



Annual Report
2009/10



G-MW Profile

Goulburn-Murray Rural Water Corporation [trading as Goulburn-Murray Water (G-MW or the Corporation)] is a statutory Corporation constituted by Ministerial order under the provisions of the Water Act 1989 (the Act). The Hon. Tim Holding, Minister for Water, is the responsible minister (the Minister) for the reporting period. The Corporation is the Resource Manager for northern Victorian water systems.

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

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

G-MW is the Victorian Resource Manager appointed by Department of Sustainability and Environment and has been given responsibility for making the seasonal

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

During the year the operations of the Corporation were divided into 5 divisions –

- Chief Operating Officer – Strategy Group
- Operations Division
- Technical Services Division
- Corporate Services Division
- Organisational Development Division

With each division being controlled by a General Manager who reports to the Managing Director and through him to the Board.

G-MW customers

Water Customers*

Gravity Irrigation (channels)	15,333
Shepparton	
Central Goulburn	
Rochester Campaspe	
Pyramid-Boort	
Murray Valley	
Torrumbarry	
Pumped Irrigation Systems	667
Nyah	
Tresco	
Woorinen	
Surface Water Diversions	11,182
Groundwater Customers	7,536
Domestic and Stock Supply	1,269
Tungamah	
Normanville	
East Loddon	
West Loddon	
Flood Protection	122
Loch Garry	

Non Water Users	
Customers with water shares not associated with a water use licence or registration.	1,135
Bulkwater supply to urban and rural water corporations (including North East Water; Goulburn Valley Water; Coliban Water; Central Highlands Water; Grampians Wimmera Mallee Water and Lower Murray Water).	6

Commercial Operators

Agricultural, Tourism and Recreational Leases and Licences	812
Houseboat Licences	706
Hydroelectric Companies	2
Plantation Operators	1

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

Front cover photos (top to bottom): G-MW's Myra Pieterse helps customers with their water enquiries; Phil Planting from Pickworth's Orchard and Mark Giansiracusa, G-MW Trainee Water Services; G-MW's Brett Szymanski helps customers with their water enquiries; Werner Lang, Tatura dairy farmer with Dean Ladgrove G-MW Central Goulburn Water Services Officer.

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

Annual Report 2009/10



Our Vision

During the year G-MW adopted a new vision, to be Australia's leading rural water service provider.

Our Mission

To provide efficient and effective water services to all customers.

Our Values

- Human safety.
- Customer service.
- Sustainability and the environment, business and community.
- Cooperation.
- Openness.
- Integrity, respect and pride.

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Year at a Glance

July 09

- The Minister for Water announced an extension of Qualification of Rights for all river systems in response to limited water and continuing low inflows providing G-MW customers with access to water for essential needs.
- After approval from the Essential Services Commission G-MW confirmed more than 300 individual prices at June 30 for the 2009/10 season, with a few significant increases directly linked to the delivery of local programs and improved services.
- G-MW commenced consultation with customer advisory committees about future pricing policy. G-MW staff meet with each Committee across the region to ensure regular and on-going consultation.
- G-MW's water trading ballot took place under independent supervision on Monday 6 July to determine the order for processing a record 999 ballot applications to transfer water shares. More than doubling last years ballot applications, the Commonwealth submitted applications it had accepted across the 2008/09 year under its *Water for the Future Buyback* program and this is the key reason for the increased ballot applications.
- Managing Director; David Stewart named in Australia's Top 100 Most Influential Engineers in the Australian Engineers Magazine.
- 70% allocation was announced to the Katunga Deep Lead groundwater.

August 09

- G-MW announced that the 2009/10 seasonal allocations would remain at zero for all systems and released updated outlooks for the 2009/10 seasonal.
- G-MW announced it will commence limited operations of the channel networks in the Murray and Goulburn systems to deliver carryover and purchased irrigation supplies to customers.
- G-MW announced an initial season annual groundwater allocation of 50% across all management zones within the Campaspe Water Supply Protection Area.

September 09

- The volume of high reliability water shares (HRWS) in any water supply that could be owned without being associated with land and that accumulates from year to year reaches the 10% volume limit – three years since unbundling. G-MW retained applications affected by the 10% limits while the legislation to repeal the 10% limit was debated in the Legislative Council of Parliament.
- G-MW and its FutureFlow Alliance won the Infrastructure Projects over \$20 million category at the Engineering Australia Awards (Victorian Division) for engineering solutions, project management and overall benefits to the community.
- Water shortage declared in the Spring Hill Water Supply Protection Area (VSPA) in response to ongoing dry conditions and low recharge to the groundwater system. G-MW announced seasonal groundwater allocations to limit the stress on the aquifer and ensure equitable access for groundwater users.

October 09

- G-MW streamlined access to the Victorian Government's Statewide \$7 million 2009/10 drought rebate by deducting the rebate from eligible customers Fixed Water Charge Accounts. Rebates were provided to 5,575 eligible customers on the Broken, Campaspe, Loddon and Bullarook systems, totalling \$2.7 million. Customers in the Murray, Goulburn, Ovens and King regulated systems did not receive the drought rebate as their allocation exceeded the eligibility threshold of less than 30% by 1 December 2009.

November 09

- Construction works at William Hovell Dam commenced. Works are part of G-MW's ongoing program to ensure all its dams meet appropriate and current safety standards.
- G-MW commenced drilling and installing a number of new monitoring bores in the upper Goulburn catchment, from Seymour to Kinglake and Alexandra as part of the State Observation Bore Network Refurbishment Project for the Department of Sustainability and Environment.
- The Victorian Government released the Northern Region Sustainable Water Strategy (NRSWS) which includes 50 recommendations and 17 policy changes to be implemented over coming seasons. Key changes for G-MW customers were improved carryover rules for the Goulburn, Campaspe and Murray systems and improved reserve policies for Murray and Goulburn systems.

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- G-MW's FutureFlow Alliance was awarded the Australian Water Associations Victorian Divisions' Infrastructure Innovation Award.
 - G-MW implemented a range of programs in partnership with local governments, the CFA and Department of Sustainability and Environment (DSE) to identify and address potential fire risks on and around G-MW's storages and along the delivery network in anticipation of fire risks over summer.
 - G-MW confirmed customers on the Broken, Campaspe, Loddon and Bullarook systems would be eligible to receive the Victorian Government's Drought Assistance Rebate as the seasonal allocations for these systems were less than 30%.

- G-MW's Board of Directors suspended the Pyramid-Boort WSC after 12 months of review. An interim Customer Reference Group will act in place of the WSC until at least the next annual WSC appointments in June 2010.
 - G-MW launched the 'Stay safe this summer' campaign, urging vigilance around channels and farm dams.
 - G-MW announced that the 2009/10 seasonal allocations in the Campaspe Deep Lead Water Supply Protection Area (WSPA), initially made on the 14 August 2009, would remain unchanged following a mid-season review of the groundwater levels.

December 09

 - G-MW launched E-Irrigator News – a fortnightly electronic newsletter including the latest information to assist customers' plan their water use and trading.

January 10

 - G-MW announced members for the Pyramid-Boort Customer Reference Group. The reference group was formed to ensure effective consultation arrangements were in place for the Pyramid-Boort region for 2010.
 - G-MW urged hunters to exercise care while hunting at water storages and also emphasised that G-MW did not approve of shooting on its irrigation channel network.
 - G-MW announced that the permanent transfer of groundwater entitlement was available in the Mid-Loddon Groundwater Management Area, and hoped that it would provide scope for future groundwater development.
 - In conjunction with the Murray River Algal Control Committee (MRACC) G-MW coordinated the Victorian

response to Blue-Green algal blooms that developed along the Murray River from Lake Hume to Koondrook, excluding Torrumbarry Weir. In March the bloom extended downstream to Swan Hill and also affected the Murray Valley Irrigation Area and the National Channel in the Torrumbarry Irrigation Area. By early April 2010 the algal levels declined below recreational alert triggers. In response to the outbreaks of blue-green algae G-MW increase monitoring, issued situational updates to media, communicated via mail with affected customers and updated information via phone and website services regularly and erected warning signs at key access points.

 - Blampied groundwater customers received a seasonal allocation increase from 80% to 100% due to increased levels over December.

February 10

 - G-MW announced it would begin using new technology that could pinpoint where and how much herbicide was being applied in waterways and dams, saving time and money and helping the environment.
 - G-MW released water into Lake Boga as part of its future role as one of the lakes forming the Victorian Mid-Murray Storage, 10,000 ML was released in total.

- G-MW adopted a risk based approach to assessing dairy wash licence applications which enabled a reduction in fees for many applicants without increasing risks to other water users.
 - G-MW's Campaspe Groundwater Reference Committee undertook a review of the current Campaspe Deep Lead Groundwater Supply Protection Area (GSPA) management plan and, from the review, developed a number of draft management proposals.

March 10

 - Over 1,000 customers attended G-MW's regional customer meetings outlining more options to use, trade and carryover water than ever before. To help customers understand the new policies for 2010 G-MW customer meetings were held at 33 regional locations across the region.
 - The management of groundwater resources in the upper Loddon catchment could change under a proposal to declare a new management area in the region. As well as considering a request to declare the new area, the Minister for Water was asked to abolish the existing Spring Hill Groundwater Supply Protection Area and Upper Loddon Water Supply Protection Area as well as to revoke the Spring Hill Groundwater Supply Protection Area Groundwater Management Plan.

- G-MW secured funding through DSE to undertake a groundwater resource appraisal in central Victoria's mineral springs region, an area extending from Daylesford to Lake Eppalock.
 - G-MW embarked on a review of how costs are recovered from gravity irrigation areas with the goal of simplifying administration and providing clear pricing signals for customers long term farm planning. The review did not impact on prices for the coming 2010/11 season but saw G-MW consider and develop approaches to pricing and tariffs that look beyond the current to 3 to 5 year regulatory horizons.

April 10

May 10

- G-MW launched the 2010/11 online pricing simulator – providing customers in Irrigation Areas with an indication of prices for their water storage and delivery services for the season.
- G-MW updated the outlook for 2010/11 seasonal allocations suggesting all systems were expected to receive zero allocations on 1 July 2010 under dry, average or wet inflow conditions.
- G-MW sought nominations to join one of G-MW's 11 Area and regional customer advisory committees. Six Irrigation Area Committees advised G-MW on channel delivery, pumped supply and drainage services, pricing and operations while five regional groundwater and river diversion committees advised G-MW on river and groundwater diversion services, pricing and operations and for the first time, advised on the integration of surface and groundwater management (conjunctive management).
- G-MW completed the third and final phase of Dethridge meter testing program involving 'in the field' testing of 95 Dethridge meters as part of a program to better understand meter error and its impact on sharing water resources between customers and overall system losses. The testing informed G-MW efforts to develop a cost effective way to meet the compliance and especially the audit requirements proposed under the National Metering Standards.
- Expressions of interest were sought for members in the lower Campaspe Valley and upper Loddon catchments who would like to be a member of a consultative committee in developing a draft groundwater management plan.
- G-MW held community meetings to discuss the proposed changes to the management of groundwater in the upper Loddon Valley.

June 10

- With 40% of water share applications submitted to G-MW incorrect, G-MW undertook some awareness strategies to highlight the most common mistakes.
 - Construction works were completed on the William Hovell Dam Safety Upgrade.
 - An international irrigation expert visited the region suggesting northern Victoria should be proud of its water reform projects that are now internationally renowned.
 - The Upper Ovens Management Plan public information evening took place at Myrtleford.
-

Joint Report by Chairman and Managing Director

New Strategy Responds to Changing Operating Environment

G-MW's operating environment is changing and new business challenges are continuing to emerge, highlighting the need for G-MW to quickly make changes to its strategic direction and business priorities in order to prepare for the future.

A major revision was made to G-MW's business model this year to enable us to drive the most significant period of change in the way our water systems provide services to customers in more than one hundred years.

In response to these changing business needs, G-MW's Board undertook an extensive analysis of the issues and developed a Strategic Change Program to underpin our vision of becoming Australia's leading rural water service provider.

The four Key Strategic Change Priorities that will transform G-MW and best position the business to meet evolving customer needs and climate scenarios, while allowing government policy, market forces and individual choice to shape commercial outcomes are:

- Modernisation
- People & Technology
- Pricing
- New Business Model

Financial Performance

The result for 2009/10 shows an accounting loss of \$62 million compared to \$34.1 million in the previous year. It is important to recognise that the statutory result does not reflect on-going viability or poor performance affecting G-MW's cash position. G-MW will continue to make large statutory losses for the next 50 plus years as significant non-cash expenditure and government funded programs overlap financial years.

It is equally important to understand that these statutory losses will not impact on future prices as they do not fall within the regulatory framework in which revenue is recovered.

While financial performance and financial statements are included further in this Report, a significant accounting loss was attributed to:

- Depreciation – based on all assets owned by G-MW, including past revaluations and costs of major works on G-MW assets funded by Government including FutureFlow modernisation works of \$286 million, NVIRP asset transfer of \$87 million and other funded construction and improvement programs.
- Written down value of asset disposed – the value of decommissioning channels and associated structures are written off as an expense in the operating statement, but does not involve any actual payments or expense that must be recovered through price.
- FutureFlow expenditure in the operating statement and
- Expenditure funded from prior year payments.

Drought

At the same time, drought affected all facets of G-MW's business and its customer base. 15 August marked the traditional start of the irrigation season and for the third year in a row all regulated systems began with 0% opening allocations.

G-MW Board and staff supported communities and the environment in drought through a range of initiatives and effort. From our ongoing liaison and contingency planning with neighbouring water corporations, catchment management authorities and government to our annual charity efforts, we endeavoured to make a difference wherever we could.

In recognition of the hardship caused by the drought and low allocations, G-MW regularly updated seasonal allocations and sought opportunities to maximise water availability while minimising losses.

Relationships

G-MW again focused on building relationships with stakeholder organisations and groups to ensure a cooperative approach to programs and projects.

G-MW Board and staff continued ongoing engagement and consultation with customers and their representative committees. This was a vital link to many of G-MW's achievements over the past 12 months. Cooperation with all stakeholders has proven its value with our combined efforts enabling the introduction of extreme drought response measures boosting allocations and reducing system losses.

The massive program of modernising the northern Victorian irrigation infrastructure gathered pace and saw activity on a range of levels.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for G-MW for the year ending 30 June 2010.



Stephen Mills

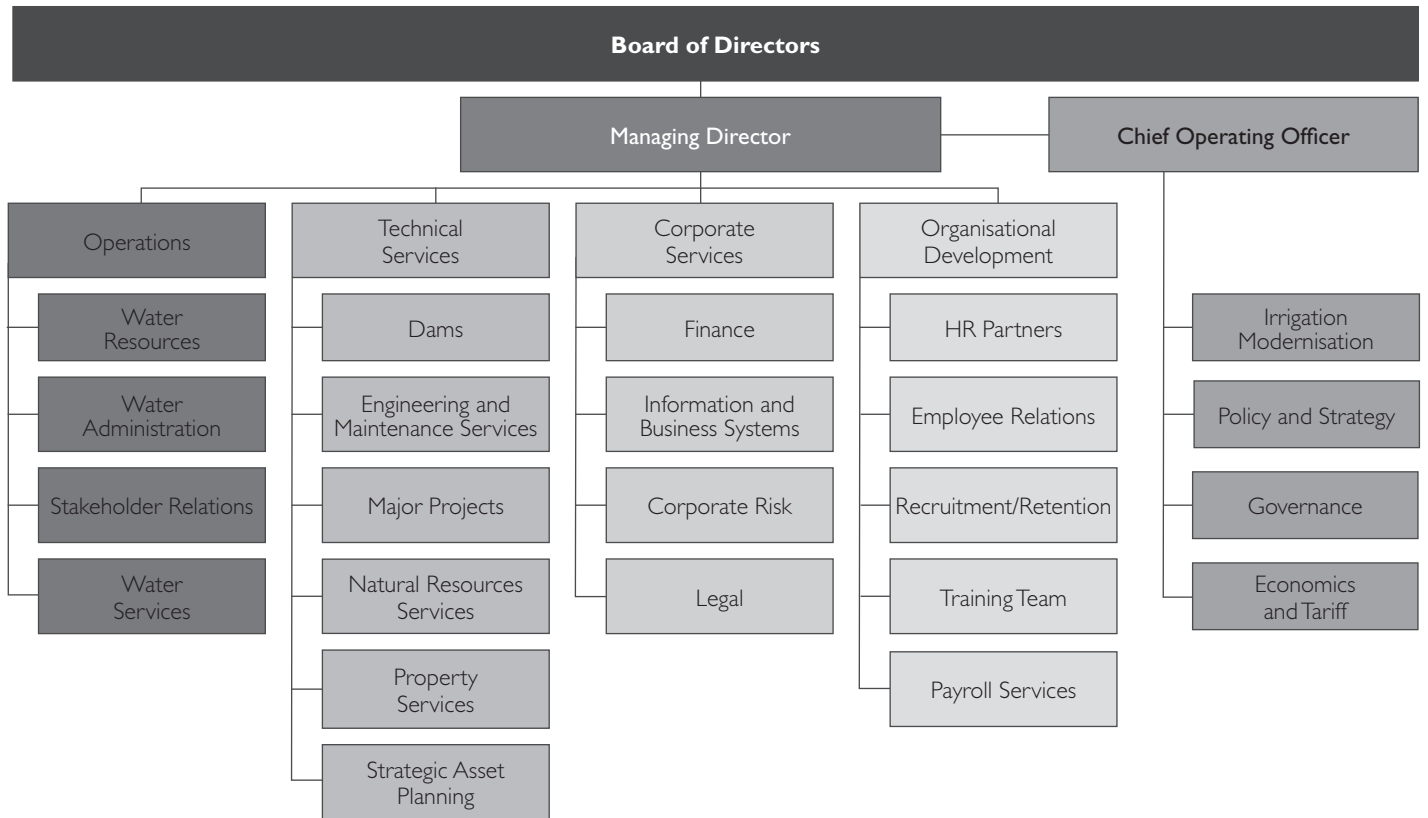


David Stewart

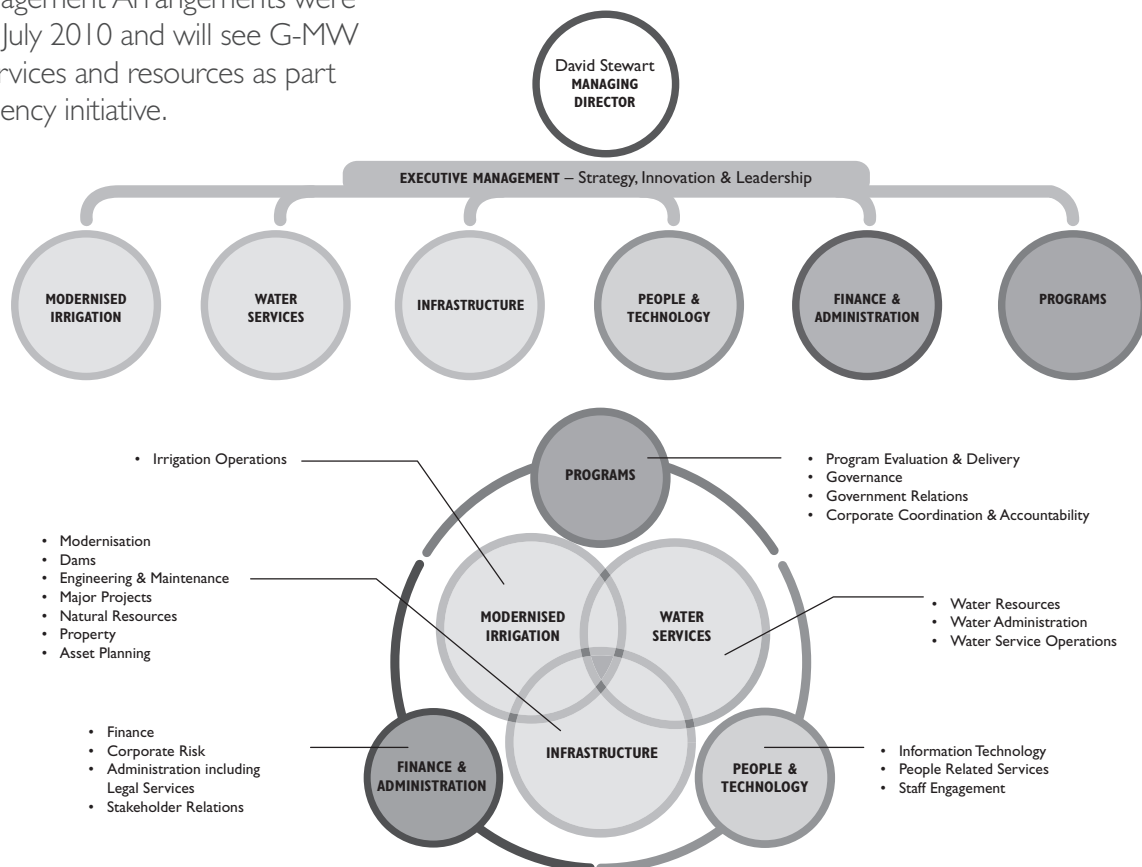
Stephen Mills
Chairman

David Stewart
Managing Director

Organisational Chart



New Management Arrangements were in place 1 July 2010 and will see G-MW sharing services and resources as part of its efficiency initiative.



G-MW Board Members and Skills

The Board

The Board of G-MW consists of seven directors appointed by the Minister for Water under the *Water Act 1989* and one director, the Managing Director, appointed by the other directors. The current directors and their terms of appointment are as follows.

Stephen Mills, Chairman FAICD

Term of appointment: 1 October 2007 to 30 September 2011.

Stephen is a dairy farmer at Numurkah in Northern Victoria and also a director of Murray-Goulburn Co-operative Co Ltd, Australia's largest dairy processor.

Stephen is passionate about Australia's irrigation industry and the achievements of irrigators in making the irrigation industry a strong, vibrant and sustainable sector of the Australian economy.

Stephen was awarded the Centenary Medal for services to irrigation and he participated in the Prime Minister's 2010 Summit. In September 2008 Stephen retired as Chairman of the Irrigation Australia Limited after 11 years as Chairman of IAL and its predecessor ANCID, the Australian National Committee on Irrigation and Drainage.

Craig Cook, Deputy Chairman, B.Ec

Term of appointment: 1 July 2004 to 30 September 2011

Craig is a management consultant to business and government. He is Director of the Rural Finance Corporation, a Director of IM Medical and a Deputy Director of VicSuper Limited. Craig operates a beef cattle property and vineyard at Tallarook.

John Brooke OAM, Director

B.Comm, B.Ed, FCPA, CA

Term of appointment: 1 July 2004 to 30 September 2011

John is an irrigation farmer near Pyramid Hill. He has extensive experience in local government, water resource management, business management and natural resource management. He is Chairman of Coliban Water and until 30 June 2009 a Director of the North Central Management Authority.

Catherine Scott, B.Sc (Hons), B.Comm, FAICD

Term of appointment: 1 October 2007 to 30 September 2011

Catherine operates a beef cattle property at Bylands near Kilmore. Catherine has extensive experience in the finance/investment banking industry with a strong focus on infrastructure and agribusiness funding. Catherine is an experienced Non-Executive Director and former Director of Entities in transport, natural resource and forestry industries. Catherine is Deputy Chair of Goulburn Valley Water and a member of the Finance and Resources Committee of Edmund Rice Education Australia.

Peter Fitzgerald, Director

Advanced Dip.Ag, GAICD

Term of appointment: 1 July 2004 to 30 June 2010

Peter runs a dairy and beef operation at Tongala and Kotupna. He is a former Councillor for United Dairy Farmers of Victoria, a graduate of the Australian Rural Leadership Program and a graduate of the Australian Institute of Company Directors. From 1 July 2006 until 30 June 2009, Peter was a Director of the Goulburn Broken Catchment Management Authority.

Des Powell, Director

Term of appointment: 1 July 2004 to 30 June 2010

Term of reappointment: 1 July 2010 to 30 September 2012

Des is a business consultant to industries such as transport, logistics, forestry and water. During the reporting period to 30 June 2010 Des also held the positions of Deputy Chair of the Port of Melbourne Corporation (continuing as a Director from 1 July 2010), part time Commissioner of the State Services Authority (to September 2009) and Director of Barwon Water (to 30 June 2010). Des is also Chairperson of the Alpine Resorts Co-ordinating Council and, from 1 July 2010, Deputy Chair of the Port of Hastings Corporation.

Claire Penniceard, Director

B.A(Hons), M Ed

Term of appointment: 1 October 2007 to 30 June 2010

Term of reappointment: 1 July 2010 to 30 September 2012

Claire is the owner of The Pig Pen Pty Ltd, a significant business at Euroa that grows out pigs on contract to service specialist export markets, notably Japan and Singapore. The enterprise showcases exemplary environmental, animal welfare and production outcomes, is a multiple national award winner and has national reputation for excellence in the Australian pork industry.

Claire is a member of the Federal Government Biosecurity Advisory Council and a member of several Victorian Ministerial Committees including the Ministerial Women in Primary Industries Advisory Panel, the Ministerial Animal Welfare Advisory Committee and the Ministerial Swine Industry Projects Advisory Committee. Claire is also the 2010 Victorian Runner Up in the RIRDC Rural Women's Awards, an award that recognises and encourages the important contribution that women make to primary industries.

G-MW Board Members and Skills

David Stewart, Managing Director
BE(Hons), CPEng, FIEAust, GAICD

Term of appointment: 14 May 2008 to 30 June 2013

David has more than 25 years experience in water resource investigation, design and management projects throughout Australia and overseas. He is a fellow of the Institution of Engineers Australia a Chartered Professional Engineer and a graduate and Member of the Australian Institute of Company Directors. He is Chairman of the Australian National Committee on Large Dams (ANCOLD) and a past Chairman of the Goulburn Valley Group, Institution of Engineers Australia. He is a Graduate of Fairley Leadership Program 1999. In May 2009, David was chosen from amongst his peers by Engineers Australia as being among Australia's top 100 influential engineers.

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

Russell was appointed to his first company secretary position at National Australia Bank and has occupied several positions as Legal Counsel and Corporate Secretary since then, the most recent being 10 years in the public health sector with Melbourne Health. Russell has had a long involvement with Chartered Secretaries Australia and has held the roles of National President and International President of the parent body, the Institute of Chartered Secretaries and Administrators (UK). Russell is a governance professional who has published articles on the subject and for several years presented to students of the Graduate Diploma of Applied Corporate Governance.

By Instrument of Appointment dated 24 June 2010, the Minister for Water reappointed Claire Penniceard and Des Powell to the Board for the period 1 July 2010 to 30 September 2012 and appointed Ms Suzanna Sheed as a Director for a similar term, replacing Peter Fitzgerald whose term had expired.

Suzanna Sheed LL.B, LL.M

**Term of appointment: 1 July 2010 to
30 September 2012**

Suzanna has been a practicing lawyer throughout her professional career with a strong interest in rural issues. Until recently she was a partner for many years in an irrigated farming enterprise including rice growing in the southern Riverina. Suzanna is a Director of RACV Limited, Chairperson of Fairly Leadership, a Trustee of the Goulburn Valley Base Hospital Foundation and a Member of the VicRoads Advisory Board. Suzanna is a Fellow of the Williamson Community Leadership Program and a Graduate of the Institute of Company Directors.

Responsibility of the Board

The responsibility of the Board is established by section 96(4) of the Act, which states that the Board of a water Corporation is responsible for the strategic planning of the Corporation and the management of the affairs of the Corporation.

To govern its actions, the Board has adopted a Board Charter which sets out its role and function and provides, amongst other things, for the conduct of directors, declarations of interest, meetings and matters reserved for the Board.

Board Meetings

The Directors contribute to the governance of the Corporation collectively as a Board through attendance at meetings, of which there are 11 scheduled for each calendar year. Each meeting lasts approximately five hours and several are held in regional locations within the G-MW service region.

It is usual when Board meetings are held outside Tatura for the Directors to meet with local business leaders and customer groups to gain a better understanding of water services and demand, local business needs and the effect of the drought on local farms. Often the Board invite senior bureaucrats from government departments such as the Department of Sustainability and Environment and the Department of Primary Industries to talk to the Board the evening prior to an off-site meeting.

The Directors have on occasion, between Board meetings, passed resolutions by circulation, which is provided for in section 122(A) of the Act.

In addition to Board meetings, individual contributions to the governance of the Corporation occur through participation in or chairmanship of the various committees of the board. Directors also give their time to attend significant functions and ministerial events across the catchment area.

