

GOULBURN-MURRAY
WATER

Loddon Valley

IRRIGATION AREA

Manager's Message

What a season we have had! The past irrigation season has been extraordinary, with years of drought broken by unprecedented floods. We acknowledge the hardship experienced by many of our customers who have lost income, infrastructure and years of valuable fodder and now are embarking on years of recovery.

Late last year my role in G-MW changed. In my new role, I am managing both what was previously known as the Pyramid-Boort Irrigation Area and the Rochester Irrigation area, under the new umbrella of Loddon-Campaspe Operational Area. These areas have been amalgamated from a G-MW perspective. Customers will hardly notice a change but it will result in reduced overheads as management and supervision is shared across the two areas. Each area will maintain an individual identity and Water Services Committee. Perhaps the most noticeable change may be the need to book an appointment to meet with the manager who, despite all the advances in technology, is not yet able to be in two places at once! This initiative is purely driven by a need to increase efficiencies with the bottom line being to reduce costs to customers.

Another change that has taken place this season was to move the local irrigation planning function to a centralised location based in Tatura. This will improve the delivery of water with customers having 24 hour access to staff to assist with any service issue and to make changes to their irrigation plan. Customers can ring Waterline on 1300 469 469 or 1300 GMW GMW (cost of a local call anywhere in Australia) for all their irrigation requirements or simply go online by logging onto www.g-mwater.com.au and following the link to Waterline. The popularity of Waterline Online continues to grow with customers in both areas. It is likely when you contact the central planner that you will hear a familiar voice as two of our local planning staff work in the Central planning unit to ensure that local knowledge is available for customers and other central planners.

While delivery of irrigation water has been at a record low, it has allowed time for modernisation works. In keeping with modernising the backbone of

your irrigation system, we have rebadged the Pyramid-Boort irrigation area, now known as the Loddon Valley Irrigation Area. This name change was recommended

by community members to acknowledge a new, modern and positive era for irrigation in our area.

As I write, G-MW's Pyramid Hill office is currently being demolished and will be replaced with a new economical office. The Loddon Valley Water Services Committee (WSC) saw G-MW commit to a local presence in Pyramid Hill, this as an important step, to providing security to the irrigation area.

A driver for the Loddon Valley Irrigation WSC over the past 12 months has been to restore confidence and investment in the area through the modernised backbone, new name, new office and continued huge government investment in the area over the next couple of years.

On behalf of the staff at G-MW I would like to acknowledge the hard work put in by community members on the Loddon Valley Irrigation WSC – it was not an easy task to take on this role at a time of price increases, drought conditions, followed by record flooding. We thank Sue Bennett, Paul Gill, Andrew Van der Drift, John McEwen, Barry Lyons, and initially Neil Beattie, for their professionalism, enthusiasm and vision for a viable irrigation area. For our irrigation area to be resilient, we need positive, enthusiastic and creative thinking and I look forward to working with a community endorsed committee that will continue to provide valuable input on behalf of customers.



Sandra Schroen
Manager, Loddon-Campaspe
Operations

irrigation news

Water services prices 2011/12

G-MW is required to produce a schedule of fees and charges that will apply for all of its services for the coming year. The schedule is submitted to the Essential Services Commission for review. Once the ESC makes its determination the Board of G-MW is required to give its approval before the prices can take effect.

How are prices calculated?

To remain viable, each service must recover the costs of its annual operations and maintenance as well as a proportion of the long term capital costs. This includes recovering shortfalls from previous seasons that may result from low deliveries.

The annual costs are determined in consultation with local Customer Committees who advise G-MW on the trade off between an appropriate level of service and cost of delivering this service standard. The long term capital costs are determined according to a formula defined by the ESC.

Water storage services

Water storage service charges recover the costs of operating and maintaining the water storages. The Goulburn System entitlement storage fee has increased by 28% for high-reliability water shares and 34% for low-reliability water shares for Goulburn allocation customers, and by 18% for HRWS in the Broken, Campaspe, Loddon and Bullarook allocation customers. Goulburn system storage costs have increased to fund more than \$3 million worth of dam safety and improvement works at Goulburn Weir, Tullaroop, Laanacoorie, Hepburn, Nillahcootie and Eildon.

Why is there a difference?

In 2009/10 G-MW recovered revenue from the Goulburn allocation customers in anticipation of funding the costs of pumping the Waranga Basin in that season. Pumping wasn't required so the revenue was returned to Goulburn allocation customers as a reduction from the system fee – Goulburn allocation customers paid \$7.03 per ML while the other system customers paid \$7.65. In 2011/12 everyone returns to the same price which has increased from last year.

