



Corporate Plan 2009/10



G-MW

Statement of Corporate Intent and Business Plan

Goulburn-Murray Water

For the 5 year period from 1 July 2009 through 30 June 2014

FOREWORD

The corporate planning process highlights the realisation of the increasing uncertainties and changing environment Goulburn-Murray Water (G-MW) faces. The relentlessness of the drought, coupled with the global financial crisis, falling exports and commodity prices, and the potential impact of water allocation buyback emphasise that it is a particularly difficult environment for the businesses our customers operate.

G-MW is working hard to provide customers and stakeholders with as much information as it can to assist them with their vital planning decisions. Central to this is a project to determine the likely future operational and capital costs of a fully modernised irrigation infrastructure system. This is being completed with the participation of the Northern Victoria Irrigation Renewal project (NVIRP), Department of Sustainability and Environment (DSE) and independent consultants to ensure all available information is applied and assumptions are fully tested. It is anticipated that this project will provide more reliable estimates of future cost structures and therefore more certainty with price paths. In the short and medium term we are advising that all G-MW customers should continue to review their on farm practices and prepare themselves for what a modernised system will demand in future farming decisions.

The 2008/09 irrigation season has so far proven to be more testing than any other in history. Available water has been the lowest ever, and seasonal conditions particularly testing for our customers. We have endeavoured to operate our systems at peak delivery efficiency to maximise the water available for use on farm. This has required some sacrifices in delivery standards, especially timing of water availability, and we are grateful for the cooperation and understanding of our customers when this caused inconvenience. Current projections for water availability in 2009/10 are not encouraging, although there is always hope that we will have a significant autumn break or a wet spring.

The 2009/10 year will be the first full year of operation for NVIRP. Its works program will need to be well planned and executed to ensure maximum asset modernisation improvements without unduly impacting the service levels of the asset base for customers. This will be a unique and thorough testing process requiring cooperation from both G-MW and NVIRP, along with quality cooperation and communication. The works program will continue for at least another four years, with the challenges changing as the works program moves from the infrastructure backbone to the connections program and extremities of the systems. The Boards of G-MW and NVIRP are holding regular joint coordination meetings and communicating regularly to help ensure successful results, with a recent signing of a relationship agreement formalising our partnership approach to the delivery of the modernisation program.

The issues of low water availability also have significant impacts on our customers outside the gravity irrigation districts. Some of our customers with river diversion licences have faced low or zero river flows, and the levels of groundwater aquifers have fallen. The impact of the new Federal Government metering standards could be felt by these groups of customers, with the cost of metering compliance substantial in some areas. G-MW is working with all stakeholders to try to maximise external funding and minimise the pricing impact of this new standard.

During the coming year the variety of challenges to be faced will require a readiness to consult and communicate with all stakeholders, and particularly with our Water Services Committees and other customer groups. G-MW will plan and schedule appropriate meetings and communication programs to ensure this challenge is met.

Stephen Mills
Chairman

Corporate Plan 2009/10



CONTENTS

INTRODUCTION	6
SECTION ONE – STATEMENT OF CORPORATE INTENT	7
Overview of G-MW	7
Internal Environment.....	10
Recent Successes and Achievements	11
SECTION TWO – BUSINESS PLAN	13
Strategic Landscape	13
Strategic Outlook	15
Achieving the Goals.....	20
Business Risks	25
SECTION THREE - FINANCIAL STATEMENTS.....	27

Executive Summary

The corporate plan articulates the strategic direction of Goulburn-Murray Water (G-MW) over the five year planning horizon from 2009 through to 2014. During this period the Northern Victoria Irrigation Renewal Project (NVIRP) will fundamentally redefine G-MW's channel distribution asset base. In doing so many of G-MW's operational responsibilities will also be redefined. The manner and form of these changes will emerge during the period and a strong working relationship has been developed which has led to relationship agreements and resource commitments to ensure G-MW and NVIRP progress together in achieving the modernisation project outcomes. As a result, the emerging changes to our operations and assets are still largely unknown, and this period presents an extremely challenging planning horizon. There is also increasing uncertainty in G-MW's external operating environment in addition to that stemming from the underlying business changes. Consequently, the Board and Management have developed this Corporate Plan in the context of these strategic and evolving issues.

Embedded within this Corporate Plan is a process and commitment to review G-MW's core service deliverables, and challenge the current organisational model by applying a detailed and thorough review to develop a new business model that will embrace a modernised and efficient system to service our customer needs into the future.

In contrast to the instability in the external environment, G-MW has a number of core internal strengths that position it well to manage change and adapt to the future. In particular, G-MW's workforce capability has demonstrated breadth and depth of experience and expertise. G-MW has highly skilled and dedicated staff that provides a stable platform underpinning the future of the business. This has been demonstrated by recent successes such as the launch of the world's largest Canopy Radio System connecting our Areas, the establishment of FutureFlow and successful delivery of the 2008 works, and the construction of the Pyramid Creek Salt Interception Scheme which was awarded the Overall Victorian Engineering Excellence Award.

There are three key objectives of the business.

1. Operating a sustainable business. G-MW will be financially sustainable, safe, efficient and effective, an employer of choice, exceeding customer expectations and duly considering the environment and natural resources.
2. Preparing for the future. G-MW will seek to anticipate and maximise the opportunities for customers, communities and the environment created by major modernisation and related changes that will impact upon our business.
3. Engaging with decision makers is critical part of everything we do. G-MW will proactively and comprehensively manage our stakeholder relationships to share our knowledge and experience and in doing so inform critical decision making processes that impact on our business operations.

G-MW's business structure has been aligned to support the successful implementation of this strategy. A number of changes have been to the key management structures of the organisation, the Board and its committees, and the internal management structure. These changes were made to enable a strong focus on our ongoing key business areas of customer service, technical support and corporate service provision and add a specific emphasis on business modernisation.

The strategic intent of G-MW is summarised as follows:



The planning process has identified a number of risks that may impact on the successful delivery of this plan. Each risk has been considered and an appropriate mitigating strategy has been implemented. With these risk management strategies in place, the residual risks to success are being appropriately managed through a strong corporate risk framework.

The financial implications of this plan indicate that the business will maintain a cost recovery basis over the planning period. A key assumption is that the modernised channel distribution system is introduced according to a known NVIRP business case at the time of the corporate plan development. Any changes to the scope of the business case will require further review and development of strategies to achieve business viability in the long term.

Although there is much uncertainty underlying G-MW's operational model during this period, the Board is committed and determined to ensuring a review process is completed to develop a sustainable business model that meets the needs of key stakeholders, and is introduced and adopted.

Introduction

Purpose

The purpose of this plan is to articulate G-MW's immediate and longer term strategic direction, its objectives and how these will be achieved.

The plan will provide guidance to management in preparation of short and medium term functional planning and sets the direction for corporate effort. The Plan aims to establish G-MW corporate capability to extract maximum value from opportunities that will arise through modernisation and other as yet unknown future developments that may emerge during the implementation period. For this reason it is not a detailed action plan for the organisation.

The plan outlines the business structure changes at Board and management level which have been put in place to assist in achieving the stated business objectives.

The plan includes our strategic landscape, goals and objectives for the five year period, and the key strategies, risks and performance measures for the period.

G-MW has included items required to meet the corporate plan guidelines issued by the Department of Sustainability and Environment, and requirements of the Water Act 1989.

Scope

This Corporate Plan covers the whole of G-MW's business and its operations. The Plan covers the five year period from 1 July 2009 through to 30 June 2014.

G-MW's Water Plan includes the four years from 1 July 2009 through to 30 June 2013. For those years the financial data in the Water Plan (submitted to the Essential Services Commissioner for approval February 2009) matches that used in this Corporate Plan.

Outcomes from the Board Strategic Planning Workshop held in February 2009 have been incorporated within this Corporate Plan to best reflect future strategic direction. Business reviews identified at the Workshop will form part of G-MW's ongoing direction, and will progress during the life of this Plan. It is expected that positive outcomes regarding service levels, price paths and business/operational efficiencies be specifically targeted and deployed from these reviews over the next 12 months.

