



2012/13 Annual Report



Published by Goulburn-Murray Rural Water Corporation [trading as Goulburn-Murray Water (GMW or the Corporation)], September 2013.

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# GMW Profile

Goulburn-Murray Rural Water Corporation trading as Goulburn-Murray Water (GMW) is a statutory Corporation constituted by Ministerial order under the provisions of the Water Act 1989.

During the reporting period, the responsible Minister was Peter Walsh, MLA.

GMW has functions and powers to store, manage and deliver water across most of Northern Victoria, including manage and operate an irrigation district (section 221), a water district (section 163) and a waterway management district (section 189).

GMW services a region of 68,000 square kilometres, bordered by the Great Dividing Range to the south, the River Murray to the north and stretching from Corryong in the east to Nyah in the west.

Our key responsibilities:

- Managing the delivery of water to its irrigation and water districts and maintaining the infrastructure for these districts
- Implementing Government's regulations and policy for groundwater and surface water resource management in accordance with delegated powers
- Delivery of GMW's Connections Project
- Harvesting, storing and maintaining water in its reservoirs and dams

GMW also operates salinity-mitigation works on the Murray downstream of Nyah; manages Mildura Weir; delivers bulk water to supply points outside its region and is the Victorian Constructing Authority for the Murray-Darling Basin Authority.

Appointed by the Minister for Water, GMW is the Victorian Resource Manager given responsibility for making the seasonal determination for all Victorian Murray entitlement holders. In this role GMW works closely with the Murray-Darling Basin Authority.

The Murray-Darling Basin Authority determines the volumes of water available and makes bulk water allocations to each of the Murray system states in accordance with the interstate sharing arrangements in the Murray-Darling Basin Agreement and also subject to the modifications agreed by the Council of Australian Governments.

GMW is delivering the Connections Project on behalf of the State and Federal Governments. The Connections Project is a \$2 billion investment in the modernisation of the irrigation infrastructure in the Goulburn Murray Irrigation District delivering water efficiency and water saving outcomes.

GMW is the Minister's delegate for a range of functions including water share and allocation trading, water use licensing, works licensing and take and use licensing from unregulated streams and groundwater.

The Essential Services Commission regulate GMW prices on behalf of the Australian Consumer and Competition Commission. The Department of Treasury and Finance (DTF) performs a shareholder advisory function and is primarily responsible for the financial oversight of GMW. Specifically DTF monitors the financial performance, debt funding and financial governance of GMW. DTF is also involved in monitoring the performance and related financial expenditure of the Connections Project by providing an ongoing due diligence role in regard to commercial and project/financial risks through DTF's Gateway High Value Risk process.

GMW plays an important role in implementing the National Water Initiative and is also a partner in the Victorian Water Register which is used to manage water entitlements.

## About this Report

Our Annual Report describes the programs, initiatives and actions we undertook between 1 July 2012 and 30 June 2013.

## Our Strategy

During 2012/13 GMW commenced a transformation journey which resulted in the further evolution of our strategy. GMW has refined its strategic focus from simply being an organisation that sought to be respected by our customers and shareholders for managing water sustainably, delivering water efficiently and building a modernised fit for purpose system, to an organisation that is fundamentally committed to enhancing outcomes for our customers and stakeholders and driving exceptional organisational performance.

## Our Strategic Focus

GMW is fundamentally committed to enhancing outcomes for our customers and stakeholders and driving exceptional organisational performance. Underpinning GMW's approach to performance are three fundamental commitments which lay the foundation for our strategic priorities, outcomes and initiatives across the organisation.

Goulburn-Murray Water's fundamental commitments are to:

- Partner with our customers
- Create the opportunities to increase agricultural production in Northern Victoria over the next 20 years
- Be a high performing organisation across Northern Victoria.

## GMW's Blueprint

GMW has developed a Blueprint strategy for the next five years in response to our own significant organisational change and the fundamental changes that have occurred within the water sector over the past seven years; including the removal of 30% of irrigation water from the GMID and a \$2 billion investment in water infrastructure in the GMID by both State and Federal Governments.

GMW's Blueprint recognises that GMW has to:

- Resize its infrastructure
- Resize the business; and
- Redesign the tariff structure so that it more accurately reflects the costs of the new infrastructure.

The strategic framework outlined in the Blueprint will deliver on GMW's Fundamental Commitments through the delivery of three strategic priorities over the coming five years:

1. Redesign our tariffs so that they are simple, cost reflective and better aligned to our infrastructure in the future.
2. Deliver the Connections Project and realise the improvements in customer-service levels.
3. Transform the business of Goulburn-Murray Water to make it a lean and more customer focused organisation.

# Joint Report by Chairman and Managing Director

Our fundamental commitments have guided a year of exceptional performance including the development of the GMW Blueprint.

The Blueprint represents a turning point for GMW. It embraces challenges as opportunities and questions every facet of GMW's business model. The Blueprint articulates GMW's determination to become a more customer centric organization; implement a simplified tariff system and deliver a \$2 billion investment in the infrastructure of the GMID, an investment that will deliver a modernised, efficient water delivery system with substantially improved levels of service.

To provide improvement in customer services and reduce our base costs we are aiming to build a new, leaner, more customer focused GMW. GMW has made a commitment to remove \$20 million from its operational budget over the next 5 years, delivering \$3 million of that saving in 2012/13 through a reduction in permanent full time positions. Some 60 positions have been removed from GMW, a number which is difficult to identify in the total employee figures due to the integration of positions following the merger of GMW and NVIRP.

This year GMW recorded its highest water deliveries in over a decade. A very dry 2012/13 saw GMW deliver over 1,250,000 ML of water to gravity irrigation customers. Through 140,000 customer water orders GMW delivered a total of 1,751,000ML. While there has been some speculation that the region is returning to pre-drought conditions, the 30% of water removed from the irrigation network has meant that our system, even when operating at its highest level of demand, only utilized 80% of peak capacity.

GMW also completed a \$30 million package of capital works over the 2012/13 year including completion of the Laanecoorie Dam upgrade project and refurbishment of the Mildura Merbein Salt Interception Scheme.

Our financial results show a strong operational result for Water Storage and Delivery. This has been achieved through additional revenue from high water deliveries and spillable revenue as well as managed operating costs. The Connections Project has been integrated into GMW results for the first time with project expenditure being

lower than anticipated. This combination meaning lower than forecast borrowings. Our net debt position of \$73 million was \$40 million lower than budgeted mainly due to improved operating and capital cash flows, lower capital expenditure and lower proceeds of borrowings.

Throughout 2012/13 GMW undertook a program of business system review, examining business processes to identify opportunities to reduce turnaround times and streamline the customer experience. Part of this work has involved a move to a centralised Customer Connect call centre ensuring that all calls to GMW are logged, recorded and dealt with where possible at first point of call. Understanding what is important to our customers is also an important part of being able to enhance our services and this year GMW's annual Customer Satisfaction Survey sought feedback on our performance from over 750 customers. Results from this survey show 62% of customers are satisfied with GMW an increase of the 2012 result of 56%. 67% of customers said that they would speak favourably of GMW. 84% of customers rated GMW's customer service as either satisfactory or excellent. A strong sign that our commitment to customer service is starting to impact at the point of service delivery.

GMW's Connections Project continues to be delivered across the GMID. This significant project to reshape more than 6,300km of 100 year old irrigation channels with state of the art automated systems will measure, regulate and deliver water more effectively and efficiently than ever before. The \$2 billion Project funded by the State and Federal Government's is the single largest financial investment in the history of the Goulburn-Murray Irrigation District (GMID). This year, the Connections Project has continued to implement its obligations in line with the Connections Project Business Case delivering a number of key milestones around delivery share and meters installed.

In accordance with the Financial Management Act 1994, we are pleased to attest that the GMW Annual Report is compliant with all statutory report requirements. We are pleased to present the Report of Operations for GMW for the year ending 30 June 2013.



**Llew Vale OAM**  
Goulburn-Murray Water Chairman



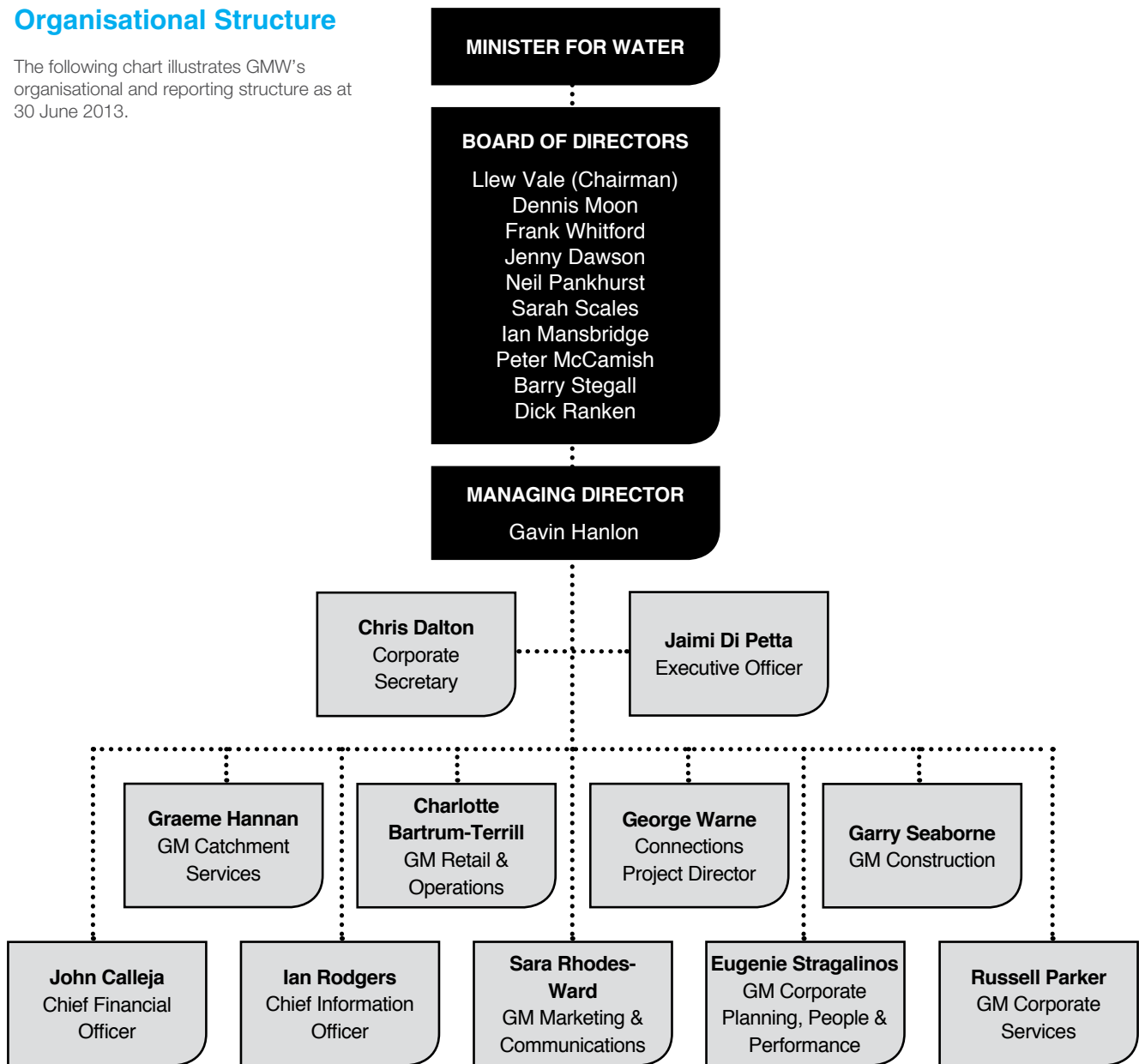
**Gavin Hanlon**  
Goulburn-Murray Water Managing Director

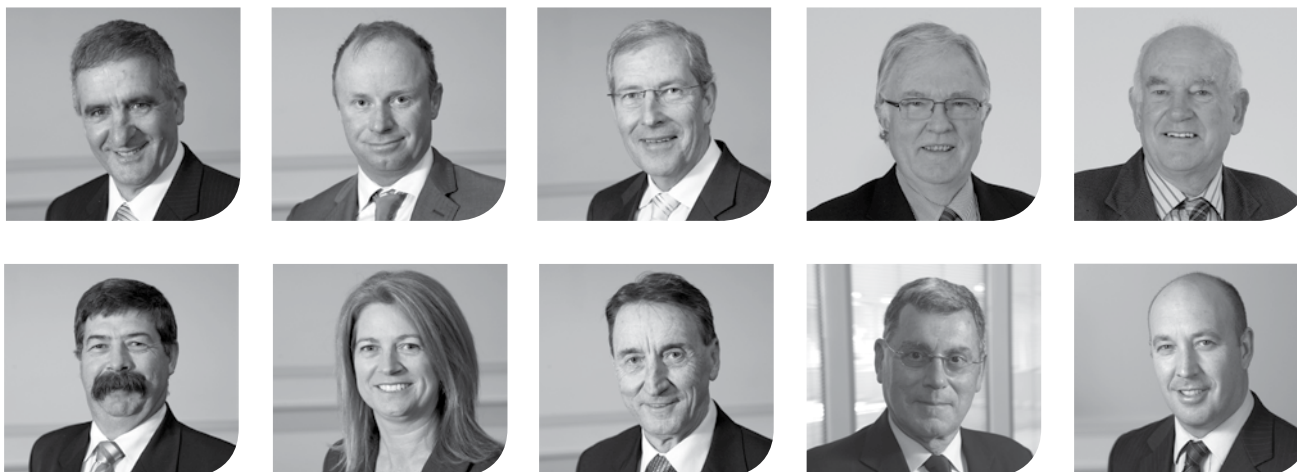


# Organisational Structure

## Organisational Structure

The following chart illustrates GMW's organisational and reporting structure as at 30 June 2013.





GMW Directors (top L to R) Llew Vale (Chairman), Dennis Moon, Frank Whitford, Barry Stegall, Peter McCamish (bottom L to R) Neil Pankhurst, Sarah Scales, Ian Mansbridge, Dick Ranken, Gavin Hanlon (Managing Director)

## The Board

The Minister for Water appoints the Directors of Goulburn-Murray Water under the Water Act 1989. The Minister also appoints a Chairman from the Board members. The Board then appoints a Managing Director.

Except for the Managing Director, Gavin Hanlon, all Directors are independent non-executive Directors.

### Llew Vale OAM

Llew Vale has extensive governance and water industry experience and expertise in primary production. Mr Vale has been a farmer for 37 years at Toora and is a former Councillor and Mayor of the Shire of South Gippsland. He served as Chair of South Gippsland Water from its inception in 1995 until September 2011, having previously been a member of the South Gippsland Water Board. Mr Vale was awarded an Order of Australia in 2002 for services to the water industry and community.

### Ian Mansbridge FCIM, CPA, FCIS, FCSA, Dip. CM

Ian Mansbridge is a fourth generation farmer at Pompapier. His Executive roles have included Managing Director of Sandhurst trustees and Elders Rural Bank and a General Manager of Bendigo Bank. His current Directorships include Sandhurst Trustees, MyState, Tasmanian Perpetual Trustees, The Rock Building Society and Australian Friendly Society.

### Dennis Moon

Dennis Moon is a business owner from Rochester with experience in irrigation systems, particularly sub surface drip. Mr Moon has been an irrigator in Northern Victoria for 25 years and with partners operates Campaspe Irrigation, who specialise in the design, supply and construction of a wide range of on-farm irrigation supplies. He is the former chair of the Australian Tomato Processing Research Council and is the tomato representative on Horticulture Australia Limited. Mr Moon was awarded a Nuffield Scholarship.

### Neil Pankhurst

With practical experience in primary production and customer engagement Mr Pankhurst is an irrigator and dairy farmer from Tongala who is a Councillor and served a term as Mayor of the Shire of Campaspe. Mr Pankhurst is also chair of Tongala and District Financial Services.

### Sarah Scales BAG

Sarah Scales is a business and risk management consultant and also owns a mixed farming enterprise near Mansfield. Sarah was appointed to the Board of Queensland Sugar Limited in January 2013. Sarah has been a director of InterGrain P/L, a plant breeding company since October

2011. She was previously the General Manager AWB International in addition to other senior management positions AWB Limited. Ms Scales has a Bachelor of Agricultural Science and has completed the Stanford Executive program.

### Frank Whitford FAIM

Frank Whitford from Northwood has extensive knowledge of the retail industry across Australia. An experienced Managing Director having held roles at Fletcher Jones, Mitre 10 and Sportsgirl/Sportscraft. He is also involved with the family Wagyu beef breeding and calf rearing business across two farms in Northern Victoria. Mr Whitford is the current Deputy Chair of PrimeSafe Victoria, a Board member of the Australian Wagyu Association and has served as a Director on a number of Boards for over 15 years. Mr Whitford is a Fellow of the Australian Institute of Management.

### Peter McCamish

Peter McCamish has significant knowledge of the Goulburn Valley horticultural industry, as he has been part of this industry for 35 years. He is also a Director of S Reid Holdings, a Tasmanian cherry grower and exporter. Peter is a current Director of Water for Rivers, former Director of SPC Ardmona Limited and former member of the Shepparton Irrigation Implementation Committee and Foodbowl Modernisation Project Steering Committee.

# Governance

## Barry Steggall

Barry Steggall is a former Mayor of the City of Swan Hill. He is experienced in Victorian government policies as he was formerly State Deputy Leader of the National Party and Member of Parliament for Swan Hill from 1983 to 2002. He specialised in water, environment and food issues during his Parliamentary career. Barry is also a board member of Cooperative Schools Victoria and a former member of Victoria's Independent Panel for Sustainable Water Strategies.

## Gavin Hanlon B App Sci, M App Sci, MBA, GAICD, FAIM

Gavin Hanlon has 12 years experience as CEO/MD in the Victorian water industry. He was Managing Director of Coliban Water before his current role with GMW and before Coliban Water he was the CEO of North Central Catchment Management Authority. He is a Williamson Fellow.

*To 30 September 2012*

## Jennifer Dawson BBus, FCA, MAICD.

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

*From 1 October 2012*

## Dick Ranken

Mr Dick Ranken is a livestock farmer from Avenel. Mr Ranken retired in 2009 after a 30 year career with the International Finance Corporation (IFC), the private-sector arm of the World Bank Group. Mr Ranken is a board member of a bank in Mongolia and a private equity fund in the Pacific Islands. He is a member of the Burnt Creek Landcare group and Upton Hill CFA. Mr Ranken holds a Bachelor of Agricultural Economics, a Master of Arts and has completed the Australian Institute of Company Directors course.

## Board Committees

From 1 July 2012 to 30 June 2013 the following Board Committees operated:

Committee	Purpose
Risk and Compliance	Oversee risk management and compliance
Audit	Oversee the internal and external audit program, review annual financial statements and monitor financial, management and accounting responsibilities
Remuneration	Oversee remuneration policy
Connections Strategy	Approving District plans
Connections Project	Approving Strategic Connections Landscape Plans and Strategic Connections Negotiation Plans within the scope of District Plans

## Water Services Committees

Water Services Committees are also advisory committees to the Board, created under section 122(c) of the Act. The Committees are comprised of customers appointed by the Board. There are six gravity irrigation committees, four regional committees, two water district committees and one flood protection district committee.

Water Services Committee	Total of Meetings Scheduled	Total of Meetings Held
Central Goulburn	12	11
Murray Valley	12	11
Rochester	12	12
Shepparton	12	11
Torrumbarry	12	11
Loddon Valley	12	12
Goulburn Broken Regional	5	5
Loddon Water District	4	4
Loddon Campaspe Regional	5	5
Loch Garry*	0	0
Ovens King and Mid Murray	4	4
Tungamah	4	4
Kiewa Mitta Mitta and Upper Murray	4	4

\*This Committee is a reference group for a flood protection area and meets irregularly at the request of the Committee



## Board Meetings

Directors attended the following scheduled meetings:

Director Membership	Number attended/number eligible to attend					
	Board	Audit	Risk and Compliance Committee	Remuneration	Connections Strategy	Connections Project
Llew Vale OAM	12/14	6/6	3/4	5/5	2/3	5/8
Ian Mansbridge	11/14	6/6		1/1	2/3	
Dennis Moon	10/14		1/1	4/4	3/3	
Neil Pankhurst	14/14		4/4			7/8
Sarah Scales	14/14	5/5	4/4	1/1		
Frank Whitford	12/14	1/2		5/5	3/3	7/8
Peter McCamish	13/14	3/3				8/8
Barry Steggall	13/14		3/3		3/3	8/8
Jennifer Dawson	5/5	6/6				
Dick Ranken	7/9	2/2	1/1			
Gavin Hanlon	14/14					

## Board Charter

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

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

## Board Delegation of Functions

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

## Directors as GMW Customers

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

names of those Directors who are also GMW customers.

Directors Ian Mansbridge, Dennis Moon, Neil Pankhurst and Frank Whitford are customers of the Corporation.

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

# Risk Attestation

## Risk Attestation

I, Llew Vale, certify that Goulburn-Murray Water had risk management processes in place consistent with the Australian/ New Zealand Risk Management Standard (AS/NZ ISO 31000:2009) and an internal control system was in place that enabled the executive to understand, manage and satisfactorily control risk exposures. GMW's Board verifies this assurance and that the risk profile of Goulburn-Murray Water has been critically reviewed within the last 12 months.



Llew Vale OAM  
Goulburn-Murray Water Chairman  
August 2013

# Our Customers

## Our Customers

GMW provides a range of water storage, delivery and management services to more than 30,000 surface and groundwater customers across its service region. Our customer base is determined by the number of serviced properties. An individual or organisation may have more than one serviced property or may access more than one service type. For example, a customer may access surface water and groundwater.

