

# 2011/12 ANNUAL REPORT

# Annual Report 2011/12

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# G-MW Profile

Goulburn-Murray Rural Water Corporation [trading as Goulburn-Murray Water (G-MW or the Corporation)] is a statutory Corporation constituted by Ministerial order under the provisions of the *Water Act 1989* (the Act).

During the reporting period, the responsible Minister was the Hon. Peter Walsh, MLA, Minister for Water. The Corporation is the Resource Manager for northern Victorian water systems.

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

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

G-MW is the Victorian Resource Manager appointed by the Minister for Water and has been given responsibility for making the seasonal determination for all Victorian Murray entitlement holders. In this role G-MW works closely with the Murray-Darling Basin Authority.

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

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

G-MW is also a partner in the Victorian Water Register, which is used to manage water entitlements and trade.

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2011 and 30 June 2012.

## **Our Strategy, Purpose and Strategic Priorities**

The appointment of a new Board of Directors and Managing Director in 2011 and the significant changes in the environment in which G-MW operated over the reporting period, has driven the need to revise the strategy.

**Our Strategy: To be respected by our customers and shareholder for managing water sustainably, delivering water efficiently, and building a modernised fit for purpose system.**

The following three strategic priorities have been the key focus areas of the business over the last year to realise our strategy:

1. Delivering a lean and reliable price pathway allowing customers to make informed investment and lifestyle decisions with certainty.
2. Contributing to a viable future for the rural communities of Northern Victoria through delivering a new, modernised, fit for purpose irrigation network by 2019.
3. Transforming G-MW to ensure it is an efficient business, delivering on what's important to our customers and shareholder.

While 2011/12 was a year of challenges, it also marked the start of the journey to transform G-MW with a key focus on becoming a customer-centric organisation committed to delivering for our customers and communities.

# Joint Report by Chairman and Managing Director

During the 2011/12 year the Board and Management focussed on the process of developing strategy, long term financial sustainability and putting in place the foundations for a new business model designed to drive greater transparency and accountability to our customers.

We enhanced financial reporting and analysis and the development of key financial operational metrics which were applied to 2011/12 and used to guide G-MW's long term forecasts.

Strong emphasis was placed on managing actual performance consistent with, or better than, the annual budget during 2011/12. This has seen a strong improvement in G-MW's financial position. Operational earnings (or Earnings before Interest Tax and Depreciation) of \$25 million was significantly improved compared with the 2010/11 loss of \$5 million. Likewise G-MW's cash flows from operations were positive for the first time in two years at \$24.8 million. This improved result was largely driven by higher charges and water volumes delivered increasing revenue and operational cost control measures.

#### **Key foundational initiatives for the year included:**

##### **The commencement of transforming our business to achieve a productivity dividend to reduce our costs.**

We developed our proposal for a new business model to address the challenges of our external environment both this year, and in future years.

The new design aims to drive efficient and low cost G-MW services, be easy to do business with and drive a culture of accountability and customer service.

##### **Integration of Northern Victoria Irrigation Renewal Project (NVIRP) into G-MW; a \$2 billion investment by Federal and State Government for long term average annual water savings of 429 gegalitres and irrigation water use efficiencies.**

The integration of NVIRP into G-MW had its origins in the Victorian Ombudsman's Final Report on the FoodBowl Modernisation project tabled in the Victorian Parliament on 23 November 2011. As a consequence of that report the Government informed NVIRP and G-MW of its intention to integrate NVIRP into G-MW with implementation of the Modernisation project to continue as a unit of G-MW, effective 1 July 2012.

As a result of this decision, G-MW in cooperation with NVIRP, recommended to Government a preferred option to transfer NVIRP's functions to G-MW together with the planning and operational arrangements required for its delivery.

The recommendation was accepted by Government and has led to an effective integration.

#### **The Development of a Tariff Strategy**

Together with our Water Services Committees we commenced work to articulate what our tariff structure should be in 2020.

Our current tariffs were developed to match our previous business environment. As we transform our irrigation delivery system and our business management, it is critical that our tariffs align with the new business systems and objectives. In our draft Water Plan we have guaranteed a productivity dividend to reduce our costs by \$6 million over the next three years. The saving flowing from the new business structure will ultimately be reflected in our tariffs.

#### **Emergency Management**

In January 2012, parts of Northern Victoria experienced severe regional flooding which significantly impacted two of our irrigation areas resulting in disruption for three towns and impacting our customers in our region. While some of our irrigation network was under flood other parts of the system were still delivering water required by customers.

Our training and emergency response plans were put into effect, including the establishment of an incident control centre in March 2012. During this period we continued working closely with the Victorian SES, to mobilise our staff and resources to respond to flood events affecting G-MW infrastructure and private property to assist our customers and the community.

Looking forward to 2012/13 the Board and Management will continue to drive the operational financial performance to ensure the financial sustainability of G-MW.

The Board extends its thanks to management and staff whose strong commitment during a very busy year has positioned the business well as it embarks on its transformation journey.

In accordance with the *Financial Management Act 1994*, we are pleased to attest that the G-MW Annual Report is compliant with all statutory report requirements. We are pleased to present the Report of Operations for G-MW for the year ending 30 June 2012.



