

GOULBURN-MURRAY WATER



ANNUAL REPORT

2004/05



OUR MISSION

To deliver sustainable water services that meet customer and stakeholder needs and support regional economic growth, whilst balancing social, economic and environmental considerations.

OUR VALUES

- Human safety, the environment and customer service are our highest priorities
- Sustainability is our commitment to future generations
- Cooperation based on the involvement of people is the key to progress
- Openness builds trust, knowledge and understanding
- Integrity, respect and pride are valued characteristics of our people
- Continual improvement is essential and underpins our future

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REPORT FROM THE CHAIRPERSON



This has been both a difficult and exciting year for Goulburn-Murray Water, as the Board and management have reviewed the major aspects of our operations to ensure we are offering the best service at the lowest price while maintaining adequate delivery standards. The Board has made noticeable and rapid improvements in its relationships with customers, industry partners and government, and will continue to develop strong relationships with industry groups, particularly Water Services Committees, as it implements its strategic direction.

Changes in our industry technology, combined with the State Government's water reform program as outlined in the *Our Water Our Future* White Paper, make this, perhaps, the most exciting era in the water industry for 100 years and Goulburn-Murray Water is working to implement many of the White Paper's key projects. I am particularly pleased to see that the Tungamah Pipeline Project will come to fruition and begin to deliver water savings, with the government making a \$17 million contribution. This and other water savings projects, such as Total Channel Control™, are introducing improved systems and technology to assist our communities to remain profitable into the future.

As promised, this Board has implemented a review of our pricing policies, which has resulted in the organisation discontinuing the use of renewals annuities to fund asset refurbishment and replacement, and instead adopting a Return on Regulatory Asset Base (RAB) approach. This new approach will deliver more stable and predictable price paths for our services over time, which will lessen the impact of price increase spikes for our customers.

Another key development for our future was the establishment of a new business unit to oversee the management of land and water activities on and around Goulburn-Murray Water's major water storages. This separate business unit will play a major role in meeting our objective to manage water storage activities for local communities, while ensuring they are economically sustainable and protect water quality and the environment for everyone to enjoy.

I would like to thank the Water Services Committees for the way in which they have worked with the Board and for their scrutiny and influence in difficult times. I also thank Goulburn-Murray Water management and employees for their efforts over the past year. When I stay late in the office, I notice many people working beyond their required hours. Some of our people have worked in the industry for thirty, even forty, years and they carry an accumulated knowledge that supports mature decisions and work practices.

One of the Board's prime roles is to appoint its Chief Executive. During the year, Denis Flett advised the Board that he had decided to end his tenure as Chief Executive of Goulburn-Murray Water as of 30 June 2005. Denis has had a remarkable 31-year career in the water industry and the Board wishes him well in his future appointments. The Board now welcomes Russell Cooper as the new Chief Executive.

Russell comes to Goulburn-Murray Water with a strong background in the water industry and the Board is excited to be working with him in tackling the many projects and initiatives Goulburn-Murray Water is undertaking.

The 2004/05 year was my first as Chairperson and we have achieved a great deal as a Board. I would like to thank my fellow Directors for their contributions. I would also like to take the opportunity to remember former Director The Honourable Marie Tehan, who passed away in October 2004 after a short illness, leaving the Board with a deep sense of lost opportunity in being deprived of Marie's considerable skills and talents.

We enter another year facing continuing changes in our climate and our operations, and ever mindful of our customers' problems. But we also have a firm vision and a leadership willing to adapt our business to these changing demands. Goulburn-Murray Water is continuing its mission to be a world-class manager of water delivery, mindful of its social and environmental responsibilities to northern Victoria.

Don Cummins
CHAIRPERSON

REPORT FROM THE CHIEF EXECUTIVE

With a high level of community interest in water, considerable work being done on water reforms in Victoria, and with drought conditions continuing into an eighth consecutive year, this is both a very exciting and challenging time for the water industry. Given this context, it is a privilege to be given the opportunity to lead Goulburn-Murray Water from late July 2005. This report covers the period when my predecessor, Denis Flett, was Chief Executive and I am grateful for the manner in which he assisted with the transition of the Chief Executive role.

The 2004/05 year has again presented many challenges in water resource management. Low water resource availability saw the Goulburn system experience its seventh consecutive year without a sales allocation. The Murray system also received only 100% of water right and no sales. More disturbingly, the Campaspe had another year of very low inflows and reached only a 39% allocation.

Despite these conditions making it a difficult year for many of our customers, we maintained a very good relationship with customers and communities. Low allocations make it even more important for water to be delivered when it is needed, and Goulburn-Murray Water has worked hard to ensure that it maintained high service levels and improved efficiency to reduce wastage. Goulburn-Murray Water's achievements over the past year show that we are well placed for the challenges ahead.

FINANCIAL PERFORMANCE

Continuing drought conditions have again had an impact on our business. These conditions limited water allocations on both the Goulburn and Murray systems to water right only, which meant that sales revenue was severely limited. There were also very low allocations in the Campaspe system.

Offsetting this, however, was a drain construction grant of \$2.1 million, which helped to return a net profit of \$1.4 million for the year.

ORGANISATIONAL CAPABILITY AND PROJECT SUCCESS

Goulburn-Murray Water's capability is evident in its successes in major projects over the past year. The Eildon dam improvement project has been a standout success. This \$52.5 million project is now nearing completion ahead of schedule, with an excellent safety and environmental enhancement record and having been instrumental in developing strong relationships between the Eildon Alliance and local communities.

The new Total Channel Control™ technology project in the Central Goulburn area also highlights the high level of skill among our employees, particularly given that this was a major project delivered in a very tight timeframe. Construction of this \$18 million project began in May 2005 and was completed in August 2005.

Other major projects undertaken include the pricing policy review, achieving SafetyMAP accreditation for occupational health and safety management, developing risk management plans under the *Safe Drinking Water Act 2003*, and delivering salinity benefits for Victoria and the Murray-Darling Basin Commission through projects such as the Pyramid Creek Salt Interception Scheme. Goulburn-Murray Water employees have also worked very closely with the Department of Sustainability and Environment and made a significant contribution to the development of detailed proposals for implementing irrigation reforms, as outlined by the *Our Water Our Future* White Paper.



THE FUTURE

There are many challenges ahead for Goulburn-Murray Water, not the least of which is the immediate task of managing water resources responsibly and delivering and improving services in continued dry conditions – allocations of less than 100% are again possible on some systems, particularly the Campaspe.

We are also charged with delivering very important projects, including the Tungamah pipeline, the Mokoan Return to Wetlands project, continuing the dam improvement program and building on our asset management capability.

As an organisation we will strive for continuous improvement in all fields, including commercial performance and organisational capability. I would like to thank all employees for their efforts over the last year and I look forward to strengthening our team to meet the challenges ahead of us. As Chief Executive, I look forward to working with the Board, employees and members of the community to build our capability in a time when water issues are so important to our regional communities.

Russell Cooper
CHIEF EXECUTIVE

PROFILE OF GOULBURN-MURRAY WATER

Trading as Goulburn-Murray Water, the Goulburn-Murray Rural Water Authority was constituted by Ministerial Order under the provisions of the *Water Act 1989*, effective from 1 July 1994, and reports to the Minister for Water, The Hon. John Thwaites, MP.

Goulburn-Murray Water's functions, powers and duties are derived from the *Water Act 1989*.

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

THE FOUR DIVISIONS OF GOULBURN-MURRAY WATER

BULK WATER SERVICES

Manages the delivery of bulk water entitlements and supplies for urban and rural water authorities, the environment, private hydro-electricity customers, recreation customers and regional communities, and controls headworks assets and associated water storages.

DIVERSION SERVICES

Provides regulated and unregulated surface water and groundwater diversion services to customers on over 12,000 serviced properties within Goulburn-Murray Water's area.

DISTRICT SERVICES

Delivers services to customers on over 14,000 serviced properties within constituted irrigation, water and waterway management districts and six management areas (Shepparton, Central Goulburn, Rochester-Campaspe, Pyramid-Boort, Murray Valley and Torrumbarry). The services provided to these customers include gravity and pumped water supply, surface and sub-surface drainage and flood protection.

NATURAL RESOURCE SERVICES

Provides a range of services, purchased mainly by governments through programs coordinated by catchment management authorities. These include salinity management, surface and sub-surface drainage support, water quality and land management planning and salt interception management.

The four business divisions are each the responsibility of a separate organisational group and are supported by other organisational groups that provide a range of corporate and support services. These services include corporate secretariat; corporate strategy, planning, coordination and communications; business and water market development; total water systems and water resource management; environmental management; water savings; financial management; information technology; water administration; and property, legal and human resources.

OUR PERFORMANCE



GOVERNANCE

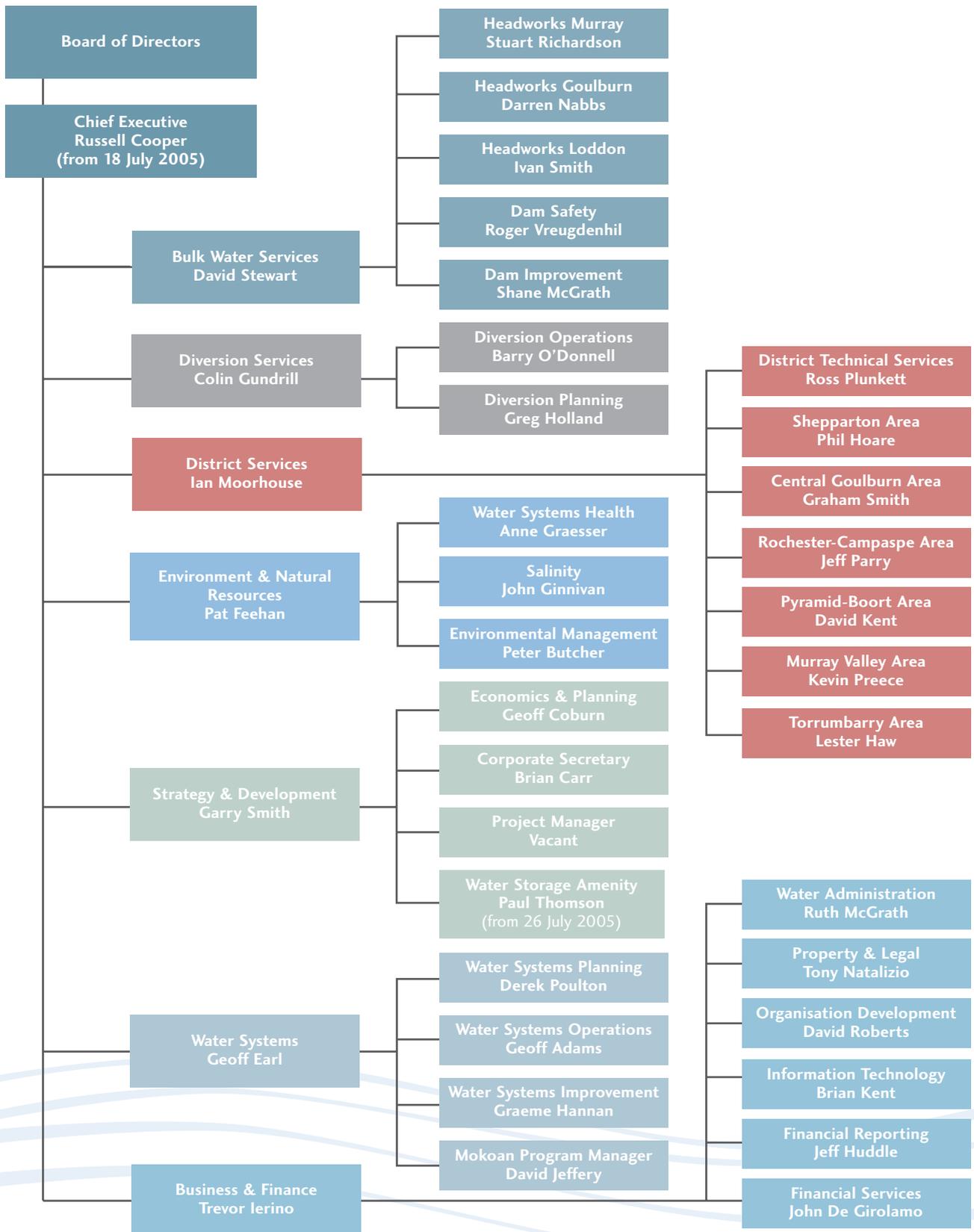
ECONOMIC SUSTAINABILITY

Objective	The Board aims to continuously improve its governance practices and strive to achieve high levels of transparency, trust and stewardship.	We will set prices which reflect the cost of efficient service provision and ensure long-term business viability.	We will effectively operate and manage the assets essential for the delivery of service.																										
Highlights	The Board undertook a review of its performance as a group, as well as reviewing the performance of individual Directors, and provided a report to the Minister for Water.	A major pricing policy review was undertaken with a decision to adopt a Return on Regulatory Asset Base (RAB) approach. We achieved a profit of \$1.4 million for the year, based on our current pricing policy of renewals annuity based accounting.	A project to secure the future of the Eildon Dam has been an outstanding success, ensuring the safety of a structure essential to the future of northern Victoria. Innovative new channel-regulating structures called Total Channel Control™ were successfully piloted and will be extended to other parts of our irrigation system. This will reduce water losses from our water distribution network.																										
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Challenges for the future	We will expand Board performance evaluation to include an externally facilitated Board performance review. We will develop a whole-of-business risk management framework.	Adopting a Regulatory Asset Base (RAB) approach to pricing will help us to deliver a more stable and predictable price path in the future.	Our project to convert the Tungamah domestic and stock scheme from open channels and dams to pipelines and tanks will deliver substantial water savings and provide improved service to customers on that system.																										
More on page 9	More on page 13	More on page 17																											

AT A GLANCE

SOCIAL SUSTAINABILITY						ENVIRONMENTAL SUSTAINABILITY			
<p>We will deliver water related services to agreed standards to customers and communities in northern Victoria.</p>		<p>We will ensure a diverse, capable and flexible workforce of healthy, satisfied employees and provide a safe work environment.</p>		<p>We will maintain relationships, build partnerships and influence policy that will improve our water and business management and support sustainable regional development.</p>		<p>We will manage water resources on a total water cycle basis to meet consumptive and environmental water entitlements.</p>		<p>We will enhance the environment and minimise the impact our activities have on it.</p>	
<p>A customer complaints system was implemented to ensure customer complaints are addressed quickly and effectively.</p> <p>Over 100 meetings were held with our customer representative committees this year.</p> <p>We continued to keep customers and other stakeholders informed about our response to ongoing drought conditions.</p>		<p>Specific occupational health and safety clauses were inserted into the Goulburn-Murray Water Enterprise Agreement to ensure our ongoing commitment to proving a safe work environment.</p> <p>Goulburn-Murray Water has been recommended for SafetyMAP accreditation for occupational health and safety management.</p>		<p>We invested over \$845,000 in research and development across our region.</p> <p>Over \$15,000 was raised for local charities and community groups through the annual Charity Golf and Bowls Day.</p>		<p>All systems except the Campaspe system received a final allocation of at least 100%.</p> <p>We undertook extensive work in partnership with government departments and catchment management authorities, aimed at delivering initiatives identified in the Victorian Government's White Paper on water reform <i>Our Water Our Future</i>.</p>		<p>No environmental emergencies were reported this year. This represents the first year without emergencies since 1999.</p> <p>Stage one of a \$13 million Murray-Darling Basin Commission salt interception scheme at Pyramid Creek was completed, delivering salinity benefits to the Murray River.</p>	
Performance Indicators	Results	Performance Indicators	Results	Performance Indicators	Results	Performance Indicators	Results	Performance Indicators	Results
Compliance with agreed standards for water supply and reactive maintenance	Achieved	At least 75% of respondents satisfied with Goulburn-Murray Water as an employer	Achieved	Relationship with customers, industry partners and government strengthened	Achieved	Losses in distribution systems compliant with bulk entitlement allowances	Achieved	100% compliance with environmental management targets	Achieved
Accounts issued in accordance with agreed billing schedules with no more than 1% error rate	Achieved	Personal leave balances reduced by 5% compared to last year	Not achieved			Actual river flows greater than or equal to specified minimum flows 100% of the time	Not Achieved (99.7% in Goulburn system; 97.7% in Campaspe system)		
At least 80% of respondents satisfied with our services	Achieved					Water use compliant with seasonally adjusted Murray-Darling Basin cap	Achieved for 2003/04		
<p>We will focus on implementing the Government's White Paper reforms to unbundle water entitlements.</p> <p>We will identify and respond to future service needs of customers.</p>		<p>Increasing our focus on occupational health and safety will help us to ensure fewer injuries and a safe and healthy workforce.</p>		<p>We will continue to work closely with stakeholders as we implement significant water reforms.</p> <p>We will build on our management of recreation and development at water storages through a new Water Storage Amenity business.</p>		<p>We will continue to plan for the risk of low allocations due to low reserves in most systems at the end of the year.</p>		<p>The redevelopment of our environmental management system will be a major focus and is due to be completed by 2007.</p>	
More on page 21		More on page 26		More on page 29		More on page 33		More on page 39	

ORGANISATIONAL STRUCTURE





GOVERNANCE

GOVERNANCE



From left: (back) John Brooke OAM, Denis Flett, Don Cummins, Craig Cook and Des Powell (front) John Pettigrew, the late Hon. Marie Tehan, Jean Sutherland and Peter Fitzgerald

DON CUMMINS, Chairperson

B.Ec, B.Ed, Dip Tchng, P.G.Dip Asian Studies, GAICD

Chairperson of Goulburn-Murray Water since 1 July 2004.

Don is a member of the Goulburn Broken Catchment Management Authority and of the MDBC Community Advisory Committee. He is Deputy Chair of the Mt Buller-Stirling Resort Management Board and a Councillor of Mansfield Shire. Don is former Mayor of Delatite and Mansfield Shire Councils and a former teacher. He owns a cattle grazing property at Nillahcootie.

JOHN PETTIGREW, Deputy Chairperson

GAICD

Director of Goulburn-Murray Water since 1 July 2001. Deputy Chairperson since 1 July 2004.

John is a Director of Paton Smythe Pty Ltd, horticulturalists. He is also a member of the Goulburn Broken Catchment Management Authority. He is the former Chair of the Shepparton Water Services Committee and a former Director of SPC Ltd. John has extensive experience as a company director and in community participation in natural resource management planning and implementation.

JOHN BROOKE OAM, Director

B.Com, B.Ed, FCPA, CA

Director of Goulburn-Murray Water since 1 July 2004.

John is an irrigation farmer near Pyramid Hill. He is also a member of the North Central Catchment Management Authority. John has extensive current experience in local government, water resource management, business management and natural resource management.

GOVERNANCE

CRAIG COOK, **Director**

B.Ec

Director of Goulburn-Murray Water since 1 July 2004.

Craig is a management consultant to business and government. He is the Deputy Chairman of Burson-Marsteller and a Director of Australian Cricket Bat Willow Plantation Management Services Limited. He is a Director of the Rural Finance Corporation and operates a beef cattle property and vineyard at Tallarook.

JEAN SUTHERLAND, **Director**

Cert Bus.Studs, CPA, GAICD

Director of Goulburn-Murray Water since 1 July 2001.

Jean is a member of the North Central Catchment Management Authority. She is a graduate of the Loddon Murray 2000 Plus Leadership program and has extensive experience in accounting, particularly for rural business enterprises.

PETER FITZGERALD, **Director**

Advanced Dip. Ag.

Director of Goulburn-Murray Water since 1 July 2004.

Peter served on Goulburn-Murray Water's customer committees for over ten years, with three years as Chairman of the Central Goulburn Water Services Committee. He is a former Councillor for the United Dairy Farmers of Victoria and a graduate of the Australian Rural Leadership Program. Peter operates a dairy and beef operation at Tongala and Kotupna.

DES POWELL, **Director**

Director of Goulburn-Murray Water since 1 July 2004.

Des has held a range of senior executive management roles in both the private and public sectors in Australia and Asia. He operates his own consultancy business with clients in a range of industries, including transport, logistics, forestry and water. Des is currently a Commissioner of the National Transport Commission, Deputy Chair of the Port of Melbourne Corporation and Chairman of the National Marine Committee Incorporated.

HON. MARIE TEHAN, **Director**

LL.B.

Director of Goulburn-Murray Water from 1 July 2004 until she passed away on 31 October 2004.

Marie was a former solicitor who entered Victorian Parliament in 1987 after serving as a senior member of the Victorian Veteran's Review Board. Marie served in the Victorian shadow cabinet with responsibilities for Conservation Forests and Land, Industry and Technology and the Status of Women. She served as Minister for Health for four years and Minister for Conservation and Land Management for three years under the Kennett Government.

DENIS FLETT, Director **and Chief Executive**

B.Eng (Civil), EWS, CP Eng, FIE Aust, FAICD

Chief Executive and Director of Goulburn-Murray Water from 1 July 1994 to 30 June 2005.

Denis is a former Deputy Commissioner of the Murray-Darling Basin Commission. He is an experienced water industry civil engineer with expertise in management and organisational leadership.

BOARD COMMITTEES **FULFIL THREE** **SPECIFIC ROLES:**

Financial and Management Audit Committee

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

Membership: John Brooke (Committee Chairperson), Craig Cook, Des Powell

Remuneration Committee

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

Membership: Jean Sutherland (Committee Chairperson), Don Cummins, Peter Fitzgerald

Safety and Environment Committee

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

Membership: John Pettigrew (Committee Chairperson), Peter Fitzgerald, Jean Sutherland, Denis Flett

GOVERNANCE

OUR GOVERNANCE PRACTICES

The Board aims to continuously improve its governance practices and strives to achieve high levels of transparency, trust and stewardship.

To ensure its effectiveness is scrutinised, the Board undertook a review of its performance as a group, as well as the performance of individual Directors (which included feedback from Directors on the performance of the Chairperson). A report on both reviews was provided to the Minister for Water in June 2005.

Customer involvement is a fundamental part of Goulburn-Murray Water's decision-making processes. The Board established two new committees, the Tungamah Pipeline Project Reference Committee and the Broken System Reliability Reference Committee, to provide customer and community input to the Tungamah Pipeline Project and the Mokoan Return to Wetlands project.

The Board sought to review its risk management processes and at year-end significant progress had been made in developing a whole-of-business risk management framework. A key objective of this work is to provide an overall context for and linkage between risk management practices within Goulburn-Murray Water. This work will be further developed and implemented during 2005/06.

The management of capital projects was seen as a governance priority. The Board addressed a number of issues in this regard via its Financial and Management Audit Committee. In March 2005 the Board approved a consultancy to prepare model guidelines for the management of capital projects. The Board will adopt revised management procedures for the control of capital projects in 2005/06.

The Board's Financial and Management Audit Committee investigated procedures that will safeguard the integrity of water trading dealings by Directors and employees. A management policy and procedure was developed and adopted.

The Chairperson, Don Cummins, completed the Australian Institute of Company Directors (AICD) course and arrangements are in place for Director attendance at a similar AICD course in 2005/06. Four members of the Board now have AICD qualifications.