## Understanding customer needs

GMW is committed to putting our customers first and transforming the business to be more customer-centric in an effort to improve customer and stakeholder satisfaction.

Our customers are encouraged to actively participate in defining and shaping the services GMW delivers. We capture customer insights through feedback received directly at our regionally based customer service centres, our annual Customer Satisfaction Survey and engaging with our Water Services Committees whose regular meetings provide a valuable forum for discussion and feedback.

During the year, GMW launched its Blueprint for the future – a five year Plan intending to provide our customers with some certainty for the future of GMW and to inform decisions that our customers may be making about their future.

GMW developed a strategic framework which will deliver three significant initiatives including:

- Transforming the business of GMW to make it lean and more customer focused
- Redesign tariffs so they are simple and better reflect our infrastructure in the future
- Deliver our Connections Project and realise improvements in customer-service levels

As the Blueprint nears implementation GMW will be asking its Water Services Committees to help design a fit-for-purpose, customer-engagement framework. Water Services Committees will continue to be GMW's primary method of seeking feedback and advice on the business.

GMW Customers	Category	Number of customers 2011/12	Number of customers 2012/13
Irrigation, rural and groundwater	Gravity irrigation (channels)	14,369	14,296
	Pumped irrigation systems	687	679
	Regulated surface water diversions	3,665	3,649
	Unregulated surface water diversions	7,467	7,373
	Domestic and stock supply	1,255	1,188
	Groundwater	7,559*	7,939
	Flood Protection – Loch Garry	120	120
	Urban Water Corporations	6	6
	Environmental Water Holders	2	2
Non water users	Customers with water share not associated with a water use licence or registration	1,028	1,169
Commercial operators	Agricultural, tourism and recreational leases and licences	786	774
	Houseboat licences	723	723
	Hydroelectric companies	2	2
	Plantation operators	1	1

\* Excludes customers who hold a license issued under the State government's Dairy Shed Water Licence Transition Program.

## Understanding customer needs

### Our Connections Project

After a year of integration into GMW, the Connections Project continued to deliver the \$2 billion modernisation of the Goulburn-Murray Irrigation District (GMID) and the implementation of a range of water saving/water efficiency projects. The Connections Project will deliver a modernised, highly efficient automated water delivery system for customers in the GMID. It is a significant and fundamental reshaping of the way in which water is used for irrigated agriculture in Northern Victoria.

The GMW Connections Project involves two key programs:

1. Upgrading the major supply channels that deliver thousands of megalitres of water to hundreds of customers in an

Irrigation Area – to create a smarter backbone channel network

2. Connecting properties currently supplied from local spur channels to the backbone network. Our goal is to connect every property and in most cases this will involve an individual connection such as a pipeline from the backbone channel to the property.

Throughout the year, customer consultation resources, including some 10 staff, were transferred to the Retail and Operations division to maximize the value of the resources and align the management of the customer experience.

# Our Customers

## Water Deliveries

During the 2012/13 irrigation season a total of 1,751,000 megalitres (ML) was delivered to GMW customers on the regulated river systems, an increase of 401,000 ML on last year and the highest deliveries since 2001/02.

Of the 140,000 irrigation orders received, over half were lodged via the internet demonstrating our customers' appetite for self service and online convenience.

## Water transactions

GMW is the Minister's delegate for a range of functions including water share and allocation trading, water use licensing, works licensing and take and use licensing from unregulated systems and groundwater. GMW is also a partner in the Victorian Water Register which is used to manage water entitlements and trade.

Allocation trade numbers increased from the previous year, which had the lowest level of trade activity in recent history. Trade numbers were still substantially lower than previous years when the prolonged drought drove market activity to record levels.

Water Share Transfers were lower on the previous year as the Commonwealth exited the market, impacting on the volume of permanent transactions which occurred during the 2012/13 season. Allocation trades increases could be attributed to changes to carryover rules, interstate trades and a combination of greater water availability across all systems throughout the irrigation season.

## Our Wholesale Catchment Services

GMW delivers a range of catchment services to implement Government regulations and policy for groundwater and surface water resource management.

Reserves established in 2011/12 and inflows early in the 2012/13 season enabled seasonal determinations of 100% high-reliability water share (HRWS) on all systems and 100% low-reliability water share (LRWS) on the Broken, Campaspe and Bullarook systems. There was no seasonal determination against LRWS in the Goulburn, Murray or Loddon systems.

	Total percentage of orders delivered on day (regardless of notice)	
	2012/13	Target
Shepparton	97.6%	92.5%
Central Goulburn	94.7%	93.5%
Rochester	83.2%	84.5%
Loddon Valley	84.0%	83.5%
Murray Valley	86.5%	90.0%
Torrumbarry	88.8%	95.0%
<b>Average</b>	<b>89.1%</b>	<b>91.5%</b>

		2011/12	2012/13
Water share transfers	Volume (ML)	272,145	185,805*
	Number	3,735	2,829
Allocation trades	Volume (ML)	1,354,000	2,103,755**
	Number	4,902	10,561

\* Water Share Transfers were lower on the previous year as the Commonwealth exited the market, impacting on the volume of permanent transactions which occurred during the 2012/13 season.

\*\* Allocation trades increases could be attributed to changes to carryover rules, interstate trades and a combination of greater water availability across all systems throughout the irrigation season.

## Customer Satisfaction

GMW has completed interviews of 750 randomly selected customers from across the region as part of its annual customer satisfaction survey. The survey provides an overview of perceptions of performance.

Overall 62% of customers gave GMW and overall satisfaction rating between 7 and 10 out of 10, 2012 was 56% and 2011 52%. GMW will continue to work with Water Services Committees to design works programs to improve services based on the results once they are available.

GMW's Strengths (top 3 results)			
Service Area	Attribute	Excellent	Satisfactory/Excellent
Customer service	The manner of the person you spoke to	44%	84%
Water supply	Delivering water when you need it	43%	83%
Water supply	Efficiently dealing with any requests to change your order	42%	81%

Opportunities for improvement (top 3 results)		
Service Area	Attribute	Poor
Consultation	Taking into account customers ideas and concerns in the way they operate	25%
Management of water trading	Keeping you informed about the progress of your application	25%
Management of water trading	Providing accurate information about the rules that apply to water trading	23%

# Our Customers

Seasonal Determinations for Northern Victorian Water Systems												
Season	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek	
	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%
2012/13	100	0	100	100	100	0	100	100	100	0	100	100

## Carryover

Victorian water entitlement holders carried over 1,874 GL into the 2012/13 season, very similar to the 1,902 GL carried over into the 2011/12 season.

In its role as Resource Manager, GMW declared a low risk of spill in the Goulburn and Campaspe systems on 10 December 2012. A low risk of spill was declared in the Murray system on 10 January 2013. These declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totaled 1,430 GL. The total volume of allocation available to entitlement holders, after reductions for spills, was 4,630 GL.

## Groundwater

The 2012/13 season saw a continuation of favourable seasonal conditions and further recovery in groundwater levels. This meant that allocations of 100% were announced for all Groundwater Management Units, other than Katunga Water Supply Protection Area which received its maximum possible allocation of 70% in accordance with its management plan.

## Dams

During the year, GMW delivered a number of initiatives to improve operations and services provided at and around its storages including:

- Updated and improved the consistency of operations and maintenance manuals for all storages under GMW management. GMW also updated its dam safety emergency management plans and prepared flood incident management plans for all storages
- Progressed Land and On-Water Management Plans in consultation with local agencies, local government,

community groups and residents. Plans are in development for Lake Eppalock, Cairn Curran, William Hovell, Kow Swamp, Lake Charm and Lake Kangaroo. Final plans were written for Goulburn Weir and Lake Eildon after extensive community and stakeholder engagement

equipment in the Carin Curran Reservoir outlet

- The replacement and upgrade of a number of bridges, culverts and siphons
- The remodelling of channel banks and
- The upgrade of access tracks

## Capital Works

During 2012/13 GMW delivered \$26.2 million of capital projects. GMW delivers its works through a mix of direct management with internal resources and outsourcing to contractors. The mix is determined through competitive tendering of works and ensures GMW continuously compares costs and demonstrates efficient delivery. Works within GMW's Irrigation Areas were targeted to irrigation backbone assets ensuring the investment was consistent with the roll out of modernisation.

Some of the projects were:

- The completion of the Laanecoore Dam Safety Upgrade
- Refurbishment of mechanical

As constructing authority for the Murray-Darling Basin Authority (MDBA) GMW:

- Refurbished the Mildura-Merbein Salt Interception Scheme
- Completed the construction phase of Hattah Lakes Environmental Flows project including pump station, regulators and levees
- Completed design and commenced construction of the Gunbower Forest Environmental Watering project

The following table details the major capital projects delivered during the period:

Capital Projects		
Project	2011/12 Expenditure \$	% Complete at 30 June 2013
Bridge and culvert replacements	\$3.4 million	100%
Channel remodelling program	\$2.4 million	100%
Advanced Maintenance Program	\$2 million	100%
Access track and fencing program	\$320,000	100%
Mildura-Merbein Salt Interception Scheme Refurbishment	\$2.2 million	95%
Laanecoore Dam Safety Upgrade	\$2.5 million	100%



# Our Environment

## Our Environment

GMW fulfilled its obligations under the Department of Health – *Safe Drinking Water Act* 2003, *Safe Drinking Water Regulations* 2005, *Water Industry Act* 1994, *Environmental Protection Act* 1970 and GMW Statement of Obligations issued by the Minister for Water.

GMW manages its interactions with the environment through its Environmental Management System (EMS). GMW's EMS is certified to the International Standard for Systems AS/NZ ISO 14001 and has maintained this certification throughout 2012/13. Performance against this standard was assessed through the completion of two external audits.

## System efficiency

Modernisation in GMW's Irrigation Areas is continuing to improve the operational efficiency of GMW's channel delivery networks. The following table shows system efficiencies compared with 2011/12. System efficiency reflects the percentage of water diverted into an Irrigation Area that is recorded through customers' outlets.

## Sustainable Resource Management

GMW's land and river health, water quality monitoring and resource management programs contribute to GMW's sustainable management of surface water and

GMW System Efficiency within Irrigation Areas 2012/13		
	2011/12	2012/13
Shepparton	88.9%	83.4%*
Central Goulburn	80.3%	81.1%
Rochester	80.5%	83.5%
Loddon Valley	80.9%	83.0%
Murray Valley	74.8%	78.4%
Torrumbarry	70.1%	68.9%*
<b>Total</b>	<b>76.4%</b>	<b>78%</b>

\*Decreases in efficiency in the Shepparton and Torrumbarry areas is attributable to  
 - Decrease in efficiency for the Shepparton area is related to the total drawdown of the East Goulburn Main Channel and other channels for winter maintenance and inspection works during the winter of 2012. This required substantial resources to refill the system. A number of summer rainfall events saw customers cancel orders at short notice and saw increased outfalls particularly on the manual Shepparton East system. (Note: The main backbone channel regulators in the Shepparton East system, have been automated during the winter of 2013).  
 - In relation to the Torrumbarry system, the majority of the increased loss is associated with increased deliveries and evaporation off the Kerang Lakes over the warmer weather. In addition, higher evaporation losses from Lake Boga remained later into the season than expected, as the planned draw down had not commenced under Mid Murray Storage (MMS) operating plan, due to the pump station not being operational as planned in March.

groundwater resources. These programs are delivered by GMW in conjunction with partner agencies including Catchment Management Authorities and the Department of Environment and Primary Industries.

Groundwater management plans provide a clear framework to support the sustainable use of Victoria's groundwater resources. During 2012/13 the Lower Campaspe Valley and Loddon Highlands Water Supply

Protection Area statutory groundwater management plans were approved and implemented. Additionally, during the past year, GMW completed local management plans for the Central Victorian Mineral Springs, Upper Goulburn and Strathbogie Groundwater Management Areas.

## Corporate Water Consumption

Corporate Water Consumption at GMW's 15 major office locations was 16,781 KL in 2012/13. Based on full time equivalent employees at major offices, this equates to an office water consumption of 24kL per full time equivalent employees (FTE) per year. Figures reported in 2009/10 and 2010/11 reflect office based consumption.

(KL)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Water Consumption	5,003	22,638	13,798	26,341	10,229	11,934	13,584	16,781
Consumption per FTE	22	34	21	37	17	19	20	24

# Our Environment

## Greenhouse Emissions

Despite the continual implementation of the Greenhouse Gas Action Plan and Green Office Initiatives over the 2012/13 period, a 12% increase in emissions was recorded with a total of 14,579 tonnes. This figure fell 1,585 tonnes short of our June 2013 target of 12,994. The unexpected increase in emissions is largely attributed to delivering

a record volume of water this season for the decade and a 500,000 ML increase on last season deliveries. Energy used for Water Delivery, such as pumps and regulators, accounts for approximately 80% of our total energy use and 54% of our total emissions. The increase can also be attributed to the GMW/NVIRP integration with additional office facilities being incorporated into the emission monitoring data. Although there was an

overall increase in emissions, a decrease was recorded in emissions from our Vehicle Fleet.

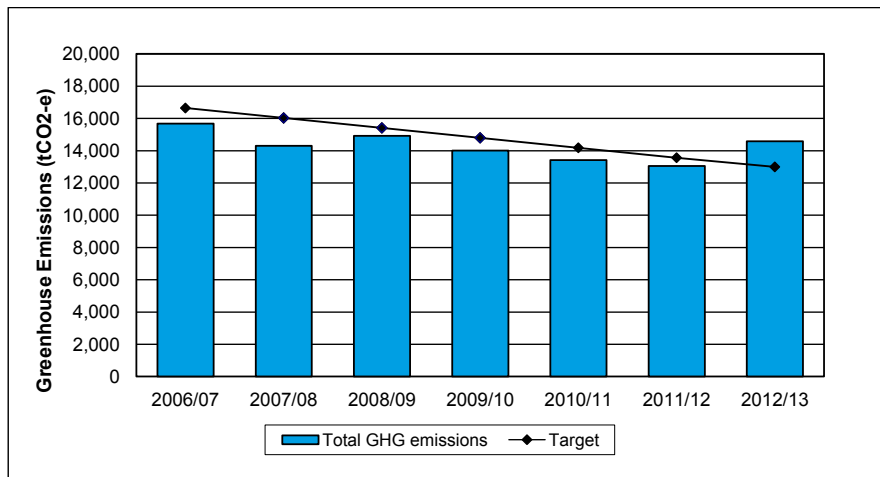
GMW continues to work with other Water Corporations on greenhouse issues through its participation in the Greenhouse Working Group.

Greenhouse Emissions by Source								
T CO2e by source	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Energy 1	10,890	8,275	8,300	9,341	8,702	9,001	8,356	9,753
Vehicle Fleet 2	6,369	5,057	4,902	4,518	5,306	4,416	4,698	4,636
Temporary Pumping 3		2,341	1,100	1,061				
<b>Total</b>	<b>17,259</b>	<b>15,673</b>	<b>14,302</b>	<b>14,920</b>	<b>14,008</b>	<b>13,417</b>	<b>13,054</b>	<b>14,579</b>

1 - Electricity and gas to run offices and depot and deliver water to customers.

2 - Fuel consumed by the vehicle fleet.

3 - In some years temporary drought pumping can make a significant contribution to greenhouse emissions, but this was not the case in 2012/13.



# Our People

## Our People

During 2012/13 GMW completed a number of initiatives that support our commitment to develop an ongoing depth of capability, opportunity and leadership throughout the organisation.

These initiatives include:

- The re-design and restructure of the organisation moving towards a more efficient and streamlined operating model
- The integration of the Northern Victoria Irrigation Renewal Project (NVIRP) into the GMW operational structure
- The introduction of a revised performance management system including training and support to supervisors and managers. Training in the use of this system was delivered to all managers and supervisors
- The professional development of its senior leaders across the organisation with the establishment of the Strategic Leadership Forum
- Seeking feedback directly from staff by providing the opportunity to participate in the second iteration of the Employee Engagement survey

## Complying with Our Employment Obligations

GMW has complied with all employment obligations relevant to its business including obligations contained within the *Equal Employment Opportunity Act 2010*, *Public Administration Act 2004* and the *Disability Act 2006*.

Consistent with these obligations:

- GMW reviewed and updated policies and procedures including the Reasonable Adjustment Procedure and our Disability Action Plan
- GMW developed an Indigenous Employment Plan (2012-15) to support the attraction of Indigenous employees to the Victorian Public Sector
- A revised recruitment and selection process was implemented based on the State Government's principals of merit and equity

## Our Employees

GMW employs a total of 694 staff (figures exclude Directors and Chairperson) equivalent to 688 full time employees (FTE). The demographics of GMW's workforce are outlined in the following tables.

	Total Employees	Full Time Equivalent	% Male	% Female
2012/13	694*	688**	76	24
2011/12	702	684	78	22
2010/11	702	685	78	22
2009/10	727***	713	79	21
2008/09	728	710	80	20
2007/08	683	660	82	18

\*Total number of Connections Project employees as at 30 June 2013 was 62.

\*\*Full Time Equivalent includes casual employees.

\*\*\*Total number of employees includes 15 employees seconded to NVIRP and 23 seconded to GMW's FutureFlow project.

Classification	Total Employees	Full Time Equivalent
Band A	151	150
Band B	185	184
Band C	163	162
Band D	96	94
Band E	58	57
Band F	26	26
EO	10	10

Note: Classification banding does not include casual employees

Age Brackets	Total Employees
< 25	37
25 – 34	160
35 – 44	168
45 – 54	182
55 – 64	134
65>	13

## Making Our Workplace Safer

The 2012/13 period saw continued improvement in GMW's Workplace Health and Safety performance. The organisation successfully completed external surveillance audits of its Occupational Health and Safety Management Systems against the AS/NZS 4801 standard and was again recommended for continuation of certification. Integration with the Northern Victorian Infrastructure Renewal Program provided the addition of two resources to our corporate contingent and allowed for enhancement of safety systems through the establishment of a hybrid model.

During this period, GMW was fortunate to make use of a number of free health and well-being initiatives offered through Diabetes Victoria and WorkSafe Victoria.

The GMW Life Program was launched providing employee focus to heart disease, stroke and diabetes in conjunction with the successful completion of individual health assessments. A total of 562 employees participated in these initiatives during the financial year period.

Targeted risk management initiatives were implemented based on organizational incident trends and included proactive information, instruction and training to high risk areas.

## Return to Work

In early 2010 GMW revised its return to work and rehabilitation system and saw an immediate improvement across all return to work outcomes. This high performance has been maintained over the past three years

with continuous system improvements and as a result, GMW will receive a significant reduction in its worker's compensation insurance premium for 2013/14. With a 42% reduction in average lost time per Lost Time Injury and a 31% reduction in total lost time in the last financial year alone, GMW is now performing more than 54% better than the industry average. To continue this performance and achieve a further reduction in insurance premium, GMW has implemented a series of injury risk reduction and prevention training programs for its employees. These will help further identify and remove high risk areas of the business as well as provide better training and education to increase our employees' resilience to injury.

## Occupational Health and Safety Key Performance Indicators

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of health and safety employee representative committees	14	19	23	18	19	9
Number of lost time injuries for the year	13	12	7	8	9	12
Number of days lost to injuries incurred during the year	210	378	313	162	122	85
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	12.1	11.3	6	7.2	9	9
Average Lost Time Rate (average number of days lost per lost time injury)	16.9	31.5	44.7	20.3	12.2	7.1

# Our Obligations

## Freedom of Information (FOI)

GMW is subject to the *Freedom of Information Act 1982* (the Act). Requests for access to GMW documents under the Act can be sent to:

Freedom of Information Officer  
Goulburn-Murray Water  
PO Box 165  
Tatura VIC 3616

Requests must be made in writing, provide necessary information to identify the documents sought and be accompanied by a \$25.70 application fee. If payment of the application fee would cause hardship it may be waived or reduced. Additional access charges may also apply.

From 1 July 2012 to 30 June 2013 GMW received 24 new FOI requests. Requests were received from various sections of the community including individuals, community groups, solicitors, organisations and members of Parliament.

During this time 27 requests were finalised. The outcomes were:

Full access granted	10
Partial access granted	10
Access denied	1
No documents	4
Transferred	1
Withdrawn	1

GMW determined two applications for internal review in the relevant period. The outcomes were:

Original decision confirmed	1
Original decision varied	1
Original decision overturned	0

One application for review was also made to the Freedom of Information Commissioner resulting in a varied decision.

No applications were made to the Victorian Civil and Administrative Tribunal to review an FOI decision during the relevant period.

No complaints were received from the Ombudsman or the Freedom of Information

Commissioner concerning FOI requests handled by GMW.

Enquiries concerning FOI can be made by contacting GMW on (03) 5826 3500 or via email [foi@g-mwater.com.au](mailto:foi@g-mwater.com.au)

## Information Available

Information relevant to Financial Reporting Directive 22B of the *Financial Management Act 1994* is held at the GMW offices and is available on request subject to the *Freedom of Information Act 1982*.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- Details of publications produced by GMW about itself and how these can be obtained
- Details of changes in prices, fees, charges, rates and levies charged by GMW

## Energy and Water Ombudsman (Victoria) Limited

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

During the 2012/13 financial year, the Energy and Water Ombudsman referred 65 matters to GMW. The nature of these referrals is outlined below.

Ombudsman referrals

Enquiries	3
Unassisted Referrals	16
Assisted Referrals	38
Real Time Resolution	3
Stage 1 Complaints	1

Stage 2 Complaints	4
Stage 3 Complaints	0

As at 30 June 2013, there were two (2) complaints against the Corporation being investigated by the Ombudsman office.

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

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

## Victorian Industry Participation Policy (VIPP)

The Victorian Industry Participation Policy Act 2003 requires public bodies and government departments to report on the implementation of the Victorian Industry Participation Policy.

