

Annual Report 2010-2011

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# Message from the Chairman



We are now more than halfway through Stage 1 of this \$2 billion investment to automate and modernise water delivery to this extensive, productive and diverse irrigation region of northern Victoria.

The rains at the end of last year were welcomed after a most severe and lengthy drought. However, we certainly feel for those landowners who then endured floods not once but several times.

Throughout the year NVIRP has been a catalyst towards the achievement of the Government's objective of creating a more sustainable long-term future for the northern Victoria irrigation community, through a planned and comprehensive modernisation of the regional irrigation infrastructure.

The construction phase of the project is injecting hundreds of millions of dollars into the regional economy and creating new business and employment opportunities.

As works are completed, modernisation of the Goulburn Murray Irrigation District (GMID) water delivery system will underpin future investment and growth in irrigated agriculture with ongoing benefits for the wider regional economy.

Modernisation is driving additional on-farm investment in complementary technology as farmers gain renewed confidence in irrigated agriculture, paving the way for the next generation of irrigators whilst stimulating increased on-farm productivity and profitability.

There have been some external factors impacting on the performance of the project over the year including the future arrangements for the 4% exemption on outward water trade, the outcomes of the soon-to-be released Murray Darling Basin Plan and the need for bridging the gap to Sustainable Diversion Limits.

We await the outcomes of the Ombudsman's investigation into elements of the delivery of our project as we diligently work to meet the targets and delivery of Stage 1.

The final confirmation of Commonwealth funding for Stage 2, which was announced last November, will provide certainty to those landowners who are outside of the designated backbone system. Through our Strategic Connections Program we welcome input from the GMID community to generate ideas and make decisions that bring long-lasting benefits for them individually and the region collectively.

I thank my fellow Directors for their support and direction and acknowledge the dedication of the NVIRP staff led by CEO Murray Smith as we deliver this project.

This is the most significant upgrade to the GMID irrigation infrastructure in its 130-year history and represents a key investment to secure the long-term sustainable future of the regional community.

A handwritten signature in dark ink, appearing to read 'Richard Guy'.

**Richard Guy OAM**  
Chairman

# Message from the CEO



It has been a challenging year for NVIRP operations in the Goulburn Valley, with massive rains at the end of last year breaking what was a very testing drought for all, followed by flooding throughout a large part of our works area.

We continue to actively engage with landowners to identify innovative connections solutions to meet their changing needs. Future refinements to the Connections Program will expand landowners' roles in generating ideas and making decisions about their future water supply needs.

Late last year, we introduced the Strategic Connections Project model. This is a planned and coordinated whole-of-channel approach to modernisation that involves all landowners in the decision-making process and ownership of the outcomes.

As we work across the Goulburn Murray Irrigation District we are hoping for a consistent irrigation season so that benefits of the modernised system on farm operations can be fully realised.

The complexities of the modernisation project include working with landowners who are also involved in aspects of the Commonwealth Government's On-Farm Irrigation Efficiency Program. We have enjoyed working with both the Goulburn

Broken and North Central Catchment Management Authorities and other partnering agencies in aligning the delivery of this program to optimise modernisation outcomes.

The construction team, together with our Managing Contractor Transfield Services Australia, upholds very comprehensive Occupational Health and Safety systems and we are pleased that with over one million construction hours worked, we have lost only 72 hours to injuries.

**As a result of our works we have at this time transferred back to Goulburn-Murray Water improved assets to the value of close to \$200 million.**

The staff at NVIRP have worked tirelessly under extreme pressures to deliver this project and I thank them sincerely for their continued support and commitment to the project.

I would like to acknowledge the direction provided by the Board and the support given to us by our key partnering organisations and their staff in the delivery of the project. This includes Goulburn-Murray Water, the Goulburn Broken and North Central Catchment Management Authorities, the Department of Sustainability and Environment, the Department of Treasury and Finance and the Department of Primary Industries.

For all our staff and construction contractors it is extremely pleasing that NVIRP remains on target to deliver the Stage 1 outcomes within budget.

**Murray Smith**  
CEO



# Year in Review

NVIRP is both the name of the entity responsible for planning, designing and delivering the irrigation renewal project and the project itself. The State Owned Enterprise for Irrigation Modernisation in Northern Victoria, trading as the Northern Victoria Irrigation Renewal Project (NVIRP), was established under the *State Owned Enterprise Act 1992* by an Order in Council dated 20 December 2007. The functions, powers and duties of NVIRP are set out in that Order.

NVIRP is upgrading irrigation channels and associated infrastructure in northern Victoria's Goulburn Murray Irrigation District. The GMID covers 68 000 square kilometres and comprises Australia's largest irrigation network, which currently stretches over 6 300 kilometres from past Swan Hill in the north-west to Tatura in the south and Cobram in the east.

This irrigation network supports an agricultural hub known as Victoria's Food Bowl, which produces 22 per cent of Australia's milk, 96 per cent of Victoria's tomatoes by weight, 90 per cent of Victoria's stone fruit by weight, 12 per cent of Victoria's grapes and \$1.94 billion worth of Victoria's \$8.3 billion agricultural commodities, accounting for 24 per cent of the total Victorian value.

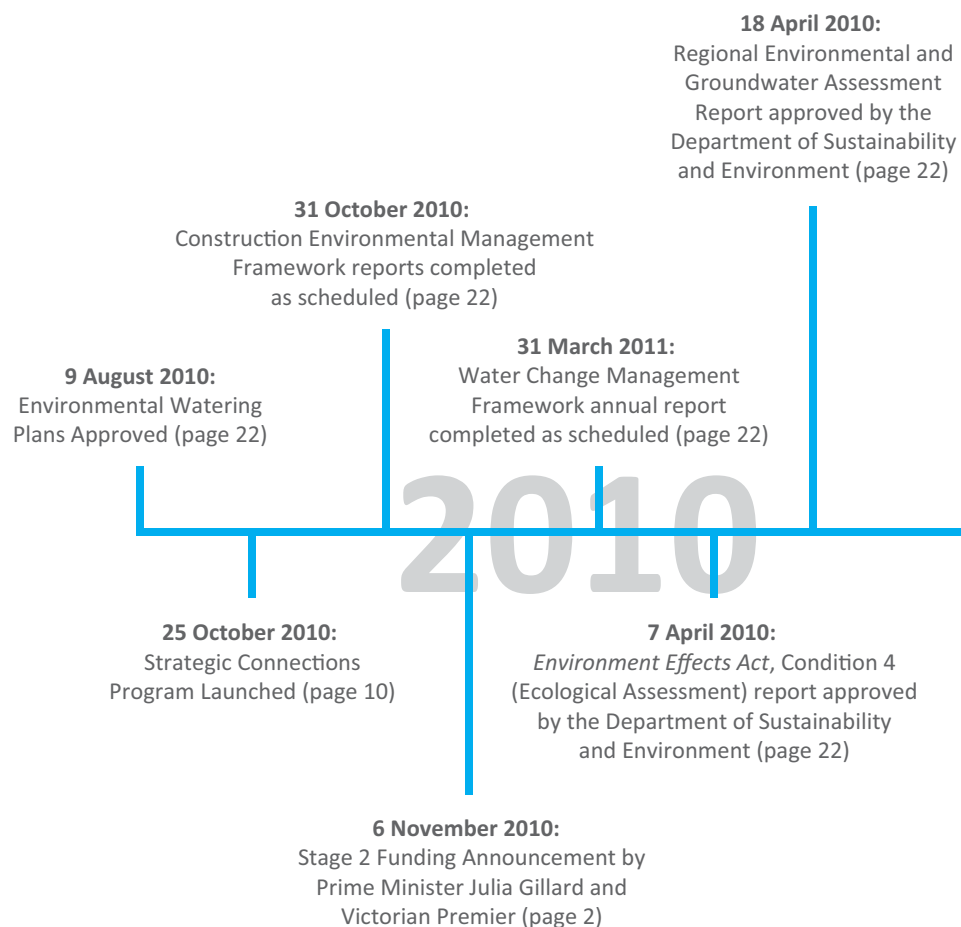
The NVIRP project aims to support agricultural and horticultural industries in the GMID, inject economic growth into the region and both encourage and contribute to regional development. In addition, the project aims to deliver enhanced irrigation services to the region's irrigators, with shorter water ordering times and greater water supply and flow reliability.

The end of the 2010-2011 financial year marks the completion of NVIRP's third year of operations for Stage 1 of the program. This stage commenced in 2008 with an Early Works Program and will continue until 2013. Much has been achieved to date, with the project being on target to deliver the \$1.004 billion program of modernisation works.

Funding for Stage 1 of the project is being provided by the Victorian Government, Melbourne Water Corporation and Goulburn-Murray Water.

The Commonwealth Government has confirmed close to \$1 billion of funding for Stage 2 of the NVIRP project, which is planned to be completed in 2018. This funding is subject to the Commonwealth and State reaching agreement on funding conditions.

The following timeline marks key achievements for this financial year.





A measured flow

# 2011

### 30 May 2011:

2010 Offset Management Plan submitted to the Department of Sustainability and Environment as scheduled (page 22)

### 1 May 2011:

One Million Hours Worked with only 72 hours of Lost Time Injuries (page 26)

### 10 June 2011:

2009 Offset Management Plan approved by DSE (page 22)

### 15 May 2011:

2010-2011 Winter Works Program commenced, employing 508 contractors and subcontractors (page 7)

### 30 June 2011:

Over \$60 million paid to landowners as part of the community-led closure of the Campaspe Irrigation System (page 19)

### 22 April 2010:

Water Change Management Framework audit report completed as scheduled (page 22)

### 31 May 2011:

3 000 meters installed (page 16)

# Project Objectives

The overarching objective of NVIRP is to help create a more sustainable long-term future for the northern Victoria irrigation community, through a planned and comprehensive modernisation of the Goulburn Murray Irrigation District. Key objectives are outlined below, with information describing NVIRP's performance provided in subsequent sections.

## Regional Development

- Secure a sustainable long-term future for the regional irrigation community of the GMID in the context of reduced water availability and climate variability
- Support sustainable growth in the regional irrigation economy through enhanced reliability of water supply and delivery and stimulating on-farm productivity
- Provide certainty to irrigation communities through promoting a strategic approach to modernisation and coordinated planning between the State and Commonwealth Governments including a strategic approach to Commonwealth buyback
- Inject economic support into the region for the life of the project, through employment, contract employment and supplier opportunities and an emphasis on local procurement.

## Engage with Landowners and Community

- Understand the needs, wants and expectations of landowners in the project area, as this is critical to the success of the project
- Ensure irrigation water customers in the project area have an active role in generating ideas and making decisions about their future water supply needs and options. Seek to continually refine and improve our engagement with landowners in driving community solutions.

## Modernisation

- Work with our key partner Goulburn-Murray Water to deliver a modernised irrigation system that provides an improved level of water delivery service, increased irrigation productivity, profitability and water use efficiency
- Create an automated backbone for the water distribution system, replace or remove surplus supply points and upgrade inaccurate meters with meters that will comply with national standards
- Deliver a financially viable and sustainable irrigation system by ensuring that the recurrent costs of operating and maintaining the irrigation scheme are affordable and avoiding stranded irrigation assets.

## Water Generation

- Increase the GMID irrigation delivery efficiency to 87 per cent (with the completion of both Stages 1 and Stage 2) from a pre-modernisation figure of 70 per cent efficiency
- Generate 225 Gigalitres (GL) of water Long-Term Cap Equivalent (LTCE) in Stage 1
- through loss reduction in the GMID channel system, strategic acquisition and on-farm irrigation efficiency improvement projects
- Set aside water to be shared between irrigators, the environment and other users.

## Environmental Sustainability

- Improve the health of the northern Victorian rivers, floodplains and wetlands
- Provide up to 75 GL (LTCE) from Stage 1 annually for environmental water entitlements, which can be used or traded by the Victorian Environmental Water Holder
- Retain, and where possible and practical, enhance the infrastructure options to deliver environmental water.

## Budget and Schedule

- Deliver the Stage 1 project within the agreed budget of \$1.004 billion
- Complete Stage 1 on-ground works by 2013 with the resulting final efficiency improvements confirmed in 2013-2014.



# Regional Development

## Economic Contribution

Water is both a valuable commodity that can be traded and the life-blood of local irrigation communities. Rather than simply buying water for public uses including environmental needs, the Victorian Government is investing in irrigation infrastructure to support the northern Victorian communities that rely on this important resource.

An independent study conducted by the Centre of International Economics (CIE) concluded that irrigation modernisation of the Goulburn Murray Irrigation District would generate substantial net regional and economy-wide benefits. The study indicated these benefits would arise from the ongoing productivity, capacity optimisation and water use efficiency improvements that the NVIRP project would create.

CIE found that as a result of the NVIRP project the real value added in irrigation production in the GMID will increase by \$308 million after full adoption of the project, relative to the without NVIRP project baseline.

Following the completion of NVIRP, total GMID income (the regional equivalent of the Gross Domestic Product) is estimated to increase by \$475 million per year. This is estimated to increase the Victorian Gross State Product by \$465 million per year and the Australian Gross Domestic Product by \$403 million per year, with the greatest impact being created in the local GMID economy.

An example of NVIRP's economic contribution is the amount of employment created through the entity's annual Winter Works programs, which are undertaken from 15 May to 15 August each year during the irrigation channel shut-down period. For the 2010-2011 Winter Works Program, 38 staff from NVIRP's Managing Contractor Transfield Services Australia were employed on the project, as well as 470 subcontractors. As such, a total of 508 people were employed on the program, excluding NVIRP staff and suppliers. The positive economic effects of the NVIRP project are being felt by local residents, contractors and suppliers throughout the GMID.

### Thomas Liphuyzen, Construction Engineer Capital Works

Local resident Thomas came to NVIRP as he was looking for the next step in his career. He was previously an Assistant Project Manager and Draftsman with AWMA Water Control Solutions in Cohuna, working on the Murray Irrigation Limited flume gate renewal program. His NVIRP role as a Construction Engineer in the Capital Works team is expanding his experience and knowledge of the irrigation industry and infrastructure options.

### Mick Hogan, Mick Hogan Excavations

Mick Hogan's excavation business has been involved with the irrigation modernisation in this region since it commenced in 2008. At that time he employed seven staff and his core business was assisting farmers with general farm improvement works.

The company has now expanded and employs up to 25 people at their busiest time including truck drivers, excavation machinery operators, supervisors and labourers. Employees primarily reside in Numurkah, Shepparton, Mooroopna and Nathalia.

Mick's team has carried out works for NVIRP in the Central Goulburn, Murray Valley and Torrumbarry irrigation areas, concentrating on the installation of new flow meters and poly pipe.

### Rod Monteith, Rubicon

Precision engineering opportunities in Shepparton attracted Rod Monteith who is happy now to be a permanent machinist and one of 120 staff currently working at the Rubicon Systems' factory in Wheeler Street.

As a machinist, Rod operates a numerically controlled machine which is computer programmed to develop aluminium plate or frames that are used for specific applications within the gate assemblies. During the shift the machine functions can change up to three times for three different programs with a target of completing 50 FlumeGates™ each week.

There have been another 300 FlumeGates™ manufactured at the Shepparton factory for NVIRP in 2010-2011. This factory is also manufacturing gates to export to China and a number of customers in the USA as well as distributing gates nationally for other Australian projects.

### Neil Siddall, Coventry Fasteners

Neil Siddall of Coventry Fasteners in Shepparton manufactures nuts and bolts used to install regulator gates in the backbone channels and on-farm meters. Coventry Fasteners, a national company, is also one of the companies supplying subcontractors who are installing the automated regulator gates and High-Density Polyethylene lining.

Power tools and concrete drills are essential for Neil's role, as well as equipment to lift the concrete casings that are components inserted in the irrigation channel gate structures during this sophisticated irrigation modernisation project.

It is these hundreds and thousands of nuts and bolts in varying weights and sizes that are essential components uniting and strengthening the structures. These often unseen components ensure the upgrade of the irrigation delivery system structures have a long and useful life.

# Regional Development

## Enhanced Water Delivery Services

NVIRP will enhance water delivery services provided to irrigators in the Goulburn Murray Irrigation District. The project aims to increase irrigation delivery efficiency from approximately 70 per cent pre-modernisation to at least 87 per cent after Stage 1 and Stage 2 and provide irrigators with:

- greater reliability of supply
- consistent flow rates
- higher flow rates onto farms and
- shorter water ordering times.

In addition, the automated, modernised irrigation system paves the way for increased on-farm investment. Irrigators will be able to leverage off the improved service levels provided by the modernised system to increase their productive capacity and profitability.

On-farm investment is supported through links with the Commonwealth Government's On-Farm Irrigation Efficiency Program, which is administered by the Goulburn Broken Catchment Management Authority on behalf of a consortium of parties including NVIRP.

Irrigators are already tying in modernisation works and on-farm efficiency grants to optimise their irrigation and production systems. For example, some irrigators are using the grants to extend pumping systems onto their properties from automated channels and creating new farm configurations that require less water yet achieve greater production.

Landowners who have already benefited from the NVIRP project include a Central Goulburn irrigator who had a Dethridge Wheel replaced by a Magflow Meter. The landowner is now able to water irrigation bays in less than four hours, when it previously took them 12 hours. The landowner is also able to water his crops using less water: for example, he would previously require between 1.2 and 1.5 megalitres for watering on a single day using a Dethridge Wheel, however as a result of moving water over the paddock faster, this usage is now just 0.9 megalitres.

A Lockington Dairy Farmer had previously struggled to move water over high irrigation bays. Modernisation works to his property included lasered land and the installation of pipes and risers to supply water, which have resulted in a more consistent flow rate. The farmer previously applied a seven megalitre flow rate and had to flood channels to achieve this rate on the paddocks. He now receives a 15 megalitre flow rate that is more consistent and provides an improved level of irrigation efficiency.

Another example is a cattle breeder in Cohuna, who can now receive irrigation water within one hour of ordering instead of needing to wait for an irrigation channel to be filled prior to watering. Works on the property have prevented approximately 140 megalitres of water losses, at the same time providing improved irrigation services to the property owner to facilitate productivity increases.



Channel remediation works with a 450mm Magflow Meter with automated SlipGate

# Engage with Landowners and Community

## Stakeholders and Communities Served

### Stakeholders

NVIRP is being delivered with the assistance of multiple partnering organisations, including organisations across the three tiers of Government (local, state and Commonwealth). Central to the success of the project is the partnership approach being adopted with all stakeholders to deliver this world-first project.

The following diagram illustrates NVIRP's key stakeholders:



# Engage with Landowners and Community

## Communities Served

NVIRP has worked throughout five irrigation regions within the Goulburn Murray Irrigation District: Central Goulburn, Loddon Valley, Murray Valley, Rochester and Torrumbarry. NVIRP is liaising with approximately 14 000 landowners from these regions, tailoring modern irrigation infrastructure to suit individual landowner needs.

No decisions about project works are made until landowner consent has been obtained through a business case process. Through this process, landowners also have access to reimbursement for independent, expert advice before making any decisions.

