ensure continued delivery of appropriate high value dams management.

## Dams Operations and Maintenance

The Dams Operations and Maintenance (O&M) section is responsible for the harvesting, storing and releasing of water from our dams. They liaise with bulk water customers (mainly urban water corporations, power generation companies and Catchment Management Authorities) on day-to-day operational issues and work closely with local government and emergency management agencies in flood management.

An important aspect of dam management is looking after the day-to-day operations and maintenance of the embankment, spillway and outlet infrastructure. The Dams O&M section routinely monitors dam operations and maintenance in accordance with industry standards as set out in its O&M manuals.

During 2010/11 a significant milestone was reached when a revision of the O&M manuals for each G-MW dam was completed. A project to upgrade the O&M manuals to a contemporary standard began in 2009, the first time a complete revision has taken place since the 1960s. These manuals are vital documents for the efficient and safe operations of the dams infrastructure. The O&M manual upgrade project will continue over the following few years to compile detailed asset information in support of the new corporate computerised asset management system.

## Dam Safety

G-MW's dam safety risk management process is widely regarded as industry leading. A sophisticated process is applied to assess the portfolio of dams against contemporary dam safety standards and to prioritise and determine the scope of major dam upgrades. This process ensures G-MW dams meet community expectations and comply with the Australian National Committee on Large Dams (ANCOLD) guidelines and Victorian Dam Safety Regulations. The Dams business sustains a comprehensive program of dam safety management including routine monitoring of dam performance, annual and five-yearly safety inspections and maintenance of contemporary knowledge through training and practicing of emergency procedures.

The Dams business also manages the portfolio of G-MW's dam safety risks. Over the past ten years, under the Dam Improvement Program the Corporation has progressively undertaken a strategic program of capital works valued at \$100 million to reduce dam safety risks. While the majority of current risk reduction works have been delivered, the following projects were undertaken this year.

## - Buffalo and Newlyn Dam Safety Upgrades

In accordance with ANCOLD guidelines, assessment of potential downstream impacts of dam failures for both Buffalo and Newlyn dams has progressed. New generation techniques have been developed and made available to the dams industry which provides a higher level of sophistication and robustness in the assessment of some of the key elements of dam safety risks. G-MW has decided to adopt some of these techniques including using higher resolution digital terrain data to achieve a higher level of confidence in the assessment of dam safety risk at each dam. These assessments will determine whether remedial works are required.

## - Dartmouth Dam Safety Upgrade

G-MW manages Dartmouth Dam on behalf of the MDBA. To meet ANCOLD guidelines, Dartmouth Dam requires an upgrade of spillway capacity through raising the embankment and then modifying the existing spillway crest. Preliminary designs for these two stages of work have been prepared and costed. MDBA endorsement for the stages was received in June 2010 and funding secured to proceed with detailed design in December 2010. Consultants have been engaged and detailed design commenced, with completion scheduled for December 2011. A construction methodology and risk management plan are being developed, which include consideration of timelines and management of risks associated with lake water levels.

## Land and On-Water Management

Land and on-water management is about managing the community, recreational and environmental aspects of dams and surrounding lands. The aim is to protect and enhance water quality, improve the ecological health of the waterway and provide safe sustainable public access.

G-MW storages are easily accessible by the general public, providing highly valued recreational opportunities for tourists and local communities. G-MW is developing individual "land and on-water management plans" for its 16 water storages. These Plans will guide how G-MW and other agencies manage activities, facilities and development on and around water storages. The Plans focus on cultural, environmental and water quality management issues at water storages but are not designed to make recommendations on storage operations – such as water levels and releases.

This year, draft Plans were developed for Waranga Basin and the Mid-Murray Storages including Lake Boga. The Lake Nillahcootie Plan is currently being finalised following more than 18 months of consultation, feedback and discussions. The Plan is due to be launched at a community celebration in late 2011.

Consultants were engaged to start developing Plans for other dams. Community consultation will commence in late 2011 on Plans for Lake Eildon and Goulburn Weir. 2012 will see plans commenced for Lake Eppalock and Cairn Curran. Land and On-Water Management Plans have already been completed for Lake Hume (in 2008) and Lake Mulwala (2004, updated 2008). While plans have been completed, they are still being implemented by G-MW in conjunction with community and stakeholder committees. A key action of the Hume Plan was to develop a camping and caravan strategy, and this was completed during the year. For Lake Mulwala, a new website was developed to provide information on recreation facilities, conditions and water levels at this popular destination.

## New Asset Management System

G-MW commissioned its new Asset Management System that provides operations and maintenance staff real time information to reduce asset down time or impact to customers. The \$2 million system is now operational and is being rolled out across G-MW. The system will provide more timely advice on asset availability and will also allow integration into other G-MW systems. This system provides significant opportunities for G-MW to continue to drive efficiencies in program delivery through mobile computing technologies and integration with the Geospatial Information System. This functionality allows timely and accurate capture of asset data, remote issue of maintenance work orders and tracking of field based resources.

## Maintenance – Continuous Improvement Program

To better manage the increasing portfolio of modernised assets G-MW has implemented a continuous improvement program.

Work area management teams have focused on improving the internal work areas such as the electrical stores area and the mechanical workshop in Tatura. Savings in lost time in both areas have been achieved through better workplace organisation of critical parts and tools.

The pilot program conducted in the Central Goulburn operational area resulted in 52 hours of time saved (travel and administration) within a one week period

## Access Tracks and Fencing Program

A program to fence channels and create access tracks commenced on G-MW backbone channels during the year. The program aims to reduce maintenance and operations costs in the long term. This program ensures that access to sites is constructed and protected, allowing G-MW to efficiently maintain the channel system. Fencing provides protection of G-MW channels against stock damage which if left unchecked is a major contributor to the deterioration of channels.

The works completed in this financial year include:

- Central Goulburn area - 56 km of access tracks and 24 km of fencing.
- Rochester area - 74 km of access tracks and 12 km of fencing.
- Torrumbarry area - 61 km of access tracks and 4 km of fencing.
- Shepparton area - 34 km of access tracks.
- Murray Valley area - 15 km of access tracks.

## Drainage

G-MW constructed \$2.9 million of surface drainage works this year, funded by the Goulburn Broken and North Central Catchment Management Authorities. A network of more than 3,000 km of drains capture run-off from local rainfall and farm irrigation and help manage the impact of run-off on local waterways and the environment

The drainage works included:

- The continued construction of Benwell Primary Surface Water Management System at Myall.
- Works on Mosquito Drain 40 south of Tatura.
- Works on Stanhope Depression west of Stanhope.
- Commencement of the Deakin 16 extension east of Stanhope.
- Construction of the Mosquito 8/25P Community Surface Water Management System at Byrneside.

G-MW also provided general support to multiple stakeholders including Catchment Management Authorities and responded to heavy rain and floods at the start of 2011. Advice to NVIRP on asset rationalisation and supply of water to environmental features was provided through the Connections Environmental Infrastructure Committee.

G-MW assessed 117 whole farm plans (referred by local government) for their impact on G-MW assets and local drainage.



The revised Irrigation Drainage Memorandum of Understanding was signed by G-MW this year, along with partner organisations the North Central and Goulburn Broken Catchment Management Authorities, the EPA, DPI and DSE.

## Capital Works

G-MW has traditionally used a mix of internal and external engineering and construction resources to deliver its capital works program. With the rollout of irrigation modernisation, G-MW's works program will continue to increase and securing the additional resources required in a competitive market will be difficult. Recognising this challenge, G-MW commenced assessment of alternative means of engaging with the market to secure resources. A final decision on an alternative delivery model has not been made but G-MW is now prepared to adapt to any future requirement for engineering and construction resources ensuring that programs continue to be delivered in the most cost effective manner and to the high standard expected by our stakeholders.

During 2010/11 \$49 million of capital works was delivered by G-MW. The program included:

- Upgrades and rehabilitation of irrigation and dam assets.
- Dam safety upgrade completed at Goulburn Weir.
- Upgrade of Mildura Trestle Weir for Murray-Darling Basin Authority.
- Commencing construction of the East Loddon pipeline.
- Commencing refurbishment of the Mildura-Merbein Salt Interception Scheme.
- Upgrade of the Asset Management system.
- Continuation of drainage programs in partnership with Goulburn-Broken and North Central Catchment Management Authorities.
- Continuing works on the MDBA's Living Murray Program at Gunbower and Hattah Lakes in support of the North Central CMA and Mallee CMA

## Tatura Depot

In order to minimise its operational cost, G-MW consolidated its asset holdings in Tatura and grouped the accommodation of 100 staff at the Cussen Street depot. The project included the selling of the disused precast concrete plant at William St and the purchase of land adjacent to the construction yard at Cussen Street. The consolidation of the works unit has improved the efficiencies and synergies of these groups as well as reducing the costs of maintaining multiple sites and aged infrastructure.

## Land Acquisition

Operating in a commercial and regulatory environment, the Property Services unit undertook a significant number of land acquisitions in support of capital projects for the drainage program, channel remodelling, NVIRP plastic lining of channels and special projects including the East Loddon Pipeline Project storage basin site and the Tatura Depot land consolidation. The unit also took over the function of licensing private works on irrigation channels including supply works initiated by NVIRP.

## Leasing and Licencing

A new development lease was negotiated for the Eildon Caravan Park. A three year program of grazing licence renewal across all water storages was concluded this year at Tullaroop Reservoir.

## Statutory Planning

Approximately 1,400 planning applications were received and processed in 2010/11, the first full year of operation for G-MW's Statutory Planning section which was established to administer G-MW's statutory planning obligations. This year also saw the implementation of the Department of Planning and Community Development's guidelines for planning permit applications in open, potable water supply catchments. Work was undertaken with the Department and local Councils to resolve planning issues, and a strategic approach taken to responding to planning permit applications for development in urban fringe situations to take account of rationalisation opportunities for redundant or alternate water supplies.

G-MW assesses planning applications to meet a range of objectives, including the requirements of the *Safe Drinking Water Act* to minimise risks to water quality within its catchments. Under Section 55 of the *Planning and Environment Act 1987*, G-MW is a statutory referral authority for developments within any declared Special Water Supply Catchments and the irrigation areas.

G-MW strives to achieve a resilient and diverse irrigation region by working closely with Catchment Management Authorities, government agencies and the local community to provide innovative natural resource management services. This includes addressing the impacts of salinity in irrigation and dryland areas of Northern Victoria and supporting sustainable irrigation communities and environmental values across the catchment region, as well as contributing to the development and review of regional catchment strategies both in the Goulburn-Broken and North Central regions.

## Environment

G-MW undertakes a range of services to comply with its environmental obligations in relation to catchments and water quality, including aquatic plant management, salinity management, surface and sub-surface drainage support, water quality and land management planning and salt interception management.

## Environmental Compliance

G-MW has a requirement to comply with various health and environment obligations related to catchment water quality:

- *Department of Health - Safe Drinking Water Act 2003 and Safe Drinking Water Regulations 2005*
- *Water Industry Act 1994 - Statement of Obligations issued by Minister for Water*
- *Environmental Protection Act*

G-MW is committed to ensuring it meets its environmental obligations relating to catchments and water quality. Water from the 16 storages G-MW manages is used for multiple purposes such as providing domestic and stock water, maintaining environmental flows and supplying urban water corporations with water for treatment for some 120 towns.

G-MW has developed strong relationships with catchment partners such as Catchment Management Authorities and reports directly to a number of agencies in achieving compliance with these obligations, including:

- Maintaining an Environmental Management System.
- Implementing *Safe Drinking Water Act* Risk Management Plans.
- Responding to drought and flood.
- Undertaking research and development.
- Participating in regional and local government planning.
- Blue-green algae bloom response.
- Monitoring impacts of G-MW activities on river and aquifer health.
- Responding to incidents or events that may impact on water quality such as bushfires or fish deaths.
- MDBA Salinity Management Strategy.
- Victorian Strategy for Healthy Rivers, Estuaries and Wetlands.

#### **River, Wetland and Aquifer Health**

In addition to the delivery of environmental water to many river reaches and wetlands across Northern Victoria, G-MW is involved in the state and regional programs to improve river, and wetland health such as DSE's Riparian Advisory Group, Lower Broken Creek Management Plan, Sevens Creeks Action Plans, Loddon River Restoration Project, and River Murray (Yarrowonga to Torrumbarry) Streamside Restoration Plan . Many of these projects will form part of the new regional strategies for healthy rivers and wetlands.

G-MW's accredited environmental risk management system ensures that G-MW staff have processes in place to manage the environmental risks associated with G-MW's activities. Project environmental management plans based on best management environmental practices are routinely established and implemented for G-MW works and projects.

#### **Monitoring River Health**

G-MW is a partner in Regional Surface Water Monitoring Partnerships across Northern Victoria. These monitoring partnerships cover the collection of both water quality and quantity data, data analysis and data storage. Water quality data is available via [www.vicwaterdata.net](http://www.vicwaterdata.net). DSE is the manager of the data warehouse which is currently being reviewed and improved.

#### **Innovation and Technology Combats Weeds**

Pest plants and animals have the potential to impact on the service to customers, by clogging channels and reducing water quality.

To comply with its obligations for water quality, environmental management and biodiversity, G-MW continued work this year on managing pest animals and plants, and encouraging native species. Consolidating all weed management staff from across the business into a dedicated team of 21 has enabled G-MW to successfully manage weed growth, respond to the locust plague and develop innovative ways of using new technology to apply herbicides and develop new ones for managing aquatic weeds. Revegetation was undertaken in several areas including Goulburn Weir.

#### **Water Quality Managed in a Year of Contrasts**

With a dramatic return to more normal seasonal conditions and water resources moving from drought to flood, G-MW has collaborated with other agencies and applied adaptive management techniques to minimise impact on customers and communities. Various blackwater events caused by flooding were managed to minimise impact on fish health and ensure recreational storages maintained as much public amenity as possible.

During the year there were two major blue-green algae blooms. While this was the same number as last year, the blooms appeared in different storages and tended to appear for longer during 2010/11. Storages with a history of blue-green algae remained unaffected while this year's long duration of warnings at Lake Eildon was unprecedented in its history.

While fulfilling obligations in providing warnings about blue-green algae and liaising with the coordination committee, G-MW remained sensitive to the needs of recreation users and local communities. G-MW staff conducted increased monitoring, erected warning signs at major recreational areas, sent letters to affected customers, informed the public by regular media releases, and updated phone and website information services. G-MW also created a series of fact sheets on blue-green algae to better inform people of the risks and to enable them to make informed decisions.

As a result of increased depth, cold water monitoring resumed at Lake Eildon and some Loddon storages, contributing to DSE research on the natural temperature regime of rivers.

# People and Technology

G-MW's Human Resources (HR) Group coordinates payroll, HR and learning and development within G-MW. The Group is responsible for ensuring G-MW has the capacity and capability to deliver on its objectives through its people, in terms of culture, skills development and aligning staff to the Corporate Plan.

## Strategic Plan Aligns Staffing with Future Needs

G-MW is developing a five-year Strategic Human Resources Plan to position G-MW as an employer of choice, and to ensure the Corporation has the right staffing and employee support to deliver on its objectives as outlined in the Corporate Plan and Water Plan. The Strategic Plan encompasses culture, recruitment and selection, leadership and skills development, remuneration and technology to support decision making.

## Attracting And Retaining Future Talent

G-MW has continued to support the Beacon Foundation by holding career events for local students with the purpose of linking schools with business. This year, G-MW hosted 100 Year 10 students who had the opportunity to learn more about G-MW and the water industry, the types of careers available and the pathways into such careers.

## Complying with Our Employment Obligations

G-MW undertook a number of programs and initiatives this year to ensure we comply with our obligations as an employer and to meet the legislative requirements of the *Disability Act 2006*.

This year G-MW worked on reviewing its current services, facilities, practices and policies, and identifying barriers that may exclude people with a disability.

State Government guidelines such as Merit and Equity Principles guide our recruitment and selection processes. During the year 37 internal and 61 external applicants filled 98 positions.

## Our Employees

G-MW employs 702 staff (excluding Directors and Chairperson), equivalent to 685 full time employees (FTE).

The full time equivalent figure accounts for part time employees as a fraction of full time hours workable. For example, two people each working 2.5 days per week would equal one full time equivalent employee.

Of the 702 staff members 548 are male and 154 are female with 657 staff members employed full time and 45 working varied part time hours. The average age of employees is 42.5 years.

	Total Employees	Full Time Equivalent (FTE)	% male	% female
2005/2006	642	621	84	16
2006/2007	659	632	83	17
2007/2008	683	660	82	18
2008/2009	725	710	80	20
2009/2010	727*	713	79	21
2010/2011	702	685	78	22

\* The total number of employees includes 15 employees seconded to NVIRP and 23 seconded to the G-MW's FutureFlow project.

Classification	Total Employees	FTE
Band A	179	178
Band B	206	202
Band C	157	151
Band D	91	88
Band E	40	39
Band F	23	21
Executive Officer	6	6

Age Brackets	Total Employees
< 25	58
25 - 34	151
35 - 44	167
45 - 54	182
55 - 64	135
> 64	9

Growth in staff numbers over the past five years has been as a result of fulfilling additional responsibilities relating to asset management, legislative compliance and the delivery, or support, of projects relating to modernisation.

Staff numbers have reduced from 713 FTE in 2009/10 to 685 FTE in 2010/11. This reduction in staff is due to the low volume of activity associated with a return to more normal seasonal conditions, as well as a small impact of the modernised water delivery systems and improved business efficiencies.

## Making Our Workplace Safer

During 2010/11, significant milestones were achieved under G-MW's Occupational Health and Safety Management System. This was recognised in April 2011 with certification to AS/NZS 4801:2001- Occupational Health and Safety Management Systems. Accreditation to this standard allows G-MW to demonstrate alignment with industry best practice and performance against established benchmarks for continuous improvement.

G-MW continued with positive performance in the area of workplace incident and injury management during the 2010/11 period. This was achieved through early intervention strategies and proactive Return to Work and Rehabilitation services. Active engagement with treating practitioners and through provision of structured modified and alternative duty arrangements assisted in reducing lost time incurred through workplace injury.