During 2012/13 GMW commenced 2 contracts totaling \$3,904,488 (inclusive of GST) in value to which the Victorian Industry Participation Policy was applied. Only one contract required the submission of a VIPP plan. All contracts are for regional projects.

The commitments by the contractor under the VIPP plan included:

- 90 per cent local content
- Retention of 25 FTE existing jobs
- Transfer of irrigation construction skills, safety systems and environmental training to existing contractor staff
- No apprentice/traineeships positions being created

During 2012/13 GMW completed 12 contracts totaling \$43,907,187 (inclusive of GST) in value to which the Victorian Industry Participation Policy was applied. Only one contract required the submission of a VIPP plan. All contracts are for regional projects.



# Our Obligations

The commitments by the contractors under the VIPP plan included:

- 6 contracts provided 100 per cent local content
- Retention of 257 FTE existing jobs and creation of 213 FTE new jobs
- Transfer of irrigation construction skills, safety systems and environmental and cultural awareness training to new and existing contractor staff
- Creation of 5 new apprentice/ traineeships positions

## Consultancies

Consultants were engaged by the Corporation during 2012/13 to provide expert analysis and technical advice to facilitate decision making. The following consultants over the page were engaged during the reporting period, with a total contract costs of \$10,000 or more.

In 2012/13 the corporation engaged 5 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$25,828.

## Protected Disclosures

During the reporting period, there were two separate Acts that directed how GMW should respond to allegations of improper or corrupt conduct.

### **Whistleblowers Protection Act**

During the period 1 July 2012 to 9 February 2013 (0) disclosures were received and (0) were referred to the Ombudsman.

### **Protected Disclosure Act 2012**

The *Protected Disclosure Act 2012* replaced the *Whistleblowers Protection Act 2001* on 10 February 2013. The *Protected Disclosure Act 2012* created a new legislative framework which continues to provide protection to persons who make disclosures and establishes a system for the investigation of disclosed matters.

Under the *Protected Disclosure Act 2012*, State government agencies such as GMW can no longer directly receive disclosures about improper or corrupt conduct. Disclosures about improper or corrupt conduct about the Corporation or its employees must now be made to the Independent Broad based Anti-Corruption Commission (IBAC) on:

**Phone:** 1300 735 135

**Fax:** (03) 8635 6444

**Postal address:** GPO Box 24234,  
Melbourne, VIC 3001

During the period 10 February 2013 to 30 June 2013 (0) disclosures were received and (0) were referred to IBAC.

# Our Obligations

Consultant	Purpose of consultancy	Total fees approved \$	Expenditure for Reporting Period \$	Future Commitments \$	Start / End Date
Aither	Development of Water Allocation Trading Strategy	19,580	19,580		Oct - Nov 2012
Ashurst Australia (Ash033)	Advice on Environmental flows	22,433	20,394		Jul 2012
Deloitte Touche Tohmatsu	NVIRP integration - 26/5 TO 30/6	349,939	349,939		May - Jul 2012
Deloitte Touche Tohmatsu	Training centre Strategic review	137,701	137,701		Mar - May 2013
Deloitte Touche Tohmatsu	Professional services - Carbon Tax advice	41,250	41,250		Dec 2012 - Jan 2013
Department of Environment & Primary Industries	Develop action plan to measure benefits of Stage 2 Irrigation Modernisation Plan	79,500		79,500	May - July 2013
DLA Piper	Advice on Maintenance & Support Agreements	82,096	82,096		Oct 2012 - Jun 2013
Evans & Peck Pty Ltd	Support and assistance with the Main Contractor Tender Process	47,269.15	47,269.15		Sep - Oct 2012
GHD Pty Ltd	Upper Goulburn & Strathbogie LMP support	10,000	10,000		Oct 2012
Hydro Environmental Pty Ltd	Provision of Strategic Advice on Water Savings	55,000	55,000		Jan - Jun 2013
JMW Consultants Aust (Jmw001)	Support for GMW Transformation	308,927	205,346	103,581	Sep - Dec 2012
Maddocks	Advice on NVIRP integration	54,808	54,808		July 2012
UNSW Global Pty Ltd	Research Services - Erosion of Embankment Dams & Dam Spillways	16,500	16,500		Dec 2012 - Jan 2013
PricewaterhouseCoopers	Water Plan 3	106,420	106,420		Sep - Oct 2012
RM Consulting Group (Rmc001)	Water Plan 3	300,000	294,946		Sep 2012 - Jun 2013
RM Consulting Group (Rmc001)	MDB Plan	15,000	15,000		Jul 2012
RMCG	Strategic social & environmental assessments	61,560		61,560	Apr - Jun 2013
RPS Aquaterra Pty Ltd	CG 1 Strategic Transition	218,394	174,223	44,171	Sep 2012 - Jun 2013
Secora consulting	Engagement processes for Connections Program Implementation Plan	68,000	62,649		Jul - Aug 2012
Security Infrastructure Solutions Pty Ltd	Information Security Management Plan	200,000	192,203		Oct 2012
Sinclair Knight Merz	Groundwater Projection Modelling	18,251	18,251		May 2013
Snowy Mountain Engineering Corporation (SMEC) Australia	Little Murray Weir Structural Assessment	56,100	56,100		Jul 2012
Terria Business Services	Review of rural residential irrigation customers impacted by Swan Hill Project	11,075	11,075		Jul - Aug 2012
Thiess Services	Provide options to improve accuracy of major bulk offsets	35,300	35,300		Mar - May 2013
URS Australia Pty Ltd	Interface between Modernised Irrigation Channels and Public Groundwater Pumps – Assessment of Options	99,000	47,085	51,915	Jul 2012 - Jun 2013
<b>TOTALS</b>		<b>2,414,104</b>	<b>2,053,136</b>	<b>340,727</b>	

# Our Obligations

## Disclosure of advertising expenditure over \$150,000

Nil reported during the 2012/13 period.

## Value of Community Service Obligations

During 2012/13 GMW granted \$200,398.84 in pension concessions compared to \$192,545.14 pension concessions granted in 2011/12.

## National Competition Policy

GMW aims to comply with Victorian Government policies and timeframes for National Competition Policy including competitive neutrality.

## Capital Projects

There were no capital projects over \$50 million undertaken during the 2012/13 financial year.

## Disclosure of Major Contracts

GMW has disclosed all contracts greater than \$10 million in value, which were entered into during the year ended 2013.

Contractual details have not been disclosed for those contracts that have been exempted from the *Freedom of Information Act 1982* and/or Government guidelines.

Details of contracts that have been disclosed can be viewed at [www.g-mwater.com.au](http://www.g-mwater.com.au)

## Risk Management

GMW's Corporate Risk in relation to risk management is to ensure the practice is embedded into and maintained as part of GMW's culture. GMW continues to upgrade its risk management framework to ensure it is consistent with industry best practice and supports the effective oversight and management of risk by the business.

Key enhancements during 2012/13 included further improvements to the practical application of risk management within the business. GMW's risk management framework is based on Australian/New Zealand Standard AS/NZ 4360 – Risk Management and ISO31000:2009 Risk Management Framework.

## Statutory Planning

Approximately 1365 planning applications were received and processed in the 2012/13 financial year. A further 50 Planning Scheme Amendments were processed. Under the *Planning and Environment Act 1987* GMW is required to respond to matters referred to it within 28 days or within the time period determined by the relevant Council. During 2012/13 GMW fulfilled these requirements for all referrals.

Under Section 55 of the *Planning and Environment Act 1987*, GMW is a statutory referral authority for developments within any declared Special Water Supply Catchments in our referral area and has provided the boundaries of the Catchments to each of the 18 local government areas affected.

## Building Act 1993

GMW has complied with the building and maintenance provisions of the *Building Act 1993*.

# Financial Statements 2012/13

## GMW Financial Commentary

### Financial Highlights

- Strong operational performance of GMW's core services of water storage and delivery provided for Earnings before Interest, Tax and Depreciation of \$42.9m and operational cash flows of \$30.9m, both well ahead of budgeted expectations and prior year results
- This strong operational performance resulted in net borrowings (borrowing less cash on hand) of \$73m which is \$18m less than the previous year
- Connections Project ended the year with a strong cash position. This was largely driven by lower expenditure arising from a lower level of activity in the project
- Depreciation of \$69.5m on GMW's \$4 billion infrastructure base continues to drive after tax losses for the business. The losses are an outcome of the regulatory environment GMW operates in and are not reflective of the underlying operational and financial sustainability of the business

### Financial Integration of NVIRP

On 1 July 2012 the State Owned Enterprise for Irrigation Modernisation in Northern Victoria trading as Northern Victoria Irrigation Renewal Project (NVIRP) was integrated with the operations of GMW pursuant to a Restructure of Administrative Arrangements as directed by the Victorian Government. This resulted in an equity contribution of \$117m representing the net assets of NVIRP at integration. The project is now known as the Connections Project and is a business unit of GMW.

The financial statements for the 2012-13 year reflect the integration of the Connections Project from 1 July 2012 which has had a significant impact on the financial information reported. Information in respect of the Connections Project has been separately disclosed where it is considered to be significant and useful to the readers of the financial statements.

The key financial impacts of the Connections Project on the financial statements for the year ending 30 June 2013 are as follows:

- Contribution to revenue for the year \$80m
- Contribution to expenses for the year \$85m
- Contribution to net assets at year end \$120m

### GMW Financial Structure

With the integration of the Connections Project GMW has aggregated the activities of the business into two major components:

- Water Storage and Delivery – These are the activities of GMW prior to NVIRP integration and largely reflect the enduring activities of harvesting, storing and delivering water to customers
- Connections Project – These are the activities relating to the delivery of the \$2 billion State and Federal Government irrigation modernisation and renewal program in Northern Victoria

The operations of the Connections Project are financially ring fenced from Water Storage & Delivery operations to assist in delivering governance, financial and operational accountability for the business. Financial transactions between the Water Storage & Delivery business and the Connections Project are eliminated in producing GMW's financial statements so as to avoid double counting of revenue and expenses.

### Water Storage & Delivery – Operational Result

The focus of the 2012-13 financial year for Water Storage & Delivery has continued to deliver strong financial performance.

The Water Storage & Delivery business achieved an operational result (Earnings before Interest, Tax and Depreciation) of \$42.9m compared to 2011-12 of \$25m

and a loss of \$5.1m in 2010-11. Positive operational cash flows of \$30.9m were achieved compared to 2011-12 of \$24.8m and outflows of \$10.8m in 2010-11. Both results were well ahead of budget.

The main drivers of the improved operating result were higher income as a result of water resource availability and greater demand for water including spillable water revenue. Expenditure was maintained at a level consistent with the prior year and incorporates the costs associated with the transformation of the business. This process resulted in a reduction in overall head count and a realignment of staff skills to the core business units, with redundancy and associated costs of \$2.5m.

### Connections Project Result

The Connections Project has reported funding received/receivable of \$80m for the year which has been recognised as revenue. This is consistent with budgeted levels included in the Company's Corporate Plan. Expenditure was \$30m lower than budgeted reflecting a lower level of project activity mainly as a result of slower than expected customer agreements.

Overall the Connections Project enters the 2013-14 year in a strong cash position.

### GMW Before Tax Position

GMW's 2012-13 loss before tax of \$44m compares favourably to the loss before tax of \$52.1m for the 2011-12 year. As noted above the main driver of this improvement was strong operating performance from the core water storage & delivery business.

GMW incurred \$69.5m of pre-tax depreciation and amortisation expense during 2012-13 which is consistent with the previous year. The large depreciation and amortisation expense is due mainly to the revaluation of land, buildings and infrastructure assets to fair value at 30 June 2011 which increased asset values by \$1.2 billion. Under the economic regulatory framework, GMW is unable to recover the majority of its statutory depreciation through customer charges.

### Assets and Borrowings

The Corporation's asset base increased by \$158m during the year to \$4.3 billion. This increase is primarily due to the Connections Project assets received at integration of NVIRP and a net increase in infrastructure assets, property, plant and equipment (after disposals and depreciation) of \$70m.

Assets continue to be decommissioned as a result of the reconfiguration of parts of the delivery network as a result of the Connections Project. It is anticipated that this will continue throughout the remainder of the project. The decommissioning of assets should lead to lower maintenance costs in future years and water savings.

GMW's net borrowings (borrowings less cash on hand) at 30 June 2013 was \$73m being approximately 50% of budgeted levels and reflecting an \$18m decrease from 2011-12. This reflects the strong operational performance of the business in 2011-12 and 2012-13 and net cash position of the Connections Project. This translates into a gearing of 3.0% for GMW.

Net borrowings associated with Water Storage and Delivery at 30 June 2013 were \$83m with gearing at 2.94%. Net borrowings decreased by \$8m from the prior year. Water Storage and Delivery net borrowings reflects GMW's underlying borrowings position with Connections Project borrowings reflecting bridging finance to manage the timing of project funding and expenditure.



# Financial Statements 2012/13

## GMW Financial Commentary

<b>Summary of Financial Results</b>					
	2012/13 (\$'000)	2011/12 (\$'000)	2010/11 (\$'000)	2009/10 (\$'000)	2008/09 (\$'000)
<b>Water Storage &amp; Delivery (before adjustment for internal transactions)</b>					
Total revenue	185,545	160,257	134,020	140,313	125,408
Expenses excluding interest, depreciation and amortisation	142,623	135,243	139,097	162,256	124,068
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>42,922</b>	<b>25,014</b>	<b>(5,077)</b>	<b>(21,943)</b>	<b>1,340</b>
Depreciation and amortisation	68,775	70,301	41,209	37,203	34,008
Interest expense	8,286	6,897	6,650	2,835	1,480
<b>Net result before tax - Water Storage &amp; Delivery</b>	<b>(34,139)</b>	<b>(52,184)</b>	<b>(52,936)</b>	<b>(61,981)</b>	<b>(34,148)</b>
<b>Connections Project (before adjustment for internal transactions)</b>					
Funding revenue	83,748	-	-	-	-
Project expenditure	93,653	-	-	-	-
<b>Net result before tax - Connections Project</b>	<b>(9,905)</b>	-	-	-	-
<b>Total GMW (after adjustment for internal transactions)</b>					
Total revenue	256,972	-	-	-	-
Total expenses	301,016	-	-	-	-
<b>Net result before tax - GMW</b>	<b>(44,044)</b>	-	-	-	-
<b>Assets</b>					
Current	147,212	61,584	34,536	36,385	113,925
Non-Current	4,181,685	4,108,918	4,066,984	2,266,479	2,124,393
<b>Total assets</b>	<b>4,328,897</b>	<b>4,170,502</b>	<b>4,101,520</b>	<b>2,302,864</b>	<b>2,238,318</b>
<b>Liabilities</b>					
Current	74,130	73,824	59,710	79,332	79,919
Non-Current	607,222	588,932	570,118	23,037	23,535
<b>Total liabilities</b>	<b>681,352</b>	<b>662,756</b>	<b>629,828</b>	<b>102,369</b>	<b>103,454</b>
<b>Cash flows</b>					
Net cash flow from operations - Water Storage & Delivery	30,870	24,795	(10,838)	(1,605)	35,115
Net cash flow from operations - Connections Project	(36,218)	-	-	-	-
Payments for property, plant, equipment and infrastructure - Water Storage & Delivery	24,408	36,129	52,053	102,703	184,874
Payments for property, plant, equipment and infrastructure - Connections Project	62,933	-	-	-	-

# Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2012/13 \$'000	2011/12 \$'000
<b>Revenue from operating activities</b>			
Water storage and delivery		126,661	114,116
Government grants		6,860	10,539
Government funding - Connections Project		80,505	-
Contracting services		30,552	24,360
Other revenue		12,394	11,242
<b>Total revenue</b>	<b>2</b>	<b>256,972</b>	<b>160,257</b>
<b>Expenses from operating activities</b>			
Operating, Maintenance and Administration expenses	3(a)	69,776	70,781
Connections Project costs	3(b)	80,167	-
Employee expenses	3(c)	64,473	56,565
Depreciation and amortisation	3(d)	69,573	70,301
Other expenses	3(e)	17,027	14,795
<b>Total expenses</b>		<b>301,016</b>	<b>212,442</b>
<b>Profit/(Loss) before tax</b>		<b>(44,044)</b>	<b>(52,185)</b>
<b>Income tax expense/(benefit)</b>	<b>4</b>	<b>(8,454)</b>	<b>(17,807)</b>
<b>Net Profit/(Loss) for the period</b>		<b>(35,590)</b>	<b>(34,378)</b>
<b>Other comprehensive income</b>			
Decrease in asset revaluation reserve for assets disposed	15	-	(1,691)
Income tax relating to asset revaluation movement	4,15	-	507
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>(1,184)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(35,590)</b>	<b>(35,562)</b>

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

# Balance Sheet

As at 30 June 2013

	Notes	2012/13 \$'000	2011/12 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	67,204	32,900
Receivables	7	71,142	26,730
Assets classified as held for sale	8	5,998	-
Inventories		2,868	1,954
<b>Total current assets</b>		<b>147,212</b>	<b>61,584</b>
<b>Non-current assets</b>			
Receivables	7	87	159
Intangibles	9	12,102	9,025
Infrastructure assets, property, plant and equipment	10	4,169,496	4,099,734
<b>Total non-current assets</b>		<b>4,181,685</b>	<b>4,108,918</b>
<b>Total assets</b>		<b>4,328,897</b>	<b>4,170,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	44,508	34,828
Employee benefits	12	16,901	16,664
Borrowings	13	1,501	11,412
Other liabilities	14	11,220	10,920
<b>Total current liabilities</b>		<b>74,130</b>	<b>73,824</b>
<b>Non-current liabilities</b>			
Employee benefits	12	2,014	1,769
Borrowings	13	139,450	112,951
Deferred tax liability	4(d)	465,758	474,212
<b>Total non-current liabilities</b>		<b>607,222</b>	<b>588,932</b>
<b>Total liabilities</b>		<b>681,352</b>	<b>662,756</b>
<b>Net assets</b>		<b>3,647,545</b>	<b>3,507,746</b>
<b>EQUITY</b>			
Contributed capital	15(a)	2,458,330	2,282,941
Asset revaluation reserve	15(b)	1,215,516	1,215,516
Accumulated surplus (deficit)	15(c)	(26,301)	9,289
<b>Total equity</b>		<b>3,647,545</b>	<b>3,507,746</b>
Commitments for expenditure	17		
Contingent liabilities	18		

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

# Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Contributed Capital \$'000	Revaluation Reserve \$'000	Asset Accumulated Surplus (Deficit) \$'000	Total \$'000
Balance at 1 July 2011		2,193,157	1,216,700	43,666	3,453,523
Net result for period		-	-	(34,377)	(34,377)
<b>Transactions with the State in capacity as owner</b>					
Capital contributions	15(a)	4,177	-	-	4,177
Assets transferred from Connections Project	15(a)	85,607	-	-	85,607
Decrease in asset revaluation reserve for assets disposed	15(b)	-	(1,184)	-	(1,184)
<b>Balance at 30 June 2012</b>		<b>2,282,941</b>	<b>1,215,516</b>	<b>9,289</b>	<b>3,507,746</b>
Net result for the period		-	-	(35,590)	(35,590)
<b>Transactions with the State in capacity as owner</b>					
Capital contributions - Connections Project	15(a)	57,601	-	-	57,601
Administrative restructure - net assets received	5	117,788	-	-	117,788
<b>Balance at 30 June 2013</b>		<b>2,458,330</b>	<b>1,215,516</b>	<b>(26,301)</b>	<b>3,647,545</b>

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

# Cash Flow Statement

For the year ended 30 June 2013

	Notes	2012/13 \$'000	2011/12 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		163,348	146,457
Receipts from Government		58,911	8,657
GST received from the ATO		5,437	8,688
<b>Payments</b>			
Payments to suppliers and employees		(222,616)	(130,583)
Interest and other costs of finance paid		(8,901)	(6,897)
Environmental contribution		(1,527)	(1,527)
<b>Net cash (outflow) / inflow from operating activities</b>	21	<b>(5,348)</b>	<b>24,795</b>
<b>Cash flows from investing activities</b>			
Payment for intangible assets, infrastructure assets, property, plant and equipment		(87,341)	(36,129)
Payment for assets held for sale		(758)	-
Proceeds from sale of property, plant and equipment		2,010	177
<b>Net cash outflow from investing activities</b>		<b>(86,089)</b>	<b>(35,952)</b>
<b>Cash flows from financing activities</b>			
Capital contributions from Victorian Government		44,380	4,176
Cash received from administrative restructure	5	64,773	-
Repayment of loans		(1,412)	(1,329)
Proceeds from loans		18,000	30,000
<b>Net cash inflows from financing activities</b>		<b>125,741</b>	<b>32,847</b>
<b>Net increase in cash held</b>		<b>34,304</b>	<b>21,690</b>
Cash and cash equivalents at the beginning of year		32,900	11,210
<b>Cash and cash equivalents at the end of the year</b>		<b>67,204</b>	<b>32,900</b>

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

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 1.

#### Significant Accounting Policies

**(a) Reporting Entity**

The financial report covers Goulburn Murray Rural Water Corporation (the Corporation or GMW) as an individual reporting entity.

Its principal address is:  
40 Casey Street  
Tatura Vic 3616

A description of the Corporation's operations and its principal activities is included in the report of operations which does not form part of this financial report.

The financial report at 30 June 2013 comprises the Corporation and was authorised for issue by the Board on 27 August 2013.

**(b) Statement of Compliance**

This general purpose financial report has been prepared in accordance with the Financial Management Act 1994 (FMA), Financial Reporting Directions issued by the Minister for Finance and applicable Australian Accounting Standards (AAS) which include Interpretations and other pronouncements issued by the Australian Accounting Standards Board (AASB).

Where appropriate, Australian Accounting Standards applicable to not-for-profit entities have been applied.

