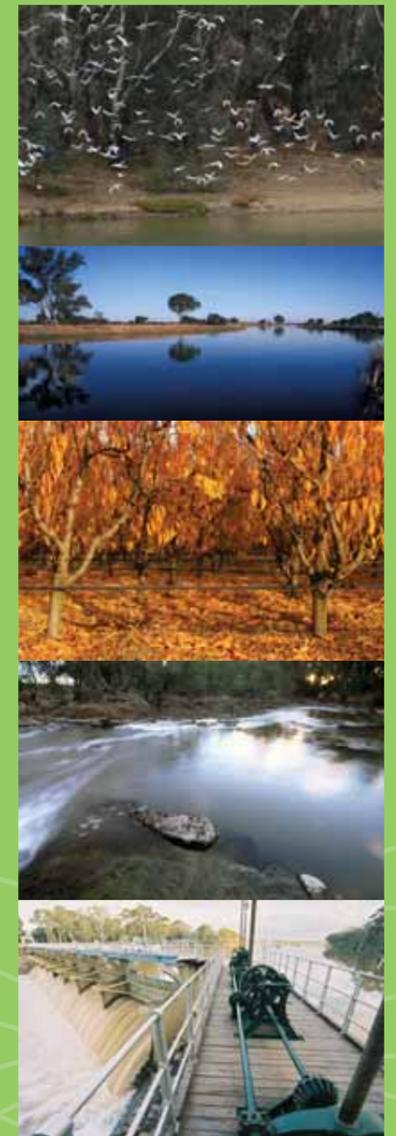




Annual Report

2003/04

Goulburn-Murray Water Annual Report 2003/04



www.g-mwater.com.au

Delivering sustainable water services

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Report from Chairperson



In this report, my first as Chairperson of Goulburn-Murray Water, I acknowledge the challenging circumstances experienced over the last year and confirm the direction in which I hope to lead this Board and the wider Goulburn-Murray Water organisation over the next three years.

I am most mindful of the prolonged drought, and the difficulties it has caused Goulburn-Murray Water and its customers. Drought conditions may now extend into an eighth year, which will have severe and compounding effects on the wide customer base of Goulburn-Murray Water, as well as negative effects on the tourism and recreational sectors.

The last year was also one in which the government introduced considerations of major reform in the water industry, publishing its green paper *Securing our Water Future*. The tenets of the reform are now before us and we will work with our customer representatives, catchment partners and government to address these.

I formally acknowledge the achievements of the previous Board and, in particular, its Chairperson, John Dainton. Under John's leadership the Board, management and employees responded remarkably to the water shortages never before experienced, while making a significant contribution to the development of the government's water reform initiatives. The previous Board also made policy development its central focus and I acknowledge the legacy from which the new Board can progress and contribute to leadership in water management at regional, state and national levels.

I also acknowledge the role of Water Services Committees. They played an important role in improving communications and consulted closely with customers on the challenging process of increasing prices to maintain financial viability.

I also thank the government for its assistance during the last year with the Eildon dam improvement project and in considering further assistance with the Authority's overall dam improvement program, which aims to decrease the risks of dam ownership.

I see the new Board as one that will interact enthusiastically with its customer base, catchment partners, the general community and its government "shareholder", being very aware of the business and environmental aspects of those relationships and being sensitive and adaptive to the social issues involved. Policy development will continue as a major aspect of

Goulburn-Murray Water's leadership, giving us a clear base from which we can discuss and align our policies with catchment partners and government.

Six of the nine current Directors were appointed for the first time on 1 July 2004. The skills and experience of those people, together with the continuity secured through the re-appointment of two Directors and the continuing role of the Director and Chief Executive, Denis Flett, ensures there is both a freshness and vitality, together with a strong element of continuity. I commend the Minister for Water on his selection of Directors and look forward to working with them over the next three years.

Don Cummins

Report from Chief Executive



Low water resource availability continued in 2003/04, with the Goulburn system experiencing its seventh consecutive season without a sales allocation and the Murray system having its lowest-ever allocation with no sales. We were again challenged to deliver as much water as possible for customer entitlements as well as ensure the provision of water for the environment.

The lower revenue flow that has resulted from persistent low allocations has caused debt to accrue on many of the Authority's services, adding to the pressure already placed on prices by the cost of refurbishing ageing infrastructure and the need for essential dam improvement works. Our awareness of the impact of water service price increases on customers was further heightened by circumstances which included subdued world commodity prices, particularly in the case of the dairy industry, and severe late frosts which hit parts of the horticultural sector.

In 2003/04 we produced a substantial submission on the proposals raised in the government's green paper *Securing Our Water Future*. We also facilitated Water Services Committee discussions that helped them develop their own valuable contributions - discussions that in turn influenced Goulburn-Murray Water's submission. We welcomed the many positive opportunities for customers and the Authority in the government's white paper *Our Water Our Future: Securing Our Water Future Together*. That Water Services Committee representatives were involved with other stakeholder representatives in discussions which influenced these water reform initiatives, demonstrated an increased regard for these committees.

We committed to establishing a safer workplace culture and made necessary progress in our quest to achieve best practice in occupational health and safety.

Many important projects were undertaken and the Normanville and Woorinen Pipelines were completed. We also commenced Stage 1 of the Eildon dam improvement project to take advantage of the low water levels in the storage.

I thank John Dainton for his outstanding contribution to Goulburn-Murray Water and for his strong leadership and direction in his three years as Chairperson. I thank Sarah Crooke, Mark Lawlor and Myles Treseder for their contributions, guidance and support during their terms as Directors. I also thank the executive, management and employees for their contributions and continued commitment through a very challenging year.

The 2003/04 year completed a decade of achievement which ranged from satisfying the immediate needs of individual customers to delivering outcomes which involved many stakeholders and required years to complete. We have involved customers and communities affected by our work and collaborated and worked in partnership with numerous other organisations. The experience and learning from our first decade hold us in good stead for the future.

I look forward to working with Chairperson Don Cummins and the new Board to improve service to customers and communities in northern Victoria, as the Authority begins its second decade and as the Victorian rural water sector enters its significant adjustment phase.

A handwritten signature in black ink, appearing to read 'D Flett'.

Denis Flett

Highlights





- The Normanville domestic and stock pipeline project near Bort covering some 295km was completed with full supply to pipeline customers commencing in December 2003, saving 4000 ML of water annually.
- The Waranga Western Channel capacity upgrade was substantially completed. The works were required to meet irrigation demands for major horticultural developments in Bort. The project was jointly funded by the State Government, Goulburn-Murray Water, Loddon Shire Council and irrigators.
- The Woorinen irrigation pipeline project was completed and commissioned in August 2003. Supply via the new 50.4 km pipeline commenced in August 2003. Over 10,000ML was delivered during the 2003/04 irrigation season, at an average rate during summer of 110ML/d. Of this 10,000ML, approximately 700ML was delivered to North Lake as environmental flows.
- The first stage of dam improvement works at Eildon commenced. The works will ensure the dam meets contemporary safety standards and is being delivered by an alliance between Goulburn-Murray Water, GHD, John Holland and Hazell Brothers.
- There was an excellent response from customers and employees to the ongoing drought conditions. Highlights included the formation of a drought response communication plan and the implementation of a project to install emergency drought relief domestic and stock water supplies across the north central region.
- Licensing of farm dams used for commercial or irrigation purposes was initiated this year. This process is expected to be complete by June 2005.
- A Land and On-Water Management Plan was developed for Lake Mulwala. The plan will ensure the sustainable use of the lake and foreshore into the future.
- An Irrigation Drainage and Water Quality Memorandum of Understanding was signed in June 2004. The memorandum defines the roles and responsibilities of parties involved in managing drainage in northern Victoria.
- The Williams carp sorting cage, developed at Goulburn-Murray Water in conjunction with the Department of Sustainability and Environment, won both the David Ashton Biodiversity Award and the Land and Water Australia Eureka Prize for Water Research. The cage traps fish swimming upstream in the first section; the carp then jump out into a second cage, leaving the native fish free to be released to continue their journey upstream. The trap aims to enhance the control of carp and help the recovery of native fish populations.

Profile

Trading as Goulburn-Murray Water, the Goulburn-Murray Rural Water Authority was constituted by Ministerial Order under the provisions of the Water Act 1989, effective from 1 July 1994.

Goulburn-Murray Water is Australia's largest rural water authority and reports to the Minister for Water, The Hon. John Thwaites, MP. Our business is managing the water cycle: harvesting, storing and delivering water for communities in our region. We manage 70% of Victoria's stored water and, on average, supply 2.4 million megalitres a year.

Goulburn-Murray Water manages the storages and water delivery systems in an area covering approximately a third of Victoria: from the Great Dividing Range to the River Murray and from Corryong downriver to just past Swan Hill.

The Goulburn and Murray water systems are the two dominant sources of supply in our area. The Goulburn system comprises the storages, weirs and connecting channels that integrate the supply of water from the Broken, Goulburn, Campaspe and Loddon River catchments. The Murray system includes the River Murray and the tributary catchments of the Mitta Mitta and Owens Rivers.

Goulburn-Murray Water is also Victoria's Constructing Authority for the Murray-Darling Basin Commission, managing substantial assets - most notably Dartmouth Dam and the Yarrawonga, Torrumbarry and Mildura Weirs - and two Salt Interception Schemes.

Four separate business divisions manage the water cycle

- **Bulk Water Services** manages assets and water storages, and delivers bulk water to customers. This business also manages recreation services at water storages.
- **Diversion Services** provides regulated and unregulated surface water and groundwater diversion services to customers on some 10,000 serviced properties.
- **District Services** delivers water supply, drainage and some flood protection services to customers on more than 14,000 properties. It manages six Irrigation Areas (Shepparton, Central Goulburn, Rochester-Campaspe, Pyramid-Boort, Murray Valley and Torrumbarry).
- **Natural Resource Services** provides a range of services supporting sustainable land and water management, including salinity management, drainage support, water quality and land management planning, and salt interception.



The four business divisions are supported internally by:

- the Strategy and Development Group
- the Water Systems Group, and
- the Business and Finance Group.

Goulburn-Murray Water also supports these business divisions by engaging a range of specialist consultants and contractors where appropriate.

Our customers

Serviced properties

Gravity irrigation and drainage	13,105
Pumped irrigation and drainage	422
Domestic and stock	557
Surface water diversions	7,809
Groundwater diversions	2,855
Flood protection	119

Other customers

Urban water authorities	5
Hydroelectric companies	3
Other rural water authorities	4
Land lessees	873
Recreational users	750
Community water supply scheme	1

Corporate Governance



As at 30 June 2004 the Board comprised seven Directors, including the Chief Executive. Directors are appointed on the basis of skills and expertise by the Minister administering the Water Act 1989.

The Board



John Dainton, Chair
MAICD

Chair of Goulburn-Murray Water since 1 July 2001. Deputy Chair from 1 July 1994 to 1 July 2001. Former dairy farmer at Mooroopna. Former Chair and Director of the Goulburn Broken Catchment Management Authority. Former Chair, Bonlac Foods Limited. Experienced company director and community leader in natural resource management planning and implementation.



Sarah Crooke, Deputy Chair
Dip Med Tech FAICD

Deputy Chair of Goulburn-Murray Water since 1 July 2001, Director since 1 November 1998. Director North East Catchment Management Authority. Deputy Chair, Dairy Research and Development Corporation. Dairy farmer in the Kiewa Valley. Former Executive Member, United Dairy Farmers of Victoria. Graduate of the Australian Rural Leadership Program. Churchill Fellowship 1991 for study of dairy industry.



Mark Lawlor, Director
Grad Dip Env Mgt. GAICD

Director of Goulburn-Murray Water since 1 July 2001. Managing Director of contract fencing company M & T Lawlor Pty Ltd. Secretary, Merrigum Landcare Group. Environmental management studies undertaken have focussed on natural resource management in the Murray-Darling basin. Former Director of the Goulburn Valley Region Water Authority.



John Pettigrew, Director
GAICD

Director of Goulburn-Murray Water since 1 July 2001. Director, JW Pettigrew and Sons, horticulturalists. Former Chair, Shepparton Water Services Committee. Former Director, SPC Limited. Experienced company director and community participant in natural resource management planning and implementation.



Jean Sutherland, Director
Cert Bus Studs, CPA, GAICD

Director of Goulburn-Murray Water since 1 July 2001. Director North Central Catchment Management Authority. Dairy farmer at Cohuna. Graduate of the Loddon Murray 2000 Plus Leadership program. Experienced accountant with particular emphasis on rural business enterprises.



Myles Treseder, Director
MAICD

Director of Goulburn-Murray Water since 1 July 2001. Manager, Treseder Vineyards, Former President, Woorinen Landcare Group and former Chair, Loddon Murray 2000 Plus. Former Deputy Chair, Torrumbarry Water Services Committee. Former Chair, Woorinen Pipeline Project Reference Committee.



Denis Flett, Director and Chief Executive
B.Eng (Civil), EWS, CP Eng, FIE Aust, FAICD

Chief Executive and Director of Goulburn-Murray Water since 1 July 1994. Victorian Deputy Commissioner, Murray-Darling Basin Commission. Experienced water industry civil engineer, manager and organisational leader during a period of fundamental and sustained change.

Adrian Williams, Advisor
BE (Civil), FIE Aust

The Board engaged the services of Adrian Williams as an advisor to the Board. He provided advice on a range of issues, with specialist expertise in dam management.

Governance practices

The Board sought to achieve sound and ethical governance practices. It maintained and improved on the Board performance review process, revising the format of the procedure and incorporating a stronger element of external appraisal. The performance review process has again led to the development of a Board Performance Improvement Plan, a strategy approved by the Board at its May 2004 meeting. The separate practice of reviewing individual Director performances, including review of the Chairperson's performance, was maintained.

A comprehensive review of the Board's Corporate Governance Manual was undertaken with the assistance of Professor Sanford Clark, with the manual being updated to reflect, among other things, the new regulatory regime associated with the role of the Essential Services Commission. The review also incorporated relevant improvement measures arising out of the 2003 Australian Stock Exchange principles and the 2004 Australian Standard on Corporate Governance (AS 8000). The review coincided and assisted with the preparation of the induction program for Directors appointed from 1 July 2004.

Directors' meetings

The number of Directors' meetings (including Board Committee meetings) and number of meetings attended by each of the Directors' during the year are listed below:

Director	MEETINGS ATTENDED							
	Board Meetings		Financial Management and Audit		Remuneration		Safety and Environment	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Dainton	12	12	-	-	4	4	-	-
Sarah Crooke	12	11	-	-	4	4	2	2
Mark Lawlor	12	11	6	6	-	-	2	2
John Pettigrew	12	12	6	5	-	-	-	-
Jean Sutherland	12	12	6	6	-	-	-	-
Myles Treseder	12	10	-	-	4	1	2	2
Denis Flett	12	12	-	-	-	-	2	2

Board Committees assist, advise and make recommendations to the Board.

Board committees

Directors served on three Board Committees, with the Financial Management and Audit Committee and the Remuneration Committee continuing from previous years and the Safety and Environment Committee being established in December 2003. Functions of the Board Committees were:

Financial Management and Audit Committee

To oversee the internal and external audit program and risk management program, review annual financial statements and associated checklists, monitor financial and management accounting responsibilities and advise the Board.

Members: Jean Sutherland (Committee Chair), Mark Lawlor, John Pettigrew, Adrian Williams

Goulburn-Murray Water believes that Jean Sutherland, John Pettigrew and Adrian Williams are independent members of the Financial Management and Audit Committee in terms of Guideline 3 of the Financial Management Compliance Framework issued by the Department of Treasury and Finance, June 2003.

Remuneration Committee

To oversee executive remuneration policy, monitor executive remuneration and advise the Board in relation to executive remuneration responsibilities, including individual remuneration packages for senior executives.

Members: Sarah Crooke (Committee Chair), John Dainton, Myles Treseder, Adrian Williams

Safety and Environment Committee

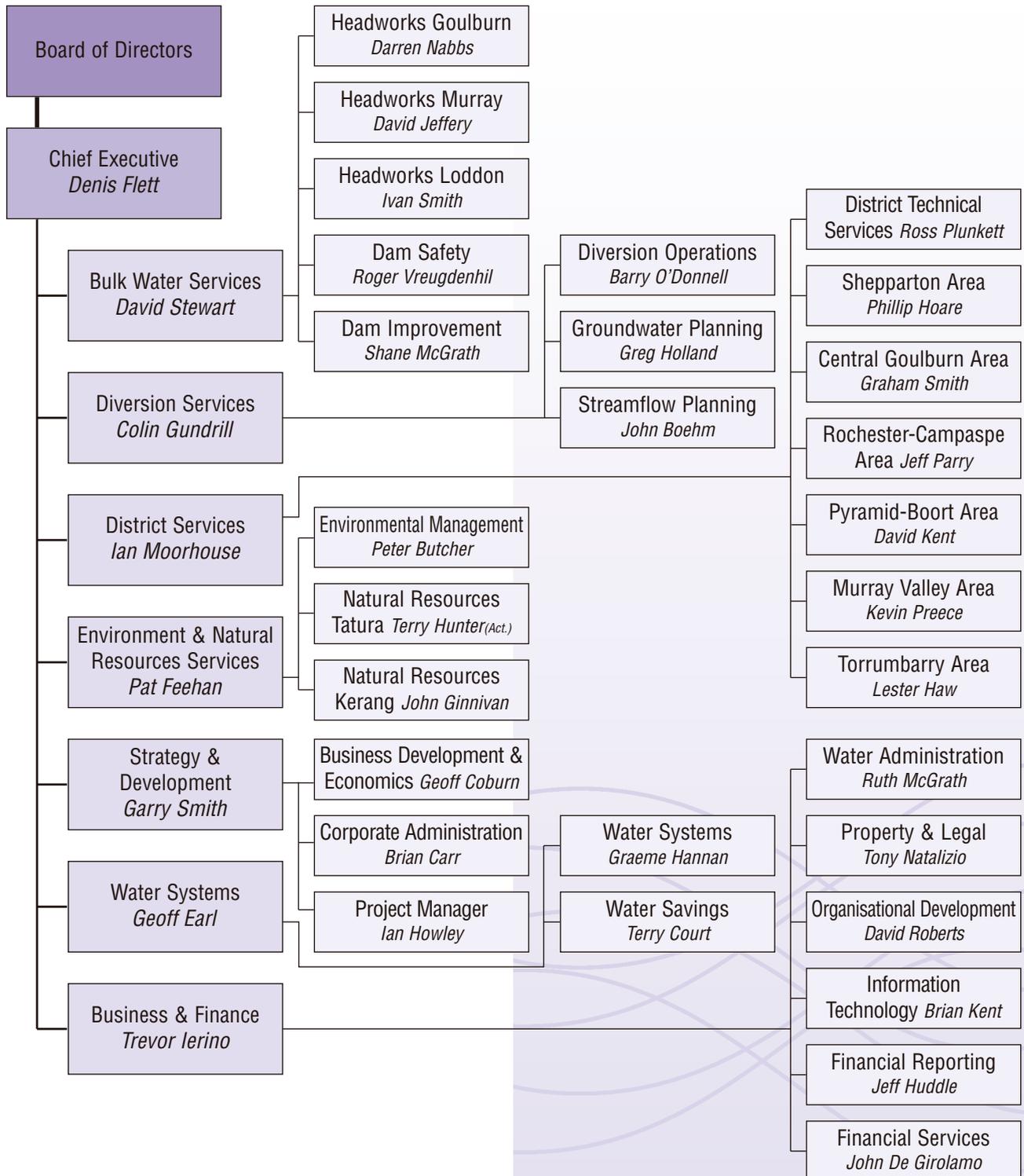
To oversee environmental and occupational health and safety policy development, monitor performance and compliance with relevant requirements and advise the Board in relation to environmental and occupational health and safety responsibilities.

Members: Mark Lawlor (Committee Chair), Sarah Crooke, Myles Treseder, Denis Flett

Amalgamation with Casey's Weir and Major Creek Rural Water Authority

Goulburn-Murray Water continued to provide operational support to the Casey's Weir and Major Creek Rural Water Authority. The amalgamation of the two authorities on 30 May 2004 saw the formation of the Tungamah Water District. Existing Water Services Committee members from the Casey's Weir and Major Creek Authority agreed to continue for a further term as the Tungamah Water Services Committee to ensure continuity of customer representation.

Organisational Structure



Improving Our Customer Service



Our objective: to deliver price efficient services to agreed standards.

Strengthening customer involvement

Water Services Committees represent Irrigation Area customers, surface water diverters in the Murray and Goulburn systems, groundwater users across the Goulburn-Murray Water region, domestic and stock customers in Water Districts and flood protection customers in the Loch Garry District.

Our aim is to continue to strengthen Water Services Committees' independence, capability and representation so they can increase their involvement in our strategic business planning and natural resource management, and expand their role in providing advice on issues of customer concern. We continue to increase the involvement of customers in decisions affecting Goulburn-Murray Water services through our Water Services Committees and Project Reference Committees.



Establishing the Tungamah Water Services Committee under Goulburn-Murray Water this year brought the number of Water Services Committees to 12. Now, around one in every 200 Goulburn-Murray Water customers is involved in a Water Services Committee, and every Goulburn-Murray Water retail service is subject to a committee's scrutiny.

The tenth annual Water Services Committee Workshop was held at Moama in June 2004 and attended by over 100 people, comprising members of all committees, and Directors and senior managers of Goulburn-Murray Water.