The key way that NVIRP is engaging with landowners and enabling landowners to contribute to decisions on their future irrigation network, is through the Strategic Connections Project process. This process is described in detail below.

## Strategic Connections Program

Strategic Connections Projects have been developed to connect landowners located downstream of the main backbone channel system back to the backbone. The projects involve a well-planned approach to exploring connections options for local, communal channel systems as well as scheduling and delivering connections works.

There are 180 individual Strategic Connections Projects that have been identified as part of NVIRP's Connections Program, spread throughout the five irrigation regions in the Goulburn Murray Irrigation District. These projects were launched on 25 October and commenced in December 2010 and will continue to 2013.

There are currently 36 Strategic Connections Projects being undertaken, which are progressing concurrently. The scheduling of Strategic Connections Projects was developed in consultation with each region's Modernisation Consultation Committees (MCCs) and representatives of Catchment Management Authorities, Goulburn-Murray Water and other agencies.

The delivery of scheduled Strategic Connections Projects is dependent on final confirmation of Stage 2 funding, following agreement being reached between the Commonwealth and Victorian Governments.

The following process is applied for all Strategic Connections Projects:

### Step One

Landowners receive a letter about works planned in their area and an invitation to attend a small group information session. This session is held at a local venue such as a local community hall, approximately two weeks after letters are received. At the session, the connections process is explained in detail and landowners have the opportunity to ask questions and engage in discussion about the project and their individual farm requirements with NVIRP Modernisation staff and a Farm Irrigation Assessor (FIA).

### Step Two

An NVIRP Farm Irrigation Assessor visits each landowner at their property to discuss farm design and modernisation options. Up to four days are spent talking to each landowner and developing tailored solutions for their property. At the same time, options are identified for adjacent properties that are serviced by the same irrigation infrastructure.

### Step Three

An NVIRP Modernisation Coordinator visits each landowner to discuss a proposed farm plan and financial incentives available if the plan is accepted. For projects over \$20 000 a one-off payment of \$1 000 is available for each landowner to seek independent advice (including legal and accounting support) and a decision is required within 60 days of the offer being made. If the offer is not accepted, mediation options are available to reach an agreed outcome. Alternatively, the offer is withdrawn and the landowner is scheduled to be revisited toward the end of the Strategic Connections Program.

### Step Four

If 50 per cent or more landowners from one section of infrastructure accept offers made to them, payment is made and works commence. Otherwise offers are withdrawn and the area is scheduled to be revisited after all other landowners are consulted some time in 2013.

## Public Meetings

To date, 27 local public meetings have been held for the 36 Strategic Connections Projects underway. As several Strategic Connections Projects originated through communities submitting proposals to NVIRP, meetings had already taken place prior to the Strategic Connections Program being launched. As such, formal public meetings have not been held for these projects.

At Strategic Connections Project meetings, attendance rates average between 30 and 40 per cent of invitees. The meetings are generally convened in local community centres, which are convenient for landowners. At these meetings, landowners are introduced to their relevant Modernisation Coordinator or NVIRP Project Manager and their Farm Irrigation Assessor.

Senior Modernisation Group staff members also attend to allow opportunities for discussion on the progress of the overall project. Landowners have the opportunity to ask questions, meet each other and discuss their options and ideas.

The meetings include information being provided on the following:

- The NVIRP Project
- The specific Strategic Connections Project
- The process to be undertaken
- Options available
- Case studies and
- On-Farm Efficiency Program grants.

# Engage with Landowners and Community

The table below provides information on the Strategic Connections meetings held this financial year.

Meetings held for SCPs 2010-11 Financial Year				
SCP	Area	Date	Location	Attendees
CG37	Central Goulburn	7.12.2010	Stanhope	55
CG21	Central Goulburn	9.12.2010	Kyabram	20
CG18	Central Goulburn	9.12.2010	Kyabram	30
CG27	Central Goulburn	9.12.2010	Kyabram	40
CG08	Central Goulburn	9.12.2010	Kyabram	25
CG03	Central Goulburn	10.12.2010	Tatura	20
CG12	Central Goulburn	10.12.2010	Harston	25
CG08	Central Goulburn	26.05.2011	Undera	15
CG42	Central Goulburn	20.06.2011	Tongala	18
CG44	Central Goulburn	20.06.2011	Tongala	46
LV02	Loddon Valley	13.12.2010	Pyramid Hill	45
LV16	Loddon Valley	21.06.2011	Dingee	46
MV35	Murray Valley	14.04.2011	Nathalia	40
MV05	Murray Valley	3.05.2011	Nathalia	25
MV32	Murray Valley	23.06.2011	Numurkah	23
MV20	Murray Valley	23.06.2011	Numurkah	41
RO07	Rochester	7.12.2010	Nanneella	5
RO16	Rochester	8.12.2010	Bamawm	20
RO15	Rochester	8.12.2010	Bamawm	25
RO18	Rochester	8.12.2010	Bamawm	20
RO05	Rochester	22.06.2011	Nanneella	21
RO09	Rochester	22.06.2011	Nanneella	23
RO19	Rochester	28.06.2011	Lockington	18
TO09	Torrumbarry	13.12.2010	Macorna	15
TO10	Torrumbarry	14.12.2010	Macorna	12
TO22	Torrumbarry	14.12.2010	Murrabit	60
TO21	Torrumbarry	14.12.2010	Koondrook	8
<b>Total 27 Strategic Connections Projects</b>				<b>741 Landowners</b>



# Engage with Landowners and Community

## Case Study

### Naringaningalook Strategic Connections Project

NVIRP has inbuilt flexibility to be able to tailor projects to landowner needs. One such example involves 34 landowners in the Naringaningalook (Naring) area, east of the township of Numurkah. NVIRP is currently engaging with these landowners through a community-led Strategic Connections Project to connect the landowners to the modernised backbone and decommission up to 30 kilometres of inefficient spur channels.

The landowners in the Naring project area are an innovative group, with strong views in relation to the future of irrigation in their area. They have established themselves into an incorporated entity - the Naring Irrigators Incorporated – with a well-developed charter and committee structure.

The group expressed concern to NVIRP that the identified backbone as released publicly in 2008 was not extended far enough on their channel system to allow any viable connection opportunities. The backbone was designed based on consistent principles used right across the Goulburn-Murray Irrigation District; nevertheless the group felt that their topography resulted in a less than favourable outcome.

NVIRP needed to evaluate a large number of connection options when considering a project of this nature. Extension of the backbone was one such option, however this needed to be a part of the overall solution and landowners needed to have an opportunity to be involved in the development of the connections plan before accepting the final outcome.

NVIRP was invited by Naring Irrigators Incorporated to meet with landowners several times to discuss their concerns. From this meeting it was agreed that the Naring Strategic Connection Project would be initiated. NVIRP allocated a Farm Irrigation Assessor to work with the landowners individually and then took a step back, only becoming involved in the project when called upon by the group itself.

Working with the allocated FIA, the group developed three concept plans prior to finding a solution that resulted in the best outcome for the majority of landowners involved. The first two concept plans were rejected due to the quantum of 'shared' private infrastructure required as well as a significantly higher number of pumping options.

The agreed plan resulted in the following outcomes:

- An extension of the backbone by 7.12 kilometres and streamlining of 24 kilometres of public irrigation spur channels
- All landowners being directly connected to the backbone, with no shared outlets or syndicates involved
- Only two solutions involving pumping options
- The project providing \$5.9 million directly to landowners for on-farm connection works.

At the time of publication, 75 per cent of the landowners have accepted the developed solutions and it is envisaged that this will increase to 100 per cent over the coming weeks. It was important that the project was community-driven and owned by the Naring group themselves.



The completion of channel remediation works



Two bay channel automation regulator

# Engage with Landowners and Community

## Modernisation Consultation Committees

There are currently five Modernisation Consultation Committees (MCCs), which operate to provide additional opportunities for community engagement as part of NVIRP's Connections Program. The MCC members meet on a monthly basis and provide a written report of issues to the NVIRP Board Modernisation Sub-committee. The sub-committee responds to the issues raised.

In addition, the Chairs of the MCCs meet together with the Board Modernisation Sub-committee twice a year, to share ideas and communicate directly on behalf of the community with the NVIRP Directors. This process is working successfully for both the MCCs and Board Modernisation Sub-committee and is now an important part of NVIRP's community engagement process.

The NVIRP Directors also undertake irrigation tours in conjunction with the Chairs of the MCCs, with the tours followed by opportunities for discussion on relevant local topics.

MCC members provide their contact information to community members and make themselves available to discuss any concerns or comments. Examples of how MCC members directly represent their communities include:

- Providing presentations to NVIRP staff on key issues
- Presenting letters and questions from community members
- Linking with Water Services Committees to influence key issues
- Providing input to NVIRP's Strategic Connections Program development and implementation.

Modernisation Consultation Committees consist of representatives from:

- Local communities
- Local government
- Water Services Committees
- Goulburn-Murray Water
- NVIRP
- Catchment Management Authorities
- Department of Sustainability and Environment
- Department of Primary Industries.

The following table provides information on current MCC membership.

Modernisation Consultation Committees	
Area	Number of members
Central Goulburn	20
Loddon Valley	15
Murray Valley	20
Rochester	15
Torrumbarry	20

# Engage with Landowners and Community

## Review Options

NVIRP provides extensive opportunities for landowners to engage in discussion on their participation in the project. Landowners are engaged throughout any process that affects their land or water entitlements, through methods including public meetings, Modernisation Consultation Committee communication, mailouts and direct contact.

If for any reasons agreement can't be reached between NVIRP and a landowner regarding their modernised irrigation system, there are several avenues available to resolve discussions including an appeals process and an independent mediation service.

## Other Engagement

In addition to engagement conducted through the Connections Program, Strategic Connections Projects and Special Projects, NVIRP provides extensive opportunities for discussion through participation in events, speaking engagements and project tours.

NVIRP distributes a wide range of information to keep stakeholders informed of project developments, through methods including mailouts, brochures and the NVIRP website, [www.nvirp.com.au](http://www.nvirp.com.au). This website has been updated with a new look and current, comprehensive information that is easily accessible.

In the last financial year, NVIRP has participated in the following key events:

- Gannawarra Shire Business and Lifestyle Expo, August 2010
- Elmore Field Days, October 2010
- NVIRP Echuca Construction Briefing, October 2010
- NVIRP Melbourne Construction Briefing, October 2010
- Water Week, October 2010
- Tomorrow's Leaders for Sustainability Forum, October 2010
- Loddon Valley Community Leadership Program, April 2011
- Fairley Leadership Program, May 2011
- GOTAFE Careers Expo, May 2011
- Water Technology Cluster Irrigation Expo, May 2011.



Members of the Murray Valley Modernisation Consultative Committee

NVIRP also hosted approximately 30 bus tours for community members, government departments, partnering organisations and international delegations. An example was a tour for the Australian Rural Leadership Program held in June 2011, where NVIRP assisted in hosting 35 delegates. The delegates were interested in the community-led decisions being made through NVIRP and the regional development benefits generated by irrigation modernisation, including benefits created through project infrastructure being manufactured locally.

NVIRP staff participated in many speaking engagements at industry conferences, sharing information and lessons learned from this world-first project. NVIRP also provided speakers for several engagements through the NVIRP Ambassador Program, which provides speakers for local club meetings such as Probus, Rotary and University of the Third Age (U3A) meetings.

To engage with Indigenous communities and ensure that staff and contractors are aware of the cultural significance of the areas they are working within, NVIRP also entered a formal agreement with the elders of the Yorta Yorta Nations Aboriginal Corporation (YYNAC) to provide cultural heritage services within their region. The corporation also

provides monitoring services to NVIRP's decommissioning team, to assist with the identification and categorisation of sites where there could be a likelihood of the discovery of significant artefacts.



# Modernisation

## Performance Summary

To date, over 90 per cent of the channel backbone system has been automated with the installation of over 2 700 FlumeGates™ and expanded Supervisory Control and Data Acquisition (SCADA) network.

At the end of the 2010-2011 Winter Works program, around 117 kilometres of backbone channel will have been remediated and 3 055 new on-farm meters will have been installed. Coupled with this has been the streamlining of the system through consultation with over 5 000 individual farm businesses, which has resulted in agreement for the removal of over 250 regulator gates on the newly defined channel backbone, almost 1 000 on-farm metering points and 450 kilometres of channel being decommissioned.

The following table provides an overview of NVIRP's performance to date for the year ending 2010-2011. Subsequent sections provide detailed breakdowns of the project's progress.

Works Component		Progress to 30 June 2011
Backbone Modernisation <sup>1</sup>	Backbone regulator gates installed	2 713
	Backbone meters installed	3 055
	Backbone channels remediated (km)	117
Connections Program <sup>3</sup>	Non-backbone channels decommissioned	450
	Non-backbone delivery share relocated to the backbone	1 298 ML/d
	Backbone service points reduced	980
Water Generated	Water generated	56.5 GL/year LTCE <sup>2</sup>

<sup>1</sup>The backbone modernisation figures include anticipated outcomes for the 2011 Winter Works program which commenced in May 2011 and were scheduled for completion in August 2011. The actual outcomes for the 2011 Winter Works program will be reported in the 2011-2012 financial year. Works estimates for a given year may alter with respect to actual outcomes in response to particular circumstances encountered during the Winter Works Program.

<sup>2</sup>Water generated from the 2010-2011 Works Program (15 May 2010 to 14 May 2011) will be audited in September 2011.

<sup>3</sup>Based on executed and verbally agreed legal agreements.

## Upgrading Main Irrigation Channels

For Stage 1 of the project, modernisation works are concentrated on a main network of irrigation channels known as the project backbone. The backbone is being upgraded through the installation of automatic regulator gates and electronic flow meters, as well as channel remediation works.

FlumeGates™ are the main form of regulator gate being installed by NVIRP. These gates control the flow of water down a channel by varying the position of the gate according to upstream and downstream water levels and the landowner's flow requirements. Flows are calculated from the continuous electronic measurement of water levels and the gate position.

Electronic flow meters are being installed to provide accurate measurement of flow rate and volume data to the main Goulburn-Murray Water office via a radio telemetry system.

NVIRP is also remodelling channel banks and lining channels with clay or plastic to minimise water lost to the system. These works are targeted toward seepage and leakage water losses, which account for up to 45 per cent of overall losses when using an open channel system.

In the 2009-2010 financial year, NVIRP anticipated that all landowners requiring a meter replacement on the project backbone would have been consulted. This consultation has now taken place, however the confirmation of some metering solutions for individual properties is ongoing.

The table below describes NVIRP's performance to date in upgrading the main network of irrigation channels or backbone throughout the Goulburn Murray Irrigation District.

Works	Cumulative Progress to 30 June 2010	Cumulative Progress to 30 June 2011	Estimate 2011-2012
Gates Installed (number)	2 010	2 528	185
Channel Remediation (kilometres)	20	64	53
Meters Installed (number)	2 035	3 055	1 012

Note: 1. The cumulative progress to 30 June 2011 includes outcomes for the 2010 Winter Works program (May to August 2010) and meters installed in the 2011 Winter Works program.

2. The gates and channel remediation estimates for 2011-2012 include the anticipated outcomes from 2011 Winter Works with actuals to be reported in the 2011-2012 financial year.



# Modernisation

## Connecting Landowners to the New System

NVIRP is connecting landowners to the modernised backbone system, consolidating supply point connections and ensuring as many customers as possible are directly connected to the modernised system and can access improved water delivery services.

Through NVIRP's Connections Program, irrigators are being encouraged to upgrade their supply point connections or move supply points from secondary or spur channels to the backbone via a new connection, adopting the solution that best suits their farming operations.

The following tables describe the progress of NVIRP's Connections Program.

Farm Irrigation Assessments Progress		
Farm Irrigation Assessments Completed (Stage 1)	Cumulative percentage of program targets to 30 June 2010	Cumulative percentage of program targets to 30 June 2011
Landowners on backbone	90%	97%
Landowners on spur channels	10%	19%

Business Case Status				
	Status as at 30 June 2010	Percentage at 30 June 2010	Status as at 30 June 2011	Percentage at 30 June 2011
<b>Business Cases Completed</b>				
Under development	207	20%	232	17%
Developed	837	80%	1 142	83%
<b>Under consideration or assessment</b>	335	40%	249	22%
Verbal 'in principle' agreement with landowners	115	14%	203	18%
Formally agreed with landowners and offer signed	261	31%	481	42%
Parked (put on hold)	77	9%	145	13%
Rejected or closed	49	6%	64	6%
<b>Total developed business cases</b>	<b>837</b>		<b>1 142</b>	

# Modernisation

## Reducing the Irrigation Footprint

The NVIRP project will streamline the existing public irrigation infrastructure and remove under-utilised assets. In doing so, it will minimise recurrent costs of operating and maintaining the modern system. This will ensure the system remains affordable for current and future irrigators across the GMID.

The table opposite shows infrastructure to be reduced through agreement with landowners.

Objective	Program Target	Total Identified	Agreed <sup>1</sup>	Per cent of Target Achieved
<b>Channel to be removed (km)</b>	<b>859</b>	<b>1 439</b>	<b>450</b>	<b>52%</b>
<b>Delivery shares transferred to backbone (ML/day)</b>	<b>2 258</b>	<b>3 571</b>	<b>1 298</b>	<b>57%</b>
<b>Backbone service points removed (number)</b>	<b>1 877</b>	<b>1 645</b>	<b>980</b>	<b>52%</b>
<b>Backbone regulator gates removed (number)</b>	<b>250</b>	<b>443</b>	<b>253</b>	<b>101%</b>
<b>Spur channel service points removed (number)</b>	<b>3 117</b>	<b>3 014</b>	<b>1 204</b>	<b>39%</b>

<sup>1</sup> Formally executed and verbally agreed business cases

## Factors Affecting Performance

Factors that have affected program performance in 2010-2011 include;

- A greater volume of avoided assets and asset removal has occurred with regard to the number of regulator gates and meters that were estimated to be installed relative to earlier forecasts
- Flooding throughout a large part of the NVIRP works area caused delays and site conditions impacting on the meters and channel remediation program
- Higher than expected costs associated with the channel remediation and meter programs and
- External influences including outcomes of the proposed Murray Darling Basin Plan and confirmation of Stage 2 funding arrangements.

## Special Projects

The following projects are being undertaken in addition to or to complement NVIRP's modernisation scope, targets and objectives.

### Administration of 4% Exemption

At the direction of the Victorian Government, NVIRP has continued to administer exemptions to the 4% annual trade limit on permanent trade or transfers of water shares out of irrigation areas in northern Victoria. These exemptions are available through

Australia's first targeted water buyback program, the Water for the Environment Agreement reached between the Victorian and Commonwealth Governments.

This agreement considers both environmental and socio-economic needs when facilitating water trade, as the following points are considered when determining eligibility for trade limit exemptions:

- Distance from the modernised backbone channel system
- Suitability of the applicant's land for long-term sustainable irrigation and
- The zoning status of the property.