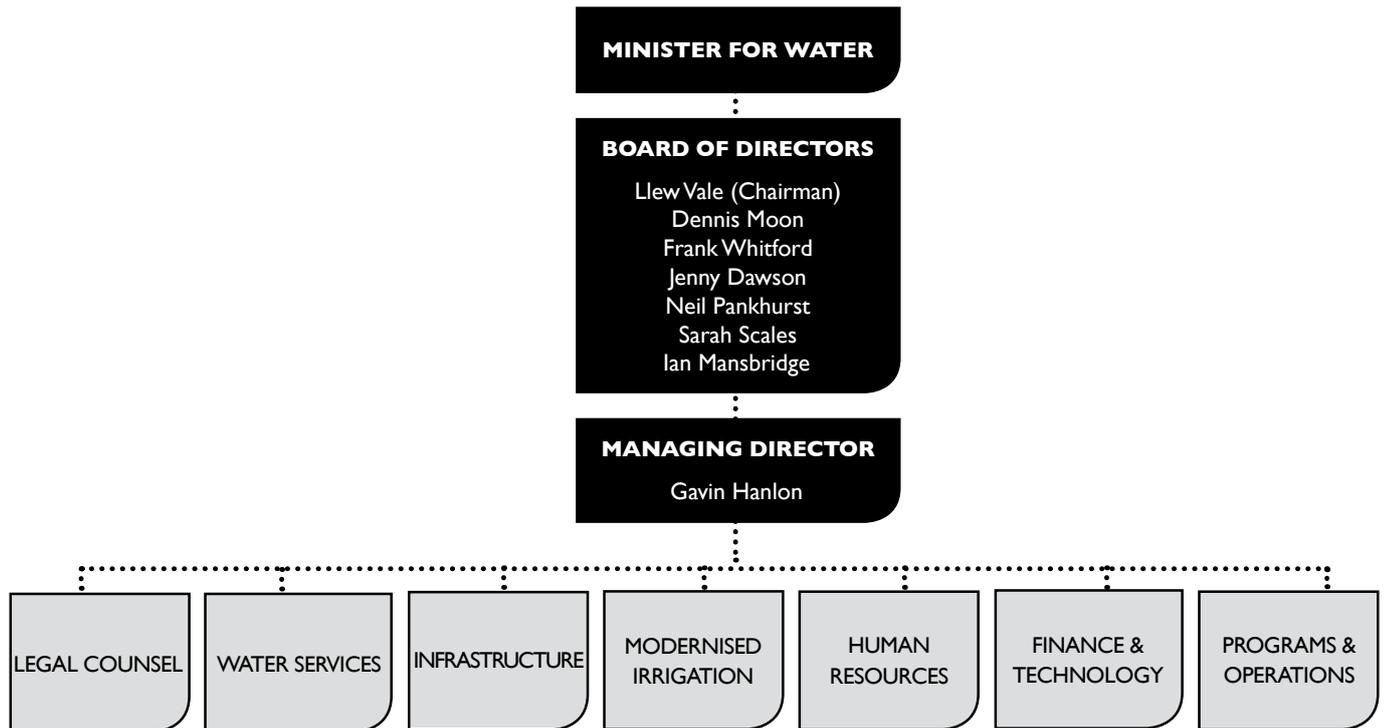
Llew Vale  
Chairman



Gavin Hanlon  
Managing Director

# Organisational Structure

As at 30 June 2012 the organisational structure was as per the chart below. It is important to note that substantial design work has been completed for a new functionally separated organisational structure to commence on 1 July 2012.





**G-MW Directors** (top L to R) Llew Vale (Chairman), Dennis Moon, Frank Whitford, Jenny Dawson  
(bottom L to R) Neil Pankhurst, Sarah Scales, Ian Mansbridge, Gavin Hanlon (Managing Director)

## The Board

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

The non-executive Directors for the financial year were:

- Llew Vale OAM
- Frank Whitford
- Jennifer Dawson
- Sarah Scales
- Neil Pankhurst
- Ian Mansbridge
- Dennis Moon

During the year, Shane McGrath was Acting Managing Director until 28 August 2011. Gavin Hanlon was appointed as the Managing Director and commenced with Goulburn-Murray Water on 29 August 2011.

## Directors - as at 30 June 2012

### Llew Vale OAM Chair

Llew Vale has extensive governance and water industry experience and expertise in primary production. Mr Vale has been a farmer for 36 years at Toora, and is a former Councillor and Mayor of the Shire of South Gippsland. He served as Chair of South Gippsland Water from its inception in 1995 until September 2011, having previously been a Member of the South Gippsland Water Board. Mr Vale was awarded an Order of Australia in 2002 for services to the water industry and community.

### Jennifer Dawson BBus, FCA, MAICD

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

### Ian Mansbridge FC.I.M., C.P.A., FC.I.S., FC.S.A., Dip C.M.

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

### Dennis Moon

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

### Neil Pankhurst

Neil Pankhurst has practical experience in primary production and customer engagement. Mr Pankhurst is an irrigator and dairy farmer from Tongala who is a Councillor and served a term as Mayor of the Shire of Campaspe. He is chair of Tongala and District Financial Services and was captain of the Yambuna Fire Brigade for eight years.

### Sarah Scales

#### B.Ag.

Sarah Scales is a business and risk management consultant and also owns a mixed farming enterprise near Mansfield. Sarah has been a director of InterGrain P/L, a plant breeding company, since October 2011. She was previously the General Manager, AWB International in addition to other senior management positions with AWB Limited. Ms Scales has a Bachelor of Agricultural Science and has completed the Stanford Executive Program.

### Frank Whitford

#### Ass. Dip. Bus. FAIM

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

Mr Whitford has an Associate Diploma of Business Studies and is a Fellow of the Australian Institute of Management.

### Gavin Hanlon

#### Managing Director

#### B. App Sci. M. App Sci, MBA, GAICD, FAIM

Gavin Hanlon has 10 years experience as either a CEO or MD in the Victorian water industry. Gavin Hanlon was Managing Director of Coliban Water prior to his current role at Goulburn-Murray Water. Prior to Coliban Water he was the Chief Executive Officer of the North Central Catchment Management Authority. He is a Williamson Fellow.