The 12 Water Services Committees and their Chairs as at 30 June 2004 were:

Gravity Irrigation Areas

Shepparton	Ian Klein
Central Goulburn	Peter Fitzgerald
Rochester-Campaspe	Richard Anderson
Pyramid-Boort	John Nelson
Murray Valley	Jim McKeown
Torrumbarry	Geoff Williams

Surface Water Diversions

Murray System	Lindsay Jarvis OAM
Goulburn System	Morris Brown

Groundwater

Regional Groundwater Services	Russell McKay
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Water Districts

Loddon Waterworks Water Services Committee	Chris Watson
Tungamah Water Services Committee	Rod Squires

Flood Protection Districts

Loch Garry Flood Protection Water Services Committee	John Dickson
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Customer and stakeholder involvements

Committees and Reference Panel	No. of members	Meetings held during 2003/04											
		July '03	Aug '03	Sept '03	Oct '03	Nov '03	Dec '03	Jan '04	Feb '04	Mar '04	Apr '04	May '04	June '04
Water Services Committees													
Shepparton Area	8	1	1	1	1	1	1	1	1	1	1	1	1
Central Goulburn Area	9	1	1	1	1	1	1	1	1	1	1	1	1
Rochester-Campaspe Area	9	1	1	1	1	1	1	1	1	1	1	1	1
Pyramid-Boort Area	10	1	1	1	1	1	1	1	1	1	1	1	1
Murray Valley Area	7	1	1	1	1	1	1	1	1	1	1		
Torrumbarry Area	9	2	-	1	1	1	1	1	1	1	2	1	1
Goulburn System	8	-	-	1	-	-	-	-	1	1	-	1	-
Murray System	13	-	-	1	-	-	-	-	2	-	-	-	-
Regional Groundwater	16	-	-	1	-	-	1	-	-	1	-	-	1
Loddon Waterworks	8	-		-1		-	-	-	-	1	-	-	
Tungamah Water District (previously Casey's Weir and Major Creek)	6	-	1	-	1	1	1	-	-	2	-	1	1
Loch Garry Flood Protection District	5	1	-	-	1	-	-	-	1	-	-	1	-
Total	108	8	6	9	9	7	7	6	10	11	7	9	7
Reference Committees/Panel													
Normanville Pipeline Project	7	1	-	1	-	-	-	1	-	1	-	-	1
Woorinen Pipeline Project	3	1	-	-	1	-	-	-	-	-	-	--	
Lake Eildon Public Use Liaison Committee	16	-	1	-	1	1	-	-	1	-	-	1	-
Major Storages Water Quality Study	16	-	-	1	-	-	-	-	1	-	-	--	
Waranga Western Channel Capacity Upgrade Project	-	-	-	-	-	-	-	-	-	-	-	--	
Katunga Water Supply Protection Area Management Plan Volume Review Panel	3	-	-	-	-	2	5		-	4	1	-	-
Total	45	2	1	2	2	3	5	1	2	5	1	1	1

Working with communities

The Board establishes Reference Committees to ensure that customer and community views are taken into account when planning and implementing specific projects. Currently, Reference Committees are appointed for the Normanville pipeline project, the Woorinen pipeline project, the dam improvement program, the Waranga Western Channel capacity upgrade project, the major storages water quality study and the Katunga Water Supply Protection Area management plan review panel.

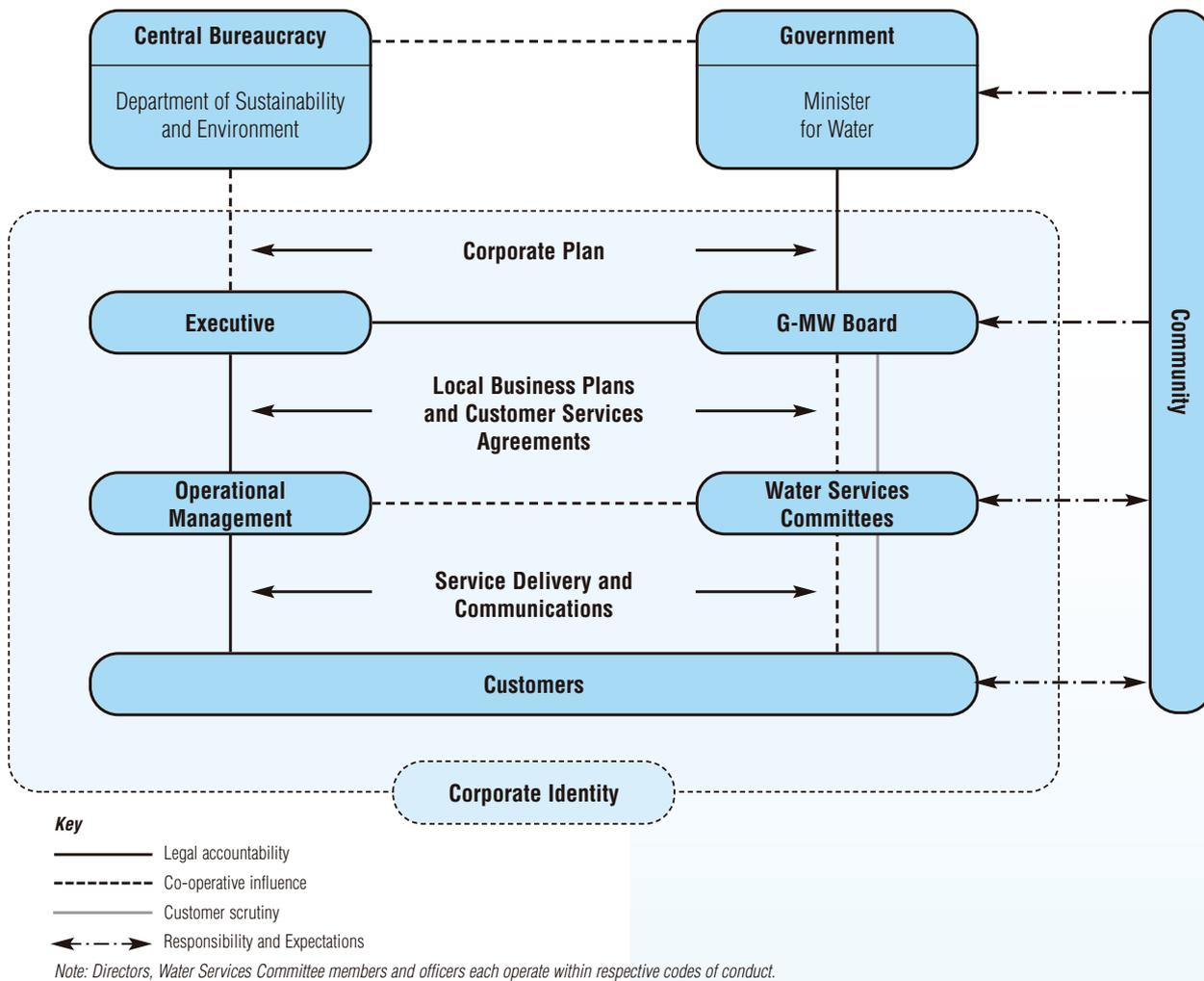
The Lake Eildon Public Use Liaison Committee has wide representation and met five times during the year. Discussion at the meetings focused generally on drought and its impact on Lake Eildon, proposed water reform, and dam improvement works at Lake Eildon and their disruption to the community. The committee also focused on operations, water quality and land management issues, including controlling vehicle access to the lake bed and managing boat launching ramps.

Consulting with our bulk water partners

Goulburn-Murray Water held a Bulk Water Forum with representatives from urban and rural bulk water authorities, Water Services Committee Chairs and government representatives to address operational matters and issues relating to bulk entitlement management, seasonal outlook, water quality, the dam improvement program and pricing for services.

We also facilitated 13 consultative forums with various stakeholders who have interests in our bulk water business. These met periodically and included a wide representation of customer, community, business, agency, local and state government representatives. Many community newsletters and public information statements were distributed and information provided through a number of media outlets. A significant amount of interest was generated in these forums, particularly resulting from recreational and public use issues around Lake Eildon, Lake Eppalock, Goulburn Weir, Lake Mulwala (Yarrowonga Weir) and Lake Hume.

Key relationships



Planning for emergency response

Andrew Evans represented Goulburn-Murray Water on 20 local government municipal emergency management planning committees and seven police division emergency response planning committees in areas affected by our dams.

We revised and reissued all 17 Dam Safety Emergency Plans. Emergency Coordination Centre training was conducted for staff likely to be involved in dam safety emergencies, and improvements were implemented in emergency communications procedures.

We also conducted two very successful dam safety emergency exercises. The first was a cascade failure exercise for Dartmouth Dam, Hume Dam and Yarrawonga Weir involving Goulburn-Murray Water, River Murray Water and NSW State Water, which established six Emergency Coordination Centres. The second was a multi-agency extreme flood tabletop exercise for Hume Dam involving the same dam owner agencies, police, local government, SES from both sides of the border at Albury/Wodonga, and the Bureau of Meteorology.



Delivering a reliable water service

Water availability was at record low levels at the beginning of the 2003/04 season. Only the Murray system had any water allocated for irrigation at the beginning of the year. There was a great degree of uncertainty about the seasonal water resource outlook. Rain in late July started the improvement and water allocations increased, eventually reaching 100% of Water Right in the Murray and Goulburn systems. This represented a relative improvement in the Goulburn system following the record low allocation in the 2002/03 season, but was the sixth consecutive year without sales water availability. There was no sales water on the Murray system, the first time this has occurred.

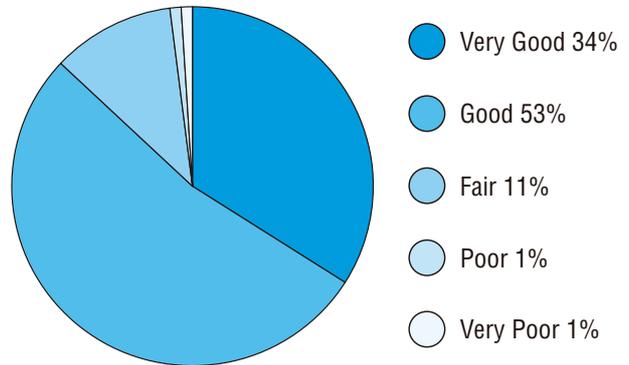
The low water availability and very dry conditions in 2004 presented ongoing challenges for system operations. With the cooperation of water users, our systems were run efficiently to conserve water for the future.

Conditions were particularly difficult in our western catchments because the spring conditions were less favourable than for the upper Murray and Goulburn catchments. Lake Eppalock and the Loddon storages reached record low water levels by the end of the season, raising the prospect of challenges for the 2004/05 season ahead.

Rationing of irrigation supply in the Pyramid-Boort Irrigation Area was introduced in March due to capacity constraints on Waranga Western Channel.

Providing culturally appropriate services

Our commitment to meeting the needs of culturally diverse customers continued this year. Once again we provided translation services through VITS Language Link. This service provides translations in over 100 languages. Customers can access the service by phoning the dedicated line, (03) 9280 1993, where the language will be identified and a three-way conversation set up with a translator and a Goulburn-Murray Water customer service operator. Details about access to the service were communicated to all customers in 11 different languages. During 2003/04 the service was accessed four times, with Italian translators provided on each occasion.



Annual customer survey

This year we undertook surveys of gravity irrigation customers and diversion customers, measuring customer perceptions of our service.

The aggregated data obtained is used to benchmark the services and to assess where improvements should be made. A total of 20% of gravity irrigation customers were surveyed by mail. Around 87% of those surveyed rated our service 'good' or 'very good'.

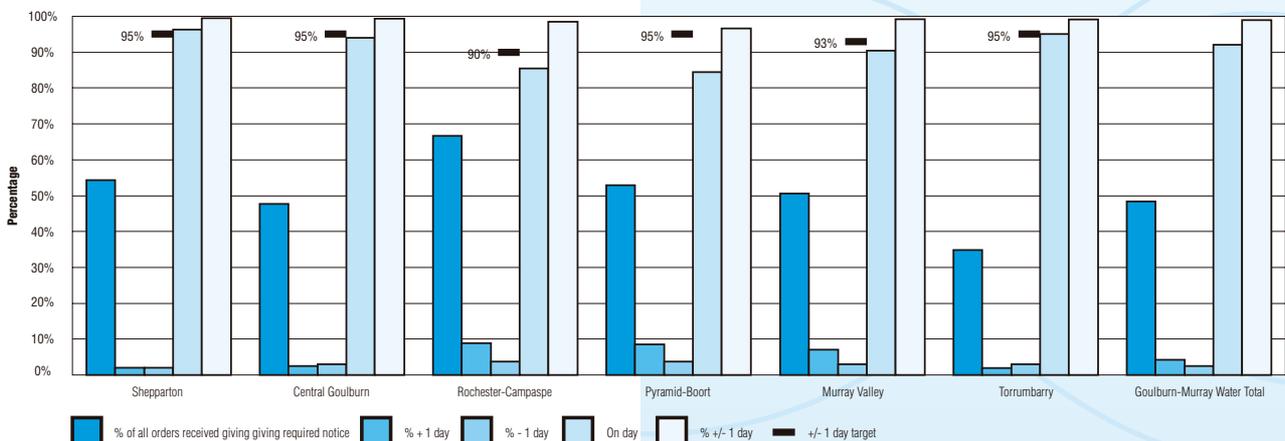
Managing social and economic impacts of the drought

During the year, severe drought conditions continued. Most systems opened the season with 0% allocation, many for the first time ever. Final allocations were also low, in some cases the lowest or second lowest on record.

We initiated a range of measures to maximise the amount of water available to customers, to share the water equitably and to work with those users experiencing difficulty accessing water.

Delivery performance for orders with required notice

Delivery performance for orders with required notice



We also undertook a substantial communications program to maximise information to ensure water users were aware of the current status of water supplies and the water available to them. We provided information about issues and water management rules applicable to customers, and where they could access assistance. We consulted with industry groups and secondary processors to ensure an integrated response to the conditions.

To reduce customers' financial stress, the date for payment of the first account was deferred by one month, tariff changes further deferred payments, and debt collection was closely managed with a view to being flexible and sympathetic.

With low storage levels, works were undertaken at Eildon, Eppalock and Cairn Curran storages to allow continued boat access for the public to the low water levels. A new sewage collection barge was installed at Lake Eildon and, with a Fish Recreation Allocation Grant, public recreation facilities were upgraded at Woolshed Bay at Lake Eppalock.

Resolving disputes

In addition to its own dispute resolution procedures, Goulburn-Murray Water is a member of Energy and Water Ombudsman (Victoria) Limited, which provides an independent third party conciliation role for customers of electricity, gas and water services in Victoria.

The Energy and Water Ombudsman (Victoria) referred 37 cases to Goulburn-Murray Water during the year, comprising 27 enquiries, 7 consultations and 3 complaints. Only 4 cases remained outstanding at 30 June 2004.

Improving water trading

Watermove, the public water trading exchange, continued to provide an open, transparent market place for water, including full disclosure of prices and volumes traded. Watermove has operated for the past two irrigation seasons, replacing the Northern Victorian Water Exchange.

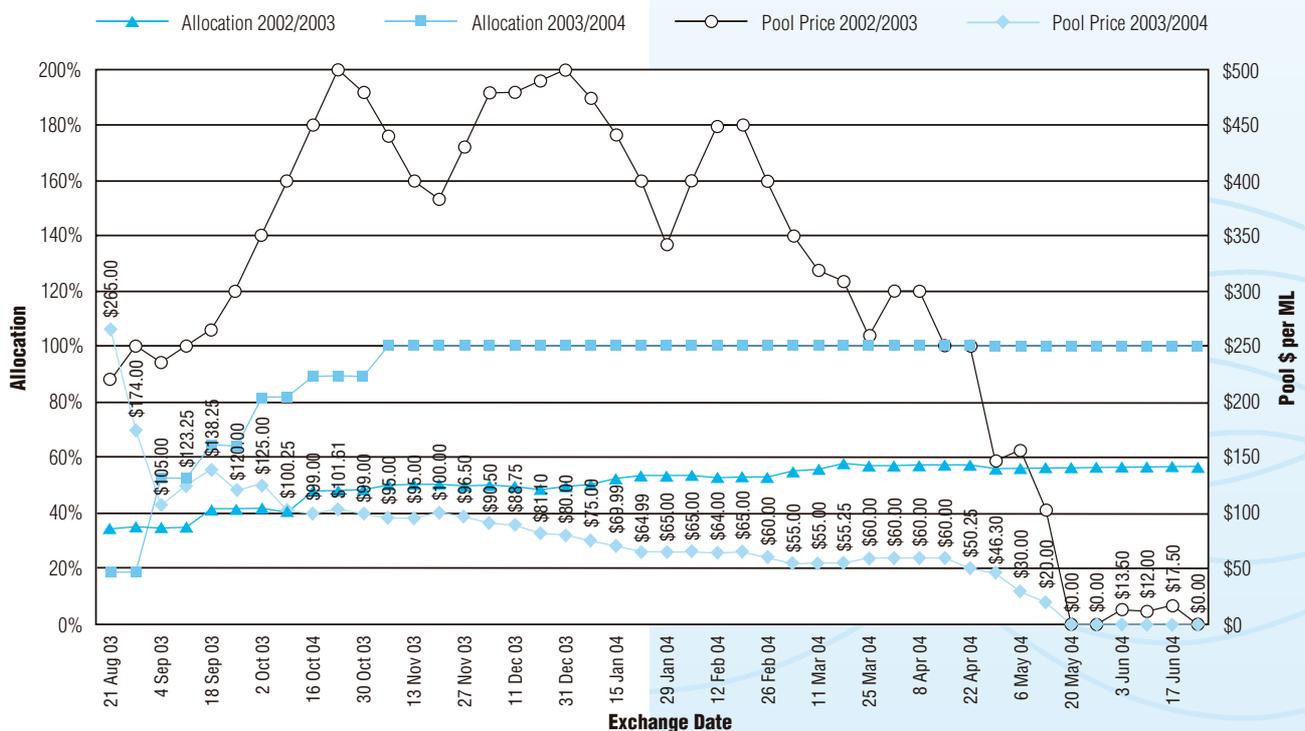
Watermove also offers trading within several other water authorities, including Southern Rural Water, Sunraysia Rural Water Authority, First Mildura Irrigation Trust and Wimmera Mallee Water. Temporary trading was also offered to Murray Irrigation and the Department of Infrastructure Planning and Natural Resources in New South Wales.

Watermove includes an interactive web site, from which traders can obtain offer forms, view all previous exchange results and graphs, and access an online lodgement service. Trading zone profiles for all zones have also been developed and include information such as where traders in the zone can buy and sell, previous trading history, type and volume of tradeable entitlements held and current allocations.

Watermove achievements during 2003/04:

- Permanent trading commenced in August 2003, providing invaluable information to customers looking to trade water permanently and offering greater choice in how they wish to trade.
- The introduction of the Water Trading Information Box advertisement published weekly in the Country News, Kerang Northern Times and Swan Hill Guardian.
- The Watermove team participated in displays at field days such as Elmore, Dennison and Farm World.
- Watermove continued to be a market leader in provision of trading information for its customers.

Pool Prices for Zone 1A & 1B - Greater Goulburn



Results of trading for 2003/04

<i>Water Trading Zone</i>	<i>Final Allocation</i>				
	<i>ML Traded</i>	<i>Water Right/ Diversion Licence</i>	<i>Sales</i>	<i>Successful Sellers</i>	<i>Successful Buyers</i>
Water Right					
Zone 1A & 1B - Greater Goulburn	66,435.1	100%	-	1,275	1,124
Zone 2A - Broken	-	100%	70%-	-	-
Zone 2B - Broken	-	100%	70%-	-	-
Zone 3 - Lower Goulburn	205.0	100%	-	2	2
Zone 4 - Campaspe	231.0	100%	-	7	6
Zone 5A - Loddon	15.0	67%	-	1	1
Zone 5B - Bullarook	-	100%	77%-	-	-
Zone 6 - Hume to Barmah	9,114.2	100%	-	159	209
Zone 7 - Barmah to SA Border	13,418.0	100%	-	355	327
Zone 9A - Ovens	-	-	-	-	-
Zone 9B - King	-	-	-	-	-
Unregulated					
Zone 191 - Kiewa Main Stem	25.0	-	-	1	1
Southern Victoria Regulated					
Zone 31 - Werribee System	33.1	-	-	2	2
Zone 43B - Lower Latrobe	450.0	-	-	3	3
Total 2003/04	89,926.4			1,805	1,900
Total for G-MW 2003/04	89,443.3			1,800	1,895
Total for G-MW 2002/03	68,616.1			3,451	1,744
Total for G-MW 2001/02	60,482.1			1,442	1,096
Total for G-MW 2000/01	60,117.1			829	938
Total for G-MW 1999/00	53,438.8			851	829
Total for G-MW 1998/99	30,851.9			505	628
Percentage of G-MW Trade : 2003/04	26.5%			24.4%	25.4%
Percentage of G-MW Trade : 2002/03	27.2%			32.6%	19.8%
Percentage of G-MW Trade : 2001/02	24.4%			24.6%	19.9%
Percentage of G-MW Trade : 2000/01	31.3%			25.1%	27.5%
Percentage of G-MW Trade : 1999/00	26.2%			23.3%	22.6%
Percentage of G-MW Trade : 1998/99	15.3%			12.3%	14.8%

Performance Measures and Targets	Achievements/Outcomes
<p>Compliance with agreed service standards, which is determined by individual Customer Services Agreements in relation to:</p> <ul style="list-style-type: none"> water service standards timely issue of accurate bills reactive maintenance problems responded to within agreed timeframes. 	<p>Achieved.</p> <p>Not achieved (0.3% of total revenue not billed).</p> <p>Achieved.</p>
Customer Satisfaction - at least 75% of respondents to customer surveys satisfied with Goulburn-Murray Water services.	Achieved.
Timely response to business enquiries - written enquiries responded to within 12 days.	Generally Achieved.

Developing Our Relationships and Partnerships



Our objective: to maintain relationships, build partnerships and influence policy that will improve our water and business management and support sustainable regional development.

Supporting ANCID

Goulburn-Murray Water actively supported the Australian National Committee on Irrigation and Drainage (ANCID) by hosting its secretariat during 2003/04.

The 50th annual ANCID conference, *Catchment Companions Growing Together*, was hosted by Goulburn-Murray Water at Shepparton in October 2003. More than 460 delegates attended the three-day event, making it one of the most successful ANCID conferences ever.

We congratulate Undera irrigators Ray and Jo Sellwood for winning the 2003 National ANCID Irrigation Award for Effective Water Use on Farm, and Philip and Fiona Hawkey of Nathalia on winning the 2003 National ANCID Irrigation Award for Improved Practices in Drainage Management.

Goulburn-Murray Water provided technical and management support for ANCID programs, including a channel seepage project and a series of workshops on the national benchmarking project. ANCID has produced benchmark reports for the past four irrigation seasons, with contributions from Goulburn-Murray Water.

Goulburn-Murray Water again provided executive support to the ANCID initiative promoting the benefits of irrigated agriculture to the Australian community. The Australian Irrigation Coalition acts as the steering committee for this project.

On behalf of the International Committee on Irrigation and Drainage (ICID), ANCID hosted the ICID 2nd Asian Regional Conference at Echuca/Moama in March 2004.

The theme for this successful international conference was *Irrigation in a Total Catchment Context - sharing the river*. Goulburn-Murray Water officers were involved in the organising committee, as well as the presentation of papers and a half-day study tour of the Central Goulburn Irrigation Area.

Participating in ANCOLD

Goulburn-Murray Water continued its active support of the Australian National Committee on Large Dams (ANCOLD), with David Stewart elected Senior Vice Chairman. David is the Convener of the ANCOLD Working Group developing Guidelines for Business Management of Dams and ANCOLD's representative on the International Commission on Large Dams (ICOLD) Committee on Dam Safety. He also contributed to the work of ICOLD's Committee on Seismic Aspects of Dam Design.