Key initiatives implemented during the 2010/11 period include:

- Certification to AS/NZS 4801: 2001- Occupational Health and Safety Management Systems through external evaluation of the corporations OH&S Management System.
- Implementation of an online incident reporting information system to track, monitor and report OH&S incidents across all levels of the corporation.
- Integration of the Corporation's OH&S and Environment and Sustainability teams helped identify system efficiencies and opportunities to add value within both of our certified management systems.
- Continuation of G-MW's three year Corporate Health and Well-being Strategy with the provision of health awareness seminars and associated health initiatives at key work locations. This was teamed with a Fit and Healthy Step challenge promoting activity inside and outside the workplace.

## Return to Work

G-MW has significantly reduced the number of Workcover claims and associated costs over the past year through an intense early intervention program being delivered to our injured workers.

A range of injury prevention programs will be implemented in the coming year to help this trend continue. The number of workcover claims has reduced by 65% while the associated total incurred costs have reduced by 71%. This will have a significant positive impact on G-MW's Workcover premium in the coming years.

### Occupational Health and Safety Key Performance Indicators

	2006/07	2007/08	2008/09	2009/10	2010/11
Number of health and safety employee representative committees	14	14	19	23	18
Number of lost time injuries for the year	11	13	12	7	8
Number of days lost to injuries incurred during the year	202	210	378	313	162
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	10.4	12.1	11.3	6	7.2
Average Lost Time Rate (average number of days lost per lost time injury)	18.4	16.9	31.5	44.7	20.3

## Risk Management

G-MW is committed to adopting sound risk management principles and to manage risk with recognised best practice in accordance with AS/NZ 4360:2004 and ISO 31000:2009. G-MW's approach to risk management is defined in the Corporation's risk management policy and business risk management framework. Both the framework and policy are integrated at all levels of the organisation, in all business activities and strategic decisions that are aligned to G-MW's strategic direction. G-MW is currently undertaking a review of its risk management framework to further strengthen its policies and procedures.

## Statement of Attestation

I, Llew Vale certify that G-MW has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. G-MW's Risk and Compliance Committee verifies this assurance and that the risk profile of the G-MW has been critically reviewed within the last 12 months.



30 June 2011



# Meeting Our Obligations

## Environmental Management

The nature of G-MW's business means that operational activities are intrinsically linked to the environment over a large geographical area. G-MW manages its interactions with the environment through its Environmental Management System (EMS) which prioritises issues according to risk and provides a framework through which the organisation can continually improve its environmental performance. G-MW's EMS is certified to the International Standard for Systems AS/NZ ISO 14001 and has maintained this certification throughout 2010/11, with two external audits identifying no non-conformances with the standard. In 2010/11 good progress was made with all of G-MW's environmental objectives and targets.

## Greenhouse Emissions

G-MW continues to reduce its emissions, with more fuel efficient fleet vehicles contributing to lower emissions from transport. Compared with urban Water Corporations, G-MW has relatively low emissions as the Corporation does not treat drinking water or sewage. G-MW's Greenhouse Emissions Action Plan (2008) set a target to cap greenhouse emissions at 75% of 2005/06 levels by 2013. G-MW is on track to meet this target.

Greenhouse Emissions by Source						
t CO <sub>2</sub> e by source	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Energy <sup>1</sup>	10,890	8,275	8,309	9,301	8,731	9,001
Vehicle Fleet <sup>2</sup>	6,369	5,057	4,902	4,518	5,306	4,416
Temporary pumping <sup>3</sup>	-	2,341	1,100	1,061	-	-
<b>Total</b>	<b>17,259</b>	<b>15,637</b>	<b>14,311</b>	<b>14,880</b>	<b>14,038</b>	<b>13,417</b>

1. Electricity and gas to run offices and depot and deliver water to customers.
2. Fuel consumed by the vehicle fleet.
3. In some years temporary pumping can make a significant contribution to greenhouse emissions, but this was not the case in 2010/11.

The Action Plan also sets a long-term goal for the organisation to be carbon neutral by 2050.

The mechanism for achieving this goal is currently under review pending legislative and regulatory changes and will be submitted for Board approval in 2011/12.

G-MW continues to work with other Water Corporations on greenhouse issues through its participation in the Greenhouse Working Group. Benefits of this involvement include being up to date with developments regarding carbon trading policies and learning about the success or failure of various greenhouse gas reduction or abatement activities.

## Corporate water consumption

Corporate water consumption at G-MW's 15 major office locations was 11,934 kL in 2010/11. With 611.7 full time equivalent employees at major offices, this equates to an office water consumption of 19,509 litres per FTE (or 1.10 kL per m<sup>2</sup> of office space). Higher figures in previous years were due to all water consumption being included in the calculations (including recreational areas). Figures reported in 2009/10 and 2010/11 reflect office-based consumption.

(KL)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Water consumption	5,003	22,638	13,798	26,341	10,229	11,934
Consumption per FTE	22	34	21	37	17	19

## Native Vegetation Management

During the year G-MW developed the Victorian Water Industry's first Native Vegetation Code of Practice to provide a framework for improved management of native vegetation when undertaking maintenance of its assets. In developing the Code of Practice, G-MW consulted with the 26 councils within its boundaries and ran a public consultation process. The Code of Practice received broad support from planning authorities and other stakeholders.

The implementation of this Code of Practice will allow G-MW to effectively and efficiently maintain its large network of channels, irrigation structures and other utility assets across northern Victoria. It will also allow for a consistent approach to the management of native vegetation removal and offsets within G-MW's boundaries.

## Freedom of Information

G-MW is subject to the *Freedom of Information Act 1982* and is committed to making documents available to the community where possible. Requests for access to G-MW documents under *Freedom of Information Act 1982* can be sent to:

Legal Officer -  
*Freedom of Information and Privacy*  
Goulburn-Murray Water  
PO Box 165  
Tatura Victoria 3616

Requests must be in writing, clearly identify the documents sought and be accompanied by the required application fee, currently \$24.40. The application fee may be waived in cases of proven financial hardship. Additional access charges may apply.

In 2010/11 G-MW received 24 new freedom of information (FOI) requests. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

In the same period 25 requests were completed. The outcomes were:

full access granted	9
partial access granted	11
access denied	2
no documents	1
other	2

G-MW received two applications for internal review. The outcomes were:

original decision upheld	2
original decision varied	0
original decision overturned	0

Two applications were made to the Victorian Civil and Administrative Tribunal to review an FOI decision during the relevant period. Both matters are ongoing.

No complaints were received from the Ombudsman concerning FOI requests handled by G-MW.

Enquiries concerning FOI can be made by contacting the Legal Officer - Freedom of Information and Privacy on (03) 5833 5611 or via email [foi@g-mwater.com.au](mailto:foi@g-mwater.com.au).

## Energy and Water Ombudsman (Victoria) Limited

G-MW is a member of the Energy and Water Ombudsman (Victoria) Dispute Resolution Scheme, which provides an independent third-party conciliation process for the resolution of complaints by customers of electricity, gas and water service providers in Victoria.

During the 2010/11 financial year, the Ombudsman referred 81 matters to G-MW

Of these, four were Enquiries, 23 were Unassisted Referrals, 36 were Assisted Referrals, four were Stage 1 Complaints and 14 were Stage 2 Complaints.

Case complexity contributed to one complaint progressing to a Stage 3 status.

As at 30 June 2011, there were nine complaints against the Corporation being investigated by the Ombudsman's office.

The Energy and Water Ombudsman (Victoria) may be contacted by writing to:

*The Energy and Water Ombudsman (Victoria)*  
Reply Paid 469  
Melbourne Vic 8060

## Victorian Industry Participation Policy (VIPP)

The VIPP was established in 2001 to actively encourage greater local industry participation in major Victorian Government procurement contracts, projects and infrastructure.

The VIPP applies when the Victorian Government's funding or provision of a grant exceeds \$3 million in Metropolitan Melbourne and \$1 million in Regional Victoria.

*Contracts commenced during 2010/11 to which the VIPP applied:*

One contract totalling \$7,488,509. This contract was in Regional Victoria.

18 existing jobs retained, 100% Local Content Committed.

*Contracts completed during 2010/11 to which the VIPP applied:*

Two Contracts totalling \$2,745,150. This contract was in Regional Victoria.

31 existing jobs retained, 100% Local Content Committed.

## Audit Reviews of G-MW during 2010/11

G-MW is subjected to regular audits from a variety of external auditors. Some are initiated as a result of Board internal audit programs and some are initiated externally and carried out without charge to G-MW. The areas of water trading and administration, finance, OHS and work programs are the subject of regular audits. Some of the auditors and audits performed during 2010/11 are:

### Cardno for DSE

- Phase 3 water savings accrued during 2010/11 as a result of CGI-4 and Shepparton modernisation projects (and support to NVIRP Early Works).

### Victorian Auditor General's Office (VAGO)

- Groundwater Management – Sustainable Management of Victoria's Groundwater Resources, tabled in Parliament October 2010.
- Performance Audit – Securing ICT Management and Control Systems for Water and Trains – tabled in Parliament October 2010.
- Water Entities – Interim Results of the 2009/10 Audits – tabled in Parliament October 2010.
- Auditor General's report on the Annual Financial Report of the State of Victoria, 2009/10 – tabled in Parliament October 2010.

### SAI Global

- Safety Map Initial Level Certification
- AS4801 – Occupational Health and Safety Management System

### AFS and Associates

- Water exchange and trading
- Financial transactions
- Business unit reviews
- Audit recommendation actions and responses

### Maxwell Brown and Mountjoy

- Water Ballot and Exchanges

### Lloyds Register Quality Assurance (LRQA)

- Environmental Management System

### Jardine, Lloyd & Thomas

- Liability and Property Risk Management

### PriceWaterhouse Coopers

- Data Transaction Review

### FM Global

- Flood Exposure

### Burkett Consulting Services

- Terrorism Risk Management Plan

# Meeting Our Obligations ... continued

## Capital Projects

### Capital Projects over \$5 Million - Treasury Approval

Project	DTF Evaluation	Project Approved	Progress as at 30 June 2011
East Loddon Pipeline	•	•	40%
Central Goulburn 1234 - FutureFlow	•	•	85%
Shepparton Modernisation - FutureFlow	•	•	100%
Foodbowl Early Works - FutureFlow	•	•	100%
Mokoan - Return to Wetland	•	•	98%
Lake William Hovell Improvement	•	•	100%

### Building Act

G-MW observes statutory requirements set down by the *Building Act* 1993 and the accompanying Building Regulations 2006.

### Information Available

Information relevant to Financial Reporting Directive 22B of the *Financial Management Act* 1994 is held at the G-MW offices and is available on request subject to the *Freedom of Information Act*.

### Whistleblowers Protection Act

The *Whistleblowers Protection Act* 2001 (the Act) is designed to protect people disclosing information about serious wrongdoing in the Victorian Public Sector and to provide a framework for the investigation of these matters. The protection disclosure coordinator for the Department of Sustainability and Environment (DSE) acts as the Corporation's agent to receive disclosures under the Act, and applies DSE procedures in managing disclosures. No disclosures were received in 2010/11.

Disclosures of improper conduct by the Corporation or its employees may be made to:

*The Protected Disclosure Coordinator  
Department of Sustainability and Environment  
PO Box 500  
East Melbourne Vic 3002*

### Consultancies

Consultants were engaged by the Corporation during 2010/11 and they provided expert analysis and advice to facilitate decision making.

The following consultants were engaged at a total contract cost of \$100,000 or more:

Consultant: GHD Pty Ltd  
Projects included Pricing and Tariff review and Hattah Lakes Project  
Total: \$581,423

Consultant: Price Waterhouse Coopers  
Borrowings and Capital Projects Review and Integrated Budget tool model development  
Total: \$563,782

Consultant: SKM  
Specialised engineering projects  
Total: \$321,619

Consultant: URS Australia  
Specialised engineering projects  
Total: \$194,524

Consultant: MB+M Business Solutions  
Specific reconciliation projects  
Total: \$151,121

There were thirty two consultants engaged at a contract cost of less than \$100,000 and these were paid \$633,745.

### Value of Community Service Obligations

During 2010/11 G-MW granted \$165,627.24 in pension concessions. In 2009/10 pension concessions granted were \$105,540.10.

### National Competition Policy

G-MW aims to comply with Victorian Government policies and timeframes for National Competition Policy, including competitive neutrality. Corporatisation of Watermove as a stand alone business entity was formalised in November 2009

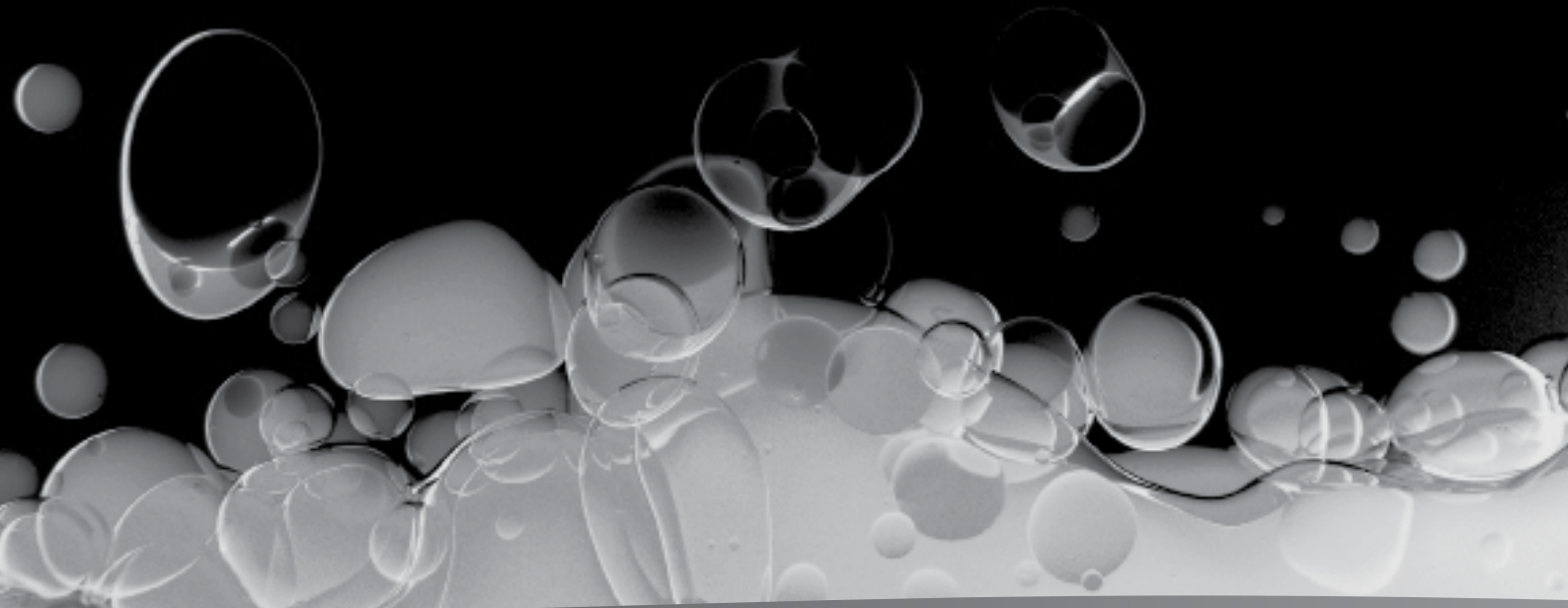
### Watermove Pty Ltd

Watermove Pty Ltd is a wholly owned subsidiary of Goulburn-Murray Water and operates as an independent broker of water entitlements. Governance is provided to Watermove by a board comprising three independent Directors, the Managing Director and one Director appointed by G-MW. The business operates from a shop front location in the heart of Tatura.

Watermove:

- Provides products and services to water traders including a weekly pooled exchange for the trade of allocation entitlements.
- Has released to market an online traderoom that provides opportunities for traders to match their temporary and permanent entitlement requirements in a live environment.
- Processes all Victorian allocation trades through an electronic interface with the Victorian Water Register.
- Provides brokerage services for the federal government environmental buy back of water entitlements.
- Allows other water brokers access to an online trading platform in which they can conduct trades on behalf of their clients.

# Financial Statements 2010/11





# G-MW Financial Commentary

## Financially significant issues in the year

During 2010/11 G-MW undertook a review of its financial management area. This review identified an underestimation of its borrowing requirements for the year of approximately \$50 million. Through discussions with Government, approval was granted for these additional funding requirements.

Through this process, G-MW identified a number of business initiatives to improve its systems, processes and capabilities to ensure sound and robust financial management for the future. These initiatives included integration of all financial management systems, integrated budget tools and the addition to the finance team of specialist expertise. These projects have commenced and will continue to provide the sound footing for robust financial management into the future.

The result for 2010/11 shows an accounting loss before tax of \$53 million compared to \$62 million the previous year. These accounting losses are not considered an indicator of financial failure or of impending cash management issues, but rather are largely a result of changes in the asset base of the business as additional NVIRP assets are transferred and re-valued, which increases the statutory depreciation charge.

On an Earnings Before Interest, Tax Depreciation and Amortisation level (EBITDA), G-MW is expected to achieve positive results from 2011/12 onwards, supported by strong positive cash flows from operations.

An explanation of each of these is given below:

**Depreciation** – depreciation based on accounting standards is an expense item in the operating statement and is based on all assets owned by G-MW. It includes the impact of the recent revaluation, the NVIRP asset transfer of \$102.9 million, and other funded programs in drain construction, dam improvement works and major new pipelines. None of these asset value increases are used in calculating regulatory depreciation, the key asset value used to calculate price.

For this reason there is a very large difference between accounting and regulatory depreciation as shown in the following pages.

**Written down value of asset disposed** - each year G-MW capital works programme are tested against alternative treatments that may allow for the removal of assets after negotiation with customers on alternative water supply source. During 2010/11, G-MW recorded asset disposals mainly comprised of infrastructure assets abandoned after decommissioning of sections of the irrigation delivery networks as part of reconfiguration projects.

These are primarily the result of NVIRP projects that have been successfully completed by 30 June 2011 and resulted in parts of G-MW infrastructure being decommissioned. It is anticipated that asset abandonments will accelerate next year and continue for the remaining years of the project. The value of these assets is written off as an expense in the operating statement, but does not involve any actual cash payments.

Decommissioning of these assets provide for positive returns in future years through avoided asset costs and also contribute to future water savings.