Because of the delivery of irrigation water to northern Victoria is undergoing significant change through modernisation, Directors are encouraged to undertake site visits in order to view firsthand the activities and services provided by the Corporation.

Board Committees

Individual Directors lending their expertise to the operation of advisory committees of the Board assist the Board to carry out its function. The Board has established several advisory committees. During the year the following Board committees comprised the directors listed and carried out the function described –

Financial and Management Audit Committee (FMAC)

Members: Catherine Scott (Chairperson)
Peter Fitzgerald
Claire Penniceard
Linda Veronese (external member)

The function of the Financial and Management Audit Committee is to oversee the internal and external audit program, review annual financial statements and associated checklists, and monitor financial, management and accounting responsibilities and advise the Board.

The following members of staff also regularly attend meetings of the Committee – David Stewart (Managing Director), Peter Guy (General Manager Corporate Services), Jeff Huddle (Manager Finance).

Risk and Compliance Committee (RaCC)

Members: Des Powell (Chairman)
Catherine Scott
Peter Fitzgerald
Claire Penniceard

The function of the Risk and Compliance Committee is to support the Board in fulfilling its corporate responsibilities in relation to risk management and compliance. The following members of staff also regularly attend meetings of the Committee – David Stewart (Managing Director), Peter Guy (General Manager Corporate Services), Martin Krzywak (Manager Corporate Risk).

Remuneration Committee (Rem)

Members: Stephen Mills (Chairman),
John Brooke OAM,
Catherine Scott

The function of the Remuneration Committee is to oversee management remuneration policy, monitor management remuneration and advise the Board in relation to management remuneration packages for senior executives.

The following members of staff also regularly attend meetings of the Committee – David Stewart (Managing Director) Russell Barnier (General Counsel and Corporate Secretary) Joanne Harrison (General Manager Organisational Development).

NVIRP Coordination Committee (Co-ord)

Members: Craig Cook (Chairman)
John Brooke OAM

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

The Committee comprises two Board members from each of G-MW and NVIRP.

The following members of staff also regularly attend meetings of the Committee – David Stewart (Managing Director), Matt Barden (Manager Irrigation Modernisation) and Peter Egglestone (Acting Manager Irrigation Modernisation)

The members of the Committee report to their respective Boards on major issues dealt with and the minutes of each Committee meeting are provided to directors with their board papers.

The Chairs of each Committee give a verbal report to the Board on major issues dealt with and the minutes of each Committee meetings are provided to all directors with their Board papers.

Pricing Project Steering Committee

The function of the Pricing Project Steering Committee is to provide advice and guidance to management on

- the current G-MW pricing policy review, and
- the associated consultation strategy.

The first meeting of the Committee was held on 21 April 2010 and membership is made up of John Brooke OAM (Chairman), Stephen Mills, Craig Cook, Des Powell, a member of NVIRP and a DSE representative.

G-MW Customer Committees

Pursuant to section 122 (c) of the Act, the Board has created Customer Committees to provide advice and assistance to the Board on service and customer related issues. Customer Committees are comprised of customers chosen through a community nomination procedure and appointed by the Board. The Board and management value the input and advice of Committees, which are often consulted and views sought on operational matters prior to implementation. Management, and directors on a rotation basis, attend meetings of the Customer Committees.

G-MW Board Members and Skills

Attendance at Meetings

The following chart gives an indication of the attendance by Directors at scheduled Board and committee meetings.

Total number of scheduled meetings/number attended						
Director	Board	FMAC	RaCC	Rem	Co-ord	Pricing Project
Stephen Mills	11/11	6/6	3/4	5/5		3/3
Craig Cook	9/11			4/4	9/10	3/3
Catherine Scott	11/11	5/6	4/4	1/1	7/7	
Des Powell	11/11		4/4			3/3
John Brooke OAM	11/11	6/6		5/5	3/3	3/3
Claire Penniceard	11/11	1/1	4/4			
Peter Fitzgerald	11/11	6/6	4/4		9/10	
David Stewart	11/11	4/6	4/4	4/5	9/10	3/3
Linda Veronese		5/6				

Board Delegation of Functions

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

As at 30 June 2010, the following directors had the water entitlement listed against their name –

Stephen Mills	828.1 ML	Murray HRWS
	378.1 ML	Murray LRWS
	180.0 ML	Drainage Diversion Agreement
Craig Cook	3.0 ML	Catchment Dam
John Brooke OAM	385.4 ML	Goulburn HRWS
	176.6 ML	Goulburn LRWS
Peter Fitzgerald	858.9 ML	Goulburn HRWS
	340.0 ML	Goulburn LRWS
	208.8 ML	Drainage Diversion Agreement
	381.0 ML	Groundwater Licence
	17.0 ML	Catchment Dam
	2.0 ML	Private Right (Groundwater)
Claire Penniceard	40.0 ML	Groundwater Licence

Directors as G-MW Customers

G-MW Directors Stephen Mills, Peter Fitzgerald, Claire Penniceard, Craig Cook and John Brooke are customers of the Corporation, enjoying the same terms and conditions as those applying to all G-MW customers in receipt of similar services. It is a Board policy that Directors declare their interest as customers when information which may affect water pricing or delivery is discussed and decided upon by the board. The Directors will either absent themselves during such discussions or warrant that they will not buy or sell water shares prior to such information becoming publicly available. It is also the Board's policy to disclose water entitlements in the Annual Report.

Chief Operating Officer – Strategy Group

During the year the Chief Operating Officer – Strategy Division was formed to work across the whole organisation to drive business change, delivery of project outcomes and review organisational performance against targets.

To ensure G-MW is best placed to capture the system benefits of modernisation and these are reflected in current and future pricing and tariff policies, and customer service standards, the Division includes an Irrigation Modernisation, Policy and Strategy, Governance and Economics and Tariff groups.

Projects, Performance, Partnerships

G-MW worked with key agencies to assist in and deliver works that are part of a range of modernisation projects underway in G-MW's region.

Shepparton, CGI 234 and Early Works Modernisation Projects

G-MW's FutureFlow Alliance was established in early 2008 to deliver a package of modernisation works totalling \$286.3 million. FutureFlow's works included the CGI 234 Modernisation Project, Shepparton Modernisation Project and the NVIRP Early Works Program.

FutureFlow completed each of these projects on schedule and under budget during the 2009/10 financial year. The majority of the works undertaken in the reporting period involved completing the rationalisation and replacement of Dethridge Meter Outlets in the Shepparton and Central Goulburn Irrigation Areas. 470 Dethridge Meter Outlets were rationalised and over 3,250 new electronic meters were installed by the alliance in a fifteen month period.

This program involved extensive consultation with G-MW customers to ensure the appropriate meter type was offered to suit each customer's on-farm needs. FutureFlow has subsequently used G-MW's radio telemetry system to remotely monitor the performance of new meters as they are used for irrigation. All the new meters used in the 2009/10 irrigation season met their design requirements and customer expectations.

Customers who have had automated meters installed have provided consistently positive feedback on the impact of this functionality on their irrigation practices. When combined with the channel automation technology and expanded radio telemetry network, the new meters offer a significantly improved level of service to irrigators and an immensely enhanced operational capability for G-MW.

In order to gauge the success of FutureFlow's works program, the Alliance undertook customer satisfaction surveys of 750 of G-MW's customers affected by the alliance's works. The alliance received average scores greater than 8 out of 10 across the sample size. This result is a testament to the cooperation extended to FutureFlow by G-MW's customers and indicates an increased level of acceptance by irrigators of the benefits of modernisation.

The success of FutureFlow works have been recognised by the engineering and water industry with the alliance receiving the following prestigious awards during 2009/10.

- 2008/09 Australian Engineering Excellence Award for Victorian infrastructure projects over \$20 million
- 2009 Australian Water Association Project Innovation Award
- 2009 International Water Association (Asia Pacific) Project Innovation Award

Receiving the International Water Association Project Innovation Award is a significant achievement and demonstrates Australia is recognised as leading the world in developing innovative water infrastructure solutions in a climate of reduced water availability. The FutureFlow Alliance is now one of four finalists in the International Water Association's Global Project Innovation Awards to be announced in Canada in September 2010.

With all of the rationalisation and construction works now complete, FutureFlow will maintain the new assets through a defect liability period which expires at the end of 2010. G-MW will take full ownership of the assets at this time which will mark a significant milestone in the evolution of a modernised irrigation network for G-MW and its customers.

Chief Operating Officer – Strategy Group

East Loddon Pipeline Project

A number of studies have been conducted into ongoing operation and supply options for water delivery in the East Loddon Water District. The District operates highly inefficient channels that supply domestic and stock water to dry-land farmers.

The preferred option – replacing the inefficient open channels with a pressurised pipeline – will save some 1.9 GL of water losses annually. The existing on-farm channels and dams will be replaced by water-conserving pipes, tanks and troughs.

In 2009 NVIRP announced it would be prepared to contribute up to \$9.5 million to water savings projects in the East Loddon Water District.

During the year, works commenced on the survey and design for the proposed scheme. The design and consultation phase is continuing with the expectation of final approvals in late 2010 and construction in 2011.

The project will involve the construction of approximately 215 km of pressurised pipeline. Works will also include a pump station at the off-take from the Waranga Western Channel and a winter balancing storage of approximately 100 ML. The existing channel system will be decommissioned as part of the project, with the planned works having due consideration for environmental and catchment drainage issues.

Modernisation Delivers Water Savings

The way modernisation of the irrigation network is delivering dividends for farmers and other water users across northern Victoria was highlighted in five case studies released by G-MW in August 2009. The studies, recorded during the worst drought on record, demonstrated how a modernised, more efficient irrigation network delivers more water sooner in every season – improving water security for G-MW customers.

These first year results use 2008/09 season data to demonstrate improved efficiency and better service to farmers. They are tangible examples of how channel automation, channel lining and new meters are improving the operation of the system, improving water efficiency and enhancing G-MW's service to its customers.

Continuous data collected across the 2008/09 season confirmed releases (outfalls) had reduced for the Shepparton Irrigation Area. In Central Goulburn, outfalls on the modernised sections of the channel network dropped by so much after the new automated channel regulators were 'switched on' that they ceased to be measurable. The same monitoring has demonstrated that lining sections of channel has significantly boosted efficiency.

The final savings estimates were confirmed when the data was verified and independently audited in September and October 2009 (see following).

Copies of the case studies are available at www.g-mwater.com.au/modernisationcasestudies

Water Savings Audited

G-MW has more than six years experience in the installation and use of modernisation technology and its roll out in the region, this is in addition to G-MW's ongoing work to understand, measure and quantify components of system loss and to identify opportunities for improved system efficiency. G-MW drew on this experience to assist in the development of the Department of Sustainability and Environment's Water Savings Protocols. For the first time ever, all state water savings projects will be subject to a consistent and rigorous process for calculating the long term water savings. G-MW will use the protocol to estimate water savings achieved from projects underway across the region. All estimates will be subject to independent verification and audit.

DSE appointed an independent auditor to audit the water savings achieved to date by G-MW's modernisation projects. The Phase 3 audit, in accordance with the DSE Water Saving's Protocols, took place during September and October 2009.

In these early stages of the modernisation program, the volume of savings depends on the number of assets installed and commissioned and the volume of deliveries made using these assets. The audit verified that modernisation works installed by G-MW's FutureFlow Alliance by the end of the 2008/09 irrigation season in May 2009 had saved 1.62 GL in the CGI1234 area and 2.64 GL in the Shepparton area. The audit also verified that 2.65 GL was saved by the works undertaken by G-MW on behalf of NVIRP under the Early Works Program.

The long term (average) estimated water savings for the CGI-4 and Shepparton Modernisation projects are 16.4 GL and 51.3 GL respectively.

Whole of Life Report – Continuing Work

As reported in the last Annual Report, the Whole of Life Report, developed after six months of investigation and independently reviewed, sought to analyse the impacts of the modernisation upgrades into three modelled scenarios – Business as Usual, NVIRP Stage 1 Scenario and NVIRP Stage 1 and 2.

Throughout 2009/10 the Business as Usual and NVIRP Stage 1 Scenarios were updated as more data became available, while the NVIRP Stage 1 and 2 scenario was continually modelled on various NVIRP Stage 2 scenarios. The Whole of Life model became a key tool to allow NVIRP to test a number of scenarios during the development of the Stage 2 business case. The model is also being used as a resource in G-MW's pricing review. The Whole of Life initial report was released publicly in last years reporting period (available at www.g-mwater.com.au/wholeoflife). The Stage 2 business case has been submitted to the Commonwealth Government and has yet to be approved.

G-MW commences review to modernise pricing and tariffs

During the year, G-MW undertook monthly meetings with its customer committees to prepare an Amendment of Revenue Requirement for the next three years that reflected the anticipated impact of NVIRP on its business operations, services and costs. The submission was provided to the Essential Services Commission (ESC) in February 2010 but it was increasingly apparent that the regulatory planning horizon of only three years did not provide scope for G-MW and customers to adequately consider and address some of the key long term factors impacting on future prices for water services. These factors included the completion of NVIRP by 2018 and the Murray Darling Basin Authority's new Basin Plan.

Following further discussions with the ESC, in May 2010 G-MW withdrew its Revenue Submission and announced it would embark on a comprehensive review of how it recovers costs from customers in the gravity irrigation areas. A committee of the Board was established to lead the review and representatives from DSE and NVIRP joined the committee. The review will provide clear principles and directions for G-MW pricing over the next decade beginning with the development of prices for 2011/12.

The ESC approved a one year pricing schedule for the 2010/11 season within G-MW's existing 2008/09 – 2012/13 revenue determination. The 2010/11 schedule incorporated three policy changes that had been subject to extensive consultation with G-MW's customer committees. To minimise price volatility for customers, G-MW increased the proportion of total revenue recovered through fixed charges, with a corresponding

reduction in the costs recovered at the end of the season through usage charges. To further reduce price volatility and allow for the impact of carryover and low water availability, G-MW moved to calculating usage prices on the basis of delivering volumes equivalent to a 60 percent allocation. Finally, to reduce future operations and maintenance costs for all customers by encouraging fewer service points, G-MW adopted increased service point fees for all domestic and irrigation service points in the Irrigation Areas. The policy changes do not increase the total revenue recovered by G-MW in a season with the increased service point fees offset by corresponding reductions in infrastructure access fees.

Drainage Tariff Review

During 2009/10 G-MW commenced a review of the way customers are charged for their drainage services. The current drainage tariff had been in place since 1992 with many changes occurring since that time. The review is part of a review of all G-MW tariffs and the objective of the review is to simplify the existing tariff, recover costs of providing the service from customers fairly, be easy for customers to understand and assist G-MW to achieve catchment strategies. The review was conducted in two stages:

Stage 1

- Changing the way customers are charged for taking water from drains.
- Modifying the way that customers who discharge water to the drain pay for access to the drain.
- Ensuring that all sources of water used for irrigation attract the volumetric charges where appropriate.

Stage 2 aims for:

- Reducing the number of drainage tariffs by amalgamating existing drainage tariffs where possible.
- Reducing and simplifying the complex divisional tariff structure currently in place.
- Applying a consistent management approach across all drainage services.

Stage 1 has been implemented in July 2010. Stage 2 is well progressed and will be implemented in July 2011 following consultation with WSCs and customers.

Chief Operating Officer – Strategy Group

Rebalancing Gravity Irrigation Tariffs

A number of changes to the tariff structure of gravity irrigation were proposed to ensure appropriate price signals are in place to achieve long term financial sustainability for G-MW and customer affordability, while also providing adequate price signals to realise a fully modernised and efficient water delivery system that meets current and future customer demands.

Service Point Fees are levied to recover the cost of providing and maintaining service points, and G-MW rebalanced fees this year, proposing fee increases that reflect current costs for providing irrigation service point as well as domestic and stock service points. As meters are modernised, the service point fee will be adjusted in future years to reflect this change.

Improving the functionality of service points can deliver improved on farm service through larger and more consistent flows onto farm, remote operation and integration with on farm technology. G-MW's proposed increase in the Service Point Fee was first raised with WSCs in March 2009, with discussions and consultations continuing throughout the year. Specific information on the impact on different fees was presented to WSCs, as well as information on the current costs of servicing the various types of meters currently in use, and known or expected future cost influences and timelines.

Carryover Rules Improved

The use of carryover as a method to help manage security during times of low allocation has been well accepted by G-MW customers since its introduction in 2007/08.

The maximum volume that can be carried over from one year to the next has increased from 30% to 50% of High and Low Reliability Water Shares where this is linked to land. The Northern Region Sustainable Water Strategy proposed that this limit be increased to the equivalent of 100% of HRWS and 100% of LRWS in a concept called Spillable Water Account (SWA). This means if customers carry over allocation equivalent to more than 100% of their high and low reliability water shares, the extra water is quarantined in a SWA until the declaration is made or the storage spills. A declaration is made by the Water Resource Manager when there is a low risk of this spill occurring, water in the SWA will then return to the entitlement holders Allocation Bank Account (ABA) and be available for use. If the storages spill, water in SWAs will be the first water to spill – this protects the existing entitlements, and the water in the SWA will be cancelled.

During the year, G-MW worked on the policy and pricing aspects of the new Spillable Water Account, as well as communicating the changes with customers through newsletters and customer meetings. The new carryover rules commenced in the Goulburn, Murray and Campaspe Irrigation systems on 1 July 2010.

Partnerships

G-MW again focused on building relationships with stakeholder organisations and groups to ensure a cooperative approach to programs and projects.

G-MW works with FutureFlow (a G-MW alliance), Rubicon (key supplier of G-MW systems and technology) and with the Northern Victoria Irrigation Renewal Project to assist with planning, policy development and in ensuring G-MW technical standards are met.

G-MW continued to provide a range of information to assist NVIRP in the development of its business case, delivery of its modernisation works across the region and in supporting and planning for the delivery of water reforms to return more water to the environment.

Operations Division

The Operations Division represents almost two-thirds of G-MW's entire workforce and is responsible for all aspects of G-MW's relationship with its customers, including services to support how customers own and trade water, the sharing of available water amongst entitlement holders and the management of the delivery of water to customers' farms and businesses. In recognition that timely and relevant customer communications are a critical component of customer service, the Operations Division also includes the Stakeholder Relations Unit.

Water Delivery and Ordering

Regulated Systems

Customers who source their water from channels, rivers or lakes where the entitlement is captured and stored in a storage, where flow is controlled by a large dam or river with modified flow are customers on a regulated system. Across the region there are over 6,000 km of channels and drains and over 76,000 structures such as bridges, culverts and weirs.

For the third year in a row, there was no opening allocation in any system and early season operations were focused on delivering domestic and stock supplies to customers along with essential needs to more than 30 towns supplied by G-MW's channel delivery network.

Unregulated Systems

Customers who source their water directly from rivers, streams and lakes where the entitlement is not captured in a storage but reliant on stream flows are defined as customers on an unregulated system. There are over 150,000 km of unregulated rivers and waterways and the 2009/10 season was another challenging year for water users on these systems.

Rosters and restrictions were required on 84 of the 124 unregulated streams across the region to share water between irrigation users, domestic and stock needs and to protect flows for the environment. Streams altered from 130 last year to 124 this year as tributary streams were tied or included in the main stream.

In the unregulated systems extensive work was required to manage compliance and communications resulting from unregulated stream sub-catchments operating under some form of restriction during the year. G-MW prepared and implemented rosters and ensured water sharing between customers was a priority for the season.

G-MW engaged with relevant authorities to document Local Management Rules to improve certainty about future management.

System Performance

G-MW implemented a range of drought service standards in partnership with Water Services Committees to minimise system operating requirements and boost resources available for allocation to record the lowest ever system operating requirements for its Irrigation Areas of 345,000 ML

**Murray System – System Performance Within Irrigation Areas
2005/06 to 2009/10**

Season	Murray Valley ⁵			Torrumbarry ^{5,6}			Total		
	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency
2005/06	274	107	72%	477	209	70%	751	316	70%
2006/07	243	105	70%	349	208	63%	592	313	65%
2007/08	79	51	61%	140	131	52%	219	182	55%
2008/09	84	54	61%	129	143	47%	212	197	52%
2009/10	117	59	66%	191	127	60%	308	186	62%
Average	159	75	68%	257	164	61%	416	239	64%

Operations Division

	Goulburn						Murray						Campaspe Irrigation District						Total G-MW			
	(Shepparton, Central Goulburn, Rochester and Pyramid-Boort Irrigation Areas)						(Murray Valley and Torrumbarry Irrigation Areas)						Campaspe Irrigation District						(All Areas and district)			
	Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)	System Allocation %		Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)	System Allocation %		Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)	System Allocation %		Delivery (GL)	System Operating Requirements (GL)	Total (GL)	Efficiency (%)
% of Water Right up to 2006/07 then % HRWS					% of Sales up to 2006/07 then % LRWS	% of Water Right up to 2006/07 then % HRWS					% of Sales up to 2006/07 then % LRWS	% of Water Right up to 2006/07 then % HRWS					% of Sales up to 2006/07 then % LRWS					
1995/96	1,244	507	1,751	71%	100	50	908	383	1,291	70%	100	100	34	3	37	92%	100	100	2,186	893	3,078	71%
1996/97	1,501	494	1,995	75%	100	100	989	303	1,292	77%	100	100	40	4	44	92%	100	120	2,530	801	3,330	76%
1997/98	1,190	483	1,673	71%	100	20	810	381	1,191	68%	100	30	35	3	38	91%	100	90	2,035	867	2,903	70%
1998/99	1,016	424	1,440	71%	100	0	910	404	1,314	69%	100	100	25	2	27	91%	100	0	1,951	830	2,780	70%
1999/2000	927	360	1,287	72%	100	0	719	386	1,105	65%	100	90	24	3	27	89%	100	0	1,670	749	2,419	69%
2000/01	1,024	404	1,428	72%	100	0	874	342	1,216	72%	100	100	33	5	38	86%	100	120	1,931	751	2,682	72%
2001/02	1,072	402	1,474	73%	100	0	977	412	1,389	70%	100	100	36	5	41	87%	100	80	2,085	819	2,904	72%
2002/03	630	349	979	64%	57	0	814	417	1,231	66%	100	29	21	2	23	92%	100	0	1,465	768	2,232	66%
2003/04	969	350	1,319	73%	100	0	685	304	989	69%	100	0	23	1	24	95%	100	0	1,677	655	2,331	72%
2004/05	958	348	1,306	73%	100	0	680	319	998	68%	100	0	10	1	11	87%	39	0	1,648	668	2,325	71%
2005/06 ⁵	987	353	1,340	74%	100	0	751	316	1,067	70%	100	44	8	0	8	104%	31	0	1,746	669	2,430	73%
2006/07 ⁶	362	243	605	60%	29	0	592	313	905	65%	95	0	0	2	2	0%	0	0	954	558	1,497	63%
2007/08 ⁵	420	207	627	67%	57	0	219	182	401	55%	43	0	4	1	5	84%	18	0	643	390	1,010	63%
2008/09 ⁵	365	180	545	67%	33	0	212	197	409	52%	35	0	33	1	4	85%	0	0	578	378	955	60%
2009/10 ⁷	463	158	621	75%	71	0	308	186	493	62%	100	0	0.3	0.9	1.2	26%	0	0	770	345	1,115	69%
15 year average	875	351	1,226	71%			697	323	1,020	68%			3	2	24	90%			1,650	700	2,348	70%

Qualifiers

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

Goulburn System – System Performance Within Irrigation Areas

2005/06 to 2009/10

Season	Shepparton			Central Goulburn			Rochester			Pyramid Boort			Total		
	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency	Delivery (GL)	System operating requirements (GL)	Efficiency
2005/06	156	57	73%	388	152	72%	207	89	70%	236	55	81%	987	353	74%
2006/07	69	37	65%	157	115	58%	68	42	62%	68	49	58%	362	243	60%
2007/08	69	29	70%	170	90	65%	95	41	70%	86	47	65%	420	207	67%
2008/09	65	20	76%	144	75	66%	86	45	66%	70	40	64%	365	180	67%
2009/10	72	14	84%	175	67	72%	112	43	72%	103	34	75%	463	158	75%
Average	72	29	72%	172	86	67%	91	43	68%	92	38	71%	427	197	68%

Campaspe Irrigation District 2005/06 to 2009/10

Season	Delivery (GL)	System operating requirements (GL)	Efficiency
2005/06 ⁷	7.9	0	104%
2006/07 ⁸	0.0	1.7	0%
2007/08 ⁷	3.7	0.7	84%
2008/09 ⁷	3.4	0.6	85%
2009/10 ⁹	0.3	0.9	26%
Average	3.1	0.7	82%

Qualifiers

- System operating requirements include evaporation, leakage and seepage, meter error and unplanned outfalls (spills) and are sometimes referred to as losses. The data only refers to operations within the irrigation area/district, it does not include storage and river operations.
- System Operating Requirements = (Net diversion into an irrigation area or district) – delivery
- Since 2004/05 G-MW has implemented a number of drought response measures to reduce system losses. Since 2007/08, with the cooperation of customers, G-MW at times has not operated 20-30 % of its 6,300 km channel network, required customers along sections of the network to group their orders, ran channels at lower levels which impacted flows onto farm and tankered in stock and domestic supplies. These strategies are severe drought response measures not standard operating practices.
- The Goulburn system losses do not include evaporation from Waranga Basin.
- Data used to estimate system operating requirements in Murray Valley and Torrumbarry have been updated following hydrographic updates.
- The Torrumbarry distribution network includes more than 300 km of natural carriers. The existing network offers limited opportunities to reduce losses using drought response measures applied in other irrigation Areas, however with appropriate investment there are opportunities to improve system efficiency while continuing to meet the environment needs of wetlands and other areas currently serviced by the network.
- In 2005/06, the Campaspe system supplies were augmented by drought pumping from the Waranga Western Channel. This resulted in deliveries in the Campaspe system being higher than the diversions into the Campaspe East and West channels, and inflated the calculated efficiency. Drought pumping also augmented deliveries in 2007/08 and 2008/09.
- In 2006/07 the Campaspe a location was zero therefore no irrigation deliveries. Diversions to the channel network were required for domestic and stock supply.
- Volumes supplied in 2009/10 were from the Campaspe system only. Deliveries from the Waranga Western Channel are included in the Rochester deliveries.
- Data supplied for 2009/10 contains both hydrographic and operational data. Figures may change as further hydrographic data becomes available.

note 7

note 8

note 9

Operations Division

G-MW Water Delivery Performance 2009/10

Area	2009/10 Performance Targets					
	Water delivered within +/- 1 day of the day requested		Water delivered on day requested		Reactive (unplanned) maintenance requests responded to within: * 24 hours for Priority 1 * 96 hours for Priority 2	
	Target	Actual	Target	Actual	Target	Actual
Shepparton	98%	99.4%	90%	98.8%	85%	95%
Central Goulburn	95%	98.9%	88%	95.7%	85%	95%
Rochester-Campaspe	90%	90.0%	80%	80.5%	85%	98%
Pyramid-Boort	95%	91.6%	70%	84.4%	85%	97%
Murray Valley	93%	92.3%	85%	85.6%	85%	95%
Torrumbarry	97%	98.7%	93%	97.3%	85%	97%

Achieving Service Standards in Difficult Years

With low allocations and challenging seasonal conditions, G-MW's customers relied on timely delivery of water orders to sustain their operations.

G-MW delivered water orders within a day either side of when the customer requested on average 95% of the time.

The table above outlines water deliveries key performance indicators.

Drought Assistance

G-MW again streamlined access to the Victorian Government's Statewide \$7 million 2009/10 drought rebate by deducting the rebate from eligible customers Fixed Water Charge Accounts. Rebates were provided to 5,575 eligible customers on the Broken, Campaspe, Loddon and Bullarook systems, totalling \$2.7 million.

Customers in the Murray, Goulburn, Ovens and King regulated systems did not receive the drought rebate as allocation exceeded the eligibility threshold of less than 30% by 1 December 2009.

Compliance and Enforcement Activity

The surveillance efforts by G-MW and a vigilant community far less tolerant of water theft contributed to 289 reports to G-MW in 2009/10.

Compliance

Number of reports received involving the unauthorised diversion of water and/or interference with G-MW works 289

This was 54 less than last year's record number of incidents reported.

Enforcement

Water Act offences prosecuted during 2009/10 included the taking of water without authority and the contravention of licence conditions.

Number of matters prosecuted by G-MW during 2009/10 94*

Number of successful prosecutions 84

Suspected incidents of Water Act offences can be reported to G-MW 24 hours a day, 7 days a week on phone 1800 064 184 and may be reported anonymously.