Shane McGrath is Victorian State Representative for ANCOLD and worked as a member of the ANCOLD working group developing guidelines on risk assessment, which were published during the year.

Tusitha Karunaratne was a member of the ANCOLD Working Group that revised the guidelines on dam safety management. The guidelines were republished during the year.

Water industry bodies

We are active supporters and participants of the Association of Rural Water Authorities and the Victorian Water Industry Association. Former Chair, John Dainton, was the Chair of each of these organisations during 2003/04.

Partnering the Murray-Darling Basin Commission

Goulburn-Murray Water's Chief Executive, Denis Flett, served as Victorian Deputy Commissioner on the Murray-Darling Basin Commission (MDBC). He participated in River Murray Water, the internal water business of the Commission, as well as in the Commission's Audit Committee; he chaired a project board on interstate water trading. Goulburn-Murray Water officers contributed to various MDBC working groups, mainly on water resource assessment, asset management, salinity management and The Living Murray initiative.

Assistance was provided by Goulburn-Murray Water in the completion of a major program of works on the Mitta Mitta River by the North East Catchment Management Authority, funded by MDBC. The project included restoration of high priority erosion sites which resulted from the prolonged channel capacity transfers from Dartmouth to Hume in 2002/03.

Performance Measures and Targets	Achievements/Outcomes
MDBC and Government Services and Agreements delivered in line with agreed programs and budgets.	Achieved.
Meetings held with each catchment management authority to address key shared issues at senior management/Board Level.	Achieved.
State emergency management <ul style="list-style-type: none"> • Calls for emergency management support met. • Emergency management plans and contacts kept current. 	Achieved. Achieved.
Corporate planning and reporting: <ul style="list-style-type: none"> • 2002/03 annual report submitted to Minister for Water by 30 September 2003 for tabling in Parliament. • 2004/05 corporate plan submitted to Minister for Water by 30 April 2004. 	Achieved. Achieved.

Goulburn-Murray Water was involved in a River Murray Water asset creation project as part of the structural works program of The Living Murray initiative.

The Collings Trophy awarded by the MDBC for the best maintained structure on the River Murray was awarded to Goulburn-Murray Water for management of the Torrumbarry Weir.

Assistance was also provided at three interception sites, including the construction of groundwater pumps and disposal facilities for the first stage of the Pyramid Creek Salt Interception Scheme, the completion a final design to provide alternative drainage disposal at the Tutchewop Lakes and an operational performance review of the Mildura-Merbein Interception Scheme. Technical support was provided to a number of forums including the Sunraysia Interception Committee and technical working groups.



Community surface water management schemes

Mosquito Depression Community Drain 14/25P near Harston was completed during the year, after lengthy planning. The works consist of more than 11 kilometres of new drain at a total cost of more than \$500,000.

Supporting National Water Week

Goulburn-Murray Water supported National Water Week, which was held from 19-25 October 2003. This year's theme was *Water for Life - Protect, Conserve and Get Involved*. A regional organising committee was again convened to promote a week-long program of events involving the whole community. Over 3,000 people were attracted to events during the week, which included performances for primary school children by Earth Quest and Ricky D Rainman, poster, photographic and writing competitions, which attracted over 400 entries, and a screening of the movie *Storm Boy* at movie nights in Swanpool and Kyabram, promoting the message of sustainability.

In the lead-up to the week, seven primary schools created a Water Week mural on canvas, which then toured the region during and following the event to promote the message of water conservation.

Working with native title

There are currently five claims over lands within the boundaries of Goulburn-Murray Water. These claims have been made by Wamba Wamba, Barapa Barapa and Wadi Wadi Indigenous Communities; Wadi Wadi People; Dja Dja Wurrung People; Taungurong People; and Gunai Kurnai People. In addition, the Wergaia and Latji Latji Peoples have claimed title over lands involving the Mildura-Merbein Groundwater Interception Scheme.

Goulburn-Murray Water has arranged to be joined as a party in each of these claims, none of which has yet proceeded to mediation.

On 10 June 2004 the Yorta Yorta Co-operative Management Agreement was signed at Echuca between the State Government and the Yorta Yorta people. Goulburn-Murray Water looks forward to the implementation of this important agreement in the expectation that it heralds a new beginning in indigenous peoples' involvement in the management of Crown lands.

Influencing Change through Research and Development



Research and Development provides the key to developing sustainable irrigation in northern Victoria

In the past 12 months Goulburn-Murray Water has invested in partnership programs and projects that will underpin fundamental changes in the management of irrigation in our region.

In total we invested \$1,108,921 in research and development. Approximately half this funding was invested in projects carried out by Goulburn-Murray Water, and the remainder through partnership programs.

With joint funding from the Victorian Government and Goulburn-Murray Water, the pilot project of Total Channel Control System™ technology in the Murchison-Toolamba district continued to be a major focus of our research and development program.

Field studies for the two-year project are now completed, resulting in a dramatic improvement in water efficiency. A number of issues are being addressed before the project is extended to other areas and Goulburn-Murray Water has been working closely with customers to address outstanding matters relating to the measurement accuracy of flume gates used to measure and control water onto farms.

Managing ecological risks

The spread of arrowhead, a dominant and threatening aquatic weed in the Murray Valley and Shepparton Irrigation Areas, also continued to be a focus. Over the past three years, research has concentrated on understanding the biology of arrowhead. A pilot project is currently being developed to demonstrate the effectiveness of control methods in a large channel system.

The Goulburn Broken catchment was selected as one of three catchments in Australia where the ecological risks associated with irrigation would be investigated. The project aims to help

develop a generic framework for this assessment of irrigated agriculture in a catchment context. Researchers from the Water Studies Centre at Monash University are collaborating on the project.

Enhancing the future of irrigation

Goulburn-Murray Water has played an important role within the newly formed Cooperative Research Centre for Irrigation Futures (CRCIF). Our investment of \$250,000 per annum will initially be made through the National Program for Sustainable Irrigation. The CRCIF will play a key role in the National Water Initiative announced by the Federal Government in June 2004. Projects relating to policy and planning, sustainability and technology, and practice have recently been initiated by the CRCIF.

Goulburn-Murray Water is working closely with the Department of Primary Industries and the Department of Sustainability and Environment to ensure the success of the 'Irrigation Futures of the Goulburn-Broken Catchment' project. Forums have recently been arranged in five regional centres in the Goulburn-Broken Catchment involving over 100 participants from a range of industry sectors. The objective is to produce a vision for irrigated agriculture within the region that will underpin development of future options.

Goulburn-Murray Water continues to be a partner in the Cooperative Research Centres for Catchment Hydrology and Freshwater Ecology. These centres provide important knowledge on environmental, water quality and catchment yield issues. Goulburn-Murray helped develop a proposal for a combined 'eWater' Cooperative Research Centre to continue work in this field.

Performance Measures and Targets	Achievements/Outcomes
<p>Research and Development investment</p> <ul style="list-style-type: none"> • Approved Programs and budgets delivered • Progress and Results Communicated • Outcomes transferred and benefits captured 	<p>Achieved. The project <i>Decision Support System Metering</i> was deferred due to the financial impact of drought.</p> <p>Partly achieved. The research and development newsletter did not proceed due to the financial impact of drought.</p> <p>Partly achieved. Projects in which Goulburn-Murray Water is a partner may result in less tangible benefits that are more difficult to realise through changes in business practice.</p>

Our Water Delivery System

Our objective: to operate total water systems efficiently to meet customer entitlements and agreed environmental flows.

The 2003/04 season was characterised by record low water availability in July 2003 resulting from the severe drought conditions in northern Victoria in the previous season. Only the Murray system received an opening allocation, albeit only 16% of Water Right - the lowest on record.

The outlook for water availability faced by the irrigation community was highly uncertain. The Minister for Water qualified rights to water in a number of areas to enable supply to continue until conditions improved. Goulburn-Murray Water devoted considerable attention to providing detailed forecasts of likely seasonal conditions. This was a component of the communications plan implemented to inform water users and the community.

The Goulburn system allocation rose to 18% of Water Right on 15 August 2003 and to 100% of Water Right on 1 November 2003. There was insufficient water in the Loddon Valley to support an allocation for Loddon River private diverters equal to the Goulburn system allocation. The Loddon allocation reached only 67% of Licensed Volume, the first time ever that the link to the Goulburn system allocation had not been preserved.

The Campaspe system allocation remained at 0% on 15 August 2003, increased to 41% on 1 September and eventually reached 100% on 3 May 2004. The allocation increased by small increments through the irrigation season as water savings made by operational efficiencies were assigned for use. Although the final allocation reached the previous minimum value, conditions in the Campaspe system were very difficult with the allocation remaining at less than 100% almost to the end of the irrigation season.

The Murray system allocation increased to 58% of Water Right on 15 August and to 100% on 1 September. The allocation did not increase further, thereby making the 2003/04 allocation the lowest on record. It was the first season ever that sales water was not available on the Murray system.

The initial and final allocations for all systems are shown in the table below.

System	Initial Allocation		Final Allocation	
	Water Right/ Licensed Volume	Sales	Water Right/ Licensed Volume	Sales
<i>Irrigation Districts</i>				
Goulburn-Murray Irrigation District				
Goulburn	0%	0%	100%	0%
Murray	16%	0%	100%	0%
Campaspe Irrigation District	0%	0%	100%	0%
<i>Private Diversions</i>				
River Murray	16%	0%	100%	0%
Mitta Mitta River	16%	0%	100%	0%
Kiewa River	16%	0%	100%	0%
Broken River	0%	0%	100%	70%
Goulburn River	0%	0%	100%	0%
Campaspe River	0%	0%	100%	0%
Loddon River	0%	0%	67%	0%

Low water availability required that the management of all available resources be optimised and initiatives taken to minimise distribution losses and maximise harvesting opportunities.

There was low demand for irrigation water early in the season due to good growing conditions on farm. These conditions allowed a delay in the start of the season, which in turn allowed water to be saved by reducing distribution system losses. Irrigation demand was high from January onwards, but total deliveries were constrained again by the limited allocations. We delivered 1,809,211 ML (99.6 % of Water Right) to the gravity and pumped districts during 2003/04, compared to 1,503,016 ML (90.3% of Water Right) in 2002/03.

During 2003/04:

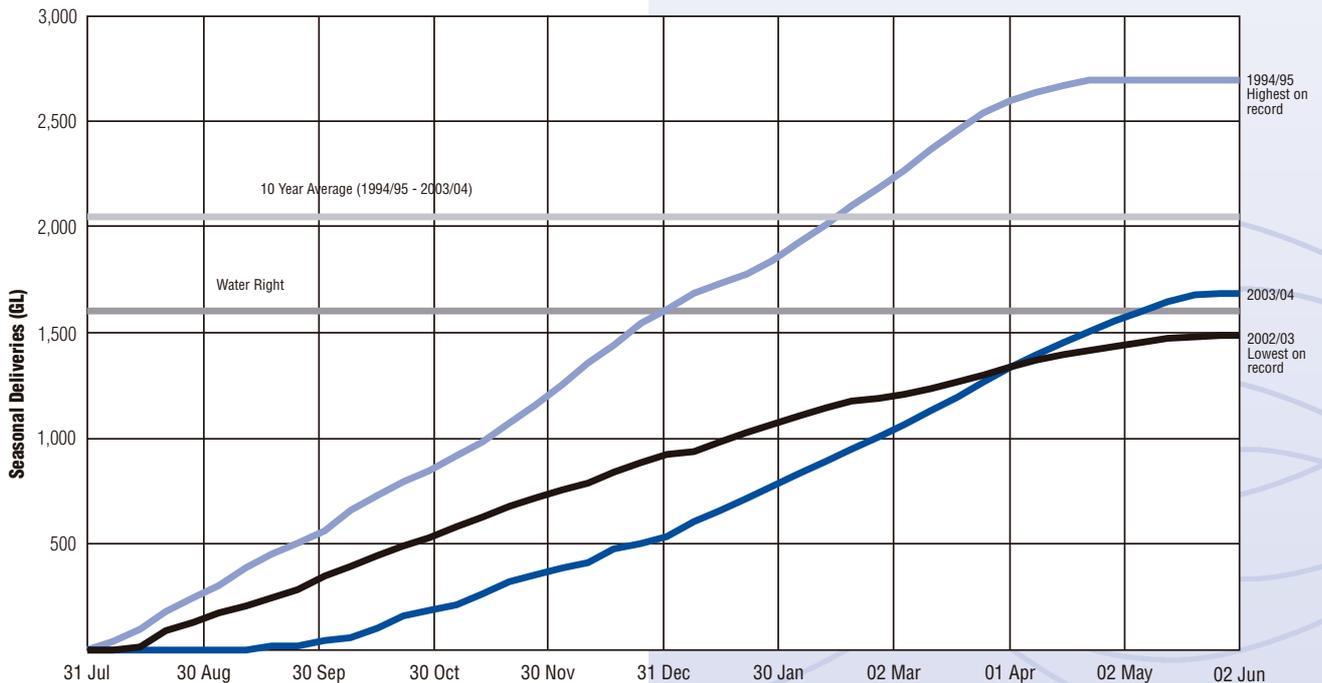
- Low water availability required that the management of all available resources be optimised and initiatives taken to minimise distribution losses and maximise harvesting opportunities.
- Goulburn-Murray Water provided frequent forecasts for water availability and storage levels, and regularly consulted with customers and parties with interests in tourism, recreation, aquaculture, environmental management and power generation.
- We used Green's Lake to augment water availability and support the allocation for the Campaspe System.
- There were two incidents of native fish deaths: one downstream of Goulburn Weir in January; the other in the Loddon River north of Loddon Weir in February. Very dry conditions increased environmental risks throughout the region's waterways. Goulburn-Murray Water reduced these risks through extensive monitoring and flow management strategies, particularly on the Broken Creek and the Campaspe River.

Focusing operations to deliver water

Once again, continuing drought conditions meant that water storages were drawn down to very low levels to meet water requirements. Water levels in the Goulburn and Murray system storages were low but, due to the accumulation of some end-of-season reserve after allocations reached 100% of Water Right, above previous minimums. Lake Eildon was drawn down to 17.8%, the third-lowest end-of-season level behind 8.5% in 2003 and 13.9% in 2000.

Lake Eppalock and all Loddon storages recovered only marginally in the spring of 2003 and were drawn down to record low levels as all available water was committed, meaning there was no planned carryover. Lake Eppalock was drawn down to 4.6% of capacity, Cairn Curran 3.8% and Tullaroop 10.2%. We worked closely with the Department of Sustainability and Environment and other agencies to plan and manage the response to record low levels in these systems.

Water Deliveries - Gravity and Pumped Irrigation Districts





Furthering bulk water entitlement arrangements

During the year, Goulburn-Murray Water continued to work with the Department of Sustainability and Environment and stakeholder groups to further develop bulk water entitlement arrangements.

Work continued on the bulk water entitlement orders for the Broken and Ovens basins, and applications were lodged. Work on the Loddon basin bulk entitlement arrangements continued, with options for various entitlements and operating rules being developed, tested and negotiated. Work on drafting bulk entitlement orders also began.

Reforming retail entitlements

Implementing retail entitlement reform was identified as a corporate priority for the year. Goulburn-Murray Water strongly advocated this as part of its submission on the government's Green Paper on water reform. The key elements of retail entitlement reform have been incorporated into the government's water reform proposals, with implementation proposed for 2006.

Better streamflow management

The continuing drought required widespread rostering, restrictions and bans on unregulated diversions. Many restrictions and bans were carried over directly from the previous year in an effort to equitably manage supply to water users and to provide for the environment.

Conditions were generally driest in the west of our region. Many of the tributaries of the Upper Loddon and Campaspe/Coliban catchments ceased flowing for much of the year. Further east, flows were generally better, although the number of streams with restrictions or bans was similar to the previous year. Our experience in managing flows in recent drought years helped develop systems to improve our capacity to respond to the needs of water users and the environment.

Three streamflow management plans have been submitted to the Minister for Water for consideration, and the Upper Ovens River plan neared completion.

Goulburn-Murray Water continues to work with its catchment partners, including catchment management authorities and the Department of Sustainability and Environment, to develop and implement improved flow management of unregulated streams. Issues include impacts on water users and on-farm options available to users to cope with changed access to water resulting from the need to provide for the environment. We expect significant progress, with the implementation of streamflow management plans and other management tools to be in place within the coming year.

Improved management of groundwater

Due to the increasing dependence upon groundwater as a regular source of water for irrigation, domestic and stock use, and the environment, Goulburn-Murray Water's role in groundwater resource management has clearly expanded beyond its traditional licensing functions. Now, a key activity is higher level management in areas where intensive water use has implications for the sustainability of both groundwater and the land upon which it is used. Higher level management in 2003/04 saw the following initiatives delivered:

- Groundwater Management Plans for the Campaspe Deep Lead and Katunga Water Supply Protection Areas being approved by the Minister. Implementing these plans began in 2003/04. Under the plans, restrictions were imposed upon users to arrest falling groundwater levels.
- The Mid-Loddon Water Supply Protection Area being declared. A groundwater management plan will be developed for this Area over the next few years.
- Implementation of groundwater management plans for the Spring Hill and Shepparton Irrigation Region Water Supply Protection Areas continued.
- New observation bores were constructed at 13 sites in the Loddon catchment to improve the existing monitoring network and will provide data for future groundwater resource assessments.



Licensing farm dams

Changes to the Water Act in 2002 provided for sustainable development based around farm dams. One of the changes requires licensing for any water use from a farm dam for irrigation or commercial purposes. The licensing process was initiated this year and is expected to be complete by June 2005. Some 8,000 dams will be inspected to determine if a licence is required.

Saving water for the environment

This year Goulburn-Murray Water has made further progress on a number of projects aimed at achieving water savings for environmental purposes, primarily for the Snowy River and River Murray.

The Woorinen and Normanville pipeline projects were completed during the year, with 3,600 ML of annual water savings from the Normanville project transferred to the Victorian Government. These are the first savings transferred under the water savings program.

Agreement was reached on the Improved Measurement of Small Volume Supplies in Irrigation District project, and \$10m was received to implement the program. Water savings of 16,400 ML from this project and 1,500 ML of savings from the Woorinen pipeline project will transfer to the Victorian Government early in the coming year.

Goulburn-Murray Water continued to develop future water savings projects, including the Tungamah domestic and stock pipeline proposal, Shepparton domestic and stock pipeline options, Katandra/Invergordon and Rochester 20 irrigation channel refurbishment options, and East Loddon domestic and stock pipeline options. A trial of the new Total Channel Control System on the CG2 was also completed.

Goulburn-Murray Water received \$12.4m during the year from the Victorian Government for water savings projects, bringing total funding received to \$28.8m.

Performance Measures and Targets	Achievements/Outcomes
Ensure resource security by making seasonal allocations in accordance with policy.	Achieved.
Advise customers of seasonal allocation in July with monthly reviews thereafter.	Achieved. Additional assessments were made and announced on 1 August 2003, 1 September 2003, 1 October 2003, 3 November 2003, 1 December 2003 and 3 May 2004.
Volume of resource delivered to customers to be greater than 75% of volume diverted from rivers.	Not achieved. Deliveries to customers were 71% of volume diverted.
Daily minimum river flows are maintained to bulk entitlement specifications.	Achieved.

Protecting Our Environment

Goulburn-Murray Water continues to work with key stakeholders and agencies to address water quality and biodiversity issues in and around our storages.

Our objective: to facilitate sustainable environmental and natural resource management and to reduce the impact of Goulburn-Murray Water activities on the environment.

Improving our environmental management

During 2003/04 Goulburn-Murray Water continued the practice of improving environmental management. For example, major works programs are now well underway to reduce environmental impacts arising from sewerage works at Lake Eildon and Lake Eppalock.

A pilot program was also completed for a new collaborative project with CSIRO and the State Chemistry Laboratory to use cutting-edge passive sampling techniques to measure the impacts of pesticides in channel water on water users and the environment.

A full external audit of our Environmental Management System (EMS) was completed. While some valuable EMS elements were acknowledged, the audit also identified a number of improvement measures. These will be addressed as part of a major EMS overhaul.

Our involvement in a range of environmental incidents, including a number of fish deaths associated with the prolonged drought, was again substantial. With some storage levels at record lows and some streams running dry, operations had to be finely tuned to avoid fish kills. High on the list was collaboration with government agencies in the response to a serious fish death incident on the Goulburn River between Nagambie and Murchison in January 2004.

Goulburn-Murray Water collected samples to send for laboratory analysis, took field measurements and removed dead fish. There was also a number of smaller fish kills in unregulated streams that did not attract the same level of publicity, but still required our input to investigate and establish the cause of death. As a result, we now have a better understanding of the sorts of flows needed to maintain water quality required to sustain aquatic life.

We contributed to scientific research institutes on the genesis of "black water" events, that were responsible for a number of fish kills in Victoria and interstate.

Promoting water quality

Goulburn-Murray Water continues to work with key stakeholders and agencies to address various water quality issues in and around Goulburn-Murray Water storages. This includes the continued development and implementation of water quality plans for Goulburn-Murray Water storages, including the following activities:

- Public consultation for the Lake Eppalock plan.
- Monitoring wind and temperature conditions at Lake Nagambie to enhance our understanding of the lake, especially under current dry conditions.
- Development of surface water quality models for the Upper-Mid Goulburn and Tullaroop catchments as part of the Major Storages Water Quality Study
- The development of storage hydrodynamic and water quality models for Lake Eildon and Tullaroop Reservoir, and lake diagnostic systems at Eildon as part of the Major Storages Water Quality Study.
- Coordination and reporting of cold water monitoring programs at selected storages.
- Ongoing major storages operations monitoring program to monitor the status of water quality and blue-green algae in Goulburn-Murray Water storages.
- Review and update of blue-green algal bloom emergency management response plans in accordance with state guidelines. Blooms in storages were also managed in accordance with relevant emergency management response plan.
- Preparation of "A Guide to Preparing Risk Management Plans Consistent with the Safe Drinking Water Act for Water Storage Managers" in collaboration with Southern Rural Water and Wimmera Mallee Water. Risk management plans will be prepared during 2004/05 to satisfy the requirements of the Act.

Valuing and maintaining biodiversity

Goulburn-Murray Water further developed the Biodiversity Strategy, adopted in January 2002.

The aims of this strategy are to:

- value the breadth of services provided by ecosystems managed by Goulburn-Murray Water
- identify mechanisms for efficiently conserving key biodiversity assets on Goulburn-Murray Water managed land by focusing on the management of threats to biodiversity

- identify priorities for conservation and restoration of biodiversity on and in Goulburn-Murray Water's assets
- encourage, undertake and facilitate identified priority tasks to protect and enhance biodiversity within Goulburn-Murray Water assets and influence.