**Asset transfers** - during 2010/11 capital works valued at \$102.9 million were transferred to G-MW representing capital works completed by NVIRP on G-MW infrastructure. In 2009/10 \$87.7 million in capital works were transferred. This transfer is treated as a capital contribution by Government and added in the equity section of the Balance Sheet.

**Expenditure funded from prior year payments** - also included in the operating statement as expenditure are items funded by DSE in prior years, but with expenditure included in this year. These include amounts attributable to the Lake Mokoan project and FutureFlow Alliance.

## Reconciliation Table for Regulatory Profit/(Loss) which reflects the issues identified within the financial statements

	2010/11	2009/10
	(\$'000)	(\$'000)
Statutory Profit/(Loss) before tax for the year prepared in accordance with Australian Accounting Standards	-52,936	-61,986
Add: Expenditure related to Government funds received in prior years or as contributed capital	10,270	19,221
Adjusted accounting result	-42,666	-42,765
Add back accounting depreciation/amortisation	41,209	37,203
Add back abandoned assets	5,910	8,775
Deduct regulatory depreciation	-5,691	-5,860
Indicative Regulatory Profit/(Loss) for the year under pricing policy	-1,238	-2,647

## Summary of Financial Results

	2010/11	2009/10	2008/09	2007/08	2006/07
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Revenue</b>					
Core business revenue	94,488	87,445	81,926	76,691	77,129
Government contributions	7,313	15,688	9,899	61,998	13,349
Other revenue	32,219	37,180	33,583	27,722	28,110
<b>Total revenue</b>	<b>134,020</b>	<b>140,313</b>	<b>125,408</b>	<b>166,411</b>	<b>118,588</b>
<b>Expenses</b>					
Operating expenditure	131,656	151,729	118,247	113,284	108,666
Depreciation & Ammotisation expenditure	41,209	37,203	34,008	31,127	31,302
Finance costs	6,650	2,835	1,480	2,146	1,114
Other expenditure	7,441	10,527	5,821	2,437	5,756
<b>Total expenditure</b>	<b>186,956</b>	<b>202,294</b>	<b>159,556</b>	<b>148,994</b>	<b>146,838</b>
Net result before tax	-52,936	-61,981	(34,148)	17,417	-28,250
<b>Assets</b>					
Current	34,536	36,385	113,925	198,405	50,281
Non-current	4,066,984	2,266,479	2,124,393	1,959,237	1,927,616
<b>Total assets</b>	<b>4,101,520</b>	<b>2,302,864</b>	<b>2,238,318</b>	<b>2,157,642</b>	<b>1,977,897</b>
<b>Liabilities</b>					
Current	59,710	79,332	79,919	42,589	49,693
Non-current	570,118	23,037	23,535	23,896	36,337
<b>Total liabilities</b>	<b>629,828</b>	<b>102,369</b>	<b>103,454</b>	<b>66,485</b>	<b>86,030</b>
Net cash flow from operations	-10,838	-1,605	35,115	22,075	12,553
Payments for property plant equipment and infrastructure	52,053	102,703	184,874	76,310	46,582

## Summary of Financial Performance

Performance Indicator	2010/11	2009/10	2008/09	2007/08	2006/07
Internal financing ratio*	-18%	-2%	17%	29%	27%
Gearing ratio	2%	1%	1%	1%	1%
Interest cover (EBIT)*	-26	-655	-120	32	N/A
Interest cover (cash)*	-5	-18	121	41	N/A

\* Interest excludes calculated borrowing costs on project funds held

# Statement of Comprehensive Income

## Statement of Comprehensive Income For the reporting period ended 30 June 2011

	Notes	2010/11 \$'000	2009/10 \$'000
<b>Revenue from operating activities</b>			
Fixed charges - water and drainage	3	80,147	73,020
Variable charges - water and drainage	4	5,680	7,621
Sale of bulk water		8,661	6,804
Victorian Government grants	5	7,313	15,688
Other external clients	6	22,230	25,437
Interest from customers		1,229	671
Other revenue		2,641	3,473
<b>Revenue from non-operating activities</b>			
Interest on investments		62	1,121
Other income		6,057	6,478
<b>Total revenue</b>		<b>134,020</b>	<b>140,313</b>
<b>Expenses from operating activities</b>			
Operations	7	68,173	76,626
Maintenance	8	32,298	49,222
Management and administration		31,184	25,881
Borrowing costs		6,650	2,835
Loss on sale of fixed assets		5	225
Written down value of assets abandoned	9	5,910	8,775
Depreciation	15 (b)	37,252	35,235
Amortisation	14 (b)	3,957	1,968
Environmental Contribution		1,527	1,527
<b>Total expenses</b>		<b>186,956</b>	<b>202,294</b>
<b>Net result before tax</b>		<b>(52,936)</b>	<b>(61,981)</b>
<b>Income tax expense/(revenue)</b>	10	<b>(15,893)</b>	-
<b>Net result for the period</b>		<b>(37,043)</b>	<b>(61,981)</b>
<b>Other comprehensive income</b>			
<b>Revaluation of non-current physical assets</b>			
Net gain on revaluation of Land, Buildings and Infrastructure	15 (b)	1,699,550	-
Income tax relating to revaluation of non-current physical assets	10	(508,184)	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>	19 (b)	<b>1,191,366</b>	-
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>1,154,323</b>	<b>(61,981)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Balance Sheet as at 30 June 2011

## Balance Sheet as at 30 June 2011

	Notes	2010/11 \$'000	2009/10 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at Bank	11	11,210	2,332
Receivables	12	21,425	31,950
Inventories		1,901	2,103
<b>Total current assets</b>		<b>34,536</b>	<b>36,385</b>
<b>Non-current assets</b>			
Receivables	12	264	1,448
Investment in Subsidiary	13	954	-
Intangibles	14 (a)	21,161	7,791
Land, buildings and equipment	15 (a)	84,303	78,489
Infrastructure	15 (a)	3,960,302	2,178,751
<b>Total non-current assets</b>		<b>4,066,984</b>	<b>2,266,479</b>
<b>Total assets</b>		<b>4,101,520</b>	<b>2,302,864</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	16	42,825	62,919
Employee benefits	17	15,556	15,847
Borrowings	18	1,329	566
<b>Total current liabilities</b>		<b>59,710</b>	<b>79,332</b>
<b>Non-current liabilities</b>			
Employee benefits	17	1,397	1,245
Borrowings	18	94,363	21,792
Deferred tax liability	10(d)	474,358	-
<b>Total non-current liabilities</b>		<b>570,118</b>	<b>23,037</b>
<b>Total liabilities</b>		<b>629,828</b>	<b>102,369</b>
<b>Net assets</b>		<b>3,471,692</b>	<b>2,200,495</b>
<b>EQUITY</b>			
Contributed capital	19 (a)	2,193,157	2,094,216
Asset revaluation reserve	19 (b)	1,216,700	26,910
Accumulated surplus	19 (c)	61,835	79,369
<b>Total equity</b>		<b>3,471,692</b>	<b>2,200,495</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.



# Statement of Changes in Equity

## Statement of Changes in Equity For the reporting period ended 30 June 2011

	Notes	Contributions	Reserves	Accumulated	Total
		by owners \$'000	\$'000	funds \$'000	
Balance at 1 July 2009		1,966,604	26,910	141,350	2,134,864
<b>Total comprehensive income for the year</b>		-	-	(61,981)	(61,981)
Transactions with the State in its capacity as owner					
Return or transfer of capital		-	-	-	-
Capital contributions		39,873	-	-	39,873
Assets transferred from NVIRP		87,739	-	-	87,739
		<b>127,612</b>	-	-	<b>127,612</b>
Balance at 30 June 2010		<b>2,094,216</b>	<b>26,910</b>	<b>79,369</b>	<b>2,200,495</b>
Recognition of Deferred Tax Asset from prior years		-	(1,576)	19,509	17,933
Restated total equity at the beginning of the financial year		<b>2,094,216</b>	<b>25,334</b>	<b>98,878</b>	<b>2,218,428</b>
<b>Total comprehensive income for the year</b>		-	-	(37,043)	(37,043)
Revaluation of Assets		-	1,191,366	-	1,191,366
Transactions with the State in its capacity as owner					
Capital contributions		7,678	-	-	7,678
Return or transfer of capital		(9,588)	-	-	(9,588)
Assets transferred from NVIRP		102,915	-	-	102,915
Assets transferred to DSE		(2,064)	-	-	(2,064)
		<b>98,941</b>	-	-	<b>98,941</b>
Balance at 30 June 2011	19	<b>2,193,157</b>	<b>1,216,700</b>	<b>61,835</b>	<b>3,471,692</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Cash Flow Statement

## Cash Flow Statement For the reporting period ended 30 June 2011

	Notes	2010/11 \$'000	2009/10 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		94,250	109,051
Receipts from other external clients		36,603	36,680
Receipts from Government		7,313	15,688
GST received from the ATO		10,686	23,413
<b>Payments</b>			
Payments to suppliers and employees		(148,227)	(176,085)
Interest and other costs of finance paid		(6,650)	(2,835)
Environmental Contribution		(1,527)	(1,527)
GST paid to the ATO		(3,286)	(5,990)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>24</b>	<b>(10,838)</b>	<b>(1,605)</b>
<b>Cash flows from investing activities</b>			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(52,053)	(102,703)
Investment in Subsidiary		(500)	-
Proceeds from sale of property, plant and equipment		945	13
<b>Net cash outflow from investing activities</b>		<b>(51,608)</b>	<b>(102,690)</b>
<b>Cash flows from financing activities</b>			
Capital contributions from Victorian Government		7,678	72,196
Capital contributions to Victorian Government		(9,588)	-
Repayment of loans		(566)	(531)
Proceeds from loans		73,800	-
<b>Net cash inflows from financing activities</b>		<b>71,324</b>	<b>71,665</b>
<b>Net increase/(decrease) in cash held</b>		<b>8,878</b>	<b>(32,630)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,332</b>	<b>34,962</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>11,210</b>	<b>2,332</b>

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

# Notes to the Financial Report

## I. Significant Accounting Policies

### (a) Basis of Accounting

#### General

The financial report includes separate financial statements for Goulburn-Murray Water Corporation (G-MW) as an individual reporting entity. This financial report is a general purpose financial report that consists of a Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards (AAS), interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

The financial report at 30 June 2011 comprises G-MW (the Corporation).

This financial report has been prepared on an accrual and going concern basis.

Following G-MW identifying a shortfall in borrowing requirements for 2010/11, discussions were held with the Department of Sustainability and Environment (DSE) and Department of Treasury & Finance (DTF) to secure additional borrowings of \$50 million for the financial year, in addition to the approved \$24 million. The Treasurer of Victoria approved total borrowings of \$74 million in 2010/11, enabling the Corporation to meet its cash obligations.

G-MW also submitted its Corporate Plan which was approved by the Minister for Water in July 2011 and demonstrates G-MW's financial viability over the three year plan. Following this, approval was also provided by the Treasurer of Victoria for G-MW's debt facility for the year 2011/12. This debt facility meets G-MW's funding requirements and consistent with G-MW's Treasury Policy provides the ability to meet debts in an orderly manner as and when they fall due including an allowance for contingency events.

The functional currency of this Financial Report is Australian Dollars.

#### Classification between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Corporation's operational cycle – see 1(m) for a variation in relation to employee benefits and 1(n) for a variation in relation to borrowings.

#### Rounding

Unless otherwise stated, amounts shown in the financial statements are rounded to the nearest thousand dollars.

#### Historical Cost Convention

These financial statements have been prepared under the historical cost convention with the exception of land and buildings which are revalued on a cyclical basis and infrastructure assets which are at deemed cost in 2009/10 and at fair value from 2010/11.

#### Critical Accounting Estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

#### Principles of Consolidation - Watermove Proprietary Limited

A wholly owned subsidiary company Watermove Proprietary Limited operates as a water broker; however, G-MW has not prepared the 2010/11 financial statements on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material. The financial statements of G-MW include an investment in subsidiary of \$953,661, which reflects these contributions to Watermove. [Refer note 13].

### (b) Changes in Accounting Policy

The accounting policies are consistent with those of the previous year, unless otherwise stated.

### (c) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

### (d) Revenue Recognition

#### Rates and Variable Charges

Revenue is brought to account when services have been provided or when a rate is levied or determined. Variable charges for water delivered are made progressively through the year, with the final billing scheduled in June after all meters have been read.

#### Sale of Bulk Water

Revenue for bulk water supplied to other water corporations is brought to account throughout the year based on the agreed upon entitlement volumes allocated to each corporation.

#### Contributions for Capital Works

Any fees paid by developers or contributions for on-farm works are recognised as revenue upon completion of the works.

## **Government Grants and Contributions**

Government grants and contributions for recurrent projects are recognised as operating revenue on receipt or when the Corporation obtains control of the contribution and meets certain criteria in AASB 1004 Contributions, whichever is the sooner, and disclosed in the Statement of Comprehensive Income.

The salinity program, the national landcare program, the water savings program and some other works are performed under an agreement with the Victorian Government. Costs reimbursed by the Victorian Government and amounts paid for works completed, are included as Victorian Government grants in the Statement of Comprehensive Income.

However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity – Contributed Capital.

## **Other External Clients**

G-MW is the construction authority for the Murray Darling Basin Authority (MDBA) and completes contracted works on a cost recovery basis. Revenue is disclosed in the Statement of Comprehensive Income in Other external clients and the expenditure is disclosed in Operations.

## **Interest and Rents**

Interest and rents are recognised as revenue when earned or when the service is provided.

## **(e) Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short and long term borrowings, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Where interest is incurred on funds received in advance for capital or re-current projects, this interest is treated as borrowing costs.

## **(f) Recognition and Measurement of Assets**

Property, plant and equipment represent non-current physical assets comprising land, buildings, water storage and delivery infrastructure, plant, motor vehicles and equipment used by the Corporation in its operations. Items with a cost in excess of \$2,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

### **Acquisition**

Where assets are constructed by the Corporation, the cost at which they are recorded includes an appropriate share of overheads.

Assets acquired at no cost or for nominal consideration by the Corporation are recognised at fair value at the date of acquisition.

### **Repairs and Maintenance**

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. [Refer note 8]. 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.

### **Valuation of Non-Current Physical Assets**

All non-current physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Directive 103D.

Revaluations are conducted in accordance with FRD 103D. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken, while a movement greater than 40 per cent will normally involve an Approved Valuer (usually the Valuer General of Victoria), who will perform detailed assessment of fair value.

During 2010/11 land and buildings were revalued by Egans Valuers, an independent valuer contracted by Valuer General of Victoria (VGV). The values provided by that valuation have been included within these financial statements. [Refer note 15]. The valuations were conducted on the basis of an active and liquid market using data from similar property sales where available. Where data was unavailable values were based on depreciated replacement cost.

Plant, equipment and motor vehicles are measured at fair value. For plant, equipment and vehicle asset class, where the Corporation is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost is used to represent a reasonable approximation of value.

In the prior period, FRD 121 Infrastructure Assets (Water/Rail) provided a temporary exemption for the fair value measurement of water infrastructure assets controlled by water entities, at the entity reporting level. This exemption no longer applies for the current period at the written direction of Department of Treasury and Finance (DTF) under the direction of the Minister. Water infrastructure assets, at both the entity reporting level and whole of government reporting level, are therefore measured at fair value less accumulated depreciation and impairment in accordance with FRD 103D. These assets comprise substructures or underlying systems held to facilitate the harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage and drainage systems.

The fair value assessment for water infrastructure in the current period was undertaken by AECOM valuers an independent valuer contracted by VGV and under the instructions of DTF. The assessment was performed on a portfolio basis for various categories of water infrastructures, with fair value assessment based on depreciated replacement cost using available market information for construction of similar assets. Replacement costs were then adjusted for depreciation using age, condition and expected life. Previous to fair valuation Infrastructure Assets were valued at deemed cost.



# Notes to the Financial Report

## Revaluation of Non-Current Physical Assets

Revaluation increments are credited directly to equity in the revaluation reserve, except to the extent that an increment reverses a revaluation decrement in respect of the same class of assets previously recognised as expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

## Impairment of Assets

All assets are assessed annually for indicators of impairment, except for inventories. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the Statement of Comprehensive Income except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of that impairment loss is also recognised in the Statement of Comprehensive Income.

## Asset Transfers and Gifted Assets

Assets gifted and/or transferred to G-MW are assessed and valued at nominal cost of construction as a non-current asset and where transferred under Ministerial Directive are treated as a capital contribution and disclosed in the equity section of the balance sheet.

## Asset Abandonments

Each year G-MW negotiates with customers to rationalise parts of the irrigation infrastructure where reconfiguration works circumstances permit the realignment of channels and structures. Where assets are assessed as being no longer in use, the written down value of the abandoned assets is expensed.

## Non-Current Assets Classified as Held for Sale

The Corporation does not currently have any non-current assets classified as Held for Sale.

## (g) Depreciation and Amortisation of Non-Current Assets

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined in Note 1(f).

Major depreciation and amortisation periods used are listed below and are consistent with the prior year, unless otherwise stated:

<u>Class of Assets</u>	<u>Estimated Life (years)</u>
Buildings	40
Plant, equipment, furniture and fittings	2 to 10
Intangibles	3 to 10
Infrastructure – Electronic equipment	5 to 20
Infrastructure - channels and structures	30 to 120
Infrastructure - drains and dams	Up to 200

# Year Ended 30 June 2011

## (h) Leased Assets

### Finance Leases

The Corporation has no finance leases.

### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

### Leasehold Improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired portion of the lease or the estimated useful life of the improvement, whichever is the shorter.

## (i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities on the Balance Sheet, but included within cash and cash equivalents for Cash Flow Statement presentation purposes.

## (j) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impaired receivables. Settlement dates for trade receivables vary according to agreements with different customer groupings and may be further varied by adverse seasonal conditions. Generally, settlement dates for other debtors are 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised as an expense in the Statement of Comprehensive Income.

If payments are not made by the due date, debtors must agree to a payment schedule which will clear the debt before the next irrigation season. Supply is withheld if the debtors default.

## (k) Inventories

Inventories comprise materials and supplies for asset construction, systems operation and general maintenance. All inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis. Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations.

## (l) Payables

Payables consist predominantly of goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables are initially recognised at fair value, being the cost of goods and services.