To further develop their knowledge of the legislation governing Goulburn-Murray Water, Directors and senior management participated in a governance seminar conducted by Professor Sandford Clark, which highlighted their responsibilities under the *Water Act 1989*, the *Murray-Darling Basin Act 1993* and associated legislation.

The *Public Administration Act 2004* came into effect in December 2004 and while it does not directly apply to Goulburn-Murray Water, the Board decided to adopt and apply the conflict of interest principles contained in this Act, which provides a high standard of governance.

Director	Board Meetings		Financial and Management Audit Committee Meetings		Remuneration Committee Meetings		Safety and Environment Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Don Cummins	12	12	-	-	4	4	-	-
John Pettigrew	12	12	-	-	-	-	3	3
John Brooke	12	12	5	5	-	-	-	-
Craig Cook	12	10	5	5	-	-	-	-
Peter Fitzgerald	12	11	-	-	4	4	3	2
Des Powell	12	12	5	4	-	-	-	-
Jean Sutherland	12	12	-	-	4	4	3	2
Marie Tehan*	3	1	-	-	-	-	1	1
Denis Flett	12	12	-	-	-	-	3	1

*Marie Tehan passed away on 31 October 2004



ECONOMIC SUSTAINABILITY

WE WILL SET
PRICES WHICH
REFLECT THE
COST OF
EFFICIENT
SERVICE
PROVISION
AND ENSURE
LONG TERM
BUSINESS
VIABILITY

ECONOMIC SUSTAINABILITY

TRADING RESULT

Goulburn-Murray Water recorded a \$1.4 million profit for the year, based on its current pricing policy of renewals annuity based accounting.

Continuing drought conditions, including water right-only allocations on both the Goulburn and Murray systems, and a 39% allocation on the Campaspe system, also affected the trading result.

Offsetting this is a \$2.1 million grant received from Federal Government funds for construction of drains, for which the expenditure is recorded as capital, rather than a matching expense.

Tariff changes were implemented during 2004/05 to change Goulburn-Murray Water's reliance on consumptive charges and to ensure fixed costs are more directly covered by fixed rate charges. Overall water rate and consumptive charges increased by approximately 8%, but the emphasis on consumptive charges is reduced.

TRADING RESULT AS PER AUSTRALIAN ACCOUNTING STANDARDS

Our current pricing policy requires the collection and setting aside of adequate funding to maintain the condition of the required infrastructure, mainly storages, channels and drains, using the renewals annuity approach.

The financial statements are prepared in accordance with Australian Accounting Standards, which require that asset consumption be measured using conventional depreciation charges based on replacement costs and expected asset lives.

This approach means that in an average year Goulburn-Murray Water maintains commercial viability, whilst showing a loss in the financial statements.

The operating result shown in the attached financial statements prepared in accordance with Australian Accounting Standards is reconciled with the current pricing policy based renewals profit of \$1.4 million in the table below.

The comparison of results from the previous year highlights the impact of \$10 million in grants received from government in the prior year.

In the current year there is no corresponding revenue item although the program expenditure funded from the grants has commenced.

The attached financial statements, prepared in accordance with Australian Accounting Standards, indicate an operating loss of \$11.4 million in 2004/05. This was in part affected by the need to accelerate the depreciation of the assets comprising Mokoan Dam in recognition of its reduced remaining life following the government decision to decommission the dam. This increased depreciation expense by \$3.4 million.

A comparison of trading results for the last six years, based on financial statements prepared in accordance with Australian Accounting Standards, is shown below.

FINANCIAL RESULTS

Year	Result
2004/05	\$11.4m loss
2003/04	\$2.1m profit
2002/03	\$21.6m loss
2001/02	\$7.5m loss
2000/01	\$19.5m loss
1999/00	\$26.3m loss

	2004/05 \$'000	2003/04 \$'000
Profit/(loss) for the year in financial statements, prepared in accordance with Australian Accounting Standards	(11,410)	2,086
Add back depreciation	30,806	26,991
Deduct renewals annuity ^{1,2}	(17,959)	(19,664)
Profit/(loss) for the year after renewals annuity	1,437	9,413
Deduct unearned grant	0	(10,000)
Renewals profit/(loss) for the year after deductions	1,437	(587)

Footnotes:

- Adjusted for items expensed as per Australian Accounting Standards but funded from annuities
- The following key assumptions have been used in determining the renewals annuity charge:
 - annuity period:
 - Storages - 100 years,
 - Bulk carriers - 100 years,
 - Distribution assets - 20-50 years
 - interest rate 4.0% (real)
 - future inflation not required as real interest rate is assumed
 - assets include storages, bulk carriers and distribution assets

ECONOMIC SUSTAINABILITY

PLANNING FOR FUTURE CAPITAL WORKS

Goulburn-Murray Water will be required to finance an increasing capital works program into the future. Works to improve major dams in line with modern standards will continue and works to refurbish channels and structures will increase significantly in the future. This will increase our borrowing requirements, over and above any cash shortfall already created by the drought. Where a service incurs major capital works, the repayment of any resultant borrowings are included in prices negotiated with that customer group.

In 2003/04 Goulburn-Murray Water arranged for an overdraft and borrowing facility with the Victorian Government and has taken a \$15 million loan over 20 years from Treasury Corporation Victoria.

ENSURING SUSTAINABLE PRICING

A major review of Goulburn-Murray Water's pricing policies was undertaken this year by independent consultants Frontier Economics. The key outcome of the review was to discontinue the use of renewals annuities to fund asset refurbishment and replacement, and adopt a Return on Regulatory Asset Base (RAB) approach.

The RAB approach is based on recovering the cost of asset infrastructure works after the works have been completed, rather than making provision for future works via a renewals annuity approach. This approach will deliver a more stable and predictable price path in the long run in services with high reliance on the retail distribution system, and will provide a stronger connection between the actual level of efficient investment and prices.

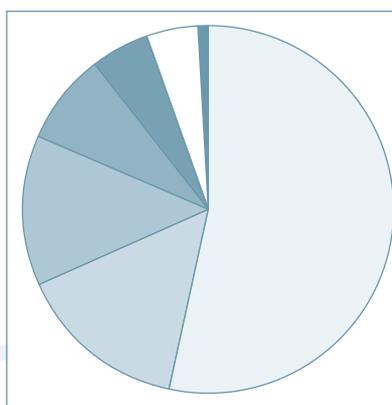
The review, which was widely publicised, was monitored by a steering committee headed by Neil Lowe, a former Managing Director of Tatura Milk Industries and current Chairman of the Melbourne Market Authority.

There was significant consultation with stakeholders in developing the review options.

At its March 2005 meeting, the Board accepted the key recommendations of the Frontier Economics review and established a committee comprising Goulburn-Murray Water Directors, external experts and officers from Goulburn-Murray Water and the Department of Sustainability and Environment to see the review implemented.

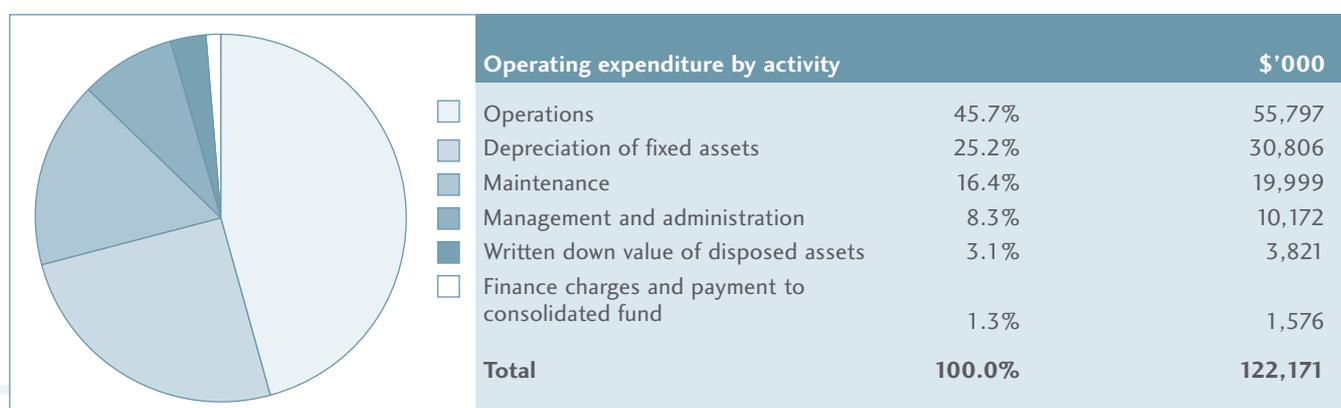
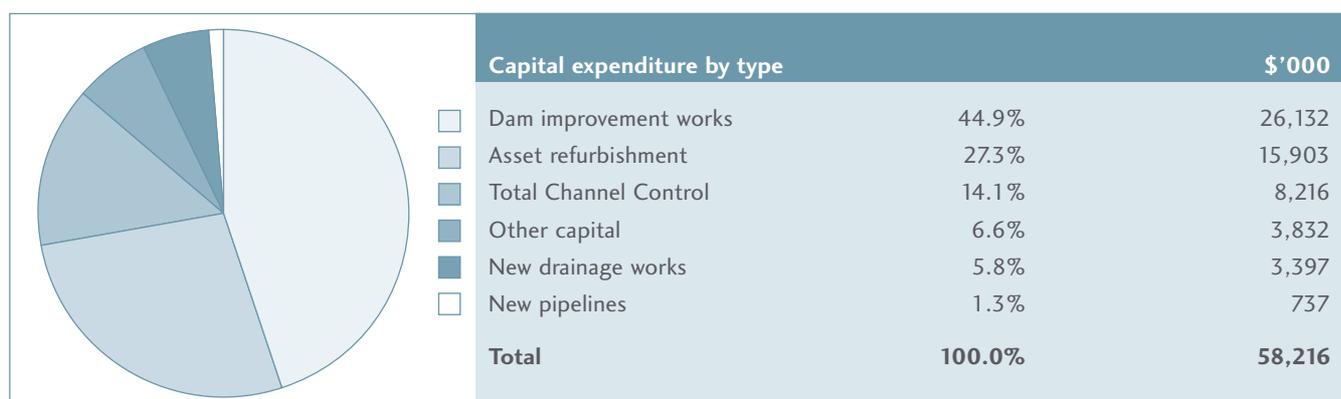
Proposed changes to pricing policies were then presented to a number of public forums and were also a key topic for discussion and debate at the annual Water Services Committee Workshop in June 2005.

This is a major strategic direction by the Board and one that provides greater incentive for efficiency and regulatory effectiveness, although it is still subject to acceptance by the Essential Services Commission as they become more involved with pricing in the future. It is expected that, once accepted, pricing under the RAB approach will commence from 2006/07.



Revenue by source		\$'000
	Rates - water and drainage	53.4% 59,201
	Other external clients	14.9% 16,412
	Consumptive charges	13.2% 14,650
	Victorian Government service fee	8.0% 8,836
	Sale of bulk water	5.1% 5,646
	Other revenue	4.5% 5,004
	Interest and sale of fixed assets	0.9% 1,012
	Total	100.0% 110,761

ECONOMIC SUSTAINABILITY



ECONOMIC SUSTAINABILITY

DAM IMPROVEMENT WORKS AT EILDON TO SECURE OUR MAJOR ASSET

The water stored by Eildon Dam is the lifeblood of the Goulburn Valley. The dam is now 50 years old and a major project has been undertaken to significantly improve its safety. The works were designed and constructed by the 'Eildon Alliance' consisting of Goulburn-Murray Water, John Holland, Hazell Bros and GHD.

The Minister for Water, the Hon. John Thwaites, announced the second stage of the \$52.5 million project at a ceremony on site in February 2005.

The project is now nearing completion and all indications are that the outcome will be an outstanding success. A very good safety record has been achieved, costs are under budget and the work is ahead of the agreed completion date. In addition, a significant feature of the project has been the excellent relationships developed between the Eildon Alliance and the local communities.

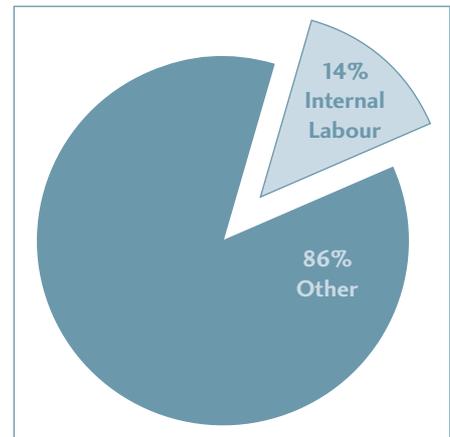
IMPROVING AND SECURING ALL OUR DAMS FOR FUTURE GENERATIONS

Improving the performance and reliability of our dams is essential to ensure the ongoing provision of water for our customers. We undertook a targeted program of essential maintenance and minor upgrading works throughout the year.

This program included detailed scrutiny and assessment of our dams by our own and external specialists in all aspects of dams management, including civil, electrical and mechanical engineers. Our small team of in-house technical resources was supported by a range of engineering consultants, competitively bidding for all projects, and over 86% of Bulk Water Services' total program expenditure for the year was sourced externally by competitive processes.

We managed our dam asset program using a risk reduction strategy in accordance with national and international guidelines, where resources are targeted at the highest priority risks to ensure appropriate levels of service and safety are maintained.

BULK WATER SERVICES EXPENDITURE



WE WILL EFFECTIVELY OPERATE AND MANAGE THE ASSETS ESSENTIAL FOR THE DELIVERY OF SERVICE

ECONOMIC SUSTAINABILITY

PROTECTING THE SECURITY OF OUR ASSETS

Goulburn-Murray Water's assets are the foundation of our business and protecting them is a key focus. This year we completed critical infrastructure security assessments for our storages, and security measures are in place where required.

Roger Vreugdenhil, Manager Dam Safety, represents Goulburn-Murray Water as Deputy Chair of the water sector group of the Industry Assurance Advisory Group. This is a forum where water supply asset owners share information regarding security threats and control measures, and develop risk based methodologies for protecting their assets.

We conducted two internal dam safety emergency exercises in 2004/05 for Eildon Dam, Goulburn Weir and Waranga Basin. These exercises included scenarios affecting security of these storages, as well as earthquake, overtopping and mechanical failure scenarios.

Tatura Emergency Coordination Centre during a dam safety emergency exercise, including simulating security incidents for Eildon Dam, Goulburn Weir and Waranga Basin, December 2004

MAXIMISING THE EFFICIENCY OF OUR WATER DISTRIBUTION ASSETS

To ensure the continued efficiency of our distribution network of channels, pipelines and drains, we undertook a wide range of projects.

- The Waranga Western Channel Capacity Upgrade Project, jointly funded by the Victorian Government, Goulburn-Murray Water, the Loddon Shire and private developers, was completed below budget. The project was delivered at a cost of \$6.1 million against a budget of \$7.2 million.
- Government support was secured for pipelining the Tungamah domestic and stock scheme. This project will save water by converting open channels and dams to pipelines and tanks. The detailed design was completed during the year, with construction to commence in 2005/06.

Pictured at the Tungamah pipeline announcement are (from left): Hon. John Thwaites MP; Don Cummins, G-MW Chairperson; Colin Campbell, Chair of the former Casey's Weir and Major Creek Rural Water Authority; Robert Mitchell MP; and Rod Squires, Chair of the Tungamah WSC

- In order to improve community safety and public amenity and to facilitate regional development opportunities, an agreement was reached to proceed with the removal of the Murray Valley No. 1 Channel from the centre of the Cobram township. This project will be jointly funded by the government, the Moira Shire and Goulburn-Murray Water and will commence in 2005/06.
- The Normanville domestic and stock pipeline scheme, which has now been operational for over a year, was a finalist in the 2004 Premier's Business Sustainability Awards.
- Replacement of the 80-year-old Cohuna Weir commenced this year. The project will replace a deteriorated timber structure, which is critical for regulating flows in the Torrumbarry System, with a modern automated structure. The project has received wide community support and will improve amenity access in the centre of the Cohuna township.
- Aquamark is an asset management benchmarking framework developed by the Water Services Association of Australia. This year we participated for the first time in a program which enables our asset management practices to be compared with urban and regional water authorities in Australia, New Zealand, the UK and the USA. Our aim is to identify priority areas for improvement in our asset management practices.



ECONOMIC SUSTAINABILITY



Minister Thwaites launches the Pyramid-Boort Future Management Strategy

TOTAL CHANNEL CONTROL

The pilot of new channel regulation technology, Total Channel Control™ in the Murchison-Toolamba district concluded this year after a two-year study. The study findings identified benefits in water efficiency, the detection of loss from supply channels, service delivery to customers due to more constant water levels and improved service delivery to customers through decreased notice of requirement for water deliveries.

We worked closely with our customers throughout the trial to resolve issues that arose during the process. The most significant issue identified concerned the accuracy of volumetric measurement and restricted flow rates to farms. In response to these concerns a program has commenced which will upgrade all supply points to customers within the pilot study area.

Two models of the flume gate have been tested rigorously at the 'Know the Flow' laboratory at Manly Hydraulics Laboratory in NSW. These tests simulated field conditions with cross flow velocity passing the gates. Results were within +/- 2% of the calibrated meter being compared. Field testing on the Central Goulburn No. 2 Channel (CG2) has produced results that are within the field test guidelines.

Based on the overall success of the CG2 Pilot, Goulburn-Murray Water, with funding from the State Government, is installing Total Channel Control™ on all regulating structures across the CG1, CG3 and CG4 channel systems running through the Murchison, Toolamba and Ardmona districts. This will extend the knowledge of water control on larger, more complex channel networks and identify the water efficiency gains possible.

PROMOTING REGIONAL DEVELOPMENT

Goulburn-Murray Water began developing a future management strategy for the Pyramid-Boort irrigation area. This aims to create a sustainable vision for the future of irrigation in the Pyramid-Boort area and to create confidence and certainty. The Minister for Water, the Hon. John Thwaites, formally launched the strategy at Durham Ox in March 2005. The strategy is being developed by the community and will generate local solutions for local issues with strong links to the government's White Paper on water reform, *Our Water Our Future*.

We also worked closely with the Shire of Strathbogie, providing input to the development of water supply options for the Shire's exciting new Mangalore Special Use Precinct proposal.



SOCIAL SUSTAINABILITY

WE WILL DELIVER
WATER RELATED
SERVICES TO
AGREED
STANDARDS
TO CUSTOMERS
AND COMMUNITIES
IN NORTHERN
VICTORIA

SOCIAL SUSTAINABILITY

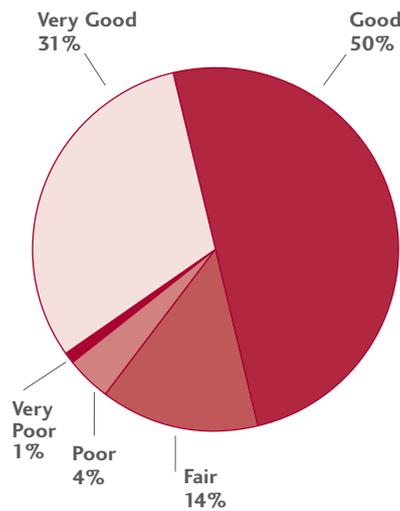
CONTINUOUSLY IMPROVING OUR SERVICE TO CUSTOMERS

Our business services a wide range of customers across northern Victoria. The diversity of their needs means we must strive to continuously improve our customer service standards. The table below details our range of customers.

Service	Serviced Properties
Gravity Irrigation and Drainage	13,854
Pumped Irrigation and Drainage	418
Domestic and Stock	998
Surface Water Diversions	9,769
Groundwater Diversions	2,943
Flood Protection	119
<i>Other customers</i>	
Urban Water Authorities	4
Urban/Rural Water Authorities	2
Rural Water Authorities	1
Hydroelectric Companies	3
Lessees and Licensees	852
Houseboat Licensees	708
TOTAL	29,662

SEEKING FEEDBACK SO WE CAN RESPOND TO CUSTOMER NEEDS

This year we surveyed 20% of our gravity irrigation and diversion customers to gauge how well we were serving our customers. Over 80% of those surveyed rated our service as very good or good. We will use this data to identify areas where we can improve our customer service in the future.



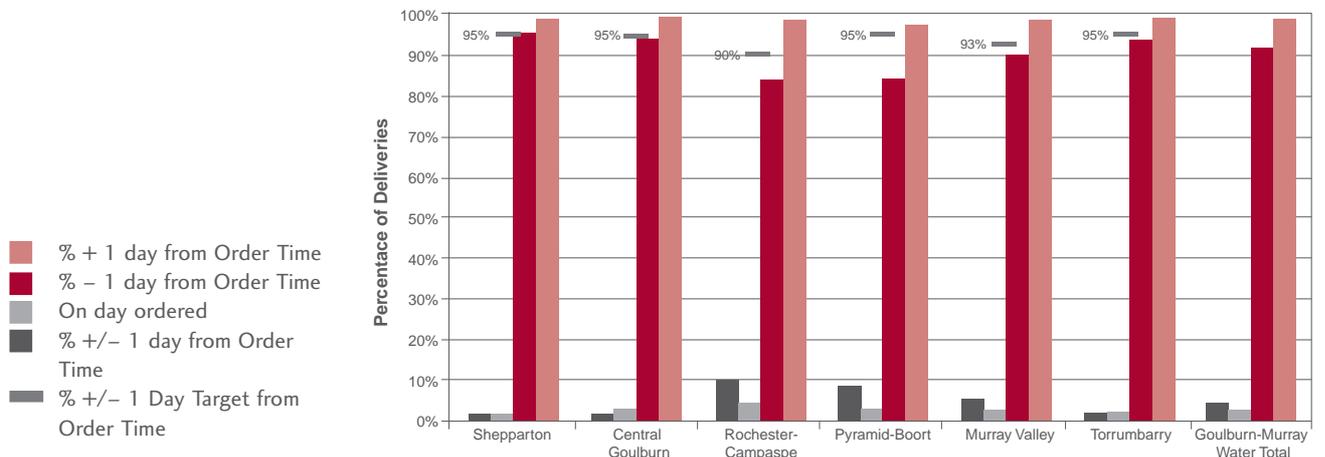
PROVIDING OUR CUSTOMERS WITH FLEXIBLE PAYMENT OPTIONS

This year, in response to customer demand, we introduced credit card payment facilities for customers paying fixed and consumptive accounts, using telephone-based Integrated Voice Recognition. In addition, customers are now able to pay miscellaneous fees using EFTPoS facilities at our Tatura office.

MAKING IT EASIER FOR CUSTOMERS TO CONTACT US

In response to a growing diversity in our customer base, we provide a free translation service to our customers. This service offers translations in over 100 languages. A three-way conversation is established between the customer, one of our customer service representatives and a translator. Information about the availability of the service, translated into 11 different languages, was mailed to every customer.

MEETING OUR DELIVERY PERFORMANCE TARGETS



SOCIAL SUSTAINABILITY

IMPROVING OUR RESPONSE TO CUSTOMER COMPLAINTS

To ensure we respond quickly and effectively to customer complaints, a central complaint register for reporting and monitoring complaints was developed this year. This allows our customer service officers to record official complaints received and manage our response using a work flow system. Over the coming year the complaints system will be further enhanced and operated by customer service officers right across our region.