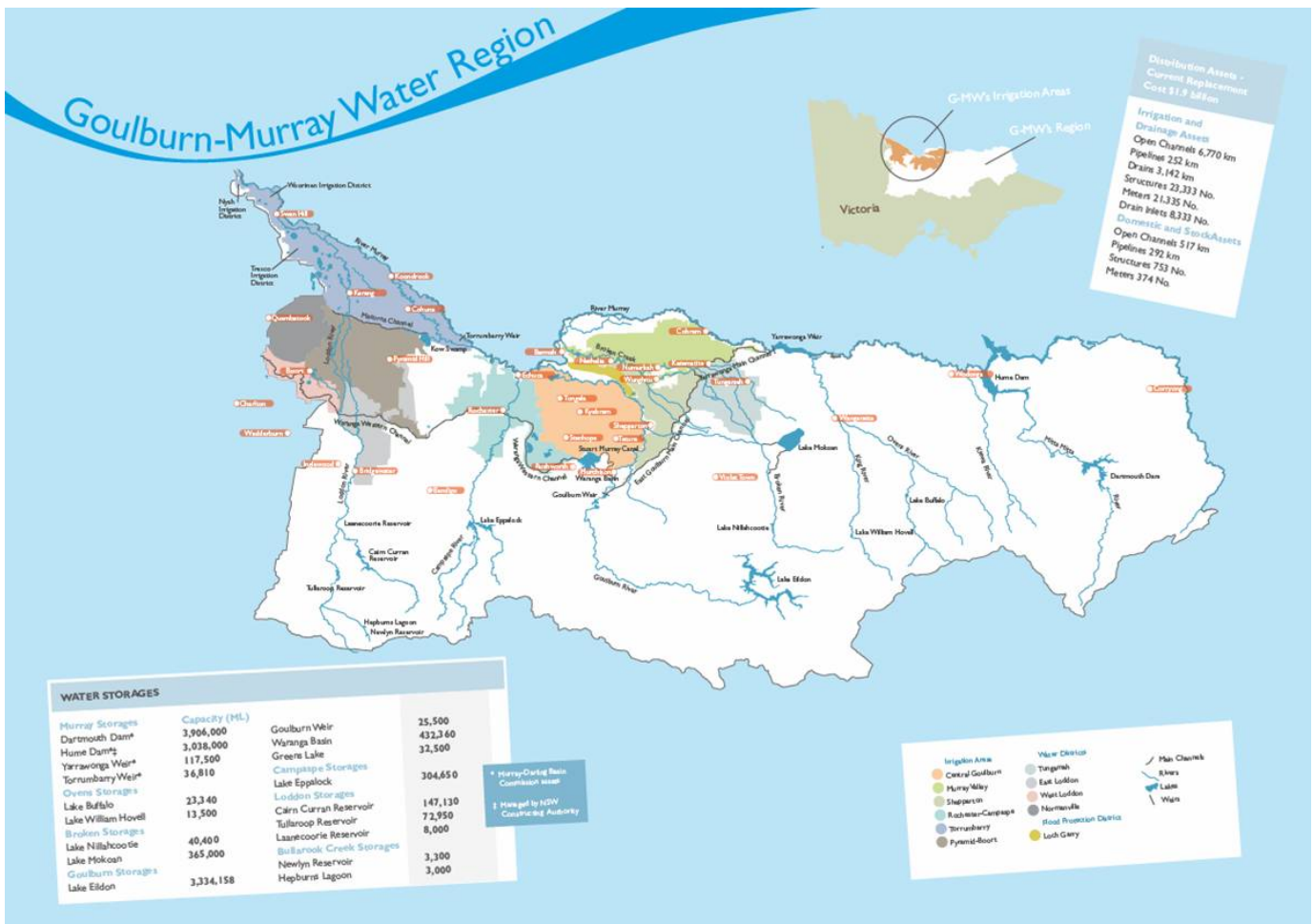
Section One – Statement of Corporate Intent

Overview of G-MW

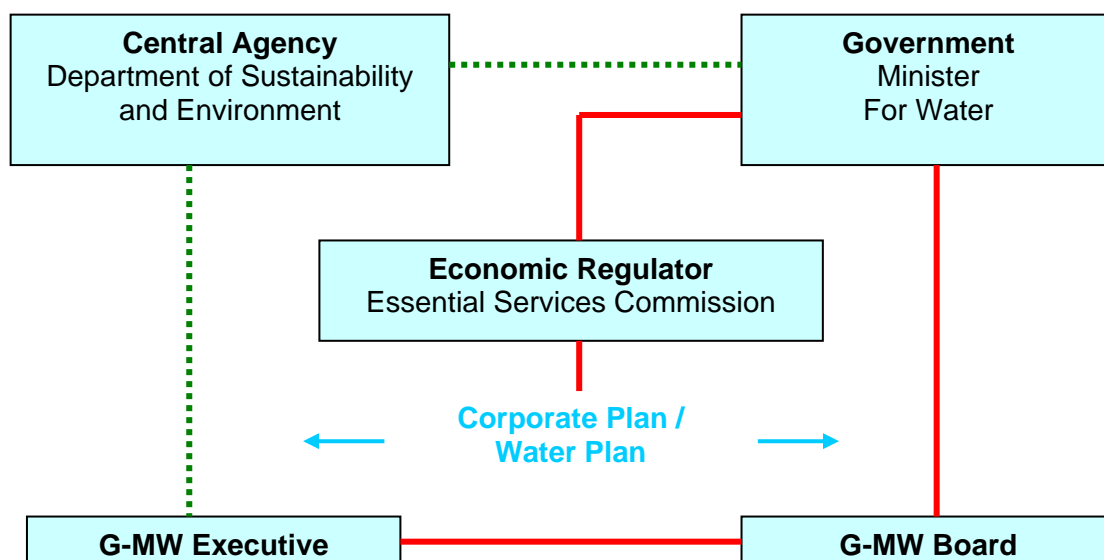
Background

Trading as Goulburn-Murray Water, the Goulburn-Murray Rural Water Corporation was constituted by Ministerial Order under the provisions of the Water Act 1989, effective from 1 July 1994 and is responsible to the Minister for Water.

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



Governance Framework



Board

The Board comprises seven non-executive directors appointed by the Minister and a Managing Director appointed by the Board. Four Board Committees currently report to the Board. The committee structure was recently reviewed and a Risk and Compliance Committee and NVIRP Coordination Committee added to ensure the Board is well informed of the changing environment.

Board Committees

Financial and Management Audit Committee

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

Remuneration Committee

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

Risk and Compliance Committee

Function - to support the Board in fulfilling its corporate governance responsibilities in relation to risk management and compliance, ensuring appropriate processes, systems and structures are in place to identify and monitor the risk and compliance function.

NVIRP Coordination Committee

Function - to advise the Board on matters which will facilitate the coordination and effective communication of governance, policy and strategic matters relating to the Northern Victoria Irrigation Renewal Project's (NVIRP) plans for modernisation of northern Victoria's irrigation system and to provide feedback from meetings of the joint NVIRP/G-MW Board Coordination Committee to the Board and to senior management of G-MW.

Major Stakeholder Engagements

Water Services Committees

G-MW's Water Services Committees comprise irrigator customers who have been elected by their peers to represent them in negotiation and consultation with G-MW. The Committees meet regularly and Directors and staff attend their meetings for discussions on strategic issues and to present information on financial, pricing issues and operational issues.

Northern Victoria Irrigation Renewal Project (NVIRP)

Established by the Victorian Government, NVIRP is responsible for the implementation of the Northern Victoria Irrigation Renewal Project, with a current budget of \$1.04 billion. NVIRP's works program will take place on G-MW's channel distribution network within the Irrigation Areas. A high degree of cooperation is required to ensure assets are able to deliver the required customer services during the irrigation season. The Board of G-MW and NVIRP have regular joint meetings, and additional strong communication linkages through the NVIRP Coordination Committee. The committee has met 16 times to April 2009 with a commitment to establishing a cooperative working relationship. This has led to the signing of a formal relationship agreement as both organisations strive to ensure successful delivery of the modernisation project.

G-MW staff provide vital asset information to NVIRP on an ongoing basis and a significant number of G-MW staff have taken up roles with NVIRP, or been employed on a secondment basis to ensure successful knowledge transfer and capability is provided.

G-MW will contribute \$100 million to stage one of the NVIRP. The timing of this contribution will be determined by the Department of Treasury and Finance. For the purpose of this Corporate Plan advice provided has indicated that this will be a contribution of \$50 million in 2011/12 and \$50 million in 2012/13 financial years. G-MW will need to borrow the funds to service this requirement.

FutureFlow Alliance

The FutureFlow Alliance was established in 2008 to deliver the Shepparton and Central Goulburn 1-4 modernisation projects. An additional program of early works for NVIRP was later added to FutureFlow's works program. The Alliance is made up of G-MW, Transfield Services, Comdain, and SKM. There are also significant numbers of G-MW staff seconded to the Alliance at present.