- The Goulburn System price averages irrigators' share of the costs for the Goulburn, Broken, Campaspe, Loddon and Bullarook basins across the irrigators who own water shares in these basins. The costs are charged per megalitres of water share.
- Urban water corporations, environmental entitlement holders and water shares not attached to land pay the individual basin price for the water shares they own in each basin.

Water Delivery Charges

Water delivery charges for customers in the Loddon Valley Irrigation Area have increased by 18% from 2010/11.

Why?

The current Water Plan approved in 2008 detailed the operational and capital costs that Loddon Valley would need to meet to deliver the service standards required by local customers. The service-price trade off that defines the service standards was developed in consultation with the local WSC. The Water Plan also detailed more than \$3 million of capital works that needed to be completed on the Loddon Valley delivery network within the 5 year period. These capital works included major subways and siphons along the Waranga Western Channel and the works were critical to ensuring the ongoing operation of this link from the Goulburn basin to the Loddon basin.

The drought continued to take its effect on local customers' operations during the first two years of the current Water Plan. G-MW, with input from the local WSC, sought to provide temporary price relief by pricing for the minimum necessary costs, even deferring some components, with the expectation that any shortfalls would be recovered in subsequent 'normal' seasons of the 5 year Water Plan. Critical capital works programs could not be deferred without unduly compromising customer service standards or resulting in even greater repair works and costs.

Unfortunately there wasn't a quick return to normal seasons, and the past year of record low water deliveries has further contributed to the Loddon Valley accumulating a total revenue shortfall of more than \$3 million over the first 3 years of the current Water Plan – nearly half of the Area's current total debt. Some Irrigation Areas have also recorded increased debt levels but most are a result of investment in channel improvement programs which means the increased debt is matched by an increase in the value of customer-funded assets. The ESC formula for recovering capital costs through prices is calculated on the value of customer-funded assets and so ensures the debt is paid back over the life of the assets. Low deliveries have occurred in other Irrigation Areas but in most cases the local services have been able to absorb the impact without increasing prices this season. With debt increasing faster than assets and the service unable to absorb the revenue shortfalls, Loddon Valley is required to increase customer prices for the coming season and possibly 2012/13, the last year of the current Water Plan to ensure the revenue shortfalls are recovered within the current Water Plan.

G-MW pricing simulators

No two customers have the exact same combination of water services. G-MW has developed pricing simulators that can help you understand the charges that may apply for your services in 2011/12. G-MW's simulators are available at www.g-mwater.com.au



The 2011/12 prices do not include irrigators' contribution to the Northern Victoria Irrigation Renewal Project (NVIRP). The first NVIRP payment is now forecast to occur in June 2012. Accordingly the impact is not included in this year's pricing. All 2011/12 revenue will go to meet programs approved by the ESC in 2008 as part of the Water Plan and to meet revenue shortfalls.

Drainage Services

Most customers will see a reduction in their drainage service charges for the 2011/12 season. The service fee and area fees are unchanged, and the water use fee has been reduced by 33%.

Community Surface Drainage prices have increased by CPI only.

Drainage service charges fund the costs of operating and maintaining the drainage network and services associated with mitigating the impact of irrigation on the natural environment and rivers.

Examples of price impact

Loddon Valley	Small	Medium	Large
Water Shares (ML) (HRWS/LRWS)	2	400/192	900/432
Delivery share (ML/day)	0.02	4	9
Service points (Irrigation)	-	5	10
Service points (D&S)	1	0	0
2010/11	\$301.99	\$18,107.20	\$40,303.70
2011/12	\$335.07	\$20,929.72	\$46,654.37
Change \$	\$33.08	\$2,822.52	\$6,350.67

*Examples provide an indication only. The examples assume a customer has storage, delivery and drainage services.

Customer Satisfaction Survey 2011

During June, G-MW completed its annual customer satisfaction survey. The survey involved 500 telephone interviews with customers from all services including groundwater and surface water diversions, Irrigation Areas, water districts and pumped irrigation districts. The survey is a key tool in measuring customers' views on our water management and delivery as well as customer service, communications and consultation processes. The survey results help us to identify areas for improvement as well as areas where we are doing well. Over coming months the final results will be shared with the Water Service Committees as we identify ways to further improve the services we deliver.

Thank you to all customers who participated in the survey.