## Board Committees

During the period 1 July 2011 to 30 June 2012 the following Board Committees operated:

Committee	Purpose
Risk and Compliance (RaCC)	Oversee risk management and compliance.
Audit	Oversee the internal and external audit program, review annual financial statements and monitor financial, management and accounting responsibilities.
Remuneration	Oversee management remuneration policy, management remuneration and management remuneration responsibilities.
G-MW and NVIRP Joint Board Coordination Committee* (until January 2012)	Assist the respective Boards in facilitating their relationship under the Relationship Agreement entered into between Goulburn-Murray Water and NVIRP in March 2009.
G-MW and NVIRP Integration Steering Committee (commenced December 2011)	Established in December 2011 at the request of the Minister of Water and the Treasurer to investigate and evaluate options for the integration, prepare a report to Government recommending an integration model and transition process and oversight of the implementation processes generally.

\* The G-MW/NVIRP Integration Steering Committee replaced the functions of the joint Board Committee

Water Services Committees (WSCs) are also advisory committees to the Board, created under section 122(c) of the Act. The committees are comprised of customers appointed by the Board.

There are six gravity irrigation committees, four regional committees, two water district committees and one flood protection district committee. Under the WSC Charter the committees have up to nine members each. Nominations to fill vacancies are called for in June each year. In the event that more nominations are received than positions available, a ballot is held whereby customers vote to reduce the number of nominated candidates to match available positions.

## Board Meetings

<b>Board Meeting Attendance</b>						
<b>Number eligible to attend/number attended</b>						
	<b>Board</b>	<b>Audit</b>	<b>Risk &amp; Compliance Committee</b>	<b>Remuneration</b>	<b>Coordination</b>	<b>Integration</b>
Llew Vale OAM	11/11	5/6		3/3		11/13
Jenny Dawson	10/11	6/6				2/2
Ian Mansbridge	10/11				3/3	
Dennis Moon	11/11		3/3		3/3	
Sarah Scales	11/11		4/4	2/2		
Frank Whitford	11/11	6/6		3/3		13/13
Neil Pankhurst	11/11		3/4			
Gavin Hanlon	9/9					13/13
Shane McGrath	1/1					
Ian Moorhouse*	1/1					

\*Ian Moorhouse was appointed Acting Managing Director when Shane McGrath was on leave.

## Board Charter

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

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

## Board Delegation of Functions

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

## Directors as G-MW Customers

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

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

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

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



Llew Vale OAM  
Goulburn-Murray Water Chairman  
22nd August 2012

# Our Customers

## Customer Segments

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

The following table details G-MW's customer segments as at 30 June 2011 and 2012.

G-MW Customers			
	Category	Number of customers	
		2010/11	2011/12
Irrigation, rural and residential water users	Gravity irrigation (channels)	14,390	14,369
	Pumped Irrigation Systems	680	687
	Regulated Surface Water Diversions	3,668	3,665
	Unregulated Surface Water Diversions	7,511	7,467
	Domestic and Stock Supply	1,261	1,255
	Groundwater	7,818	7,559
	Flood Protection – Loch Garry	120	120
	Urban water corporations	6	6
	Environmental Water Holders	-	2
Non water users	Customers with water shares not associated with a water use licence or registration	1,051	1,028
Commercial operators	Agricultural, Tourism and Recreational leases and licences	812	786
	Houseboat licences	716	723
	Hydroelectric companies	2	2
	Plantation Operators	1	1

## Understanding Customer Needs

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

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

During the financial year, G-MW commenced a number of activities requiring substantial customer input including:

- **Tariff Strategy** - Chairs of the Water Services Committees were invited to guide the development of a tariff strategy. Chairs formed an Advisory Group to develop the strategy and met regularly to develop the draft strategy that was to be released for public comment in July 2012.

- **Water Plan** - Water Services Committees provided valuable input into the development of the 2013/16 Water Plan. Key discussions focussed on determining future service stands to meet customer expectations, feedback on G-MW's Water Plan discussion brochures, defining a hardship policy and understanding the proposed capital program and its delivery.
- **Submissions to the Murray-Darling Basin Plan (MDBA)** – our Water Services Committees were instrumental in developing a joint customer / G-MW response to the MDBA draft plan.

During the financial year, we also worked closely with two new bulk water customers; the newly created Commonwealth and Victorian Environmental Water holders, to better understand their needs and to assist them develop and implement their environmental watering plans.

## Our Customer Service - Performance

### Water Deliveries

During the financial year, a total of over 1,720,000 megalitres (ML) was delivered to G-MW customers on the regulated river systems, an increase of almost 950,000 ML on last year and the highest deliveries since 2005/06.

	2010/11	2011/12
Volume delivered (megalitres)	776,000	1,720,000
Number of customer orders	65,759	140,832

Of the 140,832 irrigation orders received, 90% were delivered on the day requested by the customer. Over half the irrigation orders received were lodged via the internet demonstrating our customers' appetite for self service and online convenience.

	Percentage of orders delivered on day (regardless of notice)	
	2011/12	Target
Shepparton	96.9%	92.0%
Central Goulburn	93.0%	93.0%
Rochester	80.7%	84.0%
Loddon Valley	82.8%	83.0%
Murray Valley	83.2%	89.5%
Torrumbarry	92.5%	94.5%
<b>Average</b>	<b>90%</b>	<b>89.3%</b>

In response to the change in customer behavior we launched a smart phone application providing customers with the ability to receive up-to-date information as well as the ability to order water deliveries and pay their account from any mobile device. Since April 2012, G-MW recorded more than 200 downloads of the phone application and 45,000 individual page views.

G-MW's response to service requests minimised interruptions to supply. In 2011/12 G-MW responded to in excess of 2,900 service requests for maintenance related issues (predominantly leaks) with 88% of all repairs completed within the service standards of 24 hours for priority one requests and 96 hours for priority two. Flooding in the Murray Valley Irrigation Area is reflected in G-MW's failure to meet targets in the Murray North East.