DSE and the Catchment Management Authorities

G-MW has strong links to DSE to assist with the planning and implementation of government policy. There are regular meetings at Board level and with officers at all levels of both organisations to assist in the framing and implementation of new water policy. This level of interaction extends also to the regional Catchment Management Authorities, who manage drainage construction programs that G-MW implements, and other water quality and river health programs of significance to G-MW.

There is also considerable operational interaction to enable efficient delivery of environmental entitlements that are under the management of DSE and the CMAs. G-MW also works closely with DSE and the Victorian Water Register to facilitate the ongoing development and operation of water trading and markets in northern Victoria.

Murray-Darling Basin Authority

G-MW is the Victorian Constructing Authority for the MDBA, a significant regional role. This role involves the management responsibility for the operation and maintenance of four MDBA storages of Dartmouth, Yarrawonga, Torrumbarry and Mildura.

G-MW has joint management responsibility for Hume Dam with State Water of NSW and also manages salt interception works across Northern Victoria for the MDBA. Major projects for 2009/10 include upgrading the Mildura Merbein Salt Interception Scheme and, subject to the funding arrangements being agreed, a dam safety upgrade of Dartmouth Dam.

For 2009/10 the budget for works for the MDBA is \$38.8m.

Essential Services Commission (ESC)

G-MW customer pricing and revenue requirements are regulated by the ESC. Price paths in the form of a Water Price Plan are submitted for a 5 year period and G-MW is currently in the second year of the 2008/09 – 2012/13 Water price Plan. Through a consultative process we have identified 2009/10 as a critical price year with uncertainty, and the ESC will provide a determination based on an annual review for our gravity irrigation areas while this uncertainty remains.

Internal Environment

Our Strengths

The strengths of G-MW lie in the skills of our people. The expertise and experience of our staff in all aspects of the management of water storage and delivery systems, and in anticipating the impacts of a multiplicity of physical and environmental changes is our strength. The skills and local knowledge of G-MW staff are in great demand, with a significant number of staff required to assist with major infrastructure and modernisation projects in progress across the region. As a result G-MW's existing workforce is stretched. Through ongoing redeployment programs G-MW has also reduced water delivery staff to ensure we retain critical business knowledge but minimise operating costs during periods of low water availability.

The open and honest approach G-MW adopts in external relationships and the trust implied by that approach is a key to success in engagement with external parties.

Our structures

G-MW's recent corporate restructure refocused management's effort to align with the changed demands of our external environment. The refocus of management on the key business areas of customer service, technical support and corporate support services was accompanied by the creation of a modernisation group specifically created to assist with coordination of works by organisations external to G-MW and link these with our own works programs. We are also preparing to strengthen and increase our HR and IT areas to ensure we have the capability and skills to carry us through and continue to operate and maintain the anticipated changes to our skills needs and systems/technical demands.

Purpose for change

The changes to our environmental and political landscape, and the impacts of climate change and modernisation projects, are essential to ensuring that customers gain the maximum benefit from modernisation programs. We also need to ensure change management processes are planned and skill levels adjusted to the management of a different type of infrastructure.

Immediate impacts

This Corporate Plan recognises the current short term uncertainty. Our Water Plan pricing for 2009/10 recognises this by providing a one year stand alone price, agreed with the ESC, with the intention of returning to longer term price modelling once there is more certainty regarding the impact of modernisation on future asset costs. This Corporate Plan also acknowledges this issue within the modelled capital expenditure programs and relevant maintenance programs.

The plan also focuses on the possible impacts of asset modernisation on business structures and the need for a future vision for the operational requirements of a modernised system.

Recent Successes and Achievements

Modernisation works

The world's largest Canopy Radio System was launched connecting the Shepparton, Central Goulburn, Rochester-Campaspe and Pyramid- Boort Irrigation Areas to G-MW offices. The network allows G-MW to monitor and control the automated gates along the channel network.

G-MW established its FutureFlow Alliance to deliver \$173 million of works in 2008 as part of the Shepparton and Central Goulburn 1-4 modernisation projects. The projects represent a significant increase from G-MW's previous \$15 to 20 million annual expenditure on improvements to its irrigation delivery network. Through FutureFlow, G-MW is delivering the expanded program in tight timeframes without affecting G-MW's ongoing business activity, including the delivery of water to customers.

G-MW customers along the Catumnal Channel, near Boort, gained a year round reliable water supply and Bendigo residents benefit from an additional 220 ML of water as a result of a new pipeline scheme that replaces 21 km of man-made channel with 13 km of medium pressure pipeline. The Catumnal Pipeline Scheme was funded by Coliban Water, with the \$464,000 of works delivered by G-MW, with on-farm investment by customers.

More than 20 Pyramid-Boort customers signed the first reconfiguration agreements under the Pyramid-Boort Future Management Strategy (FMS). The FMS has identified rationalisation opportunities that include up to 220 km of channel, 650 Dethridge meter wheels and 592 other structures. The FMS aims to reduce infrastructure and improve service delivery to customers within the Pyramid-Boort Irrigation Area.

Asset refurbishment and operation

G-MW completed an extensive winter works program including refurbishment of more than 1,200 Dethridge meter wheels and 141 km of rock armouring to protect channel banks. The maintenance works ensure the reliable supply of resources to customers during the irrigation season and extend the life of irrigation infrastructure.

G-MW adopted a new target of 85% for responding to unplanned maintenance requests to drive improved response performance. Overall 92% of unplanned maintenance requests were responded to within the agreed timeframe for priority 1 and 2 events.

Environmental

G-MW's Pyramid Creek Salt Interception Scheme was awarded the Overall Victorian Engineering Excellence Award. The Scheme also won the Environment & Sustainability Category. The Scheme was underpinned with extensive technical investigation and community engagement programs over many years, undertaken by G-MW's Catchment Programs Unit. The construction work was undertaken by G-MW's Kerang team. A key

aspect of the salt interception scheme is that it is the first scheme in the Murray-Darling Basin where ongoing scheme operation and maintenance costs are fully recovered from private funds.

G-MW's Pyramid Creek Salt Interception Scheme is the first of its kind to incorporate commercial harvesting of salt from plastic lined evaporation ponds. Each year around 22,000 tonnes of salt will be kept out of the Murray River, delivering important benefits to the environment and water users around Pyramid Creek and downstream.

Societal

Working with Jayco Pty Ltd to complete the re-development of the Chinaman's Bridge Caravan Park, now the Nagambie Lakes Leisure Park. Jayco, G-MW, the Strathbogie Shire and the Victorian Government jointly funded the sewerage and potable water infrastructure from the Nagambie township to the site, and the site clearing and preparation for the re-development works.

A very successful expression of interest process resulted in G-MW signing an agreement with a Melbourne property group for the lease of a site to develop a major tourism resort proposal on G-MW land at Pinniger Point overlooking Lake Eildon.

Section Two – Business Plan

Strategic Landscape

External Environment

After more than 12 years of drought, there is unprecedented customer, community, economic and political interest in the management and equitable sharing of available water resources, across our region, Victoria and nation. The full impact of the increased involvement of the Federal Government through the reshaped Murray-Darling Basin Authority and the Federally funded water entitlement buy back proposal is uncertain, but will be substantial.

The global financial crisis is a significant blow to export focused customer groups such as dairy and horticulture which were already severely impacted by low water availability. The predicted impact of climate change is expected to further limit water availability, see less predictable weather patterns and an increase in average temperatures, which will demand more stringent management of the water resources and make planning and management more challenging and complex.

A fully modernised irrigation system will have different maintenance requirements and asset replacement profiles. The change from a system dominated by earthen and concrete assets to one with large numbers of automated structures with solar powered electronics will demand different skill levels from our employees and a much stronger technology base and information technology infrastructure. This modernised technology will deliver higher service levels to customers in terms of resource planning capabilities, responsiveness and water delivery.

Recent Victorian bushfires remind G-MW of the reality and extremes we operate within. Although not heavily impacted in terms of assets or delivery, our valuable resource can be at risk in a number of areas including availability, delivery and quality.

The table below identifies a snapshot of the strategic landscape; it is not an exhaustive list however it highlights the key areas of focus for G-MW in the immediate horizon.