* This figure includes some incidents investigated in previous years.

Share Water

Overview

Six of G-MW's regulated river systems – the Murray, Goulburn, Broken, Campaspe, Loddon and Bullarook – all began the year with low system reserves. The peak inflow period of July through to September was important to build storage supplies and as a result seasonal conditions were more favourable than previous years. The 2009/10 season final allocation in five systems resulted in improvements not seen in some systems for the last two years.

Historical Seasonal Allocations for G-MW's Regulated Systems

Season	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek	
	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS	% Water Right up to 2006/07 then % HRWS	% Sales up to 2006/07 then % LRWS
1994/1995	100	120	-	-	100	100	100	80	-	-	-	-
1995/1996	100	100	-	-	100	50	100	100	-	-	-	-
1996/1997	100	100	-	-	100	100	100	120	-	-	-	-
1997/1998	100	30	100	70	100	20	100	90	-	-	100	90
1998/1999	100	100	100	70	100	0	100	0	-	-	100	90
1999/2000	100	90	100	70	100	0	100	0	-	-	100	90
2000/2001	100	100	100	70	100	0	100	120	-	-	100	90
2001/2002	100	100	100	70	100	0	100	80	-	-	100	90
2002/2003	100	29	100	0	57	0	100	0	-	-	100	70
2003/2004	100	0	100	70	100	0	100	0	67	0	100	77
2004/2005	100	0	100	70	100	0	39	0	100	0	100	90
2005/2006	100	44	100	70	100	0	31	0	100	0	100	90
2006/2007	95	0	77	0	29	0	0	0	0	0	36	0
2007/2008	43	0	71	0	57	0	18	0	5	0	0	0
2008/2009	35	0	0	0	33	0	0	0	0	0	0	0
2009/2010	100	0	17	0	71	0	0	0	3	0	19	0

HRWS – High-reliability water shares

LRWS – Low-reliability water shares

Operations Division

Trading

Farmers, industry, urban water corporations, investors and environmental managers own nearly 2,500,000 ML of ground and surface water entitlements valued at nearly \$5 billion.

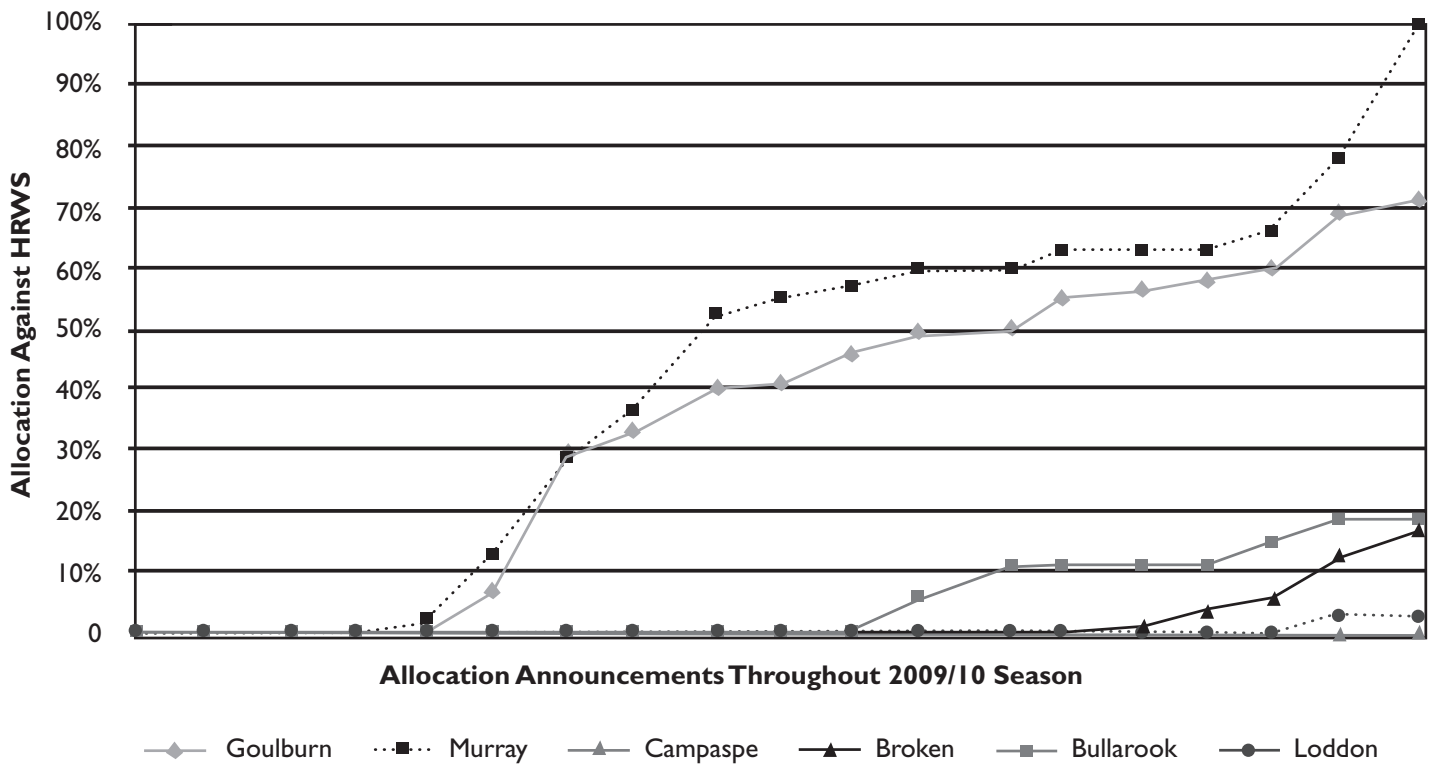
Just as land entitlements are recorded in the Victorian Land Register, all water entitlements are recorded in the Victorian Water Register. Customers can buy and sell water entitlements, with more than \$700 million of water entitlements and seasonal allocation traded last year.

During 2009/10 all Irrigation Areas recorded net trade out of water shares, but were also net buyers of allocation.

G-MW provides a critical role in the administration of entitlement information and in providing a local access point for water trading inquiries and processing.

Allocations

2009/10 Murray system allocations increased from 78% to 100% in the last allocation announcement on April 1. This 22% increase late in the season was a major reason for such a large volume of water being unused at the end of the season.



Business Transactions Processed by G-MW

Transaction Type	2006/07	2007/08	2008/09	2009/10
Water Share Trades	519	3,080	3,191	3,315
Allocation Trades (including surface and groundwater allocation trades)	9,868	10,060	10,271	7,846
Information Statements	2,037	1,587	2,164	3,064
Subdivisions	228	92	112	201
Amalgamations Irrigation	108	6	0	0
Bore Construction Licences	1,814	806	939	817
TOTAL	14,574	15,631	16,677	15,243

2009/10 ballot

G-MW again undertook a ballot in July 2009 to ensure all water share applications had equitable access to trade opportunities affected by the 4% limit on the volume of water shares traded out of an Irrigation Area and the 10% limit on the volume of water in a system that is not associated with land.

999 applications were received for the ballot over the two week lodgement period, more than double 2008/09's 400 ballot applications and slightly up on the 800 ballot applications received in 2007/08.

The number of applications received by G-MW was boosted by applications accepted by the Commonwealth under its *Water for the Future Buyback* program. Under the deal between Victoria and the Commonwealth, Victoria has agreed to exempt from the 4% limit 60,000 ML out of the current batch of applications to the Commonwealth. In anticipation of the Ballot as a precaution, not in expectation of reaching the trade limits, G-MW worked with NVIRP to help finalise criteria to Commonwealth applications to determine whether an exemption was available.

This was the first round in the newly agreed approach to coordinate Commonwealth water purchases with modernisation of the irrigation system.

Qualification of Rights

The low reserves meant Qualifications of Rights declared by the Minister for Water in June 2009 were applied across all systems to give customers access to water for specific purposes including use inside the home, stock watering and dairy washdown for the third successive year. The Minister for Water applied minor amendments to the Qualifications of Rights to provide greater flexibility for environmental

water management after several years of continuous drought. For example, the Goulburn system environmental water manager was given the right to withhold a portion of environmental flows under favourable weather conditions and "bank" the saving for release later in the year. A high flow event through Goulburn Weir in March 2010 was supplemented by the banked water, which prolonged the flows and provided benefit to the river's habitat. Similar "banking" opportunities existed in the Campaspe and Loddon catchments.

The Qualifications of Rights remained in effect in all systems throughout 2009/10. Specific clauses of the Qualifications of Rights in the Goulburn and Murray systems giving water share holders access to water for essential domestic and stock needs expired on 1 October 2009 when high-reliability water share allocations of 29% and 30% respectively were announced.

Melbourne Supply by Agreement

An integral component of the billion dollar Food Bowl Modernisation Project became operational in February 2010 when the Sugarloaf Pipeline began delivering to Melbourne a mixture of water obtained under Qualification of Rights and the audited savings gained by infrastructure modernisation in the Goulburn-Murray Irrigation District in the 2008/09 season. G-MW worked closely with Melbourne Water and the three Melbourne retail water companies – City West Water, South East Water and Yarra Valley Water – to develop a supply by agreement that recognised the water saved for Melbourne and established the rules governing transfers to Melbourne into the future.

Carryover by G-MW Customers

At the start of 2009/10, G-MW customers in the Goulburn and Murray systems had carried over more than 160,000 ML of unused allocation from the previous season. The volume was available for use (pending deliverability) or trade. The importance of the carryover option for early season irrigation needs was illustrated by the inability to announce an allocation in these systems on 15 August because of a combined shortfall of 397,000 ML.

From July 1 2010 under the new carryover rules for the Murray, Goulburn and Campaspe systems, irrigators can carry over all water in their Allocation Bank Accounts at the end of the season and start the irrigation season with equivalent to 100% allocation, and then receive allocation improvements across the season. Previously irrigators could carry over allocation up to 50% of their water shares and once their carryover and new allocation reached 100%, they had to go without further allocation increases. These rules remain in place on the Broken, Bullarook and Loddon systems.

G-MW Assist Customers to Maximise Their Carryover

During June 2009 G-MW identified 1,500 customers who had water held in Allocation Bank Accounts that were not eligible for the 50% carryover rule (subject at the time). G-MW contacted these customers to highlight the potential loss of water, resulting in customers saving over 11,400 ML of water valued at over \$4 million.

Meeting the Needs of all Customers

The Goulburn Water Quality Reserve

The Goulburn system water quality reserve is a 30,000 ML commitment defined by the Goulburn system bulk entitlement. The reserve exists to prevent water quality degradation in the Goulburn River and lower Broken Creek systems, but has had relatively minor use because of ongoing efforts to improve water quality. Approximately 818 ML of the Goulburn water quality was used in 2009/10 when high temperatures caused a rapid reduction of dissolved oxygen concentrations in the lower broken creek and immediate action to increase flows was necessary.

The Minister for Water approved qualified rights in 2009/10 that transferred 10,000 ML of the reserve to Melbourne Water and the three retail water companies to meet Melbourne's water needs. The water was transferred to Sugarloaf Reservoir via the Sugarloaf Pipeline along with water saved by the upgrading of infrastructure in the Goulburn-Murray Irrigation District under the Northern Victoria Irrigation Renewal Project.

The water quality reserve exists to prevent water quality degradation in the Goulburn River and lower Broken Creek systems. In 2009/10.

Close cooperation between G-MW, the Goulburn Broken Catchment Management Authority and the Murray-Darling Basin Authority allowed water held in the Goulburn system to support trade into the Murray system to be used in far greater volumes to manage the dissolved oxygen concentrations in the creek.

Carryover Brought Forward to 1 July 2010

Water System	2007/08	2008/09	2009/10	2010/11 by G-MW Water Share Holders	Equivalent HRWS Allocation	Total Northern Victorian Carryover
Murray	23.3	59.7	60.5	244.0 GL	35 %	498.0 GL
Goulburn	24.5	92.9	89.4	338.0 GL	34 %	379.0 GL
Campaspe	N/A	2.3	1.3	1.1 GL	3 %	1.2 GL
Broken	N/A	6.9	2.5	4.0 GL	22 %	4.0 GL
Loddon	N/A	0.4	0.3	0.9 GL	4 %	1.7 GL
Bullarook	N/A	N/A	N/A	0.1 GL	14 %	0.1 GL
TOTAL	47.8	162.2	154.0	588.1 GL		884.0 GL

Goulburn System Water Quality Reserve History

Year	Volumes and purpose of use
2004/05	0
2005/06	5 13 ML was delivered to the Broken Creek to assist water quality.
2006/07	422 ML was delivered to the Broken Creek. 7,000 ML released onto the Goulburn water market for purchase by local irrigators and urban corporations.
2007/08	1,878 ML was used in the Broken Creek to assist water quality. 10,000 ML supplied to Coliban Water and Central Highlands Water to supplement existing supplies and meet critical water shortages in Bendigo and Ballarat.*
2008/09	2,817 ML was used in the Broken Creek to assist natural break up of a weed infestation (azolla) and improve dissolved oxygen concentrations. 10,000 ML supplied to Coliban Water and Central Highlands Water to supplement existing supplies and meet critical shortages in Bendigo and Ballarat.*
2009/10	818 ML used to stabilise dissolved oxygen concentrations in the lower Broken Creek. 10,000 ML supplied to Melbourne via the Sugarloaf Pipeline (in accordance with Qualification of Rights).

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

The Environment as a Customer

The environment emerged as an important customer in G-MW operations during 2009/10. Amendments to Qualifications of Rights which granted greater flexibility for the environmental use of water allowed G-MW to work closely with Catchment Management Authorities to deliver water to systems under threat, including the middle reaches of the Campaspe River, Little Lake Boort and Lake Yando. G-MW and the Goulburn Broken Catchment Management Authority combined to prolong a natural flow event downstream of Goulburn Weir, which was expected to have significant benefits for the ecology of the lower Goulburn River.

G-MW also worked with the North East Catchment Management Authority when low demand and high inflows required water to be released from Lake Buffalo ahead of planned routine maintenance later in the season. By seeking the advice of the Catchment Management Authority, G-MW was able to simulate the impact of a natural rainfall event during the release and meet many of the environmental flow recommendations for the Ovens River.

Elsewhere, environmental agencies used allocations in the Flora and Fauna Account in the Murray system and trading to deliver water to a number of wetlands during Spring and Autumn. The Barmah Forest, Round Lake, Reedy Lagoon, Richardsons Lagoon, Kinnairds Swamp and Reedy Swamp were among the sites to receive water in support of important ecological habitats. An important initiative coordinated through G-MW this year was giving the

environmental agencies access to the same water ordering facilities used by other water users, which provided the same water management tools enjoyed by irrigators.

Working with our Communities

G-MW works with its communities across the region to consult and engage on a range of projects and policies affecting local communities. During the reporting year local communities worked with G-MW to achieve some memorable environmental and social outcomes.

G-MW worked with the community around Lake Boga in the North West to deliver 500 ML of water in March. In total, over 19,000 ML of water have been delivered to the lake where the local community have welcomed the additional water for recreational pursuits and aesthetic values.

G-MW also worked with local communities to increase the awareness of water safety around channels, involving staff to present safety information to local school children, launching a series of safety colouring-in competitions for children and promoting channel safety in a series of local newspapers during the summer period.

Operations Division

Increasing Use of Technology by Customers

During 2009/10 G-MW customers again recorded an increase in their use of online water ordering with 43% of all water orders placed online. Water orders placed by phone represented 47% of total orders and orders entered by G-MW represented 10% of total water orders.

WaterLINE online and via phone (1300 GMW GMW) was also improved during the season giving customers additional features such as view spare channel capacity all with the convenience of ordering water 24 hours a day.

Orders Placed by Customers on Regulated Systems

G-MW customers placed more than 130,000 orders during the irrigation season representing over 500 orders each day of the irrigation season.

Modernisation Improves Services to Customers

As more of the G-MW irrigation network is modernised, G-MW is able to roll out improved service benefits including shorter order times, instant order confirmation and extended planner access.

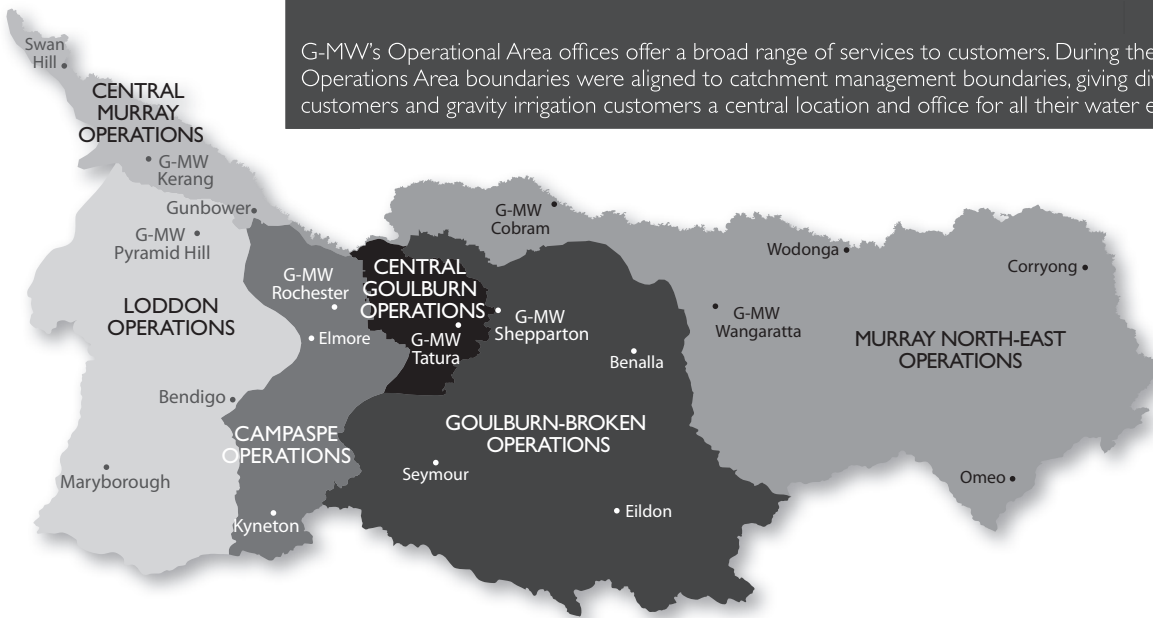
Throughout the reporting period a Central Planning trial of extended planner access was undertaken. This included 24 hour planner coverage for Central Goulburn and Shepparton customers. This resulted in the recommendation of extended planner access for most Irrigation Areas.

Customers in the Murray Valley Operations, Rochester-Campaspe Operations and Pyramid-Boort Operations had access to planners between 7am and 11pm, 7 days a week, while Central Goulburn and Shepparton Operations Areas had 24 hours, 7 day a week access to planners.

Torrumbarry Area customers continued with their standard operation hours, with all areas supported by the central planning operations based at Tatura, who continued to monitor and receive any alert of interruption to service across the irrigation network in all Operation Areas, 24 hours a day 7 days a week.

Orders Placed by Customers on Regulated Systems

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Murray Valley	32438	33822	33338	12250	12925	16535
Torrumbarry	56242	57375	48033	25677	27271	35760
Shepparton	24157	23630	18600	16829	18333	22021
Central Goulburn	54656	52249	32962	30065	28172	36639
Rochester-Campaspe	20347	20425	8994	8623	7695	9676
Pyramid Boort	11536	12359	6672	6125	5646	6291
Diversions	11078	10659	8091	6929	6537	4929
Total	210,454	210,519	156,690	106,498	106,579	131,851



G-MW's Operational Area offices offer a broad range of services to customers. During the reporting year G-MW Operations Area boundaries were aligned to catchment management boundaries, giving diversion and groundwater customers and gravity irrigation customers a central location and office for all their water enquiries.

G-MW's Role in Managing Northern Victoria's Groundwater

G-MW is responsible for the licensing and management of around half of Victoria's groundwater resources. It has an important role in ensuring groundwater use is sustainable through effective management and in making sure the needs existing water users and the environment are considered when assessing new licence applications. G-MW is delegated to issue licences to take and use groundwater under the Water Act 1989.

An established groundwater management framework exists to protect resource access and to ensure use is sustainable. This framework involves set caps on licensed use called Permissible Consumptive Volumes within Groundwater Management Areas (GMAs) or, where ongoing restrictions are needed, Water Supply Protection

Areas (WSPAs). Management and seasonal allocation of groundwater within these areas are governed by relevant either Local Management Rules (in GMAs) or Management Plans (in WSPAs). G-MW is required to maintain seasonal allocations within set limits prescribed in these formal management arrangements.

Groundwater Transfers

At the conclusion of the 2009/10 season there were 121 transfers totalling 9,935 ML of groundwater entitlement – a decrease of 29% in application numbers and 18% less total transferred volume on last year.

Permanent groundwater trading was limited to the Katunga Water Supply Protection Area with three applications with a total transferred volume of 256 ML.

Groundwater Trading Summary

GMA	2009/10 ML traded	Number of Applications
Campaspe	3806	31
Southern Campaspe Plains	350	2
Barnawartha	0	0
Katunga	2472.8	37
Mid Goulburn	480	5
Mid Loddon	704	9
Spring Hill	177.8	11
Upper Loddon	1764.8	17
Non GMA	0	0
King Lake	40	2
Lower Ovens	129	5
Upper Ovens	11	2
Total	9935.4	121

Highlights

Resource Appraisal Program

Ovens Valley – The first stage of a groundwater resource appraisal for the Ovens and King Valleys was completed in June 2010. This work is vital to understanding the extent, nature and availability of groundwater resources in Ovens and King Valleys and will underpin the development of Local Management Rules in the Lower Ovens Valley commencing in early 2011. Further field investigations are underway to address key knowledge gaps and will inform a review and refinement of the modelling work completed in the first stage.

Goulburn-Broken – An appraisal of groundwater resources in the Goulburn-Broken Catchment, an area extending from Kinglake and Marysville in the south up to the Murray River between Echuca and Yarrowonga in the north; while also spanning east to west from Benalla to Rushworth; is nearing completion. This resource appraisal project will provide G-MW with the knowledge and tools to define where a higher level of groundwater management in the Goulburn-Broken catchment is warranted. A further project in the Upper Goulburn Catchment (including areas such as Kinglake, Mansfield and the Strathbogie Ranges) will seek to build on earlier work by focussing on groundwater availability and recommended management options. This project is on target to commence by August 2010 and will directly inform groundwater management in the upper Goulburn catchment.

Central Victorian Mineral Springs Region – G-MW is undertaking a groundwater resource appraisal in central Victoria's mineral springs region, an area extending from Daylesford in the south to Lake Eppalock in the north. The resource appraisal will enable a higher level of groundwater management to be developed for the area.

Before the appraisal part of the project commences and to better define the specific area of interest, G-MW is developing aquifer maps to build on its current understanding of the aquifer systems in the Campaspe and Loddon catchments. This project is expected to be complete by late 2011.

Management Plan Development

Upper Ovens River Water Management Plan – Managing the Upper Ovens catchment's groundwater and surface water as a single resource is the focus of a draft management plan being developed by a Ministerial Consultative Committee. As at June 2010 a draft of the integrated management plan is being prepared to be released for community comment. Following community consultation, the Committee aims to submit a draft plan to the Minister for Water in November 2010.

New Management Plans – Lower Campaspe Valley and Loddon Highlands Water Supply Protection Areas (WSPA)

Management of groundwater in the lower Campaspe Valley is set to change following decisions by the Minister for Water in June 2010, to abolish the Campaspe Deep Lead Groundwater Supply Protection Area (GSPA), revoke the current Campaspe Deep Lead GSPA Groundwater Management Plan and declare the Lower Campaspe Valley WSPA to replace the existing GSPA. The new Lower Campaspe Valley WSPA will extend from Lake Eppalock to the River Murray and incorporates the townships of Echuca, Pine Grove, Lockington, Rochester, Elmore, Goomong, Barnadown, Fosterville and Axedale.

Management of groundwater in the upper Loddon catchment will also change following recent decisions by the Minister for Water, to abolish the Spring Hill GSPA and Upper Loddon WSPA; revoke the Spring Hill GSPA Groundwater Management Plan; and declare the Loddon Highlands WSPA. The new Loddon Highlands WSPA extends from Newlyn and Lake Burrumbeet in the south to Dunolly in the north incorporating the townships of Creswick, Newlyn, Smeaton, Learmonth, Ascot, Clunes, Talbot and Maryborough.

A process is now underway to seek the appointment of consultative committee to develop a draft groundwater management plan for each of the new WSPA. Expressions of interest have already been received from people in the region (including local landowners) with knowledge of or experience in groundwater. In drafting new plans the consultative committees will need to consider, amongst other provisions; trigger levels and associated seasonal restrictions, arrangements for transfer and carryover of water entitlements, as well as monitoring and reporting requirements. Development of the new plans is expected to commence late 2010 and be completed by June 2012.

While the draft plan is being developed, G-MW will manage each of the new WSPAs under interim management arrangements.

Local Management Rules – The development of Local Management Rules (LMRs) is a key action of the Northern Region Sustainable Water Strategy released in December 2009. LMRs formally document management arrangements for GMAs and unregulated stream catchments, and are developed in consultation with relevant agency and community stakeholders. The Mid Loddon GMA LMRs were developed by a reference committee and adopted by G-MW's Board. These rules were successfully implemented in July 2009. As groundwater resource appraisal work is completed across G-MW region, LMRs will be developed for other GMAs. Several will commence development during 2010/11 including in the Lower Ovens and Kinglake

GMA's. Groundwater carryover, included in the Mid Loddon GMA LMRs, will be considered in the development of other regional local management rules.

State Observation Bore Refurbishment (SOBN) project –

The coverage and quality of Northern Victoria's groundwater resource monitoring has significantly improved and expanded with the continued roll out of the SOBN refurbishment project in G-MW's region. During

2009/10, a further 72 new observation bores were constructed from the Upper Loddon and Daylesford-Mineral Springs region, to Goulburn, Ovens and Kiewa catchments – taking the total bores drilled to 115 so far. The new bores have also provided important information to resource appraisal projects.

Groundwater Use – Groundwater Management Areas and Water Supply Protection Areas

Groundwater management unit	WSPA Plan (Approved / Draft)	Permissible Consumptive Volume (PCV)	Entitlements (ML)	Allocation limit as at 30 June 09	Licenses as at 30/6/10			Stock and domestic only		Total use
					Number of Licenses	Number of Metered Bores	Metered Use in Current Year (ML)	Number of S&D Bores	S&D Estimated Use (ML)	Licensed and S&D Use (ML)
Campaspe Deep Lead WSPA	approved 2003	47,252	46,091	29,959	112	118	21,363	288	456	21,819
Shepparton WSPA	approved 1997	–	235,591	235,591	1,398	993	49,701	1,865	3,730	53,431
Spring Hill WSPA	approved 2001	5,062	4,909	3,068	55	59	1,524	151	302	1,826
Katunga WSPA	approved 2006	59,780	59,450	41,615	190	132	30,994	465	930	31,924
Mid Loddon GMA	Local Management Rules	37,200	34,014	34,014	98	99	14,528	348	696	15,224
Upper Loddon WSPA	No Management Plan	13,648	13,266	13,266	117	135	4,922	432	864	5,786
Alexandra GMA	No Management Plan	1,937	1,714	1,714	10	9	238	4	8	246
Barnawartha GMA	No Management Plan	2,100	485	485	6	4	–	32	64	64
Kinglake GMA	N/A	2,015	1,864	1,864	56	29	202	290	580	782
Mullindolingong GMA	N/A	6,980	1,532	1,532	35	16	–	56	112	112
Upper Ovens WSPA	N/A	4,010	3,432	3,432	93	89	411	318	636	1,047
Lower Ovens GMA	N/A	25,200	17,421	17,421	259	166	2,684	1,897	3,794	6,478
Mid-Goulburn GMA	No Management Plan	14,900	12,330	12,330	63	44	3,725	152	304	4,029
Southern Campaspe Plains GMA	No Management Plan	8,850	8,307	8,307	24	20	3,137	101	302	3,439
Unincorporated Areas	No Management Plan	–	43,041	43,041	748	412	246	–	–	246

Comments:

The number of domestic and stock bores and their estimated use were identified by DSE
 - The data in this table has been cross-matched between G-MW's records and the Victorian Water Register because a number of corrections are required to Water Register data. These will be made in 2010/11. The required corrections are to:

- Upper Ovens WSPA and Lower Ovens GMA – volume and number of entitlements
- Barnawartha GMA – entitlement volume
- Various groundwater entitlements to correct their water system source from surface water to groundwater.