The strategy includes a number of actions to be implemented over time and provides a mechanism for implementing the Victorian Biodiversity Strategy.

We were involved in many activities addressing this Biodiversity Strategy, including preparation of water quality and biodiversity plans for water storages, revegetation of storage perimeter land, control of terrestrial and aquatic weeds, construction of fishways (in association with catchment management authorities) and the development of project assessment protocols to ensure biodiversity issues are considered.

Goulburn-Murray Water also completed a management plan for the four Woorinen Drainage Lakes. Three of the drainage lakes have only moderate values that will not be impacted by the Woorinen pipeline. Woorinen North Lake, however, has very high values, particularly environmental. It hosts one of the few remaining populations of the nationally listed threatened fish species Murray Hardyhead. It also provides ideal habitat for many bird species, including migratory species listed in international treaties. To protect these values, a water regime has been developed for the lake, requiring an average annual allocation of 600 ML from the River Murray.

As part of the Pyramid Creek Salt Interception project, flora and fauna surveys identified the presence of significant species. Seven plants of the EPBC Act-listed species *Swainsona murrayana* (Slender Darling Pea) were identified. VROT species were also identified. Goulburn-Murray Water implemented management actions to protect and enhance these species.

Biodiversity data has been collected and will feed into either a Goulburn-Murray Water Biodiversity Register or, more appropriately, a statewide Biodiversity Register when possible.

Promoting sustainable land use

In partnership with the North Central Catchment Management Authority and other key regional stakeholders including the local community, we made substantial progress on the Kerang Swan Hill Future Land Use Pilot Project. The project successfully completed a 'do nothing' scenario and a preferred options paper, which was forwarded to the catchment management authority in June 2004 for its consideration. The options paper highlighted eight priority areas for future investment, which will provide assistance to stakeholders to better manage available assets in an area with increasing irrigation landscape change pressures.

Improving the management of drainage

Implementation of the sub-surface drainage program of the Shepparton Irrigation Region Catchment Strategy continued with 13 new private groundwater pumps and 3 new public salinity control pumps installed. The Sub-Surface Drainage Program aims to protect the regions agricultural and environmental assets from salinity.

Quarterly and annual reviews of irrigation drain nutrient data for the Shepparton Irrigation Region showed that nutrient loads

exported were the lowest in 14 years of records. The phosphorus reduction targets for drains under the Campaspe and Goulburn-Broken Water Quality strategies continue to be met, although a series of wet years could reverse the recent trends, emphasising the need to continue with the management program.

Promoting partnership in irrigation drainage

An Irrigation Drainage and Water Quality Memorandum of Understanding was negotiated over the past 12 months, with final signing in June 2004. This document defines the roles and responsibilities of the parties involved in managing drainage in northern Victoria. It also sets the framework for improvement in management and target-setting into the future. Signatories are the Department of Sustainability and Environment, Environment Protection Authority, Goulburn Broken Catchment Management Authority, North Central Catchment Management Authority and Goulburn-Murray Water.

Regional Catchment Strategy

Goulburn-Murray Water helped to prepare regional catchment strategies with each of the three catchment management authorities in its region (North East, Goulburn Broken and North Central).

We also played a key role in implementing these strategies and their components. For example, in both the Goulburn Broken and North Central Catchment Management Authorities' regions, Goulburn-Murray Water delivered components of land and water management plans and contributed towards salt monitoring for the plans. Reporting of these activities occurs via catchment management authority processes.

Victorian River Health Strategy

The authority helped to prepare Regional River Health Strategies and implement catchment-based water quality strategies in partnership with CMAs. We continued to contribute to the Victorian Water Quality Monitoring Network and support the Department of Sustainability and Environment in developing regional water monitoring partnerships in the north east and north west of the state. We are also helping the CMAs to construct fishways and works associated with The Living Murray program.

Two significant studies were completed during the year: an investigation of options for improving the health of the Mitta Mitta River downstream of Dartmouth Dam; and, in the Goulburn Broken catchment, an assessment of the ecological risk associated with irrigation. Impacts on native fish survival and blue-green algal blooms were also investigated.

Goulburn-Murray Water continues to monitor thermal pollution impacts of releases from large storages.

Victorian Greenhouse Strategy

Goulburn-Murray Water began preparing a greenhouse strategy, but this was postponed due to drought commitments. It is planned to produce a Goulburn-Murray Water greenhouse gas abatement strategy. This will address greenhouse gas sources and abatement strategies.

Ensuring Water Security through Asset Management



Our objective: to meet the integrity, safety and service standards for bulk water and distribution assets over the long term, whilst minimising life cycle costs.

Securing our bulk water supplies

We own and manage storage dams valued at around \$1.5b and implement continuous improvements to maintain water resource security for community stakeholders.

Activities during the 2003/04 financial year were influenced by the ongoing drought affecting storages in the Loddon and Campaspe catchments, which resulted in the reduction of storage levels to record lows. We investigated pumping low level water from storages such as Tullaroop to ensure maximum allocation of water. In addition to routine maintenance and operations, we revised and reissued dam safety emergency plans for all storages and tested these through a series of emergency exercises. We also completed asset revaluations for all state-owned assets.

The 2003/04 year marked the end of the first five-year phase of the dam improvement program. This \$37m phase, funded equally by the Victorian Government and Goulburn-Murray Water, targeted priority projects at the thirteen state dams managed by Goulburn-Murray Water. The focus of the program to date has been the five priority dams of Eildon, Cairn Curran, Waranga Basin, Buffalo and Eppalock. The total program to upgrade our dams to contemporary safety standards is expected to cost in the order of \$250m. However, accurate costs will not be known until detailed safety investigations are completed for all dams over the next two years.

A major undertaking this year was the Eildon dam improvement project. The project is being delivered by a unique alliance between Goulburn-Murray Water, dam designers GHD and construction companies John Holland and Hazell Brothers. Work commenced on site in April 2004 and the project is scheduled for completion in November 2005.

Work also proceeded on identified priority projects and continuing dam design safety reviews, including:

- Continued design safety review at Lake Nillahcootie
- Completion of design safety review at Lake Mokoan. (Subsequently identified for decommissioning in the government's white paper *Securing Our Water Future Together*.)
- Continued options studies for upgrading Cairn Curran dam
- Options study for upgrading Goulburn Weir
- Completed upgrade works at Buffalo dam

A total of \$10m was spent on the dam improvement program over the year.

Ensuring secure distribution delivery systems

It is equally important that delivery systems are maintained and renewed to ensure security of delivery. Our asset renewals program this year included a number of projects:

- Completion of the Normanville domestic and stock pipeline near Boort: 295 km of pipeline construction began in March 2003 and was completed with full supply to pipeline customers in December 2003, saving 4,000 ML of water annually. The new system was formally opened by the Minister for Water on 13 January 2004.
- The Waranga Western Channel capacity upgrade was substantially completed in early 2004. These works were required to meet irrigation demands for major horticultural developments in the Boort area. The project was jointly funded by the State Government, Goulburn-Murray Water, Loddon Shire Council and local irrigators. The upgrade increased the capacity of 32.7 km of channel to 24,000 ML per annum.
- The 504 km Woorinen irrigation pipeline was completed and commissioned, with supply commencing on 15 August 2003. The Minister for Water opened the pipeline on 21 October 2003. Over 10,000 ML were delivered in the 2003/04 season, at an average rate during summer of 110 ML/d. Of this 10,000 ML, approximately 700 ML was delivered to North Lake as environmental flows.

- The Pyramid Creek Salt Interception Scheme commenced earthworks in November 2003, lining two of the crystallizer ponds. The scheme is a joint venture project between the Murray-Darling Basin Commission, Goulburn-Murray Water and the Pyramid Salt company. The scheme will reduce the average salinity at Morgan on the River Murray by 4.3EC and will reduce the mean salinity in the Kerang Lakes by up to 80EC.

Assessing the life cycle of our assets

The asset condition assessment program for the Irrigation Areas continued through 2003/04 at a cost of \$207,000. Murray Valley irrigation asset condition assessment was 30% complete by the end of June 2004. Eighteen percent of Pyramid-Boort surface drainage assets were also assessed.

During the winter shut-down periods of 2003 and 2004, more than 60 submerged assets in the Murray Valley and Shepparton Irrigation Areas were pumped out and assessed for condition. Asset condition assessments in the Shepparton Irrigation Area, completed prior to June 2003, were independently audited and verified.

Rationalising our assets

Goulburn-Murray Water continued its strategy of reducing the replacement value of irrigation assets wherever possible. The target of \$2m was not met due to expenditure reductions as part of the Authority's financial response to the drought.

Area	Replacement Cost of Assets Abandoned \$'000
Shepparton	0
Central Goulburn	644
Rochester-Campaspe	1
Pyramid-Boort	513
Murray Valley	0
Torrumbarry	10
Total	1,168

Unplanned service failures

A lightning strike at the Cobram Office telemetry radio mast in November 2003 caused a complete communication systems failure in the Murray Valley Area, affecting WaterLine and the after-hours Emergency Line. All communications were cut for two days before being recovered. Alternative arrangements were put in place to take orders and cancellations via the Tatura office. Due to heavy rainfall there was minimal irrigation demand and, therefore, minimal interruption to service.

There were four short duration shutdowns at Woorinen due to faults in the new pump control software.

Disruptions were experienced in the Normanville District when pipeline valves were not turned back on by contractors after testing new pipelines, causing service disruptions to customers over 24 hours in March 2004. New procedures are now in place to prevent a reoccurrence of this problem.

A breakdown in external Telstra lines at the Cobram office in April 2004 meant Murray Valley Area customers were unable to access WaterLine or the Cobram office to place or confirm orders. Planners used outgoing lines to contact customers with next-day orders to ensure service levels were maintained.

This year marked the end of the first five-year phase of the dam improvement program. This \$37m phase targeted priority projects at the thirteen state dams managed by Goulburn-Murray Water.

Performance Measures and Targets	Achievements/Outcomes
<i>Distribution Assets</i> Availability of assets - no unplanned service failures due to assets longer than 24 hours.	Not achieved (see above).
Asset base reduction - abandon assets with combined replacement value of \$2m.	Partly achieved (\$1,168,000 or 58% to end of June 2004).
<i>Bulk Water Assets</i> Availability of infrastructure to fulfill customer daily demand for water - 99% of time for each basin.	Achieved.
Capability of storage to hold design capacity 99% of time, or better, at each storage.	Achieved. Except at Lake Mokoan, which is subject to an interim dam safety restriction.
Dam Safety Emergency Plans - review 100% of plans.	Achieved.

Developing Our Workforce and Organisation



Human safety, the environment and customer service are our highest priorities.

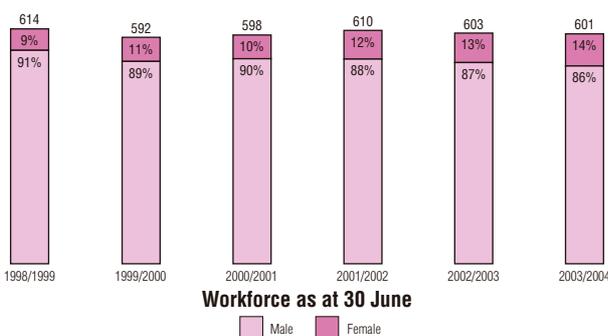
Our objective: to ensure a diverse, capable and flexible workforce of healthy, satisfied employees and to provide a safe work environment.

Developing our people

As at 30 June 2004 there were 582.9 full-time equivalent staff employed by Goulburn-Murray Water, compared with 587.5 at the same time last year. The decrease was generally attributable to not filling vacant positions as part of cost-cutting associated with the prolonged drought.

Ongoing vocational training is an important part of ensuring our staff are able to meet the needs and expectations of our customers and communities. We also play a major role in training advisory bodies, nationally through the Water Industry Education and Training Association of Australia and in Victoria through the Victorian Water Enterprise Training Advisory Board.

Training increased to 2,000 individual training person days during the year, compared with 1,474 in the previous year. This is partly attributable to increased training opportunities and the implementation of new accredited courses.

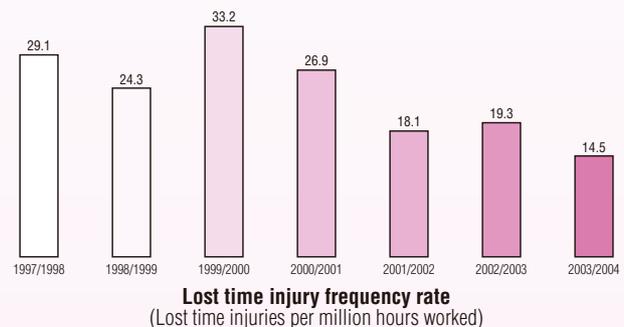
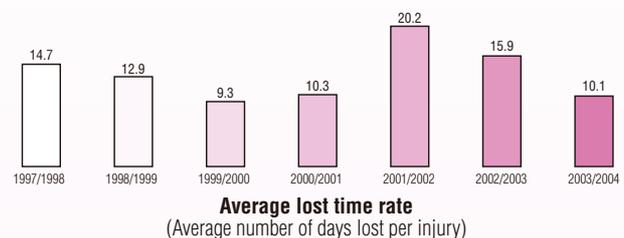


Creating a safer work place

Human safety, the environment and customer service are our highest priorities. We gave a greater focus to occupational health and safety (OHS), and three OHS Officers were appointed to assist employees across the region. The Board reaffirmed its commitment to SafetyMAP and established a Safety and Environment Committee. Significant improvements in the number and severity of injuries were noted. The number of lost time injuries per million hours worked decreased to 14.5, compared with 19.3 in the previous year.

By far the worst issue to be addressed was the regrettable death of a contractor at a Goulburn-Murray Water work site in August 2003. Goulburn-Murray Water expresses sympathy for the family and work colleagues involved.

There was a marked decline in the severity of lost-time injuries. The average number of days lost per injury decreased from 15.9 last year to 10.1 in 2003/04. The attitude of employees towards safety has improved and with greater education, more vigilant reporting of injuries and incidents, and advice and support, we will continue to strive for improvements.



Major occupational health and safety achievements

Goulburn-Murray Water focused greater attention on hazard and risk reporting and safe work procedures. The second audits against the SafetyMAP program began at major work centres. Planning and strategic developments toward safety were given greater attention and a more coordinated approach to safety throughout all parts of Goulburn-Murray Water was established. The number of OHS committees increased and every employee is now represented by a local OHS committee. Similarly, a revised OHS forum structure has enabled senior managers to become more involved with employee safety representatives.

An OHS handbook/diary was issued to all employees, and a revised set of all procedures distributed. Employee training in aspects of safety increased significantly, and many managers completed the five-day OHS representatives course.

OHS key indicators

	2003/04	2002/03
Number of health and safety employee representative committees	12	10
Number of meetings of OHS committees held during the year	71	54
Number of lost time injuries for the year	14	19
Number of days lost to injuries incurred during the year	142	263
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	14.5	19.3
Average Lost Time Rate (average number of days lost per lost time injury)	10.1	15.9

Employee relations

A significant contribution was made by management and employee representatives to refine and develop the Central Consultative Committee. The committee dealt with several major issues and played a significant role in developing the drought response employment management package, which promoted open communication with staff and provided a range of options to assist employees and Goulburn-Murray Water implement plans to deal with the drought.

Employees of Goulburn-Murray Water participated in two in-house surveys and the People Matter Survey conducted by the Office of Public Employment. Employees saw the ability to work on their own initiative, the type of work, and relationships with colleagues as the main attributes of job satisfaction, while promotion prospects were seen as the most negative.

Improving our technological systems

Budget constraints caused by the drought limited significant improvements in information technology. However, a number of low-cost initiatives were implemented or progressed, most notably:

- Expansion of the computerised fax facility throughout the Tatura office
- Network disk storage replacement and related backup hardware augmentation
- Commencement of a three-site (Lake Mokoan, Lake Eppalock, Newlyn Reservoir) remote communications project pilot involving satellite technology and virtual private networking via the Internet

- Completion of disaster recovery and business continuity plans and improved ability to withstand various disasters
- Ongoing migration to Windows XP and Office XP, and hardware replacements
- Upgrade of anti-virus management system
- Continued enhancements to the customer care and billing system
- Rebuilding of area office network servers to standardise systems and improve technical support

Charity Golf and Bowls Day

Once again, employees of Goulburn-Murray Water contributed a considerable amount of their own time and effort to organise the annual golf and bowls day, which raises money for various charities. The highly successful event, held at Hill Top Golf and Country Club at Tatura, raised over \$11,000, which was distributed to charities in the Goulburn-Murray Water region.

Enhancing the role of women

Historically, Goulburn-Murray Water has had low levels of female representation in both the general workforce and management. Female employees comprise approximately 12% of the workforce and tend to occupy base-grade administrative positions; their male colleagues have significantly dominated the operational, professional and management roles.

In response to the identification of a need for a capability building network, in July 2003 a Women's Professional Development Network was launched by the Board. The first meeting was held in November.

The group aims to build organisational capability through the professional and personal development of women, and to provide a means of enhancing the value of the contribution of women to Goulburn-Murray Water. The network provides a forum for women to meet, share common concerns, develop solutions and generally enhance their work experiences.

Meeting topics are chosen from a survey of the women and the 'hot' topics are then transformed into three workshops a year. Both internal and external resources are used in the workshops. Feedback forms are completed after each workshop to ensure that subsequent workshops maintain the highest possible standards.

Performance Measures and Targets	Achievements/Outcomes
<p><i>Job Satisfaction.</i></p> <ul style="list-style-type: none"> • Annual staff performance management program delivered. • Performance plans established and staff assessment conducted as scheduled. • At least 75% of respondents to independent employee surveys indicated satisfaction with Goulburn-Murray Water as an employer. 	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p>
<p><i>Health and Safety</i></p> <ul style="list-style-type: none"> • A lost-time injury frequency rate of less than 15 per million hours worked. • A severity injury rate of less than seven days per lost time injury. 	<p>Achieved.</p> <p>Not achieved. (The rate was 10.1 which was a 36% reduction on last year).</p>
<p><i>Employee Health</i></p> <ul style="list-style-type: none"> • Personal leave reduced by 5% compared with 2002/03. 	<p>Not achieved. (Actual sick leave increased by 4%).</p>

Managing Our Finances



Our objective: to ensure long term business viability for each service.

Trading result

The Authority has recorded an operating profit of \$2.1 million, which does not reflect the actual trading result, or the business and resource conditions experienced. In June, Goulburn-Murray Water received \$10 million from the Department of Sustainability and Environment to fund small meter outlet programs under the government's water savings initiatives. This amount must be included as revenue for 2003/04, but the matching expenditure will not be incurred until future financial years.

Drought conditions continued for the seventh consecutive year, and there was no sales allocation on either the Goulburn or Murray system. Water systems management was again demanding during the irrigation period.

A combination of tariff changes (made to better reflect fixed and variable costs) and price increases for 2003/04 improved revenue from rates and consumptive charges by \$9 million from 2002/03. This increased revenue and reduced expenditure on management and administration, depreciation and asset disposals improved the result from the \$21.6 million loss recorded in 2002/03.

By comparison, results for the previous six years were:

	<i>Result (after abnormal items)</i>	<i>Sales</i>
2002/03	\$ 21.6m loss	\$ 3.1m
2001/02	\$ 7.5m loss	\$ 8.0m
2000/01	\$ 19.5m loss	\$ 6.1m
1999/00	\$ 26.3m loss	\$ 2.3m
1998/99	\$ 21.2m loss	\$ 6.3m
1997/98	\$ 5.9m loss	\$ 6.1m

Important note:

The Authority's pricing policy requires the collection and setting aside of adequate funding to maintain the condition of the required infrastructure, mainly storages, channels and drains, using the renewals annuity approach. This involves planning

and setting aside funds for future asset replacement and refurbishment, rather than including in prices a depreciation charge based on existing assets. This methodology anticipates and allows for significant periods when the costs of refurbishing infrastructure will create funding shortfalls to be financed by borrowing in individual areas.

The financial statements are prepared in accordance with Australian Accounting Standards, which require that asset consumption be measured using conventional depreciation charges based on replacement costs and expected asset lives. This approach means that in an average year the Authority maintains commercial viability, while showing a loss in the financial statements.

The following table reconciles the financial result shown in the financial statements with that based on the renewals annuity approach.

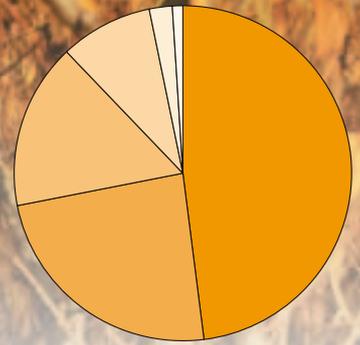
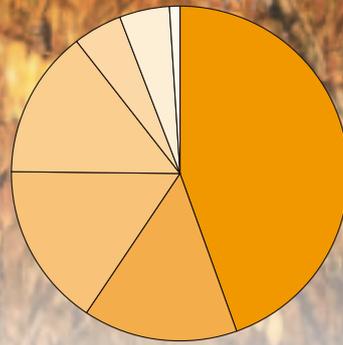
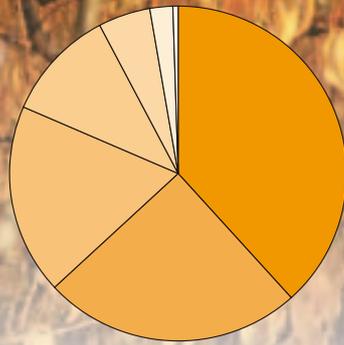
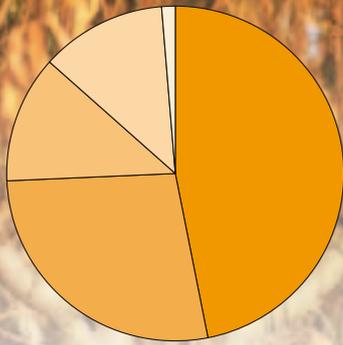
	2003/04 \$'000s	2002/03 \$'000s
Profit/(Loss) for the year	2,086	(21,607)
Add back depreciation	26,991	28,486
Deduct renewals annuity	(19,664)	(14,569)
Profit (loss) for the year after Renewals annuity	9,413	(7,690)
Deduct non-cash revenue item For assets received free	0	(352)
Deduct unearned grant	(10,000)	
Renewals loss for the year after deductions	(587)	(8,042)

The following key assumptions have been used in determining the renewals annuity charge:

- annuity period

Storages	100 years
Bulk carriers	100 years
Distribution assets	20 years
- interest rate 4.0% (real)
- future inflation not required as real interest rate is assumed
- assets include storages, bulk carriers and distribution assets

The renewals results for each of the Authority's retail water services will be available from the Business and Finance Group at the Tatura office after 1 December 2004.