Political	Economic	Environmental	Social	Technological
<p>New Federalism</p> <ul style="list-style-type: none"> Commonwealth – State relationships and roles are changing substantially <p>Political interest</p> <ul style="list-style-type: none"> Water competes for political attention with a wide range of other issues <p>Political drivers</p> <ul style="list-style-type: none"> The reality of balancing economic, environmental and social issues associated with water is extremely difficult and under increasing public and political scrutiny 	<p>Global financial Crisis</p> <ul style="list-style-type: none"> Major impact on agriculture Major markets shutting down quickly Finance difficult to obtain <p>Ability to pay</p> <ul style="list-style-type: none"> There is wide disparity in ability to pay in G-MW areas <p>Water market development</p> <ul style="list-style-type: none"> The introduction of water markets will continue to impact on the price and availability of water The impact on G-MW is being regularly reviewed 	<p>Climate change</p> <ul style="list-style-type: none"> River flows will be reduced Temperatures will increase and impact on demand for water <p>Environment as customer</p> <ul style="list-style-type: none"> Environmental usage will become a major water consumer Environmental rights relating to water need to be defined Environmental use of water will need to generate revenue <p>Goulburn-Murray environment</p> <ul style="list-style-type: none"> The local environment and land use will change 	<p>Rural community adjustment</p> <ul style="list-style-type: none"> Farmers may be dislocated through changes to water availability and delivery Communities will be affected and some may require significant adjustment <p>Ability / willingness to pay</p> <ul style="list-style-type: none"> Recreational users have not been expected to pay for access to water to date Perceptions of the value of water varies significantly <p>Demographic changes</p> <ul style="list-style-type: none"> The nature of the use of water, and water users, will change substantially 	<p>Business systems integration</p> <ul style="list-style-type: none"> Technology will both enable and require sophisticated financial and market systems <p>Smarter water management</p> <ul style="list-style-type: none"> New technology will be introduced on and off farms There will be sophisticated water markets <p>Skills implications</p> <ul style="list-style-type: none"> Technological changes will impact on the skills required in agriculture and at G-MW

Implications for G-MW

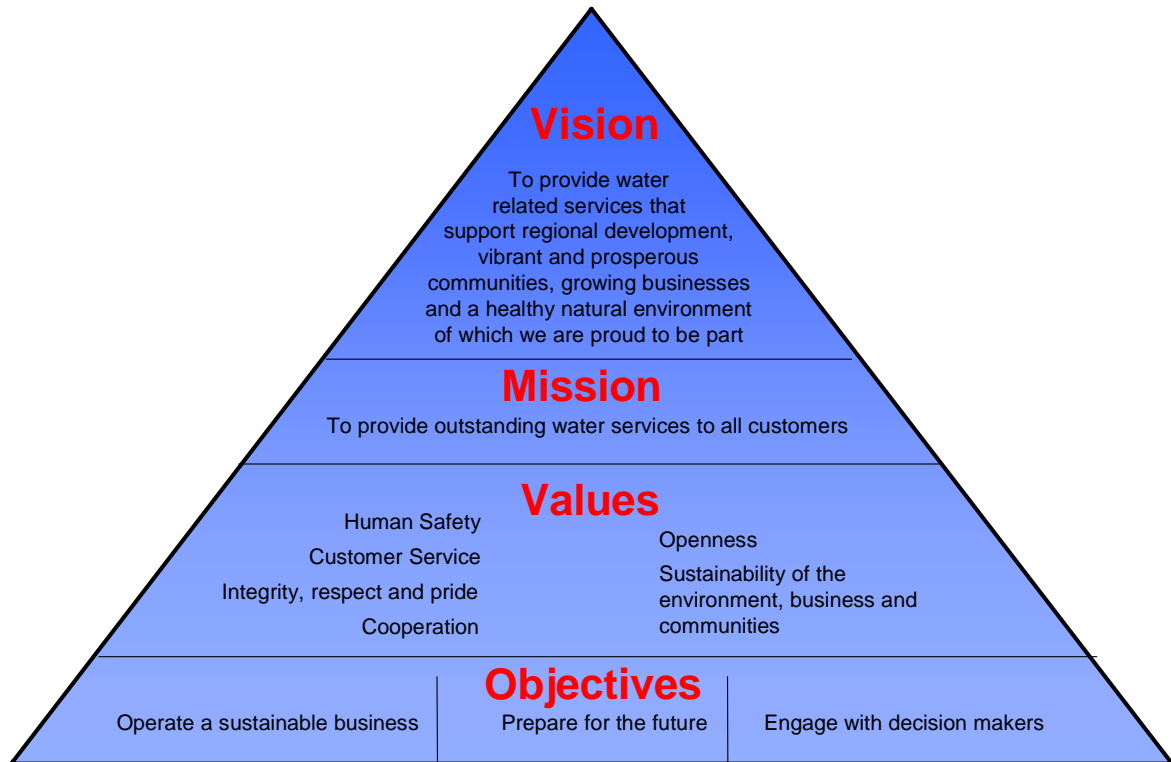
The need to prepare for the future and engage with decision makers is the direct result of recognition of the potential impacts of factors in the external environment.

Whilst many actions and events resulting from this changing external environment are beyond the control of G-MW, we will position our business to be responsive to change, and will consult and inform customers and other stakeholders at the earliest opportunity.

Section 2 of the Corporate Plan - Achieving Goals - identifies how G-MW plans to meet its strategic objectives.

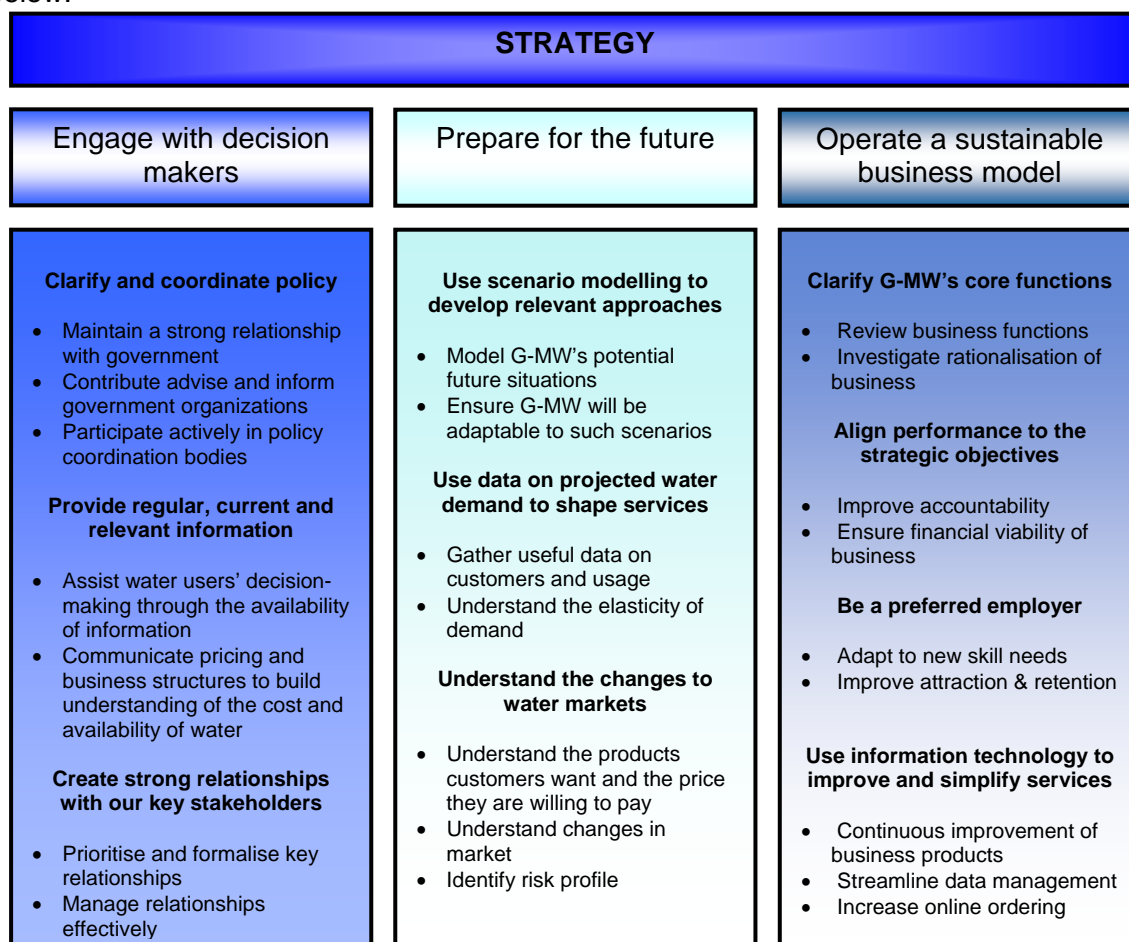
Strategic Outlook

Vision, Mission, Values and Objectives



Objectives

To achieve its vision and mission, G-MW has identified three key strategic objectives for the organisation over the planning horizon. These objectives are identified within the diagram below:



1. Engage with decision makers

There are many stakeholders associated with our business and their views, actions and decisions are critical to the success of our business. G-MW must pro-actively and comprehensively manage its stakeholder relationships to ensure that it appropriately informs the decisions of our stakeholders.