Maintenance	Priority 1 & 2 complete within time frames	Target
Goulburn - Broken	86%	85%
Loddon - Campaspe	97%	85%
Murray-North East	73%	85%
Central Murray	89%	85%
<b>Average</b>	<b>88%</b>	<b>85%</b>

### Water Transactions

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

Water share transfer numbers increased over the period due to an exemption to the 4% trading limit which was granted by the Victorian Government as part of the NVIRP Stage 2 agreement. The agreement to 'unblock' trades to the Commonwealth Government enabled approval of around 400 applications which were previously refused due to the 4% trade out limits.

Allocation trade numbers and volumes increased from the previous year, which had the lowest level of trade activity in recent history. 2011/12 trade numbers were still substantially lower than previous years, when the prolonged drought drove market activity to record levels.

There was a significant increase in trade activity towards the end of 2011/12 when entitlement holders sought to purchase allocation to maximise their carryover volumes prior to the end of the financial year.

		2010/11	2011/12
Water share transfers <sup>1</sup>	Volume (ML)	209,876	272,145
	Number	3,323	3,735
Allocation trades	Volume (ML)	1,130,930	1,354,000
	Number	3,234	4,902 <sup>2</sup>

1. Water share transfer statistics do not include other applications received during 2011/12 relating to water shares (ie: variations, consolidations, divisions).

2. Includes 4,842 water allocation trades, 10 surface water temporary trades and 50 groundwater temporary trades.

G-MW met the Council of Australian Governments' (COAG) service standards for processing 90% of water share transfers within 10 days. G-MW significantly exceeded the COAG service standards for processing of allocation trades as detailed in the following table.

Allocation Trades	COAG Service Standard	G-MW Performance	
To or from South Australia	within 20 business days	90%	98%
To or from NSW	within 10 business days	90%	98%
Within Victoria	within 5 business days	90%	99%

# Our Customers ... continued

Key initiatives focussed on improving customer service included:

- In 2011/12 G-MW expanded its paperless electronic processing system, STAR, to include both water share and allocation trade applications. The system eliminated the need for manual processing, improved accuracy and allowed G-MW to meet the COAG service standards while reducing allocation trade processing staff by 50%.
- G-MW worked with DSE to inform the development and implementation of a substantial program of software and hardware upgrades for the Water Register. The upgrades allow real time capture of water transactions in the water register and a more stable and efficient operating environment for users, which has contributed to G-MW's improved processing performance.
- G-MW geared up processing in early June to ensure all exempted water share transfers were processed within the 2011/12 season. The transactions included transfers to the Commonwealth Government under the Murray-Darling Basin water buy-back program and transfers arising from the Goulburn-Broken CMA's role as a delivery partner for the on-farm efficiency program.
- G-MW's annual water share ballot ensured all applicants had equitable access to early season trade opportunities under the Irrigation Areas 4% trade out limits. The importance of the ballot was reinforced with the 858 applications received substantially exceeding the trade-out limits.

## Keeping Customers Informed

G-MW continued to provide timely and relevant information to assist customers' business decision making. G-MW issued communications through a range of different media including:

- Over 85 meetings with water services committees with 77% of members in attendance.
- Regular print and email newsletters.
- Monthly updates of operational information in local media.
- Hosting more than thirty customer meetings across our entire service region providing customers with opportunities to understand and discuss their G-MW services including carryover and pricing.
- Online pricing and carryover simulators allowed customers to access information that is immediately relevant to their business.
- Free email update services to deliver real time information on water levels at G-MW's storages.
- Hosting regular information and update sessions with farm business advisers including brokers and solicitors. These sessions ensure our customers receive consistent and current advice regarding their water dealings.

## Customer Satisfaction

G-MW's 2011/12 Customer Satisfaction survey, which included interviews with over 750 customers, reported improved customer satisfaction for all aspects of G-MW's retail business operations. The table below shows the proportion of surveyed customers who rated G-MW a seven or above out of a possible 10 for each of the key service areas listed.

G-MW Customer Satisfaction Survey Results		
	2010/11	2011/12
Overall Satisfaction	52%	56%
Water management	42%	43%
Water delivery/access	58%	62%
Customer service	62%	66%
Communications	60%	64%
Consultation	42%	43%

The G-MW Annual Customer Satisfaction Survey also confirmed that 57% of surveyed customers believe G-MW provides good value services. This result was unchanged from 2010/11 and reflects the further work still required to be done to improve our service to customers.

The survey provides an overview of perceptions of performance, G-MW will work with Water Services Committees to design works programs to improve services.

## Retail Business – Operational Effectiveness

G-MW delivered a number of initiatives over the last year to further improve business efficiency within the retail business, to meet the needs of our customers and stakeholders. Initiatives over the 2011/12 year included:

- Modernisation of G-MW's channel delivery network. Significant progress was made in the last year in all Irrigation Areas that allowed G-MW to complete the centralisation of system planning and monitoring functions. The Murray-North East system planning and monitoring functions transferred to the Central System Operations centre from the beginning of 2011/12. The Central Murray system planning and monitoring functions are on track to transfer from the start of the 2012/13 season.
- During 2011/12 G-MW completed the transition to a centralised customer service model for water delivery services. Local regional customer service centres now focus on managing diversion services, pumped irrigation districts, piped domestic and stock systems and gravity irrigation areas. This centralised model has improved business efficiencies and provided customers with a central contact point for all water services.

## Wholesale Catchment Services

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

### Surface Water – Regulated Systems

G-MW is the appointed Resource Manager for all northern Victorian regulated river systems. As detailed in the following table, improved seasonal conditions enabled allocations of 100% high reliability water share (HRWS) allocations on all systems and 100% low reliability water share (LRWS) allocations on Broken, Campaspe and Bullarook systems. No allocations against LRWS were made in the Goulburn, Murray or Loddon systems.