**(c) Restructuring of Administrative Arrangements**

From 1 July 2012 the State Owned Enterprise for Irrigation Modernisation in Northern Victoria trading as Northern Victoria Irrigation Renewal Project (NVIRP) has been integrated with the operations of the Corporation and will be part of the operations of the Corporation in future financial years. Refer Note 5 for details of the financial impact of the integration. This integration occurred pursuant to a Restructure of Administrative Arrangements as directed by the Victorian Government.

The integration of NVIRP has been treated as a contribution of capital by the State Government. The carrying value of the net assets of NVIRP immediately prior to the transfer have been recognised in these financial statements as of the date of the transfer.

The contribution of capital has been recognised directly in equity (refer Note 15).

**(d) Basis of Accounting Preparation and Measurement**

***Accrual Basis of Accounting***

The accrual basis of accounting has been applied in the preparation of this financial report whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

***Presentation Currency***

All amounts are presented in Australian dollars, unless otherwise noted.

***Historical Cost Convention***

The financial report has been prepared on the basis of historical cost, except for certain non-current assets that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

***Classification between Current and Non-Current***

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be realised or paid within the next twelve months. See 1(n) for a variation in relation to long service leave.

***Rounding***

Unless otherwise stated, amounts shown in the financial report are rounded to the nearest thousand dollars. Immaterial discrepancies in tables between totals and sums of components reflect rounding.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### **Critical Accounting Estimates**

The preparation of the financial report in conformity with AASBs requires the use of certain accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The most significant accounting estimates undertaken in the preparation of this financial report relate to:

- (i) Fair value and the impairment of assets (refer Note 1(m)).
- (ii) Unearned revenue (refer Note 1(i)).
- (iii) Construction Work In progress (refer Note 1(m)).
- (iv) Contingent Liabilities (refer Note 18).
- (v) Estimation of useful lives (refer Note 1(j)).
- (vi) Deferred tax assets & liabilities (refer Note 1(o)).

### **Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

In light of the restructuring of administrative arrangements (refer Note 1(c)) the accounting policies have been expanded to cater for any accounting policies specific to the Connections Project. All other accounting policies are applied consistently.

#### **(e) Basis of Consolidation**

A wholly owned subsidiary company Watermove Pty Ltd operated as a water broker prior to ceasing operations during the financial period. The Corporation has not prepared the 2012-13 financial report on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material.

#### **(f) Comparative Amounts**

Where necessary, figures for the previous year have been reclassified to facilitate comparison. This has been done to provide improved disclosure for the user of the financial statements. Other liabilities have been reclassified as a separate balance sheet item (previously included in Payables) and some note disclosures such as Note 3 have been amended to provide improved clarity of information reported.

#### **(g) Events After the Reporting Date**

No material events have occurred after the reporting date.

#### **(h) Objectives and Funding**

Subsequent to the restructuring of administrative arrangements the NVIRP Project was re-branded as GMW Connections Project.

The objectives of the Connections Project is to plan, design and deliver the program for modernisation of the irrigation system throughout the Goulburn Murray Irrigation District (GMID).

Stage 1 of the Connections Project, which was initially expected to be completed during 2013, will cost up to \$1.004 billion. In October 2011, Cabinet directed that the NVIRP Stage 1 Business Case be reviewed to enable the integrated delivery of Stage 1 and Stage 2 of the Project and to support the completion of the Food Bowl Modernisation Project agreement with the Commonwealth, with a revised completion date for Stage 1 being 30 June 2018, to align with the completion of Stage 2. Refer to Note 16 for further details.

Stage 2 of the Project commenced during 2011-12 and will cost up to \$1.059 billion.

#### **(i) Revenue Recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the income can be reliably measured.

### **Connections Project**

#### **Funding**

Government funding is recognised as operating revenue (unless designated as contributions of capital) on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the Statement of Comprehensive Income as government funding. This is funding which does not result in an asset or enhance an existing asset owned by the Corporation.



# Notes to the Financial Statements

## Year Ended 30 June 2013

Funding is recognised based on a percentage of completion basis and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Corporation.

Any funding received in advance which is not recognised as revenue is recorded as a liability in the balance sheet.

### **Water Storage and Delivery Revenue**

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

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

### **Government Grants**

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

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

Grants received from the Victorian State Government, which were originally appropriated as additions to net assets or where they are in the nature of owners' contributions, are accounted for as Equity – Contributed Capital.

Government grants are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the Corporation recognises as expenses the related costs for which the grants are intended to compensate. Specifically, Government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognised as a liability in the balance sheet and transferred to the Statement of Comprehensive Income as the relevant expenditure is incurred.

### **Contracting Services**

The Corporation is the Victorian constructing authority for the Murray Darling Basin Authority (MDBA) and performs contracted works on a cost recovery basis for MDBA and other clients. Revenue is recognised as services are provided.

### **Interest**

Interest revenue includes interest charged to customers on overdue debts and interest received on bank deposits. Interest from customers is recognised when it is charged and interest from bank deposits is recognised when it is earned.

### **Other Income**

Other income includes income from property leases & licences, grazing & occupational licences, boating licences and power generation. This income is recognised over the period of the relevant lease or licence or when it is earned.

## **(j) Expenses**

### **Operations, Maintenance and Administration Expenses**

Expenses from transactions are recognised in the period that they are incurred.

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

### **Borrowing Costs**

Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. Borrowing costs relate to interest on bank overdrafts and short and long term borrowings.

### **Disposal of Assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Each year the Corporation negotiates with customers to rationalise parts of the irrigation infrastructure where reconfiguration works permit the realignment of channels and structures. Where assets are assessed as being no longer in use, the book value of these assets is written off. The write off is recognised in the Statement of Comprehensive Income as a loss on disposal.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### **Depreciation and Amortisation**

All non-current physical assets (excluding items under operating leases and assets held-for-sale) that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year.

The following are the estimated useful lives for the different asset classes for both current and prior years:

<b>Class of Assets</b>	<b>Estimated Life (years)</b>
Buildings	40
Plant, equipment, furniture and fittings	2 to 10
Leasehold improvements	3 to 5
Intangibles	3 to 10
Infrastructure – electronic equipment	5 to 20
Infrastructure – channels and structures	30 to 120
Infrastructure – drains and dams	25 to 200

The component of channels and drains which is under water is considered to have an indefinite life and is not depreciated. The fair value of these components is \$897 million. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Intangible assets with finite useful lives such as computer software are amortised (on a straight line basis over the life of the asset) over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives such as water shares and entitlements are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### **Employee Benefits**

Employee benefits include all costs relating to employment including wages and salaries, leave entitlements and superannuation contributions. These are recognised as an expense when incurred.

### **Connections Project - Project Costs**

Project costs represent those costs associated with the delivery of a modernised irrigation system which will not result in an asset or enhance a fixed asset held by the Corporation. These costs are expensed as they are incurred. They generally relate to planning and on-farm modernisation works.

The costs associated with agreements to provide incentives for on-farm works and acquisitions of delivery shares are recognised as an expense at the time the agreement is signed by all parties to the agreement and the agreement becomes irrevocable.

## **(k) Financial Instruments**

### **Recognition**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Corporation becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognised initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs related to instruments classified at fair value through profit and loss are expensed to the Statement of Comprehensive Income immediately.

Subsequent to initial recognition, the financial instruments are measured as set out below.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### **Loans and Receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### **Payables**

Payables are recognised when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services. Payables are initially recognised at fair value, being the cost of the goods and services.

## **(l) Financial Assets**

### **Cash and Deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and deposits are measured at nominal value.

### **Receivables**

Receivables include mainly contractual receivables relating to debts for water rates, water consumption and contracting services provided. Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(i) for recognition and measurement). Thus, they are initially recognised at fair value and subsequently measured at amortised cost less any accumulated impairment.

Receivables are subject to impairment testing and a provision for impairment is recognised when there is objective evidence that debts may not be collected. Bad debts are written off when identified.

### **Impairment of Financial Assets**

At the end of each financial year, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

## **(m) Non-Financial Assets**

### **Inventories**

Inventories comprise materials and supplies held for asset construction, systems operation and general maintenance or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations. All inventories are measured at the lower of cost and net realisable value.

### **Work In Progress**

Costs associated with the delivery of a modernised irrigation system which result in a new asset or enhance an existing asset are recorded as construction work in progress. The balance of construction work in progress represents the costs incurred to date less the value of assets or asset enhancements transferred to property plant and equipment during the period. Direct labour costs are capitalised to the assets.

### **Water Storage and Delivery**

Work in progress is valued at cost plus an appropriate share of overheads. Assets are transferred from work in progress when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### **Property, Plant and Equipment**

#### **Measurement and Recognition**

All non-current physical assets (with the exception of plant, equipment, furniture and fittings) are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of the Restructuring of Administrative Arrangements were transferred at their carrying amount.

Items with a cost in excess of \$2,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Where assets are constructed by the Corporation, the cost at which they are recorded includes an appropriate share of overheads.

# Notes to the Financial Statements

## Year Ended 30 June 2013

Plant, equipment, furniture and fittings are recognised at cost less accumulated depreciation as the carrying amount is considered to be a reasonable approximation of fair value.

### **Revaluations of Non-Financial Assets**

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. An independent fair value assessment is undertaken every 5 years in accordance with the requirements of Financial Reporting Direction 103D "Non-Current Physical Assets" but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised valuers. Any intervening revaluations are determined in accordance with the requirements of FRD103D.

Any revaluation increase arising on revaluation is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

### **Non-Financial Assets Classified as Held for Sale**

Non-financial assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation. They are classified as current assets and as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as having been met only when the sale is highly probable and is expected to be completed within 12 months from the date of the classification.

### **Impairment of Assets**

All assets are assessed annually for indicators of impairment, except for inventories. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The difference is written-off by a charge to the Statement of Comprehensive Income except for an asset previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

The recoverable amount for assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

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

### **Intangible Assets**

Intangible assets acquired separately are recognised initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as an expense in the Statement of Comprehensive Income when the asset is derecognised.

Refer to Note 1(j) Depreciation and Amortisation of Non-Current Assets and Note 1(m) Non-Financial Assets (Impairment of Assets).

### **Water Shares**

Water shares are acquired by the Connections Project during the course of the project. They are accounted for as assets in the reporting period in which they are acquired and an assessment made as to their carrying value based on their expected ultimate disposition. If it is expected that the water shares will ultimately be cancelled rather than sold, then they are treated as a cost of the project. Water shares held at year end for future sale are recorded as assets classified as held for sale. Where a decision has not been made regarding sale they are classified as Intangible Assets.

Water shares are held by the Water Storage & Delivery business. They are held as bulk entitlements and water shares for operational use and are classified as Intangible assets.

# Notes to the Financial Statements

## Year Ended 30 June 2013

(n) **Liabilities**

**Payables**

Payables consist predominantly of goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at year end. Payables are initially recognised at fair value, being the cost of the goods and services. The amounts are unsecured.

**Connections Project - Unearned Revenue**

Funding revenue received by the Connections Project is recognised under the percentage of completion methodology. Any portion that is not recognised as revenue in the current period is recognised as a liability.

**Borrowings**

Borrowings consist of short and long term loans from Treasury Corporation of Victoria. Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the financial year end.

**Annual Leave and Other Entitlements**

Employee entitlements relating to wages and salaries, annual leave and other relevant entitlements expected to be settled within twelve months of the reporting date are recognised in employee benefit liabilities in respect of employees services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

Employee entitlements which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee entitlements are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability.

**Long Service Leave**

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

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

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

**Employee Benefit On-Costs**

Employee benefits on-costs, including payroll tax, workers compensation and superannuation, are included in the provision for employee benefits.

**Performance Payments**

Performance payments to eligible employees are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the term of the contracts to balance date to the extent that a performance payment is expected to be incurred. The performance payment accrual is classified as a current liability as payment is expected to occur within 12 months.

(o) **Taxation**

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

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

# Notes to the Financial Statements

## Year Ended 30 June 2013

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses on the basis of there being sufficient taxable temporary differences relating to the same taxation authority and the expectation that taxable profits will be generated in the longer term.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

**(p) Leased Assets**

At the inception of a lease, the lease is classified as a finance or operating lease based on the economic substance of the agreement in regards to the risks and rewards incidental to ownership.

A lease is classified as a finance lease when the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Operating Leases**

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

**(q) Equity**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital.

**(r) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer Note 17) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

**(s) Contingent Assets and Liabilities**

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of note and if quantifiable are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**(t) Goods and Services Tax**

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. As at 30 June 2013, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2013. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

# Notes to the Financial Statements

## Year Ended 30 June 2013

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial report</b>
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2015	This amendment is not expected to have any significant impact on the Corporation's financial report.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of the consolidated financial report when an entity controls one or more other entities and supersedes those requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i> and Interpretation 112 <i>Consolidation – Special Purpose Entities</i> .	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 <i>Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 <i>Interests in Joint Ventures</i> .	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of the financial report to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial report. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. This amendment is not expected to have any material impact on the Corporation's financial report.



# Notes to the Financial Statements

## Year Ended 30 June 2013

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial report</b>
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial report.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation, however, this amendment is not expected to have any significant impact on the Corporation's financial report
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial report.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120,</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial report.

# Notes to the Financial Statements

## Year Ended 30 June 2013

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial report</b>
121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i> [AASB 2009-11 & AASB 2010-7]	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial report.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial report under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	This amendment is not expected to have any significant impact on the Corporation's financial report.
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 <i>Consolidated and Separate Financial Statements</i> are amended to AASB 10 <i>Consolidated Financial Statements</i> or AASB 127 <i>Separate Financial Statements</i> , and references to AASB 131 <i>Interests in Joint Ventures</i> are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial report.
AASB 2011-8 <i>Amendments to Australian Accounting</i>	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is

# Notes to the Financial Statements

## Year Ended 30 June 2013

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial report</b>
<i>Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.		potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial report.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial report.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards, as a consequence of</i> the issuance of IFRIC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> . This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	This amendment is not expected to have any impact on the Corporation's financial report.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> ), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	This amendment is not expected to have any impact on the Corporation's financial report.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 2. Revenue from operating activities

	2012/13	2011/12
	\$'000	\$'000
<b>Water storage &amp; delivery</b>		
Fixed charges	90,985	87,442
Variable charges	21,430	15,424
Bulk water sales	14,246	11,250
<b>Total Water storage &amp; delivery</b>	<b>126,661</b>	<b>114,116</b>
<b>Government grants</b>		
NVIRP works	-	6,575
Salinity works	1,468	3,734
Other	5,392	230
<b>Total Government grants</b>	<b>6,860</b>	<b>10,539</b>
<b>Government funding - Connections Project</b>	<b>80,505</b>	-
<b>Contracting services</b>		
MDBA	29,923	23,641
Other external clients	629	719
<b>Total Contracting services</b>	<b>30,552</b>	<b>24,360</b>
<b>Other revenue</b>		
Interest (1)	3,357	1,058
Leases and licenses	2,028	1,762
Boating licenses	982	895
Power generation	1,433	563
Termination fees	183	2,834
Connections Project - sale of water (1)	1,116	-
Other (1)	3,295	4,130
<b>Total Other revenue</b>	<b>12,394</b>	<b>11,242</b>
<b>Total Revenue</b>	<b>256,972</b>	<b>160,257</b>

(1) Refer Note 5 for Connections Project 2011/12 balances

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 3. Expenses from operating activities

	2012/13	2011/12
	\$'000	\$'000
<b>(a) Operations, Maintenance and Administration expenses</b>		
Connections Project (1)	967	-
Contracted services	19,040	14,720
Contributions to Victorian Government re MDBA (i)	(946)	5,795
Electricity	1,776	1,284
Insurances	2,230	2,546
Labour hire	2,311	2,118
Materials	5,065	4,823
MDBA and Government Services Contract	25,552	20,850
Plant and motor vehicles	5,942	6,599
Plant hire	1,290	1,442
Property and legal expenses	1,874	1,666
Other	4,675	8,938
<b>Total Operations expenses</b>	<b>69,776</b>	<b>70,781</b>
<i>(i) GMW paid \$10,289,495 to DEPI as an MDBA contribution in the 2012-13 year. This was offset by an adjustment to reverse an accrual relating to a prior year. As a result a net credit of \$945,622 was recorded for the year.</i>		
<b>(b) Project costs (1)</b>		
Connections Project	79,579	-
Impairment loss on water shares held as intangible assets	293	-
Impairment loss on land held for resale	295	-
<b>Total Project costs</b>	<b>80,167</b>	<b>-</b>
	2012/13	2011/12
	\$'000	\$'000
<b>(c) Employee Expenses (1)</b>		
<b>Post employment benefits</b>		
- <i>Defined contribution plans</i>		
Water Storage & Delivery	3,204	3,329
Connections Project	475	-
- <i>Defined benefit plans</i>		
Water Storage & Delivery	1,113	1,932
Connections Project	45	-
<b>Termination benefits</b>		
Water Storage & Delivery	2,085	360
Connections Project	197	-
<b>Salary, Wages and other costs</b>		
Water Storage & Delivery	53,366	50,944
Connections Project	3,988	-
<b>Total Employee expenses</b>	<b>64,473</b>	<b>56,565</b>
<b>(d) Depreciation and amortisation (1)</b>		
Depreciation of infrastructure assets, property, plant and equipment	66,639	67,443
Amortisation of intangibles	2,934	2,858
<b>Total Depreciation and amortisation</b>	<b>69,573</b>	<b>70,301</b>
<b>(e) Other expenses</b>		
Interest expense	8,286	6,897
Loss on disposal of infrastructure assets, property, plant and equipment	8,741	7,898
<b>Total Other expenses</b>	<b>17,027</b>	<b>14,795</b>

(1) Refer Note 5 for Connections Project 2011/12 balances

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 4. Income tax relating to continuing operations

	2012/13 \$'000	2011/12 \$'000
<b>a) Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current tax expense in respect of the current year	(29,031)	(24,849)
Adjustments recognised in the current year in relation to the current tax of prior years	(268)	102
	(29,299)	(24,747)
<b>Deferred tax</b>		
Deferred tax expense recognised in the current year	20,845	6,940
Total income tax expense recognised in the current year relating to continuing operations	<b>(8,454)</b>	<b>(17,807)</b>

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

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2012/13	2011/12
<b>Profit/(loss) before tax from continuing operations</b>	<b>(44,044)</b>	<b>(52,184)</b>
Income tax expense calculated at 30% (2012: 30%)	(13,213)	(15,655)
Non deductible expenses	-	2
Non assessable income	(128)	-
Research and development	-	(18)
Impairment of investment in subsidiary	-	286
Provision for impairment of receivables	(31)	124
Prepayments	102	(19)
Expense provision	1,730	6,888
Employee entitlements	(84)	442
Infrastructure assets, property, plant & equipment	(17,407)	(16,899)
<b>Tax effect of current year losses</b>	<b>(29,031)</b>	<b>(24,849)</b>
Deferred income tax expense	20,845	6,940
Adjustments recognised in the current year in relation to the current tax of prior years	(268)	102
Total income tax expense recognised in the current year relating to continuing operations	<b>(8,454)</b>	<b>(17,807)</b>

The tax rate used for the 2013 and 2012 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2012/13 \$'000	2011/12 \$'000
<b>c) Income tax expense recognised in Other Comprehensive Income</b>		
Infrastructure assets revaluation decrease - disposals	-	(1,624)
Income tax	-	487
	-	(1,137)
Land revaluation decrease - disposals	-	(36)
Income tax	-	11
	-	(25)
Buildings revaluation decrease - disposals	-	(31)
Income tax	-	9
	-	(22)
Total other comprehensive income - revaluation decrease	-	(1,691)
Income tax	-	507
<b>Other comprehensive income (loss) for the year net of tax</b>	<b>-</b>	<b>(1,184)</b>

The tax effect of the revaluation adjustments noted above has been recognised in the Asset Revaluation Reserve. The net movement is reflected as a deferred tax liability in the balance sheet.

	2012/13 \$'000	2011/12 \$'000
<b>d) Deferred tax balances</b>		
<b>Deferred tax asset/(liability) comprising:</b>		
Infrastructure assets, property, plant & equipment	(851,901)	(828,421)
<b>Offset by deferred tax asset comprising:</b>		
Tax losses	371,498	341,666
Provision for impairment of receivables	90	125
Accrued expenses	8,880	6,888
Employee benefits	5,675	5,530
<b>Deferred tax asset/(liability)</b>	<b>(465,758)</b>	<b>(474,212)</b>
<b>Movement in Deferred tax asset/(liability)</b>		
Opening balance	(474,212)	(492,527)
Tax effect of current year tax losses	29,031	24,850
Movement charged to operating profit/(loss)	(20,845)	(6,940)
Under/(over) provision for income tax	268	(102)
Movement charged directly to equity	-	507
<b>Closing balance</b>	<b>(465,758)</b>	<b>(474,212)</b>

GMW has recognised accumulated tax losses as a deferred tax asset on the basis of there being sufficient taxable temporary differences relating to the same taxation authority and the expectation that taxable profits will be generated in the longer term.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 5. Restructuring of administrative arrangements

On 1 July 2012 the State Owned Enterprise for Irrigation Modernisation in Northern Victoria trading as Northern Victoria Irrigation Renewal Project (NVIRP) was integrated with the operations of GMW and will be part of the operations of GMW in future financial periods. This integration occurred pursuant to a Restructure of Administrative Arrangements as directed by the Victorian Government.

The order directed that NVIRP transfer all assets, liabilities and undertakings to GMW. The combined income and expenses for the Connections Project are reported by GMW.

The net assets assumed by GMW as a result of the administrative restructure are recognised in the balance sheet at the carrying amount of those assets in the transferor's (NVIRP) balance sheet immediately before the transfer.

The net assets transfer was treated as a contribution of capital by the Government. No income has been recognised by GMW in respect of the net assets transferred by NVIRP.