Capital expenditure by type

46.9%	Asset refurbishment	\$15,444,000
27.4%	Dam improvement works	\$9,013,000
12.3%	New pipelines	\$4,066,000
12.1%	New drainage works	\$3,983,000
1.3%	Other capital	\$432,000
100.0%		\$32,938,000

Total expenditure by resource

38.3%	Contracts & private plant hire	\$55,937,000
24.8%	Labour & related costs	\$36,240,000
18.4%	Depreciation	\$26,991,000
10.8%	Other	\$15,796,000
5.0%	Materials	\$7,247,000
2.2%	Electricity & fuel	\$3,152,000
0.5%	Finance charges	\$796,000
100.0%		\$146,159,000

Revenue by source

44.5%	Rates-water & drainage	\$51,361,000
14.8%	Consumptive Charges	\$17,061,000
15.8%	Vic. Government service fee	\$18,265,000
14.3%	Other external clients	\$16,479,000
4.7%	Other revenue	\$5,358,000
4.8%	Sale of bulk water	\$5,580,000
1.0%	Interest and Sale of fixed Assets	\$1,203,000
100.0%		\$115,307,000

Operating expenditure by activity

48.0%	Operations	\$54,366,000
23.9%	Depreciation of fixed assets	\$26,991,000
16.0%	Maintenance	\$18,130,000
8.9%	Management & administration	\$10,054,000
2.2%	Written down value of disposed assets	\$2,499,000
1.0%	Finance charges & payment to consolidated fund	\$1,181,000
100.0%		\$113,221,000

Financial framework with Victorian Government

Goulburn-Murray Water is committed to establishing a financial framework with the Victorian Government in regard to a range of issues. These issues include pricing, productivity improvements, dividends, taxation equivalents, sharing of the cost of dam safety upgrading and security of cash reserves set aside for asset replacement.

Achieving an agreed outcome will improve future planning and investment decisions for customers, secondary industry and Goulburn-Murray Water.

Future capital works program

Goulburn-Murray Water will be required to finance an increasing capital works program into the future. Works to improve major dams in line with modern standards, and refurbishment works on channels and structures, will increase markedly in the near future. This will increase the borrowing requirements of the Authority, over and above any cash shortfall already created by the drought. Where a service incurs major capital works, the repayment of any resultant borrowings are included in prices negotiated with that customer group. During July 2003 the Authority arranged for an overdraft and borrowing facility with the Victorian Government, and has taken a \$15 million loan over 20 years from Treasury Victoria. It is expected that this will be increased during 2004/05 to fund the extensive capital works required.

Performance Measures and Targets	Achievements/Outcomes
<p><i>Strategic debt management</i></p> <ul style="list-style-type: none"> Operating debt less than 90% of water right revenue Operating debt eliminated by 2009/10 	<p>Achieved based on estimates. To be confirmed when service level reports completed (1 December 2004).</p> <p>Achieved. Pricing strategy has been amended to include debt repayment by target date.</p>
<p><i>Tariff reform</i></p> <p>Fixed revenue base is greater than 85% of total recurrent cost</p>	<p>Achieved.</p>

General Information

Consultancies

Consultants were engaged by the Authority during 2003/04 to assist with:

- The provision of expert analysis and advice to facilitate decision making
- Specific one-off tasks or set of tasks
- The provision of skills not currently available within the Authority

Consultants engaged at a total contract cost of \$100,000 or more:

Consultant: National Heritage Consultants
Project: Hume Cultural Heritage Survey
Contract Total: \$204,000
Remaining Commitment: \$51,000

Consultants engaged at a contract cost of less than \$100,000 numbered eight and were paid \$305,941 in total.

Merit, equity and privacy

The recruitment process of position advertising and staff selection follows policies based on the State Government's merit and equity principles. During the year, 66 internal and 50 external applicants filled 116 positions within the organisation.

All employee grievances and complaints were handled within the Authority, with one resolved with the assistance of a consultant appointed for the purpose.

A small working group undertook a review of bullying and harassment prevention guidelines with the aim of implementing such guidelines in the coming year.

Further steps were taken to ensure that all transactions and records comply with the Information Privacy Act.

Industrial relations

Bargaining between employee, union and management representatives aimed at a new Enterprise Agreement commenced in January 2004. By 30 June 2004 agreement had not been reached. No time was lost to industrial disputes or bans during 2003/04.

Up until the start of enterprise bargaining the Central Consultative Committee played a significant role in dealing with the drought response employment management package and reviews of private vehicle use and professional employee salaries.

Auditors

Internal: AFS & Associates Pty Ltd

External: Victorian Auditor-General

Building Act

Goulburn-Murray Water continues to observe statutory requirements set down by the Building Act 1993 and the accompanying Building Regulations 1994.

Freedom of information

Goulburn-Murray Water received four applications under the Freedom of Information Act 1982 during 2003/04. In two of these, information was provided in part; in one the application was refused; and in the fourth the information was provided in full.

National Competition Policy

We comply with Victorian Government policies and timeframes for National Competition Policy, including Competitive Neutrality, as requirements are developed.

Information available

The accountable officer will, on request, provide information listed in Par 9.1.3(iv) of the guidelines to the Financial Management Act 1994.

Value of Community Service Obligations

	2002/03	2003/04
Provision of concessions to pensioners	\$30,745.83	\$37,171.38
Rebates paid to not-for-profit organisations	Nil	Nil
Utility relief grant scheme payments	Nil	Nil

Whistleblowers Protection Act

The Whistleblowers Protection Act 2001 came into effect on 1 January 2002. The Act is designed to protect persons disclosing information about serious wrongdoing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

The protected disclosure coordinator for the Department of Sustainability and Environment (DSE) acts as an agent for the Authority to receive disclosures under the Act, and applies DSE procedures in managing disclosures.

Disclosures of improper conduct by Goulburn-Murray Water or its employees may be made to the following:

Deidre Egan, Protected Disclosure Coordinator
DSE, PO Box 500, East Melbourne Vic 3002.
Telephone: 9637 8575 Facsimile: 9637 8129
Email: Deidre.Egan@nre.vic.gov.au

The Ombudsman Victoria
Level 22, 459 Collins Street, Melbourne Vic 3000.
Telephone: 9613 6222 Toll free: 1800 806 314

Corporate Directory



40 Casey Street, PO Box 165, Tatura Victoria 3616
(DX 32951)
Telephone: (03) 5833 5500
Facsimile: (03) 5833 5501
Email: reception@g-mwater.com.au
Website: www.g-mwater.com.au

Bulk Water Services

Goulburn Unit

Goulburn Headworks Manager - Darren Nabbs
Lake Eildon, High Street, Eildon 3713

Murray Unit

Murray Headworks Manager - David Jeffery
Hume Dam, Private Bag 2, Wodonga 3691

Loddon Unit

Loddon Headworks Manager - Ivan Smith
Cairn Curran Reservoir, Maldon 3463

District Services

Shepparton Area

Area Manager - Phillip Hoare
21 Wheeler Street, Shepparton 3630

Central Goulburn Area

Area Manager - Graham Smith
40 Casey Street, Tatura 3616

Rochester-Campaspe Area

Area Manager - Jeff Parry
49 High Street, Rochester 3561

Pyramid-Boort Area

Area Manager - David Kent
4 Barber Street, Pyramid Hill 3575

Murray Valley Area

Area Manager - Kevin Preece
Dillon Street, Cobram 3644

Torrumbarry Area

Area Manager - Lester Haw
Koondrook Road, Kerang 3579

Diversions Services

Shepparton

21 Wheeler Street Shepparton 3630

Cobram

Dillon Street, Cobram 3644

Kerang

Koondrook Road, Kerang 3579

Newlyn

Midland Highway, Newlyn North 3364

Wangaratta

'Tara Court' Ford Street, Wangaratta 3677



Financial
**Financial
Statements**
2003/04



Statement of Financial Performance

For the Year Ended 30 June 2004

	Notes	2003/04 \$'000	2002/03 \$'000
Revenue from ordinary activities			
Operating activities			
Rates - water and drainage	3	51,361	53,600
Consumptive charges	4	17,061	5,504
Sale of bulk water	5	5,580	4,697
Victorian Government funding	6	18,265	7,145
Other external clients	7	16,479	17,141
Interest from customers		367	341
Other revenue		2,087	1,836
Assets received free of charge	8, 22	-	352
Non-operating activities			
Interest on investments		272	617
Other revenue		3,271	3,956
Proceeds from sale of fixed assets		564	897
Total revenue		115,307	96,086
Expenses of ordinary activities			
Operations	9	(54,366)	(56,382)
Maintenance	1.12	(18,130)	(17,613)
Management and administration	10	(10,054)	(11,443)
Finance charges		(796)	(200)
Written down value of assets sold		(284)	(759)
Written down value of assets abandoned	11	(2,215)	(2,425)
Depreciation of non-current assets	1.15, 22	(26,991)	(28,486)
Payment to consolidated fund	13	(385)	(385)
Total expenses		(113,221)	(117,693)
Net profit/(loss) for the year	14	2,086	(21,607)
Increase /(Reduction) in asset revaluation reserve	23(a)	157,449	(2,626)
Total changes in equity other than those resulting from transactions with the Victorian State Government as owner	23(d)	159,535	(24,233)

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the Year Ended 30 June 2004

	Notes	2003/04 \$'000	2002/03 \$'000
Current assets			
Cash at bank and on hand	21, 34	9,305	4,023
Investments	15, 34	14,000	-
Receivables	16, 34	17,467	17,174
Inventories	17	766	1,483
Total Current Assets		41,538	22,680
Non-Current assets			
Property, plant and equipment	22	55,267	51,760
Infrastructure	22	1,803,673	1,644,185
Total Non-Current Assets		1,858,940	1,695,945
Total assets		1,900,478	1,718,625
Current liabilities			
Payables	18, 34	24,067	23,146
Provision for employee entitlements	20	4,098	4,176
Total current liabilities		28,165	27,322
Non-Current liabilities			
Provision for employee entitlements	20	8,751	8,717
Borrowings	19	15,000	-
Total non-current liabilities		23,751	8,717
Total liabilities		51,916	36,039
Net assets		1,848,562	1,682,586
Equity			
Contributed capital	23(b)	1,634,214	1,627,773
Asset revaluation reserve	23(a)	328,780	171,331
Accumulated deficit	23(c)	(114,432)	(116,518)
Total equity		1,848,562	1,682,586

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2004

	Notes	2003/04 \$'000	2002/03 \$'000
Cash flows from operating activities			
Receipts from customers		73,989	66,915
Receipts from other external clients		20,920	25,635
Receipts from Government		18,265	6,445
Goods and services tax collected		3,411	2,767
Refund of goods and services tax		5,720	5,110
Payments to suppliers and employees		(80,956)	(82,420)
Interest and other costs of finance paid		(796)	(200)
Payment to consolidated fund		(385)	(385)
Goods and services tax paid		(7,855)	(9,584)
Net cash from operating activities	24	32,313	14,283
Cash flows from investing activities			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(32,938)	(42,728)
Proceeds from sale of property, plant and equipment		564	897
Net cash used in investing activities		(32,374)	(41,831)
Cash flows from financing activities			
Capital contributions Victorian Government		4,343	2,061
Net increase in borrowings		15,000	-
Net cash flows from financing activities		19,343	2,061
Net increase/(decrease) in cash held		19,282	(25,487)
Cash held at the beginning of the year		4,023	29,510
Cash held at the end of the year	21	23,305	4,023

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Financial Statements

1. Summary of significant accounting policies

1.1 Accounting basis

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issue Group Consensus Views), the requirements of the Financial Management Act 1994 and applicable Directions issued thereunder.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets which, as noted, have been periodically revalued. The accounting policies adopted in preparing the financial statements are consistent with those of the previous year, except where otherwise stated.

All amounts shown in the financial statements are expressed to the nearest thousand dollars.

1.2 Investments

Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned. All investments expected to be disposed of within 12 months of balance date are classified as current assets and all others are classified as non-current assets. [refer note 15, 34]

The current pricing policy provides for future asset replacement and rehabilitation by including an asset renewal charge which requires the setting aside of funds in the form of investments for such future works.

1.3 Inventories

Inventories are valued at the lower of cost and net realisable value, and consist of materials and supplies for asset construction, systems operation, and general maintenance, and finished goods at the Tatura Precast Factory. Costs are assigned to inventory quantities on hand at balance date on an average cost basis. [refer note 17]

1.4 Revenue recognition

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

The value of goods and services provided free of charge is recognised as revenue when the Authority gains control of them.

Any fees paid by developers or contributions for on farm works are recognised as revenue when received or receivable. Contributions for capital works from the State Government that are appropriately designated in advance of receipt and are used exclusively to construct non-current assets are accounted for as Equity - Capital Contributions. All other capital contributions are treated as revenue when received.

In accounting for the sale of fixed assets, the gross proceeds from sales are included as other revenue and the written down value of the assets disposed is disclosed as an operating expense.

1.5 Borrowing Costs

Borrowing costs, comprising interest on borrowings, are recognised as an expense in the period in which they are incurred. No borrowing costs were capitalised.

1.6 Accounts receivable

Trade debtors are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for doubtful debts. [refer note 16]

1.7 Bad and doubtful debts

A provision is made for doubtful debts based on a review of all outstanding receivables at balance date. Bad debts are written off in the period in which they are recognised. [refer note 10]

1.8 Payables

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not billed to Goulburn-Murray Water (G-MW). [refer note 18]

1.9 Employee entitlements

The calculation of employee entitlements includes all relevant oncosts.

Salaries, annual leave and sick leave

Liabilities for salaries, including non-monetary benefits and annual leave entitlements which are expected to be settled within 12 months of the reporting date are measured using remuneration rates expected to apply when the obligation is settled.

All oncosts including payroll tax, workers compensation premiums and superannuation are included in the determination of leave provisions.

1.9 Employee entitlements (continued)

Sick leave is non-vesting and is not expected to exceed current and future sick leave entitlements and, accordingly, no liability is recognised in these financial statements.

Long service leave

A liability for long service leave is recognised, and measured as the amount unpaid at current pay rates, including oncosts, in respect of employees' services up to balance date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows. The estimated amount to be paid for long service leave in the next financial year is shown as a current liability. [refer note 20]

Performance payments

Performance based payments for G-MW's employees are based on a percentage of the annual salary package and tied to successful completion of performance targets in their employment contract. The amount accrued under these contracts at balance date has been recognised as a current liability.

1.10 Superannuation

Goulburn-Murray Water contributes in respect of its employees to a number of superannuation schemes administered by the State Superannuation Board, the Local Authorities Superannuation Board and other miscellaneous funds managers. The amounts of these contributions are determined by each scheme's actuary in accordance with statutory requirements, and are further detailed at note 25.

Goulburn-Murray Water has no unfunded superannuation liabilities.

1.11 Leases [refer note 28]

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits associated with the ownership of leased non current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are recognised as an expense in the year in which they are incurred as this reflects the pattern of benefits derived by the Authority.

Finance leases are capitalised. A lease asset and liability are established at the present value of the minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

1.12 Maintenance

Maintenance costs are mainly incurred on the infrastructure assets, which require substantial works each year in accordance with structured maintenance and capital works programs. Works which extend the life of an asset or increase its service capacity are capitalised in accordance with policy. Maintenance costs are expensed as incurred, and include any costs incurred in rationalising the infrastructure asset base by restructuring the asset configuration.

1.13 Non-current assets

Non-current assets include land, buildings, plant and equipment, motor vehicles and infrastructure assets. Assets with a cost of \$2,000 or more are capitalised. All other assets acquired are expensed. The cost of assets constructed by G-MW includes all direct labour and materials used in construction together with an appropriate proportion of applicable overheads. [refer note 22]

1.14 Valuation of non-current assets

G-MW is currently transitioning to fair value valuations in accordance with AASB 1041. A plan has been developed that will result in all infrastructure, land and buildings being revalued by 30 June 2005. During the current year land, buildings and storage infrastructure assets have been revalued. Infrastructure assets are currently valued at written down replacement cost and land and buildings are valued at market value based on existing use. All other assets are recorded at cost.

Revaluation increments are credited to a revaluation reserve except that, to the extent that the increment reverses a revaluation decrement previously recognised as an expense in the statement of financial performance in respect of that same class of assets, it would be recognised as revenue in the statement of financial performance for the reporting period. Revaluation decrements are recognised as an expense in the statement of financial performance except that, to the extent that a revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve up to the value of that prior increment.

1.15 Depreciation of non-current assets

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of each non-current asset item (except land) over its expected useful life to G-MW. Depreciation of infrastructure assets is calculated in accordance with their assessed remaining life. The assessments are made by engineering staff who have been appropriately trained. Buildings are depreciated based on assessments provided by qualified valuers. Additions to non-current assets in the financial year are depreciated from their respective dates of acquisition. Works in progress are not depreciated until they are put into use. [refer note 22]

The expected lives nominated for the different classes of assets are:

<u>Class of Assets</u>	<u>Estimated Life (years)</u>
Buildings	40
Plant, equipment, furniture and fittings	2 to 10
Infrastructure	Up to 200

These depreciation rates are the same as last year.

1.16 Cash at bank and on hand

Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call with financial institutions and is net of any bank overdraft. [refer notes 21, 34]

For the purposes of the statement of cash flows, cash also includes highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

1.17 Reporting on wholesale and retail business

These statements include separate reporting of the results and position within G-MW of a wholesale headworks bulk water business and a retail water distribution business (which includes all activities which are not within wholesale). This reporting is in accordance with the requirements of the Ministerial Directions under Section 51 of the Financial Management Act 1994. [refer note 29]

1.18 Taxation

Income tax

From the 2003/03 financial year the Authority has been subject to the National Tax Equivalence Regime (NTER). The NTER is administered by the Australian Taxation Office. The accounting disclosures required under Australian Accounting Standard 3 are contained in these financial statements.

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

G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future [refer note 33].

Goods and services tax

Revenues and expenses 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 statement of financial position. Cash flows arising from the payment and receipt of GST are disclosed as cash flows from operating activities in the statement of cash flows.

1.19 Impacts of adopting AASB equivalents to IASB standards

For financial reporting periods beginning on or after 1 January 2004, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRSs). G-MW has taken the following steps in managing the transition to Australian equivalents of IFRSs:-

- Established a committee for the oversight of the transition to and implementation of the Australian equivalents to IFRSs; and
- Commenced activities to identify key issues and the likely impacts resulting from the adoption of Australian equivalents to IFRSs.

2. Business structure and pricing

G-MW business costs are dominated by the cost of operating, maintaining and replacing or refurbishing infrastructure. Adequate provision for these costs into the future is vital to ensuring the future viability of G-MW and many of the businesses that depend on it for their own viability.

G-MW ensures that costs and revenues are transparently recorded and reported based on the particular services provided, and reported by activity. This enables the tracking of the results and comparison with those projected in the pricing negotiations. It also results in the production of balance sheets by service that, in particular, detail the cash position of each service.

The pricing policy is based on long term full cost recovery of each service, on a not for profit basis and with a zero rate of return on assets. Both wholesale and retail pricing policy includes a renewal annuity calculated to provide adequate funding to maintain the condition of existing infrastructure assets in perpetuity.

Wholesale prices are set separately for the two major water systems, the Goulburn and Murray. Retail prices are set at the level of each separate service within District Services and Diversion Services. District Services includes those for gravity irrigation, pumped irrigation, domestic and stock, surface drainage and sub-surface drainage. Diversion Services includes surface and groundwater diversions. There are currently 38 separate prices set in these two groups. Following consultation with customers the tariff structure for the irrigation services has been reviewed and some change was implemented during the reporting period.

	2003/04 \$'000	2002/03 \$'000
3 Revenue - Rates water and drainage		
Irrigation and drainage - gravity	44,864	48,674
Irrigation and drainage - pumped	1,786	865
Domestic and stock	543	535
Diversions	4,168	3,526
Total	<u>51,361</u>	<u>53,600</u>
4 Revenue - Consumptive charges		
Irrigation and drainage - gravity	16,576	5,272
Irrigation and drainage - pumped	465	210
Domestic and stock	17	-
Diversions	3	22
Total	<u>17,061</u>	<u>5,504</u>
5 Revenue - Sale of bulk water		
Total bulk water sales	22,906	20,226
Bulk water sales to G-MW retail business [refer note 9]	(17,326)	(15,529)
Bulk water sales to other organisations	<u>5,580</u>	<u>4,697</u>
6 Revenue - Victorian Government funding		
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 not yet commenced, are included as Victorian Government service fees in the Statement of Financial Performance. The cost of provision of this service is included in operating expenses.		
	<u>18,265</u>	<u>7,145</u>
7 Revenue - Other external clients		
Murray-Darling Basin Commission	12,952	13,778
Other external clients	3,527	3,363
Total	<u>16,479</u>	<u>17,141</u>
8 Assets received free of charge		
After consultation with the Department of Sustainability and Environment, G-MW has agreed to take ownership and control of community surface drainage schemes previously owned by farmers and managed on their behalf by local government. Legal ownership and control will only pass to G-MW after agreement by the existing owners and the completion of any works required after an initial risk assessment.		
	-	352

	2003/04		2002/03	
	Bulk Water	Total Expense	Bulk Water	Total Expense
9 Expenses - Operations				
Irrigation and drainage - gravity	15,564	33,101	14,076	33,069
Irrigation and drainage - pumped	235	1,682	110	498
Domestic and stock	40	1,679	53	851
Diversions	1,487	3,403	1,290	3,018
Government services contract	-	4,908	-	4,979
Headworks	-	14,658	-	16,240
Murray Darling Basin Commission	-	12,261	-	13,256
Sub-total	17,326	71,692	15,529	71,911
Deduct bulk water		(17,326)		(15,529)
Total		54,366		56,382

The bulk water charge is an internal charge levied on retail services by the wholesale business [refer note 5]. This charge is not included as an operating expense in the Statement of Financial Performance, but is included as an operating expense in reporting the Wholesale and Retail Operations at note 30.