In the Commonwealth's first round of buybacks, exemptions to the 4% limit were provided for up to 300 gegalitres over five years. NVIRP commenced processing applications on 28 April 2010, receiving a total of 429 applications for 2010-2011. These applications involved 76 061.8 megalitres of water, including 70 823 megalitres of high reliability water share and 5 238.8 megalitres of low reliability water share.

Of these applications, 96 were approved and received Evidence Exemption Notices, representing 24 406.2 megalitres: 23 739.5 of high reliability water share and 666.7 megalitres of low reliability water share.

An independent review of the 4% exemption program is being finalised and will be published and made available on the NVIRP website in the 2011-2012 financial year. NVIRP consulted with Modernisation Consultation Committees as part of this review process.

## Campaspe District Future Management Strategy

As reported last financial year, a community-led decision was taken to decommission the Campaspe Irrigation District following several years of low allocations, commodity price downturns, increasing costs to maintain and replace irrigation infrastructure and ongoing drought. The community, which consists of approximately 150 properties, had previously requested support from a number of agencies.

Over 80 per cent of these landowners, holding 94 per cent of the delivery share, elected to exit irrigation. Only 28 landowners in total elected to remain in irrigation, of which six were irrigation landowners and the remainder rural residential landowners. At a public meeting to communicate the outcome to landowners it was acknowledged that this outcome would result in the complete decommissioning of the Campaspe Irrigation District.

NVIRP provided a commitment to develop legal agreements to facilitate the exit package as soon as practical. Agreement was also undertaken by NVIRP to work with landowners who wished to remain to find alternative solutions, provide for domestic and stock requirements where this was required and facilitate the transition from irrigation as smoothly as possible. NVIRP is developing new pipeline supplies from the Goulburn system in place of open channels.

# Modernisation

As of 30 June 2011, over \$60 million had been paid to Campaspe landowners. NVIRP is still negotiating with three landowners to find an alternative supply option. A stock and domestic system servicing 60 properties on the west side is being designed and will be commissioned by the start of the 2011-2012 irrigation season.

A number of landowners on the east side, predominantly tomato growers, have pooled their adjustment payments and have formed a private syndicate to access supply from the Waranga Western Channel in the north. The system will be decommissioned during the 2011-2012 irrigation season.

## East Loddon Domestic and Stock Pipeline

NVIRP has funded a substantial part of the cost of installing a reticulated domestic and stock pipeline to replace a gravity dam-fill scheme in East Loddon. The scheme is currently supplied from the Loddon River at Bridgewater via a channel system.

NVIRP is contributing \$9.4 million to the project in return for 1.964 GL (LTCE) of water generated. Goulburn-Murray Water is the proponent of the project and is undertaking all construction and project management activities. This project aligns with NVIRP's objectives including:

- Improved water supply service standards to landowners
- Strengthened viability of the GMID backbone as the new connection for the scheme will be the Waranga Western Channel and
- Water generation.

## Gunbower Creek Customer Service Enhancements

In 2010, NVIRP completed a joint investigation with The Living Murray (TLM) and the North Central Catchment Management Authority to assess available capacity within the Gunbower Creek and National Channel and if infrastructure changes could be used to prevent shortfalls in environmental and consumptive deliveries. NVIRP's principal objectives are to improve

flow delivery consistency and accurate measurement and provide faster delivery times along the Gunbower Creek system to improve customer service. To achieve these objectives, NVIRP has selected two infrastructure projects from the investigation, which are economically viable and increase service levels for irrigators and the environment within the Torrumbarry Irrigation Area (TIA).

One of these projects involves the decommissioning of a structure called Mitchell's Flume on the No. 1/2/3 channel system and capacity enhancement of the No. 1 channel. The second project involves capacity enhancement of the No. 6/1 and No. 3 channels, both of which will improve service levels to downstream customers. These projects will be progressed subject to Stage 2 funding.

## Kerang Lakes Bypass Project

The Kerang Lakes is a major lake system, that forms an integral part of the Torrumbarry Irrigation Area water supply distribution system. Of these lakes, 23 are classified as declared Ramsar wetlands and have significant environmental value. The Kerang Lakes Bypass Project, which impacts on five of these lakes, was initiated with NVIRP through the Torrumbarry Reconfiguration and Asset Modernisation Strategy (TRAMS).

Previous work completed by Sinclair Knight Merz (SKM) in 2009 to develop potential bypass options found that the project could deliver significant environmental benefits and reduced water losses if the lakes are removed from the TIA supply system and provided with a preferred water regime, linked to the historical unregulated flows in the Loddon River. This project is subject to the Commonwealth *Environment Protection and Biodiversity Conservation (EPBC) Act (1999)* and the *Environment Effects Act (1978)*.

The project has the potential to impact on three of the seven Matters of National Environmental Significance under the *EPBC Act*, one of which is 'Wetlands of International Importance'. This will require extensive assessment of the potential environmental impacts prior to submission

of a detailed referral to Commonwealth and State environmental regulatory agencies. The approval process is likely to be approximately two years, with the project progressing subject to Stage 2 funding.

## Murray Valley System Enhancement Investigation

The Murray Valley Modernisation Consultation Committee (MV MCC) identified a need for an investigation to ensure that the full benefits of modernisation are realised for the Murray Valley Irrigation Area (MVIA). The committee also identified a need to provide adequate capacity to the Broken Creek system for environmental purposes, to enable effective management of the environment.

NVIRP conducted extensive investigation into the identification and alleviation of system capacity constraints in the MVIA. The investigation identified significant capacity constraints caused through insufficient waterway area in some channel sections and key structures. These system capacity constraints were found to be exacerbated by the environmental water requirements of the Broken Creek system when they coincided with peak irrigation demand on the channel system. A suite of engineering and other solutions was developed and submitted for funding in Stage 2. The decision on this funding is pending.

# Modernisation

## On-Farm Irrigation Efficiency Program

NVIRP is part of a consortium led by the Goulburn Broken Catchment Management Authority that secured \$25.8 million in March 2010 through Round 1 of the Commonwealth Government's \$300 million On-Farm Irrigation Efficiency Program. Other consortium members are the North Central Catchment Management Authority, Northern Victorian Irrigators' Association, the Department of Sustainability and Environment, the Department of Primary Industries, Dairy Australia (including Murray Dairy) and Goulburn-Murray Water.

The aim of the program is to attract millions of dollars in funding into the region to achieve improved water user efficiency through enhancements to irrigation farm infrastructure such as:

- Improved border check irrigation through laserling, re-use systems, outlet automation, appropriate flows, farm channel reconstructions and installation of pipes and risers and
- Installation of scheduling equipment including soil, plant or weather monitoring systems to calculate water requirements.

The program was initially over-subscribed, however NVIRP was able to assist irrigators in Round 1 through an additional \$16 million of funding to maximise the productive benefits of the modernised system. This funding assisted in achieving the following outcomes for the program in 2010-2011:

- 68 projects received funding approval and works are underway
- Seven projects have been completed and a further seven are near completion
- \$15.4 million has been committed to current projects
- \$9.1 million has been paid to irrigators to date and
- 7.4 gigalitres of water is in the process of being set aside, toward a total target of 9.0 gigalitres, through reduced losses and strategic acquisitions.

NVIRP is participating in a funding application for Round 2 of the program to assist in increased funding for on-farm works that complement modernisation objectives.

## Swan Hill Modernisation Project

The Swan Hill Modernisation Project is being instigated through the Torrumbarry Reconfiguration and Asset Modernisation Strategy. Consultants URS Australia investigated and recommended an appropriate modernisation strategy for the Swan Hill region. The strategy consisted of removing the Swan Hill No. 9 channel from the township, the lowering of Little Murray Weir and the re-supply of many customers via pump and pipeline systems.

Farm Irrigation Assessments for all irrigation customers supplied by the lower No. 9 and 10 channels were initially delayed by severe flooding in the region but are now underway, to enable the irrigation community to determine the most sustainable solution for irrigation in the region.

NVIRP has carried out extensive assessment of the potential environmental impacts that may result from the proposed lowering of the Little Murray Weir pool through a number of studies. These studies have included aquatic flora and fauna, hydrogeology, cultural heritage and bathymetric surveys. Consultation with the adjacent landowner group is planned, prior to submission of a detailed referral to Commonwealth and State environmental regulatory agencies. If the project remains viable and gains all appropriate approvals, the works would be implemented subject to Stage 2 funding.

# Water Generation

The project aims to capture at least half of the current system losses, recovering water lost through leakage, seepage, evaporation and system inefficiencies. This will effectively see irrigators receive a larger allocation of water earlier in the irrigation season and also provide additional water for the environment, for application when and where it can deliver the largest environmental benefit.

Loss reductions are calculated through the Department of Sustainability and Environment's Technical Manual for the Quantification of Water Savings. Results are independently audited in September of each year, with results published on the Department of Sustainability and Environment website.

The second independent audit of loss reductions, conducted in September 2010, verified that long-term average water loss reductions of 56.586 GL/ year were achieved from all installed works by the end of the 2009-2010 irrigation season. This was slightly more than the 2009-2010 Business Case target of 54 GL/ year LTCE.

The table below reports on current progress towards the 225 gigalitres of water to be generated through the NVIRP project.



Autumn watering

Component of Work	Business Case Target 2008-2009	Audited 2008-2009	Business Case Target 2009-2010	Audited 2009-2010	Business Case Target 2010-2011*
<b>Backbone Automation</b>	<b>7</b>	<b>25.9</b>	<b>28</b>	<b>39.0</b>	<b>44</b>
<b>Backbone Channel Remediation</b>	<b>1</b>	<b>1.1</b>	<b>4</b>	<b>2.0</b>	<b>11</b>
<b>Backbone Meters</b>	<b>0</b>	<b>1.2</b>	<b>19</b>	<b>15.5</b>	<b>31</b>
<b>Backbone Sub Total</b>	<b>8</b>	<b>28.2</b>	<b>51</b>	<b>56.5</b>	<b>86</b>
<b>Connections Works Meters</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0.0</b>	<b>5</b>
<b>Connections Works Channel</b>	<b>0</b>	<b>0</b>	<b>1.2</b>	<b>0.0</b>	<b>10.3</b>
<b>Connections Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>2.2</b>	<b>0.0</b>	<b>15.3</b>
<b>Strategic Acquisition</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>1.7</b>
<b>Total Forecast or Actual Loss Reductions (cumulative)</b>	<b>8</b>	<b>28</b>	<b>54</b>	<b>56.5</b>	<b>103</b>

Note: Audited figures for 2010-2011 will be audited in September 2011 and reported in the 2011-2012 Annual Report.



# Environmental Sustainability

## Protecting the Environment

NVIRP aims to:

- Through our watering plans improve the health of the northern Victorian rivers, floodplains and wetlands that may be impacted by the operation of a modernised system
- Provide up to 75 GL (LTCE) of environmental water entitlements, which can be utilised or traded by the Victorian Environmental Water Holder
- Reduce the environmental footprint of the irrigation system
- Retain and, where possible and practical, enhance the infrastructure to deliver environmental water.

One third of water to be set aside through Stage 1 will be used for the environment, some of which will be stored in Lake Eildon. This water will be released into stressed rivers and streams when required. This means that 75 GL of water generated by the project can be used at the time it is most needed and will provide maximum benefits for the environment.

The environment's share of water savings will be over and above The Living Murray and Snowy commitments and will primarily target the use of environmental water for priority Victorian wetlands and water courses.

This will also have flow-on benefits when the water enters the Murray River, which can then be reused to meet the needs of the Murray and its floodplains and wetlands, including Kerang Lakes, Barmah Forest, Gunbower Forest, Hattah Lakes, Lindsay-Wallpolla Island and various other sites along the Murray River.

NVIRP is working hard to meet stringent environmental guidelines and legislation. Key activities and achievements for the last financial year include:

- Environmental Watering Plans Approved on 9 August 2010
- Construction Environmental Management Framework audit report and annual report sent to the Department of Sustainability and Environment and the Department of Planning and Community Development by 31 October 2010 as scheduled

- Water Change Management Framework annual report and audit report sent to the Department of Sustainability and Environment by 31 March and 22 April 2011 respectively, as scheduled
- *Environment Effects Act*, Condition 4 report submitted to the Department of Sustainability and Environment and a letter of approval was received from the Department of Sustainability and Environment on 7 April 2011
- Regional Environmental and Groundwater Assessment Report submitted to the Department of Sustainability and Environment and a letter of approval was received from the Department of Sustainability and Environment on 18 April 2011
- 2010 Offset Management Plan submitted to the Department of Sustainability and Environment on 30 May 2011 and
- 2009 Offset Management Plan approved by the Department of Sustainability and Environment on 10 June 2011.

An Expert Review Panel has been appointed to assist NVIRP in meeting its environmental objectives. Members of this panel include Mr Dennis Flett (Chairperson), Dr Terry Hillman and Dr Jane Roberts, who provide advice on hydrological and related ecological changes resulting directly from operational implementation of the NVIRP project. The panel's advice on technical investigations prepared by NVIRP to meet environmental compliance under State and Commonwealth legislative approvals is provided to the Victorian Minister for Water, the Secretary of the Department of Sustainability and Environment and the Commonwealth Minister for the Environment so that these parties can make informed decisions.

In 2010-2011 the panel provided guidance and advice to the Secretary of the Department of Sustainability and Environment on NVIRP's 'Landscape Scale Regional Assessments', which looked at potential impacts from the operation of the modernised irrigation system on the Murray River, Goulburn River and Barmah Forest as well as likely changes in regional groundwater.

These reports completed NVIRP's compliance with six conditions required by the State Minister for Planning's decision of

14 April 2009 that under the *Environment Effects Act*, an Environment Effects Statement was not required by NVIRP. This panel has made a significant contribution to assisting NVIRP to meet its environmental obligations..

In addition to the Expert Review Panel, NVIRP has convened an Environment Technical Advisory Committee to provide input into the development and implementation of environmental mitigation measures such as Environmental Watering Plans. This committee includes representatives from NVIRP, the Department of Sustainability and Environment, the Department of Primary Industries, Goulburn-Murray Water, the Goulburn Broken and North Central Catchment Management Authorities and Parks Victoria.

A Technical Advisory Group has also been established to provide input into technical issues, facilitate communication between relevant authorities and inform NVIRP decision-making. The group includes representatives from NVIRP, the Department of Sustainability and Environment, the Department of Primary Industries, Goulburn-Murray Water, the Goulburn Broken and North Central Catchment Management Authorities, irrigator representatives and technical advisors to NVIRP.

# Environmental Sustainability

## Sustainability Performance

The following table provides information on NVIRP's sustainability performance for the 2010-2011 financial year:

Category	Indicator	Unit	2008-2009	2009-2010	2010-2011
<b>Energy</b>					
E1	Total energy usage (including Green Power)	Megajoules	222 312	838 184	972 591
E2	Greenhouse gas emissions associated with energy use	Tonnes CQe	75	284	330
E3	Percentage of electricity purchased as Green Power	% of total electricity consumption	Nil	Nil	Nil
E4	Units of office energy used per Full Time Employee (FTE)	Megajoules/FTE	9 666	6 498	6 801
E5	Units of office energy used per unit of office space	Megajoules/m <sup>2</sup>	330	472	548
<b>Waste</b>					
Ws1	Total units of office waste disposed of by destination	Kilograms	4 392	9 602	11 043
	- landfill		3 120	6 428	6 462
	- recycling		1 220	3 174	4 623
	- compostable		52	Nil	Nil
Ws2	Units of office waste disposed of per FTE	Kilograms	191	119	77
	- landfill		136	50	45
	- recycling		53	25	32
	- compostable		2	Nil	Nil
Ws3	Recycling rate	% of total waste	29	33	42
Ws4	Greenhouse gas emissions associated with waste disposal	Tonnes CQe	3	7	7
<b>Paper</b>					
P1	Total units of A4 equivalent copy paper used	Reams	989	2 393	2 117
P2	Units of SAUD equivalent copy paper used per FTE	Reams/FTE	43	19	15
P3	Percentage of recycled content of copy paper purchased	%	Nil	74	53
<b>Water</b>					
W1	Total units of metered water consumed (metered potable water from a town water supply)	Kilolitres	464	345	437
W2	Units of metered water consumed in office per FTE	Litres/FTE	20	2 676	3 057
W3	Units of metered water consumed in office per unit of office space	Litres/m <sup>2</sup>	1	194	247

# Environmental Sustainability

## Continual Improvement

NVIRP has established an Environmental Management System (EMS) to identify and address the potential environmental impacts of its operations including office-based activities in the areas of energy and paper consumption, transportation to and during work, waste generation and water consumption.

During the 2011-2012 financial year, NVIRP will continue to minimise potential environmental risks and implement management programs to meet objectives and targets for office-based activities. An Environmental Planning Register has been established to monitor progress and this register will be reviewed on a quarterly basis by NVIRP's Environmental Team.

An Integral Environmental Management Program (EMP) will be developed under NVIRP's EMS for the implementation of sustainable work practices in 2011-2012. This program will include objectives, targets and individual sustainability action plans to measure and reduce the generation of greenhouse gas emissions and encourage the sustainable use of resources (energy use, water, waste and transportation).

To ensure NVIRP's environmental objectives and targets are achievable, the Environmental Team will undertake benchmarking to determine feasibility. Evaluation and continual improvement works will also be undertaken in the 2011-2012 financial year.

The following table outlines key actions that will be undertaken by NVIRP in 2011-2012 to enhance sustainability performance:

Category	Indicator	Unit	2008-2009	2009-2010	2010-2011
<b>Transportation</b>					
T1	Total energy consumption segmented by vehicle type	Megajoules	442	4 225	6 528
	- unleaded		405	1 812	2 453
	- diesel		37	1 110	3 630
	- lpg		Nil	1 303	445
T2	Total vehicle travel associated with entity operations segmented by vehicle type	Kilometres	383 093	1 172 436	1 819 110
	- unleaded		350 054	557 672	828 257
	- diesel		33 039	255 407	857 679
	- lpg		Nil	359 357	133 174
T3	Total greenhouse gas emissions from vehicle fleet segmented by vehicle type	Tonnes CO <sub>2</sub> -e	43	296	473
	- unleaded		40	140	193
	- diesel		3	77	253
	- lpg		Nil	78	27
T4	Greenhouse gas emissions from vehicle fleet per 1,000km segmented by vehicle type	Tonnes CO <sub>2</sub> -e/1 000km	0.043	0.30	0.47
	- unleaded		0.040	0.14	0.19
	- diesel		0.003	0.08	0.25
	- lpg		Nil	0.08	0.03
T5	Total distance travelled by air	Kilometres	5 210	40 335	20 975
T6	Employees regularly (>75% of work attendance days) using public transport, cycling, walking or car pooling to and from work or working from home by locality type (regional area).	% of total employees	Nil	7%	11%

Activity	Actions
Energy Use	<ul style="list-style-type: none"> <li>Collate information and investigate sustainable alternatives to use energy more efficiently at the workplace</li> <li>Develop an action plan for energy efficiency to identify performance indicators and measurements to be taken in accordance with EPA and Sustainability Victoria guidelines</li> </ul>
Paper and Cartridges Use	<ul style="list-style-type: none"> <li>Investigate initiatives for saving paper and promote paper/cartridge recycling</li> <li>Allocate a specific section of the stock or stationery area for items for re-use and recycling at each of NVIRP's offices</li> </ul>
Water Use	<ul style="list-style-type: none"> <li>Compare NVIRP's water use to the best practice in similar businesses to understand current practices and determine realistic water and money-saving targets</li> <li>Assess baseline water use to determine potential water savings that can be achieved in the timeframe identified</li> <li>Develop a site water use plan to increase water savings and water use efficiency</li> </ul>
Transport	<ul style="list-style-type: none"> <li>Investigate and review transport sustainability actions that have been implemented by organisations similar to NVIRP, to increase fleet vehicle fuel efficiency and reduce greenhouse gas emissions</li> </ul>
Waste	<ul style="list-style-type: none"> <li>Perform a waste assessment to understand NVIRP's current waste practices and determine bin capacity requirements</li> <li>Determine current and future needs for staff consultation and education</li> <li>Develop a waste management plan for a new or upgraded recycling and bin system to reduce waste and related costs</li> </ul>
Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>Implement activities to reduce Greenhouse Gas emissions associated with activities such as energy use, the vehicle fleet and waste disposal</li> <li>Communicate NVIRP's environmental sustainability performance through internal reporting processes to all NVIRP staff and relevant contractors</li> </ul>

# Budget and Schedule

Detailed information regarding NVIRP's performance in meeting the project budget and schedule is provided in the section 'Financial Report'.