This means understanding our stakeholder needs, being prepared, understanding the external environment and implications, and communicating effectively.

To ensure that key stakeholders and decision makers have strong relationships with G-MW so that effective policy is developed, maintained and communicated, G-MW will;

Clarify and coordinate policy

- Support public policy which sets the overarching framework for the whole system
- Work with others seeking to achieve clarity in policy setting
- Be proactive in engaging with policy and decision makers
- Influence and inform government policy through strong government relationships
- Support users making informed choices through education / information about government policy
- Clarify G-MW business policies proactively.

Provide regular, current and relevant information to customers

- G-MW will engage with customers to enable them to make informed decisions
- Provide information through many different means including online, through media and direct communication with customers as well as tools such as pricing modeling and meetings
- Provide a clear, flexible, easy-to-understand cost structure that delivers necessary information to customers.

Create strong relationships with G-MW's key stakeholders

- Manage G-MW's complexity of relationships with its wide range of stakeholders with care and sensitivity
- Maintain effective communications for educating and informing water users, coordinating policy and maintaining quality relations with the Victorian Government
- Maintain strong relationships with government decision makers to provide opportunities for G-MW to share its local knowledge and expertise in informing policy decisions and encouraging better policy outcomes for G-MW, its customers, community and the environment.

2. Prepare for the future

It is anticipated that climate change will reduce water availability, trigger less predictable weather patterns, and raise average temperature levels. All three will fundamentally impact on the demand and use of water by all customers. An appropriate economic and regulated environment, along with the ongoing development of effective water markets will impact on G-MW's future operations and viability. G-MW will ensure it is prepared for these ongoing, dynamic market forces and changes by developing and understanding key aspects, which include;

Use of scenario modeling to develop relevant approaches

- Continue to develop quality scenarios
- G-MW will work to be ready for different scenarios and manage the implications of a range of scenarios
- Understand impacts of climate change
- Ensure G-MW's business model is adaptive and informed by the environment and scenario modelling.

Understand the changes to water markets

- Consider possible future water grid management arrangements and the implications for G-MW
- Continuously improve our understanding of customers' current and future needs
- Understand what the Buy-back and other policies will mean for the market
- Identify and maintain the risk profile and risk management plans for G-MW.

Use data on projected water demand to shape services

- We will be selective and strategic about the data being gathered to ensure it will assist with decisions about G-MW's future operations
- We will continuously improve our understanding of customers' current and future needs.

Organisational capability

- A capable, committed workforce is essential in order to deliver our programs. We will develop an integrated organisational capability plan to ensure that we can recruit, develop, retain and motivate our staff.

3. Operate a sustainable business

G-MW aims to deliver exceptional service to our customers, while minimising costs through efficient delivery. We will continually review the business to ensure ongoing sustainability;

Clarify G-MW's core functions

With many aspects of our business changing, it is vital we define a clear understanding of G-MW's 'core business'. This will involve continuously challenging the current service expectations and business priorities to ensure core business is not compromised and that resources and activities are not distracted from key strategic direction and deliverables.

Understanding our business into the future will require a clear direction in responsibility for key stakeholders, and will also challenge current operating deliverables, constraints and issues such as;

- Cross subsidisation
- Complementary services being provided to stakeholders
- Good corporate citizenship services provided to public
- Risk minimisation and acceptable exposures
- Value add service level expectations
- Financial sustainable services versus fee for service requirements
- Partnering and relationship arrangements for service provisions

Align performance management to the strategic objectives

- Review and introduce effective performance management processes that minimises onerous documentation and provides clarity to all levels of the organisation including Board.
- Establish and introduce 5 to 6 clear key performance measures
- Ensure performance measures are aligned and linked to financial sustainability and regulator-approved price paths.

Be a preferred employer

A modernised system into the future will also require changes to our workforce skills mix. An understanding of the skills and capability required to deliver modernised core functions will demand;

- A program to attract, develop, motivate and retain employees to be introduced, with clear performance plans and expectations and defined responsibilities and accountabilities.
- Engagement in graduate type programs to ensure sustainability in workforce planning
- Skills mix to be increased through breeding, training and outsourcing as appropriate
- Introduce a culture for innovation and continuous improvement

Use information technology to improve and simplify services

Modernisation will demand the highest level expectations in water services delivery, G-MW will ensure that systems and processes are in place to support these expectations.

Database management will be a key part of systems improvements, with a significantly automated asset base this data needs to be aligned to customer service points, using technology that is equal to or better than anything available globally. Specifically;

- Customer details to be integrated and cleansed to match G-MW and State Government records
- Information management to be improved for accessibility to all stakeholders in a seamless and efficient process via online ordering programs and best practice initiatives.
- Information services charter to include system efficiency improvements linked to cost reduction programs
- Appropriately managed assets, including maintenance and operations, ensuring that key systems and processes adequately support the business' needs and are adaptive to change and improvements.
- Business continuity and system risks constantly monitored and improved under a rigorous framework
- Integration to all user groups through streamlined processes and business procedures
- Ensuring privacy and legislation requirements are met throughout these reviews and system enhancements

ACHIEVING GOALS

STRATEGY 1 - ENGAGE WITH DECISION MAKERS

<i>Objective</i>	<i>Target</i>	<i>Target date</i>
1.1 Create opportunity for G-MW to share expertise and experience to inform the development of policy impacting on G-MW and its services.	1.1.a Maintain a strong relationship with government (no negative indicators)	30 June 2010
	1.1.b Develop and implement framework for anticipating, identifying and informing the development of water policy	30 June 2010
	1.1.c Identify all relevant industry policy forums and implement program to maximise value of G-MW contribution to these forums	30 June 2010
1.2 Provide regular, current and relevant information to assist customers make timely and informed business decisions	1.2.a Develop and implement an integrated water user (customer) engagement program to streamline delivery of and access to relevant and current information	31 March 2010
	1.2.b Develop and implement communication program to build stakeholders' understanding of the impact of future water availability on water prices	31 December 2009
	1.2.c Develop and implement communication program to build stakeholders' understanding of the impact of future water availability on G-MW business structures and services (post business model review completion)	30 June 2010
1.3 Create strong relationships with our key stakeholders	1.3.a Develop and implement stakeholder relationship management framework	30 June 2010
	1.3.b Undertake stakeholder survey	30 June 2010

STRATEGY 2 - PREPARE FOR THE FUTURE

Objective	Target	Target date
2.1 Use Scenario modeling to develop relevant approaches	2.1.a Consult with stakeholders to obtain a view of the forthcoming planning year	31 December 2009
	2.1.b Undertake modeling of scenarios based on stakeholder input	31 March 2010
	2.1.c Conduct a Board planning workshop	28 February 2010
2.2 Use data on projected water demand to shape services	2.2.a Develop a framework of key indicators of future likely water usage patterns and trends	31 December 2009
	2.2.b Assemble and analyse data for usage at Board planning workshop	28 February 2010
	2.2.c Review current business model and obtain approval to adjustments	30 June 2010
2.3 Understand the changes to water markets	2.3.a Define product changes required by customers and relevant pricing regime	30 June 2010
	2.3.b Continually monitor the water market for patterns, trends and likely business impacts	Ongoing
	2.3.c Identify the risk profile in changes to the business	30 June 2010
2.4 Understand the capability needs of the organisation	2.4.a Define the future skills of the organisation	30 September 2009
	2.4.b Prepare and execute a plan to deliver skills and resource gaps	31 January 2010

STRATEGY 3 - OPERATE A SUSTAINABLE BUSINESS MODEL

Objective	Target	Target date
3.1 Clarify G-MW's core functions	3.1.a Discussions with key stakeholders on modernisation impacts and business expectations	31 December 2009
	3.1.b G-MW business model review completed and plan adopted	30 June 2010
3.2 Align performance to the strategic objectives	3.2.a Price modeling based on financial sustainability completed for each service area	31 March 2010
	3.2.b ESC and DTF sustainability requirements complied with within the Water Plan period	30 June 2010
3.3 Use information technology to improve and simplify services	3.4.a Review the IT strategic plan in line with future systems requirements with funded sign-off, leveraging off the business model development	31 March 2010
	3.4.b Active participation in water industry and industry group forums	30 June 2010
	3.4.c Review database management and integration to introduce cost reduction strategies and improve business efficiencies through information availability	30 June 2010
	3.4.d Increase online ordering service functionality to improve customer interface and service outcomes. Measured by customer satisfaction feedback survey.	30 June 2010
3.4 Attract, develop, motivate and retain our people	3.5.a Improve Accountability via clear responsibilities	30 June 2010
	3.5.b Staff satisfaction/engagement (80%)	30 June 2010
	3.5.c Relevant, cost effective, in-house training available (% of G-MW staff that attend/pass)	30 June 2010
	3.5.d Revised performance management implementation (Metrics set to measure accountability)	31 March 2010
	3.5.e Regretted turnover of staff less than 8%	30 June 2010

Changes from 2008/09 Plan

Asset Maintenance Program

There are a number of key changes to the operational expenditure plan from 2008/09 to mitigate duplication with the modernisation works program. The changes are a result of a thorough review and challenge of business rules regarding G-MW Asset Maintenance Program (AMP).