	2003/04	2002/03
10 Expenses - Management and Administration	\$'000	\$'000
Included in management and administration expenses are the following items:		
Auditor General - audit fees	81	78
Bad debts written off	-	-
11 Written down value of assets abandoned		
Each year G-MW negotiates with customers to rationalise parts of the irrigation infrastructure where changed circumstances permit the realignment of channels and structures. Where this proves cost effective there will be subsequent abandonment of some assets.		
	2,215	2,425
12 Expense - Insurance		
G-MW arranged its major insurance covers for 2003/04 for storages, properties and liability in a consortium of rural water authorities comprising Southern Rural Water, Sunraysia Rural Water, Wimmera Mallee Water and G-MW. G-MW also purchased insurances for specific construction projects, Directors and Officers Liability, Professional Indemnity and Marine Hull.	2,123	1,586
G-MW retains a broker to handle its insurances and to advise on insurance matters as and when required.		
13 Payment to consolidated fund		
Following a determination by the Treasurer of Victoria under section 5 (1A) of the Public Authorities (Dividends) Act 1983, G-MW accrued an expense for the payment to consolidated fund.		
	385	385

	2003/04 \$'000	2002/03 \$'000
14 Net profit/(loss) for the year		
Net loss for the year includes the following specific net gains and expenses.		
Net profit on sale of non-current assets	280	138
Employee entitlement expense	8,834	9,239
15 Investments [refer notes 1.2, 21]		
Investments are bank bills and promissory notes with financial institutions.	14,000	-
16 Receivables		
Trade debtors	17,394	17,107
Less provision for doubtful debts	(100)	(100)
Prepayments	173	167
Total	<u>17,467</u>	<u>17,174</u>
17 Inventories [refer note 1.3]		
Materials	531	1,356
Finished goods - Tatura Precast Factory	235	127
Total	<u>766</u>	<u>1,483</u>
Equipment worth \$580,000 delivered for the Normanville pipeline was included in inventory for 2002/03.		
18 Payables [refer note 1.8]		
Trade creditors and accruals	23,270	22,289
Payroll related accruals	797	857
Total	<u>24,067</u>	<u>23,146</u>
19 Borrowings		
Loan from Treasury Corporation Victoria for twenty years at a fixed interest rate of 6.34%.	<u>15,000</u>	<u>-</u>
20 Provision for employee entitlements [refer note 1.9]		
Current		
Long service leave	1,105	1,100
Annual leave	2,993	3,076
Total Current	<u>4,098</u>	<u>4,176</u>
Non-current		
Long service leave	8,751	8,717
Total	<u>12,849</u>	<u>12,893</u>
21 Cash at bank and on hand [refer notes 1.16, 34]		
Cash at bank and on hand	<u>9,305</u>	<u>4,023</u>
The above total reconciles to the Cash held at the end of the year on the Statement of Cash Flows as follows:		
Cash at bank and on hand as above	9,305	4,023
Investments	14,000	-
Cash held at the end of the year	<u>23,305</u>	<u>4,023</u>
Investments are cash equivalents for the Statement of Cash Flows, as defined in AASB 1026, para 14.1.1		

22 Non Current Assets	Wholesale		Retail		Total	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	34,052	30,922	3,138	1,723	37,190	32,645
Buildings	10,247	8,145	13,088	10,377	23,335	18,522
Less Accumulated depreciation	6,183	3,960	6,591	4,771	12,774	8,731
	4,064	4,185	6,497	5,606	10,561	9,791
Plant, equipment furniture and fitting	3,402	2,914	23,089	23,897	26,491	26,811
Less Accumulated depreciation	1,609	1,334	17,366	16,153	18,975	17,487
	1,793	1,580	5,723	7,744	7,516	9,324
Sub-total	39,909	36,687	15,358	15,073	55,267	51,760
Infrastructure	1,074,339	923,718	1,799,422	1,804,728	2,873,761	2,728,446
Less Accumulated depreciation	270,516	276,569	799,572	807,692	1,070,088	1,084,261
	803,823	647,149	999,850	997,036	1,803,673	1,644,185
Total	843,732	683,836	1,015,208	1,012,109	1,858,940	1,695,945

Reconciliations

The reconciliation of movement in the written down value of each class of non-current asset is set out below.

	Opening				Rev'n		Closing
	WDV	Additions	Transfers	Disposals	Increment	Dep'n	WDV
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	32,645	-	-	(26)	4,571	-	37,190
Buildings	9,791	256	-	(38)	1,118	(566)	10,561
Plant, equipment, furniture and fittings	9,324	570	-	(221)	-	(2,157)	7,516
Infrastructure	1,644,185	34,210	-	(2,214)	151,760	(24,268)	1,803,673
Total	1,695,945	35,036	-	(2,499)	157,449	(26,991)	1,858,940

	2003/04 \$'000	2002/03 \$'000
23 Equity and movements in equity		
(a) Reserves		
Asset revaluation reserve		
Balance 1 July	171,331	173,957
Adjustments	-	(2,626)
Increment on revaluation of land, buildings and storages	157,449	-
Balance 30 June	<u>328,780</u>	<u>171,331</u>

Revaluations of Land, Buildings and Storages were completed in accordance with AASB 1041 as at 1 July 2003. Land and buildings were revalued at fair value by a qualified valuer employed by G-MW. Storages were revalued at written down replacement cost as provided by consultants SMEC.

(b) Contributed capital

Balance 1 July	1,627,773	1,624,136
Salinity program capital contributions	4,343	3,637
Assets of Casey's Weir Rural Water Authority	2,098	0
Balance 30 June	<u>1,634,214</u>	<u>1,627,773</u>

The treatment of capital contributions is as agreed with the Department of Sustainability and Environment and in accordance with UIG 38, Contributions by Owners to Wholly Owned Public Sector Entities. On 1 June 2004 the Casey's Weir and Major Creek Rural Water Authority was abolished, and G-MW appointed to take over the assets of the former Authority. The net book value of the assets is included above.

(c) Accumulated deficit

Accumulated deficit at the beginning of the year	(116,518)	(94,911)
Net result for the year	2,086	(21,607)
Accumulated deficit at the end of the year	<u>(114,432)</u>	<u>(116,518)</u>

(d) Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1.14.

Reconciliation of equity

Total equity at the beginning of the year	1,682,586	1,703,182
Total changes in equity recognised in the statement of financial performance	159,535	(24,233)
Contributed capital for the year [refer note 23(b)]	4,343	3,637
Assets of Casey's Weir Rural Water Authority	2,098	-
Total equity at the end of the year	<u>1,848,562</u>	<u>1,682,586</u>

24 Reconciliation of results from ordinary activities to net cash flows from operating activities

Net profit/(loss) for the year	2,086	(21,607)
Depreciation	26,991	28,486
Assets received free of charge	-	(352)
Profit on sale of fixed assets	(280)	(138)
Abandoned assets	2,215	2,425
Change in assets and liabilities		
(Increase)/decrease in inventories	717	356
(Increase)/decrease in debtors and prepayments	(293)	2,451
Increase/(decrease) in creditors and accrued expenses	921	1,873
Increase/(decrease) in provision for employee entitlements	(44)	789
Net cash flows from/(used in) operating activities	<u>32,313</u>	<u>14,283</u>

2003/04
\$'000

2002/03
\$'000

25 Superannuation

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

	Employee Numbers	Contribution Rate %		
State Employee Retirement Benefits Board (defined benefits scheme)	13	12.50	80	84
State Superannuation Board, Revised Scheme (defined benefits scheme)	52	15.50	492	528
State Superannuation Board, New Scheme (lump sum benefit scheme)	240	9.50	1083	1084
Local Authorities Superannuation Scheme (defined benefits scheme)	9	9.25	81	184
Local Authorities LA SPLAN Scheme (accumulation fund)	283	9.00	1052	908
Other minor schemes	4	9.00	12	14
Total Contributions to all Funds			<u>2,800</u>	<u>2,802</u>

At 30 June the total of outstanding superannuation contributions was \$284,045 (2003 \$251,981), which forms part of creditors and accrued expenses.

State Superannuation Schemes

At the time the Authority 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 ensure that no further unfunded liabilities can arise.

Local Authorities Superannuation Scheme - Accumulation Fund

This fund receives contributions based on a percentage of salary (currently 9%), and no further liabilities can accrue to G-MW.

Local Authorities Superannuation Scheme - Defined Benefits Scheme

The Authority makes contributions to this fund in accordance with rates determined by the Trustees of the fund on the advice of the actuary. During 2002/03 a further \$97,811 was paid to the scheme in full settlement of an unfunded liability as calculated during a review by the actuary as at 31 December 2002.

This review also determined the Fund's liability for accrued benefits in accordance with Australian Accounting standard AAS25 as follows:

	31/12/2002 \$'000
Net Market Value of Assets	2,013,748
Accrued Benefits (per accounting standards)	2,085,204
Difference between Assets and Accrued Benefits	<u>(71,456)</u>
Vested Benefits	2,013,156

26 Capital commitments

Eildon dam enhancement works	40,004	-
Pipeline construction	-	4,470
Salt interception works	1,689	-
Other capital expenditure outstanding at 30 June 2004	337	1,168
Total	<u>42,030</u>	<u>5,638</u>

This represents commitments outstanding on contracts for capital works.

These commitments all fall due within one year.

	2003/04 \$'000	2002/03 \$'000
27 Contingent liability		
Legal actions have been instituted against G-MW as a result of damages claims. Whilst G-MW has denied any liability, for annual report purposes it recognises that contingent liabilities exist.		
	<u>2,237</u>	<u>2,714</u>

	2003/04 \$'000	2002/03 \$'000
28 Leases [refer note 1.11]		
Non-capitalised lease rental charges	<u>4,806</u>	<u>4,861</u>
<u>Operating lease commitments at 30 June</u>		
Not later than 1 year	3,605	3,818
Later than 1 year and not later than 5 years	5,300	5,985
Later than 5 years	<u>3,615</u>	<u>4,491</u>
Total	<u>12,520</u>	<u>14,294</u>

Finance lease commitments as at 30 June
G-MW has no finance leases.

29 Transactions with other Victorian Government controlled entities		
Transactions between entities within the Sustainability and Environment Portfolio		
Revenues and capital contributions	22,608	10,082
Expenses	11,405	10,077
Transactions with other entities controlled by the Victorian Government		
Expenses	2,136	2,330

30 Wholesale and retail operations	Wholesale		Retail	
	2003/04	2002/03	2003/04	2002/03
	\$'000	\$'000	\$'000	\$'000
Bulk water sales - urban [refer note 5]	2,355	2,117	-	(1,949)
Bulk water sales - rural [refer note 5]	20,551	17,775	-	-
Retail service charges	-	-	51,361	53,600
Retail usage charges	-	-	17,061	5,504
Other revenue	15,505	17,128	25,629	15,490
Total revenue	38,411	37,020	94,051	72,645
Operating expenditure	(26,919)	(29,496)	(44,773)	(42,415)
Maintenance	(3,778)	(4,242)	(14,351)	(13,371)
Depreciation	(6,931)	(6,881)	(20,061)	(21,605)
Other expenditure	(2,445)	(2,693)	(11,289)	(12,519)
Total expenditure	(40,073)	(43,312)	(90,474)	(89,910)
Profit/(Loss)	(1,662)	(6,292)	3,577	(17,265)
Investments	-	-	14,000	-
Non-current Assets [refer note 22]	843,732	683,836	1,015,208	1,012,109
Capital Expenditure - renewal/replacement	1,255	1,977	8,239	14,191
Capital Expenditure - enhancement	9,062	6,442	14,382	20,120
Borrowings	-	-	(15,000)	-
Equity Contribution [refer note 23(b)]	-	-	4,514	3,637

Included in bulk water sales is the amount levied on the retail business by the wholesale business. This amount is included in the revenue of the wholesale business and the expenses of the retail business (refer notes 5 and 9). These amounts are eliminated in the Statement of Financial Performance.

31 Responsible persons

The names of persons who were responsible persons for the financial year are:

Minister

The Hon. John Thwaites MP, Minister for Water
(The Minister's remuneration is disclosed in the financial report of the Department of Premier and Cabinet)

Directors of the G-M W Board

John Ernest Dainton (Chair)
Sarah Cordelia Crooke (Deputy Chair)
Mark Gerard Lawlor
John Maurice Pettigrew
Vicki Jean Sutherland
Kendall Myles Treseder
Denis William Flett (Chief Executive and accountable officer)

The total directors' remuneration was \$457,242 (2002/03 \$463,812). Payments were made to individual directors within the following bands:-

Remuneration Band	Number of Directors	
	2003/04	2002/03
\$10,000 to \$20,000	-	1
\$20,000 to \$30,000	5	5
\$50,000 to \$60,000	1	1
\$240,000 to \$250,000	1	1

The total remuneration to non-director executive officers receiving more than \$100,000 was \$3,043,890 (2002/03 \$2,405,672).

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

Remuneration Band	Number of Executive Officers	
	2003/04	2002/03
\$100,000 to \$110,000	14	13
\$110,000 to \$120,000	4	2
\$120,000 to \$130,000	2	1
\$130,000 to \$140,000	3	2
\$140,000 to \$150,000	1	2
\$150,000 to \$160,000	1	1
\$160,000 to \$170,000	1	-

Transactions with directors:

Irrigation services were provided to directors and director-related entities at arms length and on normal customer terms and conditions.

M. G. Lawlor is a director of M. & T. Lawlor Pty Ltd, which was contracted to provide fencing to the Authority (value \$68,091) during 2003/04 on normal commercial terms and conditions (\$75,634 in 2002/03).

32 Post Balance Day Events

No material events have occurred since balance date.

	2003/04 \$'000	2002/03 \$'000
33 Income Tax [refer note 1.18]		
<p>Goulburn-Murray Water will not pay income tax for 2003/04. Projections show that the likelihood of G-MW making consistent profits at a level likely to offset the large tax losses which will accumulate is unlikely. Accordingly tax losses are not disclosed in the Statement of Financial Performance and Statement of Financial Position.</p>		
Prima facie Tax Calculations		
Profit/(loss) from ordinary activities	2,086	(21,607)
Prima facie tax calculated at 30%	626	(6,482)
Tax effect of permanent differences		
Non-deductible depreciation	170	145
R & D concessional expenditure	(83)	(64)
Prima facie income tax expense	<u>713</u>	<u>(6,401)</u>
Income tax expense comprises:		
Deferred income tax provision	28,466	26,951
Future income tax benefit	(27,752)	(33,351)
	<u>713</u>	<u>(6,401)</u>
Tax loss write offs		
Deferred income tax provision - Timing differences offset by losses	(28,466)	(26,951)
Future income tax benefit - Offset against Timing differences	28,466	26,951
Future income tax benefit - Losses not to be booked	(713)	6,401
Income tax expense disclosed in financial statements	<u>-</u>	<u>-</u>
Accumulated position since the Authority became a taxable entity (1/7/2001).		
Deferred income tax provision - Timing differences offset by losses	(81,038)	(52,573)
Future income tax benefit - Offset against Timing differences	81,038	52,573
Total	<u>-</u>	<u>-</u>

The timing differences in the Deferred income tax provision have been offset by losses in the Future income tax benefit as these will reverse in the same period.

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

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

34 Financial Instruments

34(a) Terms, conditions and accounting policies

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

Recognised financial instruments	Note reference	Accounting policies	Terms and conditions
(i) Financial assets			
Cash at bank and on hand	1.16, 21	Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call and is net of any bank overdraft.	G-MW receives a competitive interest rate on its bank balance.
Investments	1.2, 15, 21	Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned.	All investments are bank bills or promissory notes with financial institutions, and are placed for short terms, usually 30 to 60 days.
Receivables - Debtors	1.6,1.7,16	Debtors are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts considered unlikely to be collectable.	If payments are not made by the due date, debtors must agree to a payments schedule which will clear the debt before the next irrigation season. Supply is withheld if debtors default.
(ii) Financial liabilities			
Payables	1.8, 18	Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to G-MW.	Settlement of creditors is normally by the end of the month following the month invoiced.
Borrowings		Borrowings are carried at their principal amount, representing the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised within payables.	Borrowings are unsecured. They are for a 20 year term, with semi annual repayments and an interest rate of 6.34%.

34(b) Interest rate risk

Goulburn-Murray Water's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

Financial instrument	Notes	Floating interest rate	Fixed interest maturing		Non - interest bearing	Total
			In 1 year or less	Over 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
2004						
(i) Financial assets						
Cash	21	9,305	-	-	-	9,305
Receivables - debtors	16	3,945	-	-	13,522	17,467
Investments	15	14,000	-	-	-	14,000
Weighted average interest rate		27,250 6.1%	-	-	13,522	40,772
(ii) Financial liabilities						
Payables	18	-	-	-	24,067	24,067
Borrowings		-	-	15,000	-	15,000
Interest rate		-	-	15,000 6.3%	24,067	39,067
Net financial assets/(liabilities)		27,250	-	(15,000)	(10,545)	1,705

Financial instrument	Notes	Floating interest rate	Fixed interest maturing		Non - interest bearing	Total
			In 1 year or less	Over 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
2003						
(i) Financial assets						
Cash	21	4,023	-	-	-	4,023
Receivables - debtors	16	5,752	-	-	11,422	17,174
Investments	15	-	-	-	-	-
Weighted average interest rate		9,775 9.1%	-	-	11,422	21,197
(ii) Financial liabilities						
Payables	18	-	-	-	23,146	23,146
Interest rate		-	-	-	23,146	23,146
Net financial assets/(liabilities)		9,775	-	-	(11,724)	(1,949)

Credit risk exposures

Goulburn-Murray Water's maximum exposure to credit risk at balance date for each class of recognised financial assets is the carrying amount of those assets as disclosed in the statement of financial position.

Concentrations of credit risk

Goulburn-Murray Water's debtors are concentrated in the farming sector, predominantly dairy, grazing, cropping and horticulture. Levels of debt are managed closely, with interest charged at a rate above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes 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 a sale. There are a large number of debtors and G-MW is not materially exposed to any individual debtor.

34(c) Net fair values

Goulburn-Murray Water's aggregate fair values of financial assets and financial liabilities both recognised and unrecognised at balance date, are as follows:

	Total in statement of financial position		Aggregate fair value	
	2003/04 \$'000	2002/03 \$'000	2003/04 \$'000	2002/03 \$'000
(i) Financial assets				
Cash	9,305	4,023	4,023	4,023
Receivables - debtors	17,467	17,174	17,174	17,174
Investments	14,000	-	-	-
Total financial assets	40,772	21,197	21,197	21,197
(ii) Financial liabilities				
Payables	24,067	23,146	23,146	23,146
Borrowings	15,000		15,128	
Total financial liabilities	39,067	23,146	38,274	23,146

The net fair values of financial instruments is determined on the following basis:

Cash, Receivables - debtors, investments and Payables all have a short term to maturity date and accordingly are valued at carrying amount as this reflects fair value.

Borrowings are valued by discounting the expected cash flows at the yields offered by Treasury Corporation of Victoria at balance date. The Authority intends to repay these borrowings in accordance with the agreed terms and has therefore used carrying amount in these financial statements.

CERTIFICATION

We certify that the financial statements of the Goulburn-Murray Rural Water Authority have been prepared in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional requirements.

In our opinion the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements present fairly the financial transactions during the financial year 2003/2004 and the financial position of the Goulburn-Murray Rural Water Authority as at 30 June 2004.

At the date of signing the financial statements we are not aware of any circumstances that would render any particulars included in the statements to be misleading or inaccurate.



Chairperson



Chief Executive



Chief Financial Officer

19 August 2004



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers and Members of the Board of Goulburn-Murray Rural Water Authority

Audit Scope

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

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

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

Audit Opinion

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

MELBOURNE
19 August 2004



J.W. CAMERON
Auditor-General

Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2003/2004 Annual Report in compliance with the requirements of Clause 17.3 of the *Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995*, which obliges the Authority to report on certain matters as specified in Clause 17.1 of the same Order. The period of Reporting is 1 July 2003 to 30 June 2004.

BE Clause	Item	Report	Notes
17.1(d)	Goulburn Weir offtake channels		See note 1
	Cattanach Canal	523973 ML	
	Stuart Murray Canal	693429 ML	See note 2
	East Goulburn Main Channel	258863 ML	
	Total Goulburn Weir offtake diversion	1476275 ML	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the <i>Water Act 1989</i>	30900 ML	
17.1(e)(ii)	Diversion by other Authorities	23998 ML	
17.1(g)	Storage contents		
	Lake Eildon	672.5 GL	Vol 30/6/04
	Goulburn Weir	22.7 GL	Vol 30/6/04
	Waranga Basin	156.2 GL	Vol 30/6/04
	Greens Lake	7.9 GL	Vol 30/6/04
17.1(h)	Target filling releases	None	
17.1(i)	Credits	None	
17.1(j), (k)	Net transfer of Temporary and Permanent transfers of BE	Permanent: -20488 ML Temporary: -18419.5ML	See note 3
17.1(l)	Goulburn Weir releases	24797 ML	
17.1(m)	Changes to entitlements - Schedule 1		
	Domestic and stock allowance	Increased by 66 ML	See note 4
	Water Right	Decreased by 20476	See note 5
	Licensed Volume	Decreased by 2329 ML	See note 6
	Changes to entitlements - Schedule 3	None	
17.1(n)	Transfers of primary entitlements	See appendices E1 & E2	
17.1(o)	Supply to primary entitlements	996163 ML	See note 7
17.1(p)	Amendments to this BE	None	
17.1(q)	New BE granted to G-MW	None	
17.1(r)	Environmental Management and Metering programs	Programs submitted and implemented	
17.1(s)	BE compliance failures	Minor	See note 8
17.1(t)	BE compliance difficulties	None	

Notes

- Volumes were obtained from hydrographic data collected by Thiess Services:

Cattanach Canal	SI No 405702	Stuart Murray Canal	SI No 405700
East Goulburn Main Channel	SI No 405704		
- Volume passed by outlet and meter testing back to Goulburn River is deducted from the flow diverted to the Stuart Murray Canal (SI No 405700).
- Net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
- Alteration due to permanent transfers of entitlement and conversion of Water Right to Domestic and Stock.
- Alteration due to permanent transfers of entitlement and conversion of diversion licences (Licensed Volume) to Water Right.
- Alteration due to permanent transfers of entitlement and conversion of diversion licences (Licensed Volume) to Water Right.
- Supply to primary entitlements comprises:

Irrigation Areas	955019 ML	Water Right and Domestic & Stock	
	13242 ML	Sales (including water delivered to industrial customers)	
Private diversions	30846 ML	Licensed Volume and Domestic & Stock	
	55 ML	Sales (including water delivered to industrial customers)	
- The compliance failure occurred due to retrospective amendments to the Goulburn River at Eildon rating table by Thiess Services.