## (m) Employee Benefits

### Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in employee benefit liabilities in respect of employees services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee entitlements which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee entitlements are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability.

### Long Service Leave: Current Liability

Unconditional long service leave (LSL), (representing 7 or more years of continuous service), is disclosed as a current liability even where the Corporation does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

### Long Service Leave: Non-Current Liability

Conditional long service leave (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. [Refer note 17].

# Notes to the Financial Report

## Superannuation

The amount charged to the Statement of Comprehensive Income in respect of superannuation represents the contributions made by the Corporation to the superannuation plan in respect to the current services of staff. Superannuation contributions are made to the plans based on the relevant rules of each plan. G-MW has no unfunded superannuation liabilities. [Refer note 22].

## Employee Benefit On-Costs

Employee benefit on-costs, including payroll tax and workers compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

## Performance Payments

Performance payments for the Corporation's Executive Officers are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the term of the contracts to balance date.

## (n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the initial proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## (o) Financial instruments

### Recognition

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below.

### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade debtors and other receivables in the Balance Sheet. Loans and receivables are recorded at amortised cost less impairment.

### Available-for-sale financial assets

G-MW's only available-for-sale financial assets are cash or cash equivalents held at bank.

### Fair value

Cash is valued at nominal value.

### Impairment of financial assets

In the case of receivables, impairment is assessed based on collectability as per Note [12].

## (p) Environmental Contribution

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water supply authorities. Goulburn-Murray Water commenced payments under this Act from 1 July 2007.

The purpose of the environmental contribution is set out in the Act and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The environmental contributions are disclosed separately within expenses in the Statement of Comprehensive Income.

## (q) Taxation

The Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office.

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

## (r) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, 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 are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis i.e., inclusive of GST. The GST component of cashflows arising from investing and financing activities which is recoverable or payable to the ATO is classified as operating cash flows.

# Year Ended 30 June 2011

## (s) Commitments

At each reporting date, the Corporation assesses whether there is contractual evidence that a financial commitment exists. The Corporation's major commitments are amounts outstanding on contracts for capital works. They are classified into the following categories: Not later than 1 year; later than 1 year / not later than 5 years and later than 5 years. Commitments are disclosed in Note 20 at their nominal value and inclusive of the GST payable, where applicable.

## (t) Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and if quantifiable are measured at nominal value.

## (u) New Accounting Standards and Interpretations issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2011. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on Corporation's financial statements
AASB 9 <i>Financial Instruments</i> , AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	AASB 9 <i>Financial Instruments</i> addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. The derecognition rules have been transferred from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.	1 January 2013	These amendments are not expected to have any significant impact on the Corporation's disclosures.
Revised AASB 124 <i>Related Party Disclosures</i> and AASB 2009-12 <i>Amendments to Australian Accounting Standards</i>	In December 2009, the AASB issued a revised AASB 124 <i>Related Party Disclosures</i> . It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1 January 2011	The Corporation will apply the amended standard from 1 July 2011. No Significant impact.
AASB 2009-14 <i>Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement</i>	In December 2009, the AASB made an amendment to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> . The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.	1 January 2011	The Corporation does not make any such prepayments. The amendment is therefore not expected to have any impact on the financial statements.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> and AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.	1 July 2013	The impact of this standard will depend on instructions provided by DTF on its applicability to the entity. The Corporation will assess its impact once DTF has provided guidance on this standard.



# Notes to the Financial Report

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on Corporation's financial statements
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards</i> arising from the Annual Improvements Project	In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project.	1 January 2011	These amendments are not expected to have any significant impact on the Corporation's disclosures.
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i> [AASB 1 & AASB 7]	In November 2010, the AASB made amendments to AASB 7 <i>Financial Instruments: Disclosures</i> which introduces additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.	1 July 2011	These amendments are not expected to have any significant impact on the Corporation's disclosures.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i> [AASB 112]	In December 2010, the AASB amended AASB 112 <i>Income Taxes</i> to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale.	1 January 2012	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> [AASB 1]; and AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i> [AASB 2009-11 & AASB 2010-7]	AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> was amended in December 2010 by eliminating references to fixed dates for one exemption and one exception dealing with financial assets and liabilities. The AASB also introduced a new exemption for entities that resume presenting their financial statements in accordance with Australian Accounting Standards after having been subject to severe hyperinflation.	1 January 2011 / 1 January 2013	These amendments are not expected to have any significant impact on the Corporation's financial statements.

## 2. Capital Management

The Corporation's borrowings are managed within the overall capital program and cash management policies. Borrowings are exclusively from Treasury Corporation of Victoria (TCV) and governed by the Borrowing and Investment Powers Act 1987.

G-MW recognised early in 2010/11 that borrowings in the Corporate Plan had been underestimated. This was rectified in April 2011 with Government's approval of additional long-term borrowings for 2010/11 of \$74 million.

During 2008/09 the Northern Victorian Irrigation Renewal Project was created and commenced work on stage one of the Irrigation Modernisation Program with a one billion dollar budget. G-MW will be required to contribute \$100 million of this funding. The first \$50 million instalment is scheduled to be paid in June 2012 and the second instalment in 2012/13. These contributions are expected to be funded by borrowings.

## 3. Revenue - Fixed Charges - Water and Drainage

	2010/11 \$'000	2009/10 \$'000
Irrigation and drainage - gravity	70,637	64,331
Irrigation and drainage - pumped	1,792	1,774
Domestic and stock	934	839
Diversions direct from streams and groundwater	6,784	6,076
<b>Total</b>	<b>80,147</b>	<b>73,020</b>

# Year Ended 30 June 2011

<b>4. Revenue - Variable Charges - Water and Drainage</b>	2010/11	2009/10
	\$'000	\$'000
Irrigation and drainage - gravity	5,436	7,355
Irrigation and drainage - pumped	167	242
Domestic and stock	77	24
Diversions direct from streams and groundwater	-	-
<b>Total</b>	<b>5,680</b>	<b>7,621</b>

<b>5. Revenue - Victorian Government Grants</b>	2010/11	2009/10
	\$'000	\$'000
Several programs including water savings and salinity programs are funded by the Victorian Government on an ongoing basis.		
Water savings initiative	3,490	8,883
Salinity	3,360	6,033
Other initiatives	463	772
	<b>7,313</b>	<b>15,688</b>

<b>6. Revenue - Other External Clients</b>	2010/11	2009/10
	\$'000	\$'000
Murray-Darling Basin Authority	13,733	12,303
Foodbowl Project		
Other external clients	8,497	13,134
<b>Total</b>	<b>22,230</b>	<b>25,437</b>

G-MW completes contracted works on a cost recovery basis (refer to note 1(d)).  
The associated expense is reported in note 7.

<b>7. Expenses - Operations</b>	2010/11	2009/10
	\$'000	\$'000
Irrigation and drainage - gravity	15,008	13,916
Irrigation and drainage - pumped	518	416
Domestic and stock	124	250
Diversions direct from streams and groundwater	2,216	1,659
Government funded operations	9,619	8,449
Headworks	19,322	35,842
Winton Wetlands - Lake Mokoan	8,470	4,150
Murray-Darling Basin Authority (refer note 6)	12,896	11,944
<b>Total</b>	<b>68,173</b>	<b>76,626</b>

<b>8. Maintenance</b>	2010/11	2009/10
	\$'000	\$'000
Irrigation and drainage - gravity	23,082	20,629
Irrigation and drainage - pumped	360	409
Domestic and stock	221	132
Diversions direct from streams and groundwater	590	354
Headworks	4,495	4,075
Reconfiguration	3,550	23,623
	<b>32,298</b>	<b>49,222</b>

<b>9. Written Down Value of Assets Abandoned</b>	2010/11	2009/10
	\$'000	\$'000
As part of the overall Irrigation Modernisation Project for northern Victoria NVIRP has a targeted program to reduce the size of G-MW's infrastructure by rationalising parts of the network, after formal agreements with customers. The value of assets abandoned as a result of this program are included within this total. G-MW also completes a smaller rationalisation program each year which also results in asset abandonments which are included in the total.		
	<b>5,910</b>	<b>8,775</b>

# Notes to the Financial Report

## 10. Income Tax

At balance date the Corporation's deferred tax liabilities exceed the level of deferred tax assets due to a large infrastructure revaluation increment and the net deferred tax liability has been recognised in the balance sheet. As such, 2010 closing balances not recognised last year have been recognised as opening balance adjustments in 2011. G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future.

a) Income tax expense comprises	2010/11 \$'000	2009/10 \$'000
Current income tax expense/(benefit)	(35,524)	(48,967)
Deferred income tax expense/(benefit)	19,631	30,359
<b>Subtotal</b>	<b>(15,893)</b>	<b>(18,608)</b>
<b>Increase in net DTA not brought to account</b>	<b>0</b>	<b>18,608</b>
<b>Income tax expense/(benefit)</b>	<b>(15,893)</b>	<b>-</b>

### b) Reconciliation of income tax to prima facie tax payable

Profit/(loss) from ordinary activities	(52,936)	(61,981)
Prima facie tax calculated at 30%	(15,881)	(18,594)
<b>Tax effect of:</b>		
Non-deductible expenses	2	2
Research and development	(15)	(15)
Expense provisions	3,282	(7,927)
Employee entitlements	(41)	350
Unearned income	1,917	348
Property, plant and equipment	(24,630)	(23,223)
<b>Subtotal - tax effect of current year tax losses</b>	<b>(35,524)</b>	<b>(48,967)</b>
Tax benefit of tax losses not brought to account	-	48,967
Deferred income tax expense/(benefit)	19,631	-
<b>Income tax expense</b>	<b>(15,893)</b>	<b>-</b>

### c) Income tax expense recognised in Other Comprehensive Income

Other comprehensive income/(loss) for the year, net of tax	2010/11 \$'000	2009/10 \$'000
Infrastructure revaluation increment	1,693,749	-
Less - income tax expense	(508,125)	-
<b>Subtotal</b>	<b>1,185,624</b>	<b>-</b>
Land revaluation increment	6,495	-
Less - income tax expense	(173)	-
<b>Subtotal</b>	<b>6,322</b>	<b>-</b>
Building revaluation decrement	(694)	-
Less - income tax expense	114	-
<b>Subtotal</b>	<b>(580)</b>	<b>-</b>
Total other comprehensive income	1,699,550	-
Less - total income tax expense	(508,184)	-
<b>Other comprehensive income/(loss) for the year net of tax</b>	<b>1,191,366</b>	<b>-</b>

The tax effect of the infrastructure revaluation has been recognised against the infrastructure revaluation reserve. The net movement is reflected as deferred tax liability in the balance sheet. (refer to notes 15(b) and 19).

### d) Deferred tax asset/(deferred tax liability) comprises:

	2010/11 \$'000	2009/10 \$'000
Depreciation recognised in the operating statement	(238,101)	(208,384)
Revaluation of land, buildings and infrastructure recognised in equity	(555,288)	(47,104)
Accrued debtors	(1,335)	(3,252)
<b>Offset by deferred tax asset comprising:</b>		
Tax losses	308,789	273,266
Provision for doubtful debts	70	228
Accrued expenses	6,420	3,136
Employee benefits	5,087	5,129
DTA not brought to account	-	(23,019)
<b>Net deferred tax asset/(liability)</b>	<b>(474,358)</b>	<b>-</b>

### Movement in Deferred tax asset/(deferred tax liability)

	2010/11 \$'000	2009/10 \$'000
Opening balance	-	-
Opening balance adjustment - recognition of Net Deferred Tax Asset	17,933	-
Tax effect of current year tax losses	35,524	-
Movement charged to operating profit	(19,631)	-
Movement charged directly to equity	(508,184)	-
<b>Closing balance</b>	<b>(474,358)</b>	<b>-</b>

The calculations for taxation purposes included an estimate of taxation depreciation for the prior year. In the current year the actual prior year depreciation has been used. Prior year comparatives have been changed where necessary.

# Year Ended 30 June 2011

## 11. Cash and Cash Equivalents

	2010/11 \$'000	2009/10 \$'000
Cash at bank	1,109	2,332
Deposits on Call	10,101	-
	<u>11,210</u>	<u>2,332</u>

### (a) Reconciliation to cash at the end of year

The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:

Balance as above	11,210	2,332
Balance as per Cash Flow Statement	<u>11,210</u>	<u>2,332</u>

## 12. Receivables

	2010/11 \$'000	2009/10 \$'000
<b>Current</b>		
Debtors - Fixed/Variable Charges	10,178	9,961
Debtors - Sundry	7,203	20,374
GST	3,930	1,433
Less provision for doubtful debts	(234)	(100)
Prepayments	348	282
<b>Current receivables</b>	<u>21,425</u>	<u>31,950</u>
<b>Non-Current (one year or greater)</b>		
Debtors	264	2,112
Less provision for doubtful debts	-	(664)
<b>Non-Current receivables</b>	<u>264</u>	<u>1,448</u>
<b>Total Receivables</b>	<u>21,689</u>	<u>33,398</u>

### (a) Provision for Doubtful Debt

As at 30 June 2011, receivables of the Corporation with a nominal value of \$234,392 (2010: \$723,000) were impaired. The individual debts provided for relate mainly for debts less than 12 months. The amount included in the provision is \$234,392 (2010: \$705,000).

The ageing of these impaired receivables is as follows:

3 to 6 months	-	18
Over 6 months	234	705
	<u>234</u>	<u>723</u>

Movements in the Provision for Doubtful Debts are as follows:

Opening balance	764	450
Additions and debts recovered to doubtful debts provision during the year	71	1,011
Receivable written off to bad debts during the year as uncollectable	(601)	(697)
	<u>234</u>	<u>764</u>

The creation and release of the provision for doubtful debts has been included as an expense item in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written-off when there is no expectation of recovering additional cash. The movement in the provision for doubtful debts reflects the write-off of \$601,449 of receivables.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

### (b) Past due but not impaired receivables

Non-current receivables not impaired relates to long-term community surface drains program with aging as follows:

Over 6 months	<u>264</u>	<u>1,407</u>
---------------	------------	--------------

## 13. Investment in Subsidiaries

	2010/11 \$'000	2009/10 \$'000
Investment in Watermove Pty Ltd	<u>954</u>	<u>-</u>

A wholly owned subsidiary company Watermove Proprietary Limited operates as a water broker; however, G-MW has not prepared the 2010/11 financial statements on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material (see 1(a)).

During the financial year, G-MW transferred \$353,661 worth of physical assets and \$500,000 in cash to Watermove as capital contributions to support Watermove operations. In addition, a prior year cash advance to Watermove of \$100,000 was converted to capital contribution.

The financial statements of Watermove disclose the following: total revenue for the period to 30 June 2011 was \$199,086 (2010: \$388,064), expenditure \$803,617 (2010: \$392,576), net loss before income tax of \$604,531 (2010: \$4,512), total assets \$475,121 (2010: \$126,408), total liabilities of \$130,503 (2010: \$130,900).



# Notes to the Financial Report

## 14 (a) Intangible assets

	2010/11 \$'000	2009/10 \$'000
Intangible Assets	30,463	23,423
At cost		
less accumulated amortisation	9,302	15,632
	<u>21,161</u>	<u>7,791</u>

Intangible assets comprise computer software used for the management of modernised infrastructure and internal management systems software.

## 14 (b) Movements during the reporting period

	Opening WDV \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Amortisation \$'000	Closing WDV \$'000
2010/11						
Intangible assets	<u>7,791</u>	<u>2,996</u>	<u>14,331</u>	<u>-</u>	<u>(3,957)</u>	<u>21,161</u>
Transfers of \$14m were from Work In Progress for software associated with operating modernised infrastructure assets. During 2010/11 software with an initial cost of \$10.3m but fully amortised was disposed as it was no longer in use.						
2009/10						
Intangible assets	<u>7,540</u>	<u>2,326</u>	<u>-</u>	<u>(107)</u>	<u>(1,968)</u>	<u>7,791</u>

## 15 (a) Land, buildings, equipment and infrastructure

	2010/11 \$'000	2009/10 \$'000
<b>Land</b>	53,585	49,412
At fair value as at 30 June 2011		
Land (additions)	634	-
At cost		
<b>Total land</b>	<u>54,219</u>	<u>49,412</u>
<b>Buildings</b>	22,276	21,894
At fair value as at 30 June 2011		
Less: Accumulated depreciation	-	2,217
	<u>22,276</u>	<u>19,677</u>
Buildings (additions)	1,517	4,523
At cost		
Less: Accumulated depreciation	19	104
	<u>1,498</u>	<u>4,419</u>
<b>Total buildings</b>	<u>23,774</u>	<u>24,096</u>
Plant, equipment furniture and fittings	16,803	11,786
At cost		
Less: Accumulated depreciation	10,493	6,805
Total plant, equipment, furniture and fittings	<u>6,310</u>	<u>4,981</u>
<b>Total land, buildings and equipment</b>	<u>84,303</u>	<u>78,489</u>
<b>Infrastructure</b>		
Infrastructure	3,945,370	3,317,030
At deemed cost		
Less: Accumulated depreciation	2,251	1,199,253
	<u>3,943,119</u>	<u>2,117,777</u>
Work in progress	17,183	60,974
At cost		
<b>Total infrastructure</b>	<u>3,960,302</u>	<u>2,178,751</u>
<b>Total land, buildings, equipment and infrastructure</b>	<u>4,044,605</u>	<u>2,257,240</u>

Land and Buildings were independently valued at 30 June 2011 by the Valuer General of Victoria (using Egan National Valuers) [refer I(f)]. Land and Buildings fair value at 30 June 2010 was based on previous valuation of 30 June 2007.

Infrastructure assets were independently valued at 30 June 2011 by the Valuer General of Victoria (using AECOM valuers) and at 30 June 2010 was valued at deemed cost [refer I(f)].

# Year Ended 30 June 2011

## 15 (b) Movements during the reporting period

2010/11	Opening WDV \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Depreciation \$'000	Revaluation \$'000	Closing WDV \$'000
Land	49,412	664	-	(2,352)	-	6,495	54,219
Buildings	24,096	1,517	-	(342)	(803)	(694)	23,774
Plant, equipment, furniture and fittings	4,980	2,856	384	(673)	(1,237)	-	6,310
Infrastructure	2,117,777	131,759	40,223	(5,177)	(35,212)	1,693,749	3,943,119
Work in progress	60,974	11,878	(54,937)	(732)	-	-	17,183
<b>Total</b>	<b>2,257,239</b>	<b>148,674</b>	<b>(14,330)</b>	<b>(9,276)</b>	<b>(37,252)</b>	<b>1,699,550</b>	<b>4,044,605</b>

Transfers in Work in Progress include transfers of \$14.3 million to intangibles.