Seasonal Allocations for G-MW's Regulated Systems													
Season	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek		
	HRWS %	LRWS %	HRWS %	LRWS %	HRWS %	LRWS %	HRWS %	LRWS %	HRWS %	LRWS %	HRWS %	LRWS %	
2011/12	100	0	100	100	100	0	100	100	100	0	100	100	

### Carryover

Victorian water entitlement holders carried over 1,852,000 ML into the 2011/12 season representing 23.7% of available storage space and an increase from the 1,721,000 ML carried over into the 2010/11 season.

In its role as Resource Manager, G-MW was able to declare a low risk of spill in the Murray system at the start of the 2011/12 season. This allowed customers to trade or use allocation carried over in excess of 100% of entitlement volume (held in spillable water accounts) from 1 July 2011.

Customers on the Goulburn and Campaspe systems could access a large portion of their carryover from the start of the season, but were not able to access water in spillable water accounts until December 2011 because the risk of spill was high in each system. Pre-releases from Lake Eildon under target filling arrangements and physical spills from Lake Eppalock meant that customers with water in spillable water accounts lost portions of their volume prior to the Resource Manager making the declaration of a low risk of spill.

### Groundwater

Improved seasonal conditions and further recovery in groundwater levels enabled allocations of 100% in most Groundwater Management Units. The Katunga Water Supply Protection Area (WSPA) allocation of 70% was the maximum possible under the WSPA's management plan and zone 1028 of the Lower Campaspe Valley WSPA reached 75%.

# Our Business ... continued

## Dams

During the year, G-MW delivered a number of initiatives to improve the operation and services provided at and around its storages including:

- Updated and improved the consistency of operations and maintenance manuals for all storages under G-MW management. G-MW also updated its dam safety emergency management plans and prepared flood incident management plans for all storages.
- Progressed Land and On-water Management Plans in consultation with local agencies, local government, community groups and residents. Plans are in development for Lake Eppalock, Cairn Curran, William Hovel, Buffalo, Kow Swamp, Lake Charm and Lake Kangaroo. Final plans were written for Goulburn Weir and Lake Eildon after extensive community and stakeholder engagement.
- Offered new five year grazing licences at Goulburn Weir, Eppalock, Cairn Curran, Nillahcootie, Laanecoorie and Tullaroop following an extensive review of environmental conditions.

## Capital Works

During 2011/12 G-MW delivered \$36.5 million of capital projects. G-MW delivers its works through a mix of direct management with internal resources and outsourcing to contractors. The mix is determined through competitive tendering of works and ensures G-MW continuously compares costs and demonstrates efficient delivery. Works within G-MW's Irrigation Areas were targeted to irrigation backbone assets ensuring the investment was consistent with the rollout of modernisation.

As constructing authority for the Murray-Darling Basin Authority (MDBA), G-MW:

- Refurbished the Mildura-Merbein Salt Interception Scheme.
- Assisted the completion of the Lake Tutchewop Groundwater Interaction Investigations Report.
- Continued works on the MDBA's Living Murray Program at Gunbower and Hattah Lakes in support of the North Central and Mallee Catchment Management Authorities.

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

Capital Projects		
Project	2011/12 Expenditure \$	% Complete at 30 June 2012
East Loddon Pipeline Project	6,050,000	95
Bridge and culvert replacements	4,594,000	100
Channel remodelling program	2,980,000	100
Advanced Maintenance Program	2,945,000	100
Access track and fencing program	1,488,000	100
Enterprise Information Management system	1,120,000	65
Mildura-Merbein Salt Interception Scheme Refurbishment	760,000	50
Pyramid Hill Office Replacement	665,000	100

In addition, as part of the Northern Victorian Irrigation Renewal Project (NVIRP), G-MW received contributed assets to the value of \$85.6 million during the financial year.

G-MW fulfilled its obligations under the Department of Health - *Safe Drinking Water Act 2003*, *Safe Drinking Water Regulations 2005*, *Water Industry Act 1994*, *Environmental Protection Act 1970* and G-MW's Statement of Obligations issued by the Minister for Water:

G-MW manages its interactions with the environment through its Environmental Management System (EMS). G-MW's EMS is certified to the International Standard for Systems AS/NZ ISO 14001 and has maintained this certification throughout 2011/12. Performance against this standard was assessed through the completion of two external audits.

## Sustainable Water Use

### System Efficiency

Modernisation in G-MW's Irrigation Areas is continuing to improve the operational efficiency of G-MW's channel delivery networks. The following table shows system efficiencies compared with 2010/11.

System efficiency reflects the percentage of water diverted into an Irrigation Area that is recorded through customers' outlets. Diversions into the Torrumbarry Irrigation Area were substantially lower in 2010/11 as local inflows were used to meet customer demand. The 2011/12 results reflects a return to more normal diversion and delivery patterns within this Area.

System Efficiency within Irrigation Areas 2011/12		
	2011/12	2010/11
Shepparton	89%	90%
Central Goulburn	80%	74%
Rochester	76%	77%
Loddon Valley	81%	71%
Murray Valley	75%	68%
Torrumbarry	70%	77%

### Sustainable Resource Management

G-MW's land and river health, water quality monitoring and resource management programs contribute to G-MW's sustainable management of surface water and groundwater resources. These programs are delivered by G-MW in collaboration with partner agencies including the Catchment Management Authorities and the Department of Sustainability and Environment (DSE).