AMP was introduced in 2006 to extend the useful life of operation assets by investing in expenditure based on a deteriorated asset 'rating' system. Its success was driven through a strong asset register that identified condition ratings and provided for remaining useful life that was tested against best practice. The introduction of modernisation works in many areas represented potential duplication of this program. As the modernisation works business case developed, it was clear that G-MW needed to minimise its program to reduce any possibility of duplicating the modernisation works.

During 2008/09, in collaboration with NVIRP and the business planners, G-MW reviewed the scope of the works to be completed and modified its business rules to best suit both programs. This has meant a reduction in operating expenditure, which will effect periods 2009/10 to 2012/13. Specifically 2009/10 has a reduction of \$2.8m.

Impact of NVIRP asset automation on Operations and Maintenance costs

Channel Automation, Improved Metering, Channel Remodelling

Channel automation comprises several principal works that combine to produce water savings and deliver improved services standards to customers.

The principal work activities may be summarised as:

- Installation of remote controlled regulating gates to replace manually operated gates and drop bar structures on backbone channels. (Non-backbone channels will not be automated and retain existing structures and other controls)
- Installation of new customer meter outlets in replacement of Dethridge water meters. The new meters are designed to meet the proposed National Metering Standard and have a range of capabilities from fully automatic remote read to local control and local read gates.
- The installation and operation of a SCADA radio control system to operate and monitor the automation regulating gates and meters.
- The installation and operation of computer hardware and software, the irrigation planning module (IPM), to collate water orders, plan water operations and control regulating gates and automatic meters and monitor remote read meters
- The installation of plastic lining in channels as a water loss treatment.
- The refurbishment of channels by a variety of remodelling as a water loss treatment.

These works have impacts on and responsibilities for the Corporation's four management Divisions. Key channel automation responsibilities are:

- Technical Services Division – Responsible for the maintenance and repairs of automation gates, automatic/remote read meters and the SCADA radio control system.
- Operations Division – Responsible for the water deliveries to customer and the maintenance and repair of water delivery assets including locally control and local read meters. The Division provides 24 hour monitoring of the operation of channel automation gates and automatic/remote read meters, (Systems Support Unit). The Division carries out annual field automatic/remote read and other meter inspections and operational checks, the maintenance of access tracks and immediate grounds at these sites and 31 radio node sites (Area Maintenance Units).

- Corporate Services Division – (IT Unit) Responsible for the installation, operation and maintenance of the host computer system that drives the IPM system and for the back-haul radio system that brings water control data (among other data) to the Tatura host computer.
- Business Modernisation Division - Responsible for the strategic planning of modernisation works that include channel automation, and the implementation of planned works.

The operations and maintenance costs of the modernized system have been independently reviewed by GHD and SunWater.

Operations Review

The implementation of the government funded modernisation program provides the opportunity for G-MW to introduce a number of major productivity initiatives that will result in cost reductions or improved practices. These initiatives are;

- Revised Operations District Structure – revision due to modernisation implementation effect of current structure and work practices,
- Irrigation Planning Module Generation 2 (IPMG2) – has synergies with modernization objectives of central planning and system monitoring and support,
- Operations Support Unit transfer and Structure Revision – required to support 24/7 support centre for channel automation, centralized planning and call centre concept to replace customer field contact,
- Strengthened central support for compliance management given the reduction in field presence.

These reductions will partly offset the additional cost of operating and maintaining the newly automated systems.

Business Risks

A summary of the corporate risks that may effect the achievement of Goulburn-Murray Water's business objectives and their corresponding mitigation strategies are identified in the following table. G-MW's risks are assessed and ranked using a Whole-of-Business Risk Management Framework. This allows direct comparison of risks across different business groups.

Business Objectives and Corporate Risks	Mitigating Measure
1. Operate a sustainable business	
OH&S - serious injury or death of employee or contractor	<ul style="list-style-type: none"> • Comprehensive OH&S System • SafetyMAP Accreditation • Red Card OH&S Accreditation system • OHS Management Leadership and Commitment Program
Existing G-MW strategic and business practices not delivering business outcomes	<ul style="list-style-type: none"> • Statement of Obligations Compliance monitoring and tracking • Comprehensive Strategic Planning Processes • Board Committee's established • Independent external audits of systems and processes • Continual improvement initiatives
G-MW/Stakeholder/Customer activity causing significant adverse impact on the environment or on society (including water resource)	<ul style="list-style-type: none"> • ISO 14001 certified Environmental Management System • Incident Response and Recovery Management Framework • G-MW Biodiversity strategy • Sustainability Research and Development Program • Sustainability KPI's
Supply loss to a large percentage of customers as a result of damage or failure to a major outlet or carrier	<ul style="list-style-type: none"> • Asset information systems and management regimes • Proactive asset monitoring and incident response • Hot Standby of Key Assets • Comprehensive preventative maintenance system • 24/7 monitoring of system flows
Public Safety at G-MW owned/operated/maintained assets, dams, storages or channels	<ul style="list-style-type: none"> • Routine inspection of assets and surrounds • Security measures and restricted access • Public Awareness and Education Programs • Comprehensive Risk Assessments Program for all Public Safety and Liability issues
Serious Incident or Failure of a G-MW operated / maintained Dam or Storage	<ul style="list-style-type: none"> • Dam improvement program • Dam safety surveillance program • Proactive asset monitoring and incident response • Comprehensive Dams Safety Manuals • ANCOLD Guidelines and ANCOLD membership of key Dams staff
Security of G-MW Assets due to criminal or terrorist activity	<ul style="list-style-type: none"> • Well established relationship with Victoria Police • Specific risk profiles on security and public safety at our assets • Security audits and exercises with DSE and Victoria Police • Security systems in place in conjunction with night watch

Business Objectives and Corporate Risks	Mitigating Measure
2. Prepare for the future	
Failure to deliver rationalisation programs	<ul style="list-style-type: none"> Established and close working relationship with Future Flow and NVIRP Close consultation and communication with DSE Customer consultation and communication
Loss of key infrastructure and communication systems including G-MW offices and IT systems	<ul style="list-style-type: none"> Business Continuity Plans and Disaster Recovery Planning Partnership arrangements with key stakeholders and partners Comprehensive Incident Response and Recovery Management Framework
Loss of management and technical capability, including recruitment, affecting ability to deliver business objectives	<ul style="list-style-type: none"> Develop and implement organisational capability plan Employee performance appraisal system Investment in branding and promotion of G-MW as an employer of choice
Physical environmental changes resulting in less water for future allocation (i.e. fire, flood, drought, climate change).	<ul style="list-style-type: none"> Development of Northern Region Sustainable Water Strategy Modernisation and reconfiguration plans to improve efficiency Loss management programs in place Ground water management plans in place Water System Improvement Teams activated and operating Enhancing relationships with partner organisations and regulators
3. Engage with decision makers	
Changes in water policy or regulation that negatively affect G-MW's	<ul style="list-style-type: none"> Close consultation and communication with DSE and State Office of Water Support of NVIRP backbone concept Established relationships within Federal Government
Water pricing and Federal By-Back impacting on customer viability	<ul style="list-style-type: none"> TRAMS Project Water Service Committee liaison and involvement Basin Pricing Concept Stakeholder influence at State and Federal Government levels
Maintaining and enhancing relationships with key G-MW Stakeholders (DSE, ESC, CMAs, NVIRP, MDBC, WSC etc)	<ul style="list-style-type: none"> Ongoing, regular liaison with key stakeholders Regular outgoing communication with stakeholders via communication matrix Stakeholder satisfaction survey Research and Development Programs developed jointly with our stakeholders and partners Water Service Committee continuous improvement plan
Loss of G-MW Reputation with Stakeholders or Customers	<ul style="list-style-type: none"> Water Service Delivery Groups and forums Corporate Communications unit established Programs designed to enhance relationship with local community groups and key stakeholders Risk Assessment processes that deal identify potential impact on community of G-MW action

Section Three - Financial Statements

Key Assumptions

For the purposes of consumptive revenue estimating the assumption for water allocation is 100%. This level of allocation has not been achieved on our Goulburn system for four years and on the Murray system for three years. It is accepted that this assumption needs review and consultation with Water Services Committees has commenced to assist in determining the assumption that should be used in future.