2009/10	Opening WDV \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Depreciation \$'000	Revaluation \$'000	Closing WDV \$'000
Land	49,222	190	-	-	-	-	49,412
Buildings	23,840	1,018	22	-	(784)	-	24,096
Plant, equipment, furniture and fittings	1,791	4,381	-	(131)	(1,060)	-	4,981
Infrastructure	1,957,450	170,290	32,203	(8,775)	(33,391)	-	2,117,777
Work in progress	80,962	12,237	(32,225)	-	-	-	60,974
<b>Total</b>	<b>2,113,265</b>	<b>188,116</b>	<b>-</b>	<b>(8,906)</b>	<b>(35,235)</b>	<b>-</b>	<b>2,257,240</b>

## 16. Payables

	2010/11 \$'000	2009/10 \$'000
Trade creditors	10,231	21,642
Accrued expenses	21,401	34,928
Payroll related accruals	1,528	1,368
Funds held for Government programs	9,325	4,849
Advances for capital and other work	340	132
<b>Total</b>	<b>42,825</b>	<b>62,919</b>

## 17. Employee Benefits

	2010/11 \$'000	2009/10 \$'000
<b>Current</b>		
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service.		
- Annual leave measured at Nominal value	4,451	5,428
- Unconditional long service leave, measured at present value	11,105	10,419
<b>Total Current</b>	<b>15,556</b>	<b>15,847</b>
<b>Non-Current</b>		
Conditional long service leave, measured at present value	1,397	1,245
<b>Total</b>	<b>16,953</b>	<b>17,092</b>
Employee numbers at end of financial year	708	735
The following assumptions were adopted in measuring the present value of long service leave entitlements		
Weighted average increase in employee costs	3.9%	3.9%
Weighted average discount rates	5.0%	4.8%
Weighted average settlement period (years)	13	13

## 18. Borrowings

	2010/11 \$'000	2009/10 \$'000
Current	1,329	566
Non-Current	94,363	21,792
<b>Total</b>	<b>95,692</b>	<b>22,358</b>

Borrowings comprise loans from Treasury Corporation Victoria obtained with the Treasurer's approval under the Borrowing and Investment Powers Act.

# Notes to the Financial Report

19. Equity	2010/11	2009/10
	\$'000	\$'000
<b>(a) Contributed capital</b>		
Balance 1 July	2,094,216	1,966,604
Capital contributions	7,678	39,873
Return or transfer of capital	(9,588)	-
Transfer of assets from NVIRP	102,915	87,739
Transfer of assets to DSE	(2,064)	-
<b>Balance 30 June</b>	<b>2,193,157</b>	<b>2,094,216</b>

The treatment of capital contributions is as set out in Allocation Statements signed by the Minister for Water. During the year there was a transfer of assets from NVIRP of \$102.9m for capital works carried out on G-MW infrastructure assets by NVIRP and a transfer to DSE of land and buildings from the decommissioned Lake Mokoan. There were also cash capital contributions received for the East Loddon pipeline project and a cash payment to return excess funds from the Foodbowl Early Works project to NVIRP.

(b) Reserves	2010/11	2009/10
Asset revaluation reserve - Land	24,333	18,187
Asset revaluation reserve - Buildings	6,743	8,723
Asset revaluation reserve - Infrastructure	1,185,624	-
<b>Balance 30 June</b>	<b>1,216,700</b>	<b>26,910</b>

#### Movements during the reporting period

Asset revaluation reserve - Land	2010/11	2009/10
Opening balance	18,187	18,187
Revaluation increment/(decrement)	6,322	-
Adjustment for prior years tax on revaluation not previously taken to equity	(176)	-
<b>Closing balance</b>	<b>24,333</b>	<b>18,187</b>

Asset revaluation reserve - Buildings	2010/11	2009/10
Opening balance	8,723	8,723
Revaluation increment/(decrement)	(580)	-
Adjustment for prior years tax on revaluation not previously taken to equity	(1,400)	-
<b>Closing balance</b>	<b>6,743</b>	<b>8,723</b>

#### Asset revaluation reserve - Infrastructure

Opening balance	-	-
Revaluation increment/(decrement)	1,185,624	-
<b>Closing balance</b>	<b>1,185,624</b>	<b>-</b>

<b>Balance 30 June</b>	<b>1,216,700</b>	<b>26,910</b>
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As at 30 June 2011 land, buildings and infrastructure were all revalued to fair value. As a result of these revaluation G-MW moved to a net deferred tax liability position and consequently brought to account the tax on prior year revaluations of land and buildings.

(c) Accumulated surplus	2010/11	2009/10
Accumulated surplus at the beginning of the year	79,369	141,350
Net result for the year	(37,043)	(61,981)
Adjustment for Deferred Tax Asset not previously recognised	19,509	-
<b>Accumulated surplus at the end of the year</b>	<b>61,835</b>	<b>79,369</b>

20. Commitments	2010/11	2009/10
	\$'000	\$'000
<b>(a) Capital commitments (inclusive of GST)</b>		
East Loddon Pipeline Project	6,070	-
NVIRP Modernisation Project	-	6,607
Dams and Dam Safety Projects	1,984	4,373
Various other construction and technology related projects	2,002	2,038
<b>Total</b>	<b>10,056</b>	<b>13,018</b>

This represents commitments outstanding on contracts for capital works.

These commitments are likely to fall due within:

Not later than 1 year	10,056	13,018
Later than 1 year and not later than 5 years	-	-
<b>Total</b>	<b>10,056</b>	<b>13,018</b>

#### (b) Operating Lease Commitments (inclusive of GST)

Operating lease rental commitments for vehicles, buildings and equipment

as at 30 June 2011	2010/11	2009/10
Not later than 1 year	5,559	5,682
Later than 1 year and not later than 5 years	7,799	7,654
Later than 5 years	1,362	512
<b>Total</b>	<b>14,720</b>	<b>13,848</b>

#### (c) Other Commitments (GST is not applicable)

Other expenditure commitments which are not included in capital or operating lease commitments above are:

Not later than 1 year		
Central Goulburn 1234	5,560	-
Environmental Contribution	1,527	1,527
Mokoan - Tungamah	534	-
Mokoan Return to Wetlands	275	-
NVIRP Contribution	50,000	-
Shepparton Irrigation Area	5,000	-
Later than 1 year and not later than 5 years		
Environmental Contribution	1,527	3,054
Mokoan Return to Wetlands	4,238	-
NVIRP Contribution	50,000	100,000
Shepparton Irrigation Area	15,800	-
Later than 5 years	-	-
<b>Total</b>	<b>134,461</b>	<b>104,581</b>

#### Environmental Contribution

G-MW is committed to payment of \$1.527m per year up to 2012/13.

#### NVIRP Modernisation Project

The \$1 billion Modernisation Project requires a contribution of \$100m from G-MW. This is scheduled to be paid in two instalments of \$50m in each of 2011/12 and 2012/13.

# Year Ended 30 June 2011

## 21. Contingent Liabilities

Legal actions have been instituted against G-MW as a result of damages claims. The Corporation has disclaimed liability and is defending the actions. A review at balance date indicates that any liability that may arise from these claims will be immaterial.

## 22. Superannuation

G-MW contributes in respect of its employees, to the superannuation schemes of the Boards and Authorities listed below. Contribution details are:

	Employee Numbers	Contribution Rate %	2010/11 \$'000	Employee Numbers	Contribution Rate %	2009/10 \$'000
State Employee Retirement Benefits Board (defined benefits scheme)	10	13.30	89	12	12.60	78
State Superannuation Board, Revised Scheme (defined benefits scheme)	14	17.60	252	18	17.30	242
State Superannuation Board, New Scheme (defined benefits scheme)	148	10.30	923	164	10.20	866
Vision Super (defined benefits scheme)	7	9.25	59	8	9.25	52
Vision Super Saver & Other Accumulation Funds (accumulation fund)	529	9.00	3,333	533	9.00	3,126
<b>Total Contributions to all Funds</b>	<b>708</b>		<b>4,656</b>	<b>735</b>		<b>4,364</b>

At 30 June 2011 the total of outstanding superannuation contributions was \$7,647 (2010 \$131,218) which forms part of creditors and accrued expenses.

### State Superannuation Schemes - Defined Benefit Funds

At the time the Corporation was created in 1994 the Government agreed to assume responsibility for any unfunded liabilities of these funds arising prior to 1992. Since that date contribution rates have risen to avoid any further unfunded liabilities arising, G-MW has no responsibility for any further unfunded liabilities of this fund.

### Vision Super - Defined Benefit Fund

The Victorian Department of Treasury and Finance recognises any unfunded liability for this scheme in its financial statements and has directed that government agencies treat this fund as if it were a defined contribution fund.

### Vision Super Saver & Other Accumulation Funds

Vision & Other Accumulation Funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the fund.

As at reporting date there were no loans to or from the Corporation to any of the above funds.



# Notes to the Financial Report

## 23. Responsible Persons and Executive Officers Disclosures

The names of persons who were responsible persons at any time during the financial year were:

### Ministers :

The Hon Tim Holding MP, Minister for Water (1 July 2010 to 2 December 2010)  
The Hon Peter Walsh MP, Minister for Water (2 December 2010 to 30 June 2011)

### Directors of G-MW :

Llew Vale (Chair) (28/02/2011 to 30/06/2011)  
Shane McGrath (Acting Managing Director) (29/11/2010 to 30/06/2011)  
Jennifer Dawson (28/02/2011 to 30/06/2011)  
Ian Mansbridge (25/05/2011 to 30/06/2011)  
Dennis Moon (25/05/2011 to 30/06/2011)  
Neil Pankhurst (25/05/2011 to 30/06/2011)  
Sarah Scales (25/05/2011 to 30/06/2011)  
Frank Whitford (25/05/2011 to 30/06/2011)

### Former Directors of the G-MW Board:

Stephen Mills (Chair) (01/07/2010 to 25/02/2011)  
John Brooke (01/07/2010 to 25/02/2011)  
Craig Cook (01/07/2010 to 25/02/2011)  
Catherine Scott (01/07/2010 to 25/02/2011)  
Claire Penniceard (01/07/2010 to 25/02/2011)  
Desmond Powell (01/07/2010 to 25/02/2011)  
Suzanna Sheed (01/07/2010 to 11/02/2011)  
David Stewart (Managing Director) (01/07/2010 to 04/02/2011)

### Remuneration of responsible persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members Interests which each member of Parliament completes.

### Remuneration of Board Members

A number of directors retired or resigned in the past year including the Managing Director; thus two Managing Directors are reported within these numbers. Where appropriate individual and total remuneration figures include payment of outstanding entitlements, termination payments and bonuses. Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors (Total Remuneration)	
	2010/11	2009/10
\$0 to \$9,999	5	-
\$10,000 to \$19,999	1	-
\$20,000 to \$29,999	4	-
\$30,000 to \$39,999	3	-
\$40,000 to \$49,999	-	6
\$50,000 to \$59,999	1	-
\$80,000 to \$89,999	-	1
\$250,000 to \$259,999	1	-
\$300,000 to \$309,999	-	1
\$380,000 to \$389,999	1	-
<b>Total Amount</b>	<b>\$940,812</b>	<b>\$638,477</b>
<b>Total Numbers</b>	<b>16</b>	<b>8</b>

### Transactions with directors:

There were no amounts paid by the Corporation in connection with the retirement of responsible persons of the Corporation during the financial year. There were no loans in existence by the Corporation to responsible persons or related parties at the date of this report. Irrigation services were provided to directors and director-related entities at arms length and on normal customer terms and conditions. There were no other transactions with Directors.

### Remuneration of Executives

Remuneration received, or due and receivable from the Corporation in connection with the management of the Corporation (includes termination payments and bonuses paid). The base remuneration is exclusive of bonus payments, termination payments and retirement benefits. Where an Executive resigns or terminates through the year base remuneration is on pro-rata basis.

A number of executives resigned or were terminated in the past year; This has impacted on individual and total remuneration figures due to the payment of outstanding annual leave and long-service leave entitlements. Some executive positions were filled by contractors who are not included in the total and base remuneration figures.

Payments exceeding \$100,000 were made to non-director executive officers within the following bands:

Remuneration Band	Total Remuneration		Base Remuneration	
	2010/11	2009/10	2010/11	2009/10
\$70,000 to \$79,999	-	-	1	-
\$90,000 to \$99,999	-	-	1	-
\$120,000 to \$129,999	1	-	-	-
\$130,000 to \$139,999	-	-	-	1
\$140,000 to \$149,999	-	-	-	2
\$150,000 to \$159,999	-	1	-	-
\$160,000 to \$169,999	-	2	2	3
\$170,000 to \$179,999	2	1	1	-
\$180,000 to \$189,999	1	1	-	-
\$190,000 to \$199,999	1	-	-	-
\$210,000 to \$219,999	-	1	1	-
\$220,000 to \$229,999	1	-	-	-
<b>Total Amount</b>	<b>\$1,086,117</b>	<b>\$1,061,401</b>	<b>\$892,645</b>	<b>\$911,625</b>
<b>Total Numbers</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

# Year Ended 30 June 2011

## 24. Reconciliation of Result for the Period to Net Cash Flows from Operating Activities

	2010/11 \$'000	2009/10 \$'000
Net profit/(loss) for the year before tax	(52,936)	(61,981)
Add non cash flow items in net profit/(loss)		
Depreciation & amortisation	41,209	37,203
Loss on sale of fixed assets	5	225
Written down value of assets abandoned	5,910	8,775
Change in assets and liabilities		
(Increase)/decrease in inventories	202	(294)
(Increase)/decrease in receivables	11,709	15,122
Increase/(decrease) in payables	(20,094)	(1,823)
Increase/(decrease) in provision for employee entitlements	(139)	1,168
Increase/(decrease) in other assets		-
Increase/(decrease) in other liabilities	3,296	-
<b>Net cash flows from operating activities</b>	<b><u>(10,838)</u></b>	<b><u>(1,605)</u></b>

The change in debtors excludes \$32.3m related to capital contribution which affects net cash inflows from financing activities in the Cash Flow Statement.

## 25. Audit Fees

	2010/11 \$'000	2009/10 \$'000
External audit - Victorian Auditor General	129	109
Internal audit - AFS & Associate	89	70
	<b><u>218</u></b>	<b><u>179</u></b>

These costs are included within Management and Administration in the Statement of Comprehensive Income.

# Notes to the Financial Report

## 26. Financial Risk Management Objectives and Policies

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Corporation's exposure to each of these risks and the objectives, policies and processes for measuring and managing risk.

The Board has the overall responsibility for the establishment and oversight of the risk management framework. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation. The Corporation uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is coordinated through the Risk Manager under policies approved by the Board of Directors. The Executive Management Team identifies and evaluates financial risks in close co-operation with the Corporation's operating units. The Board has approved policies for overall risk management. The Treasury Policy and Procedures govern amongst other things cash management, investment and borrowing policy.

### 26.1 Risk Exposures

The main risks the Corporation is exposed to through its financial instruments are as follows:

#### (a) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Corporation's financial instruments. The Corporation's exposure to market risk is primarily through interest rate risk. There is no exposure to foreign exchange risk and no exposure to other market risks relating to the financial instruments.

The Corporation's potential exposure to market interest rates relates primarily to long term borrowings. However, the interest rate on the long term borrowings is fixed and therefore the Corporation is not exposed to any material interest rate risk. The Corporation also has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

A Market Risk Sensitivity Analysis is disclosed below; the table provides a summary of the sensitivity of the Corporation's financial assets and liabilities to interest rate risk.

30 June 2011		Interest Rate Risk				
		Total	1%	Equity	-1%	Equity
Financial Assets		\$'000	\$'000	\$'000	\$'000	\$'000
	Cash and cash equivalents	11,210	112	112	(112)	(112)
	Receivables	17,411	-	-	-	-
Total Financial Assets		28,621	112	112	(112)	(112)
Financial Liabilities						
	Payables	42,825	-	-	-	-
	Borrowings	95,693	-	-	-	-
Total Financial Liabilities		138,518	-	-	-	-
<b>Total increase and decrease</b>			<b>112</b>	<b>112</b>	<b>(112)</b>	<b>(112)</b>

30 June 2010		Interest Rate Risk				
		Total	1%	Equity	1%	Equity
Financial Assets		\$'000	\$'000	\$'000	\$'000	\$'000
	Cash and cash equivalents	2,332	23	23	(23)	(23)
	Receivables	31,683	-	-	-	-
Total Financial Assets		34,015	23	23	(23)	(23)
Financial Liabilities						
	Payables	62,919	-	-	-	-
	Borrowings	22,358	-	-	-	-
Total Financial Liabilities		85,277	-	-	-	-
<b>Total increase and decrease</b>			<b>23</b>	<b>23</b>	<b>(23)</b>	<b>(23)</b>

NB: Statutory receivable and payables are excluded from the tables above

# Year Ended 30 June 2011

The following table sets out the Corporation's exposure to interest rate risk and the effective weighted average interest rate by maturity periods. The Corporation intends to hold fixed rate liabilities to maturity, and has no variable rate liabilities.