- The Upper Ovens WSPA and Lower Ovens GMA have superseded the Murrumbidgee GMA. Metered bore data reported is from G-MW's system, as other records are based around the Murrumbidgee GMA.

Urban Groundwater Use

Town Supplied	Urban authority	2009/10 Licensed Entitlement (ML/yr)	2009/10 Extraction (ML)
Strathmerton	Goulburn Valley Water	730	–
Katunga	Goulburn Valley Water	110	43
Barnawartha	North East Region Water	293	–
Chiltern	North East Region Water	25	–
Springhurst	North East Region Water	20	2
Wangaratta	North East Region Water	200	–
Moyhu	North East Region Water	15	–
Myrtleford	North East Region Water	75	–
Goorambat	North East Region Water	24	6
Elmore	Coliban Water	284	126
Trentham	Coliban Water	48	–
Smeaton	Central Highlands Water	48	–
Clunes	Central Highlands Water	350	168
Forest Hill System (Forest Hill bore field)	Central Highlands Water	350	143
Waubra	Central Highlands Water	100	35
Learmonth	Central Highlands Water	100	59
Avoca (Bung Bong)	Central Highlands Water	200	–
Maryborough System (Mololort bore field)	Central Highlands Water	941*	610
Maryborough System (Stoney Creek, Evansford bore field)	Central Highlands Water	400*	36
Daylesford System (Coomoora bore field)	Central Highlands Water	273	–

Comments

- * Represents zero volume licences where temporary trade has occurred to gain entitlement
- Represents data not available at the time the report was prepared

Informing and Consulting

Enabling Customers to Make Informed Business Decisions

During yet another difficult year, G-MW recognised the importance of providing relevant and timely communications to assist all water users make timely and informed business decisions.

Using media, website, advertising, dedicated newsletters and other communication initiatives such as customer meetings and regular engagement with Water Services Committees G-MW also launched 3 new initiatives to assist customers with their business planning and decision making.

G-MW used customer meetings, 'channel bank' meetings and worked with local organisations as an opportunity to discuss the resource position and management approach with wider industry and service providers. G-MW met with over 1,000 customers at 33 community meetings held across the region providing customers with the latest information on water initiatives and policies affected their farm business. Presentations on resources and operations were also made to forums in Mildura to address irrigator concerns in the Sunraysia region, as well as interest groups such as those in the dairy and horticulture industries.

Online Services to Assist Customers

Throughout 2009/10 G-MW grew its online services to improve the delivery of the right information at the right time and to the right customers.

G-MW's e-news was released to 1,500 customers across the region in January 2010. The free online newsletter keeps customers informed on issues and local operating arrangements that impact on customers day to day operations and business decision making.

G-MW also launched a new online payment system allowing customers the option to pay their account online with the convenience of 24 hour a day 7 day a week access. The ability to pay online adds to the range of convenient ways customers are able to pay their account.

G-MW's pricing simulator was launched in May to provide customers with an indication of prices for their water storage and deliver services for the 2010/11 season. The simulator gives customers an indication of prices for their individual operations across the region. The simulator is available at www.g-mwater.com.au/pricingcalculator

G-MW Customer Committees

Customer Committees such as Water Services Committees, Catchment Committees and Reference Committees are G-MW's primary source of customer advice and feedback. Committee representatives are appointed to provide debate and informed decision in critical areas such as pricing, service standards and asset management. Customer Committee contributions combined with G-MW's water management expertise to deliver the best outcomes for customers and their communities.

During the year, G-MW completed two reviews – one to review Water Services Committees in Irrigation Areas with the aim of improving the governance and administration processes and the second to review Diversions Customer Committees outside Irrigation Areas representing groundwater and river diversion customers.

The Water Services Committees Review recommended further enhancements to the Water Services Committee Customer Charter and a Code of Conduct. These were implemented across Water Services Committees during the reporting year.

The Diversions Customer Committees review recommended G-MW's diversions and groundwater customer's fifteen catchment and system committees be consolidated into five new committees aligning more closely with the new integrated management model. These recommendations were implemented throughout the reporting period and have helped to move from specific issues and water management to an integrated, holistic 'systems management' approach. The five new Regional Water Services Committees represent surface and groundwater customers on both regulated and unregulated systems.

Throughout the year Diversions reference committees were active in the development of draft management rules in the Campaspe groundwater management area and the Water Management Plan for the Ovens catchment. Catchment Committees and Reference Committees were brought together with the relevant systems WSC to discuss the progress of the review of the Diversions WSC structure. Meetings with Committees took place as required to deal with local issues through the Systems Water Service Committee meetings.

G-MW greatly appreciates the skill, scrutiny and time that all members provide in giving advice from both a customer and community perspective.

2009/10 Water Services Committee Meetings			
WSC	Number of Members	Meetings held	Average attendance %
Shepparton	8	11	81
Central Goulburn	9	12	86
Rochester-Campaspe	9	12	87
Pyramid-Boort	9	5	87
Pyramid – Boort Reference Group	6	6	86
Murray Valley	8	11	80
Torrumbarry	8	11	85
Loddon Water District	9	3	74
Tungamah	7	3	86
Loch Garry	4	3	92
Regional Groundwater	12	3	80
Murray systems	12	3	95
Goulburn systems	8	2	80
Total	109	85	

Informing and Implementing Policy

Sustainable Diversion Limits and the Basin Plan

The Murray-Darling Basin Authority (MDBA) is the Commonwealth agency that manages the Murray-Darling Basin's water resources in the national interest. The MDBA is preparing the Basin Plan, which is a single, legally enforceable management plan for the surface water, groundwater and environmental resources of the Murray-Darling Basin. The Basin Plan will, amongst other things, set and enforce environmentally Sustainable Diversion Limits (SDLs) on the quantities of water that can be taken for consumption. SDLs are intended to provide for long-term sustainability of the environment.

In November 2009, the MDBA sought comments on its planned approach to the development of SDLs. In its submission G-MW encouraged greater consideration of the impacts of SDLs on the communities of northern Victoria.

Northern Region Sustainable Water Strategy

The Victorian Government released the Northern Region Sustainable Water Strategy (NRSWS) which includes 50 recommendations and 17 policy changes to be implemented over coming seasons. Key changes

for G-MW customers were improved carryover rules for the Goulburn, Campaspe and Murray systems and improved reserve policies for Murray and Goulburn systems.

Dairy Shed Water Licensing Transition Program

The Dairy Shed Licence Transition Program is a statewide program run by the Department of Sustainability and Environment and implemented by water corporations to ensure water used in the dairy shed – such as water for washing yards, milking equipment, platforms and other plant – is fully licensed.

The program included an amnesty that ended on 23 April 2010 during which farm businesses could comply with long standing licensing laws without penalty.

Over 100 applications from dairy farmers had been received by G-MW and a large number of calls were taken from dairy farmers who wanted to make sure they had the right licence for the water they used in the dairy. G-MW used a risk-based approach to assess licence applications which enabled a reduction in fees for many applicants without increasing risks to other water users.

G-MW reviewed the assessment process following amendments to the Dairy Shed Water Licence Transition Program and announced that only 10–15% of eligible dairy farmers intended to increase their dairy wash down entitlements under the amnesty.

Technical Services Division

Technical Services manage and maintain G-MW assets to meet current and future needs while minimising life cycle costs and mitigating all risks including impact on the environment. Encompassing six business units, Technical Services had the following functions:

Dams – operates and maintains G-MW's dams, weirs and associated infrastructure and manages storage based land and on water functions. G-MW is also the Victorian Constructing Authority for the Murray-Darling Basin Authority and manages four storages on behalf of that organisation.

Engineering & Maintenance Services – develops standards for the care of G-MW's asset base, delivers agreed asset services including project design, delivery and specialist maintenance programs.

Major Projects – design and deliver designated major projects across G-MW's region.

Natural Resource Services – provides a range of environmental services including aquatic plant management, salinity management, surface and sub-surface drainage support, water quality and land management planning and salt interception management.

Property Services – undertakes land dealings including acquisition, disposal, leasing and licensing and coordinates statutory planning functions.

Strategic Asset Planning – develops G-MW's asset management plans, maintains the corporate asset management system, provides Geographical Information System functions and surveys and provides metering standards and solutions.

Capital Works

Apart from assisting the Victorian Government in the delivery of construction works associated with the Northern Victoria Infrastructure Renewal Project (NVIRP), G-MW continued its own capital works program designed to increase service and operations efficiencies across the storage and irrigation networks.

During 2009/10 \$33 million of capital works was delivered by staff using a mix of in-house resources, technical consultants and contractors. The program included:

- Safety upgrades commenced at Goulburn Weir and completed at William Hovel Dam.
- Reliability offset works and decommissioning work at Lake Mokoan.
- Upgrades and rehabilitation of irrigation and dam assets.
- Continuation of drainage programs in partnership with Goulburn-Broken and North Central Catchment Management Authorities.

Dam Improvement Program

Over the past ten years G-MW has progressively undertaken a strategic program of capital works valued at \$100 million. With that program drawing to a close in the next few years, there is now a corresponding rise in focus on maintaining assets and capitalising on the efficiencies of the infrastructure changes.

William Hovell Dam Safety Upgrade

A \$7.7 million, seven month safety upgrade to William Hovell Dam was G-MW's ninth project in an ongoing program to improve the integrity of dams and reservoirs across northern Victoria.

William Hovell Dam is located on the King River 18 km south of Cheshunt in north-eastern Victoria and supplies water for irrigated crops, vineyards and grazing properties along the King River from Cheshunt to Wangaratta.

The construction works on the 35 year old dam were undertaken to ensure it met appropriate and current safety standards, and will continue to operate safely for decades to come. They involved works to strengthen the dam and spillway so that the structure can safely pass large floods and to protect the upper section of the embankment against water seeping through any unidentified defect or cracking that may develop in the future.

The works were timed to coincide with the seasonal fluctuation of the lake level so supply to water users was not affected. The recreation areas around the main dam wall and King River immediately downstream of William Hovell Dam were closed to ensure public safety during the works and reopened on 12 June 2010.

Lake Mokoan Decommissioned

After several years of planning and construction of offset infrastructure (to provide alternative water supply to people affected by closure), Lake Mokoan was decommissioned in December 2009.

The lake had emptied during the 2008/09 season under the impacts of evaporation and very low inflows. Harvesting of limited inflows allowed Lake Mokoan to support the operations of the Broken system for a short period before again dropping below a usable level in late December 2009.

The dam embankment was breached on 4 March in a ceremony overseen by the Minister for Water. The decommissioning of Lake Mokoan will provide over

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50,000 ML of water savings annually (mostly through reduction in evaporation losses), restore the Winton Wetlands and improve the health of the Goulburn and Broken Rivers. With the storage removed, water from the Broken system will flow through to the River Murray and help restore flows to the Snowy River.

The \$108 million decommissioning project, running since 2004, had five major components; a pipeline to supply lake diverters, a water supply reliability offset package for the Broken system, provision of enhanced Mid-Murray Storage capacity to reduce releases from the Snowy scheme into the upper Murray, asset decommissioning and includes \$20 million to rehabilitate the site of the lake by creating the Winton Wetlands.

G-MW's key role has been to deliver works for the project, which this year encompassed the final components of the supply reliability offset package, including converting a section of the former Inlet Channel into a new rainfall-rejection storage. The storage, between Broken River and Hollands Creek, provides a capacity of 200 ML for harvesting small flows which can be harvested and re-released into the irrigation system. Several existing flow regulating structures on the channel were also upgraded and a new regulating structure constructed to allow close control of future flow harvesting and releases to meet water use demands and diversion requirements downstream. Several new and enhanced stream gauging stations have been completed and other structures upgraded to provide for more efficient operation of the Broken system.

A major component of the final supply reliability offset package was the purchase of almost 8,300 ML of high-reliability water entitlements from the Broken system, at a cost of \$29 million. This purchase was undertaken by Water for Rivers and supported by the G-MW project team.

Works to breach the Mokoan embankment were completed this year and construction is well advanced on reshaping the remaining sections of the Inlet Channel to provide a new low maintenance, environmentally enhanced local drainage depression and future public access path to the Winton Wetlands.

This year G-MW also undertook the transfer of land arrangements for Lake Mokoan. The 8,000 ha of land forming the site was either owned or managed by G-MW. Following the completion of decommissioning works, all 8,000 ha was surrendered to the Crown for future management by the Winton Wetlands Committee of Management.

Goulburn Weir Upgrade

The Goulburn Weir Upgrade Project commenced in January 2010 as part of G-MW's ongoing program to ensure all its dams meet contemporary engineering standards. Closed to the public for the duration of works, it is due for completion in October 2010.

Goulburn Weir is located on the Goulburn River 10 kilometres north of Nagambie and is one of G-MW's key diversion assets. The Weir structure raises the level of the Goulburn River so that water can be diverted by gravity along the Stuart Murray Canal, Cattanach Canal and the East Goulburn Main Channel.

G-MW's comprehensive review of the design of Goulburn Weir, showed that some elements of the weir required upgrading to ensure the structure meets modern design standards. Goulburn Weir is a critical structure in the irrigation delivery system and G-MW needs to ensure it will operate effectively in all conditions – including withstanding the impact of water and debris loads of a large flood.

The \$3.35 million project involves strengthening the weir superstructure, installing weir gate locking devices, upgrading the existing gate hoist system and upgrading the existing gate control system. G-MW is continuing to operate the weir to maximise the volume of water available to customers throughout construction works.

Goulburn Weir Facilities Updated to Include Security Fencing

This year G-MW's popular picnic reserve at Goulburn Weir underwent a major face-lift to improve facilities and public safety. Works completed in July 2009 included new children's playground, upgraded barbecue rotunda, with new paving and shade sails, and new picnic tables. A number of dangerous dead trees were removed and additional safety fencing installed beside the main structure.

Safety marker buoys were installed upstream of the weir gates to alert recreational users that swimming and boating are not permitted due to the dangerous conditions which may be encountered close to the structure. The area downstream of the weir had also been deemed extremely dangerous due to underwater currents and has also been fenced and signed to prohibit public access.

Living Murray Investigations at Gunbower and Hattah

G-MW has supported North Central CMA and Mallee CMA respectively on the development of the Living Murray projects at Gunbower and Hattah Lakes, and is responsible for management of the detailed design phase and subsequent construction phases of these projects.

Works in 2009/10 on both projects involved further development of concept designs, stakeholder engagement and statutory approvals processes and commencement of detailed design. A key aspect of G-MW's involvement is cooperating with a range of agencies and stakeholders in developing the projects.

The Living Murray Program involves the Australian Government (through the Murray-Darling Basin Authority) and Victorian, NSW and South Australian Governments. Its aim is to ensure a healthy Murray River by returning water to the environment, and by building infrastructure such as regulators, weirs and fishways.

Meter Testing Project

Since 2007 G-MW has commissioned 'in the field' tests of 95 Dethridge meters as part of a program to better understand meter error and its impact on the sharing of water resources between customers and overall system losses.

The third and final phase of the program was completed this year and the entire testing was externally reviewed to ensure the rigour of the findings. Statistical analysis was performed by consulting engineers Sinclair Knight Merz and independently verified Monash University's Professor of Statistics Rob Hyndman who confirmed an average error of 8.42% in favour of the irrigator.

Property Services

Over the past financial year, the Property Services unit appointed section leaders in its three newly established lines of business – land dealings, leasing and licensing and statutory planning. Highlights for the year included negotiating the purchase of the Tatura office premises at 40 Casey Street, the transfer of land interests at Lake Mokoan to DSE and the leasing of premises at 150 Hogan Street Tatura for the Watermove business.

Drainage Works

This year G-MW delivered \$3.5 million of surface drainage works, funded by the Goulburn Broken and North Central Catchment Management Authorities.

These works included the construction of the first stage of Benwell Pump Station Water Monitoring System at Myall,

works on Mosquito Drain 40 south of Tatura and Stanhope Depression Pump Station Water Monitoring System west of Stanhope.

G-MW also commenced implementation of works outlined in the Kanyapella Basin Environmental Management Plan, constructing two regulating structures and preparing for a low level confining bank.

A total of 141 whole farm plans were referred to G-MW this year by Local Government Councils for an assessment of their impact on G-MW assets and drainage flows.

The irrigation infrastructure around five wetlands was assessed for its current and possible future ability to supply environmental water. This information was presented in detailed reports to the Goulburn Broken CMA.

G-MW also participated in the review of the Memorandum of Understanding for Irrigation Drainage Management and Water Quality (IDMOU). There is strong support from all signatories for a modified IDMOU to continue into the future.

Environment

Environmental Compliance

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

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

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

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

- Maintaining an Environmental Management System.
- Implementing Safe Drinking Water Act Risk Management Plans.
- Responding to drought.
- Undertaking research and development.
- Participating in regional and local government planning.

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- Blue green algal bloom response.
- Monitoring impacts of G-MW activities on river and aquifer health.
- Responding to incidents or events that may impact on water quality such as bushfires or fish deaths.

New Technology Pinpoints Herbicide Application

G-MW coordinates aquatic and land based spraying programs to control noxious weeds and aquatic plants that impede the flow of water in channels and drains across the region. The weed control operations are vast, with \$1.4 million in plant and equipment, 20 spray operators in the irrigation areas and 10 contractors spraying at dams and natural waterways across 68,000 sq km.

This year, G-MW trialled software to accurately pinpoint chemical usage and help reduce wastage, and adopted the new technology in March 2010. The software uses state of the art data logging capability and GPS tracking equipment that can pinpoint where and how much herbicide is being applied in waterways and dams, saving time and money as well as helping the environment.

The technology automatically links spray vehicles used by staff and contractors in the field, to G-MW's Geographic Information Systems, where the data can be viewed instantaneously in regional offices. The technology pinpoints all spray treatments and provides maps for showing date and time, weed type, weather conditions and weed infestations. It can show the extent of a particular weed recorded over time and the effectiveness of the treatments, as well as making it much easier to find infestations year after year.

Tackling Arrowhead

G-MW has taken a lead role in facilitating the actions of the Arrowhead Task Force which comprises New South Wales, South Australian and Victorian stakeholders and this year has also incorporated Queensland. G-MW has lead the operational and river health aspects of the River Murray control program.

Arrowhead is an incredibly invasive aquatic weed that not only threatens the biodiversity of the Murray-Darling Basin but also the delivery capacity of earthen channel networks within the Basin. The plant has an extensive network of rhizomes and corms, and produces up to 10,000 seeds per plant which are dispersed by flowing water.

Modelling of Arrowhead spread has indicated that if not contained, maintenance costs and herbicide use in all Irrigation Areas would significantly increase. The program has required extensive consultation with regulatory stakeholders, development of risk management plans, reporting and surveying of potential impacts of the treatment program and recruitment and management of suitable spray contractors.

Regional Planning

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

G-MW assesses over a thousand development applications a year to ensure that potential impacts on water quality are addressed (with 1,100 assessed in 2009/10).

G-MW also continues to work with local government and Catchment Management Authorities to review and improve the strategic planning framework and contribute to regional catchment strategies. Collectively G-MW applied current best management practices to achieve consistent and sustainable land use planning outcomes in the region.

Water Quality Monitoring

Many natural events can impact on the quality of the water G-MW delivers and manages, affecting not only water users but also infrastructure assets.

In the past year G-MW has experienced effects from the 2009 bushfires, another algal bloom along the Murray River and continuing drought. Through collaboration with CMAs and other agencies, G-MW has effectively and efficiently monitored changing water quality conditions in rivers and where necessary, responded appropriately.

Areas affected by bushfires have caused significantly elevated turbidity and sediment levels in creeks and rivers, which in turn can affect aquatic life, reduce potable treatment capacity for towns and increase the risk of algal blooms. G-MW worked with other water corporations, CMAs and Waterwatch to increase the level of monitoring in these areas, which has provided early warning of potential impacts, especially after rain, and helped G-MW better understand bushfire impacts.

Water quality monitoring continued in rivers downstream of G-MW storages in response to low water releases. This allows detection of potential environmental impacts and despite the difficult conditions, we have found minimal impacts on river health. This drought response monitoring has supported the MDBA Native Fish Strategy by managing impacts on native fish populations.

During the year G-MW participated in the development of the Goulburn Broken Fishery Management Plan, which involved DPI and a steering committee of recreational fishing bodies and related agencies.

Blue Green Algae

In February 2010 a blue green algal bloom developed along the Murray River from Lake Hume to Koondrook, excluding Torrumbarry Weir. In March the bloom extended downstream to Swan Hill and also affected the Murray Valley Irrigation Area and the National Channel in the Torrumbarry Irrigation Area. By early April 2010 algal levels had declined below recreational alert triggers.

In conjunction with the Murray Region Algal Control Committee (MRACC) G-MW staff coordinated the Victorian response, which included increased monitoring, regular media releases, letters to affected customers, phone and website information services and erection of warning signs at key access points. Debriefing workshops were held in June 2010. The Victorian response to last year's bloom was highlighted in a G-MW presentation at the National Cyanobacterial Workshop held by Water Quality Research Australia in August 2009.

Safe Drinking Water Act 2003 (SDWA)

While G-MW does not supply water for human consumption it has some obligations under the *Safe Drinking Water Act 2003* and *Regulations 2005* – including identifying risks to raw water quality in catchments and ensuring they are communicated to stakeholders such as water corporations.

Along with other Victorian water businesses, the Department of Health required G-MW to undertake its second regulatory audit prior to 31 December 2009. G-MW's audit was undertaken in November and successfully demonstrated that G-MW met and complied with its roles and responsibilities during the audit period. There were a number of opportunities for improvement identified and G-MW has actively worked to implement these and further improve its processes.

Victorian River Health Strategy

The Victorian River Health Strategy provides a framework to manage and restore our rivers over the long term. It sets the scene for integrating all our efforts on rivers, managing them within a catchment management context and ensuring we achieve the most effective river health benefits for the effort and resources invested. G-MW delivers against this strategy by:

- Facilitating the movement of water to its highest value use.
- Providing and managing water for the environment. As the Resource Manager for all river basins in our area, G-MW oversees the allocation and use of water and directs storage releases to meet demand, including environmental flows.

- Restoring flow-stressed river systems.
- Managing water quality.

G-MW contributes skills, resources and funds to programs that address stormwater, irrigation drainage, new developments (statutory planning), water quality monitoring, research and incident response. G-MW's role in the Irrigation Drainage Memorandum of Understanding contributes to improving water quality by reducing pollutant loads in irrigation drainage outfall.

Victorian Biodiversity Strategy

Victoria's Biodiversity Strategy encourages Victorians to better understand the State's flora, fauna and eco-systems and to take an active part in their conservation and management for future generations. G-MW recognises the ecological links between different parts of the environment (such as streams, streamside vegetation and the biodiversity they support) and are aware how our actions and strategies influence biodiversity conservation. To this end, G-MW works with stakeholders to implement initiatives such as Regional Catchment Strategies to improve regional biodiversity outcomes. For example, this year G-MW developed plans for revegetation by direct seeding around Goulburn Weir; which will be undertaken during 2010.

Mildura-Merbein Salt Interception Scheme Refurbishment

G-MW is the Victorian Constructing Authority for salt interception works for the Murray-Darling Basin Authority. A milestone has been achieved this year in preparing for the refurbishment of one of the Murray River's key salt interception schemes.

The original Mildura-Merbein Salt Interception Scheme was funded by the Victorian Government and constructed 30 years ago, and while considerable effort was made to keep the scheme operational over the past years, it had reached its end of life and required refurbishment.

Under the direction of the Sunraysia Regional Management Steering Committee, regional investigations were completed and finalised in 2009/10 within a business plan that was presented to the Murray-Darling Basin Authority. Key elements of the business plan included:

- A two stage refurbishment strategy for the Mildura-Merbein Salt Interception Scheme to intercept a total salt load of 114.5 tonnes/day;
- A feasibility assessment for a possible new salt interception scheme at Red Cliffs;
- A salinity credit claim for Reduced Irrigation Salinity Impacts (RISI) for both NSW and Victoria; and
- A regional groundwater and salinity impact modelling framework (EM2.3) that underpins the various salinity actions.

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In June 2010 the Murray-Darling Basin Authority approved a \$16.2 million refurbishment project and authorised G-MW to proceed with the first stage of the refurbishment works at a capital cost of \$8.2 million.

The refurbished scheme will continue to play an important role in preventing salt loads from entering the Murray River and will further reduce the average salinity at Morgan, South Australia by 10.5 EC.

The Stage 1 project, to commence in July 2010 and be completed by June 2013, will include construction of 22 production bores and associated monitoring bores together with spur mains.

Stage 2 will refurbish the disposal transfer infrastructure, based on pursuing ultimate groundwater disposal to Mourquong Basin in NSW, including a river crossing at a total estimated cost of \$8.0 million.

Dams

Organisational Changes Drive Dams Efficiencies

This year G-MW completed a comprehensive review of the way its resources were structured to deliver dams operations and maintenance. Water storage management was formerly structured around geographic regions, but it was recognised that greater knowledge sharing and efficiency could be gained from structuring along functional lines. Keeping within existing staff numbers and budgets, the dams unit has been restructured to:

- **Dams operations and maintenance** – looking after the day-to-day operations and maintenance of the embankment, spillway and outlet infrastructure.
- **Dam safety** – providing the technical engineering input to dams and managing the portfolio of dam safety risks.
- **Land and on-water management** – managing the community, recreational and environmental aspects of dams and surrounding lands.

Water Storages – a Community Asset

Apart from their primary role in storing water, many of G-MW's 16 water storages are open to the general public and seen as vital community assets for recreation and tourism. The water storages also support over 1,500 commercial operators including two hydroelectric companies, making them a valuable asset to local economies as well.

G-MW is also one of Victoria's largest public land managers with more than 100,000 hectares of public land under its control. Over the past several years, G-MW has been systematically developing Land and On-Water Management Plans for its storages that include consultation with communities, groups and organisations to develop a shared vision for the recreation use and management of dams amenities.

Consultation for a Land and On-Water Management Plan was completed this year for Lake Nillahcootie with preparations underway on the Waranga Basin plan, which will be completed next year.

Dams Deal with Flood and Fire

Highlighting G-MW's skill in dealing with the variability of its environment, dams operations staff dealt efficiently with both flood and fire within a four day period this year.

In the early morning of 2 January a major flood was passed successfully at Lake Buffalo. The event began after heavy rain on New Years day with the flood levels escalating from minor flood at 3:00am to major flood at 5:00am. The local operators liaised with the Bureau of Meteorology to ensure appropriate flood warnings were issued. Just three days later a major fire covering more than 800 hectares in part of the dry bed of Lake Mokoan again tested the dams and operations with staff.

As part of the Lake Mokoan Diverters pipeline scheme, G-MW had constructed hydrants, storage tanks and an operational storage to provide readily available water for helicopters and fire tankers. These facilities, combined with a network of lake bed access tracks, allowed the local CFA brigades to provide a quick and effective response to the Mokoan fire. G-MW has comprehensive fire protection plans in place at all water storages. In anticipation of the summer fire risks, G-MW had previously implemented a range of programs in partnership with local Councils, the CFA and DSE to identify and address potential fire risks on and around G-MW's storages and along the delivery network.

Corporate Services Division

The Corporate Services Division provides leadership and support which is professional, innovative and creates value for all customers. The Division includes Finance, Information and Business Systems, Corporate Risk and Legal and are committed to continuous improvement and maintaining cost efficiencies across the organisation while meeting G-MW's statutory, financial and customer service obligations.

G-MW Financial Commentary

Financially significant issues in the year:

G-MW financial performance is largely impacted by significant non-cash expenditure items and government funded programs that overlap financial years. The result for 2009/10 shows an accounting loss of \$62 million compared to \$34.1 million previous year. It is important to recognise that the statutory result does not reflect ongoing viability or poor performance effecting cash position, G-MW will continue to make large statutory losses for the next 50 plus years. It is equally important to understand that these statutory losses will not impact on future prices as they do not fall within the regulatory framework for revenue recovery.

An explanation of each of the material items is given below and a reconciliation back to the result based on pricing principles follows.

Depreciation – depreciation based on accounting standards is an expense item in the operating statement and is based on all assets owned by G-MW.