#### Balance Sheet 30 June 2012

<b>Current Assets</b>	<b>\$'000</b>
Cash and cash equivalents	64,773
Receivables	5,819
Prepayments	14
Assets classified as held for sale	4,157
<b>Total Current Assets</b>	<b>74,763</b>
<b>Non-Current Assets</b>	
Construction work in progress	59,246
Property, plant and equipment	831
Intangibles	3,010
<b>Total Non-Current Assets</b>	<b>63,087</b>
<b>TOTAL ASSETS</b>	<b>137,850</b>
<b>Current Liabilities</b>	
Payables	14,988
Provisions	763
Unearned revenue	4,311
<b>TOTAL LIABILITIES</b>	<b>20,062</b>
<b>NET ASSETS</b>	<b>117,788</b>

No consideration was paid in respect of the transfer as it was directed by the Victorian Government. Thus, the balance of net assets above has been recognised in equity as an Administrative Restructure. Refer to Note 15 for further details.

#### Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2012

<b>Income from transactions</b>	
Government contributions	88,038
Interest	2,437
Sale of water	5,352
<b>Total income from transactions</b>	<b>95,827</b>
<b>Expenses from transactions</b>	
Salaries and wages	3,689
Post employment benefits	546
Depreciation and amortisation	351
Project costs	83,307
Operational expenses	5,578
<b>Total Expenses from transactions</b>	<b>93,471</b>
<b>Net result from transactions</b>	<b>2,356</b>

#### Commitments & Contingent Liabilities

The following commitments and contingent liabilities were reported in the financial statements of NVIRP as at 30 June 2012:

	<b>\$'000</b>
Funding receivable	1,291,914
Capital expenditure commitments (project works)	33,959
Other expenditure commitments	30,932
Lease commitments	785
Contingent liabilities	82,719

### Note 6. Cash and cash equivalents

	2012/13	2011/12
	\$'000	\$'000
<b>Cash and bank balances</b>		
Connections Project (1)	6,926	-
Water Storage & Delivery	2,728	1,850
<b>Deposits</b>		
Connections Project (1)	20,318	-
Water Storage & Delivery	37,232	31,050
<b>Total Cash and bank balances</b>	<b>67,204</b>	<b>32,900</b>

(1) Refer Note 5 for Connections Project 2011/12 balances



# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 7. Receivables

	2012/13 \$'000	2011/12 \$'000
<b>Current</b>		
Trade debtors - Water Storage & Delivery	28,008	24,595
Government funding - Connections Project (1)	37,459	-
Other receivables	5,982	2,547
	71,449	27,142
Less provision for impairment	(307)	(412)
<b>Total Current receivables</b>	<b>71,142</b>	<b>26,730</b>
<b>Non Current</b>		
Trade debtors - Water Storage & Delivery	87	159
<b>Total non-current receivables</b>	<b>87</b>	<b>159</b>
<b>(a) Movement in the provision for impairment of receivables</b>		
<b>Balance at the beginning of the year</b>	412	234
Increase in provision recognised in the net result	84	191
Reversal of provision for receivables written off during the year as uncollectable	(189)	(13)
<b>Balance at end of the year</b>	<b>307</b>	<b>412</b>

#### (b) Ageing analysis of contractual receivables

2013	Past due but not impaired				
	Carrying amount \$'000	Not past due and not impaired \$'000	1-2 months \$'000	2-3 months \$'000	>3 months \$'000
<b>(i) Receivables:</b>					
Trade debtors - Water Storage & Delivery	28,095	20,110	188	42	7,755
Government funding - Connections Project (1)	37,459	37,459	-	-	-
Other receivables	756	756	-	-	-
<b>Total</b>	<b>66,310</b>	<b>58,325</b>	<b>188</b>	<b>42</b>	<b>7,755</b>
2012					
<b>(i) Receivables:</b>					
Trade debtors - Water Storage & Delivery	24,754	19,296	17	50	5,391
<b>Total</b>	<b>24,754</b>	<b>19,296</b>	<b>17</b>	<b>50</b>	<b>5,391</b>

#### c) Nature and extent of risk arising from contractual receivables

Refer Note 23 for the nature and extent of risks arising from contractual receivables.

(1) Refer Note 5 for Connections Project 2011/12 balances

### Note 8. Assets classified as held for sale

	2012/13 \$'000	2011/12 \$'000
Land - at fair value (i) - Connections Project (1)	3,741	-
Land - at fair value - Water Storage & Delivery	2,257	-
<b>Total Assets classified as held for sale</b>	<b>5,998</b>	<b>-</b>

(i) Land held for sale by Connections Project represents purchases of land undertaken by the Rural Finance Corporation of Victoria (RFC) on behalf of the Connections Project as part of the on farm works program. RFC is marketing these parcels of land on behalf of GMW and it is expected that they will be sold within the next 12 months. RFC has complied with all the necessary obligations in relation to land purchases and sales by government related entities. An impairment provision of \$545,675 was recorded at 30 June 2013 of which \$295,173 was expensed in 2012/13 (refer Note 3(b)).

(1) Refer Note 5 for Connections Project 2011/12 balances

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 9. Intangible assets

	2012/13 \$'000	2011/12 \$'000
Computer software - at cost (1)	19,116	15,660
Native vegetation offsets - at cost (1),(b)	1,166	-
Water shares - at cost	5,498	3,816
	25,780	19,476
Accumulated amortisation	(13,678)	(10,451)
<b>Total intangible assets</b>	<b>12,102</b>	<b>9,025</b>

#### Movements during the reporting period

	Computer Software \$'000	Native Vegetation Offsets \$'000	Water Shares \$'000	Total \$'000
<b>2012/13</b>				
Opening WDV	5,209	-	3,816	9,025
Additions	1,870	372	1,682	3,924
Connections Project balance at integration with GMW	1,586	1,424	-	3,010
Impairment	-	-	(293)	(293)
Consumption	-	(630)	-	(630)
Amortisation	(2,934)	-	-	(2,934)
<b>Closing WDV</b>	<b>5,731</b>	<b>1,166</b>	<b>5,205</b>	<b>12,102</b>
<b>2011/12</b>				
Opening WDV	21,161	-	-	21,161
Additions	73	-	-	73
Transfers	(13,166)	-	3,816	(9,350)
Amortisation	(2,859)	-	-	(2,859)
<b>Closing WDV</b>	<b>5,209</b>	<b>-</b>	<b>3,816</b>	<b>9,025</b>

(a) Intangible asset transfers in 2011/12 were a reclassification between intangible assets and infrastructure assets.

(b) Under the Native Vegetation: A Framework for Action (2002) (the framework), the Corporation is required to mitigate the loss of native vegetation by commensurate gains through the provision of appropriate offsets. The loss of native vegetation, as a consequence of construction work creates an obligation which the Corporation must offset and provision for this is made at this time. Satisfaction of this obligation requires the Corporation to purchase Native Vegetation Credits which are recognised as intangible assets. Once the 'offset' has been formally established and registered, the Corporation extinguishes its liability by removing the corresponding intangible asset. The balance of the intangible assets at 30 June 2013 represents the credits purchased which have not yet been formally offset against the obligations. These credits are not amortised.

(1) Refer Note 5 for Connections Project 2011/12 balances

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 10. Infrastructure assets, property, plant and equipment

	2012/13	2011/12
	\$'000	\$'000
<b>Land</b>		
At fair value as at 30 June 2011 (i)	48,988	53,502
At cost	634	634
<b>Total land</b>	<b>49,622</b>	<b>54,136</b>
<b>Buildings</b>		
At fair value as at 30 June 2011 (i)	22,179	22,178
At cost	3,319	2,459
	25,498	24,637
Accumulated depreciation	(2,044)	(1,023)
<b>Total buildings</b>	<b>23,454</b>	<b>23,614</b>
<b>Plant, equipment, furniture and fittings</b>		
At cost	19,262	17,151
Accumulated depreciation	(13,716)	(11,290)
<b>Total plant, equipment, furniture and fittings</b>	<b>5,546</b>	<b>5,861</b>
<b>Infrastructure</b>		
At fair value as at 30 June 2011 (ii)	3,792,849	3,801,643
At cost	326,005	264,203
	4,118,854	4,065,846
Accumulated depreciation	(132,559)	(69,040)
	3,986,295	3,996,806
Work in progress	104,579	19,317
<b>Total infrastructure</b>	<b>4,090,874</b>	<b>4,016,123</b>
<b>Total infrastructure assets, property, plant and equipment</b>	<b>4,169,496</b>	<b>4,099,734</b>

#### Movements during the reporting period

2012/13	Opening WDV	Additions	Transfers	Disposals	Depreciation	Revaluation	Closing WDV
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	54,136	-	(2,257)	(2,257)	-	-	49,622
Buildings	23,614	-	861	-	(1,021)	-	23,454
Plant, equipment, furniture and fittings	5,861	1,172	210	(44)	(1,653)	-	5,546
Infrastructure	3,996,806	-	61,940	(8,487)	(63,964)	-	3,986,295
Work in progress (a)	19,317	149,166	(63,904)	-	-	-	104,579
<b>Total infrastructure assets, property, plant and equipment</b>	<b>4,099,734</b>	<b>150,338</b>	<b>(3,150)</b>	<b>(10,788)</b>	<b>(66,638)</b>	<b>-</b>	<b>4,169,496</b>
<b>2011/12</b>	<b>Opening WDV</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Revaluation</b>	<b>Closing WDV</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	54,219	-	-	(47)	-	(36)	54,136
Buildings	23,774	942	-	(67)	(1,004)	(31)	23,614
Plant, equipment, furniture and fittings	6,310	963	-	(60)	(1,352)	-	5,861
Infrastructure	3,943,119	85,607	42,692	(7,902)	(65,086)	(1,624)	3,996,806
Work in progress	17,183	34,547	(32,413)	-	-	-	19,317
<b>Total infrastructure assets, property, plant and equipment</b>	<b>4,044,605</b>	<b>122,059</b>	<b>10,279</b>	<b>(8,076)</b>	<b>(67,442)</b>	<b>(1,691)</b>	<b>4,099,734</b>

#### (a) Work in Progress (1)

	Connections Project	Water Storage & Delivery	Total
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2011</b>	-	17,183	17,183
Additions	-	34,547	34,547
Transfers	-	(32,413)	(32,413)
<b>Balance at 30 June 2012</b>	-	19,317	19,317
<b>Movement 2012/13</b>			
Connections Project balance at integration with GMW	59,246	-	59,246
Additions	63,682	26,238	89,920
Total Additions 2012/13	122,928	26,238	149,166
Transfers	(48,303)	(15,601)	(63,904)
<b>Total movement 2012/13</b>	<b>74,625</b>	<b>10,637</b>	<b>85,262</b>
<b>Balance at 30 June 2013</b>	<b>74,625</b>	<b>29,954</b>	<b>104,579</b>

The Connections Project undertakes capital works which result in the construction of assets or the enhancement of existing assets owned by the Corporation. Prior to 1 July 2012 all Capital Work In Progress undertaken by the Connections Project was transferred to the Corporation on completion via an equity contribution (refer Note 15). Subsequent to 1 July 2012 Capital Work In Progress undertaken by the Connections Project becomes an asset of the Corporation as the work is performed. In order to ring-fence Connections Project financials, all Capital Work In Progress performed by the Connections Project is recorded separately in the Connections Project's financial system and is only transferred to the Corporation's Asset Register upon completion.

#### (b) Infrastructure assets, land and buildings carried at fair value

(i) During 2010/11 land and buildings were revalued by Egans Valuers, an independent valuer contracted by Valuer General of Victoria (VGV). The valuations were conducted on the basis of an active and liquid market using data from similar property sales where available. Where data was unavailable values were based on depreciated replacement cost.

(ii) During 2010/11 a fair value assessment of water infrastructure assets was undertaken by AECOM Valuers; an independent valuer contracted by VGV and under the instructions of DTF. The assessment was performed on a portfolio basis for various categories of water infrastructure assets, with a fair value assessment based on depreciated replacement cost using available market information for construction of similar assets. Replacement costs were then adjusted for depreciation using age, condition and expected useful life. Previous to fair valuation infrastructure assets were valued at deemed cost.

(1) Refer Note 5 for Connections Project 2011/12 balances for Work In Progress and Property, plant & equipment.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 11. Payables

	2012/13 \$'000	2011/12 \$'000
<b>Current payables</b>		
Trade creditors - Water Storage & Delivery	4,890	4,985
Trade creditors - Connections Project (1)	3,120	-
Accrued expenses (i)	36,498	29,843
<b>Total Payables</b>	<b>44,508</b>	<b>34,828</b>

(i) Accrued expenses includes non contractual amounts

#### (a) Ageing analysis of contractual payables

2013	Carrying amount \$'000	Less than 1 month \$'000	1-2 months \$'000	2-3 months \$'000	>3 months \$'000
<b>Payables:</b>					
Trade creditors - Water Storage & Delivery	4,890	4,731	116	40	3
Trade creditors - Connections Project	3,120	2,690	285	41	104
<b>Total</b>	<b>8,010</b>	<b>7,421</b>	<b>401</b>	<b>81</b>	<b>107</b>

2012

<b>Payables:</b>					
Trade creditors - Water Storage & Delivery	4,985	4,976	3	6	-

#### b) Nature and extent of risk arising from contractual receivables

All Payables are denominated in Australian dollars. Refer Note 23 for the nature and extent of risks arising from contractual payables.

(1) Refer Note 5 for Connections Project 2011/12 balances

### Note 12. Employee benefits

	2012/13 \$'000	2011/12 \$'000
<b>Current</b>		
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service		
Annual leave measured at nominal value	5,393	5,022
Unconditional long service leave, measured at present value	11,508	11,642
<b>Total current employee benefits</b>	<b>16,901</b>	<b>16,664</b>
<b>Non-current</b>		
Conditional long service leave, measured at present value	2,014	1,769
<b>Total non-current employee benefits</b>	<b>2,014</b>	<b>1,769</b>
<b>Total employee benefits</b>	<b>18,915</b>	<b>18,433</b>

#### (a) Connections Project

Employee benefits relating to the Connections Project included in the balances above are:

<b>Current</b>		
Annual leave	378	-
Long Service Leave	231	-
<b>Non-current</b>	<b>609</b>	
Long Service Leave	264	-
<b>Total employee benefits - Connections Project</b>	<b>873</b>	

### Note 13. Borrowings

	2012/13 \$'000	2011/12 \$'000
<b>Current</b>		
Water Storage & Delivery	1,501	11,412
<b>Total current borrowings</b>	<b>1,501</b>	<b>11,412</b>
<b>Non-current</b>		
Water Storage & Delivery	121,450	112,951
Connections Project	18,000	-
<b>Total non-current borrowings</b>	<b>139,450</b>	<b>112,951</b>
<b>Total Borrowings</b>	<b>140,951</b>	<b>124,363</b>

Borrowings comprise loans from Treasury Corporation Victoria obtained with the Treasurer's approval under the Borrowing and Investment Powers Act 1987.

#### Borrowings maturity analysis

	Carrying amount \$'000	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	Over 5 years \$'000
<b>2013</b>							
<b>Borrowings:</b>							
Loans from TCV	140,951	1,501	4,095	6,696	19,801	11,915	96,943
<b>2012</b>							
<b>Borrowings:</b>							
Loans from TCV	124,363	11,411	1,500	4,095	6,695	1,801	98,861

### Note 14. Other liabilities

	2012/13 \$'000	2011/12 \$'000
<b>Current</b>		
Funds held for government or government programs	11,220	10,920
<b>Total Other liabilities</b>	<b>11,220</b>	<b>10,920</b>

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 15. Equity

	2012/13 \$'000	2011/12 \$'000
<b>(a) Contributed capital</b>		
Balance 1 July	2,282,941	2,193,157
Capital contributions - Connections Project	57,601	-
Capital contributions - Other	-	4,177
Transfer of assets from NVIRP	-	85,607
Administrative restructure - Transfer of NVIRP net assets to GMW	117,788	-
<b>Balance 30 June</b>	<b>2,458,330</b>	<b>2,282,941</b>
The treatment of capital contributions is as set out in Allocation Statements signed by the Minister for Water. On 1 July 2012 the net assets of NVIRP were transferred to GMW. This has been treated as a contribution by the State (Refer Note 5).		
<b>(b) Asset revaluation reserve</b>		
Land	24,308	24,308
Buildings	6,721	6,721
Infrastructure assets	1,184,487	1,184,487
<b>Balance 30 June</b>	<b>1,215,516</b>	<b>1,215,516</b>
<b>Movements during the reporting period:</b>		
<b>Land</b>		
Opening balance	24,308	24,333
Decrease in respect of assets disposed	-	(25)
<b>Closing balance</b>	<b>24,308</b>	<b>24,308</b>
<b>Buildings</b>		
Opening balance	6,721	6,743
Decrease in respect of assets disposed	-	(22)
<b>Closing balance</b>	<b>6,721</b>	<b>6,721</b>
<b>Infrastructure assets</b>		
Opening balance	1,184,487	1,185,624
Decrease in respect of assets disposed	-	(1,137)
<b>Closing balance</b>	<b>1,184,487</b>	<b>1,184,487</b>
<b>Balance 30 June</b>	<b>1,215,516</b>	<b>1,215,516</b>
<b>(c) Accumulated surplus (deficit)</b>		
Accumulated surplus at the beginning of the year	9,289	43,666
Net result for the period	(35,590)	(34,377)
<b>Accumulated surplus (deficit) at the end of the year</b>	<b>(26,301)</b>	<b>9,289</b>

### Note 16. Funding commitments

The Connections Project has two discrete funding streams for Stage 1 and Stage 2 of the project:

- (a) Stage 1 funding of \$1,004m is being provided by the State Government via the Department of Environment and Primary Industries (DEPI), including \$104m paid directly to GMW to upgrade the Goulburn Murray Irrigation District Irrigation System in Northern Victoria. Funding commenced in 2007-08 and will continue to 2017-18.
- (b) Stage 2 funding of \$1,059m being provided by the Federal Government via DEPI over 7 years from 2011-12 to 2017-18.

Funding will be received for each stage as follows:

Operational Funding (Stage 1 & 2) to meet direct operating costs

Project Works Funding (Stage 1 & 2):

- Output - which is received as revenue and matched to expenses substantially related to connections in accordance with AASB 111 (Construction Contracts)

- Capital - which is received as capital contributions which will predominantly fund the construction of assets or the enhancement of existing assets owned by GMW.

Revenue commitments and the timing of receipt of funding are subject to the conditions within the appropriate funding agreements.

At 30 June 2013 the funding position is as follows:

	Total committed at start of project \$'000	Received / Receivable \$'000	Balance \$'000
<b>Operational funding</b>			
Stage 1	50,798	50,415	383
Stage 2	60,000	10,263	49,737
<b>Total Operational funding</b>	<b>110,798</b>	<b>60,678</b>	<b>50,120</b>
<b>Project works funding - Output</b>			
Stage 1	361,600	230,546	131,054
Stage 2	709,663	15,585	694,078
<b>Total Project works funding - Output</b>	<b>1,071,263</b>	<b>246,131</b>	<b>825,132</b>
<b>Project works funding - Capital</b>			
Stage 1	488,090	465,817	22,273
Stage 2	289,450	9,537	279,913
<b>Total Project works funding - Capital</b>	<b>777,540</b>	<b>475,354</b>	<b>302,186</b>
<b>Total Project works funding - Output and Capital</b>	<b>1,848,803</b>	<b>721,485</b>	<b>1,127,318</b>
<b>Total Funding commitments</b>	<b>1,959,601</b>	<b>782,163</b>	<b>1,177,438</b>

All Funding commitments are nominal amounts. No GST is receivable.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 17. Commitments for expenditure

	2012/13	2011/12
	\$'000	\$'000
<b>(a) Capital expenditure commitments</b>		
<b>Infrastructure assets, property, plant &amp; equipment</b>		
East Loddon Pipeline Project	-	605
Mildura Merbein Salt Interception Project	3,372	3,818
Dams and Dam Safety Projects	195	561
Other	1,252	2,602
<b>Total Property, plant and equipment (inclusive of GST)</b>	<b>4,819</b>	<b>7,586</b>
<b>Connections Project (1)</b>		
Project works	59,747	-
<b>Total Connections Project (inclusive of GST)</b>	<b>59,747</b>	<b>-</b>
<b>Total Capital expenditure commitments (inclusive of GST)</b>	<b>64,566</b>	<b>7,586</b>
These commitments are likely to fall within:		
Not later than 1 year	33,266	5,074
Later than 1 year and not later than 5 years	30,228	2,512
Later than 5 years	1,072	-
<b>Total</b>	<b>64,566</b>	<b>7,586</b>
<b>(b) Lease Commitments</b>		
<b>Non-cancellable operating lease commitments (1)</b>		
Not later than 1 year	4,855	5,170
Later than 1 year and not later than 5 years	6,109	6,603
Later than 5 years	371	593
<b>Total non-cancellable operating lease commitments</b>	<b>11,335</b>	<b>12,366</b>
The Corporation does not hold any finance lease liabilities.		
<b>(c) Other expenditure commitments</b>		
Environmental contribution (i)	5,058	6,585
Shepparton irrigation area	5,323	13,800
Connections Project (1)	23,812	-
Other	7,812	7,998
<b>Total other expenditure commitments</b>	<b>42,005</b>	<b>28,383</b>
These commitments are likely to fall within:		
Not later than 1 year	31,007	10,190
Later than 1 year and not later than 5 years	4,116	11,125
Later than 5 years	6,882	7,068
<b>Total</b>	<b>42,005</b>	<b>28,383</b>

(i) GMW is committed to Environmental Contribution payments of \$1.686m per year for the period 2013/14 to 2015/16 (2012/13 \$1.527m).