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing					Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000		
<b>2011</b>									
(i) Financial assets									
Cash and Cash Equivalents		11,210	-	-	-	-	-	-	11,210
Receivables	14	-	5,005	-	-	-	-	12,406	17,411
Investments		-	-	-	-	-	-	-	-
Weighted ave. interest rate		4.8%	6.9%	-	-	-	-	-	-
(ii) Financial liabilities									
Interest bearing liabilities	21	-	1,329	1,412	1,501	1,595	1,695	88,160	95,692
Payables	19	-	-	-	-	-	-	42,825	42,825
Interest rate		-	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	-
Net financial instruments		11,210	3,676	(1,412)	(1,501)	(1,595)	(1,695)	(88,160)	(109,896)

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing					Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000		
<b>2010</b>									
(i) Financial assets									
Cash and Cash Equivalents		2,332	-	-	-	-	-	-	2,332
Receivables	14	-	7,596	-	-	-	-	24,087	31,683
Investments		-	-	-	-	-	-	-	-
Weighted ave. interest rate		4.4%	10.2%	-	-	-	-	-	-
(ii) Financial liabilities									
Interest bearing liabilities	21	-	565	602	641	682	723	19,144	22,357
Payables	19	-	-	-	-	-	-	62,919	62,919
Interest rate		-	6.9%	6.9%	6.9%	6.9%	7.1%	7.1%	-
Net financial instruments		2,332	7,031	(602)	(641)	(682)	(723)	(19,144)	(51,261)

NB: Statutory receivable and payables are excluded from the tables above

## (b) Credit Risk

Credit risk is the risk of financial loss to the Corporation as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Corporation's receivables.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance primarily consists of unpaid rates and variable charges from a large number of customers in the farming sector, predominantly dairy, horticulture, grazing and cropping. Levels of debt are closely managed, with interest charged at a rate above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes this debt as a charge on the property and gives G-MW the ability to sell a property to recover debt. The Act also gives G-MW first call on the proceeds of sale. There is a small exposure to receivables due from rent of land for grazing and commercial purposes and other minor dealings which is not protected under the Act. There has been no experience of bad debt in this area in recent years.

An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 12.

## (c) Liquidity Risk

Liquidity Risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

## (d) Fair Value Measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided below.

Carrying amounts and fair value of financial assets and financial liabilities	30-Jun-11		30-Jun-10	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Cash and cash equivalents	11,210	11,210	2,332	2,332
Receivables	17,411	17,411	31,683	31,683
Total Financial Assets	28,621	28,621	34,015	34,015
Financial Liabilities				
Payables	42,825	42,825	62,919	62,919
Borrowings	95,693	95,693	22,358	23,968
Total Financial Liabilities	138,517	138,517	85,277	86,887

NB: Statutory receivable and payables are excluded from the tables above

## 27. Events Occurring after Balance Sheet Date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of the operations or the state of affairs of the Corporation in future financial years.

# G-MW Statutory Certification

## **Goulburn-Murray Rural Water Corporation Statutory Certification**

We certify the attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

We further state that, in our opinion, the information set out in the Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of the Corporation as at 30 June 2011.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



Llew Vale  
Chairman



Shane McGrath  
Acting Managing Director



John Calleja  
Chief Financial Officer

30 August 2011



# Independent Auditor's Report

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDITOR'S REPORT

#### To the Board Members, Goulburn-Murray Rural Water Corporation

##### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of the Goulburn-Murray Rural Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

##### *The Board Members' Responsibility for the Financial Report*

The *Board Members* of the Goulburn-Murray Rural Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

##### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

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*Auditing in the Public Interest*

# Independent Auditor's Report

## VAGO

Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Goulburn-Murray Rural Water Corporation as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

#### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2011 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The *Board Members* of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
1 September 2011

*T. Ditt*  
for  
D D R Pearson  
Auditor-General

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*Auditing in the Public Interest*

# Financial Performance Report

## Goulburn-Murray Rural Water Corporation Financial Performance Report

Performance Report	Note	2009-10 Result	2010-11 Result	2010-11 Target	Variance
<b>FINANCIAL PERFORMANCE REPORT</b>					
<b>Internal Financing Ratio*</b> (Net operating cash flow – dividends) / capital expenditure	1, 4	-1.5%	-18.2%	NA	NA
<b>Gearing Ratio</b> Total debt (including finance leases) / total assets	2.	1.0%	2.0%	1.8%	11%
<b>Interest Cover (EBIT)*</b> Earnings before net interest and tax expense / net interest expense	3.	-655.1	-26.0	-11.1	-134%
<b>Interest Cover (Cash)*</b> Cash flow from operations before net interest and tax payments / net interest payments	5.	-18.0	-4.5	5.9	-177%

\*Interest excludes calculated borrowing costs on project funds held.

1. The Internal Financing Ratio has declined due to \$50m reduction in capital expenditure in 2010/11 compared to prior year combined with the subsequent lower GST receipts received from ATO impacting the net cash outflows in 2010/11.
2. The increase in the gearing ratio is driven by G-MW's increase in borrowings in 2010/11.
3. EBIT finished below the targeted deficit of \$41m due to reduced revenue and additional expenses. The same drivers as set out in Note 5 relating to Net Operating Cash flows have driven the reduction in EBIT against target.
4. A target Internal Financing Ratio is not within G-MW's Corporate Plan.
5. Net cash outflows from operations were impacted by reduced revenue (partially offset by lower expenditure) from Government Services Contracts and lower variable revenue due to higher rainfall during the irrigation season. Additional expenditure was incurred due to flood operations and restoration works and expenditure related to government programs that were funded in prior years. These amounts were not allowed for in the target and resulted in an increase in the net cash outflow from operations.

# G-MW Financial Performance Statement

## **Goulburn-Murray Rural Water Corporation Financial Performance Report**

### **Performance Report for 2010/11**

In our opinion the accompanying performance report relating to the 2010/11 financial year is presented fairly in accordance with the direction of the Minister for Water under the Financial Management Act 1994.

The performance report is as determined by the Minister and includes actual results, targets and variance from targets.

As at the date of signing we are not aware of any circumstances which would render the particulars in the report to be misleading or inaccurate.



Llew Vale  
Chairman



Shane McGrath  
Acting Managing Director



John Calleja  
Chief Financial Officer

30 August 2011



# Independent Auditor's Report

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDITOR'S REPORT

#### To the Board Members, Goulburn-Murray Rural Water Corporation

##### *The Performance Report*

The accompanying performance report for the year ended 30 June 2011 of the Goulburn-Murray Rural Water Corporation comprises the performance indicators, the related notes and the statutory certification.

##### *The Board Members' Responsibility for the Performance Report*

The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the preparation and the fair presentation of the performance report in accordance with the *Financial Management Act 1994* and for such internal control as the Board Members determine is necessary to enable the preparation of the performance report that is free of material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance report.

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

##### *Independence*

The Auditor-General's independence is established by *the Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

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# Independent Auditor's Report ... continued

## VAGO

Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Opinion*

In my opinion, the performance report of the Goulburn-Murray Rural Water Corporation in respect of the 30 June 2011 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

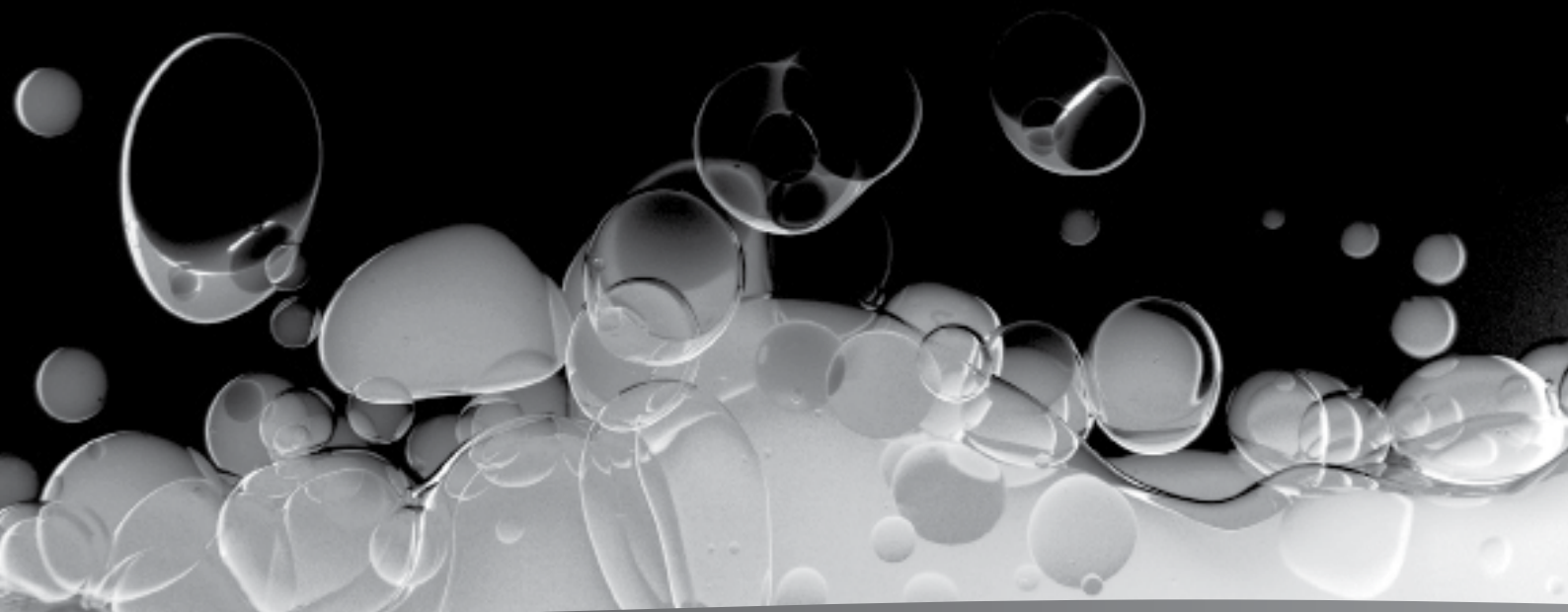
#### *Matters Relating to the Electronic Publication of the Audited Performance Report*

This auditor's report relates to the performance report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2011 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the performance report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance report to confirm the information contained in the website version of the performance report.

MELBOURNE  
1 September 2011

*T. D. R.*  
for  
D D R Pearson  
Auditor-General

# Appendices



## Appendix A1 - Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available due to timing requirements for the preparation of this report.

BE Clause	Item	Report	Notes
17.1(d)	Diversions at Goulburn Weir offtake channels		See Note 1
	- Cattanach Canal	220,675 ML	
	- Stuart Murray Canal	199,610 ML	
	- East Goulburn Main Channel	63,465 ML	
	<b>Total Goulburn Weir offtake diversion</b>	<b>483,750 ML</b>	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the <b>Water Act</b> 1989	6,055 ML	
17.1(e)(ii)	Diversion by other corporations	25,841 ML	See Note 2
17.1(g)	Storage contents		
	- Lake Eildon	2,914,397 ML	Vol 30/06/11
	- Goulburn Weir	24,848 ML	Vol 30/06/11
	- Waranga Basin	351,792 ML	Vol 30/06/11
	- Greens Lake	22,829 ML	Vol 30/06/11
17.1(h)	Target filling releases	1,134 ML	See Note 3
17.1(i)	Credits	No	
17.1(j) & 17.1(k)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -974 ML Allocation Trade: 6,293 ML	See Note 4
17.1(l)	Goulburn Weir releases for supplement or environmental purposes	105,449 ML	See Note 5
17.1(m)	Alterations to Schedule 1 entitlements		
	- Water Shares in Irrigation Areas	Decreased by 46,832 ML	See Note 6
	- Water Shares of Diverter Licences	Decreased by 367 ML	See Note 7
17.1(n)	Transfers of primary entitlements	See Appendices B2 to B5	
17.1(o)	Supply to primary entitlements	See Appendix B6	
17.1(p)	Amendments to this BE	Yes	See Note 8
17.1(q)	New BE granted	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 9
17.1(s)	BE compliance failures	No	
17.1(t)	BE compliance difficulties	No	

### Notes

- Volumes were obtained from a combination of hydrographic data collected by Thiess Services:
  - Cattanach Canal SI No 405702
  - Stuart Murray Canal SI No 405700
  - East Goulburn Main Channel SI No 405704
- Includes Supply by Agreement diversions.
- Water released from Lake Eildon under target filling arrangements. Review of the target filling arrangements for Lake Eildon commenced in May and the Minister agreed for G-MW to operate on the basis that there was a 95% probability of filling Lake Eildon while the review was conducted and a permanent application for a change to the Bulk Entitlement was submitted.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE.  
Net high-reliability water share trade has been derived from the change in water shares held by Goulburn system entitlement holders.
- Water released from the Goulburn Water Quality Reserve, Flora and Fauna entitlement, The Living Murray and the Commonwealth.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders.
- Bulk Entitlement (Eildon - Goulburn Weir) Amendment Order October 2010. Bulk Entitlement (Eildon - Goulburn Weir) Victorian Environmental Water Holder June 2011.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)  
Metering Programs: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.

## Appendix A2 - Bulk Entitlement (Eildon - Goulburn Weir) Reporting

<b>Diversions by Other Authorities with Bulk Entitlements</b>				
Corporation	Town	BE Volume (ML)	Diversion (ML)	Notes
Goulburn Valley Water	Alexandra	916	303	
	Bonnie Doon	112	41	
	Eildon	471	123	
	Euroa	1,990	541	
	Mooroopna	300	22	
	Murchison	350	164	
	Nagambie	825	471	
	Seymour	5,340	1,582	
	Shepparton	17,970	9,738	
	Colbinabbin (channel supply)	89	15	
	Corop (channel supply)	44	6	
	Dookie (channel supply)	160	83	
	Girgarre (channel supply)	100	30	
	Katandra West (channel supply)	64	30	
	Kyabram and Merrigum (channel supply)	2,000	1,023	
	Rushworth (channel supply)	530	202	
	Stanhope (channel supply)	200	58	
	Tatura (channel supply)	2,600	2,068	
	Tongala (channel supply)	1,404	566	
		<b>Total</b>	<b>35,465</b>	<b>17,066</b>
Coliban Water	Boort (channel supply)	425	102	
	Pyramid Hill (channel supply)	300	86	
	Lockington (channel supply)	130	75	
	Mitiamo (channel supply)	60	0	
	Dingee (channel supply)	50	7	
	Rochester (channel supply)	1,400	992	
	Macorna (channel supply)	40	2	
	Mysia (channel supply)	15	1	
	<b>Total</b>	<b>2,420</b>	<b>1,265</b>	
GWMWater	Quambatook	100	34	
	<b>Total</b>	<b>100</b>	<b>34</b>	
<b>Total All Corporations (ML)</b>		<b>37,985</b>	<b>18,365</b>	<b>See Note 1</b>

### Notes

- All Goulburn urban bulk entitlements were allocated 100% of their Bulk Entitlement.

### NOTE - ROUNDING OF ML IN APPENDICES:

For ease of reading, all water volumes in Appendix Tables are shown in megalitres (ML) rounded to the nearest one megalitre. Where figures have been rounded, discrepancies may occur between the sums of the component items and totals.

## Appendix A3 - Bulk Entitlement (River Murray - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray - Goulburn Murray Water) Conversion Order 1999 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report (ML)		Notes
22.1(b)	Offtake points			
	Cobram pump station		1,758	See Note 1
	Yarrawonga Main Channel		153,304	
	Torrumbarry diversions			
	- National Channel		242,719	
	- Ashwin's pump		0	
	- Pental Island pumps		0	
	- Swan Hill No 9 channel offtake from Little Murray (if Fish Point Weir open)		10,405	See Note 2
	- Swan Hill pumps		5,504	
	Nyah pumps		2,491	
	Woorinen pumps		5,706	
	Private diversion points		9,828	
	<b>Total diversions at offtake points</b>		<b>431,715</b>	
22.1(c)	New offtake points		No	
22.1(d)	Return points			
	Broken Creek		19,958	
	Yarrawonga Main Channel outfall		7,948	
	Torrumbarry returns			
	- Koondrook spillway		58,147	
	- Loddon River at Kerang Weir		309,095	
	- Sheepwash Creek Weir		220,699	
	- Little Murray Weir (if Fish Point Weir closed)		18,770	See Note 2
	- 6/7 channel outfall (if Fish Point Weir open)		70,029	See Note 2
	- Lake Boga outfall channel		55,340	
	- Barr Creek at Capel's Crossing		128,660	
	- Lake Charm outfall channel		21,801	
	<b>Total returns</b>		<b>910,447</b>	
22.1(e)	<b>G-MW supplies to other corporations</b>	<b>BE Volume</b>	<b>Supplied</b>	
	Coliban Water			
	- Cohuna	677	518	
	- Gunbower	131	32	
	- Leitchville	422	215	
	Lower Murray Water			
	- Kerang	2,100	314	See Note 3
	- Murrabit	60	18	
	Goulburn Valley Water			
	- Katamatite	84	34	
	- Nathalia	652	361	
	- Numurkah/Wunghnu	1,206	688	
	- Picola	44	14	
	Minister for Environment	27,600	11,225	See Note 3
	<b>Total supplies to other corporations</b>		<b>13,419</b>	
22.1(f)	Supply to primary entitlements		See Appendix B6	
22.1(g)	Metering program		Program implemented	See Note 4
22.1(h) &	Net water share and allocation transfers of this BE		Water Share Trade: -4132 ML	See Note 5
22.1(i)			Allocation Trade: -3,941 ML	
22.1(j)	Amendment to this BE		Yes	See Note 6
22.1(k)	New BE granted to G-MW		No	
22.1(l)	BE compliance failures		No	
22.1(m)	BE compliance difficulties		No	
22.1(n)	Murray Valley losses		39,451	
	Torrumbarry losses		20,173	
	Victorian Mid Murray Storage losses		22,788	See Note 7
22.1(o)	Victorian Mid Murray annual operating plan		Implemented	See Note 8

### Notes

- Cobram pump station became operational in August 2006, but is not yet recognised as a new offtake point in the BE.
- Recognition of offtake diversions and returns depends on status of Fish Point Weir (as indicated).
- Volume supplied through G-MW's channel distribution system, excluding water supplied for flood mitigation purposes.
- A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net HRWS trade has been derived from the change in water shares held by Murray system entitlement holders under Goulburn-Murray Water's Bulk Entitlement. Allocation trade is based on trade by all Murray entitlement holders.
- Bulk Entitlement (River Murray - Goulburn-Murray Water) Victorian Environmental Water Holder Amendment June 2011.
- 2010/11 was an abnormal year for operating the Torrumbarry Irrigation Area and the Victorian Mid Murray Storages (VMMS). The losses attributed to the operation of the VMMS are based on the fixed distribution loss and the net evaporation from the storages.
- The Victorian Mid-Murray Storages Annual Operating Plan was implemented on 1 July 2010.