## Occupational Health and Safety

### Staff Safety

NVIRP acknowledges the importance of continuing to maintain and grow a healthy and safe working environment for our employees and the importance of continuously improving health and safety standards in the workplace.

Consultation with key stakeholders has continued to provide constructive feedback to continuously improve the safety, health and welfare of all NVIRP employees, contractors and visitors.

#### Key Initiatives

Key Occupational Health and Safety initiatives undertaken in the 2010-2011 year include:

- Further development of NVIRP's Safety Management System with the intention of achieving accreditation against Australian Standard 4801, which sets out the requirements for an Occupational Health and Safety Management System and
- Consideration of employee health and wellbeing through the provision of work health checks, influenza vaccinations, workplace satisfaction analysis and ergonomic refreshers, as well as workplace behaviour awareness training.

In raising awareness throughout the organisation, executives, managers

and senior staff members undertook Occupational Health and Safety responsibilities training in June 2010. Following on from these initiatives, 17 executives, managers and senior staff undertook specialised training relating to Occupational Health and Safety responsibilities when managing contractors involved in the project.

A second Occupational Health and Safety Officer has been appointed with a key focus on establishing the safety system to AS 4801 standard and ensuring systems are in place for increased activities in On-Farm works. Both internal and external audits were conducted on the Safety System to assist in completing the system and enabling the achievement of certification to AS 4801. Work continues to progress toward certification standard.

Other initiatives have included:

- Workstation ergonomic assessments for staff (80 per cent completed)
- Review of emergency response guidelines in response to reviewed risk assessments. These guidelines now incorporate a larger variety of emergency situations and training will be conducted for new wardens and First Aid Officers in August 2011
- Workplace assessments have been developed and conducted for staff working at home and

- Occupational Health and Safety requirements have been written into staff position descriptions to reinforce the importance of safety in the performance of work.

The safety committee is well established and meets regularly. Three new Health and Safety Representatives have been trained for the organisation.

#### Incident Management

There has been an increase in both hazards and incidents reported as a direct result of the initiatives implemented to promote staff awareness of Occupational Health and Safety and the importance of reporting all hazards and incidents.

A further increase in reporting is expected in the next financial year when an online reporting system is introduced.

#### Claims

Three WorkCover Claims were submitted in 2010-2011, with two of these claims subsequently being rejected by the insurer. The areas in which claims were raised have been addressed by increased programs designed to highlight employee wellbeing and individual hazard assessment.

# Occupational Health and Safety

## Construction Safety

NVIRP has a zero tolerance for lost time injuries. This encompasses the health and safety of all employees, contractors, visitors and the wider public in relation to all of NVIRP's operations and works including construction, commissioning and decommissioning works conducted by NVIRP.

NVIRP achieved 1.1 million construction man hours by late June 2011. During this period, the total lost time injury hours totalled less than one per cent of hours worked, which is an outstanding achievement considering the nature and scope of the works undertaken.

Transfield Services Australia and NVIRP have maintained a strong working partnership to promote health and safety. Transfield Services Australia has a nationally accredited Occupational Health and Safety system and has developed a Health and Safety Management Plan for the NVIRP project. An external review of Transfield's field safety practices has also been conducted.

To ensure continuous improvement of Occupational Health and Safety focus and performance, six independent audits have been conducted on the capital works programs since 2009. As a result, continuous and measurable improvements are being made to the programs.

Project inductions are provided to enhance subcontractor safety. Since 2009, over 3 000 inductions have been undertaken.

NVIRP furthers community awareness of construction activities through media announcements, ensuring that members of the public are aware of potentially increased heavy transport traffic and associated controls on local roads throughout the Goulburn Murray Irrigation District. NVIRP also works in close cooperation with councils, the police, school bus operators, heavy haulage transport operators and local communities to heighten awareness about the need for extra care during the winter construction period.



Channel decommissioning works



# Project Team

## Leadership

### Ministers

The State Owned Enterprise for Irrigation Modernisation in Northern Victoria, trading as Northern Victoria Irrigation Renewal Project (NVIRP), reports to the Victorian Minister for Water, the Hon. Peter Walsh as the responsible minister for the project and the Victorian Treasurer, the Hon. Kim Wells, as the shareholder minister. Minister Walsh and Minister Wells were appointed in December 2010.

### Board of Directors

NVIRP is an independently governed entity led by an independent, skills-based Board. The Board is responsible for the strategic planning and management of NVIRP's operations.

In accordance with Section 9 of the Establishing Order, NVIRP is required to have a Board of Directors consisting of not less than four and not more than nine Directors. The composition of the Board requires that members have qualifications and experience relevant to the operations of NVIRP.

Currently, the Board comprises seven members appointed to December 2012.

#### Richard Guy OAM (Chair)

Richard has significant board leadership experience, having chaired the Bendigo Bank Board for nearly 20 years through a period of rapid growth including conversion to bank status in 1995. He retired from this board in 2006. Richard plays a prominent role in community and charitable organisations and is also a Director of Unity Mining Limited and government representative on the Council of LaTrobe University.

#### Geoff Akers

Geoff is experienced in representing farmer interests, as he was formerly Chair of the Victorian Farmers Federation Water Council and Murray Dairy. He is a dairy farmer at Tallygaroopna, milking 500 cows. He has a strong interest in research and development and holds a Bachelor of Applied Science and Advanced Diploma of Agriculture. Geoff was also a member of the Food Bowl Modernisation Project Steering Committee.

#### Neil Brennan

Neil has extensive Victorian water industry experience, having worked in the industry for 25 years and held various ministerial appointments on industry committees. For the past 10 years he has been Managing Director of Central Highlands Water Corporation. Neil has also held CEO positions at the Western Water and Macedon Region Water Authorities and is on the Board of the Electricity and Water Ombudsman Scheme Victoria.

#### Miranda Douglas-Crane

Miranda has considerable executive experience, gained through senior positions she has held in both the public and private sectors. Miranda previously served on the boards of Intelematics Pty Ltd and Douta Galla Aged Care and was a member of the Ministerial Council on Rail Freight and the Fred Hollows Committee (Victoria). She is a Director of Austin Health and Consultant on the RACV Community Foundation Committee.

#### Peter McCamish

Peter has significant knowledge of the Goulburn Valley horticultural industry, as he has been part of this industry for over 30 years. He is also a Director of S Reid Holdings, a Tasmanian cherry grower and exporter. Peter is a current Director of Water for Rivers, former Director of SPC Ardmona Limited and former member of the Shepparton Irrigation Implementation Committee and Food Bowl Modernisation Project Steering Committee. He is also chair of the Lower Campaspe Valley Water Supply Protection Area Consultative Committee.

#### Fiona Park

Fiona has strongly developed governance, public and private sector, project and contract management, general management, leadership, communication and negotiating skills. She previously led two Public Private Partnerships (PPP) and has international experience in the mining and consulting industries. Fiona is also Executive Director and Company Secretary of the Melbourne Showgrounds Joint Venture.

#### Barry Steggall

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

# Project Team

## Board Sub-committees

### Audit and Risk Committee

The Audit and Risk Committee assists the Board by reviewing the effectiveness of the management and quality of information and other systems of control within NVIRP; assessing the effectiveness of internal and external audit; overseeing the appointment of internal auditors and the review of reports from external auditors; reviewing the effectiveness of internal controls and reporting and overseeing the implementation of Treasury Policy.

Members include Miranda Douglas-Crane (Chair), Fiona Park and Richard Guy.

### Modernisation Board Sub-committee

The Modernisation Board Sub-committee assists the Board in fulfilling its responsibilities related to the Connections Program. The purpose of the sub-committee is to ensure compliance with Board policy: that the key objectives of the program are being met, address new and emerging issues, approve projects in excess of \$500 000 and consult with various stakeholders in relation to the Connections Program.

Members include Barry Steggall (Chair), Neil Brennan, Fiona Park and Geoff Akers.

### NVIRP and Goulburn-Murray Water Board Coordination Committee

This committee assists the Board by ensuring the coordination and effective communication of policy and strategic matters relating to the modernisation of northern Victoria's irrigation system. The committee considers matters of mutual interest to both organisations. The NVIRP CEO and Goulburn-Murray Water Managing Director also attend meetings.

NVIRP members include Geoff Akers and Peter McCamish.

## Remuneration Committee

The Remuneration Committee assists the Board by overseeing the adequacy, reliability and effectiveness of NVIRP's organisational structures, engagement and remuneration of the Chief Executive Officer and the remuneration and related policies including but not limited to performance bonus appraisal criteria and payments. This ensures the organisation's human resource policies are structured to enhance efficiency and productivity. The committee also ensures that the requirements of the Government Sector Executive Remuneration Panel are observed.

Members include Richard Guy (Chair), Peter McCamish and Miranda Douglas-Crane.

## Board/Sub-committee Representation (1 July 2010 to 30 June 2011 inclusive)

### Scheduled Meetings

Director Membership	Board	Remuneration	Audit/Risk	Modernisation	NVIRP/ G-MW Joint <sup>3</sup>
Richard Guy (Chair)	12	4	5	-	-
Miranda Douglas-Crane	11	4	5	1 <sup>2</sup>	-
Geoff Akers	13	-	-	10	6
Barry Steggall	12	-	-	11	-
Peter McCamish	12	4	-	1 <sup>2</sup>	6
Neil Brennan	10	-	-	8	-
Fiona Park	10	-	3	7 <sup>1</sup>	-
<b>Total meetings held</b>	<b>13</b>	<b>4</b>	<b>5</b>	<b>11</b>	<b>6</b>

1. Member from fourth meeting for 2010-2011

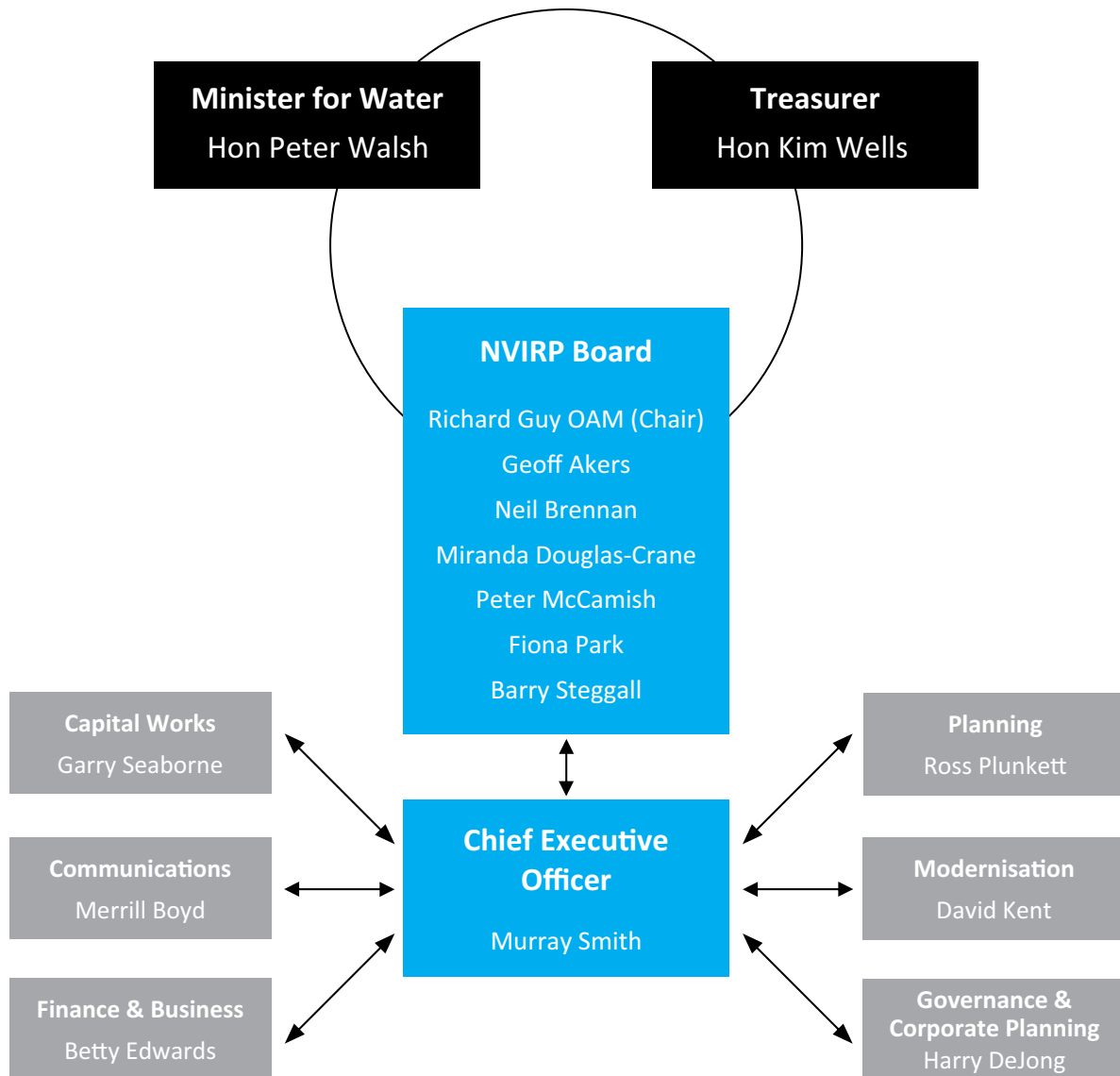
2. Proxy member

3. The NVIRP/Goulburn-Murray Water Joint Board Committee did not meet during the period February 2011 to June 2011 due to Goulburn-Murray Water members not being appointed to the Committee during this time.

# Project Team

## Organisational Structure

The following organisational chart illustrates NVIRP's organisational and reporting structure:



# Project Team

## Workforce Data

### Overview

During the last financial year, NVIRP has continued to focus on continual improvement in human resource management. As the project progresses, the need continues for suitably skilled and enthusiastic staff. A number of strategic restructures have been implemented to maximise operational capacity and achieve organisational objectives.

In the coming year, NVIRP will continue to enhance Learning and Development Programs, linking to Nationally Accredited Training Competencies and Qualifications. There will also be a renewed emphasis on measurable, achievable goals for staff that assist the organisation to deliver project objectives.

Relationships are being fostered with partnering organisations such as Goulburn-Murray Water, to enhance human resource and Occupational Health and Safety services offered within NVIRP.

### Employment and Conduct Principles

The *Public Administration Act 2004* specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees. The following principles are observed by NVIRP management and staff:

- Employment decisions are based on merit
- Employees are treated fairly and reasonably
- Equal employment opportunity is provided
- Human rights as set out in the *Charter of Human Rights and Responsibilities Act 2006* are upheld and
- Public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment.

The Code of Conduct for the Victorian Public Sector is issued to all NVIRP employees at their induction, to actively promote and maintain integrity and conduct standards.

Employees must demonstrate:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership and
- Commitment to human rights.

### Employee Consultative Committee

An Employee Consultative Committee has been formed to provide all employees with the opportunity to have their opinions, values and ideas raised and for management to respond to these in an appropriate forum. .

### Key Performance Indicators

NVIRP has emphasised the need for measurable, achievable goals for staff that will assist the organisation to meet project objectives. Performance Reviews have been redesigned to align with this concept.

### Learning and Development

NVIRP has highlighted Learning and Development in its Performance Review process, where managers and staff review skills and career pathways with a view to assisting staff achieve their career aspirations. This process also helps ensure that NVIRP retains and develops a skilled and enthusiastic workforce.

Work has commenced on preparing a comprehensive training system to develop staff to their full potential, aligned with organisational needs. A training needs analysis will assist NVIRP to identify required skill sets for each position in the organisation. Recognised competencies that align with the Australian Qualification Framework will form the basis of this training. The program will allow employees to undergo in-house, tailored training that aligns with external qualifications.

### Leadership Programs

NVIRP continues to promote the Fairley Leadership program. Our commitment commenced in 2009 and continues into 2011. This program has enabled employees to develop skills, receive mentoring, and adopt fresh ideas. The resultant energy, drive and commitment from these employees is assisting NVIRP to achieve its goals.

NVIRP also supports the Loddon Valley Leadership Program and an Indigenous vocational training award offered through Ganbina, which is co-sponsored with Managing Contractor Transfield Services Australia.

### Merit and Equity

NVIRP is committed to merit and equity principles when appointing staff. Our recruitment processes are designed to ensure fair evaluation based on key selection criteria.

### Workforce Data

Our workforce continues to evolve as the organisation's needs move with project requirements. In the last Annual Report, NVIRP reported a workforce of 64 staff members, comprising 46 employees, eight executives and one seconded staff member. This year we have grown to 68 full time, six executive, four part-time, six casual and one seconded staff member, a total of 85 staff members.

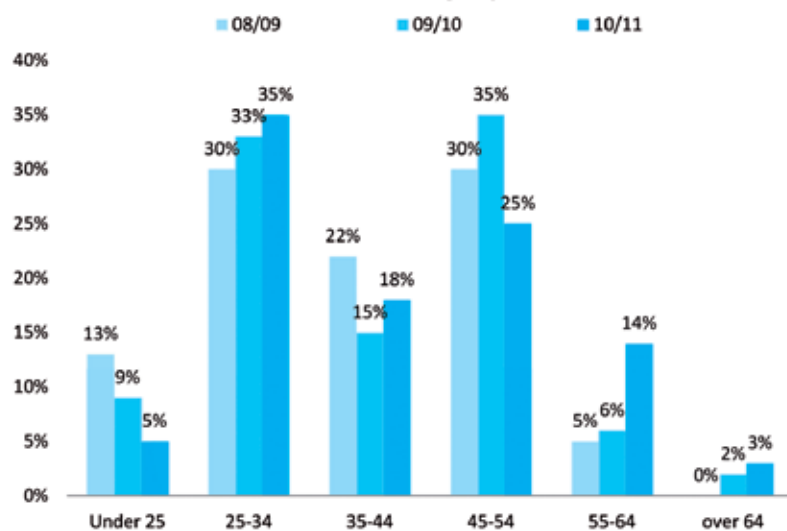
Staff turnover is currently running at 16 per cent. This reflects the dynamics of a project-based organisation and challenges when employing and retaining staff in a regional context.