(1) Refer Note 5 for Connections Project 2011/12 balances

### Note 18. Contingent liabilities

	2012/13	2011/12
	\$'000	\$'000
<b>Connections Project (1)</b>		
Verbally agreed with irrigators (i)	28,289	-
<b>Total Contingent liabilities</b>	<b>28,289</b>	<b>-</b>

(i) All amounts included in contingent liabilities are GST inclusive. The amount disclosed in relation to verbally agreed contracts / agreements with landowners represents the Connections Project's expected liability to landowners as a result of verbal agreements for incentives to be paid and delivery shares and water shares to be purchased. The extent of the economic outflow is contingent upon the formal execution of the contracts by landowners and the Corporation and in the case of water shares, the final settlement of the transactions.

Legal actions have been instituted against GMW as a result of damages claims primarily relating to flood events and channel overtopping. In many of these matters GMW has disclaimed liability and is defending the actions. Any liability that may arise from these claims will be immaterial.

(1) Refer Note 5 for Connections Project 2011/12 balances

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 19. Superannuation

The Corporation contributes in respect of its employees, to the superannuation schemes of the Boards and Authorities listed below. The basis for contributions are determined by the various funds.

Contribution details are:

	Paid contribution for the year		Contribution outstanding at year end	
	2012/13 \$'000	2011/12 \$'000	2012/13 \$'000	2011/12 \$'000
<b>Defined Benefit Plans</b>				
State Employee Retirement Benefits Board	96	88	20	-
State Superannuation Board, Revised Scheme	-	209	-	-
State Superannuation Board, New Scheme	-	956	-	-
Vision Super	159	58	14	620
Emergency Services and State Superannuation Fund - Revised and New	1,315	-	52	-
<b>Accumulation Fund</b>				
Vision Super Saver & Other Accumulation Funds	3,655	3,329	129	-
<b>Total (1)</b>	<b>5,225</b>	<b>4,640</b>	<b>215</b>	<b>620</b>

#### State Superannuation Schemes - Defined Benefit Funds

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

#### Vision Super Defined Benefit Plan

The Vision Super Defined Benefit Plan is a multi employer sponsored plan. An actuarial review was performed at 31 December 2011 which identified a shortfall of \$406 million. The projected value of this shortfall at 1 July 2013 was \$453 million. GMW was advised that it had to meet a share of this shortfall in respect of employees who are members of this fund. GMW's share of the shortfall was \$619,571 including contributions tax and this was recognised as an expense in the Statement of Comprehensive Income in the financial statements for the year ended 30 June 2012.

#### Vision Super Saver & Other Accumulation Funds

Vision Super and other Accumulation Funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation for 2012/13). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the fund. As at reporting date there were no loans to or from GMW to any of the above funds.

(1) Refer Note 5 for Connections Project 2011/12 post employment benefits contribution



# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 20. Responsible persons and executive officers disclosures

#### Names

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

Minister	Period of position held
The Hon Peter Walsh MLA, Minister for Water	1 July 2012 to 30 June 2013
<b>Directors of GMW</b>	
Llew Vale OAM (Chair)	1 July 2012 to 30 June 2013
Gavin Hanlon (Managing Director)	1 July 2012 to 30 June 2013
Ian Mansbridge	1 July 2012 to 30 June 2013
Peter McCamish	1 July 2012 to 30 June 2013
Dennis Moon	1 July 2012 to 30 June 2013
Neil Pankhurst	1 July 2012 to 30 June 2013
Dick Ranken	1 October 2012 to 30 June 2013
Sarah Scales	1 July 2012 to 30 June 2013
Barry Steggall	1 July 2012 to 30 June 2013
Frank Whitford	1 July 2012 to 30 June 2013
<b>Former Director of GMW</b>	
Jennifer Dawson	1 July 2012 to 30 September 2012

#### Remuneration

##### Remuneration of responsible persons

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

Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors (Total Remuneration)	
	2012/13	2011/12
\$30,000 to \$39,999	2	-
\$40,000 to \$49,999	7	7
\$80,000 to \$89,999	-	1
\$90,000 to \$99,999	1	-
\$260,000 to \$269,999	-	1
\$310,000 to \$320,000	1	-
<b>Total amount</b>	<b>\$790,321</b>	<b>\$651,073</b>
<b>Total numbers</b>	<b>11</b>	<b>9</b>

##### Transactions with directors

There were no amounts paid by GMW in connection with the retirement of responsible persons during the financial year.

There were no loans in existence by GMW to responsible persons or related parties at the date of this report.

##### Remuneration of executive officers and other personnel

###### Executive officers

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

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

Income band	Total Remuneration		Base Remuneration	
	2012/13	2011/12	2012/13	2011/12
\$140,000 to \$149,999	-	-	2	-
\$160,000 to \$169,999	-	-	1	1
\$170,000 to \$179,999	1	-	-	2
\$180,000 to \$189,999	1	-	1	-
\$190,000 to \$199,999	1	1	1	-
\$200,000 to \$209,999	-	-	1	-
\$210,000 to \$219,999	1	-	-	1
\$220,000 to \$229,999	1	-	1	-
\$230,000 to \$239,999	-	1	1	1
\$250,000 to \$259,999	1	-	-	-
\$260,000 to \$269,999	1	-	-	-
\$280,000 to \$289,999	-	-	1	-
\$310,000 to \$319,999	1	1	-	-
\$320,000 to \$329,999	-	1	-	-
\$470,000 to \$479,999	-	1	-	-
<b>Total amount</b>	<b>\$1,991,089</b>	<b>\$1,530,822</b>	<b>\$1,770,206</b>	<b>\$957,790</b>
<b>Total numbers</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>5</b>
<b>Total annualised employee equivalent</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>5</b>

##### Payments to other personnel

The number of contractors charged with significant management responsibilities is disclosed within the \$10,000 expense band below. These contractors are responsible for planning, directing or controlling, directly or indirectly, the entity's activities.

The change in total expenses from the 2012 to 2013 reporting period was due to the integration of the Connections Project.

Expense band	Total Expenses (exclusive of GST)	
	2012/13 No.	2011/12 No.
\$370,000 to \$379,999	1	-
<b>Total expenses (exclusive of GST)</b>	<b>\$375,686</b>	<b>-</b>

# Notes to the Financial Statements

## Year Ended 30 June 2013

### Note 21. Cash flow information

	2012/13	2011/12
	\$'000	\$'000
<b>(a) Reconciliation of cash and cash equivalents</b>		
Cash at bank	9,654	1,850
Deposits on call	57,550	31,050
<b>Balance per cash flow statement</b>	<b>67,204</b>	<b>32,900</b>
<b>(b) Reconciliation of net result for period to net cash flows from operating activities</b>		
	2012/13	2011/12
	\$'000	\$'000
<b>Net result for the period before Income Tax</b>	(44,044)	(52,184)
<b>Non-cash movements:</b>		
(Gain)/loss on sale or disposal of non-current assets	8,741	7,898
Depreciation and amortisation of non-current assets	69,573	70,301
Impairment of non-current assets	588	-
Impairment of investment in subsidiary		954
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	(44,339)	(5,200)
(Increase)/decrease in inventories	(914)	(53)
(Increase)/decrease in other non-financial assets	(3,741)	(1,324)
Increase/(decrease) in payables	8,006	2,923
Increase/(decrease) in provisions	482	1,480
Increase/(decrease) in other liabilities	300	
<b>Net cash flows from/(used in) operating activities</b>	<b>(5,348)</b>	<b>24,795</b>
<b>(b) Cash balances not available for use</b>		
Funds held to finance externally funded projects	10,432	9,950
<b>(c) Financing facilities</b>		
Unused borrowings	23,500	77,329

Annual new borrowing limits are renegotiated annually and expire on 30 June each year.

### Note 22. Audit fees

	2012/13	2011/12
	\$'000	\$'000
External audit - Victorian Auditor General	185	129
Internal audit	326	215
<b>Total Audit fees</b>	<b>511</b>	<b>344</b>

### Note 23. Financial risk management objectives and policies

	2012/13	2011/12
	\$'000	\$'000
<b>(a) Categorisation of financial instruments</b>		
<b>Financial Assets and Liabilities</b>		
Cash and cash equivalents	67,204	32,900
<b>Financial Instruments - Amortised cost</b>		
Contractual receivables	66,310	24,595
Contractual payables	(44,508)	(34,828)
Borrowings	(140,951)	(124,363)
	<b>Total interest</b>	<b>Impairment</b>
<b>Net gain/(loss) on holding of financial instruments</b>	<b>income/(expense)</b>	<b>loss</b>
<b>2013</b>		<b>Total</b>
Financial Instruments - Receivables and Loans	(4,929)	-
<b>Total</b>	<b>(4,929)</b>	<b>(4,929)</b>
<b>2012</b>		
Financial Instruments - Receivables and Loans	(5,839)	-
<b>Total</b>	<b>(5,839)</b>	<b>(5,839)</b>

#### (b) Credit risk

Credit risk arises from the contractual financial assets of the Corporation, which comprise cash and deposits and non-statutory receivables. The Corporation's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Corporation. Credit risk is measured at fair value and is monitored on a regular basis.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance primarily consists of unpaid rates and variable charges from a large number of customers in the farming sector predominantly dairy, horticulture, grazing and cropping. Levels of debt are closely managed with interest charged at above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes this debt as a charge on the property and gives GMW first call on the proceeds of sale. There is a small exposure to receivables due from rent of land for grazing and commercial purposes and other minor dealings which are not protected under the Act. There has been no material bad debt in this area in recent years. An analysis of the ageing of receivables at reporting date has been provided in Note 7.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Corporation would be unable to meet its financial obligations as and when they fall due. The Corporation operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. The Corporation's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Refer to Note 11 to review the ageing analysis of payables. Given the above liquidity risk is not considered a material risk.

# Notes to the Financial Statements

## Year Ended 30 June 2013

### (d) Market risk

#### Foreign currency risk

There is no exposure to foreign currency risk.

#### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. GMW does not hold any interest bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GMW has minimal exposure to cash flow interest rate risks through its cash and deposits which are at floating rate.

Interest rate exposure of financial instruments						\$'000
	Weighted average % interest rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	
<b>2013</b>						
Cash	2.8%	67,204	-	2.8%	-	-
Contractual receivables	10.0%	66,310	10.0%	-	-	59,040
Contractual payables	-	(44,508)	-	-	-	(44,508)
Borrowings	6.4%	(140,951)	4.3% to 7.4%	-	-	-
<b>Total</b>		<b>(51,945)</b>				<b>14,532</b>

Interest rate exposure of financial instruments						\$'000
	Weighted average % interest rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	
<b>2012</b>						
Cash	3.4%	32,900	-	3.4%	-	-
Contractual receivables	12.3%	24,595	12.3%	-	-	19,886
Contractual payables	-	(34,828)	-	-	-	(34,828)
Borrowings	5.5%	(124,363)	4.1% to 6.2%	3.6%	-	-
<b>Total</b>		<b>(101,696)</b>				<b>(14,942)</b>

### (e) Sensitivity disclosure analysis and assumptions

Interest Rate Risk					
	Total \$'000	0.5% Profit \$'000	Equity \$'000	-0.5% Profit \$'000	Equity \$'000
<b>2013</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	67,204	336	336	(336)	(336)
Contractual receivables	66,310	-	-	-	-
<b>Total Financial Assets</b>	<b>133,514</b>	<b>336</b>	<b>336</b>	<b>(336)</b>	<b>(336)</b>
<b>Financial Liabilities</b>					
Contractual payables	(44,508)	-	-	-	-
Borrowings	(140,951)	(705)	(705)	705	705
<b>Total Financial Liabilities</b>	<b>(185,459)</b>	<b>(705)</b>	<b>(705)</b>	<b>705</b>	<b>705</b>
<b>Total increase and decrease</b>	<b>(51,945)</b>	<b>(369)</b>	<b>(369)</b>	<b>369</b>	<b>369</b>

Interest Rate Risk					
	Total \$'000	1% Profit \$'000	Equity \$'000	-1% Profit \$'000	Equity \$'000
<b>2012</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	32,900	329	329	(329)	(329)
Contractual receivables	24,595	-	-	-	-
<b>Total Financial Assets</b>	<b>57,495</b>	<b>329</b>	<b>329</b>	<b>(329)</b>	<b>(329)</b>
<b>Financial Liabilities</b>					
Contractual payables	(34,828)	-	-	-	-
Borrowings	(124,363)	(1,244)	(1,244)	1,244	1,244
<b>Total Financial Liabilities</b>	<b>(159,191)</b>	<b>(1,244)</b>	<b>(1,244)</b>	<b>1,244</b>	<b>1,244</b>
<b>Total increase and decrease</b>	<b>(101,696)</b>	<b>(915)</b>	<b>(915)</b>	<b>915</b>	<b>915</b>

### (f) Fair value management

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

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

Carrying amounts and fair value of financial assets and financial liabilities	30-June-2013		30-June-2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	67,204	67,204	32,900	32,900
Receivables	66,310	66,310	24,595	24,595
<b>Total Financial Assets</b>	<b>133,514</b>	<b>133,514</b>	<b>57,495</b>	<b>57,495</b>
<b>Financial Liabilities</b>				
Payables	(44,508)	(44,508)	(34,828)	(34,828)
Borrowings	(140,951)	(140,951)	(124,363)	(124,363)
<b>Total Financial Liabilities</b>	<b>(185,459)</b>	<b>(185,459)</b>	<b>(159,191)</b>	<b>(159,191)</b>

## Note 24. Subsidiary

GMW has a wholly owned non operating subsidiary Watermove Pty Ltd which ceased trading in August 2012. Consolidated financial statements have not been prepared as the transactions undertaken by Watermove Pty Ltd during the year and its closing assets and liabilities are not material to the results of GMW.

# Statutory Certification

We certify the attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2013 and the financial position of the Corporation at 30 June 2013.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate. We authorise the attached financial statements for issue on 27 August 2013.



**Llew Vale OAM**  
Chairman



**Gavin Hanlon**  
Managing Director



**John Calleja**  
Chief Financial Officer

27 August 2013

# Independent Auditor's Report

**VAGO**

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

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

#### *The Performance Report*

The accompanying performance report for the year ended 30 June 2013 of Goulburn-Murray Rural Water Corporation which comprises the performance report, the related notes and the statutory certification has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the performance report of the Goulburn-Murray Rural Water Corporation in respect of the 30 June 2013 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

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

This auditor's report relates to the performance report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2013 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these reports. If users of the performance report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance report to confirm the information contained in the website version of the performance report.

MELBOURNE  
28 August 2013

  
for John Doyle  
Auditor-General

# Performance Report

Performance Indicator	Note	2011-12 Result	2012-13 Result	2012-13 Target	Variance
<b>Internal Financing Ratio</b> (Net operating cash flow – dividends) / capital expenditure	1	68.6%	-6.1%	-35.0%	82.5%
<b>Gearing Ratio</b> Total debt (including finance leases) / total assets	2	3.0%	3.3%	3.7%	11.9%
<b>Interest Cover (EBIT)</b> Earnings before net interest and tax expense / net interest expense	3	-8.1	-7.9	-13.8	42.8%
<b>Interest Cover (Cash)</b> Cash flow from operations before net interest and tax payments / net interest payments	4	5.3	0.04	-4.0	101%

#### Notes to this table:

1. The Internal Financing Ratio has improved against target due to better operating cash flows in 2012/13. The water storage & delivery business contributed positive operating cash flows which were offset by the timing of expenditure and funding in respect of the Connections Project resulting in negative cash flows from operations for the business as a whole. The lower result than the prior year is due to the integration of the Connections Project at 1 July 2012 which produced negative cash flows due to the contractual timing of funding and expenditure for the 2012/13 year.
2. The improved gearing ratio in 2012/13 against the target is primarily due to GMW having lower debt at the end of the financial year due to improved cash flows from operations from the Water Storage & Delivery business.
3. The 42.8% variance from the target was primarily due to Water Storage & Delivery EBIT being \$30m better than the target due primarily to higher variable revenue and lower operational costs, combined with a better result than target for the Connections Project.
4. Stronger operating cash flows primarily from the Water Storage & Delivery business compared to target reflect improved variable revenue and lower operational costs. The lower result than the prior year is due to the impact of the Connections Project which produced negative cash flows from operations for the 2012/13 year.

# Performance Report Certification

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2012-2013 financial year is presented fairly in accordance with the Financial Management Act 1994.

The statement outlines the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets.

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



**Llew Vale OAM**  
Chairman



**Gavin Hanlon**  
Managing Director



**John Calleja**  
Chief Financial Officer

Dated this 27th day of August 2013



# Independent Auditor's Report

**VAGO**

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2013 of the Goulburn-Murray Rural Water Corporation which comprises a statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

# Independent Auditor's Report

## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Goulburn-Murray Rural Water Corporation as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

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

This auditor's report relates to the financial report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2013 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these reports. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
28 August 2013

*for* T. D. H.  
John Doyle  
Auditor-General

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

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1(d)	Annual volume taken from waterway at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	260,347 ML	
	Stuart Murray Canal	606,302 ML	
	East Goulburn Main Channel	242,217 ML	
	<b>Total Goulburn Weir offtake diversion</b>	<b>1,108,865 ML</b>	
17.1(da)	Distribution loss in Goulburn Irrigation Districts		
	Shepparton	32,602 ML	
	Central Goulburn	97,792 ML	
	Rochester/ Pyramid Hill/ Boort	91,027 ML	
	<b>Total distribution loss</b>	<b>221,421 ML</b>	
17.1(e)(i)	Diversion by primary entitlement holders taken directly from waterway		
	River Diverters	25,083 ML	
	Normanville WWD	368 ML	
	East Loddon WWD	579 ML	
	West Loddon WWD	193 ML	
	Tungamah WWD	269 ML	
17.1(e)(ii)	Diversion from Bulk Entitlement by other authorities	See Appendix A2	See Note 2
17.1(g)	Storage contents		Volume at 30 June 2013
	Lake Eildon	2,339,976 ML	
	Goulburn Weir	24,965 ML	
	Waranga Basin	165,139 ML	
	Greens Lake	10,436 ML	
17.1(h)	Additional releases from Lake Eildon as per Schedule 5	416,881 ML	See Note 3
17.1(i)	Credits granted	No	
17.1(j)	Temporary or permanent transfers of this BE	None	
17.1(k)	Transfer of entitlement or allocation under the Act	None	
17.1(l)	Regulated releases for Inter Valley Trade, Murray Supplement or the Water Quality Reserve	99,738 ML	See Note 4
17.1(m)	Alterations to Schedule 1, 2A and 3 entitlements		
	Water Shares	see 17.1 (n) and (p)	
	Urban Bulk Entitlements	see 17.1 (p)	
	Environmental Bulk Entitlements	see 17.1 (p)	
17.1(n)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
17.1(o)	Supply to primary entitlements		See Note 5
	Water Shares in Irrigation Areas	1,030,387 ML	
	Water Shares of River Diverters	As for 17.1(e)(i)	
	Urban Bulk entitlements	As for 17.1(e)(ii) See Appendix A2	
	Melbourne Water Authorities	As for 17.1(e)(ii) See Appendix A2	
	Victorian Environmental Water Holder	As for 17.1(e)(i) plus 251,441 ML 50756	
	Normanville WWD	168 ML	
	East Loddon WWD	460 ML	
	West Loddon WWD	As for 17.1(e)(i)	
	Tungamah WWD	297 ML	
	<b>Total supply to primary entitlements</b>	<b>1,381,067 ML</b>	
17.1(p)	Amendments to this BE	Yes	See Note 6
17.1(q)	New BE granted for supply of primary entitlements in this BE	No	
17.1(r)	Environmental Management and Metering programs	Programs implements	See Note 7
17.1(s)	BE compliance failures	No	
17.1(t)	BE compliance difficulties and responses	No	

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

Diversions by Other Authorities with Bulk Entitlements				
Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Goulburn Valley Water	River Supply	7,191	5,199	
	Channel system Zone 1A	7,679	3,395	
	Channel system Zone 3	18,620	11,986	
	<b>Total</b>	<b>33,490</b>	<b>20,579</b>	
Coliban Water	Channel system Zone 1A	1,980	1,726	
	Channel system Zone 1B	440	212	
	<b>Total</b>	<b>2,420</b>	<b>1,938</b>	
GWM Water	Quambatook	100	122	See Note 1
	<b>Total</b>	<b>100</b>	<b>122</b>	
Melbourne Bulk Entitlements	City West Water, South East Water and Yarra Valley Water	NA	18	
	<b>Total</b>	<b>0</b>	<b>18</b>	
Victorian Environmental Water Holder	Snowy Environmental Reserve	16,812	0	
	Living Murray Water - high reliability	39,625	0	
	Living Murray Water - low reliability	156,980	0	
	Goulburn River Entitlements	1,432	0	
	Environmental Entitlement NVIRP savings	NA	765	
	<b>Total</b>	<b>214,849</b>	<b>765</b>	See Note 2
<b>Total Authorities (ML)</b>		<b>36,010</b>	<b>22,640</b>	

**Notes to this table:**

1. Water was traded into Quambatook to provide water to supply the usage above the entitlement volume.
2. This figure only includes diversions from the waterway, instream deliveries are included in Appendix A1 17.1(o).

**Notes to Appendix A1 Bulk Intitlement table on opposite page:**

1. Volumes were obtained from hydrographic data collected by Thiess Services:  
Cattanach CanalSI No 405702  
Stuart Murray CanalSI No 405700  
East Goulburn Main ChannelSI No 405700
2. implementedNotesThis value only include diversions against environmental Bulk Entitlements which have been diverted to wetlands and not the environmental water that is used instream since it is not diverted.
3. Water released from Lake Eildon under target filling arrangements.
4. Includes releases from the Goulburn Water Quality Reserve, Murray supplement and Goulburn Inter Valley Trade Account.
5. Normanville WWD includes delivery for Normanville and Catumnal, delivery for Quambatook and Mysia is reported under 17.1(e)(ii) in Appendix A2. East Loddon Water Words District delivery is only for water allowances, supply to Coliban Water is reported under 17.1(e)(ii) in Appendix A2.
6. Goulburn Valley Water, Coliban Water and Grampians Wimmera Mallee Water's Entitlements in Schedule 2 were amended. Goulburn Valley Water's entitlement increased by 15 ML. GMW's loss provisions were revised.
7. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified). NoneThe Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.