It includes the impact of past revaluations and also the cost of major works on G-MW assets that were funded by Government such as the FutureFlow modernisation program of \$290 million, the NVIRP asset transfer of \$87 million, and other funded programs in drain construction, dam improvement works and major new pipelines. None of these asset value increases are used in calculating regulatory depreciation, the key asset value used to calculate price.

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

Written down value of asset disposed – each year G-MW capital works programs are tested against alternative treatments that may allow for the removal of assets after negotiation with customers on alternative water supply source. In addition during 2009/10 the Shepparton Irrigation Area modernisation included the decommissioning of a number of channels and associated structures. The value of these assets is written off as an expense in the operating statement, but this does not involve any actual cash payments, nor any expense that must be recovered through price. Decommissioning of these assets provide for positive returns in future years through avoided asset costs, and also contribute to future water savings.

FutureFlow expenditure in the operating statement – part of the cost of the Shepparton Modernisation Project referred to above is the cost to decommission assets. This is the sum of costs to remove structures or fill channels, or to pay customers compensation for them having to make alternative supply arrangements. These costs cannot be capitalised, they are treated as an expense (output) cost and now appear in the 2009/10 operating statement. They are matched by revenue included as capital contributions in the balance sheet which is funded by government. There is no cash loss or cost to be recovered through price.

Expenditure funded from prior year payments – also included in the operating statement as expenditure are items funded by DSE in prior years, but with the expenditure included in this year. Again these amounts do not lead to a cash loss or a requirement for recovery through price.

The pricing regulator, the ESC, has a policy that all G-MW funded capital expenditure is to be funded by long term borrowings and recovered in price by a regulatory depreciation and return on assets. As these large funded programs have been funded in advance of each milestone throughout the project, G-MW has been able to defer the predicted increased borrowings through the last two years. It is likely that from 2010/11 there will need to be significant increased long term borrowings.

Corporate Services Division

Reconciliation Table for Regulatory Profit/(Loss) Which Reflects the Issues identified Within the Financial Statements.

	2009/10 (\$000's)	2008/09 (\$000's)
Statutory Profit / (Loss) for the year in financial statements, prepared in accordance with Australian Accounting Standards	(61,986)	(34,148)
Add: Expenditure relating to Government Funds Received in prior years or as contributed capital	19,221	–
Adjusted accounting result	(42,765)	(34,148)
Add back statutory depreciation / amortisation	37,203	34,008
Add back abandoned assets *	8,775	4,170
Deduct regulatory depreciation	(5,860)	(5,412)
Regulatory Profit/(Loss) for the year under pricing policy	(2,647)	(1,382)

* This item was not separately identified in this note in 2008/09

The Financial Statements Indicate an Accounting Loss of \$62 Million in 2009/10.

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

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Charges for Water	74,002	79,497	82,905	77,129	76,691	81,926	87,445
Other revenue	41,305	31,098	36,983	41,459	89,720	43,481	53,256
Total	115,307	110,595	119,888	118,588	166,411	125,408	140,701
Expenses							
Operations	54,366	55,797	54,375	62,392	57,306	64,017	76,626
Maintenance	18,130	19,999	24,075	32,699	39,822	33,382	49,222
Depreciation	26,991	30,806	30,516	31,302	31,127	34,008	37,203
Other expenses	13,734	15,403	15,137	20,445	20,739	28,148	39,636
Total	113,221	122,005	124,103	146,838	148,994	159,556	202,687
Profit/(loss)	2,086	(11,410)	(4,215)	(28,250)	17,417	(34,148)	(61,986)
Current assets	41,538	55,488	44,698	50,281	198,405	113,925	36,412
Non-Current assets	1,858,940	1,882,528	1,905,679	1,930,826	1,959,237	2,124,393	2,266,479
Current Liabilities	28,165	43,193	41,202	49,693	42,589	79,919	79,364
Non-Current Liabilities	23,751	15,288	14,809	63,716	51,269	23,535	23,037

Year	Result
2009/10	\$62 million loss
2008/09	\$34.1 million loss
2007/08	\$17.4 million profit
2006/07	\$28.3 million loss
2005/06	\$4.2 million loss
2004/05	\$11.4 million loss
2003/04	\$2.1 million profit

Environmental Management

G-MW is committed to minimising the impact of its operational activities on the natural environment. It manages environmental issues through its Environmental Management System (EMS) which monitors the performance of the organisation against a number of criteria. The EMS provides for continual improvement in the corporation's management of its environmental impacts and mitigation of environmental risks from its operational activities.

The EMS was independently audited in November 2009 and was successful in renewing its certification to ISO 14001. Improvement recommendations were identified in the areas of induction of new employees and improved monitoring of specific assets. Both of these issues have been addressed by management.

Greenhouse Emissions Reduction

G-MW's greenhouse gas emissions from 2005/06 to 2009/10 are shown in the table below.

G-MW's greenhouse emissions are made up primarily of energy (electricity and gas) used to run offices and depots and deliver water to customers and fuel consumed by the vehicle fleet. In some years temporary pumping contributes a significant amount of greenhouse gas. The trend in G-MW's greenhouse emissions has been downwards over the years that they have been monitored, with levels stabilising over the past three years. In 2009/10 a 6% reduction in energy use was offset by a 17% increase in fuel consumed by the vehicle fleet. The figure below shows that energy is usually the major component of G-MW's greenhouse emissions.

G-MW's Greenhouse Emissions Action Plan was released in January 2008 and set a target to cap greenhouse emissions at 75% of the 2005/06 level by 2013. It also sets a long-term goal for the organisation to be carbon neutral by 2013. A number of initiatives are currently underway to assist the organisation reduce its greenhouse emissions, including:

- The purchase of accredited Green Power to replace 5% of electricity consumption in 2009/10.
- Incentives to increase staff uptake of fuel efficient vehicles in G-MW's fleet.

G-MW continues to work with other Water Corporations on greenhouse issues through its participation in the Greenhouse Working Group. Benefits of this involvement include being up to date with developments regarding carbon trading policies and learning how other Water Corporations are implementing their greenhouse strategies and the success or failure of various initiatives.

Greenhouse Emissions (t CO₂e) by Source

	2005/06	2006/07	2007/08	2008/09	2009/10
Energy	10,890	8,275	8,309	9,301	8,731
Vehicle fleet	6,369	5,057	4,902	4,518	5,306
Temporary pumping	–	2,341	1,100	1,061	–
Total	17,259	15,673	14,311	14,880	14,038

Greenhouse emissions associated with waste disposal have not been calculated in 2009/10 due to lack of data. G-MW will have in place reporting systems to capture Greenhouse emissions associated with waste disposal for the 2010/11 reporting period.

Corporate Water Consumption

G-MW's corporate water consumption at G-MW's 14 major office locations was 10,229 kL for 2009/10. This is equivalent to an office water consumption of 17,471 litres per FTE and 1,063 litres per m² of office space. In previous years, G-MW has reported water used at all offices, depots and recreational areas. These figures have been considerably larger than those reported in 2009/10 given these figures included all water consumption at all G-MW sites.

Corporate water consumption has varied considerably over the period it has been monitored and reported. In recent years where total water consumption was reported by G-MW, reduced allocations due to drought had required many G-MW operated recreational areas to switch from irrigation to town water supplies. In addition, at some sites maintenance activities that require significant water consumption only occur on a biennial basis.

Corporate Water Consumption

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

Corporate Services Division

Making our Workplace Safer

G-MW demonstrated a significant achievement in OHS statistics during 2009/10, which identified industry ratios such as Lost Time Injury Frequency Rate (LTIFR) as the lowest in the past 10 years. These achievements result from organisation wide effort in ensuring best and safe practices.

Key initiatives implemented during the 2009/10 period have included:

- Launch of G-MW's three year Corporate Health and Well-being Strategy and provision of individual health assessments to employees at nine G-MW work centres in line with introductory health awareness seminars. G-MW also received a Work Health Grant through WorkSafeVictoria to assist in funding future Health and Well-being Initiatives during this period.
- Development and Implementation of a Safety Key Performance Indicator reporting program, which aims to measure G-MW's safety performance through lead indicators and demonstrated leadership commitment.
- Provision of Safety Culture and Leadership training teamed with G-MW's Safety KPI reporting program will drive organisational commitment to Health, Safety and Well-being from the most senior management levels down and drive G-MW's long term mission of zero harm.
- Ongoing retention of SafetyMAP Initial Level Certification through completion of six monthly surveillance audits and demonstrated continuous improvement to the Corporations OH&S Management System.
- Implementation of a targeted Driver Safety Training Program including provision of defensive driver, four wheel drive, induction and remedial training to assist in managing risk associated with travelling large distances and in remote areas.

Return to Work

During the 2009/10 period several changes were implemented in relation to G-MW's Return to Work program. The first of these was a change in insurance agency QBE to CGU. Over this period CGU has provided a personalised and detailed service, and are working closely with G-MW to improve return to work outcomes. A review of the Rehabilitation and Return to Work Procedures was completed to ensure G-MW remains compliant with recent changes to legislation. A further review is underway to maximise the efficiency and effectiveness G-MW's system.

As the number of low impact claims has reduced, the Average Lost Time Rate for the organisation has increased due to the contribution of serious long term psychological and physical injury.

G-MW Average Lost Time Rate

	Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	Average Lost Time Rate (average number of days lost per lost time injury)
2009/10	6.0	44.7
2008/09	11.3	31.5
2007/08	12.1	16.9
2006/07	10.4	18.4
2005/06	7.8	30.2
2004/05	17.4	10.8
2003/04	14.5	10.0
2002/03	19.3	15.9
2001/02	18.1	20.0
2000/01	26.9	10.3

The difference in value from 2008/09 Annual Report of 1 LTI was because the LTI did not become classified as an LTI until after the printing of the Report.

Occupational Health and Safety Key Performance Indicators

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

Risk Management

G-MW is committed to adopting sound risk management principles and to manage risk with recognised best practice in accordance with AS/NZ 4360:2004 and ISO 31000:2009.

G-MW's approach to risk management is defined in the Corporation's risk management policy and business risk management framework. Both the framework and policy are integrated at all levels of the organisation, in all business activities and strategic decisions are aligned to G-MW's strategic direction.

Freedom of Information

G-MW is subject to the *Freedom of Information Act 1982* (the Act). The Act extends as far as possible the right of the community to access documents held by government agencies.

All FOI requests must be made in writing. From 1 July 2010, FOI requests are subject to a \$23.90 application fee. This fee may be waived in cases where payment of the fee would cause an applicant financial hardship. Requests must be specific enough to allow an agency to identify documents considered relevant to a request.

Requests under the Act should be sent to G-MW's authorised FOI officer:

Peter Lucarelli
Legal Officer – Freedom of Information and Privacy
Goulburn-Murray Water
PO Box 165, TATURA VIC 3616
or email foi@g-mwater.com.au

G-MW received 34 new FOI requests from 1 July 2009 to 30 June 2010. Requests were received from members of parliament, solicitors, individuals, community groups, organisations and other agencies.

In the same period 35 requests were completed.

The outcomes were:

• full access granted	8
• partial access granted	20
• access denied	3
• no documents	2
• transferred to other agencies	2

G-MW received 2 applications for internal review.

The outcomes were:

• original decision upheld	2
• original decision varied	0

G-MW responded to 100% of requests within statutory timeframes.

No applications were made to the Victorian Civil and Administrative Tribunal for review of an FOI decision.

No matters were referred by the Victorian Ombudsman relating to FOI.

Statement of Attestation

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



30 June 2010

Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* is designed to protect people disclosing information about serious wrongdoing in the Victorian Public Sector and to provide a framework for the investigation of these matters.

The protected disclosure coordinator for the Department of Sustainability and the Environment (DSE) acts as the Corporation's agent to receive disclosures under the Act, and applies DSE procedures in managing disclosures. No disclosures were received during 2009/10.

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

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

Energy and Water Ombudsman (Victoria) Limited

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

During the 2009/10 financial year, the Ombudsman referred 106 matters to G-MW. Of these, 12 were Enquiries, 39 were Unassisted Referrals, 39 were Assisted Referrals, 3 were Stage 1 Complaints and 13 were Stage 2 Complaints. Case complexity contributed to one complaint progressing to a Stage 3 status.

In 2008/09 there were 40 Enquiries and 10 were Level 1 Complaints. Case complexity contributed to one complaint progressing to a Level 3 status.

Corporate Services Division

As at the 30 June 2010, there were five complaints against the Corporation being investigated by the Ombudsman's office.

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

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

Victorian Industry Participation Policy (VIPP)

The Victoria Industry Participation Policy (VIPP) was established in 2001 to actively encourage greater local industry participation in major Victorian Government procurement contracts, projects and infrastructure.

Contracts Commenced during 2009/10
4 Contracts totalling \$5,745,150 to which the VIPP applied.
All four contracts were in Regional Victoria.
106 Existing jobs to be retained.
50 New jobs to be created.
100% Local Content Committed.

Contracts Completed during 2009/10
1 Contract totalling \$1,152,924 to which the VIPP applied.
This contract was in Regional Victoria.
15 Existing jobs to be retained.
100% Local Content Committed.

Capital Projects

Capital projects over \$5 Million – Treasury Approval

Project	DTF Evaluation	Project Approved	Progress as at 30 June 2010
Mokoan – Return to Wetland project	•	•	Approximately 88% complete
Lake William Hovell Improvement project	•	•	Approximately 99% complete
Shepparton Modernisation – FutureFlow Works	•	•	Approximately 99% complete
Foodbowl Early Works	•	•	Approximately 95% complete

Building Act

G-MW observes statutory requirements set down by the *Building Act 1983* and the accompanying Building Regulations 2006.

Information Available

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

National Competition Policy

G-MW aims to comply with Victorian Government policies and timeframes for National Competition Policy, including competitive neutrality.

G-MW has now finalised the implementation of the recommendations in the report received from the Victorian Competition and Efficiency Commission (VCAE). Corporatisation of Watermove as a stand alone business entity was formalised in November 2009, and Watermove moved into separate premises on the main street of Tatura in December 2009. Watermove is a wholly owned subsidiary of G-MW, with any support services from G-MW being provided on a purely commercial basis.

Consultancies

Consultants were engaged by the Corporation during 2009/10 and they provided expert analysis and advice to facilitate decision making.

One consultant was engaged at a total contract cost of \$100,000 or more.

Consultant: BCM in a Box Pty Ltd

Project: Business Continuity Strategy and Plan Development

Total: \$126,000

Remaining commitment: Nil

There were eleven consultants engaged at a contract cost of less than \$100,000 and these were paid \$272,472.

Infrastructure Assets

From the 2010/11 reporting period G-MW will incorporate an additional Financial Reporting Directive requiring the valuation of water infrastructure assets controlled by G-MW.

Auditor Scrutiny of G-MW

G-MW is subject to a large number of Auditor's through the organisation each year. The areas of water trading and administration, finance, health and safety and works

projects are constantly under review and subject to random audits at any one time. Some of the auditors and their areas of interest during 2009/10 are found below.

Auditor Name	Area of interest at G-MW
Cardno for DSE	Phase 3 water savings accrued during 2008/09 as a result of CG1-4 and Shepparton modernisation projects (and support to NVIRP Early Works
ArupWater for DSE	Baseline water losses data and calculations, the reference point for NVIRP and other modernisation water savings achievements.
Victorian Auditor General Office (VAGO),	<ul style="list-style-type: none"> Groundwater Management – Sustainable Management of Victoria's Groundwater Resource, Preliminary findings from early conduct phase; G-MW January 2010. Performance Audit: Irrigation Water Stores: Preliminary draft report for final confirmation of issues, facts and context. Performance Audit: Effectiveness of drought assistance measures. Performance Audit: of Securing ICT Management and Control Systems for Water and Trains. Performance Audit: of Securing ICT Management and Control Systems for Water and Trains, Audit Act 1994, s16(3) – Proposed Audit Report Irrigation Efficiency Programs.
FAI Global	Safety MAP Initial Level Certification
AFS Associates (Internal)	<ul style="list-style-type: none"> GL Reconciliations Corporate Card Review Government Services Contract Risk Management Contract Management and Dam Management,
Maxwell Brown & Mountjoy	Water Ballot
Lloyd's Register Quality Assurance (LRQA),	Environmental Management System
Parsons Brinkerhoff	Regulatory audit of G-MW's Risk management plans under the <i>Safe Drinking Water Act</i>

Organisational Development Division

The Organisational Development (OD) Division was established in December 2009 to drive organisational improvements through effective change management and development programs and provide a full range of people related services.

The division is responsible for:

- Driving initiatives designed to enhance the overall performance of the organisation.
- Ensuring that the organisation has the capacity and capability to deliver the organisational goals.
- Facilitating major change programs that reflect the future needs of the organisation.
- Developing the appropriate organisational culture.
- Providing relevant learning and development opportunities that meet future skill and competency requirements.
- Implementing a performance management system that ensures all staff are aligned with the corporate plan.

Achievements

The OD division has driven organisational wide change through the following initiatives:

- Organisational refinements and introduction of a matrix management structure.
- Implementation of the balanced scorecard performance management tool.
- The development of a G-MW diversity strategy that incorporates our Disability Action Plan, the participation in the Beacon Foundation Schools program, the continuation of the graduate and vacation programs and the design and development of the Women's Leadership Academy.
- Improved anti bullying and harassment procedures to ensure inappropriate behaviour is dealt with appropriately.
- Negotiation a new modernised four year Enterprise Agreement that will provide the organisation with flexibility and clear employment conditions and a remuneration review to ensure our salaries for managers are appropriate and competitive.
- Development and launch of the G-MW Core standards.
- Targeted succession planning for critical roles.

Attracting and Retaining Future Talent

G-MW has been involved with a variety of youth programs and graduate recruitment activities during the past year. G-MW in conjunction with the Beacon Foundation held various career events with the purpose of linking schools with local business. These career events provided an opportunity for students to learn more about the organisation, the types of careers available and the pathways into such careers.

G-MW recruited six graduates in a range of disciplines including civil engineering, environmental engineering and science. Four of the six graduates that have commenced in ongoing professional roles with G-MW were involved in the previous year's summer vacation program.

Merit and Equity

The State Government's merit and equity principals provided the foundation for our recruitment processes, position advertising and employee selection. During the year 31 internal and 55 external applicants filled 86 positions. G-MW also hosted four students in the 2009/10 summer vacation program.

Diversity Strategy

In recognition of the diverse needs of the community and our workforce G-MW has developed a diversity strategy. The purpose of the strategy is to build accountability and inclusion throughout the organisation by creating awareness through education and action. This in turn will create a culture that values employees which will assist us in recruiting, retaining and developing talented people.

The diversity strategy covers the areas of disability, youth, equal employment and emerging communities. The following provides an overview of the diversity achievements to date and the future initiatives.

Achievements to date	Future initiatives
<ul style="list-style-type: none"> • Launch of G-MW's core standards promoting respect and anti discrimination behaviour. • Development of G-MW's Disability Action Plan including partnerships with disability groups and disability employment networks. • Improved flexible work arrangements for staff with family responsibilities and for those wishing to transition into retirement. • Continued success of the graduate and vacation program. 	<ul style="list-style-type: none"> • A diversity building audit to ensure statutory compliance and removal of barriers to access. • Commencement of the Women's Leadership Academy and the continued participation in the Beacon Foundations school program. • Engagement of customers in relation to people with disabilities accessing our services. • Mandatory equal opportunity and disability awareness training for all staff and managers.

Our Employees

G-MW employs a total of 727 staff, equivalent to 713 full time employees (FTE). Full time equivalent number accounts for part time employees as a fraction of full time hours workable. For example, two people each working 2.5 days per week would equal one full time equivalent employee.

Of the 727 staff members 576 are male and 151 are female with 686 staff members being employed full time and 41 working varied part time hours.

	Total Employees	FTE	% Male	% Female
2009/2010	727*	713	79	21
2008/2009	725	710	80	20
2007/2008	683	660	82	18
2006/2007	659	632	83	17
2005/2006	642	621	84	16

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

Classification	Total Employees	FTE
Band A	197	195
Band B	209	205
Band C	169	164
Band D	87	85
Band E	38	37
Band F	18	18
EO	9	9

Age brackets	Total Employees
< 25	65
25-34	160
35-44	165
45-54	198
55-64	134
> 64	5

Financial statements 2009/10

Operating Statement For the reporting period ended 30 June 2010

		2009/10	2008/09
	Notes	\$'000	\$'000
Revenue from operating activities			
Rates - water and drainage	3, 4	73,020	68,153
Consumptive charges	5	7,621	6,300
Sale of bulk water	6	6,804	7,473
Victorian Government grants	7	15,688	9,899
Other external clients	8	25,437	15,857
Interest from customers		671	1,193
Other revenue		3,473	4,066
Revenue from non-operating activities			
Interest on investments		1,121	-
Other income		6,478	12,467
Total revenue		140,313	125,408
Expenses from operating activities			
Operations	9	76,626	64,017
Maintenance	10	49,222	33,382
Management and administration		25,881	20,848
Finance charges		2,835	1,480
Loss on sale of fixed assets		225	124
Written down value of assets abandoned	11	8,775	4,170
Depreciation of non-current assets	14[c]	35,235	32,750
Amortisation of intangibles	14[b]	1,968	1,258
Environmental Contribution	12	1,527	1,527
Total expenses		202,294	159,556
Net result for the period		(61,981)	(34,148)

Statement of Comprehensive Income For the reporting period ended 30 June 2010

	2009/10	2008/09
	\$'000	\$'000
Net results for the year	(61,981)	(34,148)
Other comprehensive income		
Gain/(loss) on revaluation of property, plant and equipment	-	-
Fair value changes in available for sale assets	-	-
Other	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(61,981)	(34,148)

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

Balance Sheet
as at 30 June 2010

		2009/10	2008/09
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents		2,332	34,962
Receivables	20	31,950	77,154
Inventories	17	2,103	1,809
Total Current Assets		<u>36,385</u>	<u>113,925</u>
Non-Current assets			
Receivables	20	1,448	3,588
Land, buildings and equipment	14[a]	78,489	74,856
Intangibles	14[b]	7,791	7,540
Infrastructure	14[a]	2,178,751	2,038,409
Total Non-Current Assets		<u>2,266,479</u>	<u>2,124,393</u>
Total assets		<u>2,302,864</u>	<u>2,238,318</u>
Current liabilities			
Payables	18	62,919	64,742
Employee benefits	19	15,847	14,646
Borrowings	21	566	531
Total current liabilities		<u>79,332</u>	<u>79,919</u>
Non-Current liabilities			
Employee benefits	19	1,245	1,278
Borrowings	21	21,792	22,257
Total non-current liabilities		<u>23,037</u>	<u>23,535</u>
Total liabilities		<u>102,369</u>	<u>103,454</u>
Net assets		<u>2,200,495</u>	<u>2,134,864</u>
Equity			
Contributed capital	24[b]	2,094,216	1,966,604
Asset revaluation reserve	24[a]	26,910	26,910
Accumulated surplus	24[c]	79,369	141,350
Total equity		<u>2,200,495</u>	<u>2,134,864</u>

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

Statement of Changes in Equity
for the reporting period ended 30 June 2010

	Notes	Contributions by owners \$'000	Reserves \$'000	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2008		1,890,141	26,910	175,301	2,092,352
Effect of changes in accounting policy (net of tax)		-	-	-	-
Restated total equity at the beginning of the financial year		1,890,141	26,910	175,301	2,092,352
Total comprehensive income for the year as reported in 2009 financial report		-	-	(34,148)	(34,148)
Effect of changes in accounting policy (net of tax)		-	-	197	197
Restated total comprehensive income for the year		-	-	(33,951)	(33,951)
Transactions with the State in its capacity as owner					
Return of Capital		(31,948)	-	-	(31,948)
Contributions by owners		108,411	-	-	108,411
Other		-	-	-	-
		76,463	-	-	76,463
Balance at 30 June 2009		1,966,604	26,910	141,350	2,134,864
Total comprehensive income for the year		-	-	(61,981)	(61,981)
Transactions with the State in its capacity as owner					
Contributions by owners		39,873	-	-	39,873
Assets transferred from NVIRP		87,739	-	-	87,739
		127,612	-	-	127,612
Balance at 30 June 2010	24	2,094,216	26,910	79,369	2,200,495

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

Cash Flow Statement
for the reporting period ended 30 June 2010

	2009/10	2008/09
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts		
Receipts from customers	109,051	88,033
Receipts from other external clients	36,680	35,797
Receipts from Government	15,688	23,752
GST received from the ATO	23,413	25,606
Payments		
Payments to suppliers and employees	(176,085)	(129,341)
Interest and other costs of finance paid	(2,835)	(1,480)
Environmental Contribution	(1,527)	(1,527)
GST paid to the ATO	(5,990)	(5,725)
Net cash (outflow)/inflow from operating activities	23 (1,605)	35,115
Cash flows from investing activities		
Payment for construction of infrastructure assets, and purchase of property, plant and equipment	(102,703)	(184,874)
Proceeds from sale of property, plant and equipment	13	117
Net cash outflow from investing activities	(102,690)	(184,757)
Cash flows from financing activities		
Capital contributions from Victorian Government	72,196	91,348
Capital contributions to Victorian Government	-	(31,948)
Movement in borrowings	(531)	(499)
Net cash inflows from financing activities	71,664	58,901
Net increase/(decrease) in cash held	(32,630)	(90,741)
Cash and cash equivalents at the beginning of the year	34,962	125,703
Cash and cash equivalents at the end of the year	2,332	34,962

The above cash flow statement should be read in conjunction with the accompanying notes.

1. Significant accounting policies

(a) Basis of Accounting

General

This financial report is a general purpose financial report that consists of an Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards (AAS), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

This financial report has been prepared on an accrual and going concern basis. The Treasurer of Victoria has approved access to additional borrowings of up to \$25m short-term and \$24m long-term in 2010/11, which will assist the Corporation in ensuring it meets its cash obligations.

The financial reports as at 30 June 2010 comprise G-MW (the Corporation).

Accounting Policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

Classification between current and non-current

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

Rounding

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

Historical cost convention

These financial statements have been prepared under the historical cost convention with the exception of land and buildings which are revalued on a cyclical basis, and infrastructure assets which are at deemed cost.

Critical accounting estimates

The preparation of financial statements in conformity with International Accounting Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

Financial statement presentation

The Corporation has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. As a result of the revised standard, a Statement of Comprehensive Income has been added after the Operating Statement and the Statement of Changes in Equity has been amended.

Watermove Pty Limited

A wholly owned subsidiary company Watermove Pty Limited was corporatised on 1 November 2009. Watermove was a business unit within G-MW prior to corporatisation and operates as a water broker. G-MW has not prepared the 2009/10 financial statements on a consolidated basis as the impact of the transactions and year-end balances of Watermove are not material.

In the financial statements of G-MW there is a receivable of \$100,000 for a cash advance to Watermove which is to be repaid.

The financial statements of Watermove disclose the following: total revenue for the period to 30 June 2010 was \$388,064, expenditure \$392,576, net loss before income tax of \$4,512, total assets \$126,408, total liabilities of \$130,900.

(b) Revenue recognition

Rates and consumptive charges

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

Sale of bulk water

Revenue is brought to account for bulk water supplies to other water corporations throughout the year at the agreed entitlement volumes.

Capital contributions

Any fees paid by developers or contributions for on farm works are recognised as revenue when received or receivable. All capital contributions other than from the Victorian Government are treated as revenue when received.

Government grants and contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the operating statement.

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 grants in the Operating Statement. The cost of provision of this service is included in operating expenses.

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

Other external clients

G-MW is the construction authority for the Murray Darling Basin Authority (MDBA) and completes contracted works on a cost recovery basis. Revenue is disclosed in the Operating Statement in Other external clients and the expenditure is disclosed in Operations. G-MW also completes work on a cost recovery basis as requested for NVIRP. During 2009/10 there was an increase in the amount of work undertaken as the NVIRP program gained momentum.

Interest and rents

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

(c) Borrowing costs

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

(d) Recognition and measurement of assets

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

Acquisition

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

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

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred [refer note 10]. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Valuation of Non-Current Physical Assets

All non-current physical assets, excluding infrastructure assets, are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Directive 103D. Revaluations are conducted using management expertise and are classified as a managerial revaluation.

Water infrastructure assets are measured at cost less any accumulated depreciation and any accumulated impairment losses. These assets comprise substructures or underlying systems held to facilitate the storage and transfer of water to meet customer needs. They also include infrastructure assets that underlie drainage systems.

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

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

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

Impairment of Assets

Intangible assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount. All other assets are assessed annually for indicators of impairment, except for

- inventories;
- financial instrument assets;
- investment property that is measured at fair value; and
- non-current assets held for sale.