# Project Team

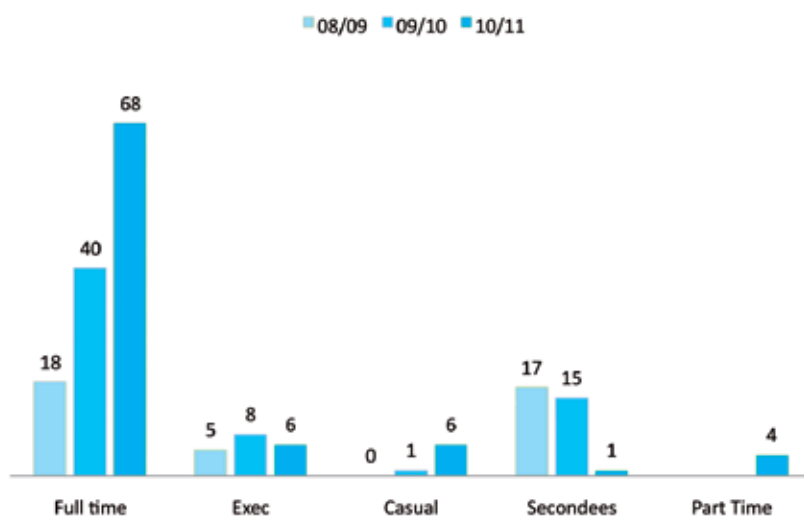
Staff Turnover 2010-2011	
Employed	85
Resigned	14*
Turnover as a percentage	16%

\*Excludes seconded staff returning to Goulburn-Murray Water and short-term appointees returning to university courses.

## NVIRP Demographics



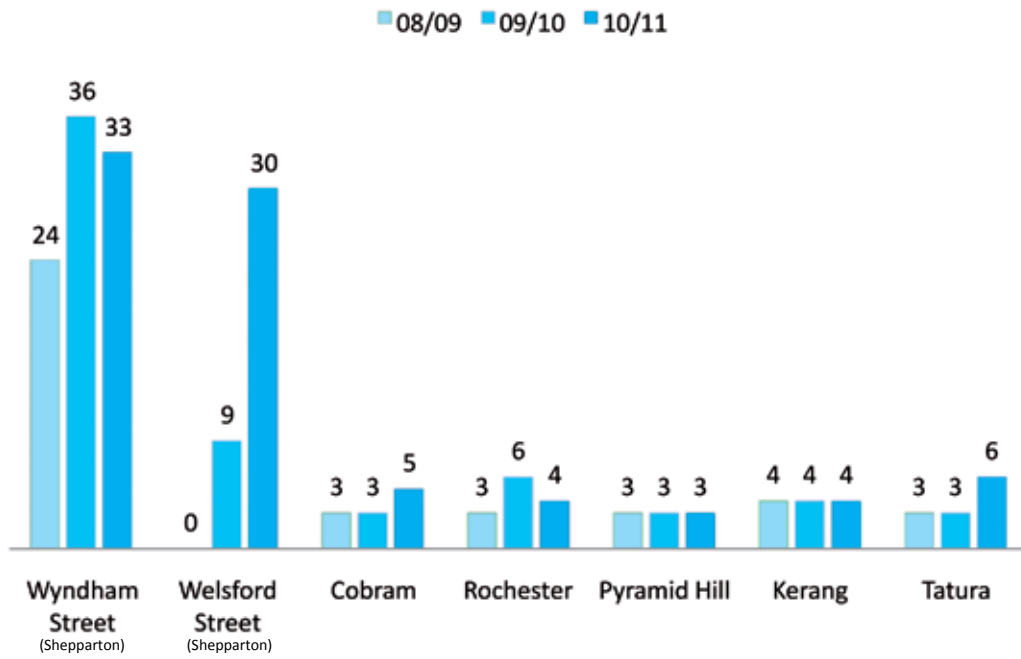
## Employment Type



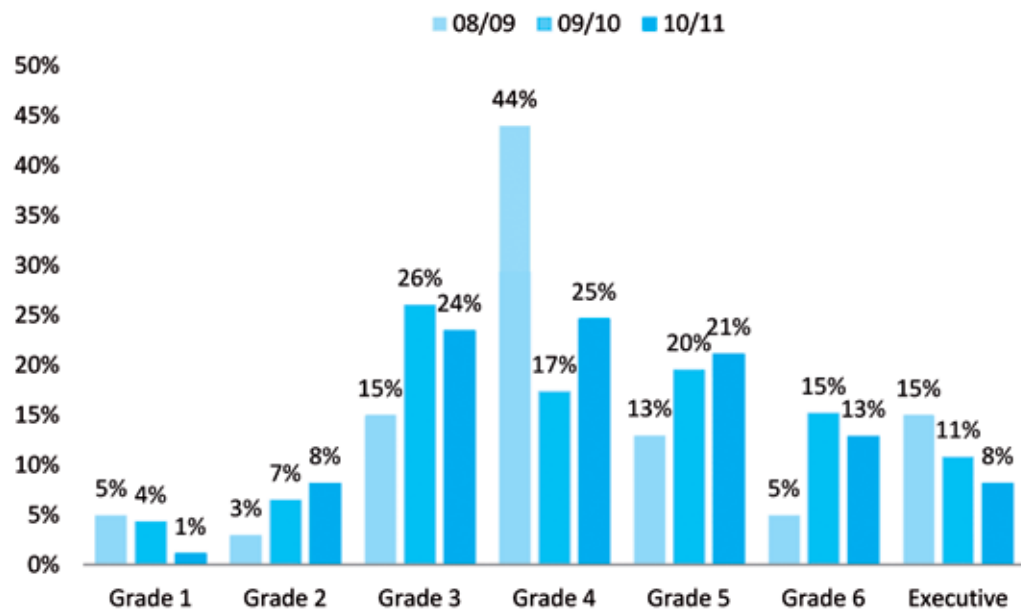


# Project Team

## Location

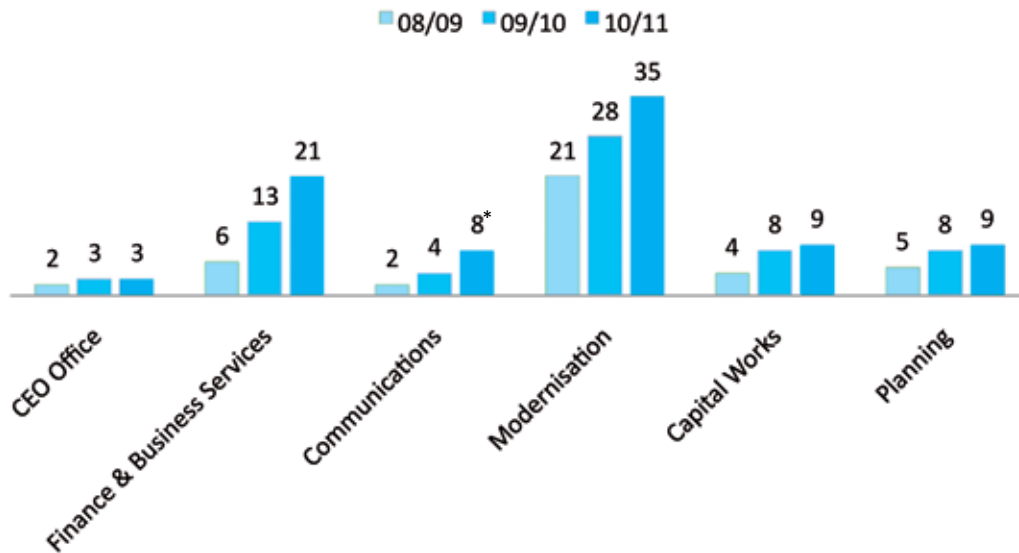


## % of Employees by Classification



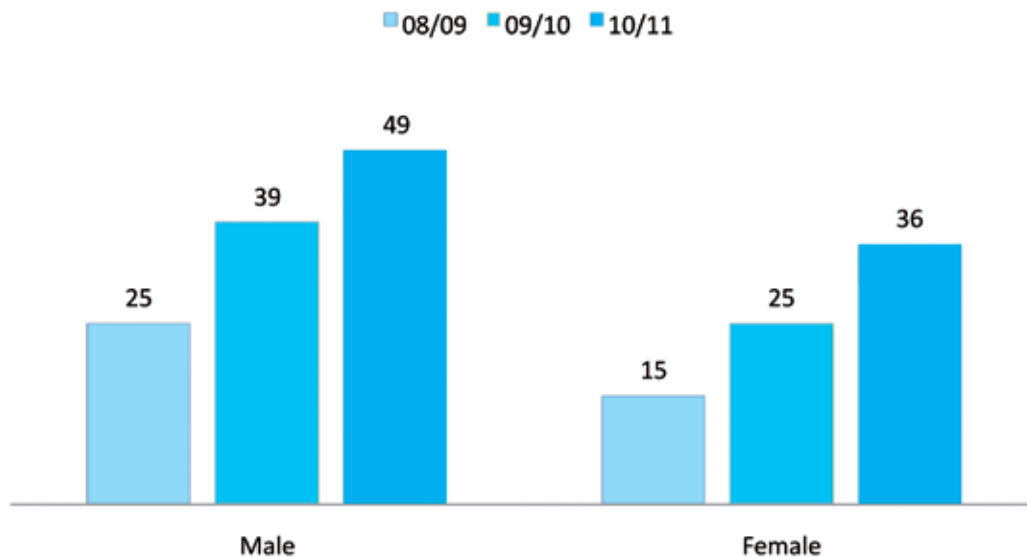
## Project Team

### Number Employees Per Group



\*Communications employees include members of the NVIRP Ambassador Program

### Gender Breakdown



# Corporate Governance and Compliance

## Governance

The State Owned Enterprise for Irrigation Modernisation in Northern Victoria, trading as Northern Victoria Irrigation Renewal Project (NVIRP) is a State Body established under the *State Owned Enterprise Act 1992* by an Order in Council (Order) dated 20 December 2007.

NVIRP is directly responsible to the Victorian Minister for Water (responsible minister) with governance and policy support from the Department of Sustainability and Environment. The Victorian Minister for Water, in consultation with the Treasurer on appropriate matters, has responsibility for new policies related to NVIRP and oversees the Board.

The Treasurer (shareholder minister) is primarily responsible for the commercial, financial and project risk management and associated conduct of NVIRP.

The Department of Treasury and Finance supports the Treasurer in a shareholding ministerial capacity through monitoring the financial aspects of NVIRP, taking a 'banker's' perspective on the project in protecting the State's investment and providing an ongoing due diligence role in regard to commercial, project and financial risks.

NVIRP's internal and external governance frameworks have been developed to support the delivery of the project. At the internal level the organisation is governed through the Board and its established sub-committees: Audit and Risk, Remuneration and Modernisation.

Externally, the NVIRP and Goulburn-Murray Water Boards have established a joint Board Sub-committee which together with a formalised relationship agreement, provides the basis for a cooperative approach to the project by NVIRP and Goulburn-Murray Water. NVIRP is also required to meet its various reporting obligations established by the Department of Sustainability and Environment as the responsible portfolio department and the Department of Treasury and Finance as the shareholder's representative.

The project involves a number of different stakeholders. The consultation and management of these relationships occurs through a number of formats including various committees and forums.

## Compliance

Managing compliance is an integral part of good corporate governance, ethics and meeting community expectations. NVIRP reports to a number of Government entities, which involve independent verification, public reporting and accountability.

### Accountable Officer's Attestation

#### Attestation by Responsible Officer in relation to Annual Report

In accordance with the *Financial Management Act 1994*, I am pleased to attest that the Northern Victoria Irrigation Renewal Project annual report is compliant with all statutory reporting requirements.



**Murray Smith**  
CEO  
29 August 2011

### Availability of Other Information

Additional information relevant to Financial Reporting Direction 22B of the FMA 1994 is held at NVIRP's office and is available on request, subject to the *Freedom of Information Act 1982*:

- A statement that the declaration of private interests was completed by relevant officers
- Details of shares held in subsidiaries
- Publications and how these can be obtained
- Changes in prices, fees, charges, rates and levies charged
- Major external reviews
- Major research and development
- Official overseas travel

- Major promotional, public relations and marketing activities
- Assessments and measures undertaken to improve Occupational Health and Safety
- A general statement on industrial relations
- Details of time lost through industrial accidents and disputes and
- A list of major committees.

This information is available on written request to the Chief Executive Officer, NVIRP, PO Box 1665, Shepparton, Victoria 3632.

### Building Act 1993

NVIRP does not own or control any government buildings and consequently no matters are required to be notified for purposes of compliance with the building and maintenance provisions of the *Building Act 1993*.

### Contract Reporting

NVIRP is required to notify the Victorian Minister for Water and the Treasurer if it proposes to enter into a contract which:

- Exceeds \$5 million in total value and
- May outlive the life of the NVIRP SOE, or have ongoing liability implications after the entity is wound up.

During 2010-2011 NVIRP reported on the following contracts:

- Channel remediation program (three)

### Freedom of Information Act 1982

*The Freedom of Information Act 1982* (Act) allows the public a right of access to documents held by NVIRP. NVIRP has a comprehensive website that endeavours to satisfy the information needs of individuals. NVIRP is committed to ensuring information is reasonably accessible to all members of the public.

For the 12 months ending 30 June 2011, NVIRP received two Freedom of Information (FOI) requests for access to documents. Both requests were from members of Parliament.

# Corporate Governance and Compliance

Of the two requests received, one was settled with the information requested being provided in full with the second request transferred to another agency under the provisions of section 18 of the Act. A FOI request which originated in 2008-2009 was settled during 2010-2011 with the Supreme Court on appeal overturning an earlier VCAT decision. The judgement of the Supreme Court was that the information sought in the request was exempt from release.

Applications under the *Freedom of Information Act 1982* should be made in writing including a fee of \$24.40 addressed to Mr Harry De Jong, FOI Delegate, NVIRP, PO Box 1665, Shepparton VIC 3632. Further charges may be payable depending on the complexity and nature of the request.

## Information Privacy Act 2000

NVIRP is subject to the *Information Privacy Act 2000* and is committed to protecting the privacy of all personal information it collects or receives in a responsible and transparent manner. NVIRP has a privacy policy to ensure only appropriate information is collected and protects against misuse of private information. No privacy related complaints were received for the reporting year.

Further information can be obtained by contacting the Executive Manager Governance on 1300 163 006.

## National Competition Policy

NVIRP complies with the legislative requirements and principles agreed under the National Competition Policy.

## Ombudsman Act 1973

On 4 February 2011, the Victorian Ombudsman, Mr George Brouwer, advised NVIRP of his intention to conduct an investigation into the Foodbowl Modernisation Project under section 14 of the Ombudsman Act 1973. At the time of this report being published, the investigation is continuing.

No individual complaints have been referred by the Ombudsman to NVIRP at the time of reporting.

## Pecuniary Interest

Board members and all nominated officers have completed declarations of pecuniary interests. The Board has extended the requirement for nominated officers to complete a declaration to include all staff with an expenditure delegation limit of \$20 000.00 or more.

## Risk Attestation

NVIRP's Corporate Policy in relation to risk management is to ensure that the practice is embedded into and maintained as part of NVIRP's work culture. NVIRP actively manages risk in accordance with its Risk Management Plan which embraces the guidelines provided in AS/NZS 31000: 2009 Risk Management Principles and Guidelines. In addition, the Risk Management Plan incorporates a Risk Appetite Statement which defines NVIRP's tolerance to risk in relation to each of its project related operations.

## Attestation by Chair in relation to Risk Management at NVIRP

I, Richard Guy, certify that NVIRP has project risk management processes in place consistent with the principles and guidelines established in AS/NZS 31000:2009. An active internal risk management team is in place to ensure that risks are identified and managed on an ongoing basis across the breadth of NVIRP's activities including interfacing with external stakeholders.

The Audit & Risk Committee verifies this assurance and that the risk profile of NVIRP has been critically reviewed within the last 12 months.



**Richard Guy OAM**  
Chairman  
29 August 2011

## Victorian Industry Participation Policy (VIPP)

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

During 2010-2011, NVIRP entered into 11 contracts totalling \$38 728 397.02 (inclusive of GST) in value to which the Victorian Industry Participation Policy was applied. All contracts are for regional projects.

The commitments by contractors under the VIPP included:

- Of the 11 contracts awarded, seven provided 95 to 100 per cent local content, two provided 50 per cent and the remaining two were for supply of materials only
- Retention of 217 existing jobs and the creation of 156 new jobs
- Creation of 11 apprentice positions and
- Transfer of irrigation construction skills, safety systems and environmental and cultural awareness training to new and existing contractor staff.

The benefits also include increased local employment and a boost to the regional economy.

# Corporate Governance and Compliance

## Whistleblowers Protection Act 2001

The *Whistleblowers Protection Act 2001* came into effect on 1 January 2002. The Act 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 Environment acts as an agent for NVIRP to receive disclosures under the Act, and applies Department of Sustainability and Environment procedures in managing disclosures. There were no disclosures made to NVIRP or referred to the Ombudsman in 2010-2011, nor did NVIRP refuse to investigate any disclosures.

Disclosures of improper conduct by NVIRP or its employees may be made to:

### **Ms Jennifer Berensen**

Manager, Privacy and Legislation, Projects  
and Protected Disclosure Coordinator  
Department of Sustainability and  
Environment

PO Box 500  
East Melbourne VIC 3002

Telephone: (03) 9637 8697  
Facsimile: (03) 9637 8128  
Email: [jennifer.berensen@dse.vic.gov.au](mailto:jennifer.berensen@dse.vic.gov.au)

Alternatively, disclosures can also be made to The Ombudsman Victoria, GPO Box 469, Melbourne VIC 3001, Telephone (03) 9613 5212, toll free 1800 500 509.