WATER TRADING TRENDS

Water trading continued to be an important option, giving customers choice and flexibility to respond to drought and difficult on-farm financial conditions.

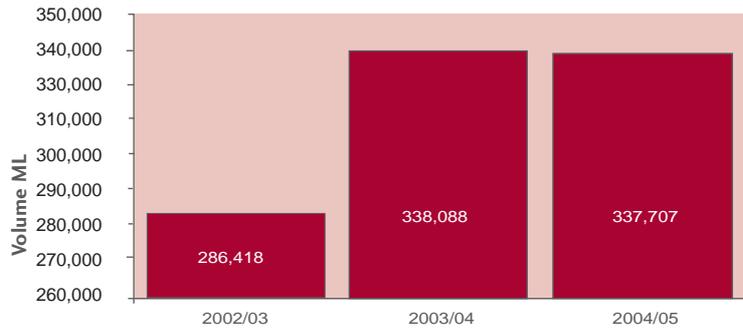
FACILITATING WATER TRADE BY DEVELOPING MATURE WATER MARKETS



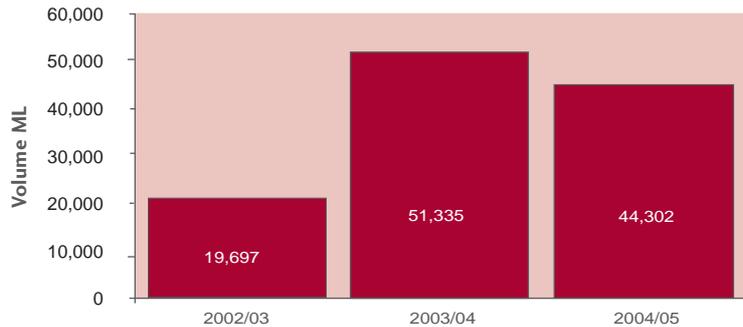
Watermove is a water exchange operated by Goulburn-Murray Water on behalf of the five Victorian rural water authorities (three are rural and two are a hybrid of rural and regional authorities). Watermove facilitates water trading through its unique pool trading process, and offers a transparent and accessible method of trading water across water trading zones throughout south eastern Australia.

Over the past year, Watermove has continued to provide a vital service in the development of a mature water market and has achieved increased volumes and market share in the trade of permanent and temporary water, as shown in the graphs to the right.

2004/05 Temporary Transfer Water Entitlement



2004/05 Permanent Transfer Water Entitlement



Watermove Temporary Trade Volumes



Watermove Permanent Trade Volumes



SOCIAL SUSTAINABILITY

WATER SERVICES COMMITTEES

Customer engagement is a key part of our business. We have 12 peer-elected water services committees and ten catchment committees representing customers in irrigation areas, surface and groundwater diversions, flood protection and water districts. In all, over 100 members represent customers on these committees. This means there is approximately one customer committee representative for every 250 customers. We recognise that customer participation in our business planning and decision making is essential if we are to meet the changing needs of rural and regional communities.

To ensure customer involvement in major business decisions, customer committees participated in the development of our 2006/07-2007/08 Water Plan, developed business plans for each of their operational areas, contributed to our pricing policy review and implementation of key White Paper reforms, and assisted in formulating our response to ongoing drought conditions.

To ensure we provided maximum opportunity for engagement between customer committees, Directors and senior management, we held our annual workshop at Bendigo in June 2005. With a theme of Preparing for the Future, over 100 stakeholders attended to discuss issues, including

pricing policy, reconfiguring assets and implementing delivery shares. Guest speakers included catchment management authority and Department of Sustainability and Environment representatives, who gave their perspectives on future challenges for irrigation.

Water Services Committee	No. of Members	Meetings Held	Average Attendance
Shepparton Area	8	12	76%
Central Goulburn	9	12	81%
Rochester-Campaspe	10	13	63%
Pyramid-Boort	9	11	70%
Murray Valley	8	12	90%
Torrumbarry	9	13	70%
Loddon Waterworks	8	2	75%
Tungamah	6	10	88%
Loch Garry	5	4	95%
Regional Groundwater	14	6	49%
Murray System (Diversions)	12	6	67%
Goulburn System (Diversions)	8	6	96%
TOTAL	106	107	71%

ENGAGING STAKEHOLDERS IS ESSENTIAL TO OUR BUSINESS

Paul Mundy and Jim McKeown from the Murray Valley Water Services Committee and G-MW's Kevin Preece discuss issues at the Bendigo Workshop



SOCIAL SUSTAINABILITY

BULK WATER AND RECREATION CUSTOMERS

In an effort to engage all stakeholders, Goulburn-Murray Water also works closely with partners and stakeholders of our bulk water business, including other water authorities, hydroelectric power companies, recreational and tourism customers and community representatives around our storages.

In addition to our bulk water customer forum, where information is shared with customer representatives, we regularly convened and participated in more than 14 stakeholder and community reference groups. These included community-based panels at Mansfield, Murrindindi Shire, Lake Eildon, Eildon Dam Improvement Project, Nagambie, Lake Eppalock, Lake Mulwala and Lake Hume. The forums provided valuable opportunities to share ideas and listen to community issues, concerns and expectations so these can be considered and addressed in the way we undertake our activities as part of our broader role in water storage management.

MANAGING COMMUNITY AND ENVIRONMENTAL INTERESTS AT OUR LAKES ON THE MURRAY

On behalf of the Murray-Darling Basin Commission, we manage Lake Mulwala for water supply, environmental, recreational and tourism needs. During the year, we completed the Lake Mulwala Land and On-Water Management Plan, which provides a reference point for managing activities on and around the lake. The plan seeks to maximise benefits for community, visitors and the natural environment. This has provided a foundation for future management at this important asset and enjoys strong community support.

We also commenced a similar process around Lake Hume, which included working with the local indigenous communities on cultural heritage issues. More than 440 significant sites have been identified in the area and we continue to work closely with a number of organisations, including Bangerang Cultural Centre Co-operative, Mungabareena Aboriginal Corporation, the Dhudhuroa Traditional Owners Group, the Albury and District Local Aboriginal Land Council and the Wiradjuri Council of Elders.

SOCIAL SUSTAINABILITY

CREATING A BETTER WORKPLACE

At the end of the financial year we had 604 full-time equivalent employees. This compared to 583 at the same time last year. The actual number of employees was 624 compared to 601 last year. We increased our numbers to ensure we could fulfil the requirements for various government-funded projects and filled key positions that had remained vacant last year during drought restrictions.

The results of the People Matter Survey, conducted by the Office of Public Employment, showed that a majority of survey respondents were satisfied with their employment conditions at Goulburn-Murray Water. The survey indicated that employees were most positive about their ability to work using their own initiative, their relationships with colleagues and their assigned work tasks.

DEVELOPING A SKILLED AND CAPABLE WORKFORCE

We provide ongoing vocational training to ensure our employees are able to meet the needs and expectations of our customers and communities. We also play a major role in training advisory bodies, nationally through the Water Industry Education and Training Association of Australia and in Victoria through the Victorian Water Enterprise Training Advisory Board.

Training increased to 2,177 individual days during the year, compared with 2,000 in the previous year, partly due to increased training opportunities and the emphasis on occupational health and safety courses. In addition, many operational employees completed on-the-job training.

MAKING OUR WORKPLACE SAFER

We are committed to ensuring the safety of our workforce. Our focus on occupational health and safety, which gained momentum last year, was intensified, especially in pursuit of SafetyMAP Initial Level accreditation. Following two audits, we achieved a recommendation for SafetyMAP accreditation. SafetyMAP is a recognised occupational health and safety audit tool provided by the Victorian Work Cover Authority to measure an organisation's health and safety performance. The Board reaffirmed its commitment to SafetyMAP and maintained a Safety and Environment Committee.

A major challenge for the year was the increase in the number of lost time injuries and in the severity rate of such injuries. However, the long term trend still indicates that our performance is improving.

WE WILL STRIVE FOR A DIVERSE, CAPABLE AND FLEXIBLE WORKFORCE OF HEALTHY, SATISFIED EMPLOYEES AND PROVIDE A SAFE WORK ENVIRONMENT

	Total Employees	% men	% women
2004/05	624	84	16
2003/04	601	86	14
2002/03	603	87	13
2001/02	610	88	12
2000/01	598	90	10
1999/00	592	89	11

	Average Lost Time Rate (average number of days lost per lost time injury)	Lost Time Injury Frequency Rate (lost time injuries per million hours worked)
2004/05	10.8	17.4
2003/04	10.1	14.5
2002/03	15.9	19.3
2001/02	20.2	18.1
2000/01	10.3	26.9
1999/00	9.3	33.2

SOCIAL SUSTAINABILITY

KEY INDICATORS FOR OCCUPATIONAL HEALTH AND SAFETY

	2004/05	2003/04
Number of health and safety employee representative committees	14.0	12.0
Number of meetings of occupational health and safety committees held during the year	147.0	71.0
Number of lost time injuries for the year	17.0	14.0
Number of days lost to injuries incurred during the year	182.0	142.0
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	17.4	14.5
Average Lost Time Rate (average number of days lost per lost time injury)	10.8	10.1

MAJOR OCCUPATIONAL HEALTH AND SAFETY ACHIEVEMENTS

This year there was a focus on hazard and risk reporting and safe work procedures, through cooperation with employees and their unions. Specific occupational health and safety clauses were agreed with our employees and included in the Goulburn-Murray Water Enterprise Agreement, and employees submitted over 400 hazard identification forms throughout the year.

We focused on having a more coordinated approach to safety throughout Goulburn-Murray Water, and our Occupational Health and Safety Committees were given an increased focus by senior management. The occupational health and safety forum meeting structure was reviewed to allow for senior management to become more involved with key issues.

Our occupational health and safety procedures were revised, approved and distributed throughout the organisation. Training of employees in aspects of safety increased, with emphasis on management and

representative training that resulted in many managers and committee members completing a five-day course.

In addition to improving procedures and training, a program was implemented to improve the safety of access on our assets. Works included upgraded walkways, handrails and gates. Major improvements were made at our Loch Garry flood regulation structure and the Wanalta Creek floodway on the Waranga Western Channel. These projects will significantly reduce the safety risks to employees working on these structures.



HIGHLIGHTING SAFETY DURING WORKSAFE WEEK

Providing a safe working environment is a year-round commitment. In October 2004 our Occupational Health and Safety Committee conducted a week-long program of events to coincide with Victorian Work Safe Week and highlight the importance of safety in our workplace.

Many of our employees attended seminars on a range of health and safety topics including chemical safety, driver safety, manual handling, fire safety and women's health.

Laurie Floyd (left) and Garry Smith (right) with "Safety Man" (Graham Smith) at Safety Week

SOCIAL SUSTAINABILITY



Women's Professional Development Group members

PROMOTING THE ROLE OF WOMEN IN OUR ORGANISATION

The Women's Professional Development Group continued to promote the experiences and achievements of our female employees. The group was established in an effort to enhance the awareness and value of diversity, and to increase the morale and retention of female employees.

Three forums were held this year with an average attendance of 60 out of approximately 90 female employees. The forums focused on self esteem, assertiveness, prevention of bullying and harassment, presenting a professional image, work/life balance and women's health issues, and included a combination of internal and external presenters.

USING TECHNOLOGY TO IMPROVE THE WAY WE WORK

There was an increased focus this year on planning in information technology, with a number of improvements implemented to help improve productivity and comply with internal and external reporting requirements. The following significant outcomes were achieved:

- We converted from dial-up to broadband communications facilities at many of our remote sites and increased the bandwidth of our corporate internet connection to ensure faster access to key information for all employees.
- Business continuity facilities were developed to improve our ability to continue running our business in the event of a disaster.

- An Information Technology Strategic Plan for 2005/06 – 2007/08 was approved to ensure the needs of the business are incorporated into future technology planning.
- Information technology infrastructure was upgraded at area and storage offices to ensure better performance across all office locations.
- We added SPAM filtering capability to the anti-virus management system to minimise the impact of junk emails on our system.
- There were continued enhancements to the customer care and billing system to allow for increased functionality to meet customer needs.
- We implemented a capital project reporting system to improve the way capital expenditure is reported and managed.

SOCIAL SUSTAINABILITY

BUILDING COOPERATIVE RELATIONSHIPS

Our service delivery activities and work sites are distributed across some 68,000 square kilometres of northern Victoria. In order to meet the diverse needs of our customers and local communities across this area, it is essential that we work in partnership with a large number of different organisations.

Some of the organisations we have actively worked with over the past year to develop cooperative partnerships include:

- **Catchment Management Authorities** - We work closely with the North East, Goulburn Broken, North Central and Mallee Catchment Management Authorities (CMAs) to align our water management activities with their respective Regional Catchment Management Strategies. In addition, we deliver a number of programs on behalf of CMAs, particularly relating to water quality and salinity management in the Goulburn Broken and North Central areas.
- **Department of Sustainability and Environment** - Goulburn-Murray Water employees have been heavily involved in a range of major issues flowing from the government's White Paper on water reform, *Our Water Our Future*. This has required a strong partnership with DSE Water Sector Group. We have also linked with regional employees, particularly in relation to the Mokoan Return to Wetlands project.
- **Department of Primary Industries** - DPI and Goulburn-Murray Water employees have pooled their expertise in a range of areas, including delivery of CMA programs and development of *Our Water Our Future* proposals.
- **Murray-Darling Basin Commission** - We have a strong relationship with the MDBC, both in our role as the Victorian Constructing Authority for the commission and contributing on behalf of Victoria to a number of MDBC coordination and planning forums. This includes the River Murray Water Board, the Commission's Water Liaison Committee, the Water Audit Working Group and the Interstate Trade project board.
- **Water Industry Organisations** - We are an active member of a number of industry organisations, offering our own knowledge and expertise, and learning from others. These organisations include the Australian National Committee on Irrigation and Drainage (ANCID), the Australian National Committee on Large Dams (ANCOLD) and the peak body for Victorian water authorities, the Victorian Water Industry Association (VicWater).

In addition, we have worked extensively with local government, irrigation industry groups, recreational groups, other rural and regional water authorities and various government agencies to support the development of regional economies and to deliver sustainable water management.

WORKING WITH OUR CATCHMENT PARTNERS TO CONTROL ARROWHEAD

Arrowhead is a noxious aquatic weed that is spreading through the irrigation system and poses a threat to natural waterways. In an effort to raise the profile of Arrowhead issues across the Murray Darling Basin, we hosted a symposium during the year for interested stakeholders along the River Murray. A plan for further action on the control of Arrowhead was agreed and will commence next year.

WE WILL MAINTAIN
RELATIONSHIPS,
BUILD PARTNERSHIPS
AND INFLUENCE
POLICY TO IMPROVE
OUR BUSINESS AND
SUPPORT SUSTAINABLE
REGIONAL
DEVELOPMENT

SOCIAL SUSTAINABILITY



PROVIDING TECHNICAL LEADERSHIP IN MANAGING DAMS

We continued our active support and leadership of technical aspects of dams management through our involvement in a number of organisations, including ANCOLD and the dam safety committee of ICOLD. We also participated in the Victorian Water Industry Dams Working Group, the Institution of Engineers Australia and the Victorian State Critical Infrastructure Review Committee.

Through our involvement in these and other technical and professional organisations we have the opportunity to exchange knowledge and experience with other dams owners through technical papers, conference presentations and development of national and international guidelines and standards in dams engineering.

Storage operations employees inspecting Eildon Dam Improvement Project as part of the 2004 Annual G-MW Storages Operators' Conference

EDUCATING THE NEXT GENERATION ABOUT WATER CONSERVATION

This year we participated once again in sponsoring a Water Festival in the Goulburn Valley region to celebrate National Water Week. National Water Week aims to educate and inform the community about water conservation and the value of water. In particular, it focuses on promoting a water conservation message to school students.

In conjunction with a regional organising committee we organised a week-long water festival that culminated in a Water Olympics, which was attended by over 500 primary school students. Other activities included river and wetland walks, boat cruises, pantomime performances, film nights, and poster, photography and short story competitions.

This year over 5,300 people participated in the events, an increase of over 2,000 on last year. Our participation in this annual event contributes to our goal to build community partnerships and provide education about the role of water in our region.

Primary school students at the 2004 Water Week Water Olympics learn about water efficiency by attempting to transfer water over land



SOCIAL SUSTAINABILITY

SUPPORTING LOCAL COMMUNITIES

In support of our local community, Goulburn-Murray Water employees contributed a considerable amount of their own time and effort in organising the annual golf and bowls day to raise money for various charities. This highly successful event, held at Hill Top Golf and Country Club at Tatura, raised over \$15,000, which was distributed to worthy recipients within Goulburn-Murray Water's region. The money is allocated to various charity and community groups based on submissions received.

One of the recipients of this year's Golf and Bowls Charity Day was the Lockington Primary School. This small rural school in our Rochester-Campaspe Irrigation Area relies on fundraising to finance worthy projects at the school.

PLANNING FOR A SUSTAINABLE FUTURE THROUGH RESEARCH AND DEVELOPMENT

This year Goulburn-Murray Water invested over \$845,000 in partnership programs that focus on research and development in the irrigation sector. We also contributed over \$530,000 to the national Cooperative Research Centres for Irrigation Futures, Catchment Hydrology and Freshwater Ecology. These cooperative research centres allow us to benefit from projects addressing policy and planning, sustainability, technology and practice within the irrigation industry. At the local level, we continued to work closely with government departments to ensure the continued success of the Irrigation Futures of the Goulburn Broken Catchment project, which aims to produce a vision for the future of irrigation in our region.

WATER MONITORING PARTNERSHIPS

To help provide a single coordinated water monitoring network for the region and maintenance of a central database, we participated in a cooperative agreement in both the north-east and north-west regions with other catchment partners with an interest in monitoring water quantity and quality. The aim is to provide consistent water measurement methods, improve accessibility to and use of data and achieve economies of scale through collective contracting. The new arrangements commenced on 1 March 2005 and our data is now available to the public on the Victorian Water Resources Data Warehouse (www.vicwaterdata.net).







ENVIRONMENTAL SUSTAINABILITY

WE WILL MANAGE
WATER RESOURCES
ON A TOTAL
WATER CYCLE
BASIS TO MEET
CONSUMPTIVE AND
ENVIRONMENTAL
WATER
ENTITLEMENTS



ENVIRONMENTAL SUSTAINABILITY

DELIVERING WATER TO WHERE IT'S NEEDED

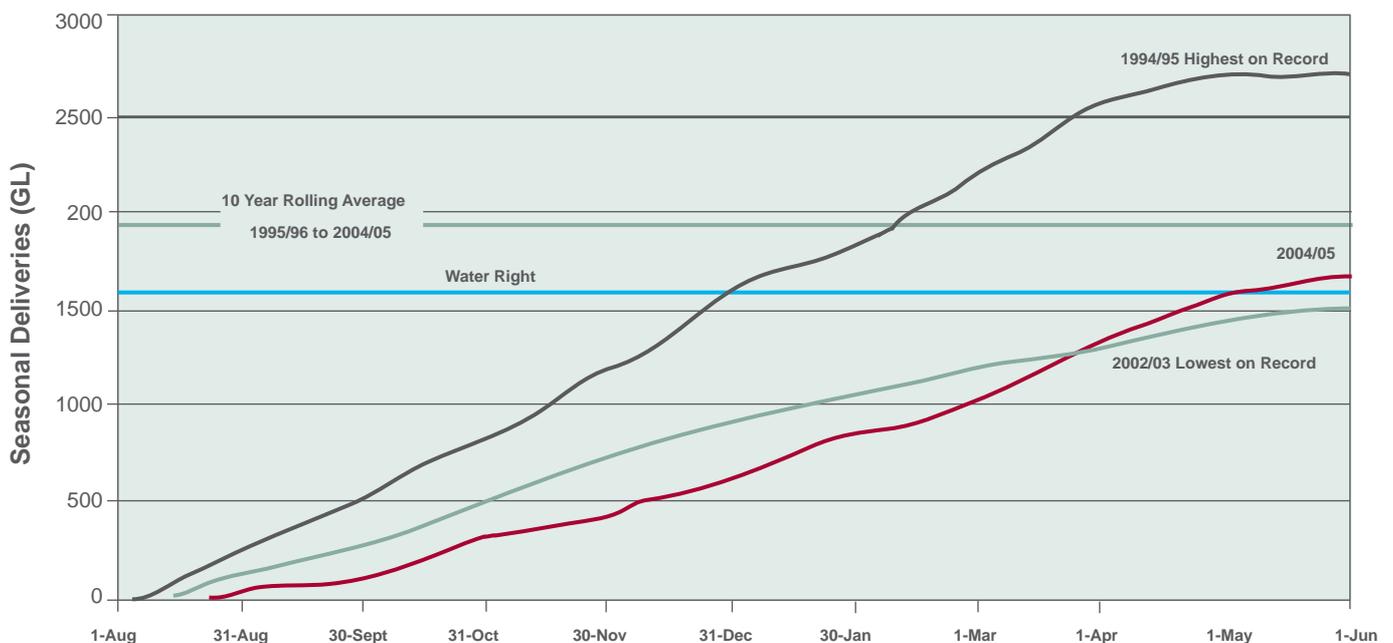
By the start of 2004/05, storage levels in most systems had recovered to some extent from the low levels at the end of the 2003/04 irrigation season. However, storage levels on the Campaspe and Loddon systems were at new record lows.

Opening allocations on 1 July 2004 were zero on all systems except the Murray and Broken. The opening of the irrigation season was deferred one week beyond the normal opening date to take advantage of favourable conditions to reduce system water losses. By this time, all systems except the Loddon and Campaspe had received an allocation. The Loddon allocation did not increase from 0% until early September, and the Campaspe received its first allocation in mid September.

All systems except the Campaspe received a final allocation of at least 100%. The Campaspe system's final allocation was only 39%, as a result of the severe drought in that catchment. Despite below average inflows, the end of 2004/05 saw all systems with more water in store than at the start of 2004/05. In the case of the Campaspe system this was due to a decision to reserve water to help maintain essential supplies in 2005/06 in the event of continuing dry conditions. Relatively low reserves on most systems at the end of 2004/05 mean we will enter the new season with a greater than normal risk of very low allocations.

The graph below shows water deliveries in 2004/05 compared to the highest and lowest on record, and the 10-year rolling average from 1995/96. Further details are provided in Appendix B.

The absence of a supplement from the Loddon system resulted in minor rationing of supplies in the Pyramid-Boort Irrigation Area at times, despite the relatively low allocation of only 100% on the Goulburn system. Goulburn-Murray Water worked with Grampians Wimmera Mallee Water and Coliban Water to provide alternative means of supply as a drought alleviation measure.



Note: 1 GL (gigalitre) = 1,000 ML (megalitres)

ENVIRONMENTAL SUSTAINABILITY

MEETING THE CHALLENGES OF SEVERE DROUGHT

The continuation of the drought this year meant that none of our major systems achieved a 'sales' allocation (the water allocated only after sufficient water has been reserved to enable an allocation of 100% of water rights in the following season). Our Goulburn and Loddon systems had their seventh year in a row without sales, and the Murray and Campaspe systems their third in a row.