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

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

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

Non-current Assets Classified as Held for Sale

The Corporation does not currently have any non-current assets classified as held for sale.

(e) Depreciation and Amortisation of Non-current Assets

Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

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

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

Class of Assets	Estimated Life (years)
Buildings	40
Plant, equipment, furniture and fittings	2 to 10
Intangibles	3 to 5
Infrastructure - channels and structures	40 to 120
Infrastructure - drains and dams	Up to 200

(f) Leased assets

Finance Leases

The Corporation has no finance leases.

Operating leases

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

Leasehold improvements

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

(g) Employee benefits

Wages and Salaries, annual leave and sick leave

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

Long service leave

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

The components of this current LSL liability are measured at:

Present value – component that the Corporation does not expect to settle within 12 months; and

Nominal value – component that the Corporation expects to settle within 12 months.

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

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. [refer note 19]

Superannuation

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Corporation to the superannuation plan in respect to the current services of staff. Superannuation contributions are made to the plans based on the relevant rules of each plan. G-MW has no unfunded superannuation liabilities. [refer note 25]

Employee Benefit On-Costs

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

Performance payments

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

(h) Wholesale/retail reporting

The Corporation has two lines of business separately reported at note 30, as required by a Ministerial Directive. The wholesale business operates and maintains water storages and gains revenue from the sale of bulk water to other water corporations and to the G-MW retail business. The retail business operates and maintains the network of irrigation and drainage infrastructure used to deliver and drain water for our retail customers, mainly farming enterprises. The revenues, expenses and results include transfers between the wholesale and retail operations. These transfers are priced on an arms length basis and are eliminated on consolidation.

The revenues, expenses, assets and liabilities reported for wholesale and retail operations are those directly attributable to each operation or those that can reasonably be allocated.

(i) Changes in accounting policy

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

(j) Goods and Services Tax

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis i.e., inclusive of GST. The

GST component of cashflows arising from investing and financing activities which is recoverable or payable to the ATO is classified as operating cash flows.

(k) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison. The balance sheet and reconciliation of movement in non-current assets (Note 14c) have been adjusted to separate the intangible assets from plant, equipment, furniture and fittings.

(l) Financial instruments

Recognition

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet.

Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Any held-to maturity investments held by the Corporation are stated at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the other categories. Available-for-sale financial assets are reflected at fair value. Gains and losses arising from changes in fair value are taken directly to equity and recycled to the Operating Statement upon disposal or the financial asset is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Operating Statement of the period.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Corporation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale equity investment, a significant or prolonged decline in value of the instrument below its cost is considered as an indicator that the investment is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. Impairment losses are recognised in the Operating Statement. Impairment losses recognised in the Operating Statement on equity instruments classified as available for sale are not reversed through the Operating Statement.

(m) Commitments

At each reporting date, the Corporation assesses whether there is contractual evidence that a financial commitment exists. The Corporation's major commitments are amounts outstanding on contracts for capital works. They are classified into the following categories: Not later than 1 year; later than 1 year/ not later than 5 years and later than 5 years. Commitments are disclosed in Note 26 at their nominal value and inclusive of the GST payable.

(n) Contingent liabilities

Contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and if quantifiable are measured at nominal value. Legal actions have been instituted against G-MW as a result of damages claims. Whilst G-MW has denied any liability, it recognises that contingent liabilities exist at balance date.

(o) **New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2010. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on departmental financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	In May 2009 the AASB issued a number of improvements to existing Australian Accounting Standards.	1 January 2010	The Corporation does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2]	The amendments to AASB 2 relate to the treatment of a group share-based payment arrangement	1 January 2010	Not applicable to the Corporation.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	In October 2009 the AASB issued an amendment to AASB 132 <i>Financial Instruments: Presentation</i> which addresses the accounting for rights issues.	1 February 2010	The Corporation has not made any such rights issues, therefore the amendment will not have any effect on the financial statements.
AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 <i>Financial Instruments</i> addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.	1 January 2013	The Corporation is yet to assess the full impact of the amendment and will not adopt it early.
Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	Revised AASB 124 <i>Related Party Disclosures</i> issued in December 2009. Effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1 January 2011	When the amendments are applied, the Corporation will need to disclose any transactions between subsidiaries and associates.
AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19	AASB Interpretation 19 clarifies the accounting necessary when an entity extinguishes debt by issuing its own equity instruments to the creditor (debt for equity swap).	1 July 2010	It is not expected to have any impact as the Corporation has not entered into any debt for equity swaps.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	In December 2009 an amendment was made to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> . It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.	1 January 2011	The Corporation does not make any such prepayments. The amendment is therefore not expected to have any impact on the financial statements.

2. Financial Risk Management Objectives and Policies

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

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

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

2.1 Risk Exposures

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

(a) Market risk

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

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

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

30 June 2010		Total \$'000	Interest Rate Risk			
			1%		-1%	
			Profit	Equity	Profit	Equity
Financial Assets						
	Cash and cash equivalents	2,332	23	23	(23)	(23)
	Receivables	33,398	-	-	-	-
Total Financial Assets		35,730	23	23	(23)	(23)
Financial Liabilities						
	Payables	62,919	-	-	-	-
	Borrowings	22,358	(223)	(223)	223	223
Total Financial Liabilities		85,278	(223)	(223)	223	223
Total increase and decrease			(200)	(200)	200	200

30 June 2009		Total \$'000	Interest Rate Risk			
			1%		-1%	
			Profit	Equity	Profit	Equity
Financial Assets						
	Cash and cash equivalents	34,962	350	350	(350)	(350)
	Receivables	80,742	-	-	-	-
Total Financial Assets		115,704	350	350	(350)	(350)
Financial Liabilities						
	Payables	64,742	-	-	-	-
	Borrowings	22,788	(228)	(228)	228	228
Total Financial Liabilities		87,530	(228)	(228)	228	228
Total increase and decrease			122	122	(122)	(122)

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

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing					Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000		
2010									
(i) Financial assets									
Cash		2,332	-	-	-	-	-	-	2,332
Receivables	20	-	7,596	-	-	-	-	25,802	33,398
Investments		-	-	-	-	-	-	-	-
Weighted aver. interest rate		2,332 4.4%	7,596 10.2%	-	-	-	-	25,802	35,730
(ii) Financial liabilities									
Interest bearing liabilities									
Payables	21 18	-	565	602	641	682	723	19,144	22,357 62,919
Interest rate		-	565 6.9%	602 6.9%	641 6.9%	682 6.9%	723 6.9%	19,144 7.1%	62,919 -
Net financial instruments		2,332	7,031	(602)	(641)	(682)	(723)	(19,144)	(49,546)

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing					Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000		
2009									
(i) Financial assets									
Cash		34,962	-	-	-	-	-	-	34,962
Receivables	20	-	5,650	1,302	-	-	-	73,790	80,742
Investments		-	-	-	-	-	-	-	-
Weighted aver. interest rate		34,962 2.9%	5,650 11.3%	1,302 8.0%	-	-	-	73,790	115,704
(ii) Financial liabilities									
Interest bearing liabilities									
Payables	21	-	531	565	602	641	682	19,767	22,788 64,742
Interest rate		-	531 6.9%	565 6.9%	602 6.9%	641 6.9%	682 6.9%	19,767 7.1%	64,742 -
Net financial instruments		34,962	5,119	737	(602)	(641)	(682)	(19,767)	28,173

(b) Credit Risk

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

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

An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 20.

(c) Liquidity Risk

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

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

(d) Fair Value Estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Corporation is the current bid price.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Corporation uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

Carrying amounts and fair value of financial assets and financial liabilities	30-Jun-10		30-Jun-09	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Cash and cash equivalents	2,332	2,332	34,962	34,962
Receivables	33,398	33,398	80,742	80,742
Total Financial Assets	35,730	35,730	115,704	115,704
Financial Liabilities				
Payables	62,919	62,919	64,742	64,742
Borrowings	22,358	23,968	22,788	22,410
Total Financial Liabilities	85,277	86,887	87,530	87,152

2.2 Capital management

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

There have been significant capital works projects undertaken over the past two years including the Shepparton Modernisation Project and the Central Goulburn 1 to 4 Modernisation. During that period G-MW has run down its cash reserves and at year-end had an unfavourable ratio of current assets to current liabilities. During 2010/11 additional long-term borrowings will be required as a direct result of those past capital programs.

During 2008/09 the Northern Victorian Irrigation Renewal Project was created and commenced work on stage one of the irrigation modernisation program with a one billion dollar budget. G-MW will be required to contribute \$100 million of this funding payable in two \$50 million instalments in 2011/12 and 2012/13. These are expected to be funded by borrowings.

3 Revenue - Rates water and drainage

	2009/10 \$'000	2008/09 \$'000
Irrigation and drainage - gravity	64,331	59,682
Irrigation and drainage - pumped	1,774	1,979
Domestic and stock	839	846
Diversions direct from streams and groundwater	6,076	5,646
Total	<u>73,020</u>	<u>68,153</u>

4 Government drought rebate

As part of its response to the low water allocations resulting from the prolonged drought, the Victorian Government has provided a rates rebate to customers on systems with less than 30% of water right allocated. In 2009/10 the customers in the catchments on the two largest river basins, the Goulburn and the Murray, were not eligible for a rebate as the allocations were above 30% as at December 2009. This amount is included within Rates water and drainage for 2009/10 at note 3 above.

	<u>2,717</u>	<u>36,807</u>
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5 Revenue - Consumptive Charges

Irrigation and drainage - gravity	7,355	5,957
Irrigation and drainage - pumped	242	317
Domestic and stock	24	26
Total	<u>7,621</u>	<u>6,300</u>

6 Revenue - Sale of bulk water

Total bulk water sales	24,449	23,339
Less Bulk water sales to G-MW retail business [refer note 9]	(17,645)	(15,866)
Bulk water sales to other organisations	<u>6,804</u>	<u>7,473</u>

7 Revenue - Victorian Government grants

Several programs including water savings and salinity programs are funded by the Victorian Government on an ongoing basis.

Water savings initiative	8,883	2,340
Salinity	6,033	6,308
Other initiatives	772	1,251
	<u>15,688</u>	<u>9,899</u>

8 Revenue - Other external clients

	2009/10 \$'000	2008/09 \$'000
Murray-Darling Basin Authority	12,303	13,902
NVIRP and Foodbowl Project	11,608	
Other external clients	1,526	1,955
Total	<u>25,437</u>	<u>15,857</u>

G-MW is the Victorian construction authority for the Murray-Darling Basin Authority and completes contracted works on a cost recovery basis. The associated expense is reported in note 9.

9 Expenses - Operations

	2009/10		2008/09	
	\$'000 Bulk Water	\$'000 Total Expense	\$'000 Bulk Water	\$'000 Total Expense
Irrigation and drainage - gravity	15,997	29,913	14,177	35,588
Irrigation and drainage - pumped	224	640	229	838
Domestic and stock	21	271	21	353
Diversions direct from streams and groundwater	1,403	3,062	1,439	3,525
Government funded operations	-	8,449	-	12,122
Headworks	-	39,992	-	14,505
Murray-Darling Basin Authority	-	11,944	-	12,952
Sub-total	17,645	94,271	15,866	79,883
Deduct bulk water		(17,645)		(15,866)
Total		76,626		64,017

The bulk water charge is an internal charge levied on retail services by the wholesale business. [refer note 6]
This charge is not included as an operating expense in the Operating Statement, but is included as an operating expense in reporting the Wholesale and Retail Operations at note 30.

10 Maintenance

	2009/10 \$'000	2008/09 \$'000
Irrigation and drainage - gravity	20,629	17,629
Irrigation and drainage - pumped	409	329
Domestic and stock	132	144
Diversions direct from streams and groundwater	354	374
Headworks	4,075	4,558
Reconfiguration	23,623	10,348
	49,222	33,382

11 Written down value of assets abandoned

Each year G-MW negotiates with customers to rationalise parts of the irrigation infrastructure where reconfiguration works circumstances permit the realignment of channels and structures. Where this proves cost effective infrastructure assets will be abandoned.

8,775	4,170
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12 Environmental contribution

The Water Industry (Environmental Contributions) Act 2004 amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water supply authorities. Goulburn-Murray Water commenced payments under this Act from 1 July 2007. The purpose of the environmental contribution is set out in the Act and the funding may be used for funding initiatives that seek to promote the sustainable management of water or address water-related initiatives. The environmental contributions are disclosed separately within expenses.

1,527	1,527
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13 Labour related costs

	2009/10 \$'000	2008/09 \$'000
Direct salaries	48,731	47,295
Leave entitlements	12,134	10,444
Superannuation	4,364	3,919
Payroll tax	2,556	2,401
Workcover	616	598
Total	68,401	64,657

Included within this amount is the cost of labour directly attributable to capital projects and therefore capitalised. The balance of these costs are included within the Operations, Maintenance and Management and Administration items in the Operating Statement.

6,555	7,699
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14[a] Non-current assets

	Wholesale		Retail		Total	
	2009/10 \$'000	2008/09 \$'000	2009/10 \$'000	2008/09 \$'000	2009/10 \$'000	2008/09 \$'000
Land <i>At fair value as at 30 June 2007</i>	42,774	42,775	6,638	6,448	49,412	49,223
Buildings <i>At fair value as at 30 June 2007</i>	3,606	4,051	18,288	17,674	21,894	21,725
Less: Accumulated depreciation	294	300	1,923	1,192	2,217	1,492
	<u>3,312</u>	<u>3,751</u>	<u>16,365</u>	<u>16,482</u>	<u>19,677</u>	<u>20,233</u>
Buildings <i>At cost</i>	2,281	1,837	2,242	1,811	4,523	3,648
Less: Accumulated depreciation	37	31	67	8	104	39
	<u>2,244</u>	<u>1,806</u>	<u>2,175</u>	<u>1,803</u>	<u>4,419</u>	<u>3,609</u>
Plant, equipment furniture and fittings <i>At cost</i>	3,647	2,449	8,139	6,627	11,766	9,076
Less: Accumulated depreciation	1,833	1,469	4,972	5,816	6,805	7,285
	<u>1,814</u>	<u>980</u>	<u>3,167</u>	<u>811</u>	<u>4,981</u>	<u>1,791</u>
Total land, buildings and equipment	<u>50,144</u>	<u>49,312</u>	<u>28,345</u>	<u>25,544</u>	<u>78,489</u>	<u>74,856</u>
Infrastructure <i>At deemed cost</i>	1,143,035	1,130,512	2,173,995	2,005,237	3,317,030	3,135,749
Less: Accumulated depreciation	322,230	313,593	677,023	864,707	1,199,253	1,178,300
	<u>820,805</u>	<u>816,919</u>	<u>1,296,972</u>	<u>1,140,530</u>	<u>2,117,777</u>	<u>1,957,449</u>
Infrastructure under construction <i>At cost</i>	18,445	20,057	42,529	60,903	60,974	80,960
Total Infrastructure	<u>839,250</u>	<u>836,976</u>	<u>1,339,501</u>	<u>1,201,433</u>	<u>2,178,751</u>	<u>2,038,409</u>
Total	<u>889,394</u>	<u>886,288</u>	<u>1,367,846</u>	<u>1,226,977</u>	<u>2,257,240</u>	<u>2,113,265</u>

Land and buildings at valuation were valued at 30 June 2007 by the Victorian Valuer General.

14[b] Intangible assets

Intangible Assets <i>At cost</i>	-	-	23,423	25,249	23,423	25,249
less accumulated amortisation	-	-	15,632	17,709	15,632	17,709
	<u>-</u>	<u>-</u>	<u>7,791</u>	<u>7,540</u>	<u>7,791</u>	<u>7,540</u>

14[c] Reconciliations

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

2009/10	Opening	Additions	Transfers	Disposals	Depreciation	Closing
	WDV \$'000	\$'000	\$'000	\$'000	\$'000	WDV \$'000
Land	49,222	190	-	-	-	49,412
Buildings	23,840	1,018	22	-	(784)	24,096
Plant, equipment, furniture and fittings	1,791	4,381	-	(131)	(1,060)	4,981
Intangible assets	7,540	2,326	-	(107)	(1,968)	7,791
Infrastructure	1,957,450	170,290	32,203	(8,775)	(33,391)	2,117,777
Under construction	80,962	12,237	(32,225)	-	-	60,974
Total	<u>2,120,805</u>	<u>190,442</u>	<u>-</u>	<u>(9,013)</u>	<u>(37,203)</u>	<u>2,265,031</u>
2008/09	Opening	Additions	Transfers	Disposals	Depreciation	Closing
	WDV \$'000	\$'000	\$'000	\$'000	\$'000	WDV \$'000
Land	48,528	895	-	(201)	-	49,222
Buildings	19,624	4,884	-	-	(688)	23,840
Plant, equipment, furniture and fittings	1,528	1,307	-	(40)	(1,004)	1,791
Intangible assets	7,872	926	-	-	(1,258)	7,540
Infrastructure	1,799,878	192,820	-	(4,170)	(31,078)	1,957,450
Under construction	77,851	3,111	-	-	-	80,962
Total	<u>1,955,281</u>	<u>203,943</u>	<u>-</u>	<u>(4,411)</u>	<u>(34,008)</u>	<u>2,120,805</u>

15 Audit Fees

	2009/10	2008/09
	\$'000	\$'000
External audit - Victorian Auditor General	109	102
Internal audit - AFS & Associate	70	59
These costs are included within Management and administration in the operating statement.	<u>179</u>	<u>161</u>

16 Expense - Insurance

G-MW purchased insurances in 2009/10 for storages and properties and for public liability. It also purchased insurances for Directors and Officers Liability, Professional Indemnity, Marine Hull, Personal Accident, and specific construction projects. G-MW retains a broker to assist in the management of its general insurances (excluding workers compensation insurance and motor vehicle fleet) and to advise on insurance matters as required.	2009/10	2008/09
	\$'000	\$'000
These costs are included within Management and Administration in the operating statement.	<u>2,173</u>	<u>2,172</u>

17 Inventories

Inventories comprise materials and supplies for asset construction, systems operation and general maintenance. All inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost basis. Inventories include goods held for distribution at nominal cost in the ordinary course of business operations. Inventories held for distribution are measured at the lower of cost and current replacement cost.	2009/10	2008/09
	\$'000	\$'000
Stores and consumables at cost	<u>2,103</u>	<u>1,809</u>

18 Payables and accruals

These amounts represent liabilities for goods and services received by the Corporation prior to the end of the financial year which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition.	2009/10	2008/09
	\$'000	\$'000
Trade creditors	21,642	15,467
Funds held for Government programs	4,849	10,868
Accrued expenses	34,928	36,884
Payroll related accruals	1,368	1,523
Advances for capital and other work	132	-
Total	<u>62,919</u>	<u>64,742</u>

19 Employee benefits

	2009/10	2008/09
Current	\$'000	\$'000
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service.		
- Short term employee benefits that fall due within 12 months after the end of the period measured at nominal value	5,428	5,324
- Other long term Employee benefits that do not fall due within 12 months after the end of the period, measured at present value	10,419	9,322
Total Current	<u>15,847</u>	<u>14,646</u>
Non-current		
Conditional long service leave	<u>1,245</u>	<u>1,278</u>
Total	<u>17,092</u>	<u>15,924</u>
Employee numbers at end of financial year	735	724
The following assumptions were adopted in measuring the present value of long service leave entitlements		
Weighted average increase in employee costs	3.9%	3.9%
Weighted average discount rates	4.8%	4.7%
Weighted average settlement period (years)	13	13

20 Receivables

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

Receivables are reviewed on an ongoing basis. A provision for doubtful debts is established when there is objective evidence that the Corporation may not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the operating statement.

If payments are not made by the due date, debtors must agree to a payment schedule which will clear the debt before the next irrigation season, supply is withheld if debtors default. Debts which are known to be uncollectable are written off.

Included in Other receivables is an amount of \$99,980 advanced to the wholly owned subsidiary company Watermove Pty Limited as working capital on a non-interest bearing loan basis.

	2009/10 \$'000	2008/09 \$'000
Current		
Debtors - Rates/Charges	9,961	17,095
Debtors Department of Sustainability & Environment	-	33,372
Debtors Other	21,707	17,847
Other receivables	100	8,636
Less provision for doubtful debts	(100)	(111)
Prepayments	282	314
Current receivables	<u>31,950</u>	<u>77,154</u>
Non-current (one year or greater)		
Debtors	2,112	3,927
Less provision for doubtful debts	(864)	(339)
Non-current receivables	<u>1,448</u>	<u>3,588</u>
Total Receivables	<u><u>33,398</u></u>	<u><u>80,742</u></u>

Provision for impaired receivables

As at 30 June 2010, receivables of the Corporation with a nominal value of \$726,000 (2009: \$1,348,000) were impaired. The individually impaired receivables relate mainly to proposed developments in a pumped irrigation area. The amount included in the provision is \$705,000 (2009: \$450,000).

The ageing of these receivables is as follows:

3 to 6 months	18	25
Over 6 months	705	1,282
	<u>723</u>	<u>1,307</u>

Movements in the Provision for Doubtful Debts are as follows:

Opening balance	450	355
Additions to doubtful debts provision during the year	1,011	95
Receivable written off to bad debts during the year as uncollectable	(697)	-
	<u>764</u>	<u>450</u>

The creation and release of the provision for doubtful debts has been included as an expense item in the operating statement. Amounts charged to the provision account are generally written-off when there is no expectation of recovering additional cash. The movement in the provision for doubtful debts reflects the write-off of \$898,093 receivable as a result of a Supreme Court judgement; not all of which was included in the provision account.

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

At 30 June 2010 there were non-current receivables that are not impaired. These are customers who accepted the Victorian Government offer of payment by instalment under the 2007 drought relief program. The Corporation still has first call on this debt under the Water Act and the Government program includes payment of interest incurred.

Over 6 months	<u>1,407</u>	<u>2,645</u>
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The carrying values of all receivables are in Australian dollars.

21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the operating statement over the period of the borrowings, using the effective interest method. Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings comprise two loans from Treasury Corporation Victoria obtained with the Treasurers approval under the Borrowing and Investment Powers Act.

22 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. At balance date the Corporation's deferred tax assets exceed the level of deferred tax liabilities and therefore no net deferred tax asset or liability has been disclosed in the balance sheet. G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future.

a) Deferred tax liability comprises:

	2009/10 \$'000	2008/09 \$'000
Depreciation recognised in the operating statement	(208,384)	(185,160)
Revaluation of land, buildings and infrastructure recognised in equity	(46,929)	(46,929)
Other	(3,428)	(3,776)
Offset by deferred tax asset comprising		
Tax losses	273,265	224,299
Other	8,494	15,977
Net deferred tax asset/(liability)	23,019	4,411

b) Income tax expense comprises

	2009/10 \$'000	2008/09 \$'000
Current income tax expense	(48,967)	(26,080)
Deferred income tax expense/(benefit)	30,359	(4,608)
Subtotal	(18,608)	(30,688)
Increase in net DTA not brought to account	18,608	30,688
Income tax expense	-	-

c) Reconciliation of income tax to prima facie tax payable

Profit/(loss) from ordinary activities	(61,981)	(34,148)
Prima facie tax calculated at 30%	(18,594)	(10,244)
Tax effect of:		
Non-deductible expenses	2	-
Doubtful debt provisions	93	29
Expense provisions	(7,927)	7,198
Employee entitlements	350	170
Unearned income	348	(348)
Property, plant and equipment	(23,223)	(22,866)
Research and development	(15)	(19)
Subtotal	(48,967)	(26,080)
Increase in gross DTA on current year tax loss	18,608	30,688
Movement in DTA (excluding losses)	30,359	(4,608)
Income tax expense	0	(0)

23 Reconciliation of result for the period to net cash flows from operating activities

	2009/10 \$'000	2008/09 \$'000
Net profit/(loss) for the year	(61,981)	(34,148)
Add non cash flow items in net profit/(loss)		
Depreciation & amortisation	37,203	34,008
Loss on sale of fixed assets	225	124
Written down value of assets abandoned	8,775	4,170
Change in assets and liabilities		
(Increase)/decrease in inventories	(294)	(730)
(Increase)/decrease in receivables	15,122	(2,620)
Increase/(decrease) in payables	(1,823)	33,746
Increase/(decrease) in provision for employee entitlements	1,168	565
Net cash flows from operating activities	<u>(1,605)</u>	<u>35,115</u>

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

24 Equity and movements in equity

(a) Reserves

Asset revaluation surplus

Balance 1 July	26,910	26,910
Revaluation increment	-	-
Balance 30 June	<u>26,910</u>	<u>26,910</u>

(b) Contributed capital

Balance 1 July

Capital contributions	1,966,604	1,890,141
Return of capital	39,873	108,411
Transfer of assets from NVIRP	-	(31,948)
	87,739	-
Balance 30 June	<u>2,094,216</u>	<u>1,966,604</u>

The treatment of capital contributions is as agreed with the Department of Sustainability and Environment and in accordance with Interpretation 1038, Contributions by Owners to wholly owned Public Sector Entities. Capital contributions of \$39.9m relates to Infrastructure Modernisation works.

During 2009/10 NVIRP transferred assets comprising completed infrastructure upgrades carried out under their works program and provided to G-MW as a capital contribution from the Victorian Government.

(c) Accumulated surplus

Accumulated surplus at the beginning of the year

Net result for the year	141,350	175,301
Deferred tax liability adjustment	(61,981)	(34,148)
	-	197
Accumulated surplus at the end of the year	<u>79,369</u>	<u>141,350</u>

Reconciliation of equity

Total equity at the beginning of the year	2,134,864	2,092,352
Total changes in equity recognised in the operating statement	(61,981)	(34,148)
Capital contributions	39,873	108,411
Return of capital	-	(31,948)
Transfer of Assets from NVIRP	87,739	-
Deferred tax liability adjustment	-	197
Total equity at the end of the year	<u>2,200,495</u>	<u>2,134,864</u>

25 Superannuation

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

	Employee Contribution		2009/10	2008/09
	Numbers	Rate %	\$'000	\$'000
State Employee Retirement Benefits Board (defined benefits scheme)	12	12.60	78	77
State Superannuation Board, Revised Scheme (defined benefits scheme)	18	17.30	242	299
State Superannuation Board, New Scheme (defined benefits scheme)	164	10.20	866	993
Vision Super (defined benefits scheme)	8	9.25	52	52
Vision Super Saver (accumulation fund)	463	9.00	2,507	2,214
Other minor schemes	70	9.00	619	303
Total Contributions to all Funds	<u>735</u>		<u>4,364</u>	<u>3,938</u>

At 30 June 2010 the total of outstanding superannuation contributions was \$131,218 (2009 \$468,633) which forms part of creditors and accrued expenses.

State Superannuation Schemes

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

Vision Super Saver - Accumulation Fund

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

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.

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

26 Commitments

	2009/10	2008/09
(a) Capital commitments (inclusive of GST)	\$'000	\$'000
Shepparton modernisation project	6,633	73,165
Northern Victorian irrigation remodelling	-	14,654
Dams and Dam Safety projects	5,211	4,250
Various other construction and technology related projects	2,553	7,741
Total	<u>14,397</u>	<u>99,810</u>

This represents commitments outstanding on contracts for capital works.

These commitments are likely to fall due within:

Not later than 1 year	14,397	99,810
Later than 1 year and not later than 5 years	-	-
Total	<u>14,397</u>	<u>99,810</u>

(b) Operating Lease Commitments (inclusive of GST)

Operating lease rental commitments for vehicles, buildings and equipment as at 30 June 2010

Not later than 1 year	5,682	4,942
Later than 1 year and not later than 5 years	7,654	6,659
Later than 5 years	512	718
Total	<u>13,848</u>	<u>12,319</u>

(c) Other Commitments (GST is not applicable)

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

Not later than 1 year		
Environmental Contribution	1,527	1,527
Later than 1 year and not later than 5 years		
Environmental Contribution	1,527	4,581
Foodbowl Project	100,000	100,000
Later than 5 years	-	-
Total	<u>103,054</u>	<u>106,108</u>

Environmental Contribution

G-MW is committed to payment of \$1.53m per year for the next two years.

Foodbowl Modernisation Project

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

27 Contingent liabilities

	2009/10	2008/09
	\$'000	\$'000
Legal action have been instituted against G-MW as a result of damages claims. Whilst G-MW has denied any liability, it recognises that contingent liabilities exist at balance date.	1,864	246

28 Post Balance Day Events

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

29 Responsible persons

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

Ministers

The Hon Timothy Holding MP, Minister for Water

Remuneration of responsible persons

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

Remuneration received, or due and receivable from the Corporation in connection with the management of the Corporation (includes termination bonuses and bonuses paid at the end of contracts).