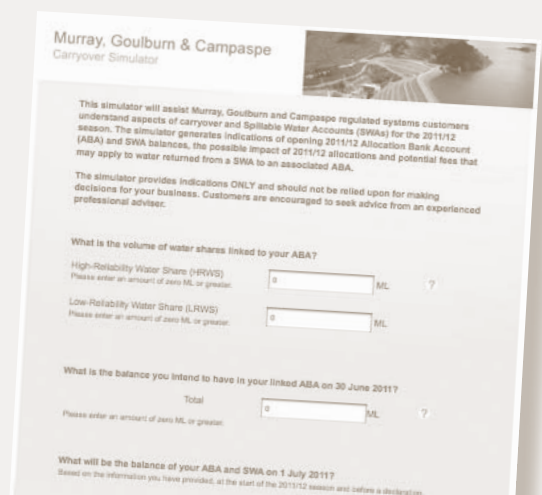
G-MW online Carryover simulators

At 15 June Northern Victorian irrigators had approximately 2,200,000 ML of water in Allocation Bank Accounts and eligible for Carryover into next season.

This is about 1,400,000 ML more than at the same time last year and reinforces the significant improvement in water resources this season.

At this stage, preliminary analysis suggests approximately 1,900,000 ML of this water will be available for trade and use in customers' Allocation Bank Accounts (ABA) from the start of next season, with a further 300,000 ML quarantined in spillable water accounts until there is a spill or pre-release or the declaration can be made. These volumes will be confirmed by the Victorian Water Register at the end of the current year.

Every customer's circumstances are different, so to assist you in understanding how Carryover might fit into your farm planning visit G-MW's online Carryover simulators at www.g-mwater.com.au



Winter Works Update

Winter works are currently underway in the Loddon Valley Irrigation Area to help improve service delivery for the coming season. G-MW will deliver the following works this winter:

- Subway repairs - Pyramid No.1 channel at Dingee at Bayliss Road.
- Siphon repairs - Waranga Western Channel downstream of regulator on Loddon Valley Highway at Bears Lagoon.
- Maintenance on two road bridges on Fenihurst/Mysia Road and Coghills Road at Mysia.
- Subway repairs - Kinypanial Creek in private property on the Boort No. 2 channel.



Yando Outfall

Customers and members of the public are reminded to be mindful while moving around the works areas due to the increase in traffic.

East Loddon Pipeline Project update

Construction is underway on G-MW's 142 km East Loddon Pipeline project that will deliver year round water to more than 100 town and rural water users across a 42,000 hectare region that includes G-MW's East Loddon water district and the townships of Jarklin and Serpentine. The pipeline is on track to begin delivering water to customers December 2011.

Mitchell Water Australia were awarded the contract for the project and bring considerable project experience following their construction of the Normanville, Tungamah and Wimmera Mallee Pipelines in recent years.

To date 35km of PVC pipeline has been laid with a conventional bucket trencher with up to two km of pipe being laid a day. The smaller diameter pipelines will be ploughed directly into the ground behind a bulldozer using a patented vibratory plough developed in conjunction with Swift Pipe and Mitchell Water Australia. This innovative technology will enable up to 6km of 63mm and 90mm pipeline laid each day.

The project is jointly funded by Coliban Water NVIRP and Goulburn-Murray Water customers.

A grant from Regional Infrastructure Victoria will also enable an extra 150ML of capacity to be built into the pipeline. The capacity is a huge bonus for the region and will allow intensive industries to develop in the area of the pipeline and have a reliable source of water for their business. Four tapping points will be installed in strategic locations for use by the CFA which will provide a reliable water supply for fire fighting purposes.

The pipeline will service over 100 individual landowners with over 200 tapping points being installed along the pipeline.

Collie Earthmoving has been constructing the 121ML winter storage adjacent to the Waranga Western Channel at Pompapier. The winter storage has the ability to be partially gravity filled with the remainder of the storage being filled by a high flow pump. Water will be distributed around the pipeline with a mix of 3 high flow multi stage pumps and two jockey pumps.

Rural Support Line 1300 655 969

Lifeline 131 114

Beyondblue 1300 224 636

contacts

Pyramid Hill office

03 5455 7100

LoddonWSC@g-mwater.com.au

Emergencies

To report emergencies and urgent matters such as pollution incidents and illegal activities call by using our 24 hour emergency line.

24 hour emergency line:

1800 064 184

G-MW e-services



Online Payments:

To pay your G-MW account please visit our website at www.g-mwater.com.au



SMS Allocations:

Allocation announcements sent direct to your mobile phone.



SMS Start/Stop:

Reminders of when your water order will start and stop.



Irrigation eNews:

Allocation and irrigation updates emailed to you twice a month.



eDams:

Water storage levels emailed to you daily, weekly or monthly.



Online offers additional features such as the ability to view spare channel capacity and adjust flow rates and duration – all with 24 hour, 7 days a week convenience.

Safety around the G-MW network

G-MW customers interact with our assets in many ways across the season. From opening your outlet to lending a hand with temporary G-MW site equipment. Your safety is vital so please make sure you are properly briefed on what is expected of you and the hazards and risks associated with these activities before hand. Call your local area office or talk with a staff member onsite to find out more.