We continued to keep customers and other stakeholders informed about our response to drought, particularly regarding our efforts to maximise water availability by controlling water losses more tightly and making more frequent seasonal allocation announcements.

We increased our communication with customers and stakeholders by providing fortnightly newsletters and allocation outlook charts, and by participating in discussions with government agencies and other stakeholders about managing water systems with low water availability.

With severely low Campaspe allocations and continuing dry conditions in other areas, we made further changes in system operation, ranging from restrictions on diversion from the lower Campaspe River for extended periods of time to re-routing water transfers via stressed waterways to provide sufficient water quantity and quality to protect aquatic life.

For the first time we reserved water in the Campaspe for the following season prior to the allocation reaching 100%. This was to assist the supply of essential needs in 2005/06 should dry conditions continue.

CLARIFYING AND SPECIFYING WATER ENTITLEMENTS

In order to equitably share water resources, the Minister for Water issued Goulburn-Murray Water's bulk entitlements for the Ovens and Broken basins in January 2005.

Work on the Loddon Basin bulk entitlements continued, with some proposals being modified in response to the current drought. The consultative project group completed the draft bulk entitlement orders in June 2005.

The Bullarook Creek bulk entitlement conversion process, environmental flow study and system modelling commenced. The consultative project group was set up to review the environmental flow requirements and determine the bulk entitlements in the latter part of 2005.

A preliminary study conducted as part of the Department of Sustainability and Environment's Bushfire Program found there could be some reduction in streamflows north of the Great Dividing Range as a result of forest regrowth following recent bushfires. However, the impacts are not expected to be severe, with only small decreases in yield occurring after the year 2010. More detailed analysis is underway.

MANAGING STREAMFLOWS TO ENSURE ENVIRONMENTAL SUSTAINABILITY

Continuing drought conditions meant we had to implement rostering, restrictions and bans on many unregulated streams. As in past years, this was necessary for managing supply to water users equitably and for providing water for the environment.

Conditions generally continued to be very dry in the west of our region, with a quite serious situation evolving in the Campaspe catchment. Many of the tributaries in the Upper Loddon and Campaspe/Coliban catchments ceased flowing for much of the year. Further east, flows were generally better, except for the upper Murray and a number of streams in the north east, and there were fewer restrictions or bans than last year. Our experience in managing flows in recent drought years helped us to develop systems to improve our ability to respond to the needs of water users and the environment.

Three streamflow management plans were submitted to the Minister for Water for consideration; and the Upper Ovens River plan is yet to be progressed as management strategies for the whole year are to be considered. Our continued collaboration with catchment partners, including catchment management authorities and the Department of Sustainability and Environment, has enabled us to develop and implement improved flow management of unregulated streams.

ENVIRONMENTAL SUSTAINABILITY

DELIVERING WATER FOR UNREGULATED STREAM AND GROUNDWATER CUSTOMERS

High demand for water and low recharge this year increased community interest in groundwater and led to an increasing need for Goulburn-Murray Water to carry out rigorous assessments of licence applications and improve assessments of groundwater resource.

In pursuing improved performance in the management of groundwater and unregulated diversions services, we participated in statewide policy development for the management of unregulated streams to ensure consistency. We also made significant progress in developing a new Groundwater Management Plan for the Katunga Water Supply Protection Area and in implementing the existing Katunga, Campaspe Deep Lead and Spring Hill Groundwater Management Plans.

We also began developing a methodology for managing groundwater/stream interaction in upper catchment areas.

OUR WATER OUR FUTURE

The Victorian Government's *Our Water Our Future*, released in June 2004, included a range of important initiatives directly relevant to Goulburn-Murray Water. During the year, we undertook extensive work in partnership with the Department of Sustainability and Environment, the Department of Primary Industries and catchment management authorities, aimed at delivering against these initiatives. The major areas of activity are summarised in the table to the right:

<i>Our Water Our Future Actions</i>	Goulburn-Murray Water
Introduce Statewide Management Rules for unregulated streams	Goulburn-Murray Water employees participated in a working group to develop management rules. Increased operational funding has been included in 2005/06 budgets to cover increased compliance and monitoring (Phase 1 of Statewide Management Rules). Further funds are included in 2006/07-2007/08 Water Plan for Phase 2 implementation.
Regional Sustainable Water Strategy	Goulburn-Murray Water is participating in development of the Northern Sustainable Water Strategy, through membership of the Northern Water Forum and a working group of DSE/CMA/Goulburn-Murray Water employees established by the forum.
Metering of all significant use for stream and groundwater diversions	A program and budget has been developed for metering requirements. Costs are included in 2005/06 prices and Water Plan. A project team has been established to implement the project.
Decommission Lake Mokoan (Water Savings)	Lake Mokoan – Return to Wetlands Goulburn-Murray Water has appointed a Program Director to oversee the complex suite of activities required to enable the return of Lake Mokoan to a wetland system. A range of technical studies were initiated to develop offset measures and reliability targets. A water user committee was also formed to provide input to the development of reliability package proposals.
Total Channel Control Project™ (Water Savings)	Tungamah Pipeline Project A project to pipeline the Tungamah system was approved. Detailed design was substantially completed and planning approvals are in progress. Construction is planned to commence late in 2005. This \$18 million government-funded project to automate a major channel system to achieve water savings was initiated during the year. Installation works were undertaken during the winter maintenance period, and new automatic regulators will go into service for the 2005/06 irrigation season.

ENVIRONMENTAL SUSTAINABILITY

Our Water Our Future Actions	Goulburn-Murray Water
<p>Establishment of Statewide Entitlement Register</p>	<p>We have put in place a project team to develop processes and prepare data and systems for implementation of new registers.</p> <p>Goulburn-Murray Water provided significant assistance in the development of a user specification for the new statewide register.</p>
<p>Unbundling of water entitlements</p>	<p>Delivery Shares Goulburn-Murray Water has led the development of proposals for the implementation of delivery shares. These will form the basis for recovering the fixed cost of distribution infrastructure and managing future access to services. Extensive consultation with Water Services Committees has been undertaken and exit fees proposals have also been developed.</p> <p>Water Use Licences We have contributed to the development of proposals for water use licences. Proposals for day one conversion standards for gravity irrigation have been developed in consultation with ourselves and catchment management authorities.</p>
<p>Sales package</p>	<p>We played a key role in a working group for developing detailed proposals for establishing new separate sales entitlement.</p>
<p>Reconfiguration of supply systems</p>	<p>We provided leadership in developing proposals to enable reconfiguration of delivery systems. We consulted widely with our customers on these proposals. A project framework has been endorsed by the Board to guide reconfiguration effort across Goulburn-Murray Water (and delivery of water savings from works). A reconfiguration plan is currently under development for the Pyramid-Boort Area.</p>
<p>Recreation and water storages</p>	<p>A position of Manager Water Storage Amenity has been created to provide an increased focus on recreation use needs around water storages and to develop management plans to deliver sustainable recreation services that meet community needs.</p>

ENVIRONMENT POLICY

The environment is one of our highest priorities and ensuring that environmental impacts are minimised is a key objective of our environment policy. This year we reviewed and improved this policy.

Significantly, the new policy includes:

- The use of Regional Catchment Strategy Resource Condition Targets as the basis for our environmental targets
- A commitment to publicly report our progress towards implementing environment policy
- A commitment to work with catchment partners to ensure the practices of customers enhance our environmental performance

MONITORING ENVIRONMENTAL MANAGEMENT PERFORMANCE

An audit and review of our environmental management system (EMS) against our adopted standard, ISO 14001, was carried out this year. The auditor reported that, while there were some valuable elements and some good environmental management not captured in the EMS, there were still challenges we needed to address.

The three-year redevelopment of the EMS commenced in October 2004. This project will redesign and implement a system that will both meet our needs and be compliant with ISO14001. We expect the new system to be completed by the end of October 2007.

ENVIRONMENTAL SUSTAINABILITY

EFFECTIVE MANAGEMENT OF ENVIRONMENTAL INCIDENTS

Managing environmental emergencies is a vital part of our environmental management and an integral part of our Environmental Management System. For the first time since the inauguration of our corporate environmental emergency management plan in 1999, there have been no environmental emergencies in the year.

The Corporate Environmental Emergency Control Organisation is an alternative management structure that is only activated when an environmental emergency is declared. It is maintained in a ready state by replacing departing employees and training new and existing members. During 2004/05, six people were replaced and 15 new members nominated to improve geographic representation and cater for the expanded Environmental Duty Officer role under the new EMS.

IMPROVING OUR UNDERSTANDING OF STORAGE ACTIVITIES AFFECTING WATER QUALITY

The Major Storages Water Quality Study project was further developed this year. The project aims to review risks to water quality and develop a framework for managing activities on and around water storages to control these risks in the future. Catchment models for two case study catchments (Goulburn upstream of Goulburn Weir and Tullaroop Reservoir) were completed. These models are based on the CRC for Catchment Hydrology's EMSS model.

In collaboration with the Centre for Water Research at the University of Western Australia, a model of Lake Eildon has been developed. A similar model will be running for Tullaroop Reservoir early in 2005/06.

The models provide useful insights into water quality drivers and processes operating in large storages. The project included installation of a lake diagnostic system at Lake Eildon, which provides continuous measurement of the water column temperature profile (stratification) and meteorological parameters.



IT'S A DIRTY JOB, BUT SOMEONE'S GOT TO DO IT

A team of dedicated employees joined forces with employees from Goulburn Valley Water and the Goulburn Broken CMA to get their hands dirty for a good cause – Clean Up Australia Day. They donned their hats, sturdy clothes and sunscreen, took as much water as their hands could hold and braved the 38° heat to clean up sections of the Goulburn River in Shepparton.

In just one afternoon, the group collected about 40 large bags of rubbish from three separate locations. It was an excellent exercise in demonstrating just how much waste there is in and around our rivers, and highlights the need for communities to be aware of what happens to the rubbish they leave behind.

Although many of the items found were to be expected – most of the rubbish found comprised bottles, junk food wrappers, plastic bags and the like – the exercise unearthed quite a few unusual 'treasures' as well. Some found various car parts, including a car door, and one participant could be seen walking the river bank with a discarded supermarket trolley. But, the prize arguably went to he who uncovered an old fridge door!

It was a hot and dusty day for a clean-up, but it was also a very rewarding exercise for everyone involved. Hopefully, it also served as an example for our communities of the importance of protecting our rivers' health and our water supplies.

ENVIRONMENTAL SUSTAINABILITY



WE WILL
ENHANCE THE
ENVIRONMENT
AND MINIMISE
THE IMPACT
OF OUR
ACTIVITIES

PROTECTING WATER QUALITY

Regional Catchment Management Strategies

We continued to refine and implement regional catchment strategies with the North East, Goulburn Broken and North Central CMAs. Activities included research into sub-surface drainage in the Shepparton irrigation region and the implementation of surface drainage programs and plans for managing drain water quality.

Victorian River Health Strategy

We contributed to the Victorian Water Quality Monitoring network and participated with regional stakeholders in the north-east and north-west region in an effort to protect river health in our region. We also worked with catchment management authorities to construct fishways and deliver projects associated with the Living Murray Program. By monitoring the thermal pollution impacts of water released from our storages, and improving our understanding of the effects of our activities on downstream aquatic health, we hope to improve the environmental health of key wetlands in our region into the future.

Victorian Greenhouse Strategy

We prepared a draft of a Greenhouse Gas Strategy this year. A greenhouse gas budget is also being prepared to guide emission abatement activities and set targets for the organisation.

Safe drinking water risk management plans

In response to *Safe Drinking Water Act 2003* requirements for supplying water to regional urban water authorities, we prepared a series of risk management plans. They identify and assess existing activities that pose risks to drinking water supplies, and identify existing or potential measures to manage them. Implementing the plans will require substantial coordination, most likely under the umbrella of the CMA regional catchment strategies. All risk management plans are due to be in place from 1 July 2005.

Lower Broken Creek Waterway Management Strategy

We worked with catchment partners, led by the Goulburn Broken CMA, to review the 1998 Broken Creek strategy and to develop a new strategy to protect environmental and community values for the creek. A key outcome was the commitment to undertake an

assessment to determine an appropriate flow regime to protect fish populations and improve ecological health.

Protecting the biodiversity of our catchments

We are progressively developing, implementing and reviewing water quality and biodiversity management plans for key storages such as Lake Eildon, Waranga Basin and Lake Eppalock. Based on the prioritised risks, an action plan has been developed identifying tasks, timelines and responsibilities. Foreshore rehabilitation programs, including fencing and revegetation, erosion control, weeds and pest animal control projects, are currently underway at several storages, including Mokoan, Nagambie, Hume and Eppalock.

Protecting the passage of native fish

In order to protect the migration and breeding habits of Murray Cod in the Broken River and Broken Creek, we installed a fishway on Casey's Weir and have automated some of the existing fishways on the Broken Creek Weirs. The fishways, constructed and operated in conjunction with Goulburn Broken CMA, will allow the unrestricted passage of fish along these waterways.

ENVIRONMENTAL SUSTAINABILITY

IMPROVING RECREATIONAL FACILITIES TO PROTECT THE ENVIRONMENT

We manage a large network of sewerage and other works around Lake Eppalock to support the local recreation industry. Many of these assets date back to the 1960s and we have invested over \$600,000 to bring them up to modern standards to improve service levels and protect the environment.

DELIVERING SALINITY BENEFITS FOR THE CATCHMENT

Pyramid Creek Salt Interception Scheme

Stage one of this \$13 million Murray-Darling Basin Commission salt interception scheme was completed and commissioned this year. The scheme is the first of its kind to incorporate commercial salt harvesting in the design and construction of infrastructure, in addition to delivering River Murray salinity benefits. A private partnership arrangement with Pyramid Salt Pty Ltd will see 400 hectares of lined evaporation and crystallisation basins completed and up to 30,000 tonnes of salt harvested each year once fully operational in the coming years.

Barr Creek Salt Interception Scheme

During the year we undertook an extensive review of this scheme's performance over the preceding five years on behalf of the Murray-Darling Basin Commission. The review showed that the scheme is continuing to deliver significant River Murray salinity benefits and that operational efficiency is up by 38% from 1999/00 to 2003/04. This is despite ongoing drought and reduced drainage flows putting pressure on the disposal capacity of the Tutchewop basins.

Providing drainage for sustainable irrigation

The Surface Water Management Program continued to progress well. This year we completed Muckatah Drain 3 and Stage 3 of the Muckatah Depression Drain. Overall, we constructed 17 kilometres of drains that service over 7,900 hectares of land. Completed primary drainage systems now directly service 19,000 square kilometres and indirectly service 74,000 hectares of the Shepparton irrigation region.

We also obtained planning approvals for Murray Valley Drain 11 and Mosquito Drain, both of which are expected to begin early in 2005/06.

This year, we also began implementing the Memorandum of Understanding for Irrigation Drainage and Water Quality, signed last year. This included the development of management plans for the Stanhope Depression Drain, and a 'decision support system' trial at Broken Creek based upon ecological risk assessment principles. This system will be used in 2005/06 to set targets for irrigation drainage water quality and management action in the North Central and Goulburn Broken Catchment Management Authority regions.



GENERAL INFORMATION

CONSULTANCIES

Consultants were engaged by Goulburn-Murray Water during 2004/05 to assist with:

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

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

Consultant: RMCG

Project: Future management strategy to facilitate the restructure of irrigation in the Pyramid-Boort area

Contract Total: \$327,000

Remaining Commitment: \$236,000

Consultant: Frontier Economics

Project: Pricing policy review

Contract Total: \$227,000

Remaining Commitment: Nil

Consultants engaged at a contract cost of less than \$100,000 numbered eight and were paid \$101,236 in total.

MERIT, EQUITY AND PRIVACY

Goulburn-Murray Water is committed to the principles of the *Public Administration Act 2004*.

The recruitment process of position advertising and employee selection follows policies based on the State Government's merit and equity principles. During the year, 100 internal and 82 external applicants filled 182 positions within the organisation. In addition, Goulburn-Murray Water provided employment for five engineering and science vacation students.

All employee grievances and complaints were handled internally.

A small working group continued to review the Bullying and Harassment Prevention guidelines, which will now be published and implemented with training in the first half of next year.

Further steps were taken to improve procedures to ensure that all transactions and record-keeping complies with the *Information Privacy Act 2000*.



FREEDOM OF INFORMATION

Goulburn-Murray Water received two applications under the *Freedom of Information Act 1982*. The information requested in one application was refused; the other application was received in mid June 2005 and had not been finalised at year end.

Applications for access to information under the *Freedom of Information Act 1982* must be made in writing and should addressed to:

*The Corporate Secretary
Goulburn-Murray Water
40 Casey Street
Tatura Vic 3616*

Under section 17 of the *Freedom of Information Act 1982* a request for access to information must be accompanied by an application fee (which may be waived or reduced if payment of the fee would cause hardship to the applicant). As of July 2005 the application fee is \$21.00.

INDUSTRIAL RELATIONS

Enterprise bargaining for the Goulburn-Murray Water Enterprise Agreement concluded in October 2004. Despite some challenges associated with work bans and other industrial action, no time was lost to strikes and the Enterprise Agreement was certified in the Australian Industrial Relations Commission in January 2005.

CAPITAL PROJECTS OVER \$5 M - TREASURY APPROVAL

Project	DTF Evaluation	Project Approved	Progress at 30 June 2005
Eildon dam safety upgrade	•	•	Substantially completed
Total Channel Control system™ (CG 1,3,4)	•	•	Approximately 50% complete
Tungamah pipeline	•	•	Detailed design nearing completion, construction not commenced

*Cairn Curran dam improvement upgrade was planned to commence in 2004/05, but was deferred to 2005/06

GENERAL INFORMATION

NATIONAL COMPETITION POLICY

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

INFORMATION AVAILABLE

The accountable officer will, on request, provide information listed under FRD 22 Statement of Availability of Other Information in the *Financial Management Act 1994*.

VALUE OF COMMUNITY SERVICE OBLIGATIONS

During 2004/05 we granted \$52,720.95 in pensioner concessions, compared to \$37,171.38 in the previous year.

BUILDING ACT

Goulburn-Murray Water observes statutory requirements set down by the *Building Act 1993* and the accompanying Building Regulations 1994.

AUDITORS

Internal: AFS & Associates Pty Ltd
External: Victorian Auditor-General

OMBUDSMAN (VICTORIA) LIMITED

We are a member of the Energy and Water Ombudsman (Victoria) Limited scheme, which provides an independent third party conciliation role for customers of electricity, gas and water services in Victoria.

In 2004/05 the Ombudsman referred 38 enquiries to Goulburn-Murray Water. Of these enquiries, eight were Level 1 complaints (previously referred to as consultations) and one was a Level 2 complaint (previously referred to as complaints). No Level 3 complaints (previously referred to as disputes) were referred.

WHISTLEBLOWERS PROTECTION ACT

The *Whistleblowers Protection Act 2001* came into effect on 1 January 2002. The Act is designed to protect persons disclosing information about serious wrongdoing within the Victorian Public

Sector and to provide a framework for the investigation of these matters.

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

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

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

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

CORPORATE DIRECTORY

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

BULK WATER SERVICES

Goulburn Unit

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

Murray Unit

Murray Headworks Manager –
Stuart Richardson
Hume Dam
Private Bag 2, Wodonga 3691

Loddon Unit

Loddon Headworks Manager –
Ivan Smith
Cairn Curran Reservoir
Maldon 3463

DIVERSION SERVICES

Shepparton

21 Wheeler Street,
Shepparton 3630

Cobram

Dillon Street,
Cobram 3644

Kerang

Koondrook Road,
Kerang 3579

Newlyn

Midland Highway,
Newlyn North 3364

Wangaratta

'Tara Court', Ford Street,
Wangaratta 3677

DISTRICT SERVICES

Shepparton Area

Area Manager – Phillip Hoare
21 Wheeler Street, Shepparton 3630

Central Goulburn Area

Area Manager – Graham Smith
33 Casey Street, Tatura 3616

Rochester-Campaspe Area

Area Manager – Jeff Parry
49 High Street, Rochester 3561

Pyramid-Boort Area

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

Murray Valley Area

Area Manager – Kevin Preece
Dillon Street, Cobram 3644

Torrumbarry Area

Area Manager – Lester Haw
Koondrook Road, Kerang 3579

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2004/05 \$'000	2003/04 \$'000
Revenue from ordinary activities			
Operating activities			
Rates - water and drainage	3	59,201	51,361
Consumptive charges	4	14,650	17,061
Sale of bulk water	5	5,646	5,580
Victorian Government service fees	6	8,836	18,265
Other external clients	7	16,412	16,479
Interest from customers		394	367
Other revenue		2,042	2,087
Non-operating activities			
Interest on investments		452	272
Other revenue		2,962	3,271
Proceeds from sale of non-current assets		166	564
Total revenue		<u>110,761</u>	<u>115,307</u>
Expenses from ordinary activities			
Operations	8	(55,797)	(54,366)
Maintenance	1.12	(19,999)	(18,130)
Management and administration	9	(10,172)	(10,054)
Finance charges		(1,191)	(796)
Written down value of assets sold		(227)	(284)
Written down value of assets abandoned	10	(3,594)	(2,215)
Depreciation of non-current assets	1.15,19	(30,806)	(26,991)
Payment to consolidated fund	11	(385)	(385)
Total expenses		<u>(122,171)</u>	<u>(113,221)</u>
Net profit/(loss) for the year		<u>(11,410)</u>	<u>2,086</u>
Increase /(Reduction) in asset revaluation reserve	22(a)	-	157,449
Total changes in equity other than those resulting from transactions with the Victorian State Government as owner.	22(d)	<u>(11,410)</u>	<u>159,535</u>

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Notes	2004/05 \$'000	2003/04 \$'000
Current assets			
Cash at bank and on hand	21,33(b)	33,059	9,305
Investments	14,33(b)	-	14,000
Receivables	15,33(b)	21,324	17,467
Inventories	16	1,105	766
Total Current Assets		<u>55,488</u>	<u>41,538</u>
Non-Current assets			
Property, plant and equipment	19	57,347	55,267
Infrastructure	19	1,825,181	1,803,673
Total Non-Current Assets		<u>1,882,528</u>	<u>1,858,940</u>
Total assets		<u><u>1,938,016</u></u>	<u><u>1,900,478</u></u>
Current liabilities			
Payables	17,33(b)	30,788	24,067
Provision for employee entitlements	20	4,146	4,098
Borrowings	18	414	389
Total current liabilities		<u>35,348</u>	<u>28,554</u>
Non-Current liabilities			
Provision for employee entitlements	20	8,936	8,751
Borrowings	18	14,197	14,611
Total non-current liabilities		<u>23,133</u>	<u>23,362</u>
Total liabilities		<u>58,481</u>	<u>51,916</u>
Net assets		<u><u>1,879,535</u></u>	<u><u>1,848,562</u></u>
Equity			
Contributed capital	22(b)	1,676,597	1,634,214
Asset revaluation reserve	22(a)	328,780	328,780
Accumulated deficit	22(c)	(125,842)	(114,432)
Total equity		<u><u>1,879,535</u></u>	<u><u>1,848,562</u></u>

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2004/05 \$'000	2003/04 \$'000
Cash flows from operating activities			
Receipts from customers		74,109	73,989
Receipts from other external clients		25,472	20,920
Receipts from Government		8,836	18,265
Goods and services tax collected		2,408	3,411
Refund of goods and services tax		5,357	5,720
Payments to suppliers and employees		(79,353)	(80,956)
Interest and other costs of finance paid		(1,191)	(796)
Payment to consolidated fund		(385)	(385)
Goods and services tax paid		(8,734)	(7,855)
Net cash from operating activities	24	<u>26,519</u>	<u>32,313</u>
Cash flows from investing activities			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(58,215)	(32,938)
Proceeds from sale of property, plant and equipment		166	564
Net cash used in investing activities		<u>(58,049)</u>	<u>(32,374)</u>
Cash flows from financing activities			
Capital contributions Victorian Government		41,673	4,343
Net increase/(decrease) in borrowings		(389)	15,000
Net cash flows from financing activities		<u>41,284</u>	<u>19,343</u>
Net increase/(decrease) in cash held		9,754	19,282
Cash held at the beginning of the year		23,305	4,023
Cash held at the end of the year	21	<u><u>33,059</u></u>	<u><u>23,305</u></u>

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

1.1 Accounting basis

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

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

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

1.2 Investments

Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned. All investments expected to be disposed of within 12 months of balance date are classified as current assets and all others are classified as non-current assets. [refer note 14, 33]

1.3 Inventories

Inventories are valued at the lower of cost and net realisable value and consist of materials and supplies for asset construction, systems operation and general maintenance, and finished goods at the Tatura Precast Factory. Costs are assigned to inventory quantities on hand at balance date on an average cost basis. [refer note 16]

1.4 Revenue recognition

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

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

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

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

1.5 Borrowing costs

Borrowing costs, comprising interest on borrowings, are recognised as an expense in the period in which they are incurred. No borrowing costs were capitalised. [refer note 18]

1.6 Accounts receivable

Trade debtors are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for doubtful debts. [refer note 15]

1.7 Bad and doubtful debts

A provision is made for doubtful debts based on a review of all outstanding receivables at balance date. Bad debts are written off in the period in which they are recognised. [refer note 15]

1.8 Payables

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not billed to Goulburn-Murray Water (G-MW). [refer note 17]

1.9 Employee entitlements

The calculation of employee entitlements includes all relevant oncosts.