# Financial Report

## Financial Summary 2008 - 2011

	2011	2010	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revenue from Government	92 609	46 825	14 788	6 494
Other income and revenue	4 454	10 854	329	23
<b>Total income from transactions</b>	<b>97 063</b>	<b>57 679</b>	<b>15 117</b>	<b>6 517</b>
<b>Total expenses from transactions</b>	<b>(82 002)</b>	<b>(47 455)</b>	<b>(15 520)</b>	<b>(2 263)</b>
Net result from transactions	15 061	10 224	(403)	4 254
Other economic flows included in net result	(54 496)	(280)	-	-
Net result of the period	(39 435)	9 944	(403)	4 254
Net cash flow from/(used in) operating activities	(17 300)	46 561	7 939	6 652
Total Assets	157 108	226 085	133 483	6 802
Total Liabilities	35 990	79 672	25 750	2 548
<b>Net Assets</b>	<b>121 118</b>	<b>146 413</b>	<b>107 733</b>	<b>4 254</b>
<b>Assets Transferred to Goulburn-Murray Water</b>	<b>102 915</b>	<b>87 740</b>	<b>-</b>	<b>-</b>

NVIRP's first period of operation commenced on 21 December 2007. Data are reported for the four periods of operation.

Funding	Total Project Budget \$M	Expenditure				Total
		2011 \$M	2010 \$M	2009 \$M	2008 \$M	
Operational Expenditure	50.4	10.9	9.9	11.5	2.3	34.6
Project Funding	850.2	228.5	160.9	42.4	-	431.8
Funding to NVIRP	900.6	239.4	170.8	53.9	2.3	466.4
Early Works Funding (DSE/G-MW) <sup>(i)</sup>	103.8	*	*	*	*	*
<b>Total</b>	<b>1 004.4</b>					

<sup>(i)</sup>Expenditure associated with Early Works has and will be recorded in the Financial Statements of Goulburn-Murray Water and the Department of Sustainability and Environment.

# Financial Report

## Current Year Financial Review

### Overview

- Revenue from government contributions for the year was \$45.8 million higher than 2010, resulting from a \$45.4 million increase in project funding recognised to match project costs incurred during the year, plus a \$0.4 million increase in operational funding.
- The comprehensive result for the year was a deficit of \$39.4 million, compared to a surplus for the prior year of \$9.9 million. A positive net result from transactions of \$15.1 million (2010: \$10.2 million) was more than offset by \$54.5 million of expenditure classified as other economic flows. This largely related to the purchasing of water shares by NVIRP and is discussed further below.
- Net assets decreased by \$25.3 million from 2010, which reflects the following significant movements in assets and liabilities:
  - Construction work in progress expenditure of \$94.8 million was incurred in 2011. Construction work in progress represents costs incurred to date which are expected to result in an asset or enhance an asset held by Goulburn-Murray Water and which will be transferable to Goulburn-Murray Water.
  - \$102.9 million in completed assets were transferred to Goulburn-Murray Water during the year.
  - \$68.6 million decrease in cash and cash equivalents due to the improved matching of the inflow of funds under the funding deeds with the Department of Sustainability and Environment and the related expenditure.
  - \$23.3 million decrease in payables related to the 2011 winter works period due to the timing of creditor payments and a smaller scope of works this year.
  - \$20.6 million decrease in unearned revenue due to the improved matching of the inflow of funds under the funding deeds with the Department of Sustainability and Environment and the related expenditure.

### Financial Performance and Business Overview

NVIRP was established to plan, design and deliver a project to modernise the irrigation system in the Goulburn Murray Irrigation District and accordingly it does not generate revenue. The revenue recorded results from government contributions to the project plus any interest earned on the funds received and other contributions (including those from water authorities).

Government contributions towards the operation of NVIRP as an entity are recognised as revenue in the period in which they are due and receivable under the funding deed. For 2011 this amount was \$9.4 million (2010: \$9.0 million).

Contributions towards the delivery of the project for costs that do not form part of the assets to be transferred to Goulburn-Murray Water are recognised as revenue according to the stage of completion of project delivery as at the end of the financial year. The portion of these contributions not recorded as revenue is represented as Unearned Revenue within the liabilities section of the balance sheet.

The comprehensive result for the year was a deficit of \$39.4 million (2010: surplus of \$9.9 million) and was arrived at after charging \$54.5 million of expenditure classified as other economic flows. This largely related to the purchasing of water shares by NVIRP and is discussed below.

NVIRP acquired water shares during the course of the Connections Program in accordance with the Stage 1 Business Case. In addition, NVIRP purchased water shares as part of the Campaspe Irrigation District Future Management Strategy and through the On-farm Efficiency Program in association with the Goulburn Broken Catchment Management Authority. These water shares are currently held by NVIRP and they are expected to be cancelled and included as water generated by the project. The full purchase price of the shares is treated as a cost of the project.

The underlying funding source determines if revenue can be recognised in respect of these costs and \$18.5 million was so

recognised. The balance of \$35.8 million, representing the Campaspe water shares, was funded from capital contributed funds and no revenue was available to be recognised.

Also included in the comprehensive result is interest of \$3.3 million earned on cash balances held throughout the year, \$1.0 million received, project costs of \$6.5 million for which the income was received in 2010 and a deficit of operational expenses over contributions of \$1.3 million, which was funded from carried forward surplus.

### Financial Position – Balance Sheet

Net assets decreased by \$25.3 million to \$121.1 million mainly from a decrease in total assets of \$69.0 million comprising \$60.5 million decrease in financial assets and \$8.5 million decrease in non-financial assets, offset by a decrease in total liabilities of \$43.7 million.

The decrease in financial assets is mainly from cash and cash equivalents due to the improved matching of the inflow of funds under the funding deeds with the Department of Sustainability and Environment and the related expenditure.

The decrease in non-financial assets is mainly due to construction work in progress representing costs incurred to date which are expected to result in an asset or enhance an asset held by Goulburn-Murray Water.

The decrease in payables of \$23.3 million is related to the 2011 Winter Works and relates to the timing of creditor payments and a smaller scope of works this year.

The decrease of \$20.6 million in unearned revenue is due to the improved matching of the inflow of funds under the funding deeds with the Department of Sustainability and Environment and the related expenditure.

# Financial Report

## Cashflows

The overall decrease in cash of \$68.6 million during 2011 more than offset the previous year increase of \$55.1 million and brought NVIRP working capital to a more reasonable level. \$185.2 million in cash received as contributions from the Department of Sustainability and Environment for funding of the project was similar to the prior year (\$186.1 million), but was offset by higher payments to suppliers (particularly in relation to increased activity in the Connections Program), payments for construction work in progress and \$53.9 million paid for water shares. This is also reflected in cash outflows for investing activities being \$57.9 million higher than the prior year.

Cash inflows from financing activities at \$117.1 million were in line with the prior year at \$119.0 million. The underlying funding deeds were constructed to ensure that sufficient cash was available to NVIRP to meet its obligations under the agreed construction schedules.

## Consultancies

1 July 2010 to 30 June 2011

Consultant	Project	Total Approved NVIRP Project Fee \$'000	Expenditure 2010-2011 \$'000	Future Commitments \$'000
Greenspan Technology Pty Ltd	Stage 2 Business Case – Engineering and Technical Advisor	231	180	51
Hydro Environmental Pty Ltd	Stage 2 Business Case – Engineering and Technical Advisor	683	640	43
RMCG	Stage 2 Business Case – Customer Connections Advisor	196	166	30

Total approved fees and expenditure for 2010-2011 excludes GST.  
Seven consultancies of less than \$100 000 were awarded during the period and totalled \$276 934.

### Definition of Consultancies

An arrangement where an individual or organisation is engaged to:

- Provide expert analysis and advice which facilitates decision making
- Perform a specific one off task
- Perform a task involving skills and perspective that would not normally be expected to reside within the entity.

All three criteria must be met to be classified as consultants.

# State Owned Enterprise for Irrigation Modernisation in Northern Victoria – trading as NVIRP (Northern Victoria Irrigation Renewal Project)

## FINANCIAL REPORT

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## Comprehensive operating statement for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Continuing Operations</b>			
<b>Income from transactions</b>			
Government contributions	2(a)	92,609	46,825
Interest	2(b)	3,302	4,265
Other income	2(c)	1,152	6,589
<b>Total income from transactions</b>		<b>97,063</b>	<b>57,679</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	5,892	3,760
Depreciation and amortisation	3(b)	295	203
Project costs	3(c)	71,092	37,469
Other operating expenses	3(d)	4,723	6,023
<b>Total expenses from transactions</b>		<b>82,002</b>	<b>47,455</b>
<b>Net result from transactions (net operating balance)</b>		<b>15,061</b>	<b>10,224</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4	(54,496)	(280)
<b>Total other economic flows</b>		<b>(54,496)</b>	<b>(280)</b>
<b>Net result</b>		<b>(39,435)</b>	<b>9,944</b>
<b>Comprehensive result</b>		<b>(39,435)</b>	<b>9,944</b>

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



## Balance sheet as at 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	18(a)	75,410	144,000
Receivables	5	12,158	4,066
<b>Total financial assets</b>		<b>87,568</b>	<b>148,066</b>
<b>Non-financial Assets</b>			
Construction work in progress	6	66,069	74,226
Property, plant and equipment	7	1,051	1,056
Intangible assets	8	900	781
Non-financial assets classified as held-for-sale	9	1,426	1,412
Prepayments		94	544
<b>Total non-financial assets</b>		<b>69,540</b>	<b>78,019</b>
<b>Total assets</b>		<b>157,108</b>	<b>226,085</b>
<b>Liabilities</b>			
Payables	10	13,548	36,882
Provisions	11	621	418
Unearned revenue	12	21,821	42,372
<b>Total liabilities</b>		<b>35,990</b>	<b>79,672</b>
<b>Net assets</b>		<b>121,118</b>	<b>146,413</b>
<b>Equity</b>			
Contributed capital		146,758	132,618
Accumulated (deficit)/surplus		(25,640)	13,795
<b>Net worth</b>		<b>121,118</b>	<b>146,413</b>
Commitments	15		
Contingent liabilities and contingent assets	16		

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

## Statement of changes in equity for the financial year ended 30 June 2011

	Note	Equity at 1 July 2010	Changes due to		Equity at 30 June 2011
			Total comprehensive result	Transactions with owners in their capacity as owners	
<b>2011</b>		\$'000	\$'000	\$'000	\$'000
<b>Accumulated surplus/(deficit)</b>		<b>13,795</b>	<b>(39,435)</b>	-	<b>(25,640)</b>
<b>Contributions by owners</b>		<b>132,618</b>	-	-	<b>132,618</b>
Cash Received		-	-	117,055	<b>117,055</b>
Transfer of capitalised project costs	6	-	-	(102,915)	<b>(102,915)</b>
		<b>132,618</b>	-	<b>14,140</b>	<b>146,758</b>
<b>Total equity at end of financial year</b>		<b>146,413</b>	<b>(39,435)</b>	<b>14,140</b>	<b>121,118</b>

	Note	Equity at 1 July 2009	Changes due to		Equity at 30 June 2010
			Total comprehensive result	Transactions with owners in their capacity as owners	
<b>2010</b>		\$'000	\$'000	\$'000	\$'000
<b>Accumulated surplus/(deficit)</b>		<b>3,851</b>	<b>9,944</b>	-	<b>13,795</b>
<b>Contributions by owners</b>		<b>103,882</b>	-	-	<b>103,882</b>
Cash received		-	-	140,708	<b>140,708</b>
Return of Capital		-	-	(24,232)	<b>(24,232)</b>
Transfer of capitalised project costs	6	-	-	(87,740)	<b>(87,740)</b>
		<b>103,882</b>	-	<b>28,736</b>	<b>132,618</b>
<b>Total equity at end of financial year</b>		<b>107,733</b>	<b>9,944</b>	<b>28,736</b>	<b>146,413</b>

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

## Cash flow statement

### for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		67,679	81,206
Goods and Services Tax recovered from the ATO		14,631	13,835
Interest received		3,302	3,408
Other receipts		173	7,183
<b>Total receipts</b>		<b>85,785</b>	<b>105,632</b>
<b>Payments</b>			
Payments to suppliers and employees		(103,078)	(59,068)
Interest and other costs of finance paid		(7)	(3)
<b>Total payments</b>		<b>(103,085)</b>	<b>(59,071)</b>
<b>Net cash flows from/(used in) operating activities</b>	18(b)	<b>(17,300)</b>	<b>46,561</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(289)	(499)
Payments for water shares		(53,868)	-
Payments for intangible assets		(900)	-
Assets held for resale (net)		(726)	(1,145)
Payments for construction work in progress		(112,562)	(108,759)
<b>Net cash flows from/(used in) investing activities</b>		<b>(168,345)</b>	<b>(110,403)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from capital contributions by State Government		117,055	143,209
Return of contributions to State Government		-	(24,232)
<b>Net cash flows from/(used in) financing activities</b>		<b>117,055</b>	<b>118,977</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(68,590)</b>	<b>55,135</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>144,000</b>	<b>88,864</b>
<b>Cash and cash equivalents at the end of the financial year</b>	18(a)	<b>75,410</b>	<b>144,000</b>

Non-cash transactions 18(c)

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

## Notes to the financial statements

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## Notes to the financial statements

### for the financial year ended 30 June 2011

#### Note 1. Summary of significant accounting policies

##### **(a) Reporting entity**

The financial report covers the State Owned Enterprise for Irrigation Modernisation in Northern Victoria trading as NVIRP, Northern Victoria Irrigation Renewal Project, as an individual reporting entity. NVIRP is a State body, established pursuant to an Order in Council made under the State Owned Enterprise Act 1992. Its principal address is:

State Owned Enterprise for Irrigation Modernisation in Northern Victoria  
461 Wyndham Street  
Shepparton VIC 3630

##### **(b) Objectives and funding**

NVIRP's objectives are to plan, design and deliver the program for modernisation of the irrigation systems throughout the Goulburn Murray Irrigation District (GMID).

Stage 1 of the Program, which is expected to be completed during 2013, will cost up to \$1.004 billion. Refer to Note 15 for further details.

##### **(c) Statement of compliance**

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

Where applicable, those paragraphs of the AASs applicable for not-for-profit entities have been applied.

##### **(d) Basis of accounting preparation and measurement**

###### *Historical Cost Convention*

The *financial* statements have been prepared on an historical cost basis except for the revaluation of certain non-current assets, if and where applicable. Historical cost is based on the fair values of the consideration given in exchange for assets.

###### *Accrual Basis of Accounting*

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

###### *Critical Accounting Estimates*

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.



## Note 1. Summary of significant accounting policies (continued)

### *Accounting Policies*

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2011.

### *Currency*

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

### **(e) Events after reporting date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between NVIRP and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note 22 provides disclosure about events between the balance date and the date the statements are authorised for issue where the events relate to a condition which arose after the reporting date and which may have a material impact on the results of subsequent reporting periods.

### **(f) Goods and Services Tax (GST)**

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

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

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

Commitments and contingent assets or liabilities are presented inclusive of the amount of GST receivable or payable.

### **(g) Income from transactions**

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

### *Government contributions*

#### *Operational Contributions*

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

#### *Contract Revenue*

Contract revenue represents government contributions towards the Project to core expenditure, which will not result in an asset or enhance an asset held by G-MW. Refer also to Note 1(h) - Project costs. NVIRP recognises contract revenue from the State when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to NVIRP. Revenue for the provision of the project to deliver a modernised irrigation system is recognised based on a percentage of completion basis. The revenue component is disclosed in the comprehensive operating statement within the government contribution category. The portion of revenue received in advance which is not recognised as revenue, when applying the percentage of completion basis, is recorded as unearned revenue within Liabilities.

## Note 1. Summary of significant accounting policies (continued)

### *Interest revenue*

Interest revenue is recognised when interest is earned.

### **(h) Expenses**

#### *Employee benefits*

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements and superannuation contributions. These are recognised when incurred.

#### *Superannuation – defined benefit plans*

The amount recognised in the comprehensive operating statement in relation to defined benefit superannuation plans represents the employer contributions that are paid or payable to these plans during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and actuarial advice.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, recognises on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. The amount recognised in the comprehensive operating statement in respect of defined benefit superannuation plans represents the accrual of benefits during the reporting period. Note 13 provides further details.

#### *Superannuation – defined contribution plans*

The amount recognised in the comprehensive operating statement in respect of defined contribution superannuation plans represents the employer contributions that are paid and payable in respect of employees who are members during the reporting period. Superannuation contributions are made to the plans based on the Superannuation Guarantee legislation.

The amount recognised in the comprehensive operating statement in respect of defined contribution superannuation plans represents the accrual of benefits during the reporting period. Note 13 provides further details.

#### *Depreciation and amortisation*

All plant and equipment and other non-physical assets (excluding items under operating leases and assets held-for-sale) that have a limited useful life are depreciated. Depreciation is generally calculated on a straight-line basis so as to allocate the cost, net of their residual values, over their expected useful lives or the life of the project, whichever is shorter, commencing from the time the asset is held ready for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

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

Plant and equipment	3 – 5 years
Leasehold improvements	3 – 5 years

#### *Project Costs*

Project costs represent those costs associated with the delivery of a modernised irrigation system which will not result in an asset or enhance a fixed asset held by G-MW and thus cannot be capitalised as construction work in progress. These costs are expensed as they are incurred. They are generally planning and on-farm modernisation works.

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

## Note 1. Summary of significant accounting policies (continued)

### *Other operating expenses*

Supplies and services generally represent the day-to-day running costs, including maintenance costs, incurred in the normal operations of NVIRP. These items are recognised as an expense in the reporting period in which they are incurred.

### **(i) Other economic flows**

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions and include the impairment of non-financial assets that were acquired by NVIRP during the course of the project

### **(j) Financial assets**

#### *Cash and deposits*

Cash and deposits, including cash equivalents comprise cash on hand and cash at bank and deposits at call which are readily convertible to known amounts of amounts of cash and are subject to insignificant changes in value.

#### *Receivables*

Receivables consist predominantly of debtors in relation to accrued investment income and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment.

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

#### *Construction work in progress*

Costs associated with NVIRP's delivery of a modernised irrigation system which result in an asset or enhance a fixed asset held by G-MW will be recorded as Construction work in progress. The balance of Construction work in progress represents the costs incurred to date less the value of assets or asset enhancements transferred to G-MW during the period.

#### *Plant and equipment*

Plant and equipment are measured initially at cost and subsequently revalued, if applicable, at fair value less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

#### *Leasehold improvements*

The cost of a leasehold improvement is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is shorter.

#### *Non-financial assets classified as held-for-sale*

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

#### *Intangible assets*

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to NVIRP.

## Note 1. Summary of significant accounting policies (continued)

### *Prepayments*

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### *Water Shares*

Water shares are acquired by NVIRP during the course of the project as part of the Connections program, in accordance with the Stage 1 Business Case. In addition, NVIRP purchased water shares as part of the Campaspe Irrigation District Future Management Strategy and through the On-farm-efficiency program in association with the Goulburn Broken Catchment Management Authority. These water shares are currently held by NVIRP and are expected to be cancelled and included as water generated by the project. These water shares are accounted for as assets in the reporting period in which they are acquired and an assessment made as to their carrying value based on their expected ultimate disposition. If it is expected that the water shares will ultimately be cancelled then they are treated as a cost of the project.

## **(I) Liabilities**

### *Payables*

Payables represent liabilities for goods and services provided to NVIRP prior to the end of the financial year that are unpaid, and arise when NVIRP becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables are initially recognised at fair value, being the cost of the goods and services.