Directors of the G-MW Board

Stephen Thomas Mills (Chair)

Craig Kenneth Cook (Deputy Chair)

John David Brooke OAM

Peter Maurice Fitzgerald

Claire Anne Penniceard

Catherine Lucy Scott

Desmond Powell

David John Arnell Stewart - Managing Director

The total directors' remuneration was \$638,477 (2008/09 \$525,084). Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors	
	2009/10	2008/09
\$0 to \$9,999	-	-
\$10,000 to \$19,999	-	-
\$20,000 to \$29,999	-	-
\$30,000 to \$39,999	-	3
\$40,000 to \$49,999	6	3
\$50,000 to \$59,999	-	-
\$70,000 to \$79,999	-	1
\$80,000 to \$89,999	1	-
\$280,000 to \$289,999	-	1
\$300,000 to \$309,999	1	-

The total remuneration to non-director executive officers receiving more than \$100,000 was \$1,541,881 (2008/09 \$933,776)

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

Remuneration Band	Number of Executive Officers	
	2009/10	2008/09
\$120,000 to \$129,999	1	-
\$150,000 to \$159,999	1	-
\$160,000 to \$169,999	3	1
\$170,000 to \$179,999	1	1
\$180,000 to \$189,999	1	1
\$190,000 to \$199,999	1	1
\$200,000 to \$209,999	-	1
\$210,000 to \$219,999	1	-

During 2008/9 some executive officers departed and were replaced, with neither the original appointees or the replacements reaching the \$100,000 threshold during that year.

Transactions with directors:

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

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

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

30 Wholesale and retail operations

	Wholesale		Retail	
	2009/10	2008/09	2009/10	2008/09
	\$'000	\$'000	\$'000	\$'000
Bulk water sales - urban [refer note 6]	5,165	5,568	595	941
Bulk water sales - rural [refer note 6]	18,689	16,830	-	-
Retail service charges	-	-	73,020	68,153
Retail usage charges	-	-	7,621	6,300
Other revenue	15,860	16,668	37,410	26,932
Total revenue	39,714	39,066	118,646	102,326
Operating expenditure	42,077	33,521	52,192	46,363
Maintenance	3,975	4,534	45,247	28,848
Depreciation	9,801	11,625	27,402	22,383
Other expenditure	3,065	2,316	35,035	24,423
Environmental contribution	-	89	1,527	1,438
Total expenditure	58,938	52,085	161,403	123,455
Profit/(Loss)	(19,224)	(13,019)	(42,757)	(21,129)
Investments	-	-	-	-
Infrastructure, land, buildings and equipment [refer note 14]	889,394	886,288	1,367,846	1,226,977
Capital expenditure - renewal/replacement	3,382	14,020	13,434	9,006
Capital expenditure - enhancement	12,106	15,229	73,778	165,689
Interest bearing liabilities	-	-	(22,257)	(22,788)
Equity contribution	-	-	39,872	108,411
Equity payment	-	-	-	(31,948)

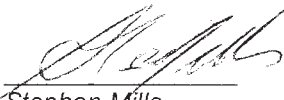
Included in bulk water sales is the amount levied on the retail business by the wholesale business. This amount is included in the revenue of the wholesale business and the expenses of the retail business (refer notes 6 and 9). These amounts are eliminated in the Operating Statement.

Goulburn-Murray Rural Water Corporation Statutory Certification


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

We further state that, in our opinion, the information set out in the Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements, presents fairly the financial transactions during the year ended 30 June 2010 and the financial position of the Corporation as at 30 June 2010.

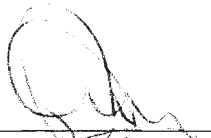
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



Stephen Mills
CHAIRMAN



David Stewart
MANAGING DIRECTOR



Peter Guy
CHIEF FINANCIAL OFFICER

11 August 2010



INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Goulburn-Murray Rural Water Corporation which comprises the operating statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statutory certification has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Goulburn-Murray Rural Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Goulburn-Murray Rural Water Corporation for the year ended 30 June 2010. The Board Members of Goulburn-Murray Rural Water Corporation are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. 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 Goulburn-Murray Rural Water Corporation web site.


Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Goulburn-Murray Rural Water Corporation as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
11 August 2010


Br D D R Pearson
Auditor-General

Goulburn-Murray Rural Water Corporation

Financial Performance Report

Performance indicator	Note	2008-09 Result	2009-10 Result	2009-10 Target	Variance
FINANCIAL PERFORMANCE INDICATORS					
Long Term Profitability					
Earnings before net interest and tax + Average total assets	1.	-1.6%	-2.8%	-2.2%	-21%
Owner's Investment					
Net profit after tax + average total equity	1.	-1.6%	-2.9%	-2.1%	-27%
Long Term Financial Viability					
Total debt (including finance leases) + total assets	2.	1.0%	1.0%	2.0%	100%
Liquidity and Debt Servicing (Interest Cover)					
Earnings before net interest and tax expense + net interest expense	3.	-120	-60.4	-20.1	-300%
Immediate Liquidity and Debt Servicing (Cash Cover)					
Cash flow from operations before net interest and tax payments + net interest payments	4.	121	-2.54	-4.3	59%

1. The G-MW operating result was forecast to be a higher loss than in 2008/09, primarily because of the increased depreciation as explained at 1 (c) below. The actual result was further adversely affected largely due to the additional expenditure of \$19.2m on programs funded by Government, with the matching revenue in capital contributions or prior years as explained at (a) and (b) below.
2. The improvement in this indicator is because G-MW found it unnecessary to take up the additional \$25m long term borrowings forecast at year end as explained at (d) below.
3. This indicator has deteriorated sharply because of the adverse operating result as explained within point (1) and the net interest expense is less than half the level anticipated due to the expected additional borrowings not taken up resulting in lower interest expense, and interest revenue being higher than anticipated.
4. The cash flows from operations was forecast to be a cash outflow of \$9m in the Corporate Plan. The improved revenue collections on fixed rates and delayed payment of a large invoice were offset by the increased cash outflows of \$19.2m noted at (1) above, and the actual result was a smaller cash outflow than forecast. Net interest payments are also lower as explained above.

The net result for the 2009/10 year has been adversely affected by a number of factors:

- (a) Expenditure in the operating statement matched by revenue in capital contributions in equity. Expenditure on asset reconfiguration in the Shepparton Irrigation Modernisation project of \$10.3m could not be capitalised however the funding in Government grants is classified capital contribution and is included in equity rather than in the operating statement.
- (b) Expenditure matched by revenue in prior years – expenditure totaling \$8.9m on the Mokoan Future Land Strategy and surface and groundwater diversions programs was funded by grants received in prior financial years.

- (c) Depreciation and amortisation in the operating statement is increasing at a greater rate than the regulatory depreciation and return on assets used in prices. Capital expenditure programs funded by Government and the asset transfers from NVIRP increase asset values and therefore accounting depreciation, but any programs not funded by customers do not increase the regulatory depreciation or return on assets.
- (d) The year end current liabilities have been increased due to a large invoice not paid until early July, increasing creditors. It was also anticipated that customer debtors would be up to \$8m higher at year end because the majority of irrigation customers were not eligible for a Government funded drought rebate in 2009/10. However by year end the majority of fixed charges had been paid. The combination of these two factors meant that G-MW did not need to take out additional long term borrowings, but this also impacted the level of current assets and current liabilities.

If the additional borrowings had been taken up they would have been included in non-current liabilities, and the cash used to pay current liabilities or boost cash reserves in current assets. The deterioration in the ratio is not an indicator of reduced viability as there has been an expectation that additional borrowings would be required to fund capital programs. This has not yet eventuated due to more favorable cash outcomes. It is expected that long term borrowings will be taken up during 2010/11. This ratio is also affected adversely by the way employee benefits are now classified as predominantly current, despite the longer term nature of the long service leave liability.

Goulburn-Murray Rural Water Corporation

Financial Performance Indicators

Performance Statement for 2009/10

In our opinion the accompanying performance indicators relating to the 2009/10 financial year are presented fairly in accordance with the direction of the Minister for Water under the Financial Management Act 1994.

The performance indicators are as determined by the Minister and include actual results, targets and variance from targets.


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



Stephen Mills
CHAIRMAN



David Stewart
MANAGING DIRECTOR



Peter Guy
CHIEF FINANCIAL OFFICER

11 August 2010



INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Statement of Performance

The accompanying statement of performance for the year ended 30 June 2010 of Goulburn-Murray Rural Water Corporation comprises the statement, the related notes and the statutory certification.

The Board Members' Responsibility for the Statement of Performance

The Board Members of Goulburn-Murray Rural Water Corporation are responsible for the preparation and the fair presentation of the statement of performance in accordance with the *Financial Management Act 1994*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the statement of performance that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Matters Relating to the Electronic Presentation of the Audited Statement of Performance

This auditor's report relates to the statement of performance published in both the annual report and on the website of Goulburn-Murray Rural Water Corporation for the year ended 30 June 2010. The Board Members are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statement named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this statement of performance are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited statement of performance to confirm the information included in the audited statement of performance presented on Goulburn-Murray Rural Water Corporation website.

Independent Auditor's Report (continued)


Independence

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

Auditor's Opinion

In my opinion, the statement of performance of Goulburn-Murray Rural Water Corporation in respect of the 30 June 2010 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
11 August 2010


for D D R Pearson
Auditor-General

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Bulk Entitlement (Eildon – Goulburn Weir) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon – Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1(d)	Diversions at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	213,131 ML	
	Stuart Murray Canal	464,788 ML	
	East Goulburn Main Channel	134,168 ML	
	Total Goulburn Weir offtake diversion	812,087 ML	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the <i>Water Act 1989</i>	8,267 ML	
17.1(e)(ii)	Diversion by other corporations	38,622 ML	See Note 2
17.1(g)	Storage contents		
	Lake Eildon	916,057 ML	Vol 30/06/10
	Goulburn Weir	24,885 ML	Vol 30/06/10
	Waranga Basin	198,556 ML	Vol 30/06/10
	Greens Lake	16,546 ML	Vol 30/06/10
17.1(h)	Target filling releases	No	
17.1(i)	Credits	No	
17.1(j) & 17.1(k)	Net Water Share and Allocation transfers of this BE	Water Share Trade: +281 ML Allocation Trade: +48,306 ML	See Note 3
17.1(l)	Goulburn Weir releases for supplement or environmental purposes	68,377 ML	See Note 4
17.1(m)	Alterations to Schedule 1 entitlements		
	Water Shares in Irrigation Areas	Decreased by 34,205 ML	See Note 5
	Water Shares of Diverter Licences	Decreased by 627 ML	See Note 6
17.1(n)	Transfers of primary entitlements	See Appendices B2 to B5	
17.1(o)	Supply to primary entitlements	See Appendix B6	
17.1(p)	Amendments to this BE	No	
17.1(q)	New BE granted	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 7
17.1(s)	BE compliance failures	Minor	See Note 8
17.1(t)	BE compliance difficulties	Yes	See Note 9

Notes

- Volumes were obtained from a combination of hydrographic data collected by Thiess Services and operational data:
Cattanach Canal SI No 405702
Stuart Murray Canal SI No 405700
East Goulburn Main Channel SI No 405704
- Includes Supply by Agreement diversions.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Goulburn system entitlement holders.
- Water released from the Goulburn Water Quality Reserve and water released to meet inter valley trade requirements.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders.
- Programs are coordinated with G-MW's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
- Flow downstream of Lake Eildon was below the minimum requirement for one day in June.
- Minimum passing flow requirements were reduced under the Qualification of Rights from the start of July to the start of October.

Appendix A2

Bulk Entitlement (Eildon – Goulburn Weir) Reporting Diversions by Other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Goulburn Valley Water	Alexandra	916	346	
	Bonnie Doon	112	45	
	Eildon	480	133	
	Euroa	1,990	697	
	Mooroopna	300	174	
	Murchison	350	181	
	Nagambie	825	572	
	Seymour	5,340	1,764	
	Shepparton	17,970	11,489	
	Colbinabbin (channel supply)	89	23	
	Corop (channel supply)	44	10	
	Dookie (channel supply)	160	88	
	Girgarre (channel supply)	100	45	
	Katandra West (channel supply)	64	46	
	Kyabram and Merrigum (channel supply)	2,000	1,260	
	Rushworth (channel supply)	530	272	
	Stanhope (channel supply)	200	85	
	Tatura (channel supply)	2,600	2,057	
	Tongala (channel supply)	1,404	783	
Total		35,474	20,069	
Coliban Water	Boort (channel supply)	425	222	
	Pyramid Hill (channel supply)	300	132	
	Lockington (channel supply)	130	84	
	Mitiamo (channel supply)	60	23	
	Dingee (channel supply)	50	8	
	Rochester (channel supply)	1,400	1,167	
	Macorna (channel supply)	40	6	
	Mysia (channel supply)	15	2	
Total		2,420	1,643	
GWMWater	Quambatook	100	86	
	Total	100	86	
Total All Authorities (ML)		37,994	21,798	See Note 1

Notes

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

Appendix A3

Bulk Entitlement (River Murray – G-MW) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray – G-MW) Conversion Order 1999 ("BE"), which obliges the Authority to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
22.1(b)	Offtake points		
	Cobram pump station	3,768 ML	See Note 1
	Yarrawonga Main Channel	185,817 ML	
	Torrumbarry diversions		
	National Channel	327,096 ML	
	Ashwin's pump	82 ML	
	Pental Island pumps	0 ML	
	Swan Hill No 9 channel offtake from Little Murray (if Fish Point Weir open)	0 ML	See Note 2
	Swan Hill pumps	6,094 ML	
	Nyah pumps	4,548 ML	
	Woorinen pumps	9,121 ML	
	Private diversion points	42,727 ML	
	Total diversions at offtake points	579,253 ML	
22.1(c)	New offtake points	No	
22.1(d)	Return points		
	Broken Creek	0 ML	
	Yarrawonga Main Channel outfall	8,349 ML	
	Torrumbarry returns		
	Koondrook spillway	4,495 ML	
	Loddon River at Kerang Weir	4,322 ML	
	Sheepwash Creek Weir	0 ML	
	Little Murray Weir (if Fish Point Weir closed)	2,705 ML	See Note 2
	6/7 channel outfall (if Fish Point Weir open)	0 ML	See Note 2
	Lake Boga outfall channel	0 ML	
	Barr Creek at Capel's Crossing	4,462 ML	
	Lake Charm outfall channel	0 ML	
	Total returns	24,333 ML	

Notes

1. Cobram pump station became operational in August 2006, but is not yet recognised as a new offtake point in the BE.
2. Recognition of offtake diversions and returns depends on status of Fish Point Weir (as indicated).

Appendix A3 continued

BE Clause	Item	Report		Notes
		BE Volume	Supplied	
22.1(e)	G-MW supplies to other corporations	BE Volume	Supplied	
	Coliban Water			
	Cohuna	677 ML	577 ML	
	Gunbower	131 ML	53 ML	
	Leitchville	422 ML	275 ML	
	Lower Murray Water			
	Kerang	2,100 ML	289 ML	See Note 3
	Murrabit	60 ML	20 ML	
	Goulburn Valley Water			
	Katamatite	84 ML	46 ML	
	Nathalia	652 ML	411 ML	
	Numurkah/Wunghnu	1,206 ML	852 ML	
	Picola	44 ML	21 ML	
	Minister for Environment	27,600 ML	1,955 ML	See Note 3
		Total supplies to other corporations		4,497 ML
22.1(f)	Supply to primary entitlements	See Appendix B6		
22.1(g)	Metering program	Program implemented		See Note 4
22.1(h) & 22.1(i)	Net water share and allocation transfers of this BE	Water Share Trade: 29 ML		See Note 5
		Allocation Trade: -35,894 ML		
22.1(j)	Amendment to this BE	Yes		See Note 6
22.1(k)	New BE granted to G-MW	No		
22.1(l)	BE compliance failures	No		
22.1(m)	BE compliance difficulties	Yes		See Note 7
22.1(n)	Victoria Mid Murray Storage losses	0 ML		See Note 8
22.1(o)	Victoria Mid Murray annual operating plan	N/A		See Note 9

Notes

3. Volume supplied through G-MW's channel distribution system.
4. The program is coordinated with G-MW's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
5. Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Murray system entitlement holders under G-MW's Bulk Entitlement. Allocation trade is based on trade by all Murray entitlement holders.
6. Bulk Entitlement (River Murray – G-MW) Conversion Further Amending Order 2009 and Bulk Entitlement (River Murray – G-MW) Amending Order 2009
7. Supply for urban, rural and commercial customers for purposes specified in the Qualification of Rights was qualified until the allocation reached 20%.
8. The Victorian Mid-Murray Storages were only operational for part of the 09/10 season
9. The Victorian Mid-Murray Storages Annual Operating Plan will be implemented on 1 July 2010

Appendix A4

Appendix A4 Bulk Entitlement (Campaspe System – G-MW) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System – G-MW) Conversion Order 2000 ("BE"), which obliges the Authority to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	11,575 ML	
18.1(f)	G-MW share of diversion to primary entitlements	1,563 ML	
18.1(g)	G-MW share of annual evaporation losses	1,398 ML	See Note 1
18.1(h)	Internal spills from or to G-MW's share of storage	No	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account as required by clause 11 of the Bulk Entitlement	
18.1(j)	Credits granted	No	
18.1(k) & 18.1(l)	Net Water Share and Allocation transfers of this BE	Water Share Trade: No Change	See Note 2
		Allocation Trade: -111 ML	
18.1(m)	Seasonal allocations in any month	No Allocation to high or low reliability water shares was possible in the Campaspe system during 2009/10	
18.1(n)	Alterations to Schedule 1 entitlements		
	Water Shares in Irrigation Areas	Decreased by 1,752 ML	See Note 3
	Water Shares of Diverter Licences	Decreased by 1,336 ML	See Note 4
18.1(o)	Transfers of primary entitlements	See Appendices B2 to B5	
18.1(p)	Supply to primary entitlements	See Appendix B6	
18.1(q)	Amendments to this BE	Yes	See Note 5
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 6
18.1(t)	BE compliance failures	No	
18.1(u)	BE compliance difficulties	Yes	
18.1(v)	Interruptions to minimum passing flows	Yes	See Note 7

Notes

- Gross evaporation based on measured evaporation at Lake Eppalock.
- Net transfer of High-Reliability Water Shares and Allocation trade, including transfers to areas not covered by this BE. Net High-Reliability Water Share Trade has been derived from the change in water shares held by Campaspe system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas to Non Water Users.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Amendment Order 2009
- Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. Additional water quality monitoring was undertaken in cooperation with the North Central Catchment Management Authority.
- Minimum passing flow requirements were qualified due to low water availability. A total of 1,389 ML of withheld flows was credited to the Passing Flow Account in 2009/10.

Appendix A5

Bulk Entitlement (Campaspe System – G-MW) Reporting Diversions by Other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Coliban Water	Axedale/Goornong	215	72	See Note 1
	Part Rochester	134	0	See Note 2
	TOTAL	349	72	
Total All Authorities (ML)		349	72	

Notes

1. Axedale and Goornong have a combined maximum annual entitlement volume of 215 ML. The entitlement was reduced by 50% to 108 ML based on a Qualification of Rights.
2. All of the Rochester usage for the year was supplied via the Waranga Western Channel on the Goulburn system.

Appendix A6

Bulk Entitlement (Broken System – G-MW) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System – G-MW) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
20.1(d)	Storage contents		
	Nillahcootie	11,461 ML	Vol 30/06/10
	Mokoan	N/A	See Note 1
20.1(e)	Diversion to primary entitlements	4,132 ML	
20.1(f)	Annual evaporation losses from storages		See Note 2
	Nillahcootie	1,471 ML	
	Mokoan	N/A	See Note 1
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in Clause 12 of the Bulk Entitlement and the temporary Qualification of Rights.	See Note 3
20.1(h)	Credits granted	No	
20.1(i) & 20.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -8,280 ML Allocation Trade: 0 ML	See Note 4
20.1(k)	Alterations to Schedule 1 entitlements		
	Water Shares	Decreased by 8,368 ML	See Note 5
20.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
20.1(m)	Supply to primary entitlements	1,309 ML	
20.1(n)	Amendments to this BE	Yes	See Note 6
20.1(o)	New BE granted	No	
20.1(p)	Environmental management and metering programs	Programs implemented	See Note 7
20.1(q)	BE compliance failures	Minor	See Notes 8, 10
20.1(r)	BE compliance difficulties	Yes	See Notes 9, 10
20.1(s)	Interruptions to minimum passing flows	Yes	See Note 10

Notes

- Lake Mokoan was removed from the water supply system in February 2010.
- Gross evaporation based on measured evaporation at Lake Nillahcootie.
- Holland's Weir was removed from the Bulk Entitlement as a compliance point in November. Calculations of minimum flows at Moorngag were adjusted due to issues with the gauging station at Moonee Creek at Lima East.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Broken system entitlement holders. Negative value due to retirement of purchased water entitlements.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users and purchased water entitlements.
- Two amendments have been granted – Bulk Entitlement (Broken System – G-MW) Conversion Amendment Order 2009 and Bulk Entitlement (Broken System – G-MW) Conversion Further Amending Order 2009.
- Programs are coordinated with G-MW's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
- Flow on the Broken River at Gowangardie was below the required flow for 2 days in February and 2 days in March.
Flow on the Broken River at Broken Weir was below the required flow for 4 days in March.
Flow on the Broken River at Moorngag was below the required flow for 2 days in June. Releases were increased from Lake Nillahcootie to maintain compliance in June.
- Due to construction works at Broken Weir, flow data was not available downstream of Broken Weir after the end of March.
- Minimum passing flow requirements were qualified under the Qualification of Rights from the start of July to the start of February.

Appendix A7

Bulk Entitlement (Ovens System – G-MW) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System – G-MW) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
19.1(e)	Diversion to primary entitlements	See Appendix B6	
19.1(f)	Annual evaporation losses		
	Lake Buffalo	25 10 ML	See Note 1
	Lake William Hovell	649 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were provided and calculated in accordance with Clause 15 and Schedule 5 of the Ovens Bulk Entitlement..	
19.1(h)	Credits granted	No	
19.1(i) & 19.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: 0 ML	See Note 2
19.1(k)	Alterations to Schedule 1 entitlements		
	Water Shares	Decreased by 99 ML	See Note 3
19.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
19.1(m)	Supply to primary entitlements	See Appendix B6	
19.1(n)	Amendments to this BE	Yes	See Note 4
19.1(o)	New BE granted	No	
19.1(p)	Environmental management and metering programs	Programs implemented	See Note 5
19.1(q)	BE compliance failures	Minor	See Note 6
19.1(r)	BE compliance difficulties	No	
19.1(s)	Interruptions to minimum passing flows	No	

Notes

- Gross evaporation based on measured evaporation at each storage.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Ovens system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Bulk Entitlement (Ovens System – G-MW) Conversion Amendment Order 2009
- Programs are coordinated with G-MW's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
- Flow on the King River at Docker Road was below the required flow on one day in February.

Appendix A8

Bulk Entitlement (Loddon System – G-MW) Reporting

This appendix is included in the G-MW 2009/10 Annual Report in compliance with the requirements of clause 21.3 of the Bulk Entitlement (Loddon System – G-MW) Conversion Order 2005 ("BE"), which obliges the Authority to report on certain matters as specified in clause 21.1 of the same Order. The period of reporting is 1 July 2009 to 30 June 2010. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
21.1(f)	Annual amounts of water taken from the system waterway	See Appendix B6	
21.1(g)	Annual evaporation losses from storages		
	Cairn Curran	2,040 ML	See Note 1
	Tullaroop	1,773 ML	
21.1(h)	Credits granted	No	
21.1(i) & 21.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: -22 ML	See Note 2
21.1(k)	Alterations to Schedule 1 entitlements		See Note 3
	Water Shares	Decreased by 1,451 ML	
21.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
21.1(m)	Supply to primary entitlements	See Appendix B6	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	No	
21.1(r)	BE compliance difficulties	Yes	See Note 5

Notes

- Gross evaporation based on measured evaporation at each storage.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Loddon system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Programs are coordinated with G-MW's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. Additional water quality monitoring was undertaken in cooperation with the North Central Catchment Management Authority.
- Minimum passing flow requirements were qualified due to low water availability. From March 15, 1,462 ML of minimum flows was withheld at the request of the North Central Catchment Management Authority.

Appendix B I

Allocation Statistics

This table provides a summary of allocations made, trade in, trade out, usage, overuse, carryover and write-off for the 2009/10 season

Goulburn-Murray Water – Regulated Ex Pool			
Inflows	Volume(ML)	Outflows	Volume(ML)
Net carryover at 1 July 2009	189,697	Carryover to next financial year	-708,763
Seasonal allocation	1,510,892	Water usage	-880,932
Advanced allocation	0	Write-off allocation	-53,173
Spill allocation	1,761	Trade out of G-MW	-165,426
Trade into G-MW	80,526	Overuse	5,376
Extraordinary items	20,042		
Total net inflows	1,802,918	Total net outflows	-1,802,918
Trade within authority	359,311	Trade within authority	-359,311
Total gross inflows	2,162,229	Total gross outflows	-2,162,229
Closing balance	0	Closing balance	0

Components of trade - buyers	
Within authority	359,311
From other authorities	17,820
From interstate	60,984
Other	1,722
Total trade	439,837

Components of trade - sellers	
Within authority	359,311
From other authorities	70,427
From interstate	94,891
Other	107
Total trade	524,736

- Notes:**
1. This table provides, for all ABAs with G-MW as the water authority, a summary of allocations made, trade in, trade out, usage, overuse, carryover and write-off.
 2. The table shows statistics for ABAs with regulated trading zone sources only. This includes allocations made to all water shares and bundled entitlements, such as supply by agreements and urban bulk entitlements. Unregulated and groundwater entitlements are excluded because some are not metered and usage is not fully available.
 3. The "extraordinary items" shown in this table incorporate adjustments to carryover, overuse and write-off made during the year, including adjustments to the Snowy environmental account (19 GL).
 4. Write-off reported in this table includes write-off for the Ovens and King systems (which have no ability to carryover) (27 GL) and write-off against bulk entitlements, including the Snowy environmental account which is accounted for in wholesale accounts (19 GL).
 5. In the "components of trade" table, the category 'Other' includes tagged use and a 50 ML trade excluded due to technical difficulties.
 6. Some minor adjustments have been made to water register figures to reverse out adjustments made this year to correct for imbalances in previous years.