Salaries, annual leave and sick leave

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

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

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

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1.9 Employee entitlements (continued)

Long service leave

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

Performance payments

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

1.10 Superannuation

G-MW contributes in respect of its employees to a number of superannuation schemes administered by the State Superannuation Board, Vision Super and other miscellaneous funds managers. The amounts of these contributions are determined by each scheme's actuary in accordance with statutory requirements. [refer note 23]

G-MW has no unfunded superannuation liabilities.

1.11 Leases

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

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

Finance leases are capitalised. A lease asset and liability are established at the present value of the minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. [refer note 26]

1.12 Maintenance

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

1.13 Non-current assets

Non-current assets include land, buildings, plant and equipment, motor vehicles and infrastructure assets. Assets with a cost of \$2,000 or more are capitalised. All other assets acquired are expensed. The cost of assets constructed by G-MW includes all direct labour and materials used in construction together with an appropriate proportion of applicable overheads. [refer note 19]

1.14 Valuation of non-current assets

G-MW is currently transitioning to fair value valuations in accordance with AASB 1041. All non-current assets have been revalued during the last three financial years. Infrastructure assets are currently valued at written down replacement cost and land and buildings are valued at market value based on existing use. All other assets are recorded at cost.

Revaluation increments are credited to a revaluation reserve except that, to the extent that the increment reverses a revaluation decrement previously recognised as an expense in the statement of financial performance in respect of that same class of assets, it would be recognised as revenue in the statement of financial performance for the reporting period. Revaluation decrements are recognised as an expense in the statement of financial performance except that, to the extent that a revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve up to the value of that prior increment. [refer note 22(d)]

1.15 Depreciation of non-current assets

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of each non-current asset item (except land) over its expected useful life to G-MW. Depreciation of infrastructure assets is calculated in accordance with their assessed remaining life. The assessments are made by engineering staff who have been appropriately trained. Buildings are depreciated based on assessments provided by qualified valuers. Additions to non-current assets in the financial year are depreciated from their respective dates of acquisition. Works in progress are not depreciated until they are put into use. [refer note 19]

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

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

These depreciation rates are the same as last year.

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1.16 Cash at bank and on hand

Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call with financial institutions and is net of any bank overdraft. [refer notes 21, 33]

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

1.17 Reporting on wholesale and retail business

These statements include separate reporting of the results and position of G-MW; a wholesale bulk water business and a retail water distribution business (which includes all activities which are not within wholesale). This method of reporting is in accordance with the requirements of the Ministerial Directions under Section 51 of the Financial Management Act 1994. [refer note 28]

1.18 Taxation

Income tax

From the 2002/03 financial year the Authority has been subject to the National Tax Equivalence Regime (NTER). The NTER is administered by the Australian Taxation Office. The accounting disclosures required under Australian Accounting Standard 3 are contained in these financial statements.

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

G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future [refer note 32].

Goods and services tax

Revenues and expenses are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows arising from the payment and receipt of GST are disclosed as cash flows from operating activities in the statement of cash flows.

1.19 Decommissioning of Lake Mokoan

As part of a number of water savings program initiatives the Victorian Government has decided to decommission Lake Mokoan in Victoria's northeast, near Benalla. Under this program, which the Government will fund, the dam is expected to be decommissioned by the end of the 2008/09 financial year. In this year's financial statements this fact has been recognised by increasing the rate of depreciation of Mokoan to recognise a reduced remaining useful life. The impact in increased depreciation charges in these statements is \$3.4 million. The value of the asset was already considerably reduced in recognition of the reduced storage capacity due to ongoing and severe blue green algae problems.

1.20 Potential impact of the Road Management Act 2004.

During 2004/05 the Road Management Act came into operation in Victoria with the primary intention of providing road authorities with some legislative protection from negligence claims. An unintended consequence of this legislation is the apparent transfer of responsibility for, and ownership of, significant numbers of G-MW structures such as channel bridges and culverts situated under roadways. There have been several discussions between the interested parties, the Rural Water Authorities, VicRoads and the Municipal Association of Victoria. So far there has been no resolution of the issue with the possibilities that this section of the legislation is effectively reversed, is amended to have lesser impact or is unchanged. If it were to stay intact it is likely that assets with a written down value of approximately \$100 million would be transferred to the relevant road authorities in a future financial year.

2.0 Impacts of adopting AASB equivalents to IFRS standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), G-MW will report using the new standards for the first time in the financial year ending 30 June 2006.

The new standards allow for different treatment on some issues for an organisation considered to be not for profit and a key criteria in determining this is whether there is a primary objective of profit generation. G-MW's organisational objectives are primarily concerned with efficient supply of water, cost efficiency and maintaining the service potential of long life infrastructure assets. Seeking a profit has not been mandated by Government and return on assets used in the irrigation industry has been set at zero. G-MW has been deemed to be a not for profit entity by the Treasurer of Victoria, and will apply those alternative treatments applicable to not for profit entities.

An AIFRS compliant financial report will comprise a new statement of changes in equity in addition to the three existing financial statements, which will be renamed. The Statement of Financial Performance will be renamed the Operating Statement, The Statement of Financial Position will revert to its previous title as the Balance Sheet and the Statement of Cash Flows will be renamed the Cash Flow Statement. However, for the purpose of disclosing the impact of adopting AIFRS in the 2004/05 financial report, existing titles and terminologies will be retained.

FINANCIAL STATEMENTS

With certain exceptions entities that have adopted AIFRS must record transactions that are reported in the financial report as though AIFRS had always applied. This requirement also extends to any comparative information included within the financial report. Most accounting policy adjustments to apply AIFRS retrospectively will be made against accumulated funds at the 1 July 2004 opening balance sheet date for the comparative period. The exceptions include deferral until 1 July 2004 of the application of adjustments for:

- AASB 132 Financial Instruments: Disclosure and Presentation
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 4 Insurance Contracts
- AASB 1023 General Insurance Contracts (revised July 2004); and
- AASB 1038 Life Insurance Contracts (revised July 2004).

The comparative information for transactions affected by these standards will be accounted for in accordance with existing accounting standards.

G-MW has taken the following steps in managing the transition to AIFRS

- established a steering committee to oversee the transition to and implementation of AIFRS
- participated in training in reporting requirements and implementation issues of the new standards
- reviewed the new standards to identify key issues and likely impacts of adoption, and any relevant Financial Reporting Directions issued by the Minister for Finance.

This financial report has been prepared in accordance with current Australian accounting standards and other financial reporting requirements (Australian GAAP). A number of differences between Australian GAAP (AGAAP) and AIFRS have been identified as potentially having a material effect on the Authority's financial position and financial performance on the adoption of AIFRS. Set out below are key areas where accounting policies are expected to change on adoption of AIFRS and the best estimate of the quantitative impact on the changes to net profit, net assets and total equity for the year ended 30 June 2005.

The estimates below are the Authority's best estimate of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effect of transition to AIFRS may differ from the estimates due to:

- change in facts and circumstances
- ongoing work being undertaken on implementation issues
- potential amendments to AIFRS and Interpretations; and
- emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Reconciliation of net result under AGAAP to that under AIFRS

	Note	Year ended 30 June 2005
Net result as reported under AGAAP		(11,309)
<u>Estimated AIFRS impact on revenue</u>		
Revenue from ordinary activities	(a)	(166)
<u>Estimated AIFRS impact on expenses</u>		
Written down value of assets sold	(a)	227
Loss on sale of non-current assets	(a)	(61)
Net result under AIFRS		(11,309)

Reconciliation of equity as presented under AGAAP and that under AIFRS

	Note	Year ended 30 June 2005
Total equity as reported under AGAAP		1,879,636
Adjustment to reserves		
Revaluation reserve	(b)	(328,780)
Accumulated deficit	(b)	328,780
Total equity under AIFRS		1,879,636

Reconciliation of net assets as presented under AGAAP to that under AIFRS

(a) AASB 118 Revenue requires a changed disclosure of the proceeds of sale of assets whereby only the net gain or loss on sale is disclosed rather than the proceeds of sale in revenue and the costs of sale in expense.

(b) AASB 116 Property, Plant and Equipment requires that for asset revaluations adopted under the previous standard AASB1041, any asset revaluation reserves be reset to zero on implementation of AASB 116.

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

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

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	2004/05 \$'000	2003/04 \$'000		
3 Revenue - Rates water and drainage				
Irrigation and drainage - gravity	51,611	44,864		
Irrigation and drainage - pumped	2,087	1,786		
Domestic and stock	613	543		
Diversions	4,890	4,168		
Total	<u>59,201</u>	<u>51,361</u>		
4 Revenue - Consumptive Charges				
Irrigation and drainage - gravity	14,185	16,576		
Irrigation and drainage - pumped	421	465		
Domestic and stock	37	17		
Diversions	7	3		
Total	<u>14,650</u>	<u>17,061</u>		
5 Revenue - Sale of bulk water				
Total bulk water sales [refer note 28]	23,383	22,906		
Bulk water sales to G-MW retail business [refer note 6]	(17,737)	(17,326)		
Bulk water sales to other organisations	<u>5,646</u>	<u>5,580</u>		
6 Revenue - Victorian Government funding				
<p>The salinity program, the national landcare program, the water savings program and some other works are performed under an agreement with the Victorian Government. Costs reimbursed by the Victorian Government, and amounts paid for works not yet completed, are included as Victorian Government service fees in the Statement of Financial Performance. The cost of provision of this service is included in operating expenses.</p>				
	<u>8,836</u>	<u>18,265</u>		
7 Revenue - Other external clients				
Murray-Darling Basin Commission	12,348	12,952		
Other external clients	4,064	3,527		
Total	<u>16,412</u>	<u>16,479</u>		
	2004/05 \$'000	2003/04 \$'000		
	Bulk Water	Total Expense	Bulk Water	Total Expense
8 Expenses - Operations				
Irrigation and drainage - gravity	16,002	35,111	15,564	33,101
Irrigation and drainage - pumped	236	781	235	1,682
Domestic and stock	42	414	40	1,679
Diversions	1,457	3,702	1,487	3,403
Government services contract	-	4,864	-	4,908
Headworks	-	16,892	-	14,658
Murray Darling Basin Commission	-	11,800	-	12,261
Sub-total	<u>17,737</u>	<u>73,534</u>	<u>17,326</u>	<u>71,692</u>
Deduct bulk water		(17,737)		(17,326)
Total		<u>55,797</u>		<u>54,366</u>

The bulk water charge is an internal charge levied on retail services by the wholesale business [refer note 5]. This charge is not included as an operating expense in the Statement of Financial Performance, but is included as an operating expense in reporting the Wholesale and Retail Operations at note 28.

FINANCIAL STATEMENTS

	2004/05 \$'000	2003/04 \$'000
9 Expenses		
Included in management and administration expenses are the following items:		
Auditor General - audit fees	83	81
Bad debts written off	-	-
10 Written down value of assets abandoned		
Each year G-MW negotiates with customers to rationalise parts of the irrigation infrastructure where changed circumstances permit the realignment of channels and structures. Where this proves cost effective there will be subsequent abandonment of some assets.		
	3,594	2,215
11 Payment to consolidated fund		
Following a determination by the Treasurer of Victoria under section 5 (1A) of the Public Authorities (Dividends) Act 1983, G-MW will make a payment to consolidated fund.		
	385	385
12 Net profit/(loss) for the year		
Net loss for the year includes the following specific net gains and expenses.		
Net (loss)/profit on sale of non-current assets	(87)	280
Employee entitlement expense	8,577	8,834
13 Expense - Insurance		
G-MW arranged its major insurance covers for 2004/05 for storages, properties and liability in a consortium of rural water authorities comprising Southern Rural Water, Grampians Wimmera Mallee Water and G-MW. G-MW also purchased insurances for specific construction projects, Directors and Officers Liability, Professional Indemnity and Marine Hull.		
G-MW retains a broker to handle its insurances and to advise on insurance matters as and when required.		
	2,197	2,123
14 Investments [refer notes 1.2, 21, 33(b)]		
Investments are bank bills and promissory notes with financial institutions.		
	-	14,000
15 Receivables [refer notes 1.6, 1.7, 33(b)]		
Trade debtors	21,231	17,394
Less provision for doubtful debts	(100)	(100)
Prepayments	193	173
Total	<u>21,324</u>	<u>17,467</u>
16 Inventories [refer note 1.3]		
Materials	847	531
Finished goods - Tatura Precast Factory	258	235
Total	<u>1,105</u>	<u>766</u>

FINANCIAL STATEMENTS

	2004/05	2003/04
	\$'000	\$'000
17 Payables [refer note 1.8, 33(b)]		
Trade creditors and accruals	29,228	23,270
Payroll related accruals	1,560	797
Total	<u>30,788</u>	<u>24,067</u>

18 Borrowings [refer note 1.5, 33(b)]		
Current	414	389
Non-current	14,197	14,611
Loan from Treasury Corporation Victoria maturing in 2024 with repayments of principal and interest fixed at 6.34% per annum.	<u>14,611</u>	<u>15,000</u>

19 Non-current assets [refer note 1.13, 28]	Wholesale		Retail		Total	
	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000
Land	34,052	34,062	3,138	3,138	37,190	37,190
Buildings	10,304	10,247	16,485	13,088	26,799	23,335
Less: Accumulated depreciation	6,418	6,183	6,726	6,591	13,144	12,774
	<u>3,886</u>	<u>4,064</u>	<u>9,769</u>	<u>6,497</u>	<u>13,655</u>	<u>10,561</u>
Plant, equipment furniture and fittings	3,629	3,402	23,810	23,089	27,439	26,491
Less: Accumulated depreciation	1,812	1,609	19,125	17,368	20,937	18,975
	<u>1,817</u>	<u>1,793</u>	<u>4,685</u>	<u>5,723</u>	<u>6,502</u>	<u>7,516</u>
Sub-total	<u>39,755</u>	<u>39,909</u>	<u>17,502</u>	<u>15,358</u>	<u>57,347</u>	<u>55,267</u>
Infrastructure	1,102,296	1,074,339	1,816,902	1,799,422	2,919,198	2,873,761
Less: Accumulated depreciation	280,280	270,516	813,737	799,572	1,094,017	1,070,088
	<u>822,016</u>	<u>803,823</u>	<u>1,003,165</u>	<u>999,850</u>	<u>1,825,181</u>	<u>1,803,673</u>
Total	<u>861,771</u>	<u>843,732</u>	<u>1,020,757</u>	<u>1,015,208</u>	<u>1,882,528</u>	<u>1,858,940</u>

Reconciliations

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

	Opening WDV \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Revaluation Increment \$'000	Depreciation \$'000	Closing WDV \$'000
Land	37,190	-	-	-	-	-	37,190
Buildings	10,561	3,688	-	(15)	-	(578)	13,655
Plant, equipment, furniture and fittings	7,516	1,345	-	(212)	-	(2,147)	6,502
Infrastructure	1,803,673	53,182	-	(3,594)	-	(28,080)	1,825,181
Total	<u>1,858,940</u>	<u>58,215</u>	<u>-</u>	<u>(3,821)</u>	<u>-</u>	<u>(30,806)</u>	<u>1,882,528</u>

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	2004/05	2003/04
	\$'000	\$'000
20 Provision for employee entitlements [refer note 1.9]		
Current		
Long service leave	1,128	1,105
Annual leave	3,018	2,993
Total Current	<u>4,146</u>	<u>4,098</u>
Non-current		
Long service leave	8,936	8,751
Total	<u><u>13,082</u></u>	<u><u>12,849</u></u>
21 Cash at bank and on hand [refer notes 1.16, 33]		
Cash at bank and on hand	<u>33,059</u>	<u>9,305</u>
The above total reconciles to the Cash held at the end of the year on the Statement of Cash Flows as follows:		
Cash at bank and on hand as above	33,059	9,305
Investments	-	14,000
Cash held at the end of the year	<u><u>33,059</u></u>	<u><u>23,305</u></u>
Investments are cash equivalents for the Statement of Cash Flows, as defined in AASB 1026, para 14.1.1.		
22 Equity and movements in equity		
(a) Reserves		
Asset revaluation reserve		
Balance 1 July	328,780	171,331
Increment on revaluation of distribution assets and bulk carriers	-	157,449
Balance 30 June	<u><u>328,780</u></u>	<u><u>328,780</u></u>
(b) Contributed capital		
Balance 1 July	1,634,214	1,627,773
Salinity program capital contributions	1,633	4,343
Other capital contributions	40,750	2,098
Balance 30 June	<u><u>1,676,597</u></u>	<u><u>1,634,214</u></u>
The treatment of capital contributions is as agreed with the Department of Sustainability and Environment and in accordance with UIG 38, Contributions by Owners to Wholly Owned Public Sector Entities. Other capital contributions includes \$12.75m to construct a pipeline for the Tungamah district, \$10m for total channel control technology and \$18m for the Eidon works.		
(c) Accumulated deficit		
Accumulated deficit at the beginning of the year	(114,432)	(116,518)
Net result for the year	(11,410)	2,086
Accumulated deficit at the end of the year	<u><u>(125,842)</u></u>	<u><u>(114,432)</u></u>
(d) Nature and purpose of reserves		
Asset revaluation reserve		
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1.14.		
Reconciliation of equity		
Total equity at the beginning of the year	1,848,562	1,682,586
Total changes in equity recognised in the statement of financial performance	(11,410)	159,535
Contributed capital for the year [refer note 22(b)]	1,633	4,343
Other capital contributions [refer note 22(b)]	40,750	2,098
Total equity at the end of the year	<u><u>1,879,535</u></u>	<u><u>1,848,562</u></u>

FINANCIAL STATEMENTS

			2004/05 \$'000	2003/04 \$'000
23 Superannuation [refer note 1.10]				
G-MWV contributes in respect of its employees, to the superannuation schemes of the Boards and Authorities listed below. Contribution details are:				
	Employee Contribution			
	Numbers	Rate %		
State Employee Retirement Benefits Board (defined benefits scheme)	13	12.80	74	80
State Superannuation Board, Revised Scheme (defined benefits scheme)	41	17.00	419	492
State Superannuation Board, New Scheme (lump sum benefit scheme)	228	9.40	1,061	1,083
Vision Super (defined benefits scheme)	9	9.25	84	81
Vision Super Saver (accumulation fund)	328	9.00	1,224	1,052
Other minor schemes	5	9.00	18	12
Total Contributions to all Funds			<u>2,880</u>	<u>2,800</u>

At 30 June 2005 the total of outstanding superannuation contributions was \$289,858 (2004 \$284,045), which forms part of creditors and accrued expenses.

State Superannuation Schemes

At the time the Authority was created in 1994 the Government agreed to assume responsibility for any unfunded liabilities of these funds arising prior to 1992. Since that date contribution rates have risen to ensure that no unfunded liabilities can arise.

Vision Super Saver - Accumulation Fund

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

Vision Super - Defined Benefit Fund

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

24 Reconciliation of results from ordinary activities to net cash flows from operating activities		
Net (loss)/profit for the year	(11,410)	2,086
Depreciation	30,806	28,991
Profit on sale of fixed assets	61	(280)
Abandoned assets	3,594	2,215
Change in assets and liabilities		
(Increase)/decrease in inventories	(339)	717
(Increase)/decrease in debtors and prepayments	(3,147)	(293)
Increase/(decrease) in creditors and accrued expenses	6,721	921
Increase/(decrease) in provision for employee entitlements	233	(44)
Net cash flows from/(used in) operating activities	<u>26,519</u>	<u>32,313</u>

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	2004/05	2003/04
	\$'000	\$'000
25 Capital commitments		
Eildon dam enhancement works	11,000	40,004
Total channel control technology	4,570	-
Other capital expenditure outstanding at 30 June	1,288	2,026
Total	16,858	42,030

This represents commitments outstanding on contracts for capital works.

These commitments all fall due within one year.

26 Leases [refer note 1.11]

Non-capitalised lease rental charges	4,975	4,806
Operating lease commitments at 30 June:		
Not later than 1 year	3,559	3,606
Later than 1 year and not later than 5 years	5,897	5,300
Later than 5 years	2,952	3,615
Total	12,208	12,520

Finance lease commitments as at 30 June:

G-MW has no finance leases.

27 Contingent liability

Legal actions have been instituted against G-MW as a result of damages claims. Whilst G-MW has denied any liability, for annual report purposes it recognises that contingent liabilities exist.