### *Unearned Revenue*

Funding for the delivery of the project to modernise the irrigation system is received in advance. That portion of the funds, which is not recognised as revenue, when using the percentage of completion methodology (referred to in Note 1(g) above), is recognised as unearned revenue. The balance of unearned revenue represents funds advanced to date less amounts recognised as revenue for the project to date.

### *Employee benefits*

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

#### **(i) Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as non-current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### **(ii) Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits

- **Current liability - unconditional LSL** (representing 7 or more years of continuous service for VPS staff and 10 and more years of continuous service for executives) is disclosed as a current liability even where NVIRP does not expect to settle the liability within 12 months because it will 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 NVIRP does not expect to settle within 12 months; and
- nominal value - component that NVIRP expects to settle within 12 months.

## Note 1. Summary of significant accounting policies (continued)

- **Non-current liability – conditional LSL** (representing less than 7 years of continuous service for VPS staff and less than 10 years of continuous service for executives) 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.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

### (iii) Employee benefits on-costs

Employee benefits on-costs, including payroll tax, workers compensation and superannuation, are recognised separately from provision for employee benefits.

### (m) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value, inclusive of the GST payable.

### (n) Contingent assets and contingent liabilities

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

### (o) Equity

#### *Contributions by owners*

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets are treated as distributions to or contributions by owners.

### (p) Leases

A lease is a right to use an asset for an agreed period in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *Operating Leases*

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

### (q) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

## Note 1. Summary of significant accounting policies (continued)

### (r) New accounting standards and interpretations

As at 30 June 2011, a number of standards and interpretations had been issued that were not mandatory for financial year ending 30 June 2011. NVIRP has not early adopted these standards for this reporting period. Listed below are the standards which may have some applicability to NVIRP and the possible impact on the financial statements.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures</i> (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	NVIRP preliminary assessment suggests the impact is not significant. NVIRP has elected not to early adopt.
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]</i>	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASBs.	Beginning 1 Jan 2011	AASB 8 does not apply and therefore no impact is expected.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.



## Note 2. Income from transactions

	2011 \$'000	2010 \$'000
<b>Income</b>		
<b>(a) Revenue from Government</b>		
Operational contributions	9,449	9,062
Contract revenue	83,160	37,762
<b>Total revenue from Government</b>	<b>92,609</b>	<b>46,825</b>
<b>(b) Interest</b>		
Interest on deposits	3,302	4,265
<b>Total interest</b>	<b>3,302</b>	<b>4,265</b>
<b>(c) Other <sup>(i)</sup></b>	<b>1,152</b>	<b>6,589</b>
<i>(i) Other income includes \$1,110,000 (2010 : \$6,500,000) received or receivable as project contributions from water authorities.</i>		

## Note 3. Expenses from transactions

	2011 \$'000	2010 \$'000
<b>Expenses</b>		
<b>(a) Employee benefits:</b>		
Salaries and wages	5,118	3,199
Post employment benefits		
• Defined contribution superannuation plans	438	270
• Defined benefit superannuation expense	48	20
Board Remuneration	288	271
<b>Total employee benefits</b>	<b>5,892</b>	<b>3,760</b>
<b>(b) Depreciation and amortisation</b>		
Depreciation of non-current assets	295	203
<b>Total depreciation and amortisation</b>	<b>295</b>	<b>203</b>
<b>(c) Project costs</b>	<b>71,092</b>	<b>37,469</b>
<b>(d) Other operating expenses</b>		
<i>Supplies and services</i>		
Purchase of supplies and consumables	547	336
Purchase of services	3,602	5,314
<b>Total supplies and services</b>	<b>4,149</b>	<b>5,650</b>
<i>Operating lease rental expenses:</i>		
• Minimum Operating lease payments	574	373
<b>Total operating lease rental expenses</b>	<b>574</b>	<b>373</b>
<b>Total other operating expenses</b>	<b>4,723</b>	<b>6,023</b>

## Note 4. Other economic flows included in net result

	2011 \$'000	2010 \$'000
<b>Net gain/(loss) on non-financial assets</b>		
Devaluation of Land held-for-sale (refer Note 9)	(165)	(280)
Purchase of water shares	(54,331)	-
<b>Total gain/(loss) on non-financial assets</b>	<b>(54,496)</b>	<b>(280)</b>

NVIRP acquired water shares during the course of the Connections program in accordance with the Stage 1 Business Case. In addition, NVIRP purchased water shares as part of the Campaspe Irrigation District Future Management Strategy and through the On-farm efficiency program in association with the Goulburn Broken Catchment Management Authority. These water shares are currently held by NVIRP and they are expected to be cancelled and included as water generated by the project. The full purchase price of the shares is treated as a cost of the project. A summary of water share transactions included in other economic flows is set out in the table below:

<b>Water Shares</b>	2011 \$'000	2010 \$'000
Opening balance	626	-
Water shares purchased	53,705	626
Water shares expensed as project cost	(54,331)	-
<b>Closing Balance</b>	<b>-</b>	<b>626</b>

Water shares acquired in 2010 were accounted for as an asset held-for-sale as at 30 June 2010 (see note 9). During 2011 these shares were expensed as a project cost to ensure consistent treatment with other water shares acquired.

## Note 5. Receivables

	2011 \$'000	2010 \$'000
<b>Current receivables</b>		
Amounts due from Victorian Government	4,379	-
Amounts due from other Government Corporations	1,100	-
GST input tax credit recoverable	6,639	4,005
Other Receivables	40	61
<b>Total current receivables</b>	<b>12,158</b>	<b>4,066</b>

### Nature and extent of risk arising from receivables

Please refer to Note 17(b) for the nature and extent of credit risk arising from receivables.

## Note 6. Construction Work in Progress

	2011 \$'000	2010 \$'000
<b>Non - current</b>		
Construction Work in Progress		
Capitalised costs	66,069	74,226
<b>Total Construction Work in Progress</b>	<b>66,069</b>	<b>74,226</b>

<b>Movements in carrying amounts</b>	2011 \$'000	2010 \$'000
<b>Opening balance</b>	<b>74,226</b>	<b>38,461</b>
Project costs capitalised	94,758	123,505
Transfer capitalised project costs to G-MW	(102,915)	(87,740)
<b>Closing balance</b>	<b>66,069</b>	<b>74,226</b>

## Note 7. Property, plant and equipment

	2011 \$'000	2010 \$'000
<b>Non-current</b>		
<b>Property, plant and equipment</b>		
Leasehold improvements at fair value	836	663
Accumulated depreciation	(224)	(88)
	<b>612</b>	<b>575</b>
Plant and equipment at fair value	761	644
Accumulated depreciation	(322)	(163)
	<b>439</b>	<b>481</b>
<b>Total</b>	<b>1,051</b>	<b>1,056</b>
<b>Movements in carrying amounts</b>	<b>Leasehold improvements at cost</b>	<b>Plant and equipment at cost</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2010</b>	<b>575</b>	<b>481</b>
Additions	173	117
Disposals	-	-
Depreciation	(136)	(159)
<b>Balance at 30 June 2011</b>	<b>612</b>	<b>439</b>
<b>Balance at 1 July 2009</b>	<b>365</b>	<b>395</b>
Additions	286	213
Disposals	-	-
Depreciation	(76)	(127)
<b>Balance at 30 June 2010</b>	<b>575</b>	<b>481</b>

## Note 8. Intangible assets

	2011 \$'000	2010 \$'000
<b>Native Vegetation Offsets</b>		
<b>Gross carrying amount</b>		
Opening Balance	781	-
Purchases	119	781
<b>Closing Balance</b>	<b>900</b>	<b>781</b>
<b>Accumulated amortisation and impairment</b>		
Opening Balance	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Net book value at the end of the financial year</b>	<b>900</b>	<b>781</b>

Note:

Under the Native Vegetation Management: A Framework for Action (2002) (the Framework), NVIRP is required to mitigate the loss of the native vegetation by commensurate gains through the provision of appropriate offsets. The loss of native vegetation, as a consequence of the construction work under the various NVIRP programs creates an obligation which NVIRP must offset and provision for this is made at the time. Satisfaction of this obligation requires NVIRP to purchase Native Vegetation Credits which are recognised as intangible assets. Once the 'offset' has been formally established and registered, NVIRP extinguishes its liability by removing the corresponding intangible asset. The balance of the intangible assets at 30 June 2011 represents the Credits purchased which have not yet been formally offset against the obligations.

## Note 9. Non-financial assets classified as held-for-sale

	2011 \$'000	2010 \$'000
Land held- for-sale <sup>(i)</sup> – at fair value	1,254	786
Water shares held- for- sale <sup>(ii)</sup> – at fair value	172	626
<b>Closing balance</b>	<b>1,426</b>	<b>1,412</b>

Notes:

- (i) Land held-for-sale represents purchases of land undertaken by the Rural Finance Corporation of Victoria (RFC) on behalf of NVIRP as part of the on farm works program. RFC is marketing these parcels of land on behalf of NVIRP and it is expected that that will be sold within the next 12 months. RFC has complied with all the necessary obligations in relation to land purchasing and sales by government related entities. An impairment loss of \$445,000 was recognised as at 30 June 2011 (2010:\$280,000) including \$165,000 provided in the year to 30 June 2011.
- (ii) Water shares held-for-sale at 30 June 2011 represent purchases made directly by NVIRP and which will ultimately be sold to a water corporation. No provision for impairment of carrying value was required at 30 June 2011. These purchases were undertaken as part of the Campaspe Irrigation District Future Management Strategy.

## Note 10. Payables

	2011 \$'000	2010 \$'000
<b>Current payables</b>		
Amounts payable to other government agencies	576	-
Supplies and services and construction work in progress <sup>(i)</sup>	12,539	36,716
Taxes payable	433	166
<b>Total payables</b>	<b>13,548</b>	<b>36,882</b>

Notes:

- (i) The average credit period is 30 days. No interest is charged on payables for the first 30 days from the date of the invoice.

**(a) Maturity analysis of payables**

Please refer to table 17.5 in Note17 for the ageing analysis of payables

**(b) Nature and extent of risk arising from payables**

Please refer to Note 17 for the nature and extent of risks arising from payables.

## Note 11. Provisions

	2011 \$'000	2010 \$'000
<b>Current provision</b>		
Employee benefits <sup>(i)</sup>		
Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	430	275
Unconditional and expected to be settled after 12 months	-	-
	430	275
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	76	47
Unconditional and expected to be settled after 12 months	-	-
	76	47
<b>Total current provisions</b>	<b>506</b>	<b>322</b>
<b>Non-current provision</b>		
Employee benefits <sup>(i)</sup>	91	83
Employee benefits on-costs	24	13
<b>Total non-current provisions</b>	<b>115</b>	<b>96</b>
<b>Total provisions</b>	<b>621</b>	<b>418</b>

### Employee benefits<sup>(i)</sup> and related on-costs

	2011 \$'000	2010 \$'000
<b>Current employee benefits</b>		
Annual leave entitlements	278	151
Unconditional long service leave entitlements	152	124
<b>Non-current employee benefits</b>		
Conditional long service leave entitlements	91	83
<b>Total employee benefits</b>	<b>521</b>	<b>358</b>
Current on-costs	76	47
Non-current on-costs	24	13
<b>Total on-costs</b>	<b>100</b>	<b>60</b>
<b>Total employee benefits and related on-costs</b>	<b>621</b>	<b>418</b>

Note:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

## Note 12. Unearned Revenue

	2011 \$'000	2010 \$'000
<b>Current</b>		
Unearned revenue	21,821	42,372

Unearned revenue represents the portion of the funding not capitalised, directly related to project costs, received to date which has not been recognised as revenue when applying the stage of completion methodology to revenue recognition. The stage of completion methodology used is the percentage completion basis. It is calculated as the ratio of costs for on farm works incurred to date, to total funding available which substantially relates to such on farm works.

## Note 13. Superannuation

Employees of NVIRP are entitled to receive superannuation benefits and NVIRP contributes to both nominated defined benefit and defined contribution plans.

The defined benefit plan(s) provide benefits based on years of service and final average salary.

NVIRP does not recognise any defined benefit liability in respect of the plan(s) because NVIRP has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of NVIRP.

The name and details of the major employee superannuation funds and contributions made by NVIRP are as follows:

Fund	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Defined benefit plans:</b>				
Emergency Services and State Superannuation Fund- revised and new	51	17	-	3
<b>Defined contribution plans:</b>				
VicSuper	181	126	1	7
Vision Super	90	46	-	2
Other	164	81	-	8
<b>Total</b>	<b>486</b>	<b>270</b>	<b>1</b>	<b>20</b>

*Note:*

*The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the year ended 30 June.*

*The basis for contributions are determined by the various schemes.*

## Note 14. Leases

### Disclosures for lessees – operating leases

#### Leasing arrangements

Operating leases relate to office accommodation with lease terms of 5 years. Options exist for a five year extension on one lease and two, two year extensions on another lease. NVIRP does not have an option to purchase the leased assets at the expiry of the lease period.

Operating leases also relate to motor vehicles, with varying lease terms not exceeding 3 years. NVIRP does not have an option to purchase the leased assets at the expiry of the lease period.

	2011 \$'000	2010 \$'000
<b>Non-cancellable operating leases payable</b>		
Not longer than 1 year	640	559
Longer than 1 year and not longer than 5 years	580	562
Longer than 5 years	-	-
	<b>1,220</b>	<b>1,121</b>



## Note 15. Commitments

Under the Victorian Government's 2007 "Our Water Our Future" – The Next Stage of the Government's Water Plan, the State announced \$1.004 billion funding (including \$113 million paid directly to G-MW) for Stage 1 of the Northern Victoria Irrigation Renewal Project to upgrade the Goulburn Murray Irrigation District Irrigation System in Northern Victoria. Funding is to be provided by the State Government, via The Department of Sustainability and Environment ("DSE") \$604 million, Melbourne Water Corporation ("MWC") \$300 million and Goulburn Murray Water ("G-MW") \$100 million. \$113 million was provided directly to G-MW to complete the early works program, the unspent position of \$9.6 million was paid to NVIRP in June 2011. The funding and expenditure of the early works program is accounted for separately by G-MW.

NVIRP will receive \$50.4 million to meet its direct operating costs and \$850.2 million (2010: \$841.1 million) for project works (excluding the net amounts paid directly to G-MW). The funding for the project works will be received as two streams - \$291.3 million (2010: \$265.5 million) will be recorded as revenue and matched to expenses substantially related to connections in accordance with AASB 111 Construction Contracts and \$559.0 million (2010: \$575.6 million) will be received as capital contributions. These capital contributions will predominantly fund Construction Works in Progress until such time as the works are transferred to G-MW, the owners of the assets. Upon transfer, capital contributions and assets will be reduced by the value of the assets being transferred. During the year ended 30 June 2011 NVIRP received the balance of the early works funding, increasing overall funding commitments to \$850.2 million. The revenue income stream commitment increased by \$25.8 million as a result of reallocations from capital contribution to fund the Campaspe and On-Farm efficiency program.

At 30 June 2011 the funding position is as follows:

	Total Committed at start of project \$'000	Received/ Receivable \$'000	Balance \$'000
Operational Funding	50,415	35,775	14,640
Project Funding	850,163	477,699	372,464
Total Committed directly to NVIRP	<b>900,578</b>	<b>513,474</b>	<b>387,104</b>

	2011 \$'000	2010 \$'000
<b>(a) Commitments for receipt of funding</b>		
<b>(i) Operational Funding Commitments</b>		
Receivable:		
Not longer than one year	9,335	9,449
Longer than one year and not longer than five years	5,305	14,640
Longer than five years	-	-
<b>Total operational funding revenue commitments</b>	<b>14,640</b>	<b>24,089</b>
<b>(ii) Project Funding Commitments</b>		
Receivable:		
Not longer than one year	188,628	242,396
Longer than one year and not longer than five years	183,836	306,214
Longer than five years	-	-
<b>Total project funding revenue commitments</b>	<b>372,464</b>	<b>548,610</b>

All amounts in the commitments for receipt of revenue note are nominal amounts. No GST is receivable on these amounts.

## Note 15. Commitments (continued)

	2011 \$'000	2010 \$'000
<b>(b) Commitments for Expenditure</b>		
<b>(i) Capital expenditure commitments</b>		
<b>Project Works</b>		
Payable:		
Not longer than one year	45,136	52,752
Longer than one year and not longer than five years	4,542	12,534
Longer than five years	-	-
<b>Total capital expenditure commitments</b>	<b>49,678</b>	<b>65,286</b>
<b>(ii) Other expenditure commitments</b>		
Payable:		
Not longer than one year	16,508	9,951
Longer than one year and not longer than five years	118	204
Longer than five years	-	-
<b>Total other expenditure commitments</b>	<b>16,626</b>	<b>10,155</b>
<b>(iii) Lease commitments</b>		
Non-cancellable operating lease commitments are disclosed in Note 14 to the financial statements	1,220	1,121
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>67,524</b>	<b>76,562</b>
Less GST receivable from the Australian Tax Office	6,139	6,960
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>61,386</b>	<b>69,602</b>

All amounts shown in the commitments for expenditure note are nominal amounts inclusive of GST.

## Note 16. Contingent assets and Contingent Liabilities

	2011 \$'000	2010 \$'000
<b>Contingent assets</b>	-	-
<b>Contingent liabilities</b>		
Verbally agreed contracts/agreements with irrigators	40,542	82,322
	<b>40,542</b>	<b>82,322</b>

The amount disclosed represents NVIRP's expected liability to landowners/ irrigators as a result of verbal agreements between NVIRP and landowners/ irrigators for incentives to be paid and delivery shares and water shares to be purchased. The extent of the economic outflow is contingent upon the formal execution of the contracts by landowners/ irrigators, NVIRP and G-MW and, in the case of water shares, the final settlement of the transaction. All amounts in the contingent assets and liabilities are GST inclusive.

## Note 17. Financial instruments

### (a) Financial risk management objectives and policies

NVIRP's principal financial instruments comprise of:

- cash assets
- receivables (excluding statutory GST recoverable)
- payables (excluding taxes payable)

## Note 17. Financial instruments (continued)

Details of the significant accounting policies and methods adopted for the recognition and measurement of income and expenses are disclosed in Note 1 to the financial statements for each class of financial asset, financial liability and equity instrument.

The main purpose for holding financial instruments is to prudently manage NVIRP's financial risks within Government policy parameters.