Appendix A2

BULK ENTITLEMENT (EILDON - GOULBURN WEIR) REPORTING

DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2001 - JUNE 2002

Authority	Town	BE Volume	Diversion	Notes
Goulburn Valley Water	Bonnie Doon	112 ML	61 ML	
	Eildon	480 ML	173 ML	
	Alexandra	916 ML	413 ML	
	Seymour	5340 ML	1767 ML	
	Nagambie	825 ML	525 ML	See note 1
	Shepparton/Murchison/Toolamba	18820 ML	13603 ML	See note 2
	Murchison	350 ML	214 ML	
	Katandra West (channel supply)	64 ML	47 ML	See note 3
	Dookie (channel supply)	160 ML	117 ML	
	Tongala (channel supply)	1404 ML	1127 ML	See note 4
	Corop (channel supply)	44 ML	10 ML	
	Girgarre (channel supply)	100 ML	53 ML	
	Kyabram (channel supply)	2000 ML	1323 ML	
	Tatura (channel supply)	2600 ML	1847 ML	
	Merrigum (channel supply)	0 ML	0 ML	See note 5
	Rushworth (channel supply)	530 ML	373 ML	
	Colbinabbin (channel supply)	89 ML	41 ML	
	Stanhope (channel supply)	200 ML	121 ML	
		TOTAL	34034 ML	21816 ML
Coliban Water	Boort (channel supply)	425 ML	242 ML	
	Pyramid Hill (channel supply)	300 ML	318 ML	
	Lockington (channel supply)	130 ML	87 ML	
	Mitiamo (channel supply)	60 ML	33 ML	
	Dingee (channel supply)	50 ML	2 ML	
	Rochester (channel supply)	1400 ML	1484 ML	
	Macorna (channel supply)	40 ML	7 ML	
	Mysia (channel supply)	15 ML	9 ML	
		TOTAL	2420 ML	2182 ML
TOTAL ALL AUTHORITIES		36454 ML	23998 ML	

Notes

1. Nagambie BE received a temporary transfer of 300 ML from Seymour.
2. Shepparton/Mooroopna/Toolamba permanent transfer 2020 ML.
3. Katandra West BE received a permanent transfer of 20 ML from Kyabram BE.
4. Tongala BE received a permanent transfer of 204 ML from Merrigum BE.
5. Merrigum is now supplied from Kyabram.

Bulk Entitlement (River Murray - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2003/2004 Annual Report in compliance with the requirements of Clause 22.3 of the *Bulk Entitlement (River Murray - Goulburn-Murray Water) Conversion Order 1999*, which obliges the Authority to report on certain matters as specified in Clause 22.1 of the same Order. The period of Reporting is 1 July 2003 to 30 June 2004.

BE Clause	Item	Report		Notes
22.1(b)	Offtake points			
	Yarrowonga Main Channel		394.5 GL	
	National Channel		677.9 GL	
	Ashwins pump		0.01 GL	
	Pental Island pumps		0 GL	
	Swan Hill No 9 channel offtake (when Fish Point Weir and Little Murray Weir are open)		1.6 GL	
	Swan Hill pumps		18.7 GL	
	Nyah pumps		7.4 GL	
	Private diversion points		47.5 GL	
	Total offtake diversion		1143.3 GL	See Note 10
22.1(c)	New offtake points		None	
22.1(d)	Return points			
	Broken Creek		27 GL	See note 1
	Yarrowonga Main Channel outfall		10.4 GL	
	Torrumbarry returns			
	Koondrook spillway		32.2 GL	
	Loddon River at Kerang Weir		60.9 GL	
	Sheepwash Creek Weir		0 GL	
	Little Murray Weir		8.2 GL	See note 2
	6/7 channel outfall		0.2 GL	See note 3
	Lake Boga outfall channel		0 GL	
	Barr Creek at Capel's Crossing		7.7 GL	See note 4
	Total irrigation returns		146.6 GL	
22.1(e)	G-MW supplies to other Authorities	BE Volume	Diversion	
	Coliban Water			See note 5
	Cohuna	677 ML	804 ML	
	Gunbower	131 ML	96 ML	
	Leitchville	422 ML	494 ML	
	Lower Murray Water			
	Kerang	1700 ML	1104 ML	See note 6
	Murrabit	58 ML	34 ML	
	Goulburn Valley Water			
	Katamatite	84 ML	55 ML	
	Nathalia	652 ML	370 ML	
	Numurkah/Wunghnu	1206 ML	1056 ML	
	Picola	44 ML	26 ML	
	NRE environmental allocation	27600 ML	14909 ML	
22.1(f)	Supply to primary entitlements		739435 ML	See note 7
22.1(g)	Metering program	Developed and implemented, yet to be submitted		
22.1(h),(i)	Net transfer Temporary and Permanent transfers of BE	Permanent: -6704.3 ML Temporary: +48010.9 ML		See note 8
22.1(j)	Amendment to this BE		None	
22.1(k)	New BE granted to G-MW		None	
22.1(l)	BE compliance failures		None	
22.1(m)	BE compliance difficulties		None	

Appendix A3

Notes

1. Assessed at Rice's Weir on Broken Creek and refers to flow deemed in excess of water ordered from Murray Valley Irrigation Area which is passed to Broken Creek via the Murray Valley channel network to assist the Murray-Darling Basin Commission in overcoming Barmah Choke channel capacity constraints or for creek environmental purposes.
2. Returns counted only when Fish Point Weir is closed.
3. Returns counted only when Fish Point Weir is open.
4. Barr Creek at Capel's Crossing return volume is net of Barr Creek pumps.
5. Overall Coliban Water BE also covers several towns with direct diversion from the River Murray.
6. Kerang diversions from the Murray include Murray direct and G-MW channel. The other source of water for Kerang from the Loddon River is not used. The total Kerang (Murray) entitlement is 1700ML..
7. Supply to primary entitlements comprises:

Irrigation Areas	682011 ML	Water Right and Domestic & Stock
	14225 ML	Sales (including water delivered to industrial customers)
Private diversions	44518 ML	Licensed Volume and Domestic & Stock
	251 ML	Sales (including water delivered to industrial customers)
8. Net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
9. The clause refers to net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, **from** areas not covered by this order.
10. Does not include diversion from the River Murray to Lake Boga according to clause 11.5 amounting to 19.77 GL

Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2003/2004 Annual Report in compliance with the requirements of Clause 18.3 of the *Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000*, which obliges the Authority to report on certain matters as specified in Clause 18.1 of the same Order. The period of Reporting is 1 July 2003 to 30 June 2004

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	45181 ML	See note 1
18.1(f)	Supply to primary entitlements	32319 ML	See note 2
18.1(g)	Annual evaporation losses	6229 ML	See note 3
18.1(h)	Internal spills from G-MW's share of storage	None	
18.1(i)(a)	Minimum passing flows between Lake Eppalock and the Campaspe Weir pool	Not implemented	See note 4
18.1(i)(b)	Minimum passing flows between the Campaspe Siphon and the River Murray	Not implemented	See note 4
18.1(j)	Credits	None	
18.1(k), (l)	Net transfer of Temporary and Permanent transfers of BE	Permanent: 0 ML Temporary: -677.7 ML	See note 5
18.1(m)	Seasonal allocations in any month	1 September: 41% 1 October: 75% 1 November: 84% 1 December: 87% 15 February: 92% 15 March: 95% 15 April: 98% 3 May: 100%	See note 6
18.1(n)	Alteration to primary entitlements (Schedules 1 and 2)		
	Domestic and Stock	Increased by 10 ML	
	Water Right	Decreased by 325 ML	
	Licensed Volume	Increased by 325 ML	
	Additional Supply (G-MW Campaspe supplement)	No change	
18.1(o)	Transfers of primary entitlements	See Appendices E1 & E2	
18.1(p)	Ministerial transfers of primary entitlements	None	
18.1(q)	Amendments to this BE	None	
18.1(r)	New BE	None	
18.1(s)	Environmental Management and Metering programs	In progress	
18.1(t)	BE compliance failures	None	
18.1(u)	BE compliance difficulties	None	See note 4
18.1(v)	Interruptions to minimum passing flows	Not implemented	

Notes

- Annual inflows were defined in accordance with principles agreed between G-MW and Coliban Water.
- Supply to primary entitlements comprises:
 - Campaspe Irrigation District 22682 ML Water Right and Domestic and Stock
 - 49 ML Sales (including water delivered to industrial customers)
 - Private diversions 9587 ML Licensed Volume and Domestic and Stock
 - 1 ML Sales (including water delivered to industrial customers)
- Annual evaporation losses were calculated in accordance with Clause 6 of Schedule 4 of the Bulk Entitlement order.
- Minimum passing flow obligations do not come into effect until cessation or completion of the 'Effect of Flow Manipulation on the Biota of a Lowland River' project conducted by the Cooperative Research Centre for Freshwater Ecology (Clause 11.3). The project completed 30 June 2004.
- Net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
- The maximum permissible seasonal allocation in the Campaspe system is 220% Water Right.

Appendix C

BULK ENTITLEMENT (AXEDALE, GOORNONG AND PART ROCHESTER) REPORTING DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2003 - JUNE 2004

Authority	Town	BE Volume	Diversion	Notes
Coliban Water	Axedale	63 ML	55 ML	See note 1
	Goornong	152 ML	75 ML	See note 1
	Part Rochester	285 ML	240 ML	See note 2
TOTAL		500 ML	370 ML	

Notes

1. Axedale and Goornong have a combined maximum annual volume of 215 ML.
2. Rochester has a maximum volume of 285 ML over the months of May, June, July, August and September, but must not exceed an annual average of 134 ML per annum over any consecutive 10 year period. Coliban Water temporarily transferred 250 ML from its Campaspe River bulk entitlement to G-MW to comply with diversion limits for Rochester.

IRRIGATION DELIVERIES FOR SEASON 2003/2004

Area / District	Total Permanent Entitlements Allocated (incl Irrigation Areas, Private Diversions) * ML	Gross Supply at Offtakes (excluding Volumes Passed to Other Areas) ML	Deliveries in Area / District				Diversions from Rivers, Streams Lakes and Main Channel:			
			Under Water Right & Domestic & Stock Allowance ML	Under Sales of Water *** ML	Total Delivered in Area or District ML	Delivered outside Area or District ** ML	Total Delivered by Area or District ML	Usage Under Entitlement & Domestic & Stock Allowance ML	Sales Usage ML	Total Usage ML
# Shepparton	176,911	223,749	154,882	504	155,386	126	155,512			155,512
# Central Goulburn	380,649	564,464	401,188	4,943	406,131	4,780	410,910			410,910
# Rochester	185,377	271,749	193,642	1,983	195,624	2,106	197,730			197,730
# Pyramid-Boort	219,963	261,514	205,307	5,812	211,119	610	211,729			211,729
Campaspe District	19,909	23,873	22,682	49	22,731	240	22,971			22,971
River Diversions (includes tributaries)										
- Broken River	27,006	17,592						15,563	2,029	17,592
- Goulburn River	60,849	33,295						33,240	55	33,295
- Campaspe River	18,959	10,970						10,969	1	10,970
- Loddon River	37,129	12,298						12,055	243	12,298
Goulburn System Total	1,126,752	1,419,505	977,700	13,290	990,990	7,861	998,852	71,827	2,328	1,073,006
# Murray Valley	259,348	394,720	278,719	1,559	280,278	1,495	281,773			281,773
# Torrumbarry	333,551	610,208	381,502	12,600	394,102	15,723	409,825			409,825
# Woorinen	11,765	11,143	9,274	20	9,294	784	10,078			10,078
Torrumbarry System Total	345,315	621,351	390,776	12,620	403,396	16,507	419,903			419,903
Tresco	8,118	6,687	5,904	43	5,947	0	5,947			5,947
Nyah	10,782	7,415	6,612	3	6,615	0	6,615			6,615
River Diversions (includes tributaries)										
- Murray River (above Hume)	3,886	2,800						2,800	0	2,800
- Murray River (Hume to Nyah)	73,367	49,942						49,689	253	49,942
- Mitta Mitta River	19,932	12,258						12,258	0	12,258
- Kiewa River	11,755	5,263						5,263	0	5,263
- Ovens River	38,986	16,014						15,656	358	16,014
Murray System Total	771,488	1,116,449	682,011	14,225	696,236	18,002	714,238	85,666	611	800,515
Goulburn-Murray Water Total	1,898,240	2,535,954	1,659,711	27,515	1,687,226	25,863	1,713,090	157,492	2,939	1,873,521
# GMID Total	1,567,563	2,337,547	1,624,513	27,421	1,651,934	25,623	1,677,557			
GMID % WR			104%	2%	103%	2%	107%			
G-MW Total excluding Diversions	1,606,371	2,375,522								

* Permanent entitlements allocated as at 30 June 2004 (excludes Temporary TWE, D&S Allowance and other allocations). River diversions figures include regulated and unregulated volumes.

** Supplies outside Area/District include deliveries to Urban systems & DSE.

*** Sales volumes include water delivered as Other Allocation (excluding deliveries to Urban systems & DSE).

Appendix E1

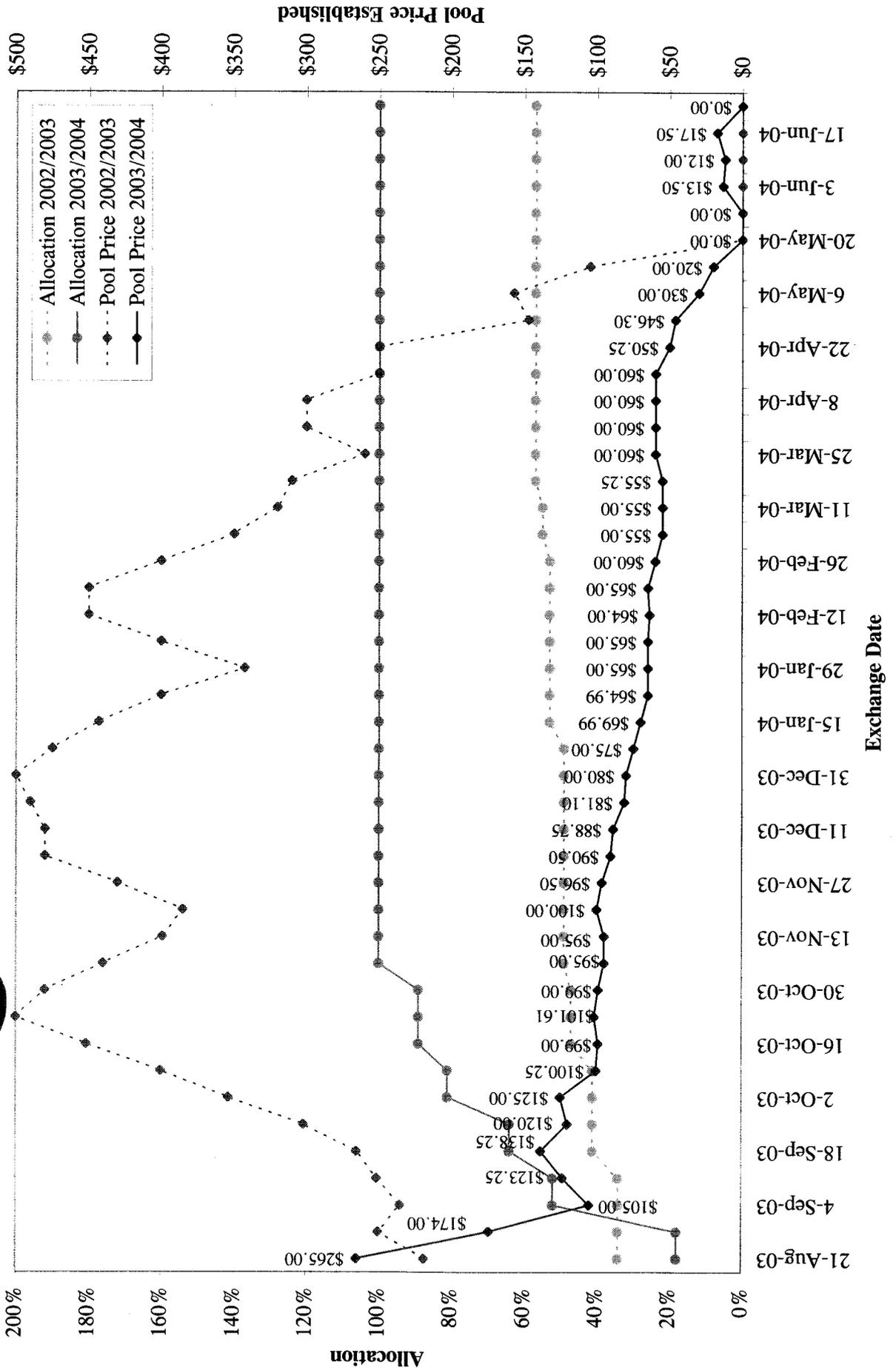
Permanent Transfer Of Water Rights And Diversion Licences Processed By The Authority During Year Ending 30 June 2004.

District/Area or Waterway	Buyers		Sellers		Net Increase for District/Area or Waterway
	No.	ML	No.	ML	ML
Shepparton	40	1,744.0	62	3,858.0	-2,114.0
Central Goulburn	45	2,960.4	107	10,929.9	-7,969.5
Rochester	28	2,147.3	41	6,184.8	-4,037.5
Pyramid-Boort	23	9,591.8	53	15,778.8	-6,187.0
Broken River	7	433.0	7	433.0	0.0
Goulburn River	45	1,009.0	36	1,205.0	-196.0
Loddon River			2	4.0	-4.0
Goulburn System Total	188	17,885.5	308	38,393.5	-20,508.0
Murray Valley	33	1,377.5	26	1,748.5	-371.0
Kerang-Cohuna	25	2,536.2	41	7,514.1	-4,977.9
Swan Hill	8	326.5	21	1,828.0	-1,501.5
Woorinen	6	294.0	1	10.0	284.0
Nyah	1	6.4	12	163.8	-157.4
Tresco	2	16.0	5	103.5	-87.5
Mitta River	1	2.0	8	322.0	-320.0
Murray River	11	1,045.0	9	618.0	427.0
Kiewa River	2	4.0	1	2.0	2.0
Ovens-King River	13	224.0	14	226.0	-2.0
Murray System Total	102	5,831.6	138	12,535.9	-6,704.3
Campaspe District	2	50.0	9	375.0	-325.0
Campaspe River	10	354.0	3	29.0	325.0
Campaspe System Total	12	404.0	12	404.0	0.0
Goulburn-Murray Total	302	24,121.1	458	51,333.4	-27,212.3
SRW – Merbein ID					355.0
SRW – Redcliffs ID	2	355.0			355.0
SRW – Robinvale ID					
SRW – River Diversions	134	23,608.0			23,608.0
FMIT	1	325.0	1	1.7	323.3
Goulburn Valley Water					
Grampians Water	2	16.0			16.0
Wimmera Mallee Water	5	1,092.0			1,092.0
North East Water					
Lower Murray Water	13	1,818.0			1,818.0
Other Authorities Total	157	27,214.0	1	1.7	27,212.3
Total Transfers	459	51,335.1	459	51,335.1	0.0

**Temporary Transfer Of Water Rights, Diversion Licences And Sales
Processed By The Authority During Year Ending 30 June 2004.**

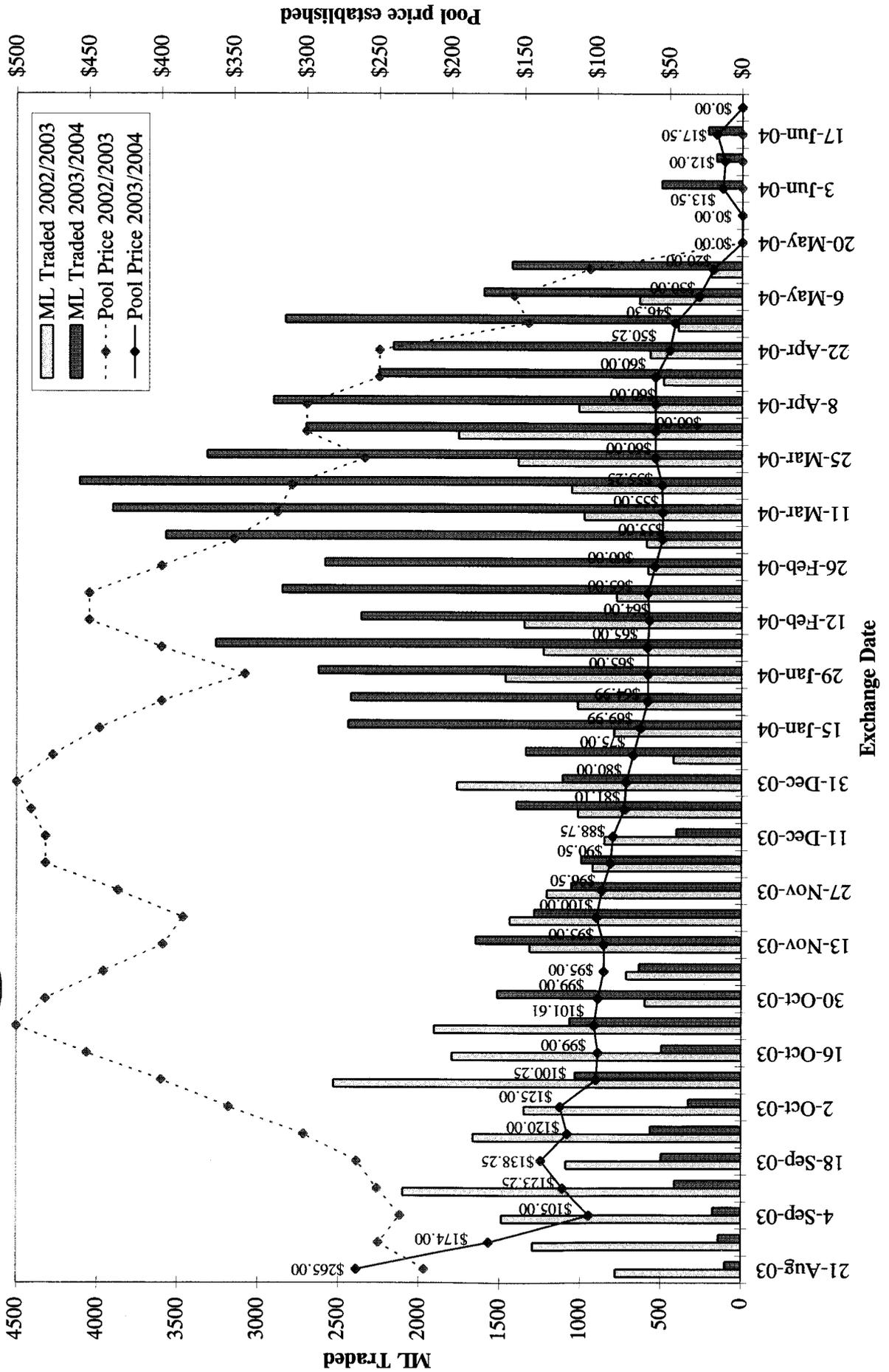
District/Area or Waterway	Buyers			Sellers			Net Increase for District/Area or Waterway	
	No.	Water Right ML	Sales ML	No.	Water Right ML	Sales ML	Water Right ML	Sales ML
Shepparton	639	21,107.2	39.4	1,024	39,005.5	0.0	-17,898.3	39.4
Central Goulburn	1,840	71,707.7	2,348.8	1,452	50,230.6	774.5	21,477.1	1,574.3
Rochester	825	36,937.9	878.0	643	28,995.5	3.0	7,942.4	875.0
Pyramid-Boort	556	34,265.3	1,884.3	816	51,440.7	680.0	-17,175.4	1,204.3
Broken River	8	719.0	0.0	8	719.0	0.0	0.0	0.0
Goulburn River	65	4,277.5	108.0	356	17,102.8	0.0	-12,825.3	108.0
Loddon River	53	1,526.3	0.0	103	3,239.7	0.0	-1,713.4	0.0
Goulburn System Total	3,986	170,540.9	5,258.5	4,402	190,733.8	1,457.5	-20,192.9	3,801.0
Murray Valley	1,166	46,278.8	1,779.0	742	27,166.9	1,346.0	19,111.9	433.0
Kerang-Cohuna	1,473	66,733.4	8,140.0	492	20,958.9	1,302.0	45,774.5	6,838.0
Swan Hill	327	11,075.8	378.0	308	10,160.5	0.0	915.3	378.0
Woorinen	46	692.2	0.0	62	1,600.1	0.0	-907.9	0.0
Nyah	25	365.7	0.0	114	2,199.8	0.0	-1,834.1	0.0
Tresco	27	387.9	40.0	61	1,042.6	0.0	-654.7	40.0
Mitta River	14	523.0	0.0	47	2,540.0	0.0	-2,017.0	0.0
Murray River	117	4,311.2	345.0	313	16,688.3	0.0	-12,377.1	345.0
Kiewa River	14	828.0	0.0	14	828.0	0.0	0.0	0.0
Ovens-King River	60	2,080.6	0.0	61	2,092.6	0.0	-12.0	0.0
Murray System Total	3,269	133,276.6	10,682.0	2,214	85,277.7	2,648.0	47,998.9	8,034.0
Campaspe District	112	4,376.6	0.0	58	2,084.2	0.0	2,292.4	0.0
Campaspe River	29	1,566.9	0.0	111	4,537.0	0.0	-2,970.1	0.0
Campaspe System Total	141	5,943.5	0.0	169	6,621.2	0.0	-677.7	0.0
Goulburn-Murray Total	7,396	309,761.0	15,940.5	6,785	282,632.7	4,105.5	27,128.3	11,835.0
SRW – Merbein ID	0	0.0	0.0	33	907.8	0.0	-907.8	0.0
SRW – Redcliffs ID	2	339.0	0.0	55	1,610.3	0.0	-1,271.3	0.0
SRW – Robinvale ID	0	0.0	0.0	12	615.0	0.0	-615.0	0.0
SRW – River Diversions	27	3,811.6	0.0	151	14,990.0	0.0	-11,178.4	0.0
New South Wales	23	3,292.0	410.0	113	260.0	11,795.0	3,032.0	-11,385.0
South Australia	24	1,633.0	285.0	6	0.0	735.0	1,633.0	-450.0
Coliban Water	9	1,323.0	0.0	7	1,698.0	0.0	-375.0	0.0
Dept. Natural Resources	0	0.0	0.0	37	2,602.0	0.0	-2,602.0	0.0
Wimmera Mallee Water	0	0.0	0.0	4	350.0	0.0	-350.0	0.0
First Mildura Irr Trust	0	0.0	0.0	76	3,429.3	0.0	-3,429.3	0.0
Goulburn Valley Water	6	284.0	0.0	77	8,993.0	0.0	-8,709.0	0.0
Lower Murray Water	1	40.0	0.0	13	1,587.0	0.0	-1,547.0	0.0
North East Water	1	12.0	0.0	17	910.5	0.0	-898.5	0.0
Grampians Water	3	90.0	0.0	0	0.0	0.0	90.0	0.0
Other Authorities Total	96	10,824.6	695.0	601	37,952.9	12,530.0	-27,128.3	-11,835.0
Total Transfers	7,492	320,585.6	16,635.5	7,386	320,585.6	16,635.5	0.0	0.0