During 2011/12 G-MW contributed to and continued to provide key programs including:

- Commencement of the development of a hydrodynamic model and a water quality model for several storages, with a preliminary three-dimensional model developed for Goulburn Weir. This initiative will identify opportunities to reduce the in-storage and downstream impacts on water quality, including temperatures, that result from G-MW's operations while continuing to provide water resources to customers.
- Annual groundwater resource assessments. During the year this assessment confirmed improved groundwater levels and the potential reemergence of salinity risks in irrigation and dryland areas of Northern Victorian. In response G-MW recommenced groundwater pumping across the region and in particular across the Shepparton Irrigation Area.
- Completion of drilling 192 state observation bores across its region on behalf of DSE's State Observation Bore Network Refurbishment Program.

Statutory groundwater management plans and local management plans provide a framework to enable the sustainable management of groundwater and surface water resources. During the year G-MW completed plans for the Upper Ovens River; the Lower Campaspe Valley; Loddon Highlands. During the year G-MW drafted a local management plan for the Lower Ovens Groundwater Management Area (GMA) and commenced development of local management plans for Central Victorian Mineral Springs, Upper Goulburn and Strathbogie GMAs.

- The development of the draft Victorian Strategy for Healthy Rivers, Estuaries and Wetlands which will update the existing approach to monitoring and managing river health and water quality. G-MW contributed through its involvement in DSE's Riparian Advisory group, Lower Broken Creek Management Plan and Seven Creeks Action Plans.

# Our Environment ... continued

## Other Statutory Obligations

G-MW is bound by obligations under the Department of Health - *Safe Drinking Water Act 2003*, *Safe Drinking Water Regulations 2005*, *Water Industry Act 1994*, *Environmental Protection Act 1970* and G-MW's Statement of Obligations issued by the Minister for Water.

Initiatives and activities completed through the year to meet these obligations included:

- Blue-Green Algae outbreaks on Laanecoorie and Tullaroop Reservoirs and Lakes Eildon and Eppalock triggered requirements for G-MW to issue warnings to affected communities and customers. G-MW continues to adapt its communication tools to fulfill these obligations while being sensitive to the interests of tourism, recreation and local communities.
- Water from the 16 storages G-MW manages is used for multiple purposes including domestic and stock water; maintaining environmental flows and supplying urban water corporations with water for around 120 towns across the region. While G-MW does not provide potable water, it is an integral part of the supply chain and during the year implemented Risk Management Plans under the *Safe Drinking Water Act*. The Department of Health required G-MW to have its risk management plans audited during 2011/12. The external audit was undertaken in March 2012 and found G-MW to be compliant with all requirements.

- Flooding in the Goulburn, Murray and Broken catchments caused several blackwater events during the year. G-MW worked with Victorian Catchment Management Authorities (CMAs), NSW State Water, MDBA and other agencies to minimise the impacts of these events on fish health as well as making inundated groundwater pumps operational as soon as possible.
- G-MW continues to comply with its obligations for chemical handling and usage. G-MW is working with the Department of Primary Industries and the Australian Pesticides and Veterinary Medicines Authority to develop new or alternative chemicals for use on submerged aquatic plants in channels. Pest plants and animals have the potential to impact on service to customers by clogging channels and reducing water quality.
- DSE approved the corporation's Native Vegetation Code of Practice and the inclusion of the requirements of this code into the planning schemes of the 26 municipalities G-MW interacts with across our operational area. The Code will streamline G-MW's involvement in these planning processes and is the first of its kind in the water industry.

## Greenhouse Emissions

During 2011/12, G-MW reduced its total Greenhouse Emissions by 363 tonnes and remains on track to meet its Corporate Plan target of 25% reduction on 2005/06 emissions by 2013.

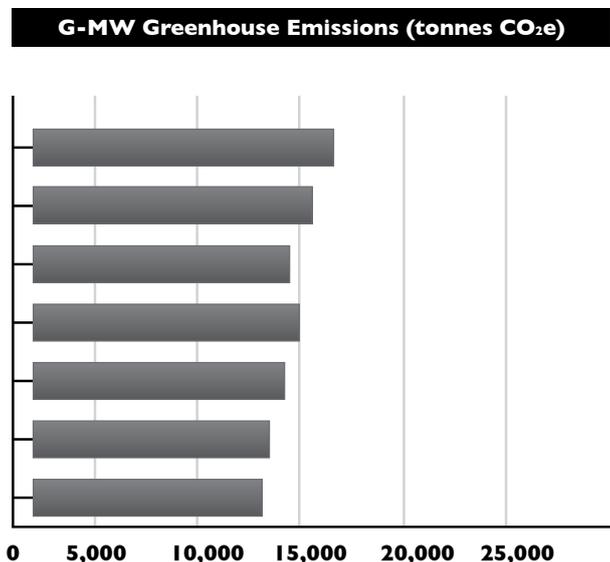
As reflected in the table below, this reduction has largely been driven by reduced greenhouse emissions from energy sources used to run offices, depots and to deliver water to customers. The reduction is attributed to the continual improvement and implementation of Green Office Initiatives and G-MW's Green Purchasing Policy.

Greenhouse Emissions by Source							
t CO <sub>2</sub> e by source	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Energy <sup>1</sup>	10,890	8,275	8,300	9,341	8,702	9,001	8,356
Vehicle Fleet <sup>2</sup>	6,369	5,057	4,902	4,518	5,306	4,416	4,698
Temporary pumping <sup>3</sup>	-	2,341	1,100	1,061	-	-	-
<b>Total</b>	<b>17,259</b>	<b>15,673</b>	<b>14,302</b>	<b>14,920</b>	<b>14,008</b>	<b>13,417</b>	<b>13,054</b>
<b>Target</b>	<b>17,259</b>	<b>16,643</b>	<b>16,027</b>	<b>15,411</b>	<b>14,795</b>	<b>14,179</b>	<b>13,563</b>

1. Electricity and gas to run offices and depot and deliver water to customers. Some energy figures differ slightly from numbers reported in previous years due to a change in the way electricity and gas use is calculated.
2. Fuel consumed by the vehicle fleet.
3. In some years temporary pumping made a significant contribution to greenhouse emissions, but this was not the case in 2011/12.