# Appendix A3 Bulk Entitlement

(River Murray - Goulburn Murray Water) Reporting

MLThis appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray - Goulburn Murray Water) Conversion Order 1999 ("BE"), which obliges the Authority to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes		
22.1(b)	<b>Off-take points</b>				
	Cobram pump station	5,338 ML	See Note 1		
	Yarrawonga Main Channel	412,217 ML			
	Torrumbarry diversions				
	National Channel	759,046 ML			
	Ashwin's pump	0 ML			
	Pental Island pump	0 ML			
	Swan Hill No 9 channel off-take from Little Murray (if Fish Point Weir open)	7,367 ML	See Note 2		
	Swan Hill pumps	14,548 ML ML			
	Nyah pumps	6,216 ML			
	Woorinen pumps	11,063 ML			
	Private diversion points	42,116 ML			
	<b>Total diversions at off-take points</b>	<b>1,257,911 ML</b>			
22.1(c)	New off-take points	No			
22.1(d)	<b>Return Points</b>				
	Broken Creek	6,774 ML			
	Yarrawonga Main Channel outfall	25,735 ML			
	Torrumbarry returns				
	Koondrook spillway	85,594 ML			
	Loddon river at Kerang Weir	74,122 ML			
	Sheepwash Creek Weir	0 ML			
	Little Murray Weir (if Fish Point Weir closed)	29,832 ML		See Note 2	
	6/7 channel outfall (if Fish Point Weir open)	3,012 ML		See Note 2	
	Lake Boga outfall channel (if Fish Point Weir open)	0 ML		See Note 2	
	Barr Creek at Capel's Crossing	14,481 ML			
	Lake Charm outfall channel	6,360 ML			
	<b>Total returns</b>	<b>245,910 ML</b>			
22.1(e)	<b>GMW supplies to bulk entitlements held by other authorities</b>	<b>BE Volume</b>		<b>Supplied</b>	See Note 3
	Coliban Water	6,285 ML	4,378 ML		
	Lower Murray Water	30,241 ML	20,040 ML		
	Goulburn Valley Water	3,735 ML	3,264 ML		
	Melbourne Water Authorities	NA	0 ML		
	North East Water	12,794 ML	8,469 ML		
	Wimera Mallee Water	3,492 ML	3,679 ML		
	Victorian Environmental Water Holder				
	Snowy Environmental Reserve	29,794 ML	29,794 ML		
	Flora and Fauna	27,600 ML	2,254 ML		
	Living Murray	5,710 ML	5,109 ML		
	Other	NA	28,300 ML	See Note 4	
	<b>Total supplies to Bulk Entitlements</b>		<b>76,987 ML</b>		
22.1(f)	<b>GMW supplies to primary entitlement holders excluding bulk entitlements in (e)</b>				
	Murray Valley Irrigation Area		280,939 ML		
	Torrumbarry irrigation Area		423,440 ML		
	Nyah, Tresco and Woorinen		23,219 ML		
	River Private Diverters		As for 22.1(b)		
	Victorian Environmental Water Holder (non BE water)		420 ML		
<b>Total supplies to primary entitlement holders excluding bulk entitlements</b>		<b>770,134 ML</b>			
22.1(g)	Metering program	Program implemented	See Note 5		
22.1(h)	Temporary or permanent transfers of this BE or primary entitlements	No transfers of this BE, see appendices B2, B4 and B5 for trades			
22.1(i)	Transfer of entitlement or allocation under the Act to GMW or primary entitlement holders	No transfers to this BE, see appendices B2, B4 and B5 for trades			
22.1(j)	Amendment to this BE	Yes	See Note 6		
22.1(k)	6New BE granted to GMW for River Murray	No			
22.1(l)	BE compliance failures	No			
22.1(m)	BE compliance difficulties and actions	Yes	See Note 7		
22.1(n)	Murray Valley Losses	77,502 ML	See Note 8		
	Torrumbarry Losses	146,417 ML			
	Victoria Mid Murray Storage losses	54,519 ML			
22.1(o)	Victoria Mid Murray Storage annual operating plan	Implemented	See Note 9		

# Appendix A4 Bulk Entitlement

(River Murray - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ("BE"), which obliges the Authority to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
18.1(e)	GMW share of Lake Eppalock annual inflow	76,334 ML	
18.1(f)	Annual amounts taken from the system waterway for primary entitlements listed in Schedules 1 and 2		
	Water Shares	11,596 ML	
	Inter Valley Trade	0 ML	
	Supplement to Goulburn system	2,796 ML	
	Victorian Environmental Water Holder	0 ML	See Note 1
	Coliban Water	61 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	29,180 ML	See Note 2
18.1(h)	Internal spills from or to GMW's share of storage	3,089 ML from GMW's share	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account as required by clause 11 of the Bulk Entitlement	
18.1(j)	Credits granted	No	
18.1(k)	Temporary or permanent transfers of this BE	None	
18.1(l)	Transfer of entitlement or allocation under the Act	None	
18.1(m)	Seasonal determinations in any month	2 July 2012 - 100% HRWS & 0% LRWS1 Aug 2012 - 100% HRWS & 18% LRWS1 Oct 2012 - 100% HRWS & 67% LRWS1 Dec 2012 - 100% HRWS & 94% LRWS 15 Jan 2013 - 100% HRWS & 100% LRWS Environmental	
18.1(n)	Alterations to Schedule 1 and 2 entitlements		
	Water Shares	See 18.1(o) and (q)	
	Coliban Water	See 18.1 (o)	
	Victorian Environmental Water Holder	See 18.1 (o)	
18.1(o)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
18.1(p)	Supply to primary entitlements	As for 18.1 (f) plus	See Note 3
	Victorian Environmental Water Holder	13,480 ML	
	Living Murray	3,406 ML	
	<b>Total supply to primary entitlements</b>	<b>31,339 ML</b>	
18.1(q)	Amendments to this BE	No	
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 4
18.1(t)	BE compliance failures	Minor	See Note 5
18.1(u)	BE compliance difficulties and response	Yes	See Note 6
22.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 7

#### Notes to this table:

- This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p).
- Gross evaporation based on measured evaporation at Lake Eppalock.
- As there are no longer irrigation areas or districts in the Campaspe system the volume of diversion and delivery are the same, with the exception of environmental water delivered instream.
- LRWSEnvironmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001) The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.
- In June, flows downstream of Lake Eppalock and the Campaspe siphon were below the required flow for three days due to fluctuations in the natural flows. Processes to anticipate these changes are being reviewed.
- MLDue to maintenance work at Lake Eppalock, the flow downstream of Lake Eppalock was less than the required flow for a number of days between 1 July and 15 August 2012 and from 24 to 27 June 2013. Minimum passing flows not provided were credited to the Passing Flow Account for later use.

#### Notes to Appendix A3 Bulk Intitlement table on opposite page:

- Cobram pump station became operational in August 2006, but is not yet recognised as a new off-take point in the BE.
- Recognition of off-take diversions and returns depends on status of Fish Point Weir (as indicated).
- MLVolume includes water supplied through GMW's channel distribution system.
- This volume includes water shares held by Victorian Environmental Water Holder and Commonwealth Environmental Water Holder which were traded into ABAs linked to environmental Bulk Entitlements.
- The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.
- Entitlements in Schedule 2 were amended for all River Murray Bulk Entitlements. GMW's loss provisions were revised.
- Based on the volume delivered, the losses incurred within the Torrumbarry Irrigation Area exceeded the loss allowance specified in Schedule 1. However, the loss incurred was within the 25% additional headroom allowance.
- The losses attributed to the operation of the VMMS are based on the fixed distribution loss and the net evaporation from Kow Swamp, Kangaroo Lake, Lake Charm and Lake Boga. The losses for the Murray Valley and Torrumbarry Irrigation Areas are based on water balance calculations of the irrigation areas, using diversions, deliveries and returns.
- The Victorian Mid-Murray Storages Annual Operating Plan was submitted in July 2012.



# Appendix A5 Bulk Entitlement

(Broken System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
20.1(e)	Annual amounts taken from the system waterway for Schedules 1 and 2 primary entitlements		
	Water shares (excluding Broken creek)	5,506 ML	
	North East Water	157 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Diversions to Broken Creek	3,612 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	8,295 ML	See Note 1
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12 of the Bulk Entitlement	See Note 2 and Note 7
20.1(h)	Credits granted	No	
20.1(i)	Temporary or permanent transfers of this BE	None	
20.1(j)	Transfer of entitlement or allocation under the Act	None	
20.1(k)	Alterations to Schedule 1 and 2 entitlements		
	Water shares	See 20.1(l) and (n)	
	North East Water	See 20.1 (n)	
20.1(l)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
20.1(m)	Supply to primary entitlements	As for water shares and North East Water diversions in 20.1 (e) plus	See Note 3
	Broken Creek	577 ML	
	Commonwealth water shares	51 ML	
	<b>Total supply to primary entitlements</b>	<b>6,291 ML</b>	
20.1(n)	Amendments to this BE	No	
20.1(o)	New BE granted for supply of primary entitlements in this BE	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
20.1(q)	BE compliance failures	Yes	See Note 5
20.1(r)	BE compliance difficulties and response	Yes	See Note 6
20.1(s)	Details of interruptions to minimum passing flows	Yes	See Note 7

#### Notes to this table:

- Gross evaporation based on measured evaporation at Lake Nillahcootie.
- Broken River at Moorngag compliance site (Sl. 404206) was decommissioned on 1 May 2012 due to site access and Occupational Health and Safety issues for operations staff. For the 2012/13 season hydrographic data from the new site at Broken River downstream Back Creek Junction (Sl. 404243) and was used for assessing compliance in the Broken System as per Clause 12.1(a)(i). The Moonee Creek at Lima East (Sl. 404208) site has also been decommissioned. A change to the Bulk Entitlement is required to formalise compliance requirements.
- The volume of diversion and delivery are the same, with the exception of diversions to Broken Creek from the Broken system and environmental water delivered instream.
- The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management.
- Losses for Broken Creek were 1,185 ML above the annual average allowance under the Bulk Entitlement due to higher than anticipated operating requirements this season. Operating requirements are being reviewed.
- Difficulties at Broken River downstream Broken Weir as the regulator was closed and no passing flow data was available during periods of high flow where water passed over the spillway was not measurable. From December 2012 there were issues with flow measurement downstream of Broken Weir. Flows at Casey's Weir and Gowangardie Weir were in excess of the minimum requirement which indicated that the requirements at Broken Weir were met.
- ML Due to maintenance works on the outlet at Lake Nillahcootie, the flow downstream of the storage was less than the minimum requirement on a number of days between 4 June and 18 June 2013.

# Appendix A6 Bulk Entitlement

(Ovens System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
19.1(e)	Annual amounts taken from the system waterway for Schedules 1 and 2 primary entitlements		
	Water shares	6,952 ML	
	North East Water	3,781 ML	
19.1(f)	Annual evaporation losses		
	Lake Buffalo	2,676 ML	See Note 1
	Lake William Hovell	789 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were provided and calculated in accordance with clause 12 and Schedule 5 of the Ovens Bulk Entitlement.	
19.1(h)	Credits granted	No	
19.1(i)	Temporary or permanent transfers of this BE	None	
19.1(j)	Transfer of entitlement or allocation under the Act	None	
19.1(k)	Alterations to Schedule 1 and 2 entitlements		
	Water shares	See 19.1(l) and (n)	
	North East Water	See 19.1 (n)	
19.1(l)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
19.1(m)	Supply to primary entitlements	As for 19.1 (e) plus	See Note 2
	Commonwealth water shares	20 ML	
	<b>Total supply to primary entitlements</b>	<b>10,753 ML</b>	
19.1(n)	Amendments to this BE	No	
19.1(o)	New BE granted for supply of primary entitlements in this BE	No	
19.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 3
19.1(q)	BE compliance failures	No	
19.1(r)	5BE compliance difficulties and response	No	
19.1(s)	Details of interruptions to minimum passing flows	No	

#### Notes to this table:

- Gross evaporation based on measured evaporation at each storage.
- As there are no irrigation areas or districts in the Ovens system the volume taken and supplied are the same, with the exception of environmental water which is delivered instream.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.



# Appendix A7 Bulk Entitlement

(Loddon System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
21.1(f)	Annual amounts taken from the system waterway for primary entitlements in Schedules 1 and 2		
	Water shares	9,952 ML	
	IVT	0 ML	
	Supplement to Goulburn system	32,362 ML	
	East Loddon Waterworks District	0 ML	
	Coliban Water	405 ML	
	Central Highlands Water	1,116 ML	
	Victorian Environmental Water Holder	0 ML	See Note 1
21.1(g)	Annual evaporation losses		
	Cairn Curren	20,160 ML	See Note 2
	Tullaroop	8,295 ML	
21.1(h)	Credits granted	No	
21.1(i)	Temporary or permanent transfers of this BE	None	
21.1(j)	Transfer of entitlement or allocation to GMW	None	
21.1(k)	Alterations to Schedule 1 and 2 entitlements		
	Water shares	See 21.1(l) and (n)	
	Other entitlements	See 21.1 (n)	
21.1(l)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
21.1(m)	Annual supply to primary entitlements	As for 21.1 (f) plus	See Note 3
	Victorian Environmental Water Holder	8,528 ML	
	<b>Total supply to primary entitlements</b>	<b>20,001 ML</b>	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted for this system	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	No	
21.1(r)	BE compliance difficulties and response	No	

#### Notes to this table:

1. This is only environmental diversion to Loddon wetlands, it excludes environmental water that has been delivered instream (see 21.1(m)).
2. Gross evaporation based on measured evaporation at Cairn Curran.
3. As there are no irrigation areas or districts in the Loddon system the volumes taken and supplied are the same, with the exception of environmental water delivered instream.
4. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.

# Appendix A8 Bulk Entitlement

(Bullarook System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2012/13 Annual Report in compliance with the requirements of clause 17.2 of the Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Conversion Order 2009 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2012 to 30 June 2013. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1 (d)	Annual amounts of water taken from the system by primary entitlement holders		
	Water shares	958 ML	
	Central Highlands Water	0 ML	
17.1(e)	Temporary or permanent transfers of this BE	None	
17.1(f)	BE temporarily or permanently transferred to GMW	None	
17.1(g)	Details of transfers of primary entitlements	See appendices B4 & B5 for transfer details of water shares	
17.1(h)	Annual supply to primary entitlements	As for 17.1 (d) plus	See Note 1
17.1(i)	Victorian Environmental Water Holder	0 ML	
17.1(j)	Amendments to this BE	No	
17.1(j)	New BE granted for this system	No	
17.1(k)	Environmental Management and Metering programs	Programs implemented	See Note 2
17.1(l)	BE compliance failures	No	
17.1(m)	BE compliance difficulties and response	Yes	See Note 3

#### Notes to this table:

- As there are no irrigation areas or districts in the Bullarook system the volumes taken and supplied are the same, with the exception of environmental water which is delivered instream.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) The Minister for Water approved the updated Metering Program for all Bulk Entitlements held by GMW in 2011.17.1
- An interim operating arrangement between all Bulk Entitlement holders is in place. The operating arrangements are yet to be finalised due to difficulties in developing a feasible methodology for determining natural flows using the limited available gauged data.

# Appendix B1 Allocation Statistics

Inflows	Volume (ML)
Net carryover at 1 July 2012	1,859,312
Seasonal allocation	2,101,821
Spill allocation	1,264
Trade in (3)	176,452
Return flows (7)	291,001
<b>Total inflows</b>	<b>4,429,850</b>

Outflows	Volume (ML)
Water usage	-2,277,114
Trade out (3)(4)	-670,488
Spillable water write-off	-386,071
Allocation adjustments (5)	55,828
<b>Total outflows</b>	<b>-3,277,844</b>
<b>Unused water at 30 June 2013</b>	<b>1,152,006</b>
<b>Less: End of year adjustments</b>	
Overuse	-6,078
Evaporation on 30 June carryover	49,170
Write-off on 30 June (6)	155,695
	<b>198,787</b>
<b>Equals: Carryover carried forward to 1 July 2013</b>	<b>953,219</b>

## Notes to this table:

- This table provides a summary of water made available in allocation accounts managed by G-MW during the 2012/13 water year.
- The table shows movement of water for allocation accounts with regulated trading zone sources only. This includes allocations made to all water shares and regulated bundled entitlements, such as supply by agreements and urban bulk entitlements. It does not include water accounted against loss provisions in rural bulk entitlements. Unregulated and groundwater entitlements are excluded because some are not metered and usage is not fully available.
- 'Trade in' is defined as the volume of trades into Goulburn-Murray Water from interstate and from Lower Murray Water allocation accounts. 'Trade out' is defined as the volume of trades from Goulburn-Murray Water allocation accounts to interstate and to Lower Murray Water allocation accounts. A summary of all trades including within authority trades can be found in the 'Allocation Trade Summary' report.
- Trade out includes approximately 562 GL of trade to NSW or SA, 415 GL of which was moved to SA for the environment.
- The 'allocation adjustments' shown in this table include amendments to allocation made during the year (e.g. a transaction to move 46 GL from LMW to GMW to allow a large consolidation of Commonwealth water shares to occur)
- 30 June 2013 write-off reported in this table includes:
  - Write-off against the Snowy environmental account in the register which allows transfer of water to the Snowy in fulfilment of Victoria's obligations under the Snowy recovery program (82 GL).
  - Write-off in the Ovens and King systems, which have no ability to carryover (24 GL).
  - Write-off in the Broken, Loddon & Bullarook systems where carryover is only allowed to 50% of entitlement volume (10 GL).
  - Write-off in the Goulburn and Campaspe systems where carryover is only allowed to 100% of entitlement volume (24 GL).
  - Write-off from ABAs in other systems that are no longer linked to active entitlements (15 GL).
- Return flows represent credits for the reuse of environmental water in a downstream system.
- The Victorian Water Register also records Loss Provision Bulk Entitlements for delivering water in irrigation districts. The accounting for these is not included in the above table.

# Appendix B2 Water Entitlements in Regulated Water Systems

Water Entitlements in regulated systems								
River Basin	Water Shares High Reliability		Water Shares Low Reliability		Bulk Entitlements		Other	
	Volume (ML)	Number	Volume (ML)	Number	Volume (ML)	Number	Volume (ML)	Number
Broken	17,625.0	308	3,345.2	156	135.0	1	0.0	0
Bullarook	757.7	31	380.8	24	600.0	2	0.0	0
Campaspe	37,831.2	366	19,174.8	115	5,523.0	4	0.0	1
Goulburn	977,588.6	10,615	435,826.4	6,802	758,799.8	27	10,175.2	1,144
Loddon	21,391.4	408	8,083.4	208	6,044.0	4	205.5	67
Murray	831,810.9	6,927	295,719.8	4,104	475,149.7	34	2,055.2	69
Ovens	26,260.9	516	12,535.2	381	7,832.0	2	0.0	0
<b>Regulated Total 30 June 2013</b>	<b>1,913,265.7</b>	<b>19,171</b>	<b>775,065.6</b>	<b>11,790</b>	<b>1,254,083.5</b>	<b>74</b>	<b>12,435.9</b>	<b>1,281</b>
<i>Regulated Total 30 June 2012</i>	<i>1,913,265.7</i>	<i>21,582</i>	<i>778,282.6</i>	<i>12,077</i>	<i>1,197,775.4</i>	<i>89</i>	<i>12,812.8</i>	<i>1,309</i>

#### Notes to this table:

- This table shows the number and volume of active entitlements in regulated water systems as at 30 June 2013.
- The entitlement group "Other" includes Supply by Agreements, Water Allowances and a small number of Take and Use licences.
- This table is different from 2011/12 reporting in that it no longer reports by delivery system. This is due to some entitlements having multiple delivery systems, and delivery systems relate to the location of delivery and use of water which is reported separately in the regulated usage report.
- Bulk entitlements include entitlements with different reliability types as well as loss provisions in the Murray and Goulburn basins.
- The 12,535 ML of water shares in the Ovens in the 'Low reliability' column have a reliability of 'Spill' not 'Low'.
- The volume of water shares in G-MW's jurisdiction increased by 107,775 ML from 2011/12 due to:
  - the net transfer of 103,219 ML of water shares from Lower Murray Water to Goulburn-Murray Water during the year.
  - The issue of 5,011 ML of newwater shares
  - The surrender of 456 ML of water shares including 443 ML which was converted to Bulk Entitlement.
- The volume of bulk entitlements in GMW's jurisdiction increased by 56,308 ML from 2011/12 due to bulk entitlement amendments (including an increase of 57,014 ML against provisional bulk entitlements).
- The volume of other regulated entitlements in GMW's jurisdiction decreased by 377 ML from 2011/12 due to:
  - the surrender and issue of supply by agreements equal to a reduction of 145 ML.
  - the surrender of 223 ML of water allowances including 220 ML resulting from the East Loddon Pipeline Amalgamation.