2,069	2,237
-------	-------

28 Wholesale and retail operations

[refer note 1.17]

	Wholesale		Retail	
	2004/05	2003/04	2004/05	2003/04
	\$'000	\$'000	\$'000	\$'000
Bulk water sales - urban [refer note 5]	2,306	2,355	-	-
Bulk water sales - rural [refer note 5]	21,077	20,551	-	-
Retail service charges	-	-	59,201	51,361
Retail usage charges	-	-	14,650	17,061
Other revenue	14,623	15,505	16,642	25,629
Total revenue	38,006	38,411	90,493	94,051
Operating expenditure	(28,693)	(26,919)	(44,842)	(44,773)
Maintenance	(4,109)	(3,778)	(15,891)	(14,351)
Depreciation	(10,217)	(6,931)	(20,588)	(20,061)
Other expenditure	(2,694)	(2,445)	(12,875)	(11,289)
Total expenditure	(45,713)	(40,073)	(94,196)	(90,474)
Profit/(Loss)	(7,707)	(1,662)	(3,703)	3,577
Investments	-	-	-	14,000
Non-current Assets [refer note 19]	861,771	843,732	1,020,757	1,015,208
Capital Expenditure - renewal/replacement	2,024	1,255	14,288	8,239
Capital Expenditure - enhancement	26,236	9,062	15,667	14,382
Borrowings	-	-	(14,611)	(15,000)
Equity Contribution [refer note 22(b)]	18,000	-	24,383	6,441

Included in bulk water sales is the amount levied on the retail business by the wholesale business.

This amount is included in the revenue of the wholesale business and the expenses of the retail business (refer notes 5 and 8). These amounts are eliminated in the Statement of Financial Performance.

FINANCIAL STATEMENTS

29 Responsible persons

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

Ministers

The Hon. John Thwaites MP, Minister for Water
(The Minister was not remunerated by G-MW)

Directors of the G-MW Board

Donald Matthew Cummins (Chair)
John Maurice Pettigrew (Deputy Chair)
John David Brooke
Craig Kenneth Cook
Peter Maurice Fitzgerald
Desmond Powell
Vicki Jean Sutherland
Maree Therese Tehan (passed away 31 October 2004)
Denis William Flett (Chief Executive and accountable officer)

The total directors' remuneration was \$506,457 (2003/04 \$457,242). Payments were made to individual directors within the following bands:-

Remuneration Band	Number of Directors	
	2004/05	2003/04
\$10,000 to \$19,999	1	-
\$20,000 to \$29,999	-	5
\$30,000 to \$39,999	6	-
\$50,000 to \$59,999	-	1
\$60,000 to \$69,999	1	-
\$240,000 to \$249,999	1	1

The total remuneration to non-director executive officers receiving more than \$100,000 was \$3,532,325 (2003/04 \$3,043,890).

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

Remuneration Band	Number of Executive Officers	
	2004/05	2003/04
\$100,000 to \$109,999	15	14
\$110,000 to \$119,999	6	4
\$120,000 to \$129,999	3	2
\$130,000 to \$139,999	1	3
\$140,000 to \$149,999	3	1
\$150,000 to \$159,999	1	1
\$160,000 to \$169,999	-	1
\$170,000 to \$179,999	1	-

Transactions with directors:

Irrigation services were provided to directors and director-related entities at arms length and on normal customer terms and conditions. There were no other transactions with Directors.

	2004/05 \$'000	2003/04 \$'000
30 Transactions with other Victorian Government controlled entities		
Transactions between entities within the Sustainability and Environment Portfolio		
Revenues and capital contributions	51,219	22,608
Expenses	11,613	11,405
Transactions with other entities controlled by the Victorian Government		
Expenses	3,724	2,136

FINANCIAL STATEMENTS

31 Post Balance Day Events

No material events have occurred since balance date.

32 Income Tax [refer note 1.18]

G-MW will not pay income tax for 2004/05. Projections show that the likelihood of G-MW making consistent profits at a level likely to offset the large tax losses which will accumulate is unlikely. Accordingly tax losses are not disclosed in the Statement of Financial Performance and Statement of Financial Position.

Prima facie Tax Calculations	2004/05 \$'000	2003/04 \$'000
Profit/(loss) from ordinary activities	(11,309)	2,086
Prima facie tax calculated at 30%	(3,393)	626
Tax effect of permanent differences		
Non-deductible depreciation	174	170
R & D concessional expenditure	(212)	(83)
	-	-
Prima facie income tax expense	<u>(3,431)</u>	<u>713</u>
Income tax expense comprises:		
Deferred income tax provision	25,592	28,466
Future income tax benefit	(29,023)	(27,752)
	<u>(3,431)</u>	<u>713</u>
Tax loss write offs		
Deferred income tax provision - Timing differences offset by losses	(25,592)	(28,466)
Future income tax benefit - Offset against Timing differences	25,592	28,466
Future income tax benefit - Losses not to be booked	3,431	(713)
	<u>-</u>	<u>-</u>
Income tax expense disclosed in financial statements	<u>-</u>	<u>-</u>
Accumulated position since the Authority became a taxable entity (1/7/2001).		
Deferred income tax provision - timing differences offset by tax losses	(105,630)	(81,038)
Future income tax benefit - offset against timing differences	105,630	81,038
Total	<u>-</u>	<u>-</u>

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

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

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

FINANCIAL STATEMENTS

33 Financial Instruments

33(a) Terms, conditions and accounting policies

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

Recognised financial instruments	Note reference	Accounting policies	Terms and conditions
(i) Financial assets			
Cash at bank and on hand	1.16, 21	Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call and is net of any bank overdraft.	G-MW receives a competitive interest rate on its bank balance.
Investments	1.2,14, 21	Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned.	All investments are bank bills or promissory notes with financial institutions, and are placed for short terms, usually 30 to 60 days.
Receivables - Debtors	1.6, 1.7, 15	Debtors are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts considered unlikely to be collectable.	If payments are not made by the due date, debtors must agree to a payments schedule which will clear the debt before the next irrigation season. Supply is withheld if debtors default.
(ii) Financial liabilities			
Payables	1.8, 17	Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to G-MW.	Settlement of creditors is normally by the end of the month following the month invoiced.
Borrowings	1.5,18	Borrowings are carried at their principal amount, representing the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised within payables.	Borrowings are unsecured. They are for a 20 year term, with semi annual repayments and an interest rate of 6.34% per annum.

FINANCIAL STATEMENTS

33(b) Interest rate risk

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

Financial instrument	Notes	Floating interest rate \$'000	Fixed interest maturing			Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2005							
(i) Financial assets							
Cash	21	33,059	-	-	-	-	33,059
Receivables - debtors	15	5,344	-	-	-	14,980	21,324
		39,403	-	-	-	14,980	54,383
Weighted average interest rate		6.5%					
(ii) Financial liabilities							
Payables	17	-	-	-	-	30,788	30,788
Borrowings	18	-	414	1,940	12,257	-	14,611
		-	414	1,940	12,257	30,788	45,399
Interest rate			6.3%	6.3%	6.3%	-	
Net financial assets/(liabilities)		39,403	(414)		(12,257)	(15,808)	8,884

Financial instrument	Notes	Floating interest rate \$'000	Fixed interest maturing			Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2004							
(i) Financial assets							
Cash	21	9,305	-	-	-	-	9,305
Receivables - debtors	15	3,945	-	-	-	13,522	17,467
Investments	14	14,000	-	-	-	-	14,000
		27,250	-	-	-	13,522	40,772
Weighted average interest rate		6.1%					
(ii) Financial liabilities							
Payables	17	-	-	-	-	24,067	24,067
Borrowings	18	-	389	1,823	12,788	-	15,000
		-	389	1,823	12,788	24,067	39,067
Interest rate					6.3%		
Net financial assets/(liabilities)		27,250	(389)		(12,788)	(10,545)	1,705

Credit risk exposures

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

Concentrations of credit risk

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

FINANCIAL STATEMENTS

33(c) Net fair values

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

	Total in statement of financial position		Aggregate fair value	
	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000
(i) Financial assets				
Cash	33,059	9,305	33,059	9,305
Receivables - debtors	21,324	17,467	21,324	17,467
Investments	-	14,000	-	14,000
Total financial assets	54,383	40,772	54,383	40,772
(ii) Financial liabilities				
Payables	30,788	24,067	30,788	24,067
Borrowings	14,611	15,000	14,611	15,000
Total financial liabilities	45,399	39,067	45,399	39,067

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities:

Recognised financial instruments

Cash, cash equivalents and short term investments

These financial instruments have a short term to maturity. Accordingly it is considered that carrying amounts reflect fair values.

Receivables - debtors

Carrying amounts reflect fair values

Creditors and accruals

Carrying amounts reflect fair values



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Goulburn-Murray Rural Water Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2005 relates to the financial report of the Goulburn-Murray Rural Water Authority included on its web site. The Members of the Board of the Goulburn-Murray Rural Water Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report

The accompanying financial report for the year ended 30 June 2005 of the Goulburn-Murray Rural Water Authority consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

Members' Responsibility

The Members of the Board of the Goulburn-Murray Rural Water Authority are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Authority's financial position, and its financial performance and cash flows.

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

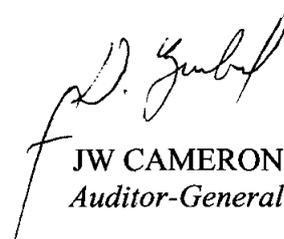
Independence

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 are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of the Goulburn-Murray Rural Water Authority as at 30 June 2005 and its financial performance and cash flows for the year then ended.

MELBOURNE
17 August 2005



JW CAMERON
Auditor-General

FINANCIAL STATEMENTS

CERTIFICATION

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

In our opinion the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements present fairly the financial transactions during the financial year 2004/2005 and the financial position of the Goulburn-Murray Rural Water Authority as at 30 June 2005.

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



Chairperson



Chief Executive



Chief Financial Officer

11 August 2005

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APPENDIX A1

BULK ENTITLEMENT (EILDON-GOULBURN WEIR) REPORTING

This appendix is included in the Goulburn-Murray Water 2004/05 Annual Report in compliance with the requirements of Clause 17.3 of the *Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995*, which obliges the Authority to report on certain matters as specified in Clause 17.1 of the same Order. The period of reporting is 1 July 2004 to 30 June 2005.

BE Clause	Item	Report	Notes
17.1(d)	Goulburn Weir offtake channels		See note 1
	Cattanach Canal	492353 ML	
	Stuart Murray Canal	652592 ML	See note 2
	East Goulburn Main Channel	258557 ML	
	Total Goulburn Weir offtake diversion	1403504 ML	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the <i>Water Act 1989</i>	28915 ML	
17.1(e)(ii)	Diversion by other Authorities	23591 ML	
17.1(g)	Storage contents		
	Lake Eildon	940.1 GL	Vol 30/6/05
	Goulburn Weir	22.3 GL	Vol 30/6/05
	Waranga Basin	138.5 GL	Vol 30/6/05
	Greens Lake	9.2 GL	Vol 30/6/05
17.1(h)	Target filling releases	None	
17.1(i)	Credits	None	
17.1(j), (k)	Net transfer of Temporary and Permanent transfers of BE	Permanent: -18146 ML Temporary: +18267 ML	See note 3
17.1(l)	Goulburn Weir releases	47143 ML	
17.1(m)	Changes to entitlements - Schedule 1		
	Domestic and stock allowance	Increased by 39 ML	See note 4
	Water Right	Decreased by 19874 ML	See note 5
	Licensed Volume	Decreased by 4824 ML	See note 6
	Changes to entitlements - Schedule 3	None	
17.1(n)	Transfers of primary entitlements	See appendices E1 & E2	
17.1(o)	Supply to primary entitlements	986435 ML	See note 7
17.1(p)	Amendments to this BE	None	
17.1(q)	New BE granted to G-MW	None	
17.1(r)	Environmental Management and Metering programs	Programs submitted and implemented	
17.1(s)	BE compliance failures	Minor	See note 8
17.1(t)	BE compliance difficulties	None	

Notes

- Volumes were obtained from hydrographic data collected by Thiess Services:
Cattanach Canal SI No 405702 Stuart Murray Canal SI No 405700
East Goulburn Main Channel SI No 405704
- Volume passed by outlet and meter testing back to Goulburn River is deducted from the flow diverted to the Stuart Murray Canal (SI No 405700).
- Net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
- Alteration due to permanent transfers of entitlement and conversion of Water Right to Domestic and Stock.
- Alteration due to permanent transfers of entitlement and conversion of diversion licences (Licensed Volume) to Water Right.
- Alteration due to permanent transfers of entitlement and conversion of diversion licences (Licensed Volume) to Water Right.
- Supply to primary entitlements comprises:
Irrigation Areas 955201 ML Water Right and Domestic & Stock
2319 ML Sales (including water delivered to industrial customers)
Private diversions 28915 ML Licensed Volume and Domestic & Stock
0 ML Sales (including water delivered to industrial customers)
- The average weekly flow at Murchison was under the minimum weekly average required for one day by 0.6ML

APPENDIX A2

BULK ENTITLEMENT (EILDON-GOULBURN WEIR) REPORTING DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2004 - JUNE 2005

Authority	Town	BE Volume	Diversion	Notes
Goulburn Valley Water	Bonnie Doon	112 ML	69 ML	
	Eildon	480 ML	163 ML	
	Alexandra	916 ML	380 ML	
	Seymour	5340 ML	1691 ML	
	Nagambie	825 ML	508 ML	
	Shepparton/Mooroopna/ Toolamba	18820 ML	13332 ML	
	Murchison	350 ML	235 ML	
	Katandra West (channel supply)	64 ML	41 ML	
	Dookie (channel supply)	160 ML	80 ML	
	Tongala (channel supply)	1404 ML	1185 ML	
	Corop (channel supply)	44 ML	10 ML	
	Girgarre (channel supply)	100 ML	43 ML	
	Kyabram (channel supply)	2000 ML	1352 ML	
	Tatura (channel supply)	2600 ML	1985 ML	
	Merrigum (channel supply)	0 ML	0 ML	See note 1
	Rushworth (channel supply)	530 ML	378 ML	
	Colbinabbin (channel supply)	89 ML	33 ML	
	Stanhope (channel supply)	200 ML	93 ML	
	TOTAL		34034 ML	21578 ML
Coliban Water	Boort (channel supply)	425 ML	227 ML	
	Pyramid Hill (channel supply)	300 ML	283 ML	
	Lockington (channel supply)	130 ML	57 ML	
	Mitiamo (channel supply)	60 ML	28 ML	
	Dingee (channel supply)	50 ML	6 ML	
	Rochester (channel supply)	1400 ML	1400 ML	
	Macoma (channel supply)	40 ML	6 ML	
	Mysia (channel supply)	15 ML	6 ML	
TOTAL		2420 ML	2013 ML	
TOTAL ALL AUTHORITIES		36454 ML	23591 ML	

Notes

1. Merrigum is now supplied from Kyabram.

APPENDIX A3

BULK ENTITLEMENT (RIVER MURRAY-GOULBURN-MURRAY WATER) REPORTING

This appendix is included in the Goulburn-Murray Water 2004/05 Annual Report in compliance with the requirements of Clause 22.3 of the *Bulk Entitlement (River Murray - Goulburn-Murray Water) Conversion Order 1999*, which obliges the Authority to report on certain matters as specified in Clause 22.1 of the same Order. The period of reporting is 1 July 2004 to 30 June 2005.

BE Clause	Item	Report		Notes	
22.1(b)	Offtake points				
	Yarrowonga Main Channel		394.0 GL		
	National Channel		681.7 GL		
	Ashwins pump		0.01 GL		
	Pental Island pumps		2.9 GL		
	Swan Hill No 9 channel offtake (when Fish Point Weir and Little Murray Weir are open)		4.3 GL		
	Swan Hill pumps		16.2 GL		
	Nyah pumps		7.2 GL		
	Private diversion points		53.7 GL		
		Total offtake diversion		1160.0 GL	See Note 10
22.1(c)	New offtake points		None		
22.1(d)	Return points				
	Broken Creek		17.9GL	See note 1	
	Yarrowonga Main Channel outfall		6.2 GL		
	Torrumbarry returns				
	Koondrook spillway		42.9 GL		
	Loddon River at Kerang Weir		53.2 GL		
	Sheepwash Creek Weir		0 GL		
	Little Murray Weir		8.2 GL	See note 2	
	6/7 channel outfall		0.9 GL	See note 3	
	Lake Boga outfall channel		0 GL		
	Barr Creek at Cape's Crossing		21.8 GL	See note 4	
		Total irrigation returns		151.1 GL	
	22.1(e)	G-MW supplies to other Authorities	BE Volume	Diversion	
Coliban Water				See note 5	
Cohuna		677 ML	769 ML		
Gunbower		131 ML	106 ML		
Leitchville		422 ML	508 ML		
Lower Murray Water					
Kerang		1700 ML	1025 ML	See note 6	
Murrabit		58 ML	33 ML		
Goulburn Valley Water					
Katamatite		84 ML	57 ML		
Nathalia		652 ML	416 ML		
Numurkah/Wunghnu		1206 ML	1076 ML		
Picola		44 ML	27 ML		
NRE environmental allocation		27600 ML	17574 ML		
22.1(f)	Supply to primary entitlements		748747 ML	See note 7	
22.1(g)	Metering program	Developed and implemented, yet to be submitted			
22.1(h),(i)	Net transfer Temporary and Permanent transfers of BE	Permanent: +18133 ML		See note 8	
		Temporary: -53903 ML			
22.1(j)	Amendment to this BE	None			
22.1(k)	New BE granted to G-MW	None			
22.1(l)	BE compliance failures	None			
22.1(m)	BE compliance difficulties	None			

APPENDIX A3

Notes

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

Irrigation Areas	685592.0 ML	Water Right and Domestic & Stock
	4534.0 ML	Sales (including water delivered to industrial customers)
Private diversions	58012.7 ML	Licensed Volume and Domestic & Stock
	604.7 ML	Sales (including water delivered to industrial customers)
8. **Net** permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
9. The clause refers to net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, **from** areas not covered by this order.
10. Does not include diversion from the River Murray to Lake Boga according to clause 11.5

APPENDIX A4

BULK ENTITLEMENT (CAMPASPE SYSTEM-GOULBURN-MURRAY WATER) REPORTING

This appendix is included in the Goulburn-Murray Water 2004/05 Annual Report in compliance with the requirements of Clause 18.3 of the *Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000*, which obliges the Authority to report on certain matters as specified in Clause 18.1 of the same Order. The period of reporting is 1 July 2004 to 30 June 2005.

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	29976 ML	See note 1
18.1(f)	Supply to primary entitlements	14128 ML	See note 2
18.1(g)	Annual evaporation losses	4051 ML	See note 3
18.1(h)	Internal spills from G-MW's share of storage	None	
18.1(i)	Minimum passing flows	3439 ML	See note 4
18.1(j)	Credits	None	
18.1(k), (l)	Net transfer of Temporary and Permanent transfers of BE	Permanent: 8 ML Temporary: -1174 ML	See note 5
18.1(m)	Seasonal allocations in any month	15 September: 5% 15 October: 12% 15 November: 18% 15 December: 34% 15 January: 39%	See note 6
18.1(n)	Alteration to primary entitlements (Schedules 1 and 2)		
	Domestic and Stock	Increased by 1 ML	
	Water Right	Decreased by 470 ML	
	Licensed Volume	Increased by 414 ML	
	Additional Supply (G-MW Campaspe supplement)	No change	
18.1(o)	Transfers of primary entitlements	See Appendices E1 & E2	
18.1(p)	Ministerial transfers of primary entitlements	None	
18.1(q)	Amendments to this BE	None	
18.1(r)	New BE	None	
18.1(s)	Environmental Management and Metering programs	In progress	
18.1(t)	BE compliance failures	Yes	See note 4
18.1(u)	BE compliance difficulties	Yes	See note 4
18.1(v)	Interruptions to minimum passing flows	None	

Notes

- Annual inflows were defined in accordance with principles agreed between G-MW and Coliban Water.
- Supply to primary entitlements comprises:

Campaspe Irrigation District	9824 ML	Water Right and Domestic and Stock
	13 ML	Sales (including water delivered to industrial customers)
Private diversions	4291 ML	Licensed Volume and Domestic and Stock
	0 ML	Sales (including water delivered to industrial customers)
- Annual evaporation losses were calculated in accordance with Clause 6 of Schedule 4 of the Bulk Entitlement order.
- Minimum flow requirements under the Bulk Entitlement order came into effect on 1 July 2004. There were some difficulties in determining daily minimum flow requirements under the low flow conditions characteristic of 2004/05 due to measurement problems, and inconsistency in travel time. Alternative arrangements will be proposed to DSE and other BE holders. There was also a compliance problem caused by errors in remotely accessed data.
- Net permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations to areas not covered by this order are reported. Operation of the Water Exchange precludes total volumes of trade in and out being separately identified.
- The maximum permissible seasonal allocation in the Campaspe system is 220% Water Right.

APPENDIX A5

BULK ENTITLEMENT (AXEDALE, GOORNONG AND PART ROCHESTER) REPORTING. DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2004 - JUNE 2005

Authority	Town	BE Volume	Diversion	Notes
Coliban Water	Axedale/Goornong	215 ML	117 ML	See note 1
	Part Rochester	285 ML	135 ML	See note 2
TOTAL		500 ML	252 ML	

Notes

- 1 Axedale and Goornong have a combined maximum annual volume of 215 ML. Axedale Entitlement 63 ML and Goornong 152 ML. Diversion combined.
- 2 Rochester has a maximum volume of 285 ML over the months of May, June, July, August and September, but must not exceed an annual average of 134 ML per annum over any consecutive 10-year period. Coliban Water temporarily transferred 50 ML from its Campaspe River bulk entitlement to G-MW to comply with diversion limits for Rochester.

APPENDIX A6

BULK ENTITLEMENT (BROKEN, OVENS) REPORTING

Bulk entitlements for the Broken and Ovens systems were issued partway through 2004/05. Accordingly, reports for the first full year's operation will be issued for 2005/06.

APPENDIX B

IRRIGATION DELIVERIES FOR SEASON 2004/05

Area / District	Total Permanent Entitlements Allocated (incl Irrigation Areas, Private Diversions) * ML	Gross Supply at Offtakes (excluding Volumes Passed to Other Areas) ML	Deliveries in Area / District					Diversions from Rivers, Streams Lakes and Main Channels		Total Usage ML
			Under Right & Domestic & Stock Allowance ML	Under Sales of Water *** ML	Total Delivered in Area or District ML	Delivered outside Area or District ** ML	Total Delivered by Area or District ML	Usage Under Entitlement & Domestic & Stock Allowance ML	Sales Usage ML	
# Shepparton	174,481	212,987	156,801	167	156,967	118	157,085			157,085
# Central Goulburn	373,220	541,491	361,066	893	361,960	4,852	366,812			366,812
# Rochester	161,628	277,119	167,177	273	167,450	1,820	169,271			169,271
# Pyramid-Boort	216,197	272,289	220,137	996	221,133	546	221,680			221,680
Campaspe District	19,439	11,251	9,824	13	9,837	135	9,972			9,972
<i>River Diversions (includes tributaries)</i>										
- Broken River	30,463	20,624						20,055	569	20,624
- Goulburn River	47,810	40,143						40,143	0	40,143
- Campaspe River	22,883	4,728						4,728	0	4,728
- Loddon River	42,555	13,316						13,077	239	13,316
Goulburn System Total	1,106,715	1,293,948	965,025	2,332	967,357	7,471	974,828	78,003	806	1,053,639
# Murray Valley	258,978	402,723	260,567	1,341	261,908	1,585	263,493			263,493
# Tomumberry	327,429	616,666	364,206	2,379	366,587	18,462	405,049			405,049
# Woodroffe	11,773	9,910	8,282	685	8,967	682	9,649			9,649
Tomumberry System Total	339,202	626,566	382,479	3,064	385,534	28,144	414,678			414,678
Trisco	8,087	6,484	5,967	51	6,018	0	6,018			6,018
Nyah	10,660	7,260	6,588	78	6,666	0	6,666			6,666
<i>River Diversions (includes tributaries)</i>										
- Murray River (above Hume)	4,194	0						0	0	0
- Murray River (Hume to Nyah)	74,929	48,203						48,199	4	48,203
- Mitta Mitta River	19,529	6,010						6,010	0	6,010
- Kiewa River	13,668	3,522						3,510	12	3,522
- Ovens River	45,952	11,439						10,833	606	11,439
Murray System Total	774,369	1,112,216	685,862	4,634	690,496	20,726	710,856	68,662	632	780,826
Goulburn-Murray Water Total	1,883,024	2,506,163	1,650,817	6,866	1,657,493	28,200	1,685,683	146,665	1,438	1,833,668
# GMD Total	1,543,705	2,333,774	1,628,238	6,724	1,634,962	28,085	1,663,027			
GMD % WR			705%	0%	106%	2%	108%			
G-MW Total excluding Diversions	1,581,891	2,358,779								

* Permanent entitlements allocated as at 30 June 2005 (excludes Temporary TWE, D&S Allowance and other allocations). River diversions figures include regulated and unregulated volumes
 ** Supplies outside Area/District include deliveries to Urban systems & DSE.
 *** Sales volumes include water delivered as Other Allocation (excluding deliveries to Urban systems & DSE).