## Appendix A4 - Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	529,089 ML	
18.1(f)	G-MW share of diversion to primary entitlements	8,103 ML	See Note 1
18.1(g)	G-MW share of annual evaporation losses	20,745 ML	See Note 2
18.1(h)	Internal spills from or to G-MW's share of storage	10,023 ML from CW to G-MW's share	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account as required by clause 11 of the Bulk Entitlement	
18.1(j)	Credits granted	No	
18.1(k) & 18.1(l)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 140 ML Allocation Trade: -9,118 ML	See Note 3
18.1(m)	Seasonal allocations in any month	16 August 2010 - 21% HRWS 15 September - 100% HRWS 15 October - 100% HRWS 15 November - 100% HRWS & 52% LRWS 15 December - 100% HRWS & 100% LRWS	
18.1(n)	Alterations to Schedule 1 entitlements		
	- Water Shares in Irrigation Areas	Decreased by 14,113 ML	See Note 4
	- Water Shares of Diverter Licences	Decreased by 1,501 ML	See Note 5
18.1(o)	Transfers of primary entitlements	See Appendices B2 to B5	
18.1(p)	Supply to primary entitlements	See Appendix B6	
18.1(q)	Amendments to this BE	No	
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 6
18.1(t)	BE compliance failures	No	
18.1(u)	BE compliance difficulties	No	
18.1(v)	Interruptions to minimum passing flows	No	

### Notes

1. Diversion includes the volume supplied to the Commonwealth Environmental Water Holder
2. Gross evaporation based on measured evaporation at Lake Eppalock.
3. Net transfer of High-Reliability Water Shares and Allocation trade, including transfers to areas not covered by this BE. Net High-Reliability Water Share Trade has been derived from the change in water shares held by Campaspe system entitlement holders.
4. Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas to Non Water Users.
5. Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
6. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) Metering Programs: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.

<b>Diversions by Other Corporations with Bulk Entitlements</b>				
Corporation	Town	BE Volume (ML)	Diversion (ML)	Notes
Coliban Water	Axedale/Goornong	215	58	
	Part Rochester	134	0	See Note 1
<b>Total</b>		<b>349</b>	<b>58</b>	
<b>Total all Authorities (MI)</b>		<b>349</b>	<b>58</b>	

**Notes**

- I. All of the Rochester usage for the year was supplied via the Waranga Western Channel on the Goulburn system.

## Appendix A6 - Bulk Entitlement (Broken System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
20.1(d)	Storage contents - Nillahcootie	40,676 ML	Vol 30/06/11
20.1(e)	Diversion to primary entitlements	3,939 ML	See Note 1
20.1(f)	Annual evaporation losses from storages - Nillahcootie	3,063 ML	See Note 2
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12 of the Bulk Entitlement and the temporary Qualification of Rights.	See Note 3
20.1(h)	Credits granted	No	
20.1(i) & 20.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -318 ML Allocation Trade: 0 ML	See Note 4
20.1(k)	Alterations to Schedule 1 entitlements - Water Shares	Decreased by 343 ML	See Note 5
20.1(l)	Transfers of primary entitlements. See Appendices B2 to B5		
20.1(m)	Supply to primary entitlements	See Appendix B6	
20.1(n)	Amendments to this BE	No	
20.1(o)	New BE granted	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 6
20.1(q)	BE compliance failures	Yes	See Notes 1, 7
20.1(r)	BE compliance difficulties	Yes	See Notes 3, 7
20.1(s)	Interruptions to minimum passing flows	No	See Note 7

### Notes

1. Diversions to the Broken Creek at Casey's Weir were above the allowances under the Bulk Entitlement due to flood flows passing into the Broken Creek.
2. Gross evaporation based on measured evaporation at Lake Nillahcootie.
3. Due to construction works at Broken Weir, flow data was not available downstream of Broken Weir for the entire 2010/11 season. Flows at Mooragag and Gowangardie Weir were in excess of the minimum requirements which indicated that the requirements at Broken Weir were always met.
4. Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Broken system entitlement holders.
5. Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users and purchased water entitlements.
6. Metering Program: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).
7. Minimum passing flow requirements were qualified under the Qualification of Rights from the start of July to the middle of August.

## Appendix A7 - Bulk Entitlement (Ovens System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
19.1(e)	Diversion to primary entitlements	See Appendix B6	
19.1(f)	Annual evaporation losses		
	Lake Buffalo	1,819 ML	See Note 1
	Lake William Hovell	543 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were provided and calculated in accordance with clause 12 and Schedule 5 of the Ovens Bulk Entitlement.	
19.1(h)	Credits granted	No	
19.1(i) & 19.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -286 ML Allocation Trade: 0 ML	See Note 2
19.1(k)	Alterations to Schedule 1 entitlements		
	Water Shares	Decreased by 232 ML	See Note 3
19.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
19.1(m)	Supply to primary entitlements	See Appendix B6	
19.1(n)	Amendments to this BE	No	
19.1(o)	New BE granted	No	
19.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
19.1(q)	BE compliance failures	None	
19.1(r)	BE compliance difficulties	No	
19.1(s)	Interruptions to minimum passing flows	No	

### Notes

- Gross evaporation based on measured evaporation at each storage.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Ovens system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)  
Metering Programs: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.

## Appendix A8 - Bulk Entitlement (Loddon System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 21.3 of the Bulk Entitlement (Loddon System - Goulburn-Murray Water) Conversion Order 2005 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 21.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
21.1(f)	Annual amounts of water taken from the system waterway	See Appendix B6	
21.1(g)	Annual evaporation losses from storages		
	- Cairn Curran	15,046 ML	See Note 1
	- Tullaroop	6,373 ML	
21.1(h)	Credits granted	No	
21.1(i) & 21.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -259 ML	See Note 2
		Allocation Trade: -1,116 ML	
21.1(k)	Alterations to Schedule 1 entitlements		See Note 3
	- Water Shares	Decreased by 786 ML	
21.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
21.1(m)	Supply to primary entitlements	See Appendix B6	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	None	
21.1(r)	BE compliance difficulties	No	

### Notes

- Gross evaporation based on measured evaporation at each storage.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Loddon system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. Metering Programs: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.



## Appendix A9 - Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2010/11 Annual Report in compliance with the requirements of clause 17.2 of the Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Conversion Order 2009 ("BE"), which obliges the Corporation to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2010 to 30 June 2011. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1 (d)	Annual amounts of water taken by primary entitlements	See Appendix B6	
17.1 (e) & 17.1 (f)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: 0 ML	See Note 1
17.1 (g)	Transfers of primary entitlements	See Appendices B2 to B5	
17.1 (h)	Supply to primary entitlements	See Appendix B6	
17.1 (i)	Amendments to this BE	No	
17.1 (j)	New BE granted	No	
17.1 (k)	Environmental Management and Metering programs	Programs implemented	See Note 2
17.1 (l)	BE compliance failures	No	See Note 3
17.1 (l)	BE compliance difficulties	No	
17.1 (m)	Interruptions to minimum passing flows	No	

### Notes to this table:

1. Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Bullarook system entitlement holders.
2. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)  
Metering Programs: A new metering program was submitted during 2010/11 following a revision to the metering program guidelines.
3. The system was operated under interim operating requirements between all Bulk Entitlement holders. The operating arrangements will be finalised in 2011/12.

## Appendix B I - Allocation Statistics

<b>Regulated Water Systems</b>					
<b>Inflows</b>		<b>Volume(ML)</b>	<b>Outflows</b>		<b>Volume(ML)</b>
Net carryover at 1 July 2010		669,488	Carryover to next financial year		-1,982,740
Seasonal allocation		2,269,476	Water usage		-833,967
Adjusted allocation		0	Write-off allocation		-287,592
Spill allocation		318	Trade - sellers		-875,737
Trade - buyers		864,777	Overuse		2,104
Extraordinary items		173,872			
<b>Total inflows</b>		<b>3,977,931</b>	<b>Total outflows</b>		<b>-3,977,932</b>
<b>Closing balance</b>		<b>0</b>			
<b>Components of trade - buyers</b>			<b>Components of trade - sellers</b>		
Within authority		608,137	Within Corporation		608,137
From other authorities		44,047	From other authorities		42,615
From interstate		211,668	From interstate		224,463
Other		925	Other		522
<b>Total trade</b>		<b>864,777</b>	<b>Total trade</b>		<b>875,737</b>

### Notes to this table:

- This table provides a summary of allocations made, trade in, trade out, usage, overuse, carryover and write-off.
- The table shows statistics for ABAs with regulated trading zone sources only. This includes allocations made to all water shares and bundled entitlements, such as supply by agreements and urban and environmental bulk entitlements and also water accounted against loss provisions in rural bulk entitlements. Unregulated and groundwater entitlements are excluded because some are not metered and usage is not fully available.
- Trades from clearing accounts held by G-MW (Pool Accounts) are included on the seller side only to avoid double counting.
- The "extraordinary items" shown in this table are primarily made up of return flows from environmental watering events in Barmah (70 GL) and Goulburn River (94 GL). The remainder includes adjustments to carryover, overuse and write-off made during the year.
- Write-off reported in this table includes:
  - Write-off against loss provisions in rural bulk entitlements (117 GL), as well as the Snowy environmental account in the register which allows transfer of water to the Snowy in fulfilment of Victoria's obligations under the Snowy recovery program (100 GL).
  - Write-off for the Ovens and King systems, which have no ability to carryover (30 GL).
  - Write-off in the Broken, Loddon & Bullarook systems where carryover is only allowed to 100% of entitlement volume (18 GL).
  - Write-off of ABAs in the Goulburn and Murray systems that are no longer linked to active entitlements (22 GL).
- In the "components of trade" table, the category 'Other' includes tagged trade and additional trades processed by adjustment journal. The details of this are in the below table.

Tagged trades - inbound	626
Adjustment journals - trade in	298
<b>Total</b>	<b>924</b>

Tagged trades - outbound	381
Adjustment journals - trade out	141
<b>Total</b>	<b>522</b>

## Appendix B2 - Trade Of Allocation

Allocation Trade											
		Buyer									
		Goulburn-Murray Water									
Seller		1A Greater Goulburn	1B Boort	2A Broken - Nill to Casey's	2B Broken - Casey's to Goulb	3 Lower Goulburn	4A Campaspe - Eppalock to WWC	4C Lower Campaspe	5A Loddon - CC/Tull to LWP	5B Bullarook	6VIC Murray - Dart to Barmah
Goulburn-Murray Water	1A Greater Goulburn	210,655	4,366	0	0	1,435	1,693	0	300	0	50,657
	1B Boort	21,007	2,880	0	0	0	300	0	0	0	0
	2A Broken - Nill to Casey's	0	0	0	0	0	0	0	0	0	0
	2B Broken - Casey's to Goulb	0	0	0	30	0	0	0	0	0	0
	3 Lower Goulburn	15,212	0	0	0	2,666	0	0	0	0	0
	4A Campaspe - Eppalock to WWC	10,327	0	0	0	0	2,913	0	0	0	0
	4C Lower Campaspe	602	0	0	0	0	0	0	0	0	0
	5A Loddon - CC/Tull to LWP	1,222	0	0	0	0	194	0	543	0	0
	5B Bullarook	0	0	0	0	0	0	0	0	0	0
	6VIC Murray - Dart to Barmah	11,901	584	0	0	0	150	0	0	0	62,465
	6B Lower Broken Creek	1,096	0	0	0	0	0	0	0	0	1,437
	7VIC Murray - Barmah to SA	28,013	106	0	0	100	0	0	0	0	9,348
	9A Ovens	0	0	0	0	0	0	0	0	0	0
	9B King	0	0	0	0	0	0	0	0	0	0
20 Snowy	0	0	0	0	0	0	0	0	0	0	
Lower Murray Water	1A Greater Goulburn	160	0	0	0	0	0	0	0	0	0
	6B Lower Broken Creek	0	0	0	0	0	0	0	0	0	0
	7VIC Murray - Barmah to SA	27,188	559	0	0	246	0	0	0	0	923
NSW	10B NSW - Murr Irrigation Ltd	1,655	0	0	0	0	0	0	0	0	23,348
	11 NSW Murr D/S Barmah Choke	1,630	1,533	0	0	0	0	0	0	0	11,146
	13 Murrumbidgee	2,281	267	0	0	0	0	0	0	0	7,128
	14 Lower Darling	0	0	0	0	0	0	0	0	0	0
SA	12 South Australian Murray	55,363	3,094	0	0	0	0	0	0	0	34,245
	<b>Total Purchased</b>	<b>388,310</b>	<b>13,389</b>	<b>0</b>	<b>30</b>	<b>4,446</b>	<b>5,251</b>	<b>0</b>	<b>843</b>	<b>0</b>	<b>200,696</b>
	<b>Number Of Trades</b>	<b>1,524</b>	<b>63</b>	<b>0</b>	<b>4</b>	<b>18</b>	<b>23</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>363</b>

### Notes to this table:

- In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively, this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account.  
To avoid double counting, only the seller side is counted (ie this is counted as 20 trades).
- The clearing accounts are held by G-MW. In the register, a G-MW to LMW pool exchange will be recorded as a trade from G-MW to the G-MW clearing account and a second trade from the G-MW clearing account to LMW.  
In order to avoid double counting, this trade is only counted on one side, however, depending on which side is chosen it may be classified as either a within or between Corporation trade.  
To adjust for this it is assumed that all between Corporation trades are correct, therefore the number and volume of within Corporation purchases and sales is reduced and the number of between Corporation purchases and sales is increased proportionately.

					Lower Murray Water			NSW					SA			
6B Lower Broken Creek	7VIC Murray - Barmah to SA	9A Ovens	9B King	20 Snowy	1A Greater Goulburn	6B Lower Broken Creek	7VIC Murray - Barmah to SA	10 NSW Murr U/S Barmah Choke	10B NSW - Murr Irigation Ltd	11 NSW Murr D/S Barmah Choke	13 Murrumbidgee	14 Lower Darling	12 South Australian Murray	TOTAL SOLD	NUMBER OF TRADES	NET SOLD
1,431	6,557	0	0	24,261	1,328	0	6,903	524	80	2,166	549	0	5,790	318,695	1,312	-69,615
0	170	0	0	0	0	0	13,310	143	0	0	0	0	7,815	45,625	74	32,236
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	4	0
0	457	0	0	0	0	0	480	0	0	0	0	0	18,815	37,630	77	33,184
0	522	0	0	0	0	0	0	0	0	0	0	0	0	13,762	78	8,512
0	5	0	0	0	0	0	0	0	0	0	0	0	0	606	6	606
0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,959	9	1,116
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
697	4,764	0	0	63,503	0	0	2,273	1,803	50	1,357	500	0	50	150,097	405	-50,599
1,332	642	0	0	0	0	0	0	0	0	0	0	0	0	4,507	42	999
48	49,312	0	0	12,226	0	0	18,321	2,747	0	967	35	1,015	180,056	302,294	609	154,913
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	10	0	0	0	0	0	0	0	0	0	0	10	1	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-99,989
0	0	0	0	0	0	0	70	0	0	0	0	0	0	229	3	-2,099
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	14,972	0	0	0	0	0	53,276	0	0	1,854	200	2,080	574	101,872	608	-185,362
0	100	0	0	0	0	0	14,194	0	0	0	0	0	0	39,297	12	39,167
0	1,521	0	0	0	1,000	0	17,054	0	0	0	0	0	0	33,884	56	27,540
0	2,000	0	0	0	0	0	1,822	0	0	0	0	0	0	13,498	35	12,214
0	500	0	0	0	0	0	0	0	0	0	0	0	0	500	2	-2,595
0	65,857	0	0	0	0	0	159,531	0	0	0	0	0	0	318,089	217	104,989
<b>3,508</b>	<b>147,381</b>	<b>0</b>	<b>10</b>	<b>99,989</b>	<b>2,328</b>	<b>0</b>	<b>287,233</b>	<b>5,217</b>	<b>130</b>	<b>6,344</b>	<b>1,284</b>	<b>3,095</b>	<b>213,101</b>	<b>1,382,585</b>		<b>5,217</b>
<b>36</b>	<b>671</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>719</b>	<b>23</b>	<b>2</b>	<b>37</b>	<b>5</b>	<b>8</b>	<b>39</b>		<b>3,550</b>	

## Appendix B3 - Regulated Water Entitlements - excluding Low and Spill Reliability

<b>Water Entitlements In Regulated Systems Excluding Low and Spill Reliability</b>			
<b>Water System Source</b>	<b>Delivery system (grouped)</b>	<b>Number</b>	<b>Volume (ML)</b>
Broken	Broken River	293	17,598
	G-MW - NWU	9	337
Bullarook	Bullarook	34	1,271
Campaspe	Campaspe Irrigation District	20	785
	Campaspe River	326	15,019
	G-MW - NWU	204	22,501
Goulburn	Central Goulburn Irrigation Area	4111	308,983
	G-MW - NWU	1036	185,210
	Goulburn River	1526	191,553
	Loddon River	220	625
	Murray River	4	1,028
	Murray Valley Irrigation Area	26	1,112
	Pyramid-Boort (Loddon Valley)	949	165,499
	Rochester Irrigation Area	1764	148,652
	Shepparton Irrigation Area	2524	147,546
	Torrumbarry Irrigation Area	7	115
Loddon	G-MW - NWU	19	2,180
	Loddon River	707	24,267
Murray	G-MW - NWU	823	137,088
	Murray River	1122	119,966
	Murray Valley Irrigation Area	2175	218,760
	Nyah, Tresco and Woorinen	678	29,109
	Torrumbarry Irrigation Area	2752	281,316
	Nyah Loss Provision	1	500
	Torrumbarry Loss Provision	2	102,959
	Murray Valley Loss Provision	2	93,201
Ovens	G-MW - NWU	8	269
	Ovens River	505	33,828
Mis-matched water system source and delivery system (see note 4)		3	15
<b>Regulated Total (ex low and spill reliability) 2010/11</b>		<b>21,850</b>	<b>2,251,292</b>
<b>Regulated Total (ex low and spill reliability) 2009/10</b>		<b>21,059</b>	<b>2,011,195</b>

### Notes to this table:

- This table shows the number and volume of active entitlements in regulated water systems (excluding low and spill reliability) as at 30 June 2011.
- Delivery systems are grouped to reduce the complexity caused by small delivery systems.
- The volume of entitlements in G-MW's jurisdiction increased by 240,097 ML from 2009/10 due to the following:
  - The issue of Murray Valley, Torrumbarry and Nyah Loss Provisions (196,000 ML).
  - Updates to records in the Water Register to recognise audited water savings resulting from NVIRP modernisation and the Wimmera Mallee Pipeline.
  - The correction of water system data in the Water Register during 2010/11.
- Some entitlements are recognised as requiring correction to their characteristics. These are listed in the table below.