POOL PRICE ESTABLISHED AND ALLOCATION
Zone 1A & 1B - Greater Goulburn

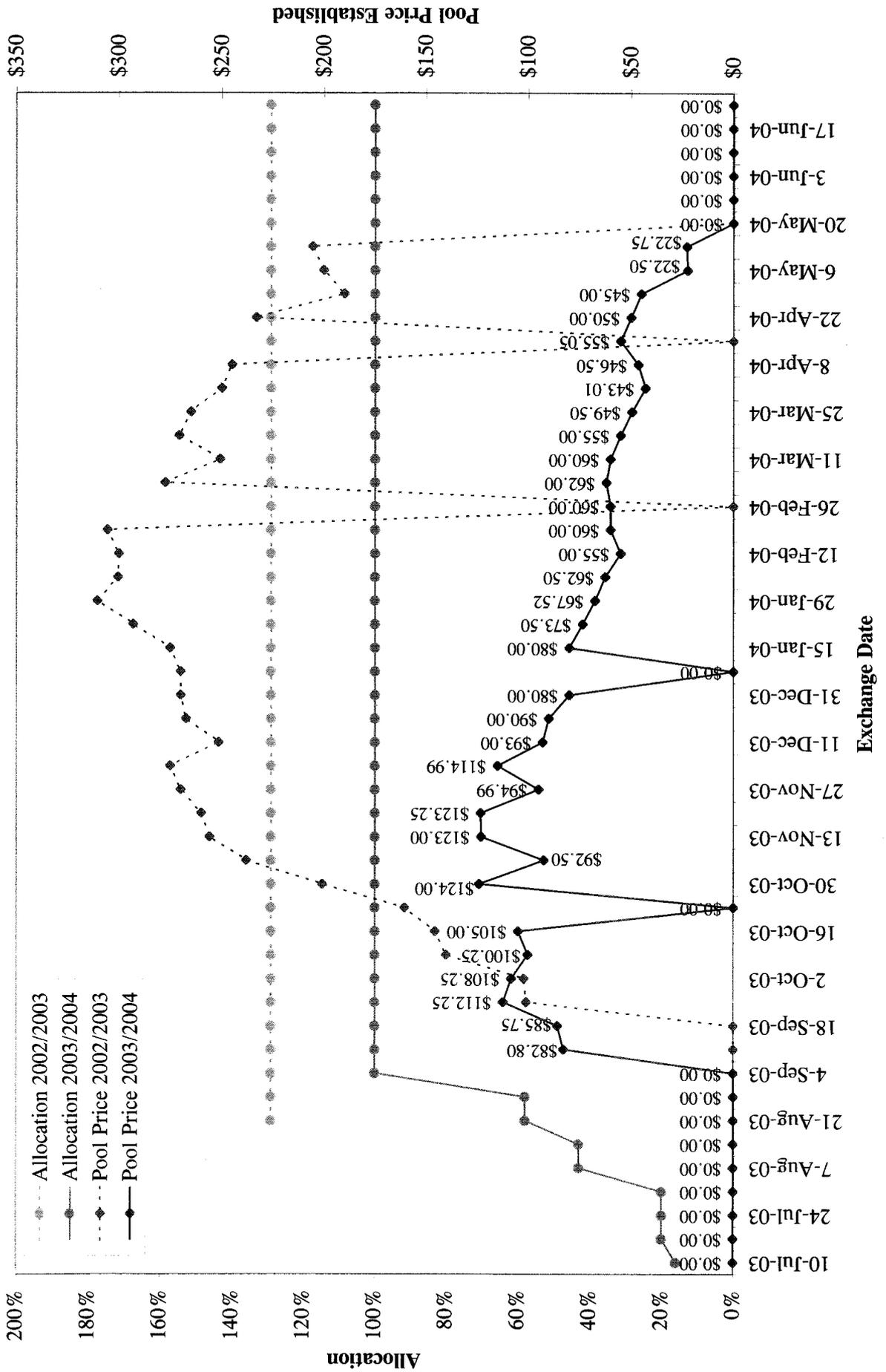




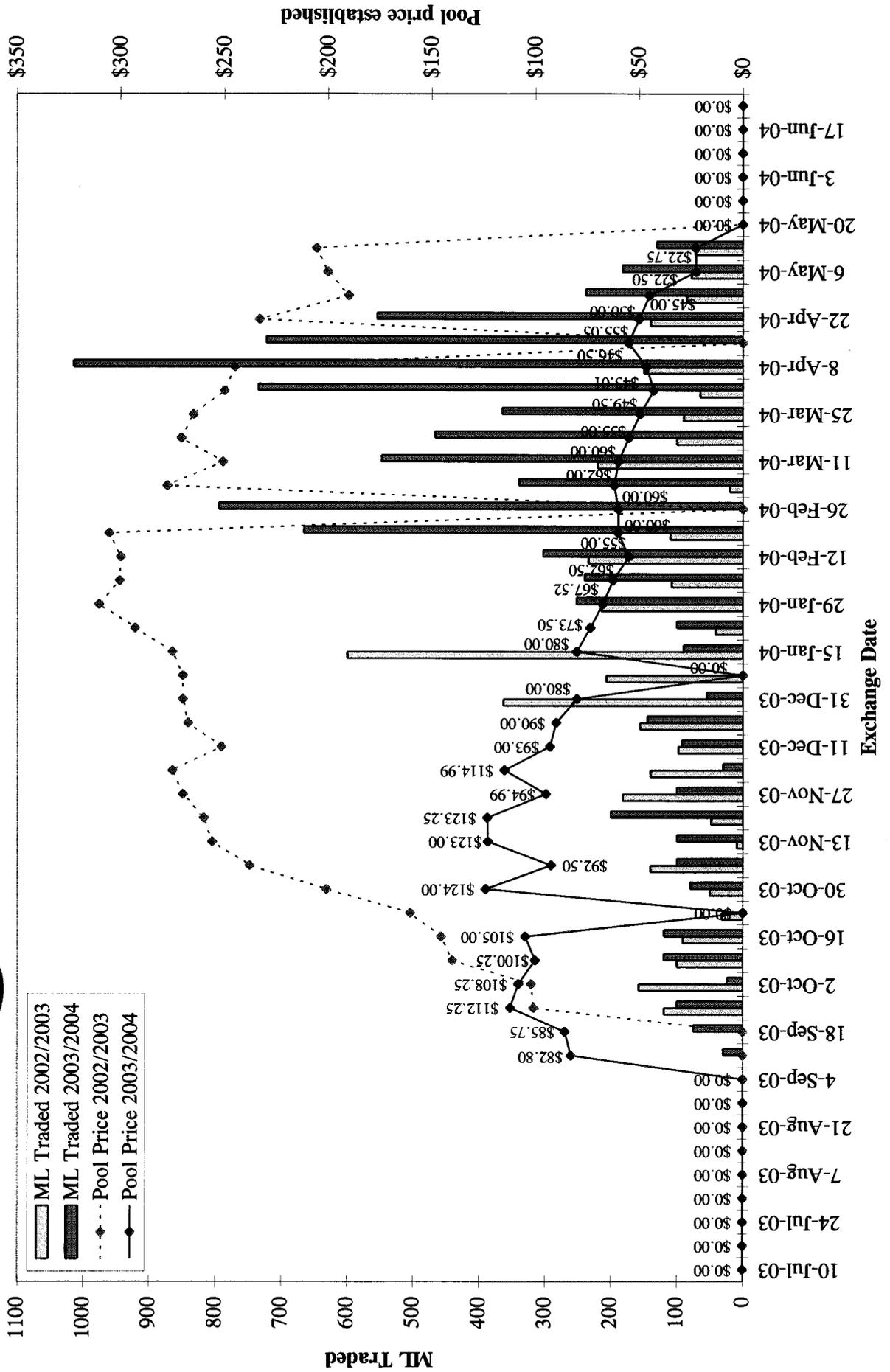
POOL PRICE ESTABLISHED AND ML TRADED
Zone 1A & 1B - Greater Goulburn



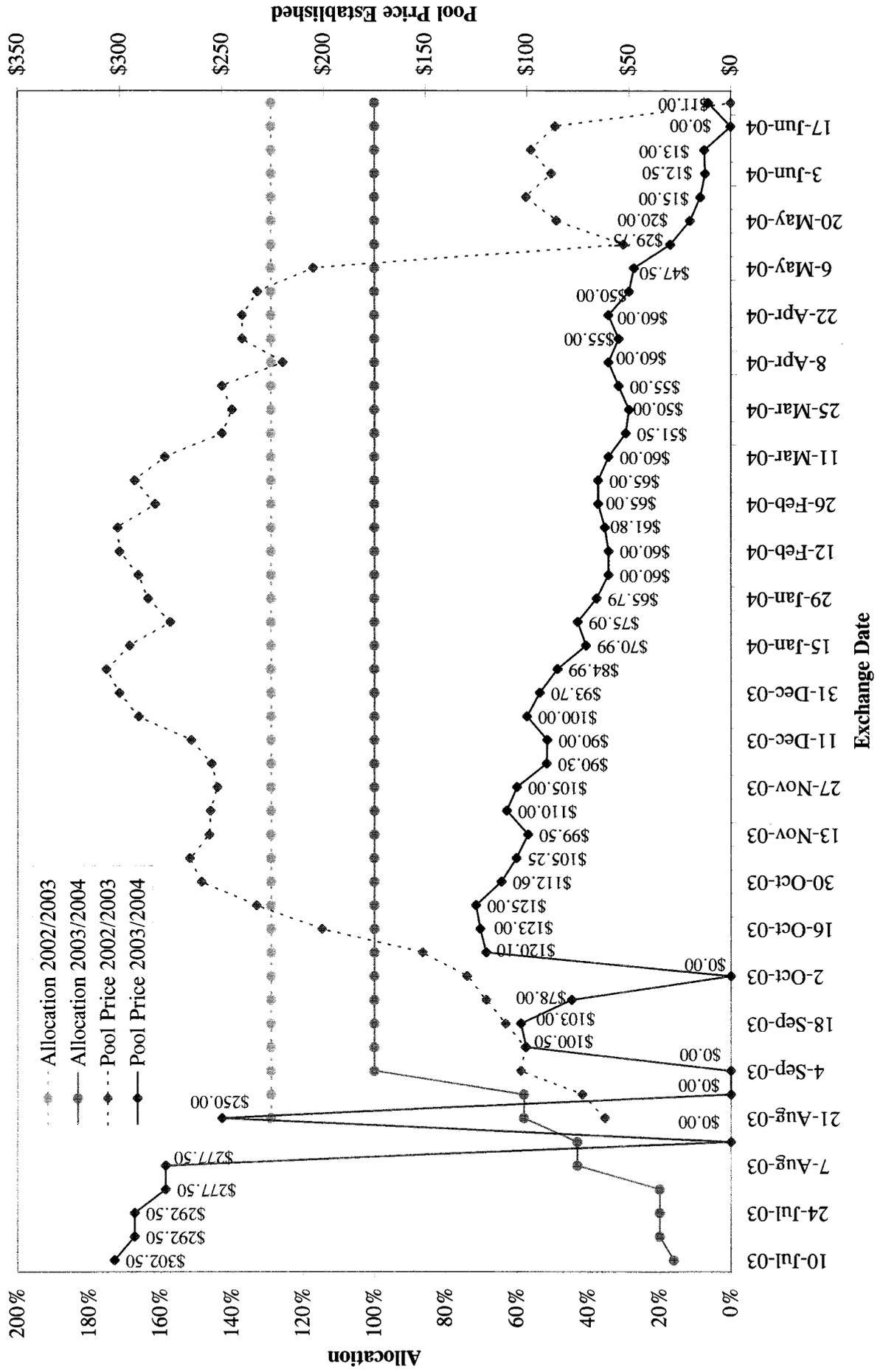
watermove POOL PRICE ESTABLISHED AND ALLOCATION
Zone 6 - Hume to Barmah



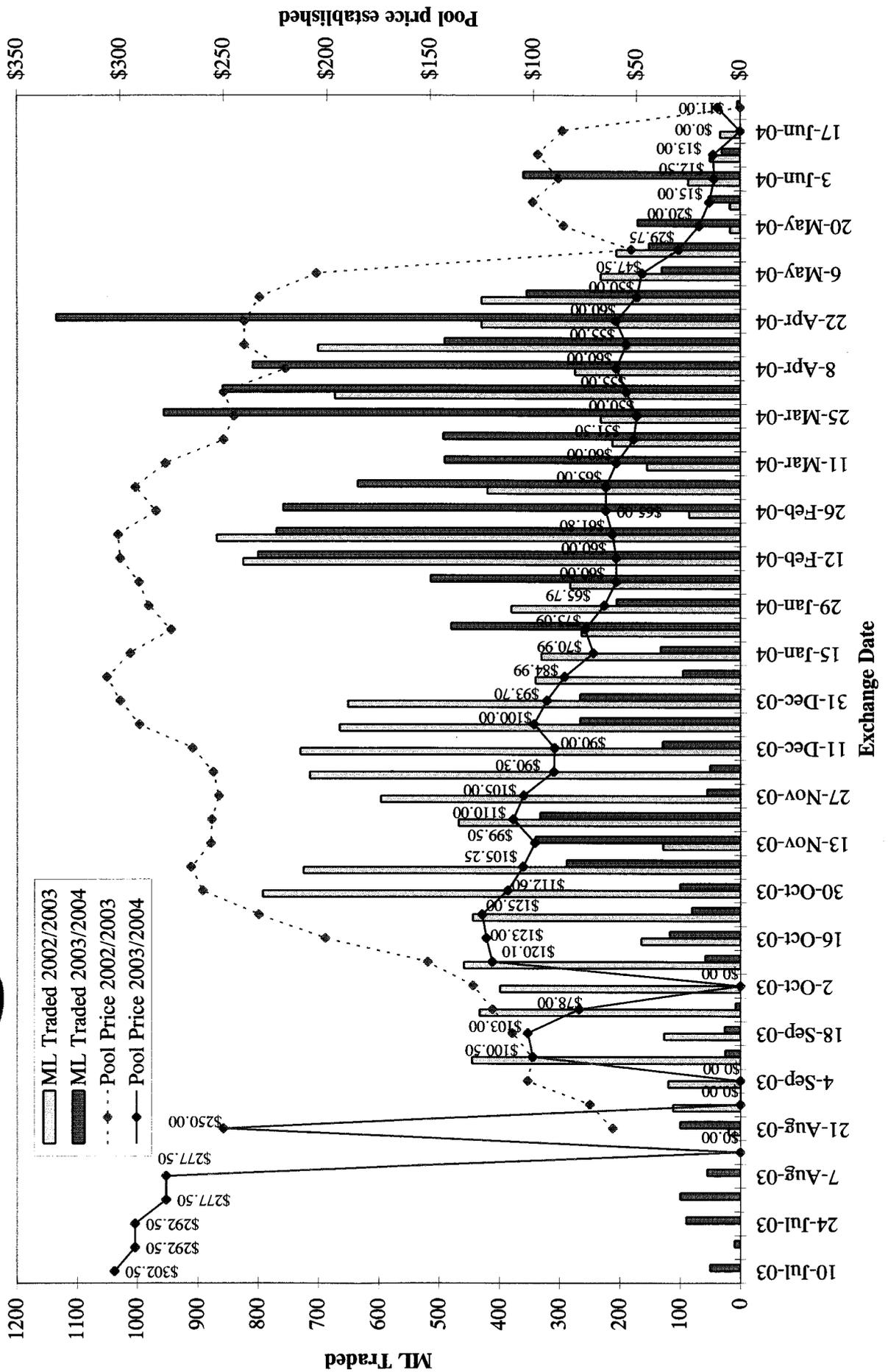
POOL PRICE ESTABLISHED AND ML TRADED
Zone 6 - Hume to Barmah



POOL PRICE ESTABLISHED AND ALLOCATION
Zone 7 - Barmah to Nyah



POOL PRICE ESTABLISHED AND ML TRADED
Zone 7 - Barmah to Nyah



Appendix F

PRIVATE SURFACEWATER DIVERSIONS AS AT 30 JUNE 2004

Drainage Basin	REGULATED						UNREGULATED					
	Number of Licences	Authorised Volume (ML)			Power Generation	Other	Total	Number of Licences	Authorised Volume			Total
		Irrigation	Domestic and Stock						Irrigation	Domestic and Stock	Power Generation	
Upper Murray (401)	90	14430.5	106	0	37	14573.5	506	9836.4	832	8	1030.3	11706.7
Kiewa (402)	0	0	0	0	0	0	452	11754.7	615	4	2290.8	14664.5
Ovens (403)	480	25089	745.6	0	724.6	26559.2	840	13896.5	1136	18	340.6	15391.1
Broken (404)	288	25385.2	554	0	365.4	26304.6	237	1621.2	360	2	39	2022.2
Goulburn (405)	950	43501.4	2851.9	0	1673.5	48026.8	1476	17348	2394	4	1840.6	21586.6
Campaspe (406)	328	17494.7	306	0	415.8	18216.5	195	1464.4	272	0	29.2	1765.6
Loddon (407)	427	21639.3	516	2	293.9	22451.2	449	15489.2	430	2	170.2	16091.4
Central Murray (409)	858	53241.6	2420.1	0	2199.5	57861.2	104	3210.6	168	0	16	3394.6
Mallee (414)	129	16466.5	213.4	0	68	16747.9	0	0	0	0	0	0
Total	3550	217248.2	7713	2	5777.7	230740.9	4259	74621	6207	38	5756.7	86622.7

Wakiti Irrigators Co-op (827029) Licence Volume of 5229 megalitres has been removed from this report to avoid duplication

GROUNDWATER EXTRACTIONS AS AT 30 JUNE 2004

Groundwater Management Area/ Water Supply Protection Area	Number of Licences	Authorised Volume (ML)			Total
		Irrigation	Domestic and Stock	Other	
Alexandra	10	1698	114	9	1821
Barnawartha	8	120	110	365	595
Campaspe Deep Lead	108	46060.8	122	363	46545.8
Ellesmere	6	930	104	90	1124
Goorambat	8	1517	108	26	1651
Katunga	200	57406.5	265.7	2719	60391.2
Kialla 1	7	1416.6	102	5	1523.6
Kialla 2	5	583.2	106	0	689.2
Kinglake	48	1663.3	172	177	2012.3
Mid Loddon	97	33046.4	194	520.3	33760.7
Mullindolingong 1	13	135.7	116	56	307.7
Mullindolingong 2	22	1048.2	130	18	1196.2
Murrungee	191	11604.3	240	167.8	12012.1
Nagambie	38	6391	40	45	6476
Shepparton	1225	182310.3	824	21312.2	204446.5
Spring Hill	55	4552.1	40	357	4949.1
Upper Loddon	106	11365.1	310	1068.2	12743.3
NON GMA / WSPA	706	27256.6	662	8522.6	36441.2
Grand Total	2853	389105.1	3759.7	35821.1	428685.9

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