APPENDIX C I TABLE I

SUMMARY OF PERMANENT TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005

District/area or waterway	Internal transfers within district / area or waterway		Total transfers from other districts / areas and waterways within Goulburn-Murray Water Rural Water Authority		Total transfers to other districts / areas and waterways within Goulburn-Murray Water Rural Water Authority		Total transfers from other districts / areas and waterways of other water authorities		Total transfers to other districts / areas and waterways of other water authorities		Net Change
	ML	No	ML	No	ML	No	ML	No	ML	No	ML
Shepparton	501.5	28	286.0	13	511.0	28			2,413.4	34	-2,638.4
Central Goulburn	2,499.5	61	355.0	24	992.0	29			7,044.0	63	-7,681.0
Rochester	849.4	15	398.0	10	83.0	6	200.0	1	4,204.5	23	-3,689.5
Pyramid-Boort	3,989.2	26	522.0	9	468.0	11			4,070.0	14	-4,016.0
Broken River	199.0	5									0.0
Goulburn River	360.5	15	159.0	7	63.0	5			210.0	4	-114.0
Goulburn System Total	8,409.1	150	1,720.0	63	2,117.0	79	200.0	1	17,941.9	138	-18,138.9
Loddon River	245.0	1			2.0	1					-2.0
Murray Valley	996.8	25	315.0	14	122.0	3			757.5	7	-564.5
Kerang/Cohuna	1,600.0	28	618.5	21	145.0	4			6,074.0	23	-5,600.5
Swan Hill	305.1	7	248.0	6	283.8	10			528.0	6	-563.8
Tresco			20.0	1	28.0	4			35.0	3	-43.0
Nyah			31.0	4	61.5	3			95.0	3	-125.5
Woorinen			45.8	3	20.0	1					25.8
Upper Murray	100.0	7									0.0
Mitta Mitta River					162.0	5			223.0	5	-385.0
Kiewa River	2.0	2							30.0	1	-30.0
Ovens River	460.9	8	2.0	1							2.0
Murray River	95.0	4	187.0	7	254.0	11			2,249.0	6	-2,316.0
Murray System Total	3,804.8	82	1,467.3	57	1,078.3	42	0.0	0	9,991.5	54	-9,602.5
Campaspe District	282.0	4			416.0	6			62.0	1	-478.0
Campaspe River	8	1	424.0	7							424.0
Campaspe System Total	290.0	5	424.0	7	416.0	6	0.0	0	62.0	1	-54.0
Total	12,503.9	237	3,611.3	127	3,611.3	127	200.0	1	27,995.4	193	-27,795.4

APPENDIX C2 TABLE I.1

PERMANENT TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005 TRANSFERS FROM AND TO DISTRICTS/AREAS AND WATERWAYS WITHIN GOULBURN-MURRAY RURAL WATER AUTHORITY

TO	Shepparton	Central Goulburn	Rochester	Pyramid-Boort	Broken River	Goulburn River	Loddon River	Murray Valley	Kerang/Cobuna	Swan Hill
FROM	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.
Shepparton	507.5	28	932.0	10						
Central Goulburn	2080.0	18	2,493.5	61	46.0	3				
Rochester	6.0	1	273.0	6	689.4	15	116.0	3		
Pyramid-Boort	45.0	2	457.0	6			3,669.2	26		
Broken River					198.0	5				
Goulburn River	48.0	3	900.0	3			10.0	1		
Loddon River							245.0	1		
Murray Valley	9.0	1	50.0	2	23.0	1				
Kerang/Cobuna					15.0	2	265.0	4		
Swan Hill										
Treeco										
Nyah										
Woodlawn					20.0	1				
Upper Murray										
MtO Mella River										
Keena River										
Ovens River										
Murray River	103.0	3	2.0	1					2.0	1
Campaspe District										
Campaspe River			8.0	1						
Total	1,912.5	56	3,491.5	90	652.4	21	4,467.2	37	196.0	5
					423.5	30	347.0	2	1,118.8	28
									1,745.0	32
										688.9
										17

APPENDIX C2 TABLE I.1 (CONT)

PERMANENT TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005
TRANSFERS FROM AND TO DISTRICTS/AREAS AND WATERWAYS WITHIN GOULBURN-MURRAY RURAL WATER AUTHORITY

TO	Trisco	Nyah	Woodmen	Upper Murray	Mitta Mitta River	Kiawa River	Ovens River	Murray River	Campaspe District	Campaspe River	Total ML	No.
FROM	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.
Shepparton											787.5	41
Central Goulburn											2,854.5	85
Rockwater											1,247.4	25
Pymms-Boort											4,521.2	35
Broken River											199.0	5
Goulburn River											519.5	22
Loddon River											245.0	1
Murray Valley	10.0	1			112.0	4		100.0	4		1,311.8	39
Keang/Colurna			61.5	3				23.0	4		2,218.5	49
Swan Hill	3.0	1						110.0	2		503.1	13
Trisco					20.0						20.0	1
Nyah	15.0	2						15.0	1		31.0	4
Woodmen											45.8	3
Upper Murray											100.0	7
Mitta Mitta River					100.0	7					0.0	0
Kiawa River							2.0	2			2.0	2
Ovens River							469.9	8			469.9	9
Murray River								95.0	4		282.0	11
Campaspe District					50.0	1					282.0	4
Campaspe River											416.0	8
Total	28.0	4	61.5	3	20.0	1	100.0	7	162.0	5	2.0	2
									469.9	8	249.0	15
									698.0	19	8.0	1
											16,115.2	364

APPENDIX C3 TABLE 1.2

PERMANENT TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005 TRANSFERS FROM DISTRICTS/AREAS AND WATERWAYS OF OTHER WATER AUTHORITIES

FROM	Lower Murray URWA- Robinvale		Lower Murray URWA- Red Cliffs		Lower Murray URWA- Merbein		Lower Murray Water – River Diversion		Coliban Water		North East Water		Totals	
	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.
TO														
Shepparton														
Central Goulburn														
Rochester							200.0	1						200.0 1
Pyramid-Boort														
Goulburn River														
Murray Valley														
Kerang/Cohuna														
Swan Hill														
Tresco														
Nyah														
Mitta Mitta River														
Murray River														
Kiewa River														
Campaspe District														
Total							200.0	1						200.0 1

APPENDIX C4 TABLE I.3

PERMANENT TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005 TRANSFERS TO DISTRICTS/AREAS AND WATERWAYS OF OTHER WATER AUTHORITIES

TO	Lower Murray URWA- Robinvale		Lower Murray URWA- Red Cliffs		Lower Murray URWA- Merbein		Lower Murray Water – River Diversions		Coliban Water		North East Water		Totals	
	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.
Shepparton							2399.4	32			14.0	2	2413.4	34
Central Goulburn							7044.0	63					7044.0	63
Rochester							4204.5	23					4204.5	23
Pyramid-Boort							4070.0	14					4070.0	14
Goulburn River							210.0	4					210.0	4
Murray Valley							655.0	3			102.5	4	757.5	7
Kerang/Cohuna							6074.0	23					6074.0	23
Swan Hill							528.0	6					528.0	6
Tresco							35.0	3					35.0	3
Nyah							95.0	3					95.0	3
Mitta Mitta River											223.0	5	223.0	5
Murray River							2150.0	5			99.0	1	2249.0	6
Kiewa River											30.0	1	30.0	1
Campaspe District									62.0	1			62.0	1
Total							27464.9	179	62.0	1	468.5	13	27965.4	193

APPENDIX C5 TABLE 2

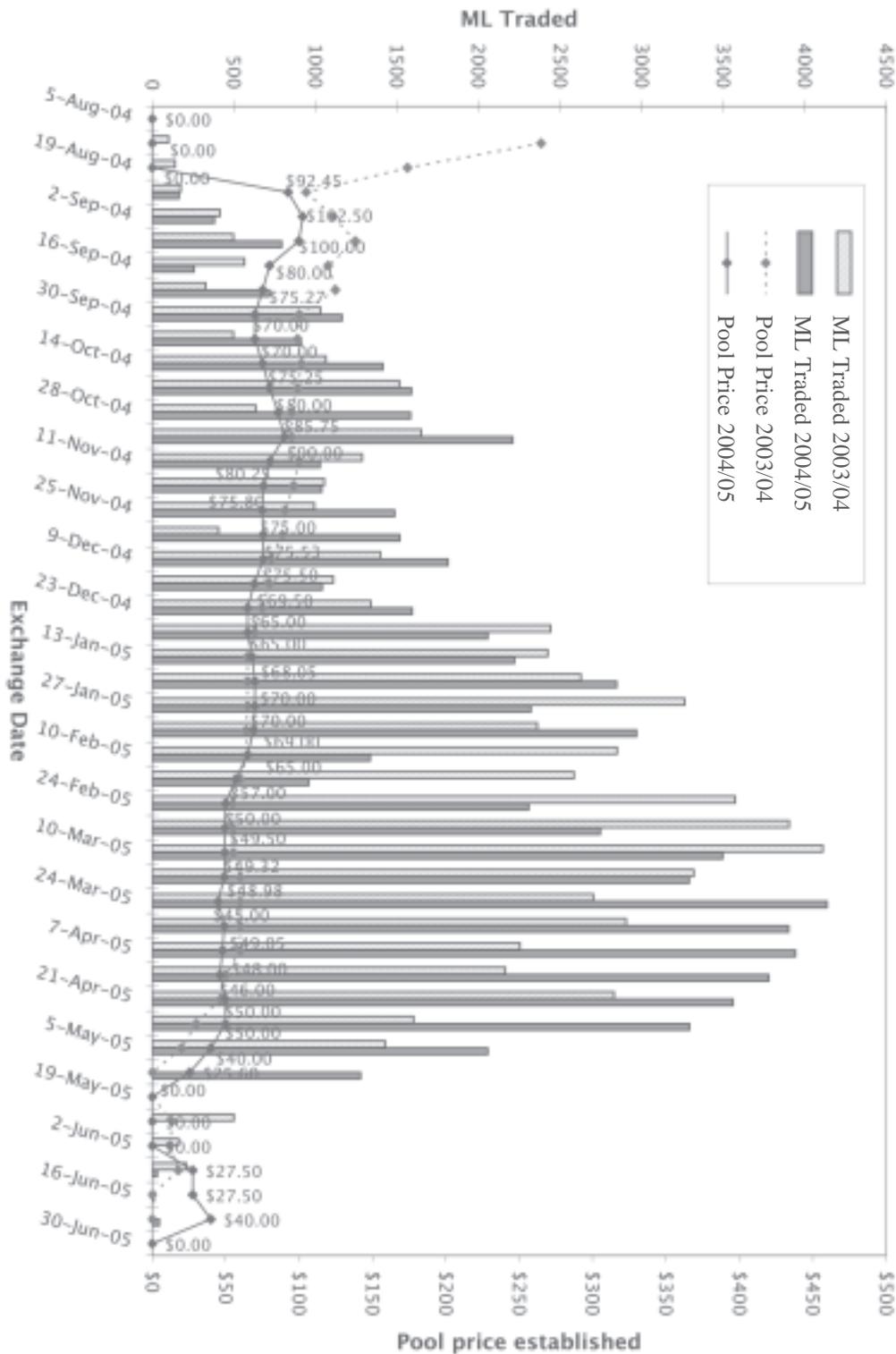
SUMMARY OF TEMPORARY TRANSFERS OF WATER RIGHTS AND DIVERSION LICENCES PROCESSED BY THE AUTHORITY DURING YEAR ENDED 30 JUNE 2005

District/Area or Waterway	Buyers			Sellers			Net Increase for District/Area or Waterway	
	No.	Water Right (ML)	Sales* (ML)	No.	Water Right (ML)	Sales* (ML)	Water Right (ML)	Sales* (ML)
Shepparton	661	21,299.2	20.0	1,060	36,908.5	0.0	-15,609.3	20.0
Central Goulburn	1,702	65,448.4	65.0	1,603	57,451.4	0.0	7,997.0	65.0
Rochester	926	42,836.6	306.5	689	29,668.9	22.0	13,167.7	283.5
Pyramid-Boort	593	34,684.6	440.0	584	36,957.1	0.0	-2,272.5	440.0
Broken River	12	1,222.0	0.0	12	1,222.0	0.0	0.0	0.0
Goulburn River	75	5,440.0	0.0	346	16,552.4	0.0	-11,112.4	0.0
Loddon River	44	1,760.5	4.0	132	5,634.8	0.0	-3,874.3	4.0
Goulburn System Total	4,033	172,691.3	834.5	4,426	184,396.1	22	-11,703.8	812.5
Murray Valley	1,200	61,786.4	2,341	762	31,937.0	1,003.0	19,851.4	1,338.0
Kerang-Cohuna	1,599	74,691.9	2,408	553	22,797.5	208.0	51,894.4	2,200.0
Swan Hill	300	9,422.2	69.0	360	10,715.0	0.0	-1,292.8	69.0
Woorinen	26	513.3	0.0	76	2,171.7	0.0	-1,658.0	0.0
Nyah	24	501.3	0.0	121	2,523.8	0.0	-2,022.5	0.0
Tresoo	25	332.3	50.0	70	1,306.6	0.0	-973.3	60.0
Mitta River	3	312.0	0.0	51	3,244.0	0.0	-2,932.0	0.0
Murray River	128	5,887.1	0.0	351	18,534.2	0.0	-12,647.1	0.0
Kiewa River	8	552.0	0.0	8	552.0	0.0	0.0	0.0
Ovens-King River	26	1,188.8	0.0	16	1,188.8	0.0	0.0	0.0
Murray System Total	3,339	145,169.3	4,868.0	2,368	94,968.6	1,211.0	60,219.7	3,667.0
Campaspe District	105	3,380.7	0.0	65	1,409.0	0.0	1,971.7	0.0
Campaspe River	44	1,063.2	0.0	71	1,765.7	0.0	-702.5	0.0
Campaspe System Total	149	4,463.9	0.0	137	3,194.7	0.0	1,269.2	0.0
Goulburn-Murray Total	7,521	322,344.5	5,702.5	6,961	282,559.4	1,233	39,785.1	4,469.5
SRW – Merbein ID	0	0.0	0.0	33	923.8	0.0	-923.8	0.0
SRW – Red Cliffs ID	4	366.0	0.0	46	1,424.9	0.0	-1,058.9	0.0
SRW – Robinvale ID	0	0.0	0.0	10	479.6	0.0	-479.6	0.0
SRW – River Div	10	855.0	0.0	178	16,357.0	0.0	-15,542.0	0.0
New South Wales	37	5,711.0	0.0	135	7,907.0	4,103.0	-2,196.0	-4103.0
South Australia	4	1,535.5	0.0	14	1,005.0	396.5	530.5	-368.5
Coliban Water	1	100.0	0.0	4	215.0	0.0	-115.0	0.0
Dept. Natural Resources	4	595.0	0.0	2	460.0	0.0	136.0	0.0
Wimmera Mallee Water	0	0.0	0.0	2	350.0	0.0	-350.0	0.0
First Milkura Irr Trust	0	0.0	0.0	76	3,386.4	0.0	-3,386.4	0.0
Goulburn Valley Water	7	412.0	0.0	108	10,942.5	0.0	-10,530.5	0.0
Lower Murray Water	0	0.0	0.0	56	5,139.4	0.0	-5,139.4	0.0
North East Water	0	0.0	0.0	2	200.0	0.0	-200.0	0.0
Grampians Water	0	0.0	0.0	2	530.0	0.0	-530.0	0.0
Central Highlands Water	2	10.0	0.0	0	0.0	0.0	10.0	0.0
Other Authorities Total	69	9,575.5	0.0	688	49,360.6	4,469.5	-39,785.1	-4,469.5
Total Transfers	7,590	331,920.0	5,702.5	7,619	331,920.0	5,702.5	0.0	0.0

* Prior to Feb 2005, volumes transferred to G-MW from interstate were classified as Sales. From Feb 2005 onwards, volumes transferred from interstate into G-MW Irrigation Areas were classified as Water Right.