# Appendix B3 Trade of Allocation

Allocation Trade												
Seller		Buyer										
		Goulburn-Murray Water										
		1A Greater Goulburn	1B Boort	2A Broken - Nill to Casey'	2B Broken - Casey's to Goulb	3 Lower Goulburn	4A Campaspe - Eppalock to WWC	4C Lower Campaspe	5A Loddon - CC/Tull to LWP	5B Bullarook	6 VIC Murray - Dart to Barmah	
Goulburn-Murray Water	1A Greater Goulburn	404,465	7,964	0	0	3,301	121	124	457	0	23,017	
	1B Boort	30,716	8,513	0	0	127	475	0	20	0	475	
	2A Broken - Nill to Casey's	0	0	88	0	0	0	0	0	0	0	
	2B Broken - Casey's to Goulb	0	0	0	123	0	0	0	0	0	0	
	3 Lower Goulburn	11,821	100	0	0	1,640	550	0	0	0	762	
	4A Campaspe - Eppalock to WWC	11,023	2,306	0	0	900	18,543	0	0	0	730	
	4C Lower Campaspe	403	0	0	0	0	540	9	0	0	0	
	5A Loddon - CC/Tull to LWP	1,548	306	0	0	0	0	0	5,807	0	250	
	5B Bullarook		0	0	0	0	0	0	0	354	0	
	6 VIC Murray - Dart to Barmah	64,563	2,209	0	0	120	0	0	0	0	83,070	
	6B Lower Broken Creek	6,242	180	0	0	0	0	0	0	0	8,464	
	7 VIC Murray - Barmah to SA	57,797	17,999	0	0	1,065	38	0	746	0	37,959	
9A Ovens	0	0	0	0	0	0	0	0	0	0		
9B King	0	0	0	0	0	0	0	0	0	0		
Lower-Murray Water	1A Greater Goulburn	1,481	0	0	0	0	0	0	0	0	0	
	7 VIC Murray - Barmah to SA	48,153	9,759	0	0	0	0	0	0	0	5,973	
NSW	10 NSW Murr U/S Barmah Choke	600	1,247	0	0	0	0	0	200	0	3,760	
	11 NSW Murr D/S Barmah Choke	120	0	0	0	0	0	0	0	0	4,015	
	13 Murrumbidgee	659	200	0	0	0	0	0	0	0	0	
	14 Lower Darling	200	1,500	0	0	0	0	0	0	0	0	
SA	12 South Australian Murray	8,368	3,838	0	0	0	0	0	0	0	1,850	
	<b>Total Purchased</b>	<b>648,157</b>	<b>56,122</b>	<b>88</b>	<b>123</b>	<b>7,153</b>	<b>20,267</b>	<b>133</b>	<b>7,229</b>	<b>354</b>	<b>170,325</b>	
	<b>Number of Trades</b>	<b>4,839</b>	<b>289</b>	<b>1</b>	<b>7</b>	<b>64</b>	<b>51</b>	<b>5</b>	<b>54</b>	<b>19</b>	<b>1,237</b>	

## Notes to this table:

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

					Lower Murray Water			New South Wales					South Aus			
6B Lower Broken Creek	7 VIC Murray - Barmah to SA	9A Ovens	9B King	20 Snowy	1A Greater Goulburn	1B Boort	7 VIC Murray - Barmah to SA	10 NSW Murr U/S Barmah Choke	11 NSW Murr D/S Barmah Choke	13 Murrumbidgee	12 South Australian Murray	12 South Australian Murray	Total Sold	Number of Trades	Net Sold	
3,699	61,204	0	0	33,228	2,036	0	44,065	5,005	10,505	1,297	737	8,077	609,302	4,496	-38,856	
0	7,155	0	0	1,852	0	0	1,271	0	869	12,380	0	847	64,700	221	8,578	
0	0	0	0	0	0	0	0	0	0	0	0	0	88	1	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	123	7	0	
120	2,266	0	0	3,025	0	0	435	500	1,602	0	0	1,539	24,359	140	17,206	
0	3,603	0	0	0	0	0	5,525	650	0	120	0	1,638	45,038	181	24,771	
0	21	0	0	0	0	0	0	0	0	0	0	0	973	14	840	
48	1,714	0	0	470	0	0	0	0	125	0	0	50	10,318	93	3,089	
0	0	0	0	0	0	0	0	0	0	0	0	0	354	19	0	
1,589	41,589	0	0	32,514	39	0	14,778	1,710	9,324	2,788	3,046	59,448	316,787	1,512	146,463	
1,994	3,348	0	0	81	55	0	552	890	1,472	0	0	3,587	26,864	232	18,155	
1,260	133,678	0	0	9,728	1,888	0	37,727	15,385	11,917	22,896	3,875	379,841	733,796	2,235	396,155	
0	0	321	0	0	0	0	0	0	0	0	0	0	321	8	0	
0	0	0	576	0	0	0	0	0	0	0	0	0	576	11	0	
0	0	0	0	0	0	0	712	0	0	0	0	0	2,193	6	-7,042	
0	56,663	0	0	1,467	4,217	250	86,616	17,507	21,722	6,085	7,213	135,829	401,454	1,934	158,536	
0	8,016	0	0	0	0	0	17,207	0	0	0	0	0	31,030	44	-10,618	
0	880	0	0	0	0	0	320	0	0	0	0	0	5,335	13	-52,201	
0	1,806	0	0	0	0	0	9,084	0	0	0	0	0	11,749	20	-33,816	
0	100	0	0	0	0	0	1,455	0	0	0	0	0	3,255	8	-11,617	
0	15,600	0	0	0	1,000	0	23,172	0	0	0	0	0	53,828	135	-537,028	
<b>8,709</b>	<b>337,641</b>	<b>321</b>	<b>576</b>	<b>82,365</b>	<b>9,234</b>	<b>250</b>	<b>242,918</b>	<b>41,648</b>	<b>57,536</b>	<b>45,565</b>	<b>14,872</b>	<b>590,856</b>	<b>2,342,440</b>	<b>0</b>	<b>0</b>	
120	2,511	8	11	13	28	1	1,385	184	182	57	49	215	0	11,330	0	

# Appendix B4 Transfer And Variation Of High Reliability Water Shares

Northern Systems - Transfer and variation of high reliability water shares (Volume (ML))											
		Destination									
		Goulburn-Murray Water									
		Broken River	Bullarook	Campaspe Irrigation Area	Campaspe River	Central Goulburn Irrigation	GMW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area
Goulburn-Murray Water	Broken River	342	0	0	0	0	94	0	0	0	0
	Bullarook	0	2	0	0	0	0	0	0	0	0
	Campaspe Irrigation Area	0	0	0	20	0	141	0	0	0	0
	Campaspe River	0	0	0	898	0	26	0	0	0	0
	Central Goulburn Irrigation Area	0	0	0	0	28,593	13,086	5	0	285	7
	GMW - NWU	0	0	100	206	1,174	41,878	36	0	299	1,168
	Goulburn River	0	0	0	0	2	1,154	1,825	0	0	0
	Loddon River	0	0	0	0	0	2	0	1,042	0	0
	Murray River	0	0	0	0	2	624	0	0	4,466	383
	Murray Valley Irrigation Area	0	0	0	0	0	12,769	0	0	237	21,921
	Nyah, Tresco and Woorinen	0	0	0	0	0	494	0	0	0	0
	Ovens River	0	0	0	0	0	50	0	0	0	0
	Loddon Valley Irrigation Area	0	0	0	0	0	8,282	0	0	0	0
	Rochester Irrigation Area	0	0	0	0	152	6,707	0	0	0	0
	Shepparton Irrigation Area	0	0	0	0	423	4,436	0	0	0	4
Torrumbarry Irrigation Area	0	0	0	0	0	11,341	0	0	108	0	
Lower-Murray Water	LMW - NWU	0	0	0	0	0	112,494	0	0	3	0
	Murray River	0	0	0	0	0	0	0	0	0	0
	Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	0	0	0	0	0
<b>Total Trades (ML)</b>		<b>342</b>	<b>2</b>	<b>100</b>	<b>1,124</b>	<b>30,346</b>	<b>213,578</b>	<b>1,866</b>	<b>1,042</b>	<b>5,396</b>	<b>23,483</b>
<b>Number of Trades</b>		<b>17</b>	<b>1</b>	<b>1</b>	<b>30</b>	<b>491</b>	<b>741</b>	<b>59</b>	<b>18</b>	<b>62</b>	<b>247</b>

**Notes to this table:**

1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for high reliability water shares during 2012/13. Some other trades were still in progress at year end and will be finalised in 2013/14.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. A variation application occurs without a change in ownership.
4. Delivery systems are grouped to reduce complexity caused by small delivery systems.
5. Exceedences of the 4% limit may be due to exemptions given under the trading rules or sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

							Lower Murray Water							
	Nyah, Tresco and Woorinen	Ovens River	Loddon Valley Irrigation	Rochester Irrigation Area	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID	Total Trades (ML)	Number of Trades	Net Out (ML)	Volume of water shares at 1 July 2012	Net Out as % of water shares (irrigation districts only)
	0	0	0	0	0	0	0	0	0	436	19	94	0	0
	0	0	0	0	0	0	0	0	0	2	1	0	0	0
	0	0	0	100	0	0	0	0	0	261	4	161	479	34%
	0	0	0	0	0	0	0	0	0	924	28	-200	0	0
	0	0	213	44	30	404	100	358	0	43,123	612	12,778	261,287	4.9%
	52	50	1,658	2,044	62	5,619	1,450	739	0	56,535	251	-157,043	0	0
	0	0	0	120	0	197	0	0	0	3,298	70	1,433	0	0
	0	0	0	0	0	50	0	0	0	1,094	20	52	0	0
	0	0	0	0	0	2	0	0	0	5,477	70	81	0	0
	0	0	0	0	0	0	0	0	0	34,926	349	11,444	197,209	5.8%
	2,078	0	0	0	0	162	130	25	0	2,888	55	665	28,302	2.4%
	0	502	0	0	0	0	0	0	0	552	26	0	0	0
	0	0	12,709	16	25	70	265	89	0	21,455	220	6,670	137,555	4.8%
	0	0	0	22,680	239	80	93	0	0	29,950	277	4,640	134,445	3.5%
	0	0	186	307	8,096	174	0	0	0	13,626	229	5,165	133,830	3.9%
	10	0	20	0	0	35,034	559	1,589	10	48,669	476	6,453	237,864	2.7%
	0	0	0	0	0	183	482	648	444	114,254	62	101,855	0	0
	0	0	0	0	8	225	4,339	32,156	24	36,752	271	593	0	0
	84	0	0	0	0	17	4,982	556	11,136	16,775	510	5,161	132,504	3.9%
	2,223	552	14,785	25,310	8,461	42,216	12,399	36,159	11,614	430,997	0	0	0	0
	42	26	245	245	174	368	187	280	396	0	3,550	0	0	0



# Appendix B5 – Transfer And Variation Of Low Reliability Water Shares

Northern Systems - Transfer and variation of high reliability water shares (Volume (ML))											
		Destination									
		Goulburn-Murray Water									
		Broken River	Bullarook	Campaspe Irrigation Area	Campaspe River	Central Goulburn Irrigation	GMW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area
Goulburn-Murray Water	Broken River	66	0	0	0	0	19	0	0	0	0
	Bullarook	0	0	0	0	0	0	0	0	0	0
	Campaspe Irrigation Area	0	0	0	11	0	22	0	0	0	0
	Campaspe River	0	0	0	234	0	24	0	0	0	0
	Central Goulburn Irrigation Area	0	0	0	0	17,069	937	0	0	213	40
	GMW - NWU	0	0	0	56	1,122	5,115	0	0	262	1,870
	Goulburn River	0	0	0	0	35	114	592	0	0	0
	Loddon River	0	0	0	0	49	0	0	209	0	0
	Murray River	0	0	0	0	0	400	0	0	1,736	232
	Murray Valley Irrigation Area	0	0	0	0	0	3,079	0	0	0	14,515
	Nyah, Tresco and Woorinen	0	0	0	0	0	0	0	0	0	0
	Ovens River	0	0	0	0	0	25	0	0	0	0
	Loddon Valley Irrigation Area	0	0	0	0	320	1,271	0	0	0	0
	Rochester Irrigation Area	0	0	13	0	360	115	0	0	0	0
	Shepparton Irrigation Area	0	0	0	0	260	538	0	0	0	0
Torrumbarry Irrigation Area	0	0	0	0	0	3,504	0	0	0	0	
Lower-Murray Water	LMW - NWU	0	0	0	0	0	0	0	0	0	0
	Murray River	0	0	0	0	0	0	0	0	0	0
	Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	0	0	0	0	0
<b>Total Trades (ML)</b>		<b>66</b>	<b>0</b>	<b>13</b>	<b>301</b>	<b>19,215</b>		<b>592</b>	<b>209</b>	<b>2,215</b>	<b>16,657</b>
<b>Number of Trades</b>		<b>6</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>332</b>	<b>161</b>	<b>17</b>	<b>7</b>	<b>31</b>	<b>211</b>

**Notes to this table:**

1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for low and spill reliability water shares during 2012/13. Some other trades were still in progress at year end and will be finalised in 2013/14.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. A variation application occurs without a change in ownership.
4. Delivery systems are grouped to reduce complexity caused by small delivery systems.

							Lower Murray Water					
	Nyah, Tresco and Woorinen	Ovens River	Loddon Valley Irrigation	Rochester Irrigation Area	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID	Total Trades (ML)	Number of Trades	Net Out (ML)
	0	0	0	0	0	0	0	0	0	85	7	19
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	34	2	21
	0	0	0	0	0	0	0	0	0	258	8	-43
	0	0	595	724	746	243	0	436	0	21,002	353	1,788
	19	25	214	28	572	2,534	2	906	0	12,724	94	-2,439
	0	0	0	32	0	0	0	0	0	773	23	181
	0	0	39	0	0	0	0	0	0	297	9	88
	0	0	0	0	0	0	0	1	0	2,368	38	153
	0	0	52	0	0	0	0	0	0	17,646	225	989
	462	0	0	0	0	0	12	10	0	484	10	2
	0	264	0	0	0	0	0	0	0	289	15	0
	0	0	21,941	0	0	526	0	620	91	24,769	157	1,602
	0	0	187	10,413	81	175	0	0	0	11,344	126	1
	0	0	130	146	6,522	79	0	101	0	7,776	144	-144
	0	0	10	0	0	35,890	8	2,052	151	41,619	336	2,172
	0	0	0	0	0	0	0	0	0	0	0	-22
	0	0	0	0	0	0	0	607	0	607	8	-4,277
	0	0	0	0	0	0	0	151	154	304	2	-91
	482	289	23,168	11,343	7,920	39,446	22	4,883	396	142,378		
	9	15	152	126	137	292	3	44	3	0	1,557	

# Appendix B6 Usage By Delivery System

Usage in regulated trading zone sources per delivery system	Volume (ML)
Delivery System (grouped)	Volume (ML)
Broken River	6,291
Bullarook	958
Campaspe Irrigation Area	1,485
Campaspe River	27,016
Central Goulburn Irr. Area	421,027
Goulburn River	309,649
Loddon River	14,444
Murray River	66,142
Murray Valley Irrigation Area	332,104
Nyah, Tresco and Woorinen	23,101
Ovens River	10,752
Pyramid-Boort	242,243
Rochester Irrigation Area	217,240
Shepparton Irrigation Area	163,201
Torrumbarry Irrigation Area	441,461
<b>Grand Total</b>	<b>2,277,114</b>

**Notes to this table:**

1. This table shows usage per delivery system for allocation accounts with regulated trading zone sources.
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.

# Appendix B7- Water Entitlements in Unregulated Water Systems

Water Entitlements in regulated systems							
River Basin	Trading zone	Water Shares Low Reliability		Bulk Entitlements		Other	
		Volume (ML)	Number	Volume (ML)	Number	Volume (ML)	Number
Avoca	Avoca	0	0	0	0	278.0	3
Broken	120 Broken Unregulated	1,487.0	153	0	0	2,324.0	1
	121 Lower Broken Unregulated	350.8	23	0	0	0	0
	170 Barmah to Nyah Unregulated	50.0	1	0	0	0	0
	Not applicable	0	0	8,213.9	422	0	2
Bullarook	Not applicable	0	0	0	0	0	2
Campaspe	140 Campaspe Unregulated	781.8	130	0	0	470.0	1
	141 Coliban Unregulated	504.6	51	0	0	0	0
	Not applicable	0	0	6,191.3	341	120.0	3
Goulburn	110 Goulburn Unregulated	12,209.1	809	0	0	4,570.0	8
	111 King Parrot Creek Unreg	1,940.4	302	0	0	0	0
	112 Yea River Unregulated	4,396.8	267	0	0	438.0	1
	130 Lower Goulburn Unregulated	2,825.2	143	0	0	140.0	2
	Not applicable	0	0	18,334.2	1,863	2,013.0	12
Kiewa	190 Kiewa Catchment Unreg	6,539.7	356	0	0	2,013.0	3
	191 Kiewa Main Stem Unreg	8,031.7	117	0	0	179.0	1
	Not applicable	0	0	3,880.7	193	0	1
Loddon	150 Loddon Unregulated	10,809.6	215	0	1	4,461.0	4
	151 Lower Loddon Unregulated	8,969.9	121	0	0	0	0
	Not applicable	0	0	14,183.0	671	0	1
Murray	160 Upper Murray Unregulated	10,406.6	448	0	0	786.0	3
	161 Upper Murray Main Stem	2,218.3	90	0	0	61.0	1
	170 Barmah to Nyah Unregulated	2,704.6	65	0	0	0	0
	6 VIC Murray - Dart to Barmah	0	0	0	0	0	1
	7 VIC Murray - Barmah to SA	0	0	0	0	54,300.0	2
	Not applicable	0	0	14,304.5	688	60.0	6
Ovens	111 King Parrot Creek Unreg	.8	1	0	0	0	0
	160 Upper Murray Unregulated	0	0	0	0	36.0	1
	180 King and Lower Ovens Unregulated	7,320.9	380	0	0	2,477.0	7
	181 Upper Ovens Mgmt Zone 1 – Unreg	8,173.7	479	0	0	0	0
	Not applicable	0	0	9,309.0	388	0	1
<b>Unregulated Total 30 June 2013</b>		<b>89,721.5</b>	<b>4,151</b>	<b>74,456.6</b>	<b>4,567</b>	<b>74,740.3</b>	<b>67</b>

#### Notes to this table:

- This table shows the number and volume of active entitlements in unregulated systems as at 30 June 2013.
- Registration licences listed as not applicable in the trading zone field are "not tradable" as required under the Act.
- Some unregulated bulk entitlements are entered into the register with trading zone source "Not applicable" because:
  - They are source bulk entitlements and therefore source their water from the whole system, rather than a specific part or zone;
  - The bulk entitlement specifies they are "not tradable";
  - There is no applicable trading zone source in the register.

# Appendix B8 – Groundwater Entitlements

Water entitlements in groundwater systems			
GMU	Trading zone	Number	Volume (ML)
Alexandra (GMU)	1078 Alexandra Groundwater	15	1,721.0
Barnawartha (GMU)	Barnawartha Groundwater	6	379.0
	Not tradable	1	2.0
Katunga (GMU)	1061 Katunga Groundwater	17	3,192.0
	1062 Katunga Groundwater	273	36,913.7
	1063 Katunga Groundwater	90	20,826.0
Kinglake (GMU)	1075 Kinglake Groundwater	86	1,905.1
Loddon Highlands (GMU)	Ascot	67	7,068.2
	Blampied	22	1,252.5
	Molongghip	3	318.0
	Newlyn	27	3,133.6
	Talbot	14	1,268.7
	Ullina	20	2,921.2
	Waubra	34	4,731.3
Lower Campaspe Valley (GMU)	Bamawn	45	26,928.9
	Barnadown	20	7,999.0
	Echuca	18	4,910.9
	Elmore-Rochester	60	16,035.6
Lower Ovens (GMU)	Bedrock Zone	37	1,372.6
	Mid Ovens Zone	192	11,865.5
	Murray Zone	18	3,546.0
	Ovens Plain Zone	19	3,129.0
<b>Mid Goulburn (GMU)</b>	1070 Mid-Goulburn Groundwater	53	8,462.9
	1071 Mid-Goulburn Groundwater	33	4,046.0
	1011 Mid Loddon Groundwater	30	3,457.4
	1012 Mid Loddon Groundwater	87	27,720.5
	1013 Mid Loddon Groundwater	23	2,985.0
<b>Mullindoolingong (GMU)</b>	1095 Mullindoolingong GW	15	226.0
	1096 Mullindoolingong GW	49	1,419.8
<b>Shepparton Irrigation (GMU)</b>	Shepparton Groundwater	1,375	201,865.8
	Not tradable	5	10.0
<b>Unincorporated (GMU)</b>	Not tradable	7	14.0
	Outside GMU	819	34,033.8
<b>Upper Ovens (GMU)</b>	1085 Upper Ovens Mgmt Zone 1 – GW	98	2,935.4
	1086 Upper Ovens Mgmt Zone 2 – GW	32	815.7
	Not tradable	7	19.0
<b>Groundwater Total 30 June 2013</b>		<b>3,717</b>	<b>449,431.1</b>
<b>Groundwater Total 30 June 2012</b>		<b>4,207</b>	<b>453,094.0</b>

## Notes to this table:

- This table shows the number and volume of active entitlements in groundwater systems as at 30 June 2013.
- This table includes 1,501 ML of private rights. This does not cover all private rights in GMW's jurisdiction and GMW is currently in the process of removing these from the register.  
The volume of groundwater entitlements in GMW's jurisdiction reduced by 3,663 ML from 2011/12 due to:
  - 943 ML of private right cancelled
  - 3,441 ML of new licence issued (including large licences in unincorporated areas and Shepparton Irrigation GMU)
  - 82 ML of licence transferred from unregulated surface water systems (in the Upper Ovens GMU)
  - Surrender of 7,025 ML of licence (including a large volume in the Shepparton Irrigation GMU)
  - Data edits resulting in a net increase in entitlement volume of 778 ML.

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Printed on Impact Climate Paper. 100% recycled post consumer waste.