Appendix B2

Trade of Allocation Matrix

Seller		Buyer												
		1A Greater Goulburn	1B Boort	2A Broken – Nill to Casey's	2B Broken – Casey's to Goulb	3 Lower Goulburn	4A Campaspe – Eppalock to WWC	4C Lower Campaspe	5A Loddon – CC/Tull to LWP	5B Bullarook	6 VIC Murray – Dart to Barmah	6B Lower Broken Creek	7 VIC Murray – Barmah to SA	9A Ovens
G-MW	1A Greater Goulburn	140,435	8,391	0	0	869	808	0	0	0	6,168	299	8,558	0
	1B Boort	21,891	3,714	0	0	0	400	0	0	0	221	0	1,644	0
	2A Broken – Nill to Casey's	0	0	141	106	0	0	0	0	0	0	0	0	0
	2B Broken – Casey's to Goulb	0	0	26	454	0	0	0	0	0	0	0	0	0
	3 Lower Goulburn	10,485	200	0	0	1,790	0	0	0	0	581	0	376	0
	4A Campaspe – Eppalock to WWC	2,432	780	0	0	0	534	0	0	0	0	0	200	0
	4C Lower Campaspe	0	0	0	0	0	0	0	0	0	0	0	7	0
	5A Loddon – CC/Tull to LWP	0	0	0	0	0	0	0	10	0	0	0	22	0
	5B Bullarook	0	0	0	0	0	0	0	0	10	0	0	0	0
	6 VIC Murray – Dart to Barmah	23,090	928	0	0	0	0	0	0	0	25,364	808	4,872	0
	6B Lower Broken Creek	1,565	46	0	0	0	0	0	0	0	1,125	1,333	1,035	0
	7 VIC Murray – Barmah to SA	34,827	6,296	0	0	976	42	0	0	0	4,014	31	39,873	0
	9A Ovens	0	0	0	0	0	0	0	0	0	0	0	0	643
	9B King	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Snowy	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lower Murray Water	1A Greater Goulburn	11	0	0	0	0	0	0	0	0	0	0	0	0
	6B Lower Broken Creek	0	0	0	0	0	0	0	0	0	0	0	0	0
	7 VIC Murray – Barmah to SA	7,838	3,528	0	0	14	300	0	0	0	1,669	20	4,440	0
NSW	10A NSW Murr U/S Barmah Choke	2,556	122	0	0	0	0	0	0	0	216	0	191	0
	10B NSW – Murr Irrigation Ltd	10,094	0	0	0	0	0	0	0	0	0	0	459	0
	11 NSW Murr D/S Barmah Choke	19,011	3,796	0	0	70	1,490	0	0	0	341	0	1,762	0
	13 Murrumbidgee	6,878	1,215	0	0	0	270	0	0	0	100	50	811	0
14 Lower Darling	1,296	3,479	0	0	0	0	0	0	0	0	0	971	0	
SA	12 South Australian Murray	3,020	17	0	0	0	0	0	0	0	250	0	2,520	0
Total Purchased		285,428	32,511	168	560	3,719	3,844	0	10	10	40,049	2,540	67,741	643
Number of Trades		4,179	280	12	29	23	38	0	3	1	769	59	1,387	12

Notes:

- In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively, this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. To avoid double counting, only the seller side is counted (ie this is counted as 20 trades).
- The clearing accounts are held by G-MW. In the register, a G-MW to LMW pool exchange will be recorded as a trade from G-MW to the G-MW clearing account and a second trade from the G-MW clearing account to LMW. In order to avoid double counting, this trade is only counted on one side, however, depending on which side is chosen it may be classified as either a within or between authority trade. To adjust for this it is assumed that all between authority trades are correct, therefore the number and volume of within authority purchases and sales is reduced and the number of between authority purchases and sales is increased proportionately.
- This table excludes a 50 ML trade from trading zone 7 (G-MW) to trading zone 11 and a 10 ML trade from trading zone 1A (G-MW) to trading zone 10A, which occurred during the year but were not present in the register at the report date due to technical difficulties.

Appendix B2 continued

Trade of Allocation Matrix continued

Seller		Buyer											Total Sold	Number of Trades	Net Sold
		9B King	20 Snowy	1A Greater Goulburn	6B Lower Broken Creek	7VIC Murray – Barmah to SA	10A NSW Murr U/S Barmah Choke	10B NSW – Murr Irrigation Ltd	11 NSW Murr D/S Barmah Choke	13 Murrumbidgee	14 Lower Darling	12 South Australian Murray			
G-MW	1A Greater Goulburn	0	329	1,530	0	16,986	2,848	2,215	6,885	7,908	970	25,117	230,316	3,545	-55,112
	1B Boort	0	0	0	0	2,949	0	0	313	801	594	586	33,113	184	601
	2A Broken – Nill to Casey's	0	0	0	0	0	0	0	0	0	0	0	247	15	80
	2B Broken – Casey's to Goulb	0	0	0	0	0	0	0	0	0	0	0	481	26	-80
	3 Lower Goulburn	0	424	0	0	1,327	0	0	0	0	0	55	15,238	145	11,518
	4A Campaspe – Eppalock to WWC	0	0	0	0	0	0	0	0	0	0	2	3,948	41	104
	4C Lower Campaspe	0	0	0	0	0	0	0	0	0	0	0	7	1	7
	5A Loddon – CC/Tull to LWP	0	0	0	0	0	0	0	0	0	0	0	32	4	22
	5B Bullarook	0	0	0	0	0	0	0	0	0	0	0	10	1	0
	6VIC Murray – Dart to Barmah	0	0	0	0	9,080	562	593	454	9,384	0	9,070	84,205	1,141	44,155
	6B Lower Broken Creek	0	0	0	0	708	0	0	160	391	0	228	6,591	129	4,051
	7VIC Murray – Barmah to SA	0	0	0	0	37,846	1,779	453	3,282	7,822	0	12,420	149,661	1,835	81,920
	9A Ovens	0	0	0	0	0	0	0	0	0	0	0	643	12	0
	9B King	139	0	0	0	0	0	0	0	0	0	0	139	5	0
20 Snowy	0	0	0	0	0	0	0	0	0	0	0	0	0	-753	
Lower Murray Water	1A Greater Goulburn	0	0	2,135	0	52	0	0	0	0	125	0	2,323	16	-6,565
	6B Lower Broken Creek	0	0	0	0	0	0	0	0	0	55	0	55	1	55
	7VIC Murray – Barmah to SA	0	0	609	0	84,811	1,360	0	2,803	12,674	0	16,901	136,966	1,535	-94,394
NSW	10A NSW Murr U/S Barmah Choke	0	0	0	0	13,727	0	0	0	0	0	0	16,812	56	10,264
	10B NSW – Murr Irrigation Ltd	0	0	0	0	726	0	0	0	0	0	0	11,279	47	8,018
	11 NSW Murr D/S Barmah Choke	0	0	4,614	0	30,896	0	0	0	0	0	0	61,979	351	48,083
	13 Murrumbidgee	0	0	0	0	15,556	0	0	0	0	0	0	24,880	173	-14,101
	14 Lower Darling	0	0	0	0	4,664	0	0	0	0	0	0	10,410	34	8,666
SA	12 South Australian Murray	0	0	0	0	12,032	0	0	0	0	0	0	17,838	71	-46,541
Total Purchased		139	753	8,888	0	231,360	6,548	3,261	13,896	38,980	1,744	64,379	807,171		0
Number of Trades		5	2	28	0	1,844	63	14	101	34	9	476		9,368	

- Notes:**
- In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively, this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. To avoid double counting, only the seller side is counted (ie this is counted as 20 trades).
 - The clearing accounts are held by G-MW. In the register, a G-MW to LMW pool exchange will be recorded as a trade from G-MW to the G-MW clearing account and a second trade from the G-MW clearing account to LMW. In order to avoid double counting, this trade is only counted on one side, however, depending on which side is chosen it may be classified as either a within or between authority trade. To adjust for this it is assumed that all between authority trades are correct, therefore the number and volume of within authority purchases and sales is reduced and the number of between authority purchases and sales is increased proportionately.
 - This table excludes a 50 ML trade from trading zone 7 (G-MW) to trading zone 11 and a 10 ML trade from trading zone 1A (G-MW) to trading zone 10A, which occurred during the year but were not present in the register at the report date due to technical difficulties.

Appendix B3

Regulated Water Entitlements by Authority

Water System Source	Delivery System (grouped)	Number	Volume (ML)
Broken	Broken River	295	17,941
	GMW – NWU	6	312
Bullarook	Bullarook	33	1,271
Campaspe	Campaspe Irrigation District	164	14,898
	Campaspe River	324	16,528
	GMW – NWU	42	6,738
	Rochester Irrigation Area	3	345
Goulburn	Central Goulburn Irr:Area	4,068	318,634
	Env – Greater Goulburn	2	39,625
	GMW – NWU	655	137,610
	Goulburn River	1,505	76,932
	Loddon River	37	1,236
	Murray River	4	2,000
	Murray Valley Irrigation Area	26	1,571
	Pyramid-Boort	939	193,653
	Rochester Irrigation Area	1,744	157,558
	Shepparton Irrigation Area	2,511	155,119
	Torrumbarry Irrigation Area	4	265
Loddon	GMW – NWU	12	1,653
	Loddon River	875	25,409
Murray	Env – Snowy	2	29,794
	GMW – NWU	589	99,487
	Murray River	1,116	109,135
	Murray Valley Irrigation Area	2,172	231,024
	Nyah, Tresco and Woorinen	667	29,566
	Torrumbarry Irrigation Area	2,758	291,678
Ovens	GMW – NWU	9	315
	Ovens River	493	34,068
Mis-matched water system source and delivery system (see note 4)		398	17,476
Regulated Total (ex low and spill reliability)		21,059	2,011,195
Regulated Total (ex low and spill reliability) 2008–09		20,450	1,955,178

Notes:

- This table shows the number and volume of active, regulated entitlements (excluding low and spill reliability) as at 30 June 2010.
- Delivery systems are grouped to reduce the complexity caused by small delivery systems.
- The volume of entitlement in G-MW's jurisdiction increased by 56,017 ML from 2008/09 due to the following:
 - Completion of process to record bulk and environmental entitlements in the register
 - Cancellation of water shares in the Broken system as part of the Mokoan return to wetlands project
 - Issue/ cancellation of water shares upon cancellation/issue of supply agreements
 - Issue of water share in the Goulburn System following water savings achieved from the Catumnal Pipeline Project.
- Some entitlements are recognised as requiring correction to their characteristics. These are listed in the table below.

Water System Source	Delivery System (grouped)	Number	Volume (ML)
Broken	Shepparton Irrigation Area	1	15
Goulburn	Env – Snowy (bulk entitlement)	1	16,812
Murray	Loddon River	1	4
Total corrections		3	16,831

Appendix B4

Transfer and Variation of High-Reliability Water Shares (ML)

		Destination														
		Goulburn-Murray Water														
		Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. Area	GMW – NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Pyramid-Boort	Rochester Irrigation Area	
Source	Goulburn-Murray Water	Broken River	1,196	0	0	0	0	7,653	0	0	0	0	0	0	0	0
		Bullarook	0	30	0	0	0	0	0	0	0	0	0	0	0	0
		Campaspe Irrigation District	0	0	1,644	0	0	2,900	0	0	0	0	0	0	0	345
		Campaspe River	0	0	32	255	0	1,511	0	0	0	0	0	0	0	0
		Central Goulburn Irr. Area	0	0	0	0	36,126	23,721	50	0	0	0	0	150	0	0
		GMW – NWU	74	0	0	0	383	46,363	58	0	328	851	117	2	244	537
		Goulburn River	0	0	0	0	1	1,220	729	0	0	3	0	0	0	1
		Loddon River	0	0	0	0	0	1,651	0	427	0	0	0	0	0	0
		Murray River	0	0	0	0	0	10,084	0	0	1,456	121	0	0	0	0
		Murray Valley Irrigation Area	0	0	0	0	0	20,874	0	0	0	27,280	0	0	0	0
		Nyah, Tresco and Woorinen	0	0	0	0	0	1,021	0	0	0	0	1,935	0	0	0
		Ovens River	0	0	0	0	0	101	0	0	0	0	0	1,867	0	0
		Pyramid-Boort	0	0	0	0	0	29,535	0	0	0	0	0	0	17,836	0
		Rochester Irrigation Area	0	0	0	0	0	11,093	0	0	0	0	0	0	0	14,150
		Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Shepparton Irrigation Area	0	0	0	0	133	7,295	0	0	0	211	0	0	0	0
	Torrumbarry Irrigation Area	0	0	0	0	0	23,232	0	1,709	0	0	0	0	0	0	
	Lower Murray Water	1062 Katunga Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		LMW – NWU	0	0	0	0	0	0	100	0	0	0	0	0	0	
		Murray River	0	0	0	0	0	109	0	0	0	0	0	0	0	
Robinvale, Red Cliffs, Merbein, FMID		0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Trades (ML)		1,270	30	1,676	255	36,643	188,363	936	2,136	1,784	28,467	2,052	1,869	18,229	15,034	
Number of Trades		18	2	25	16	473	1,008	57	32	53	263	70	31	117	210	

Notes

- This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for high reliability water shares. Some other trades were still in progress at year end and will be finalised in 2010/11.
- Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
- A variation application occurs without a change in ownership.
- Delivery systems are grouped to reduce complexity caused by small delivery systems.
- Exceedences of the 4% limit may be due to:
 - exemptions given under the trading rules;
 - correction of wrong locations given to some water shares at unbundling; or,
 - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

Appendix B4 continued

Transfer and Variation of High-Reliability Water Shares (ML)

Source		Destination										Volume of water shares at 1 July 2009	Net Out as % of Water Shares (irrigation districts only)
		Goulburn-Murray Water			Lower Murray Water			Total Trades (ML)	Number of Trades	Net Out (ML)			
		Shepparton Groundwater	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW – NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID						
Goulburn-Murray Water	Broken River	0	15	0	0	0	0	8,864	72	7,594			
	Bullarook	0	0	0	0	0	0	30	2	0			
	Campaspe Irrigation District	0	0	0	0	0	0	4,890	39	3,214	17,898	18.0%	
	Campaspe River	0	0	0	0	0	0	1,798	30	1,543			
	Central Goulburn Irr. Area	0	261	0	0	653	0	60,961	626	24,318	341,715	7.1%	
	GMW - NWU	0	483	1,761	0	617	0	51,818	374	-136,546			
	Goulburn River	0	3	0	0	0	0	1,957	75	1,021			
	Loddon River	0	0	0	0	0	0	2,078	34	-58			
	Murray River	0	0	459	0	0	0	12,120	78	10,336			
	Murray Valley Irrigation Area	0	0	0	0	0	0	48,155	360	19,688	250,060	7.9%	
	Nyah, Tresco and Woorinen	0	0	190	30	0	0	3,176	91	1,124	29,000	3.9%	
	Ovens River	0	0	0	0	0	0	1,968	34	99			
	Pyramid-Boort	0	0	0	0	0	0	47,370	158	29,141	196,225	14.9%	
	Rochester Irrigation Area	0	1	0	0	970	0	26,214	282	11,181	167,100	6.7%	
	Shepparton Groundwater	0	0	0	0	0	0	0	0	0			
	Shepparton Irrigation Area	0	17,623	0	0	0	0	25,262	321	6,876	161,095	4.3%	
Torrumbarry Irrigation Area	0	0	33,590	0	617	0	59,149	422	23,149	311,868	7.4%		
Lower Murray Water	1062 Katunga Groundwater	0	0	0	0	0	68	68	1	68			
	LMW – NWU	0	0	0	6,331	69	109	6,609	53	-64,260			
	Murray River	0	0	0	53,681	201,224	440	255,453	476	50,342			
	Robinvale, Red Cliffs, Merbein, FMID	0	0	0	10,828	960	12,105	23,893	660	11,171	156,703	7.1%	
Total Trades (ML)		0	18,386	36,000	70,869	205,111	12,722	641,830		0			
Number of Trades		0	285	312	358	386	472		4,188				

Notes

- This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for high reliability water shares. Some other trades were still in progress at year end and will be finalised in 2010/11.
- Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
- A variation application occurs without a change in ownership.
- Delivery systems are grouped to reduce complexity caused by small delivery systems.
- Exceedences of the 4% limit may be due to:
 - exemptions given under the trading rules;
 - correction of wrong locations given to some water shares at unbundling; or,
 - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

Appendix B5

Transfer and Variation of Low-Reliability Water Shares ML

			Destination																
			Goulburn-Murray Water																
			Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irrigation Area	GMW – NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Pyramid-Boort				
Source	Goulburn-Murray Water	Broken River	268	0	0	0	0	1,560	0	0	0	0	0	0	0	0	0		
		Bullarook	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Campaspe Irrigation District	0	0	1,038	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Campaspe River	0	0	0	41	0	496	0	0	0	0	0	0	0	0	0	0	0
		Central Goulburn Irrigation Area	0	0	0	0	19,011	5,962	0	0	0	0	0	0	0	0	0	0	759
		GMW – NWU	16	0	95	90	1,371	12,633	0	0	154	456	26	0	0	0	0	0	712
		Goulburn River	0	0	0	0	0	14	203	0	0	0	0	0	0	0	0	0	0
		Loddon River	0	0	0	0	0	527	0	147	0	0	0	0	0	0	0	0	0
		Murray River	0	0	0	0	0	2,155	0	0	376	0	0	0	0	0	0	0	0
		Murray Valley Irrigation Area	0	0	0	0	0	6,444	0	0	10	14,807	0	0	0	0	0	0	0
		Nyah, Tresco and Woorinen	0	0	0	0	0	259	0	0	0	0	610	0	0	0	0	0	0
		Ovens River	0	0	0	0	0	23	0	0	0	0	0	903	0	0	0	0	0
		Pyramid-Boort	0	0	0	0	0	4,015	0	0	0	0	0	0	0	0	0	0	11,272
		Rochester Irrigation Area	0	0	0	0	0	2,821	0	0	32	0	0	0	0	0	0	0	1,052
		Shepparton Groundwater	0	0	0	0	51	0	0	0	0	0	0	0	0	0	0	0	0
		Shepparton Irrigation Area	0	0	0	0	0	1,893	0	0	0	95	0	0	0	0	0	0	0
		Torrumbarry Irrigation Area	0	0	0	0	0	6,561	0	670	0	0	0	0	0	0	0	0	0
	Lower Murray Water	I062 Katunga Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		LMW – NWU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Murray River	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Robinvale, Red Cliffs, Merbein, FMID		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Trades (ML)			284	0	1,133	131	20,433	45,362	203	817	572	15,358	635	903	13,795				
Number of Trades			13	0	13	6	309	437	13	17	17	192	22	23	88				

Notes

- This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for low and spill reliability water shares. Some other trades were still in progress at year end and will be finalised in 2010/11.
- Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
- A variation application occurs without a change in ownership.
- Delivery systems are grouped to reduce complexity caused by small delivery systems.
- Exceedences of the 4% limit may be due to:
 - exemptions given under the trading rules;
 - correction of wrong locations given to some water shares at unbundling; or
 - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

Appendix B5 continued

Transfer and Variation of Low-Reliability Water Shares ML

		Destination											
		Goulburn-Murray Water				Lower Murray Water			Total Trades (ML)	Number Out	Net Out (ML)	Volume of water shares at 1 July 2009	Net Out as % of Water Shares (irrigation districts only)
		Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW – NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID					
Source	Goulburn-Murray Water	Broken River	0	0	3	0	0	0	1,831	63	1,547		
		Bullarook	0	0	0	0	0	0	0	0	0		
		Campaspe Irrigation District	181	0	0	0	0	0	1,219	15	86	9,910	0.9%
		Campaspe River	0	0	0	0	0	0	536	9	405		
		Central Goulburn Irrigation Area	59	0	275	0	0	0	26,065	381	5,633	155,740	3.6%
		GMW – NWU	355	0	412	1,298	0	147	17,828	177	-27,534		
		Goulburn River	0	0	0	0	0	0	217	16	14		
		Loddon River	0	0	0	0	0	0	674	13	-143		
		Murray River	0	0	0	311	0	0	2,842	28	2,270		
		Murray Valley Irrigation Area	0	0	0	0	0	0	21,261	237	5,902	115,845	5.1%
		Nyah, Tresco and Woorinen	0	0	0	60	0	0	929	31	294	5,590	5.3%
		Ovens River	0	0	0	0	0	0	926	24	23		
		Pyramid-Boort	0	0	0	23	0	0	15,310	89	1,515	89,583	1.7%
		Rochester Irrigation Area	6,662	0	0	0	0	0	10,567	138	3,310	75,460	4.4%
		Shepparton Groundwater	0	0	0	628	0	0	680	3	680		
	Shepparton Irrigation Area	0	0	8,586	0	0	0	10,574	191	1,224	73,975	1.7%	
	Torrumbarry Irrigation Area	0	0	74	15,595	0	182	23,083	214	5,167	311,868	1.7%	
	Lower Murray Water	I062 Katunga Groundwater	0	0	0	0	0	0	0	0	0		
		LMW – NWU	0	0	0	0	0	0	0	0	0		
		Murray River	0	0	0	0	0	2,499	2,499	28	-329		
Robinvale, Red Cliffs, Merbein, FMID		0	0	0	0	0	0	0	0	-65			
Total Trades (ML)		7,257	0	9,350	17,916	0	2,828	65	137,040	0			
Number of Trades		111	0	180	181	0	34	1		1,657			

Notes

1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for low and spill reliability water shares. Some other trades were still in progress at year end and will be finalised in 2010/11.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. A variation application occurs without a change in ownership.
4. Delivery systems are grouped to reduce complexity caused by small delivery systems.
5. Exceedences of the 4% limit may be due to:
 - exemptions given under the trading rules;
 - correction of wrong locations given to some water shares at unbundling; or;
 - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).

Appendix B6

Usage by Delivery System

Delivery System	Usage (ML)
Broken River	3,323
Bullarook	30
Campaspe Irrigation District	324
Campaspe River	352
Central Goulburn Irrigation Area	175,668
Env – Lower Goulburn	339
Goulburn River	43,091
Loddon River	819
Murray River	25,416
Murray Valley Irrigation Area	128,498
Nyah, Tresco and Woorinen	16,946
Ovens River	9,238
Pyramid-Boort	101,762
Rochester Irrigation Area	112,887
Shepparton Irrigation Area	72,601
Torrumbarry Irrigation Area	182,405
Total	873,699

Notes

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

Appendix B7

Unregulated Entitlements

Water System Source	Trading Zone Source	Number	Volume (ML)
Avoca	9996 Surfacewater	2	253
Broken	120 Broken Unregulated	158	3,860
		2	0
		413	8,213
Bullarook	Not applicable	2	0
Campaspe	110 Goulburn Unregulated	9	350
		139	1,359
		55	533
		2	0
		370	6,926
Goulburn	110 Goulburn Unregulated	830	18,148
		309	2,014
		259	4,356
		145	2,813
		9	0
		856	20,146
Kiewa	190 Kiewa Catchment Unregulated	3	1,282
		464	15,496
		194	3,908
Loddon	150 Loddon Unregulated	226	10,545
		123	9,322
		1	0
		678	14,834
Murray	160 Upper Murray Unregulated	549	13,549
		1	61
		24	2,346
		5	0
		647	13,364
Ovens	180 Ovens and King Unregulated	857	18,160
		1	0
		386	9,393
Mis-matched water system source and trading zone (see note 6)		77	562
Unregulated Total 2009-10		7,796	181,791
Unregulated Total 2008-09		7,721	161,707

Notes

1. This table shows the number and volume of active, unregulated entitlements as at 30 June 2010.
2. Entitlements are grouped by trading zone source rather than delivery system due to the complexity of multiple small delivery systems in unregulated systems.
3. The volume of unregulated entitlement increased by 20 GL from 2008/09 due to finalisation of the inclusion of bulk and environmental entitlements in the register.
4. Some unregulated bulk entitlements are entered into the register with trading zone source "9996 Surfacewater", "Not applicable" or "Not tradable" because:
 - (i) They are source bulk entitlements and therefore source their water from the whole system, rather than a specific part or zone;
 - (ii) The bulk entitlement specifies they are "not tradable";
 - (iii) There is no applicable trading zone source in the register;
 - (iv) An error has been made - these have been identified for correction.
5. Registration licences are "not tradable" as required under the Act.
6. Some entitlements are recognised as requiring correction to their characteristics. These are listed in the table below.

Corporate Directory

G-MW Water Services Operations

Goulburn-Broken Operations

G-MW Shepparton
21 Wheeler Street
Shepparton Vic 3630
Phone: (03) 5832 9900

Loddon Operations

G-MW Pyramid Hill
24 Barber Street
Pyramid Hill Vic 3575
Phone: (03) 5455 7100

Central Murray Operations

G-MW Kerang
78 Kerang-Koondrook Road
Kerang Vic 3579
Phone: (03) 5451 0111

Murray North-East Operations

G-MW Cobram
2-4 Dillon Street
Cobram Vic 3644
Phone: (03) 5871 0100

G-MW Wangaratta

5 Murrell Street
Wangaratta Vic 3677
Phone: (03) 5723 2501

Central Goulburn Operations

G-MW Tatura
33 Casey Street
Tatura Vic 3616
Phone (03) 5833 5705

Campaspe Operations

G-MW Rochester
41 High Street
Rochester Vic 3561
Phone: (03) 5484 0400

Legend to map that appears on back cover:

DISTRICT SERVICES	
IRRIGATION AREAS	WATER DISTRICTS
Shepparton	Tungamah
Central Goulburn	East Loddon
Rochester-Campaspe	West Loddon
Pyramid-Boort	Normanville
Murray Valley	FLOOD PROTECTION DISTRICT
Torrumbarry	Loch Garry

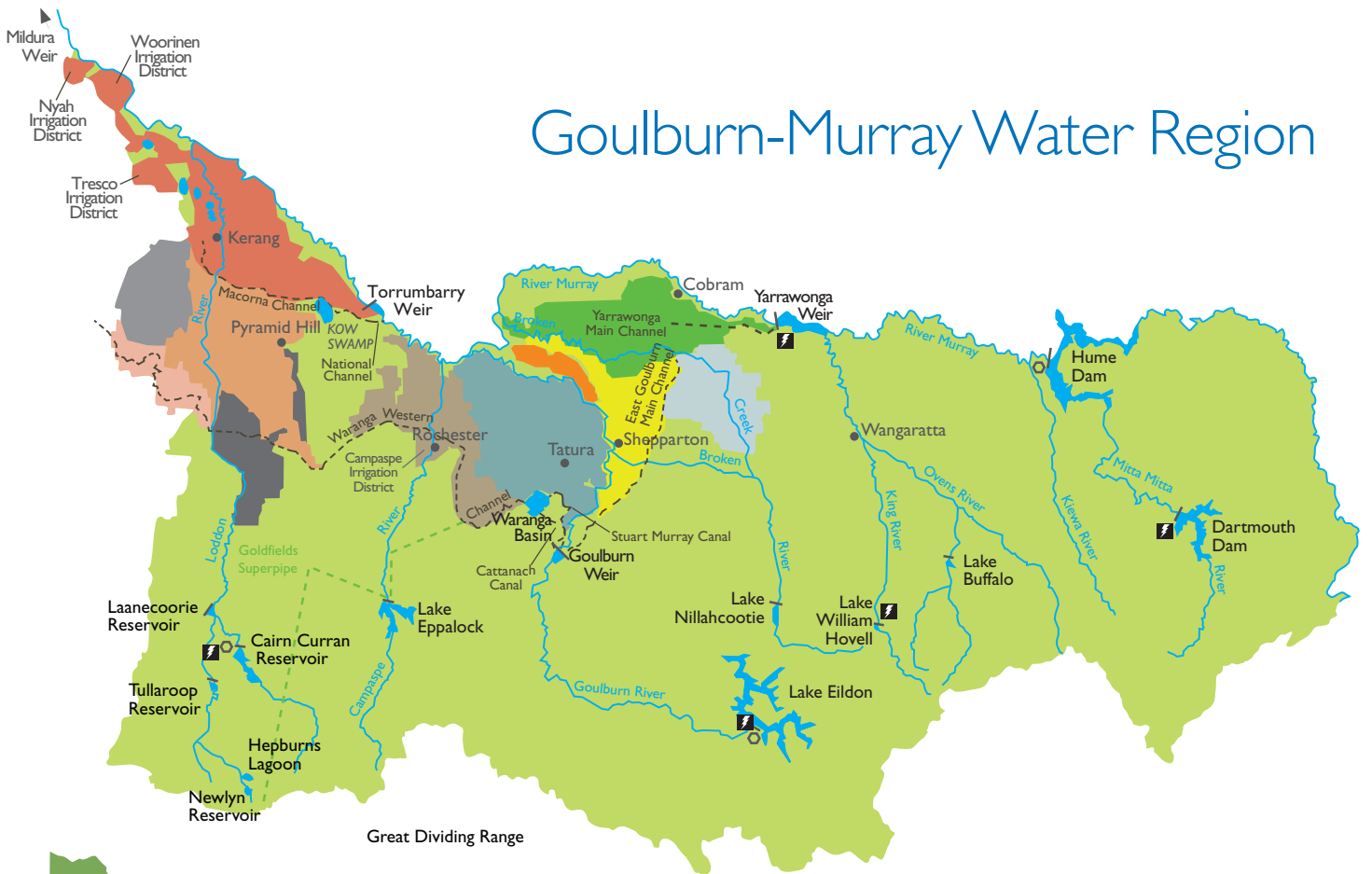
MAJOR STORAGES	
Lake Nillahcootie	Dartmouth Dam*
Lake Eildon	Hume Dam*†
Goulburn Weir	Yarrowonga Weir*
Waranga Basin	Torrumbarry Weir*
Lake Eppalock	Mildura Weir*
Cairn Curran Reservoir	Lake Buffalo
Newlyn Reservoir	Lake William Hovell
Hepburns Lagoon	
Tullaroop Reservoir	
Laanecoorie Reservoir	
Greens Lake	

* Murray-Darling Basin Authority assets

† Managed by NSW Constructing Authority

KEY	
	Channel/Canal
	River
	Operations Centres
	Dams Operation Centres
	Pipelines (Not managed by G-MW)
	Hydroelectric Operations

Goulburn-Murray Water Region



Legend inside back cover



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