G-MW's Greenhouse Emissions Action Plan (2008) sets a long-term goal for the organisation to be carbon neutral by 2050. This goal and mechanisms for achievement are currently under review pending legislative and regulatory changes.

G-MW continues to work with other water corporations on greenhouse issues through its participation in the Greenhouse Working Group.



### Corporate Water Consumption

Corporate water consumption at G-MW's 15 major office locations was 13,584 kL in 2011/12. Based on full time equivalent employees at major offices, this equates to an office water consumption of 20 kL per full time equivalent employees (FTE) per year. While this result reflects a reduction in consumption relative to results in years prior to 2009/10, it must be noted that this is largely driven by a change in metric and prior results were inflated by the inclusion of water consumption at G-MW depots and recreational areas.

(KL)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Water consumption	5,003	22,638	13,798	26,341	10,229	11,934	13,584
Consumption per FTE	8	36	21	37	14	17	20

# Our People

During 2011/12 G-MW completed a number of initiatives outlined in the Corporate Plan. These include:

- The creation of the Employee Engagement Committee and the development of action plans to improve G-MW staff engagement and performance.
- A review of G-MW's performance management system.

Improved staff engagement will be measured against clearly defined key success indicators, performance targets and key metrics commencing from 2012/13.

## Complying with Our Employment Obligations

G-MW has complied with employment obligations relevant to its business including obligations contained within the *Public Administration Act 2004* and the *Disability Act 2006*.

Consistent with these obligations:

- G-MW reviewed and updated all policies supporting appropriate workplace behavior including Equal Employment Opportunity and Bullying and Harassment. Staff awareness sessions were conducted during the year.
- The State Government's merit and equity principles provided the foundation for our recruitment processes, position advertising and employee selection.
- G-MW reviewed and updated the Disability Action Plan (2012-2014) to ensure compliance with the legislative requirements of the *Disability Act 2006*.

## Our Employees

G-MW employs a total of 702 staff (figures exclude Directors and Chairperson), equivalent to 684 full time employees (FTE). The demographics of G-MW's workforce are outlined in the following tables.

During the last financial year G-MW's workforce remained consistent with the previous year:

	Total Employees	Full Time Equivalent (FTE)	% Male	% Female
2011/2012	702	684	78	22
2010/2011	702	685	78	22
2009/2010	727*	713	79	21
2008/2009	728	710	80	20
2007/2008	683	660	82	18
2006/2007	659	632	83	17
2005/2006	642	621	84	16

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

Classification	Total Employees	FTE
Band A	162	160
Band B	217	212
Band C	158	153
Band D	90	87
Band E	44	43
Band F	23	21
EO	8	8

Age Brackets	Total Employees
< 25	48
25 - 34	148
35 - 44	174
45 - 54	177
55 - 64	145
65 >	10

## Making Our Workplace Safer

G-MW has continued to implement improvements in workplace health and safety including:

- The migration of G-MW's Occupational Health and Safety Management System from SafetyMAP Initial Level certification to accreditation against AS/NZS 4801: Occupational Health and Safety Management Systems, to align with industry benchmarks and best practices.
- Implementation of a targeted risk management strategy focussed on one of the corporation's highest risk areas, manual handling. The Strong 4 Life Program was piloted during the year with 150 employees taking part. This will be rolled out across the entire organisation in 2012/13.
- Delivery of individual health assessments to some 50% of employees through WorkSafe Victoria's Work Health Scheme.

## Corporate Safety

During the 2011/12 financial year, G-MW continued to recognise the importance of maintaining a safe working environment for its employees and improving health and safety standards in the workplace.

G-MW has recorded fewer workers compensation claims and a reduction in the average cost of each claim over the last financial year. G-MW's performance against its occupational health and safety indicators are detailed below.

<b>Occupational Health and Safety Key Performance Indicators</b>						
	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Number of health and safety employee representative committees	14	14	19	23	18	19
Number of lost time injuries for the year	11	13	12	7	8	9
Number of days lost to injuries incurred during the year	202	210	378	313	162	122
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	10.4	12.1	11.3	6	7.2	9
Average Lost Time Rate (average number of days lost per lost time injury)	18.4	16.9	31.5	44.7	20.3	12.2

# Our Obligations

## Freedom of Information (FOI)

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

### Freedom of Information Officer

Goulburn-Murray Water  
PO Box 165  
Tatura VIC 3616

Requests must be in writing, provide necessary information to identify the documents sought and be accompanied by the required application fee. The application fee is \$25.10. This fee may be waived in certain circumstances. Additional access charges may apply. From 1 July 2011 to 30 June 2012 G-MW received 38 new FOI requests. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

During this time 35 requests were finalised. The outcomes were:

Full access granted	9
Partial access granted	16
Access denied	1
No documents	7
Withdrawn	2

As at 30 June 2012 three requests were not finalised and two were not proceeded with.

G-MW received three applications for internal review. The outcomes were as follows:

Original decision upheld	1
Original decision varied	1
Original decision overturned	0

As at 30 June 2012 one internal review was not finalised.

No applications were made to the Victorian Civil and Administrative Tribunal (VCAT) to review a FOI decision during the relevant period. Two outstanding VCAT matters from the previous reporting period were withdrawn during the year.

No complaints were received from the Ombudsman concerning FOI requests handled by G-MW.

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

## Information Available

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

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;

- Details of publications produced by G-MW about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by G-MW;
- Details of any major external reviews carried out on G-MW;
- Details of major research and development activities undertaken;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken to develop community awareness of G-MW and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within G-MW and details of time lost through industrial accidents and disputes;
- A list of major committees sponsored by G-MW, the purposes of each committee and the extent to which the purposes have been achieved; and
- Details of all consultancies and contractors including:
  - consultants/contractors engaged;
  - services provided; and
  - expenditure committed to for each engagement.