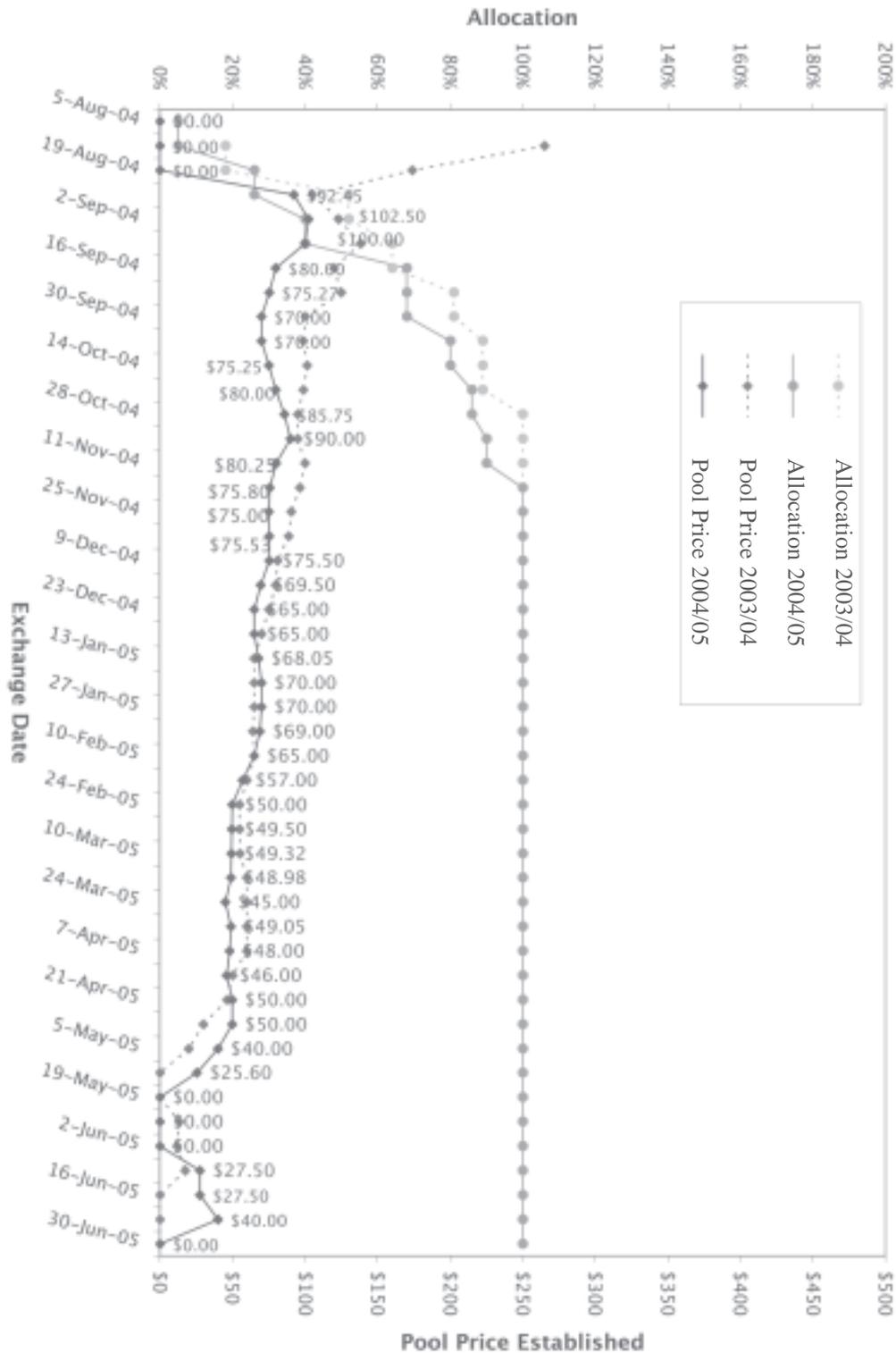
APPENDIX D I: WATERMOVE

POOL PRICE AND ML TRADED ZONE 1A AND 1B - GREATER GOULBURN



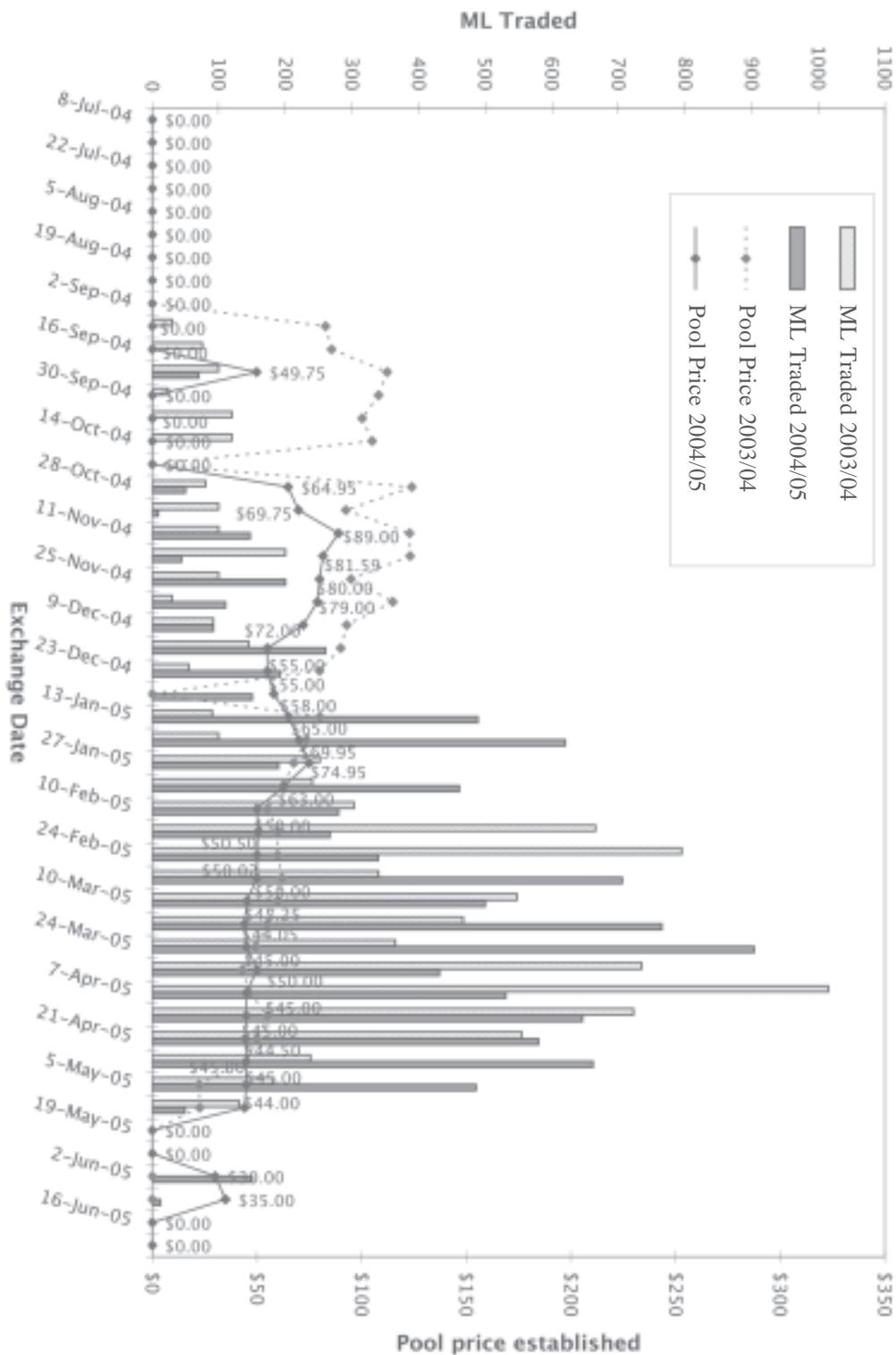
APPENDIX D2: WATERMOVE

POOL PRICE ESTABLISHED AND ALLOCATION ZONE 1A AND 1B - GREATER GOULBURN



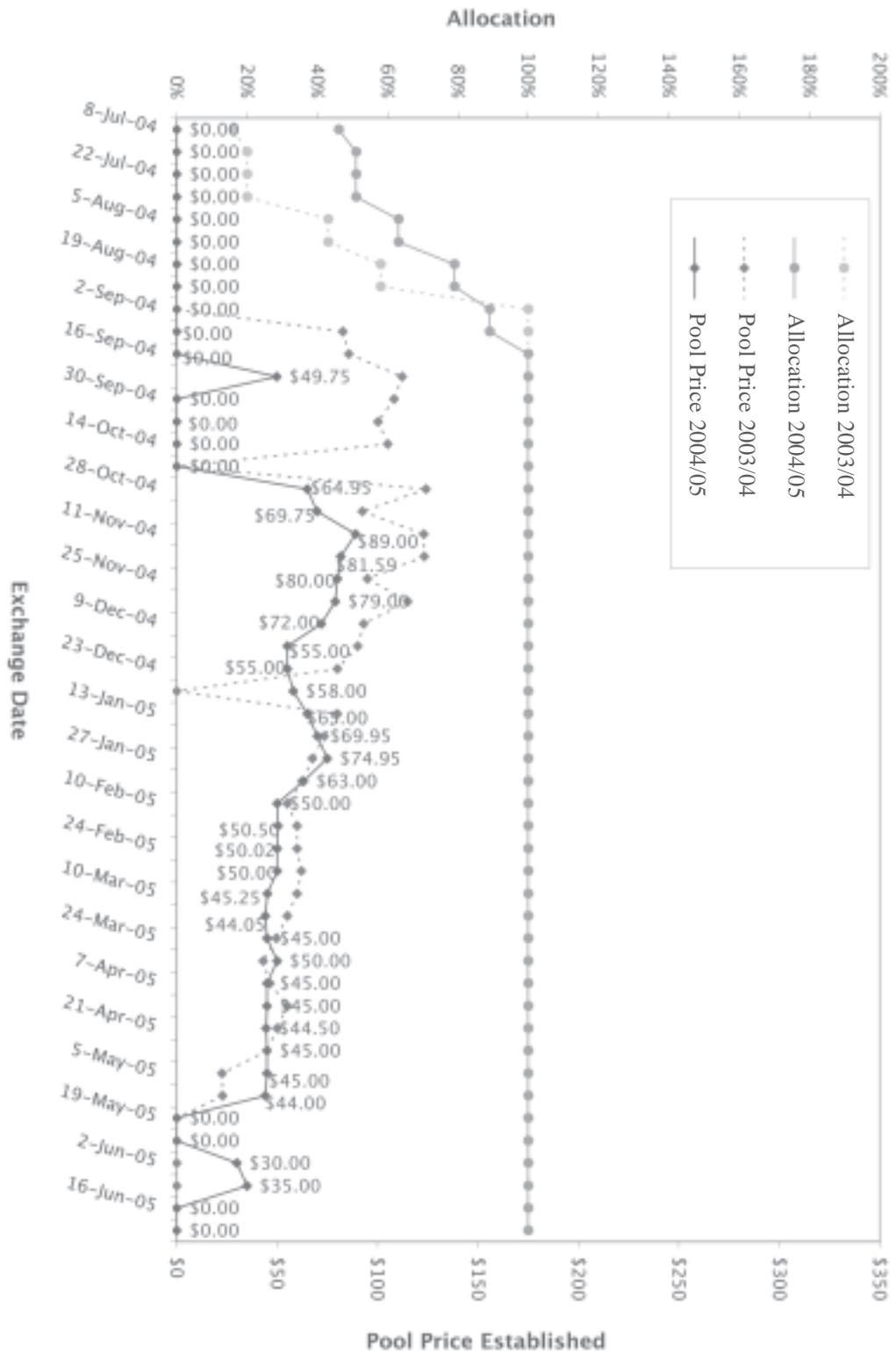
APPENDIX D3: WATERMOVE

POOL PRICE ESTABLISHED AND ML TRADED ZONE 6 - HUME TO BARMAH



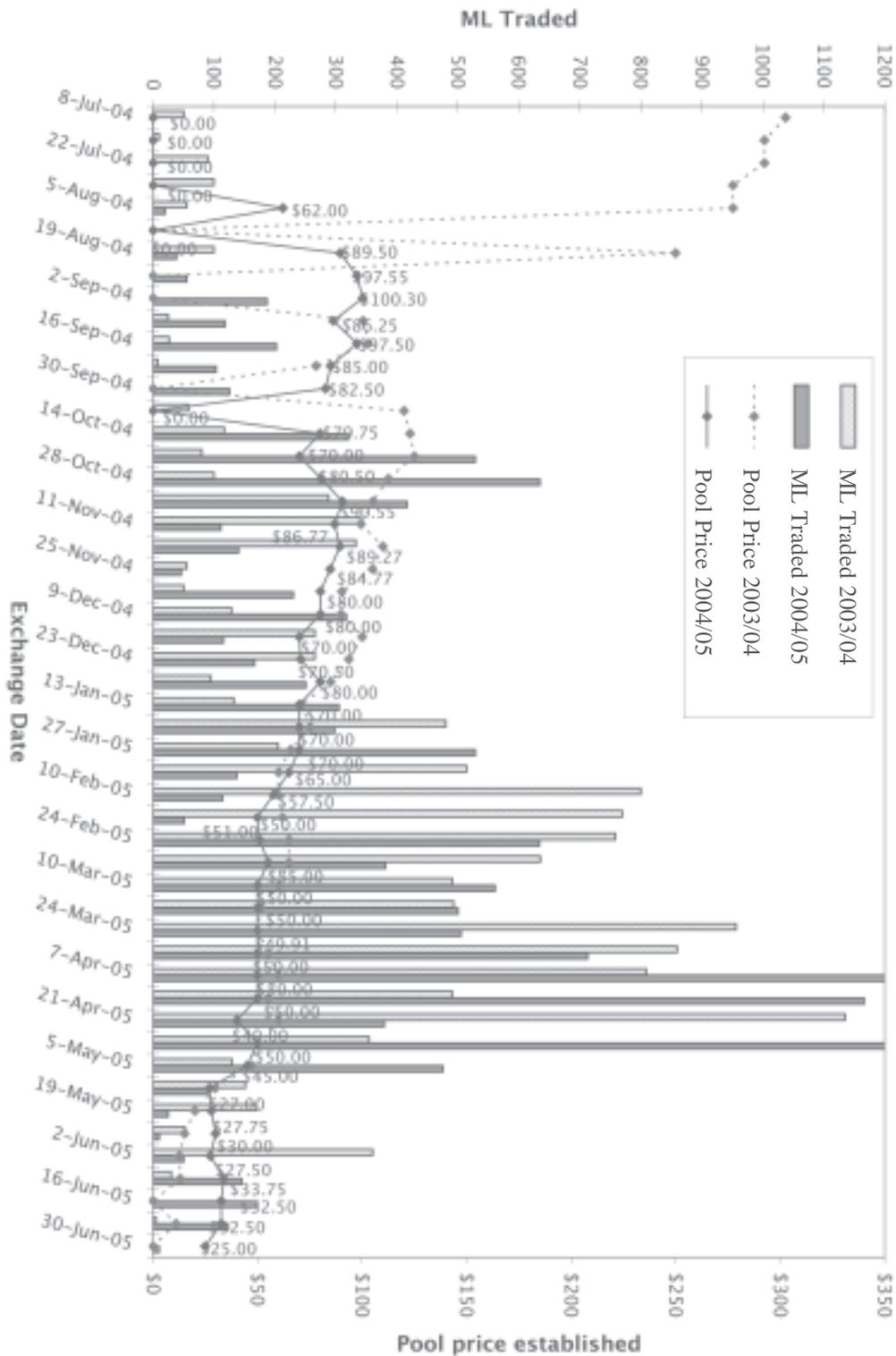
APPENDIX D4: WATERMOVE

POOL PRICE ESTABLISHED AND ALLOCATION ZONE 6 - HUME TO BARMAH



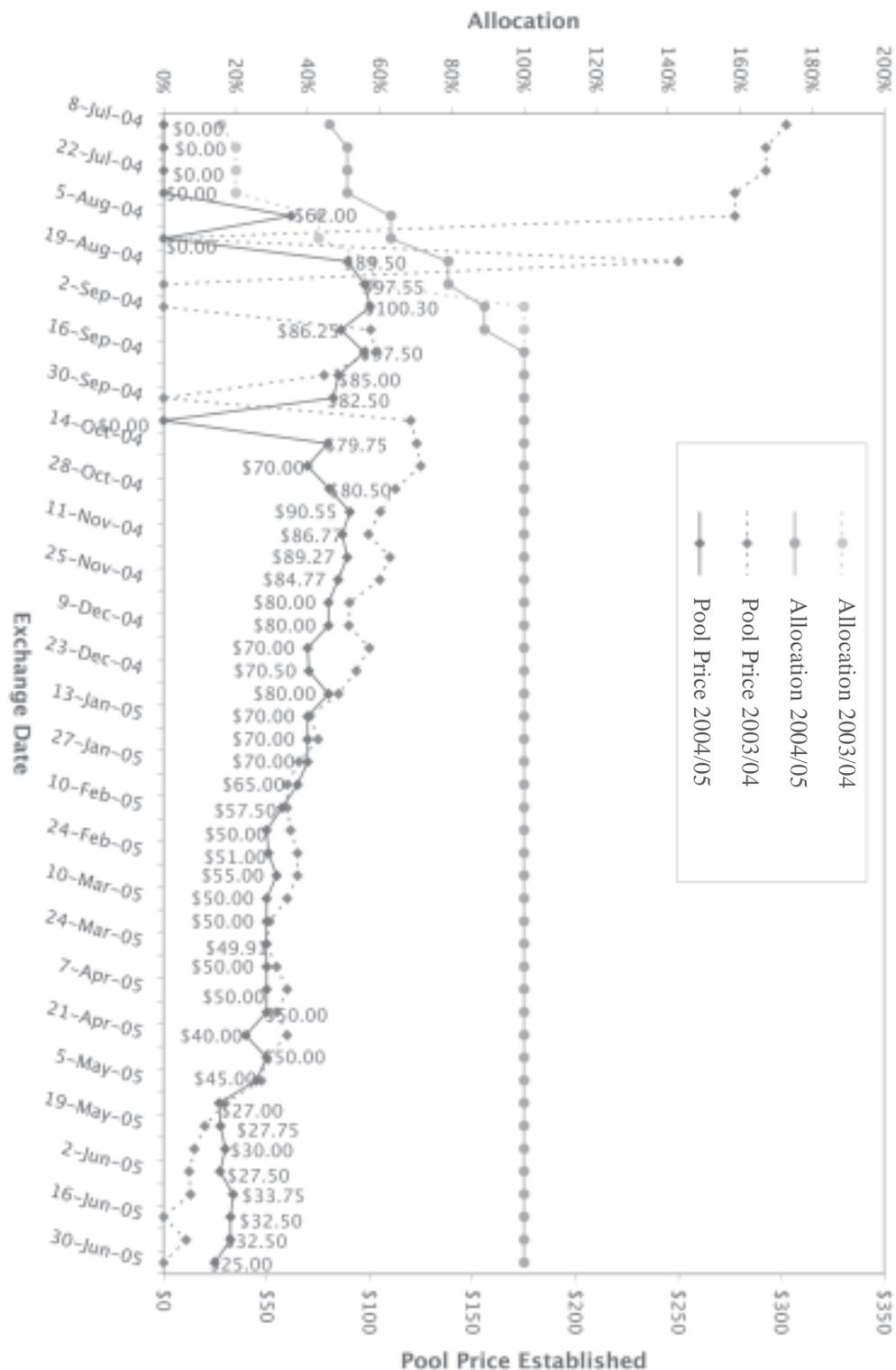
APPENDIX D5: WATERMOVE

POOL PRICE ESTABLISHED AND ML TRADED ZONE 7 - BARMAH TO NYAH



APPENDIX D6: WATERMOVE

POOL PRICE ESTABLISHED AND ALLOCATION ZONE 7 - BARMAH TO NYAH



APPENDIX E

PRIVATE DIVERSIONS FROM WATERWAYS AS AT JUNE 2005

Drainage Basin	Regulated										Unregulated													
	Irrigation			Stock & Domestic			Other			Total			Irrigation			Stock & Domestic			Other			Total		
	Licence	Authorized volume	Authorized area	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	Licence	Authorized volume	
Upper Murray (401)	61	14945.5	1730.4	43	108	13	37	0	54180.5	321	10109.1	1890.6	330	706	80	1005.3	0	11987.4	0	0	0	0	0	0
Kiewa (402)	0	0	0	0	0	0	0	0	0	315	13712.2	2393.5	270	619	63	2354.8	0	16695	0	0	0	0	0	0
Ovens (403)	389	25079.3	5055.8	152	745.6	22	724.6	0	26540.5	605	20009	4633	504	1130	62	302.5	0	21531.6	0	0	0	0	0	0
Buckley (404)	185	25336.2	4283.1	138	570	23	387.4	0	28203.6	255	5150.2	4074.8	175	360	25	194	0	5874.2	0	0	0	0	0	0
Goulburn (405)	382	42947.3	7752.9	712	2802.9	65	1703.5	0	62006.7	882	28376.2	10949.3	1121	2406	118	2206.1	0	30988.3	0	0	0	0	0	0
Campaspe (406)	182	17382.7	2738.3	142	300	86	438.8	0	18107.5	282	5128.9	2703	124	274	18	143.3	0	6548.2	0	0	0	0	0	0
Loddon (407)	249	21651.5	9814.7	243	528	25	303.7	0	22463.2	690	21374.2	6902.3	197	425	51	693.2	0	22493.4	0	0	0	0	0	0
Central Murray (409)	348	52788.6	9273.5	622	2378.1	55	2202.7	0	57369.4	798	6861.7	7777.2	118	242	15	294	0	7387.7	0	0	0	0	0	0
Mallee (414)	65	14654.5	4947.8	77	218.4	9	64	0	14736.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1807	213388.6	41596.3	2119	7857	268	5891.7	0	231837.3	3338	108793.5	40463.7	2639	6273	448	7515.3	0	122297.8	0	0	0	0	0	0

*Farm dams inclusive
 †Vitali Irrigators Co-op (8270029) Licence Volume of 5229 megalitres has been removed from this report to avoid duplication

APPENDIX F

GROUNDWATER EXTRACTIONS AS AT JUNE 2005

Groundwater Management Areas	Irrigation			Other		Total
	Licences*	Authorised volume	Authorised area	Licences*	Authorised volume	Authorised volume
	No	ML	HA	No	ML	ML
Alexandra	9	1705	312.3	11	125	1830
Barnawartha	1	120	20	9	475	595
Campaspe Deep Lead	102	45270.8	8443.6	100	491	45761.8
Ellesmere	5	1140	206.8	5	194	1334
Goorambat	6	15171	309.7	7	134	1651
Katunga	130	56948.2	9989.9	206	2975.7	59923.9
Kialla 1	5	1416.6	276.5	3	107	1523.6
Kialla 2	3	487.2	89.2	4	106	593.2
Kinglake	40	1663.3	493.6	47	349	2012.3
Mid Loddon	90	33546.4	5533.6	58	718.3	34264.7
Mullindolingong 1	4	135.7	25	17	172	307.7
Mullindolingong 2	14	1078.2	196.9	25	148	1226.2
Murrunjee	161	11604.3	2478.6	99	413.8	12018.1
Nagambie	37	7888	1567.3	24	82	7970
Shepparton	1011	191675.6	48888.1	963	23312.9	214988.5
Spring Hill	53	4552.1	1481.6	24	399	4951.1
Upper Loddon	91	11918.4	3276.2	73	1384.2	13302.6
Other areas	509	32481.6	8189.2	593	9410.6	41892.2
TOTAL	2271	405148.4	91778.1	2268	40997.5	446145.9

*Licence numbers compiled by purpose only. Not by Service ID. Service IDs often have multiple purposes.

DISCLOSURE INDEX

The 2004/05 Annual Report of the Goulburn-Murray Rural Water Authority is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

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DISTRICT SERVICES

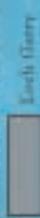
IRRIGATION AREAS



WATER DISTRICTS



FLOOD PROTECTION DISTRICT



MAJOR STORAGES

Goulburn System

- Lake Nillahcootie
- Lake Mokoan
- Lake Eildon
- Goulburn Weir
- Waranga Basin
- Lake Eppalock

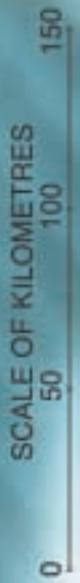
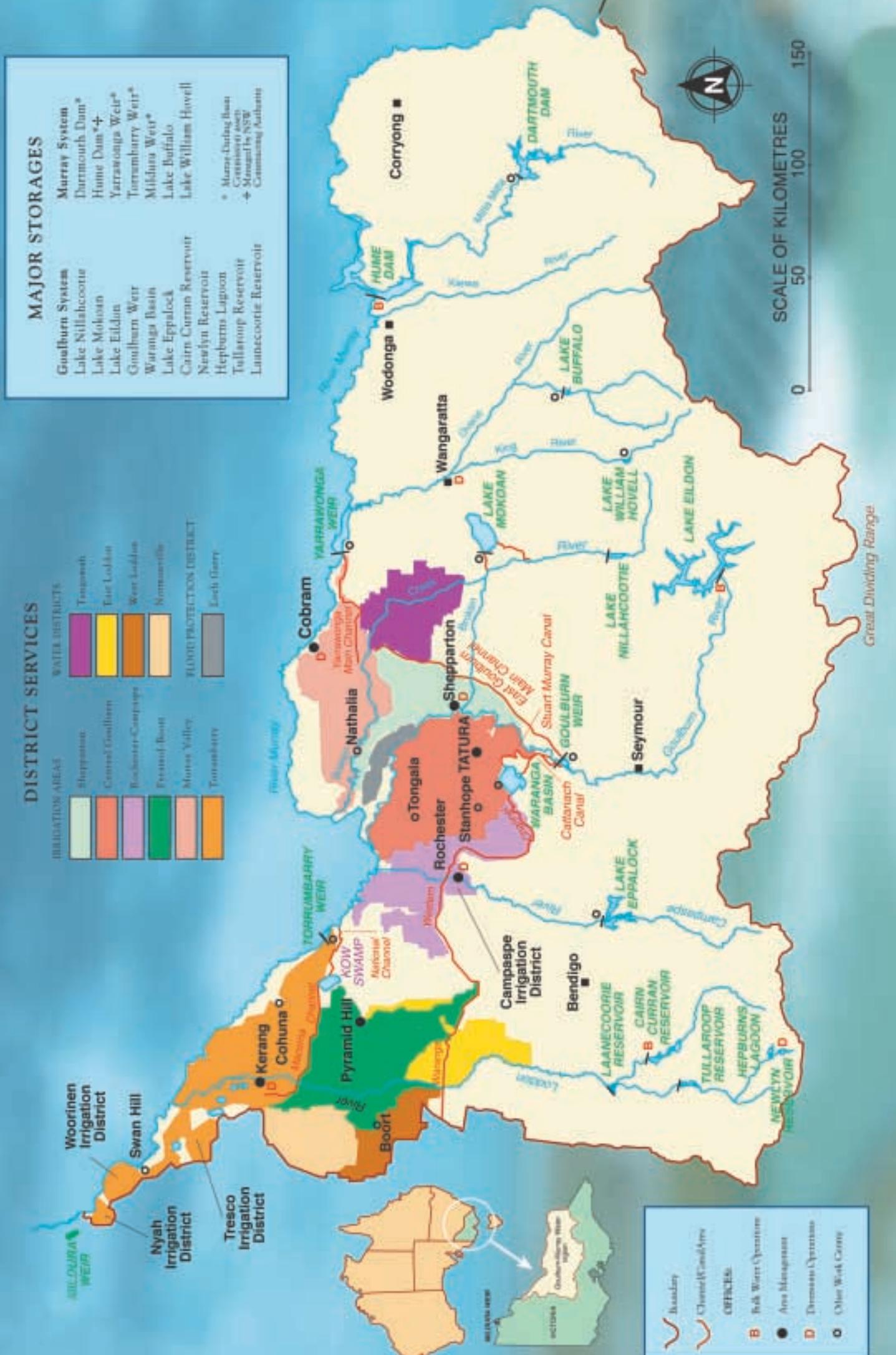
Murray System

- Dartmouth Dam*
- Hume Dam*+
- Yarravong Weir*
- Torrumbarry Weir*
- Mildura Weir*
- Lake Buffalo
- Lake William Howell

Cairn Curran Reservoir

- Newlyn Reservoir
- Hepburns Lagoon
- Tullaroop Reservoir
- Laanecoorie Reservoir

- Murray-Darling Basin Commission Asset
- Managed by NSW Commissioning Authority
- Commissioning Authority



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