The impact of the NVIRP modernisation program is evident in the balance sheet, with the capital expenditure adding to asset values for the next four years, as an equity contribution. The amounts are based on the best available information supplied by NVIRP. Also included within the balance sheet is the proposed G-MW contribution to the total modernisation program of \$50m in 2011/12 and again in 2012/13. Although no details have been agreed, in order to enable inclusion in this plan the payments are shown as a contributed capital cash outflow.

The modernisation program also allows for significant asset rationalisation, which would be accompanied by asset disposals. The level of rationalisation and write off is not yet known and has not been anticipated in this plan.

Statement of Financial Performance

The Statement of Financial Performance shows a final result worse than that for 2008/09. There is a significant increase in statutory depreciation resulting from the expected upward revaluation of infrastructure assets. The inclusion of the asset modernisation capital works by NVIRP also causes an increase in depreciation for 2009/10 and beyond. Another likely negative impact is that the consumptive charge revenue may not meet budget for 2009/10, with current allocation predictions pessimistic. If final allocation is similar to this year a loss of \$8m from revenue can be expected, but associated with that would be a drop in recurrent expenditure as programs are cut and costs tightly managed in response to the low allocation. However this will not offset the entire revenue reduction.

There are significant changes from 2008/09 in the externally funded programs. There are large reductions in the State Government grants as funds are directed to NVIRP instead of G-MW, and already programmed expenditure is funded by monies received in prior years. There is also a large increase in works for the MDBA for 2009/10 resulting from a large works program at Lake Dartmouth. The relatively high proportion of Government funded works creates volatility in the statements as these programs can be changed significantly at short notice.

The payment of the G-MW share of modernisation costs from 2011/12 (\$100m contribution) results in a large increase in borrowings, with a subsequent increase in interest expense.

Reconciliation of Accounting Based Result to Regulatory Based Result

The statement of Financial Performance is based on accounting standards and includes depreciation expense of all assets, whether funded by G-MW or by other funding sources. G-MW pricing, as mandated by ESC policy, is based on a regulatory depreciation calculation using only capital expenditure that has been funded internally. It also includes a return on assets based on that same internal funding. This statement is included to demonstrate that G-MW is financially sustainable under our pricing platform despite the ongoing accounting based losses.

Statement of Financial Position

The influences of the modernisation program are evident in movements within the Statement of Financial Performance. Receivables are expected to reduce during 2008/09 to reflect payment by Government for several large invoices outstanding at end of 2007/08. The value of infrastructure assets shows a steady increase from the modernisation works, with the NVIRP asset works contributing some \$600m over the first four years, with an asset revaluation and the FutureFlow asset works also contributing in 2009/10.

The NVIRP asset works also result in an increase in contributed capital, but in the later years the payment of G-MW's share of the modernisation works, \$50m in each of 2011/12 and 2012/13, is treated as an outgoing capital contribution. The level of borrowing had been expected to rise moderately during the plan period, but this is accentuated by the need to debt finance the modernisation contribution. This \$100m is modelled to be amortised over 20 years.

Statement of Cash Flows

The cash and investment reserves will be substantially used up during 2008/09, with the payment of \$32m to NVIRP for the reconfiguration program shown as a contributed capital outflow. The funding received in advance from Government during 2007/08 will mostly be expended during 2008/09. This statement highlights the proceeds from borrowings during the term of the plan, and the inflows, offset by the NVIRP outflows from contributed capital.

Capital Expenditure Forecast

The 2008/09 and 2009/10 capital expenditure is dominated by Government funded programs, with the Mokoan Return to Wetland, and the four major modernisation programs accounting for most of the expenditure. The balance of the program has been impacted by the modernisation works, with a lower capital expenditure on retail infrastructure during the period of the plan in response to the major modernisation works program.

The NVIRP works are not in this forecast as they are implemented and funded directly by NVIRP, but show in the balance sheet as G-MW takes ownership of the asset enhancements progressively.

Goulburn-Murray Water
Statement of Financial Performance

	2008/09 Forecast \$'000s	2009/10 Budget \$'000s	2010/11 Budget \$'000s	2011/12 Budget \$'000s	2012/13 Budget \$'000s	2013/14 Budget \$'000s
Recurrent Activity						
Revenues						
Service Charges	75,724	78,653	85,646	93,524	103,025	103,025
Usage Charges	5,571	14,066	14,083	14,101	14,122	14,122
Developer Contributions						
Developer Contributions - Gifted Assets						
Government Contributions / Grants	36,395	5,320	4,611	5,204	5,955	5,955
Investment Interest	4,725	113	87	90	91	100
Profit (Loss) from Disposal of Assets	400	60	60	60	60	60
Other Revenue	25,280	59,587	30,433	24,182	23,347	23,347
Total Revenues	148,095	157,799	134,920	137,161	146,600	146,609
Expenses						
Operations and Maintenance Expenses	103,796	115,861	89,986	86,855	87,111	87,111
Administration Expenses	21,611	20,763	21,066	21,188	21,266	21,266
Environmental Contributions	1,527	1,485	1,443	1,402	1,363	1,363
Borrowing Costs / Interest Expense	1,643	3,140	5,142	7,781	11,688	13,909
Depreciation and Amortisation	36,000	39,400	43,670	48,830	52,570	55,020
Other Expenses	5,400	2,060	2,060	2,060	2,060	2,060
Total Expenses	169,977	182,709	163,367	168,116	176,058	180,729
PROFIT (LOSS)	(21,882)	(24,910)	(28,447)	(30,955)	(29,458)	(34,120)
Transfers to/from Reserves						
Other adjustments						
Retained Profit (Loss) carried forward	146,734	124,852	99,942	71,495	40,540	11,082
Closing Retained Profit (Loss)	124,852	99,942	71,495	40,540	11,082	(23,038)
ASSET VALUATION RESERVE						
Revaluation of Assets Inc (+) or Dec (-)	-	409,413	-	-	-	-

Reconciliation of Accounting Based Result to Regulatory Based Result

	2008/09 Forecast \$'000s	2009/10 Budget \$'000s	2010/11 Budget \$'000s	2011/12 Budget \$'000s	2012/13 Budget \$'000s	2013/14 Budget \$'000s
Profit/(Loss) As shown on Statement of Financial Performance above	(21,882)	(24,910)	(28,447)	(30,955)	(29,458)	(34,120)
Add back Depreciation	36,000	39,400	43,670	48,830	52,570	55,020
Deduct Regulatory Depreciation	(5,002)	(5,860)	(7,089)	(6,526)	(6,548)	(7,388)
Profit / (Loss) achieved using pricing policy	9,116	8,630	8,134	11,349	16,564	13,512