The carrying amount of NVIRP's contractual financial assets and financial liabilities by category are in table 17.1 below:

**Table 17.1: Categorisation of financial instruments**

	2011 \$'000	2010 \$'000
<b>Contractual financial assets</b>		
Cash and cash equivalents	75,410	144,000
Receivables	5,519	61
<b>Total contractual financial assets <sup>(i)</sup></b>	<b>80,929</b>	<b>144,061</b>
<b>Contractual financial liabilities</b>		
Payables	13,115	36,716
<b>Total Financial Liabilities <sup>(ii)</sup></b>	<b>13,115</b>	<b>36,716</b>

Note:

(i) The amount of receivables disclosed here exclude statutory receivables (i.e. GST input tax credits recoverable)

(ii) The total amount of financial liabilities disclosed here exclude statutory payables (i.e. Taxes payable)

(iii) All amounts disclosed are at fair value

**Table 17.2: Net holding gain/(loss) on financial instruments by category**

	Total interest income/(expense) 2011 \$'000	Total interest income/(expense) 2010 \$'000
<b>Contractual financial assets</b>		
Cash and cash equivalents	3,302	4,265
Receivables	-	-
<b>Total contractual financial assets</b>	<b>3,302</b>	<b>4,265</b>
<b>Contractual financial liabilities</b>		
Payables	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents and receivables, the net gain or loss is the interest revenue.
- For financial liabilities, the net gain or loss is the interest expense.

### (b) Credit risk

Credit risk arises from the financial assets of NVIRP which comprise cash and cash equivalents, and other receivables. NVIRP's exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to NVIRP. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with NVIRP's financial assets is minimal because the majority of receivables relate to receivables from the State or other government corporations.

Except as otherwise detailed in the following table, the carrying amount of financial assets recorded in the Financial Report, net of any allowances or losses, represents NVIRP's maximum exposure to credit risk without taking account of the value of any collateral obtained.

## Note 17. Financial instruments (continued)

**Table 17.3: Credit quality of contractual financial assets that are neither past due nor impaired <sup>(a)</sup>**

	2011 \$'000			2010 \$'000		
	Government Agencies (AAA credit ratings)	Financial Institutions (AA credit rating)	Total	Government Agencies (AAA credit ratings)	Financial Institutions (AA credit rating)	Total
Cash and cash equivalents	35,510	39,900	75,410	54,998	89,002	144,000

Note:

(a) The total amounts disclosed here exclude types of statutory financial assets (e.g. Amounts owing from Victorian Government and GST input tax credit recoverable).

The are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amount as indicated. The following table discloses the ageing only of contractual financial assets that are past due but not impaired.

**Table 17.4: Ageing analysis of financial assets <sup>(a)</sup>**

	2011 \$'000			2010 \$'000		
	Carrying amount	Not past due and not impaired	Carrying amount	Carrying amount	Not past due and not impaired	
Cash or cash equivalents	75,410	75,410	144,000	144,000	144,000	
Receivables	1,140	1,140	61	61	61	
<b>Total</b>	<b>76,550</b>	<b>76,550</b>	<b>144,061</b>	<b>144,061</b>	<b>144,061</b>	

Note:

(a) Ageing analysis of financial assets excludes types of statutory financial assets (e.g. Amounts owing from Victorian Government and GST input tax credit recoverable).

**Note 17. Financial instruments (continued)****(c) Liquidity risk**

Liquidity risk arises when NVIRP is unable to meet its financial obligations as they fall due. NVIRP operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

DSE provides the sole source of NVIRP future funds under two funding agreements - the NVIRP Operational Funding Agreement (operating funds) and the Funding Agreement (capital project funds). These agreements provide funding, subject to appropriation being made available for the project and NVIRP meeting, to the satisfaction of DSE, a number of obligations including performance milestones and reporting. NVIRP has regular and significant capital and operating payables under contracts and agreements with providers and contractors. As a result of these funding arrangements, NVIRP has a liquidity risk were its funding to be delayed. The risk cannot be quantified and is mitigated through cashflow management.

## Note 17. Financial instruments (continued)

The following table discloses the contractual maturity analysis for NVIRP's financial liabilities:

**Table 17.5: Maturity analysis of financial liabilities**

	Carrying amount	Nominal Amount	Maturity dates <sup>(a)</sup>			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
<b>2011</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other payables	13,115	13,115	13,115	-	-	-
<b>Total</b>	<b>13,115</b>	<b>13,115</b>	<b>13,115</b>			

	Carrying amount	Nominal Amount	Maturity dates <sup>(a)</sup>			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
<b>2010</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other payables	36,716	36,716	36,716	-	-	-
<b>Total</b>	<b>36,716</b>	<b>36,716</b>	<b>36,716</b>	-	-	-

Note:

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities



## Note 17. Financial instruments (continued)

### (d) Market risk

NVIRP's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

#### Interest rate risk

NVIRP has interest bearing assets with its exposure to interest rate risk not considered significant.

**Table 17.6: Interest rate exposure of financial instruments**

	Weighted average effective interest rate %	Carrying Amount \$'000	Interest rate exposure		
			Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>2011</b>					
<b>Financial assets</b>					
Cash at bank	4.87	39,900	-	39,900	
Cash on deposit with Treasury Corporation Victoria	4.28	35,510	-	35,510	-
Receivables	-	5,519	-	-	5,519
<b>Total financial assets</b>		<b>80,929</b>	<b>-</b>	<b>75,410</b>	<b>5,519</b>
<b>Financial Liabilities</b>					
Other payables	-	13,115	-	-	-
<b>Total financial liabilities</b>		<b>13,115</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2010</b>					
<b>Financial assets</b>					
Cash at bank	3.61	89,002	-	89,002	-
Cash on deposit with Treasury Corporation Victoria	3.66	54,998	-	54,998	-
Receivables	-	61	-	61	-
<b>Total financial assets</b>		<b>144,061</b>	<b>-</b>	<b>144,061</b>	<b>-</b>
<b>Financial Liabilities</b>					
Other payables	-	36,716	-	-	36,716
<b>Total financial liabilities</b>		<b>36,716</b>	<b>-</b>		<b>36,716</b>

### (e) Fair value

NVIRP does not have any financial assets or liabilities as at 30 June 2011 that are stated other than at fair value.

### (f) Sensitivity disclosure analysis and assumptions

The sensitivity analysis below has been determined based on the exposure to the market interest rate risk of the cash and cash equivalent balances at the end of the reporting period.

A movement in market interest rates of 1% higher or lower, would cause the 2011 comprehensive result to increase or decrease by \$754,000 (2010: \$1,440,000) based on average cash balance held during the year.

The sensitivity analysis disclosed is for illustrative purposes only and are not entirely representative of the risk inherent in the cash and cash equivalent balances. The year end exposure does not reflect the exposure during the year due to timing differences between receipts and payments leading to higher cash balances at the end of the reporting period.

## Note 18. Cash flow information

### (a) Reconciliation of cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash at bank	39,900	89,002
Cash on deposit with Treasury Corporation of Victoria	35,510	54,998
<b>Balance as per cash flow statement</b>	<b>75,410</b>	<b>144,000</b>

All cash at bank and deposits with TCV are at call.

### (b) Reconciliation of net result for the period to net cash flows from operating activities

	2011 \$'000	2010 \$'000
<b>Net result</b>	(39,435)	9,944
<b>Non-cash movements:</b>		
Depreciation and amortisation of non-current assets	295	203
Water shares written off as cost of the project	54,331	-
Devaluation of land held for re-sale	165	280
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in current receivables	(8,092)	(244)
(Increase)/decrease in other current assets	452	(345)
(Decrease)/increase in current payables	(4,667)	2,934
(Decrease)/increase in current provisions	184	181
(Decrease)/increase in other current liabilities	(20,551)	33,524
(Decrease)/increase in non-current provisions	18	84
<b>Net cash flows from/(used in) operating activities</b>	<b>(17,300)</b>	<b>46,561</b>

### (c) Non- cash financing and investing activities

Transfer of capitalised costs to G-MW

During the reporting period NVIRP transferred capitalised project costs to G-MW for those capital items which had been installed, replaced or refurbished during the period to date, which G-MW had commenced utilising. The transfer totalled \$102,915,000 (2010: \$87,740,000) and is shown in Note 6. The transfer of these costs is not reflected in the cashflow statement.

## Note 19. Responsible persons

The names of persons who were Responsible Persons at any time during the period 1 July 2010 to 30 June 2011 are:

The Hon P Walsh MP	Minister for Water (from 2 December 2010 to 30 June 2011)
The Hon T Holding MP	Minister for Water (from 1 July 2010 to 2 December 2010)
The Hon K Wells MP	Treasurer for Victoria (from 2 December 2010 to 30 June 2011)
The Hon J Lenders MP	Treasurer for Victoria (from 1 July 2010 to 2 December 2010)
Mr Richard Guy OAM	Chairman
Mr Geoffrey Akers	Board Member
Mr Neil Brennan	Board Member
Mrs Miranda Douglas-Crane	Board Member
Ms Fiona Park	Board Member (term commenced 7 July 2010)
Mr Peter McCamish	Board Member
Mr Barry Steggall	Board Member
Mr Murray Smith	Chief Executive Officer (Accountable Officer)

### *Remuneration of Responsible Persons*

The numbers of Responsible Persons are shown below in their relevant income bands (excluding the Responsible Minister):

Remuneration Band	2011	2010
\$0 to \$9,999	1	1
\$20,000 to \$29,999	-	1
\$30,000 to \$39,999	-	4
\$40,000 to \$49,999	5	-
\$100,000 to \$109,999	1	1
\$350,000 to \$359,999	-	1
\$360,000 to \$369,999	1	-
	8	8

In calculating the disclosures above, income includes base salary and superannuation.

Total remuneration (including superannuation) received or due and receivable to the Responsible Persons from the reporting entity amounted to \$685,126 (2010:\$636,569). The Ministers' remuneration is disclosed in the Financial Statements of the Department of Premier and Cabinet.

### *Transactions with Responsible Persons*

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to disclose.

## Note 20. Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

A number of executives received bonus payments during the year. The employment contracts allow for an annual bonus payment based on pre determined key result areas.

Income Band	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$0 to 9 999	-	1	1	2
\$20 000 - 29 999	1	-	-	-
\$30 000 - 39 999	-	1	-	-
\$50 000 - 59 999	-	-	-	-
\$100 000 - 109 999	-	-	-	-
\$110 000 - 119 999	1	-	1	-
\$120 000 - 129 999	-	-	-	2
\$130 000 - 139 999	-	-	-	-
\$140 000 - 149 999	-	2	1	-
\$150 000 - 159 999	-	-	-	1
\$160 000 - 169 999	1	-	-	-
\$180 000 - 189 999	-	1	1	1
\$190 000 - 199 999	-	-	1	-
\$210 000 - 219 999	1	1	-	-
\$220 000 - 229 999	1	-	-	-
<b>Total numbers</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>
<b>Total amount (\$'000)</b>	<b>747</b>	<b>740</b>	<b>646</b>	<b>603</b>

## Note 21. Remuneration of auditors

	2011 \$'000	2010 \$'000
<b>Victorian Auditor-General's Office and Audit of the financial report</b>		
Audit or review of the financial report		
Paid	15	10
Payable	22	26
	<b>37</b>	<b>36</b>

## Note 22. Subsequent events

As at the date of this report there were no events subsequent to balance date requiring additional disclosure.

## Note 23. Glossary of Terms

### Backbone

Larger capacity water supply channels (carriers and trunks) that will form the nucleus of a modernised and automated water supply system to efficiently transport large volumes of water direct to customer service points.

### Capital Contributions

Additions to net assets which have been designated as contributions by owners.

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from no cancellable contractual or statutory sources.

### Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

### Connections

Public or private, piped or open channels, that allows individual properties, or a cluster of properties, to receive water from the Backbone (i.e. to be connected to the Backbone).

### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

### Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to NVIRP; or
- (d) a contract that will or may be settled in NVIRP's own equity instruments and is:
  - a non-derivative for which NVIRP is or may be obliged to receive a variable number of NVIRP's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of NVIRP's own equity instruments.

### Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

## Note 23. Glossary of Terms continued

All grants paid to one institutional sector (e.g. a State general government) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

### **Interest revenue**

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received.

### **Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

### **Net result from transactions/net operating balance**

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

### **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'.

### **On farm works**

Works to be carried out on a landowner's property downstream of a service point (i.e. downstream of meter).

### **Payables**

Includes short and long term trade debt and accounts payable, grants and interest payable.

### **Receivables**

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

### **Reconfiguration Program Transfer Agreement**

The agreement between DSE, G-MW and NVIRP to allocate funds for the reconfiguration of irrigation infrastructure and generation of water recovery and savings between G-MW and NVIRP.



## State Owned Enterprise for Irrigation Modernisation in Northern Victoria Statutory Certification

We certify that the attached financial report for the State Owned Enterprise for Irrigation Modernisation in Northern Victoria has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the period ended 30 June 2011 and the financial position of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria at 30 June 2011.

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

We authorise the attached financial report for issue on 26 August 2011.



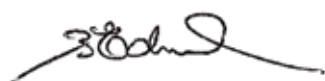
Richard Guy OAM  
Chair

Shepparton, Victoria  
26 August 2011



Murray Smith  
Chief Executive Officer

Shepparton, Victoria  
26 August 2011



Betty Edwards  
Executive Manager Finance & Business  
Services

Shepparton, Victoria  
26 August 2011

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, State Owned Enterprise for Irrigation Modernisation in Northern Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

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

The Board Members of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria 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*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria as at 30 June 2011 and of its financial performance and its 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*.

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

This auditor's report relates to the financial report of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria for the year ended 30 June 2011 included both in the State Owned Enterprise for Irrigation Modernisation in Northern Victoria's annual report and on the website. The Board Members of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria are responsible for the integrity of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria's website. I have not been engaged to report on the integrity of the State Owned Enterprise for Irrigation Modernisation in Northern Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
29 August 2011

*T. D. H.*  
for  
D D R Pearson  
Auditor-General

# Glossary

**Allocation or Water Allocation:** is water for use in a particular irrigation season depending on how much water is available in storage. For example, if a seasonal water allocation during a drought was 50 per cent, an entitlement holder with a 100 ML high-reliability water share would be allocated 50 ML of water for use.

**Automated Outlet:** is an outlet that will open and close without any manual operation at the site. The landowner places an order with Goulburn-Murray Water, which is then relayed via radio link. The automation can also regulate the flow during each irrigation. The electronic motors at the site, which open and close the outlet, are powered by a battery and solar panel.

**Automation (Channel):** is a system of remotely controlled regulators and gates linked to a computerised system. The computerised system automates the ordering, delivery and measurement of supply in irrigation channels. This automation may include customer service points.

**Backbone:** is a large capacity water supply channel (carriers and trunks). The backbone forms the nucleus of a modernised and automated water supply system to efficiently transport large volumes of water to customer service points.

**Channel:** an open channel or flume is constructed to convey water from an upstream water source to farms.

**Connections:** are either public or private, piped or open channels that allow individual properties, or a cluster of properties, to receive their water from the backbone.

**Delivery Share:** is the right to have water delivered by Goulburn-Murray Water and a share of the available flow in a delivery system. Delivery share may be transferred to other landowners supplied from the same channel or to channel systems where capacity is available or relinquished through a termination payment being made to the water corporation. Landowners are encouraged to transfer delivery share to the backbone to secure access to the modern system.

**Dethridge Wheel or Meter Outlet:** is the positive displacement flow measurement device used to determine water volumes

supplied from a supply channel to an individual farm. The meter is available in several sizes. Dethridge Wheels are being replaced as part of the modernisation process.

**Electronic Flow Meter (or Magflow Meter):** is a flow meter that operates with a pipe and control gate, as a measurement and delivery device for irrigation water. It allows a high flow of water from the supply channel to the farm channel, with less head loss than a Dethridge Wheel. This meter can be manual or automatic.

**FlumeGate™:** is a delivery and measurement flow meter and control gates for irrigation water. It allows a high flow of water from the supply channel to the farm channel, with less head loss than a Dethridge Wheel. This meter can be manual or automatic.

**Gigalitre (GL):** is one billion litres or 1 000 megalitres.

**GMID:** Goulburn Murray Irrigation District, the water supply system operated by Goulburn-Murray Water.

**Irrigation Area:** is a defined part of the Goulburn Murray Irrigation District, which comprises six irrigation areas e.g. Central Goulburn Irrigation Area.

**Long-Term Cap Equivalent (LTCE):** the volume registered for a particular recovery work or measure calculated using the accepted best practice Cap computer model for that system as the long-term average contribution to the Cap or potential contribution to long-term average flows in the relevant river valley.

**Magnetic Flow Meter:** see electronic flow meter.

**Megalitre (ML):** one ML is equivalent to 100 mm of water over a hectare or about one Olympic-sized swimming pool or 1 000 000 litres.

**Ordering Time:** is the time between ordering water from the water provider and delivery to a customer.

**Reconfiguration:** is changing the farm irrigation system layout as a result of the modernisation process.

**Remediation:** involves lining water supply channel bed and banks or rebuilding channel banks to reduce water losses. Impermeable membranes or compacted clay may be used to line channels.

**Service Levels:** irrigation or water delivery standards of service involve the quantification of flow rate, flow rate consistency, command, water ordering time, water delivery period, reliability and water delivery season length.

**Service Point:** is the point on the public water supply system that a customer receives water, usually through a meter. A service point may also be known as a meter, wheel or outlet.

**Spur Channel:** is a channel located downstream of the backbone.

**Supply Point (Farm Offtake, Outlet or Service Point):** is the point of delivery from an irrigation corporation supply system to an individual farm. A supply point from a channel system usually comprises a small-gated regulator or pipe outlet, which may incorporate a measurement device (meter).

**Water Generation:** the generation or setting aside of water through reduced water losses.

**Water Losses:** water losses include distribution losses through evaporation, seepage, metering error and leaks in irrigation infrastructure; leakage of water through channel banks and around service points and seepage through channel beds and banks in earthen channel systems.

**Water Share:** is a legally recognised, secure share of water, in storage or yielded in the catchment, available for use in a water system. The entitlement volume can be traded temporarily or permanently. A high reliability water share has been converted from existing water right or diversion licence volume (e.g. 100 ML of water right becomes 100 ML of high-reliability water share). Seasonal allocations will depend on how much water is available in storage. If a seasonal water allocation during a drought was only 50 per cent, an entitlement holder with a 100 ML high-reliability water share would be allocated 50 ML of water for use. A low reliability water share is the share of the low reliability pool.



# Acronyms

**CIE** Centre of International Economics  
**DPI** Department of Primary Industries  
**DSE** Department of Sustainability & Environment  
**EMP** Environmental Management Plan  
**EMS** Environmental Management System  
**EPBC** *Environment Protection and Biodiversity Conservation Act 1999*  
**FIA** Farm Irrigation Assessor  
**FOI** Freedom of Information  
**G-MW** Goulburn-Murray Water  
**GMID** Goulburn Murray Irrigation District  
**MCC** Modernisation Consultation Committee  
**MVIA** Murray Valley Irrigation Area  
**NVIRP** Northern Victoria Irrigation Renewal Project  
**SCADA** Supervisory Control And Data Acquisition  
**SKM** Sinclair Knight Merz  
**TIA** Torrumbarry Irrigation Area  
**TRAMS** Torrumbarry Reconfiguration and Asset Modernisation Strategy  
**U3A** University of the Third Age  
**YYNAC** Yorta Yorta Nation Aboriginal Corporation

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# Notes







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