<b>Water System Source</b>	<b>Delivery system (grouped)</b>	<b>Number</b>	<b>Volume (ML)</b>
Broken	Shepparton Irrigation Area	1	15.0
Goulburn	Goulburn - unregulated	2	0.2
<b>Total for correction by G-MW</b>		<b>3</b>	<b>15.2</b>





## Appendix B4 - Transfer And Variation Of High-Reliability Water Shares

		Destination													
		Goulburn-Murray Water													
SOURCE		Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. Area	G-MW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Pyramid-Boort (Loddon Valley)	Rochester Irrigation Area
		Goulburn-Murray Water	Broken River	398	0	0	0	0	351	0	0	0	0	0	0
Bullarook	0		0	0	0	0	0	0	0	0	0	0	0	0	0
Campaspe Irrigation District	0		0	503	0	0	14,273	0	0	0	0	0	0	0	0
Campaspe River	0		0	160	134	0	1,349	0	0	0	0	0	0	0	0
Central Goulburn Irr. Area	0		0	0	0	34,691	17,322	112	0	0	0	0	0	0	22
G-MW - NWU	10		0	0	0	863	18,240	12	0	136	177	109	48	271	107
Goulburn River	0		0	0	0	168	1,388	1,027	0	0	0	0	0	0	2
Loddon River	0		0	0	0	0	527	0	914	0	0	0	0	0	0
Murray River	0		0	0	0	0	3,203	975	0	4,277	18	0	0	0	0
Murray Valley Irrigation Area	0		0	0	0	0	12,798	0	0	2	26,474	0	0	0	0
Nyah, Tresco and Woorinen	0		0	0	0	0	615	0	0	0	0	4,323	0	0	0
Ovens River	0		0	0	0	0	288	0	0	0	0	0	1,152	0	0
Pyramid-Boort (Loddon Valley)	0		0	0	0	0	12,118	0	0	0	0	0	0	12,657	0
Rochester Irrigation Area	0		0	0	0	38	10,070	2	0	0	0	0	0	0	10,678
Shepparton Groundwater	0		0	0	0	0	0	0	0	0	0	0	0	0	0
Shepparton Irrigation Area	0		0	0	0	10	8,596	0	0	3	2	0	0	0	1
Torrumbarry Irrigation Area	0		0	0	0	0	26,394	0	0	5	0	80	0	0	0
Lower Murray Water	LMW - NWU	0	0	0	0	0	247	0	0	0	0	0	0	0	
Murray River	0	0	0	0	0	835	0	0	0	0	0	0	0	0	
Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	89	0	0	0	0	0	0	0	0	
<b>Total Trades (ML)</b>		<b>408</b>	<b>0</b>	<b>663</b>	<b>134</b>	<b>35,770</b>	<b>128,701</b>	<b>2,128</b>	<b>914</b>	<b>4,422</b>	<b>26,671</b>	<b>4,511</b>	<b>1,200</b>	<b>12,928</b>	<b>10,810</b>
<b>Number of Trades</b>		<b>16</b>	<b>0</b>	<b>6</b>	<b>20</b>	<b>453</b>	<b>1,013</b>	<b>74</b>	<b>19</b>	<b>66</b>	<b>260</b>	<b>92</b>	<b>35</b>	<b>116</b>	<b>177</b>

### Notes to this table:

1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for high reliability water shares. Some other trades were still in progress at year end and will be finalised in 2011/12.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. A variation application occurs without a change in ownership.
4. Delivery systems are grouped to reduce complexity caused by small delivery systems.
5. Exceedences of the 4% limit may be due to; exemptions given under the trading rules; correction of wrong locations given to some water shares at unbundling; or; sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).
6. A special exemption to the 4% limit for Campaspe modernisation lead to 96% of the water shares leaving the Irrigation Area.
7. Pyramid-Boort Irrigation Area is now called the Loddon Valley Irrigation Area.
8. The volume of transferred from Shepparton Goundwater to Shepparton Irrigation Area was the result of the correction to the delivery system in the Water Register and not an actual trade.

	Lower Murray Water							Number of Trades	Net Out (ML)	Volume of water shares at 1 July 2010	Net Out as % of Water Shares (irrigation districts only)
	Shepparton Groundwater	Shepparton Irrigation Area	Torumbarry Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID	Total Trades (ML)				
	0	0	0	0	0	0	748	25	341		
	0	0	0	0	0	0	0	0	0		
	0	0	0	0	0	0	14,776	154	14,113	14,683	96%
	0	0	0	0	0	0	1,643	32	1,509		
	0	1	0	0	240	0	52,388	603	16,619	317,396	5.2%
	0	1,008	112	4,554	252	0	25,898	210	-102,803		
	0	0	2	0	0	0	2,587	88	459		
	0	0	0	0	0	0	1,441	26	527		
	0	0	7	0	0	0	8,479	87	4,057		
	0	0	0	0	0	0	39,274	340	12,602	230,450	5.5%
	0	0	15	30	0	0	4,983	106	472	27,871	1.7%
	0	0	0	0	0	0	1,440	35	240		
	0	0	59	0	0	0	24,834	180	11,906	166,885	7.1%
	0	0	0	0	804	0	21,591	248	10,781	155,931	6.9%
	0	0	0	0	0	0	0	0	0		
	0	15,402	0	0	0	0	24,014	324	7,603	154,219	4.9%
	0	0	32,376	0	220	0	59,074	498	26,427	288,973	9.1%
	0	0	50	22,167	2,332	304	25,100	100	-26,271		
	0	0	0	18,634	12,438	575	32,482	185	15,859		
	0	0	26	5,986	338	10,945	17,384	550	5,560	145,537	3.8%
	<b>0</b>	<b>16,411</b>	<b>32,647</b>	<b>51,371</b>	<b>16,623</b>	<b>11,824</b>	<b>358,136</b>		<b>0</b>		
	<b>0</b>	<b>251</b>	<b>353</b>	<b>279</b>	<b>148</b>	<b>413</b>		<b>3,791</b>			

## Appendix B5 - Transfer And Variation of Low-Reliability Water Shares

### Transfer and Variation of Low and Spill Reliability Water Shares - Volume (ML)

			Destination										
			Goulburn-Murray Water										
			Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. Area	G-MW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen
<b>Source</b>	<b>Goulburn-Murray Water</b>	Broken River	79	0	0	0	0	0	0	0	0	0	0
		Bullarook	0	0	0	0	0	0	0	0	0	0	0
		Campaspe Irrigation District	0	0	548	0	0	9,121	0	0	0	0	0
		Campaspe River	0	0	0	143	0	1,079	0	0	0	0	0
		Central Goulburn Irr. Area	0	0	0	0	21,005	570	0	0	0	0	0
		G-MW - NWU	0	0	0	0	2,217	12,254	142	0	322	456	0
		Goulburn River	0	0	0	0	41	90	526	0	0	0	0
		Loddon River	0	0	0	0	0	55	0	419	0	0	0
		Murray River	0	0	0	0	0	144	0	0	911	5	0
		Murray Valley Irrigation Area	0	0	0	0	7	3,616	0	0	0	15,459	0
		Nyah, Tresco and Woorinen	0	0	0	0	0	0	0	0	0	0	972
		Ovens River	0	0	0	0	0	10	0	0	0	0	0
		Pyramid-Boort (Loddon Valley)	0	0	0	0	0	999	0	0	0	0	0
		Rochester Irrigation Area	0	0	0	0	0	817	0	0	0	100	0
		Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0
		Shepparton Irrigation Area	0	0	0	0	769	603	110	0	0	83	0
	Torrumbarry Irrigation Area	0	0	0	0	0	1,126	0	0	0	0	33	
	<b>Lower Murray Water</b>	LMW - NWU	0	0	0	0	0	0	0	0	0	0	0
		Murray River	0	0	0	0	0	0	0	0	0	0	0
		Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	0	0	0	0	0	0
<b>Total Trades (ML)</b>			<b>79</b>	<b>0</b>	<b>548</b>	<b>143</b>	<b>24,039</b>	<b>30,484</b>	<b>778</b>	<b>419</b>	<b>1,232</b>	<b>16,103</b>	<b>1,005</b>
<b>Number of Trades</b>			<b>6</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>310</b>	<b>244</b>	<b>27</b>	<b>7</b>	<b>20</b>	<b>193</b>	<b>32</b>

#### Notes to this table:

1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for low and spill reliability water shares. Some other trades were still in progress at year end and will be finalised in 2011/12.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. A variation application occurs without a change in ownership.
4. Delivery systems are grouped to reduce complexity caused by small delivery systems.
5. Exceedences of the 4% limit may be due to; exemptions given under the trading rules; correction of wrong locations given to some water shares at unbundling; or; sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

	Lower Murray Water											
	Ovens River	Pyramid-Boort (Loddon Valley)	Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID	Total Trades (ML)	Number of Trades	Net Out (ML)
	0	0	0	0	0	0	0	0	0	79	6	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	9,669	115	9,121
	0	0	0	0	0	0	0	0	0	1,222	26	1,079
	0	306	90	0	131	518	0	251	26	22,895	309	-1,144
	23	369	485	0	419	1,818	0	643	0	19,149	103	-11,335
	0	0	0	0	0	0	0	0	0	657	28	-121
	0	0	0	0	0	0	0	0	0	475	9	55
	0	0	0	0	0	119	0	0	0	1,178	25	-54
	0	0	129	0	0	0	0	0	0	19,210	207	3,107
	0	0	0	0	0	0	0	0	0	972	30	-33
	560	0	0	0	0	0	0	0	0	570	25	-13
	0	5,778	0	0	0	0	0	0	0	6,778	74	-137
	0	396	5,836	177	350	0	0	0	0	7,675	95	1,074
	0	0	0	0	0	0	0	0	0	0	0	-177
	0	66	61	0	7,776	0	0	0	0	9,468	168	793
	0	0	0	0	0	29,406	0	580	0	31,144	284	-716
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	890	0	890	8	-1,474
	0	0	0	0	0	0	0	0	126	126	3	-26
	<b>583</b>	<b>6,915</b>	<b>6,601</b>	<b>177</b>	<b>8,675</b>	<b>31,860</b>	<b>0</b>	<b>2,364</b>	<b>152</b>	<b>132,157</b>		<b>0</b>
	<b>25</b>	<b>73</b>	<b>89</b>	<b>1</b>	<b>156</b>	<b>285</b>	<b>0</b>	<b>31</b>	<b>4</b>		<b>1,515</b>	



## Appendix B6 - Usage By Delivery System

Delivery System (Grouped)	Volume (ML)
Broken River	506
Bullarook	152
Campaspe Irrigation District	3,396
Campaspe River	3,244
Central Goulburn Irr:Area	124,703
Goulburn River	120,029
Loddon River	1,877
Murray River	124,548
Murray Valley Irrigation Area	93,122
Nyah, Tresco and Woorinen	10,441
Outside GMA	24
Ovens River	4,329
Pyramid-Boort (Loddon Valley)	44,395
Rochester Irrigation Area	53,630
Shepparton Irrigation Area	42,218
Torrumbarry Irrigation Area	147,469
Murray Loss Provisions	59,884
<b>Total</b>	<b>833,967</b>

### Notes to this table

1. This table shows usage per delivery system for ABAs with regulated trading zone sources.
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
3. Loss provisions are only defined in the Murray basin, loss provisions in other river basins are not currently defined in bulk entitlements and as such not yet in the water register. They are not included in the above table.
4. The above table includes water consumed in Murray irrigation channels as losses. These Murray loss provisions are included as a separate line item, the value is defined below:

Delivery System (grouped)
Murray Valley Irrigation Area
Nyah
Torrumbarry Irrigation Area

## Appendix B7 - Unregulated Entitlements

<b>Water Entitlements In Unregulated Surface Water Systems</b>			
<b>Water System</b>	<b>Trading zone source</b>	<b>Number</b>	<b>Volume (ML)</b>
Avoca	Not tradable	2	253
Broken	120 Broken Unregulated	163	3,872
	Not applicable	2	-
	Not tradable	413	8,213
Bullarook	Not applicable	2	-
Campaspe	110 Goulburn Unregulated	9	350
	140 Campaspe Unregulated	138	1,353
	141 Coliban Unregulated	55	533
	Not applicable	2	-
Goulburn	Not tradable	370	6,926
	110 Goulburn Unregulated	842	18,041
	111 King Parrot Creek Unreg	309	1,979
	112 Yea River Unregulated	259	4,363
	130 Lower Goulburn Unregulated	146	2,840
	170 Barmah to Nyah Unregulated	1	-
	180 Ovens and King Unregulated	1	2
	Not applicable	9	-
	Not tradable	855	20,144
	Kiewa	190 Kiewa Catchment Unreg	20
191 Kiewa Main Stem Unreg		455	15,220
Not tradable		193	3,853
Loddon	150 Loddon Unregulated	224	10,524
	151 Lower Loddon Unregulated	123	9,314
	Not applicable	1	-
Murray	Not tradable	673	14,418
	160 Upper Murray Unregulated	550	13,618
	161 Upper Murray Main Stem	3	111
	170 Barmah to Nyah Unregulated	21	2,327
	6 VIC Murray - Dart to Barmah	1	-
	7 VIC Murray - Barmah to SA	2	54,300
	Not applicable	5	-
	Not tradable	647	13,398
Ovens	180 Ovens and King Unregulated	867	18,246
	Not applicable	1	-
	Not tradable	386	9,341
Mis-matched water system source and trading zone (see note 6)		75	608
<b>Unregulated Total 2010/11</b>		<b>7,825</b>	<b>235,748</b>
<b>Unregulated Total 2009/10</b>		<b>7,796</b>	<b>181,791</b>

### Notes to this table

1. This table shows the number and volume of active entitlements in unregulated systems as at 30 June 2011.
2. The increase from last year can be attributed to the issue of two records in the water register to recognise environmental flow commitments in the Murray.
3. Entitlements are grouped by trading zone source rather than delivery system due to the complexity of multiple small delivery systems in unregulated systems.
4. Some unregulated bulk entitlements are entered into the register with trading zone source "9996 Surface water", "Not applicable" or "Not tradable" because:
  - (i) They are source bulk entitlements and therefore source their water from the whole system, rather than a specific part or zone;
  - (ii) The bulk entitlement specifies they are "not tradable";
  - (iii) There is no applicable trading zone source in the register;
  - (iv) An error has been made - these have been identified for correction.
5. Registration licences are "not tradable" as required under the Act.
6. Some take and use licences have been entered with trading zone source "not tradable" these have been identified for correction.

## Appendix B8 - Groundwater Entitlements

<b>Water Entitlements In Groundwater Systems</b>			
<b>Water System</b>	<b>Delivery system</b>	<b>Number</b>	<b>Volume (ML)</b>
Alexandra (GMU)	1078 Alexandra Groundwater	17	1,730
Barnawartha (GMU)	Barnawartha Groundwater	16	665
Campaspe Deep Lead (GMU)	1021 Campaspe Groundwater	1	1,442
	1022 Campaspe Groundwater	2	1,960
	1025 Campaspe Groundwater	2	406
Katunga (GMU)	1061 Katunga Groundwater	21	1,907
	1062 Katunga Groundwater	410	38,381
	1063 Katunga Groundwater	108	20,770
Kinglake (GMU)	1075 Kinglake Groundwater	121	1,951
Loddon Highlands (GMU)	1001 Loddon Highlands WSPA	4	368
	1002 Loddon Highlands WSPA	18	794
	1003 Loddon Highlands WSPA	53	3,249
	1004 Loddon Highlands WSPA	33	589
	1005 Loddon Highlands WSPA	17	1,280
	1008 Loddon Highlands WSPA	154	8,296
	1009 Loddon Highlands WSPA	59	3,819
Lower Campaspe Valley (GMU)	1010 Loddon Highlands WSPA	31	1,888
	1028 Lower Campaspe Valley WSPA	192	42,541
	1029 Lower Campaspe Valley WSPA	22	2,161
	1030 Lower Campaspe Valley WSPA	32	8,023
Lower Ovens (GMU)	1080 Lower Ovens	323	12,713
	1081 Lower Ovens	207	5,829
Mid Goulburn (GMU)	1070 Mid-Goulburn Groundwater	79	9,314
	1071 Mid-Goulburn Groundwater	42	3,150
Mid Loddon (GMU)	1011 Mid Loddon Groundwater	28	1,633
	1012 Mid Loddon Groundwater	154	30,935
	1013 Mid Loddon Groundwater	15	1,501
	1017 Mid Loddon Groundwater	4	126
Mullindolingong (GMU)	1095 Mullindolingong Groundwater	24	276
	1096 Mullindolingong Groundwater	54	1,515
Shepparton Irrigation (GMU)	Shepparton Groundwater	1,798	212,044
Source not identified	Outside GMA	6	103
Unincorporated (GMU)	Outside GMA	2,134	39,811
Upper Ovens (GMU)	1085 Upper Ovens	138	3,196
Mis-matched water system source and trading zone (See Note 4)		22	625
<b>Groundwater Total 2010/11</b>		<b>6,341</b>	<b>464,988</b>
<b>Groundwater Total 2009/10</b>		<b>6,274</b>	<b>487,180</b>

### Notes to this table

- This table shows the number and volume of active entitlements in groundwater systems as at 30 June 2011.
- The volume of entitlements in G-MW's jurisdiction decreased by 22,193 ML from 2009/10 due to the following:
  - The correction of water system data in the Water Register during 2010/11.
  - The surrender of licences by the licence holders.
  - The cancellation of licences for private irrigation bores which were previously used to assist with regional salt disposal in the Shepparton Irrigation Region catchment.
- Volumes in some groundwater systems include records held in the water register of domestic and stock private rights.
- Some take and use licences have been recorded with an incorrect water system or delivery system in the Water Register. These have been identified for correction.



Legislation	Requirement	Page
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22B	Manner of establishment and the relevant Ministers	2
FRD 22B	Objectives, functions, powers and duties	2
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