Goulburn-Murray Water

Statement of Financial Position

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	Forecast	Budget	Budget	Budget	Budget	Budget
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Current Assets						
Cash and Cash Equivalents	8,330	2,949	5,724	3,279	5,863	4,159
Receivables	41,367	41,367	41,367	41,367	41,367	41,367
Less Doubtful Debts	(116)	(116)	(116)	(116)	(116)	(116)
Inventories	1,079	1,079	1,079	1,079	1,079	1,079
Prepayments	372	372	372	372	372	372
Other Current Assets						
Total current assets	51,032	45,651	48,426	45,981	48,565	46,861
Non Current Assets						
Infrastructure	3,232,544	4,171,964	4,396,685	4,561,918	4,735,973	4,750,684
less Accumulated Depreciation (-)	(1,185,480)	(1,456,375)	(1,494,273)	(1,537,184)	(1,583,674)	(1,631,497)
Infrastructure (written down value)	2,047,064	2,715,589	2,902,412	3,024,734	3,152,299	3,119,187
Capital Works in Progress	21,095	17,007	12,302	6,096	6,096	6,096
Land and Buildings	68,551	70,248	70,284	69,881	69,377	76,571
Plant, Equipment and Motor Vehicles	10,517	12,631	9,517	6,080	2,653	6,625
Deferred Tax Assets						
Non Current Investments						
Intangible Assets						
Other Non-Current Assets	5,151	5,151	5,151	5,151	5,151	5,151
Total non-current assets	2,152,378	2,820,626	2,999,666	3,111,942	3,235,576	3,213,630
TOTAL ASSETS	2,203,410	2,866,277	3,048,092	3,157,923	3,284,141	3,260,491
Current Liabilities						
Bank Overdraft						
Payables	27,643	27,643	27,643	27,643	27,643	27,643
Borrowings						
Other Lease Liabilities						
Employee Benefit Provision	14,447	14,447	14,447	14,447	14,447	14,447
Other Provisions						
Other Current Liabilities	531	566	1,849	3,219	3,435	3,667
Total current liabilities	42,621	42,656	43,939	45,309	45,525	45,757
Non Current Liabilities						
Borrowings	22,258	61,692	79,843	136,624	193,189	201,522
Other Lease Liabilities						
Employee Benefit Provision	911	911	911	911	911	911
Deferred Tax Liabilities	27,570	27,570	27,570	27,570	27,570	27,570
Other Non-Current Liabilities						
Total non-current liabilities	50,739	90,173	108,324	165,105	221,670	230,003
TOTAL LIABILITIES	93,360	132,829	152,263	210,414	267,195	275,760
NET ASSETS	2,110,050	2,733,448	2,895,829	2,947,509	3,016,946	2,984,731
EQUITY						
Government Equity Contributions	1,958,288	2,197,183	2,388,011	2,470,646	2,569,541	2,571,446
Asset Revaluation Reserve	26,910	436,323	436,323	436,323	436,323	436,323
Accumulated Funds (Losses)	124,852	99,942	71,495	40,540	11,082	(23,038)
TOTAL EQUITY	2,110,050	2,733,448	2,895,829	2,947,509	3,016,946	2,984,731

Goulburn-Murray Water

Statement of Cashflows

	2008/09 Forecast \$'000s	2009/10 Budget \$'000s	2010/11 Budget \$'000s	2011/12 Budget \$'000s	2012/13 Budget \$'000s	2013/14 Budget \$'000s
CASH FLOWS FROM OPERATIONS						
Receipts						
Service and Usage Charges	88,556	108,197	109,931	117,194	126,392	126,392
Other Customer Revenue	22,019	48,109	24,231	18,613	18,102	18,102
Receipts from Government	51,395	5,320	4,611	5,204	5,955	5,955
Developer Contributions						
GST Refunds from ATO	11,000	11,000	11,000	11,000	11,000	11,000
Investment Income	4,725	113	87	90	91	100
Other cash receipts						
Total Cash Receipts from Operations	177,695	172,739	149,860	152,101	161,540	161,549
Payments						
Payments to suppliers and employees	(136,407)	(147,624)	(122,052)	(119,043)	(119,377)	(119,377)
Interest and other costs of finance paid	(1,643)	(3,140)	(5,142)	(7,781)	(11,688)	(13,909)
GST Paid to ATO	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Income Tax Payments						
Environmental Contributions	(1,527)	(1,485)	(1,443)	(1,402)	(1,363)	(1,363)
Other Payments						
Total Cash Payments for Operations	(143,577)	(156,249)	(132,637)	(132,226)	(136,428)	(138,649)
Net Cash Inflow (Outflow) from Operating Activities:	34,118	16,490	17,223	19,875	25,112	22,900
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Redemption of Investments						
Payments for Property, Plant & Equipment	(234,541)	(160,294)	(37,770)	(34,167)	(33,264)	(35,134)
Payments for Intangible Assets						
Proceeds from Sale of Assets	400	60	60	60	60	60
Net Cash Inflow (Outflow) for Investing Activities:	(234,141)	(160,234)	(37,710)	(34,107)	(33,204)	(35,074)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Borrowings	-	40,000	20,000	60,000	60,000	12,000
Proceeds from Equity Contributions from Government	83,149	98,894	3,828	(46,364)	(46,105)	1,905
Repayment of Borrowing / Overdraft	(499)	(531)	(566)	(1,849)	(3,219)	(3,435)
Payment of Dividends						
Net Cash Inflow (Outflow) from Financing Activities:	82,650	138,363	23,262	11,787	10,676	10,470
NET INCREASE (DECREASE) IN CASH	(117,373)	(5,381)	2,775	(2,445)	2,584	(1,704)
Cash held at the beginning of the year	125,703	8,330	2,949	5,724	3,279	5,863
Cash held at the end of the year	8,330	2,949	5,724	3,279	5,863	4,159
Cash per balance sheet	8,330	2,949	5,724	3,279	5,863	4,159
Difference	-	-	-	-	-	-

Goulburn- Murray Water

Capital Expenditure Forecast

	Project Total \$'000s	Forecast Expend to 30/06/2009 \$'000s	2009/10 Budget \$'000s	2010/11 Forecast \$'000s	2011/12 Forecast \$'000s	2012/13 Forecast \$'000s	2013/14 Forecast \$'000s	2014/15 Forecast \$'000s	2015/16 Forecast \$'000s	2016/17 Forecast \$'000s	2017/18 Forecast \$'000s	2018/19 Forecast \$'000s
Wholesale												
Projects Greater than \$5M												
Mokoan - Return to Wetland Dam Safety Upgrade	31,409	22,486	8,923									
Buffalo - Operations/Bulk Dam Safety Upgrade	11,050	0		1,350	6,000	3,700						
Tullaroop Operations Bulk Dam Safety Upgrade	8,200	500		3,400			1,000	3,300				
William Hovell - Operations/Bulk Dam Safety Upgrade	6,178	1,178	5,000									
Nillahcootie - Operations/Bulk Dam Safety Upgrade	14,400	0				300	2,200	1,500		10,400		
Laanecoorie - Operations/Bulk Dam Safety Upgrade	10,626	6,226						500	3,900			
Projects less than \$5M	7,951	4,951	500		300	2,200						
Total Dam Safety Upgrade Projects	58,405	12,855	5,500	4,750	6,300	6,200	3,200	5,300	3,900	10,400	0	0
Projects Less than \$5M	141,563		32,915	25,111	10,247	8,065	10,379	8,438	14,700	6,273	12,255	13,178
Total Wholesale	231,377	35,341	47,339	29,861	16,547	14,265	13,579	13,738	18,600	16,673	12,255	13,178
Retail												
Strategic Measurement Project - Goulburn System	14,008	14,008										
Total Channel Control System (CG1234)	38,700	25,800										
Shepparton Modernisation	146,000	81,800	64,200									
Foodbowl Early Works	113,000	90,400	22,600									
Projects Less than \$5M	176,593		29,702	30,733	21,222	19,900	14,685	21,396	7,059	7,760	16,011	8,124
Total Retail	488,301	212,008	116,502	30,733	21,222	19,900	14,685	21,396	7,059	7,760	16,011	8,124
Other												
Office Accommodation	5,000						5,000					
Total G-MW	724,677	247,349	163,841	60,594	37,770	34,165	33,264	35,134	25,659	24,434	28,266	21,302

Goulburn-Murray Water

Performance Indicators

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Earnings before net interest and tax	-18,492	-27,712	-33,277	-38,421	-40,830	-47,704
over average total assets	2,180,526	2,534,844	2,957,185	3,103,008	3,221,032	3,272,316
Long term profitability	-0.8%	-1.1%	-1.1%	-1.2%	-1.3%	-1.5%
Net profit after tax	-21,882	-24,910	-28,447	-30,955	-29,458	-34,120
over average total equity	2,086,918	2,421,750	2,814,639	2,921,670	2,982,229	3,000,840
Owners investment	-1.0%	-1.0%	-1.0%	-1.1%	-1.0%	-1.1%
Total debt	22,789	62,258	81,692	139,843	196,624	205,189
over total assets	2,203,410	2,866,277	3,048,092	3,157,923	3,284,141	3,260,491
Long term financial viability	1.0%	2.2%	2.7%	4.4%	6.0%	6.3%
Earnings before net interest and tax	-18,492	-27,712	-33,277	-38,421	-40,830	-47,704
over net interest	-3,390	2,802	4,830	7,466	11,372	13,584
Liquidity and debt servicing	n/a*	(10)	(7)	(5)	(4)	(4)
Cash flow from operations before net interest and tax	37,508	13,688	12,393	12,409	13,740	9,316
over net interest	-3,390	2,802	4,830	7,466	11,372	13,584
Immediate liquidity and debt servicing	n/a*	5	3	2	1	1

* During 2008/09 the Corporation will not have net interest expense as interest received will exceed interest paid.



40 Casey Street
PO Box 165 Tatura
Victoria 3616
DX 32951
T 03 5833 5500
F 03 5833 5501

E reception@g-mwater.com.au

W www.g-mwater.com.au