## Energy and Water Ombudsman (Victoria) Limited

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

During the 2011/12 financial year, the Energy and Water Ombudsman referred 58 matters to G-MW. The nature of these referrals is outlined below:

Ombudsman Referrals	
Enquiries	3
Unassisted Referrals	15
Assisted Referrals	28
Stage 1 Complaints	2
Stage 2 Complaints	9
Stage 3 Complaints	1*

\* Case complexity contributed to one complaint progressing to a Stage 3 status.

As at 30 June 2012, there were no complaints against the Corporation being investigated by the Ombudsman's office.

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

### The Energy and Water Ombudsman (Victoria)

Reply Paid 469  
Melbourne VIC 8060

## **Victorian Industry Participation Policy (VIPP)**

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

During 2011-12, G-MW commenced 2 contracts totalling \$4,840,000 (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:

- The 2 contracts provided 100 per cent local content.
- Retention of 18 FTE existing jobs
- Transfer of dam and irrigation construction skills, safety systems and environmental training to new and existing contractor staff.
- No apprentice/traineeships positions were created.

During 2011-12, G-MW completed 3 contracts totalling \$11,069,942 (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:

- The 3 contracts provided 100 per cent local content.
- Retention of 25 FTE existing jobs and the creation of 3 FTE new jobs.
- Transfer of dam and irrigation construction skills, safety systems and environmental and cultural awareness training to new and existing contractor staff.
- No apprentice/traineeships positions were created.

## **Whistleblowers Protection Act**

The *Whistleblowers Protection Act 2001* (the Act) 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.

Until 14 March 2012, the protected disclosure coordinator for the Department of Sustainability and Environment (DSE) acted as the Corporation's agent to receive disclosures under the Act, and applied DSE procedures in managing disclosures. Since that date, Goulburn-Murray Water has developed its own procedures and effective from 1 July 2012 has appointed its Corporate Secretary as the protected disclosure coordinator. Disclosures of improper conduct by the Corporation or its employees may be made to:

### **Corporate Secretary**

Goulburn-Murray Water  
PO Box 165  
Tatura Victoria 3616

During the 2011/12 financial year two disclosures were received and were referred to the Ombudsman.

# Our Obligations ... continued

## Consultancies

Consultants were engaged by the Corporation during 2011/12 to provide expert analysis and technical advice to facilitate decision making. The following consultants were engaged during the reporting period, with total contract costs of \$10,000 or more:

Consultancies					
Consultant	Purpose of Consultancy	Total Fees Approved \$	Expenditure for Reporting Period \$	Future Commitments \$	Start / End Date
Deloitte Touche Tohmatsu	NVIRP Integration	340,000	143,483	196,517	May - July 2012
Fitzgerald Frisby Landscape Architecture Pty Ltd	Reserves Master Plan	22,836	18,080	4,756	Jan - Aug 2013
GHD Pty Ltd*	Specialised Engineering Projects	583,833	154,946	428,887	July 2011 - Feb 2013
GR Design & Construct Pty Ltd	Specialised Engineering Project	12,293	11,175	1,118	Apr - Dec 2012
Hyder Consulting Pty Ltd	Land and On Water Plans	960,487	411,218	549,269	Mar 2011 - June 2013
JMW Consultants Australia Pty Ltd	Strategic Leadership & Organisation Performance	298,350	298,350	-	Mar - June 2012
Periscope Consulting Pty Ltd	Risk Consultancy	12,716	11,560	-	Feb 2011 - Apr 2012
PricewaterhouseCoopers	EIM Project Implementation (Information Technology)	149,580	149,580	-	July 2011 - Oct 2011
PricewaterhouseCoopers	Integration	180,502	180,502	-	Jan - Mar 2012
PricewaterhouseCoopers	Risk Framework Review	110,578	110,578	-	Sep 2011 - Mar 2012
RM Consulting Group	Consultancy Water Plan 3	383,204	207,739	175,465	Dec 2011 - June 2013
RPS Aquaterra Pty Ltd*	Specialised Engineering Projects	121,541	74,109	47,432	Aug 2012 - June 2013
SACS Consulting Pty Ltd	Executive Recruitment	170,000	144,335	25,665	Mar - July 2012
Sinclair Knight Mertz*	Specialised Engineering Projects	894,782	587,885	306,897	July 2011 - June 2013
SJE Consulting	Technical Standards Development Dams	32,000	29,091	2,909	Nov 2011 - June 2013
The Axiom Group	Incident Control Procedures	61,600	54,000	-	Oct 2011
TJC Solutions*	Specialised Engineering Projects	115,500	20,004	95,496	Sep 2011 - June 2013
UNSW Global Pty Ltd*	Specialised Engineering Projects	63,966	16,651	47,315	July 2011 - Oct 2012
URS Australia Pty Ltd*	Specialised Engineering Projects	2,661,781	2,009,368	652,413	July 2011 - Feb 2013
<b>Totals</b>		<b>7,175,549</b>	<b>4,632,654</b>	<b>2,534,139</b>	

\* Indicates consultancies engaged by G-MW to support the delivery of externally funded projects including projects delivered on behalf of the MDBA.

In 2011/12 the Corporation engaged 13 consultancies where the total fees payable to the consultants were less than \$10,000 with a total expenditure of \$35,945.

## **Value of Community Service Obligations**

During 2011/12 G-MW granted \$192,545.14 in pension concessions compared to \$165,627.24 pension concessions granted in 2010/11.

## **National Competition Policy**

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

## **Capital Projects**

There were no capital projects over \$50 million - Treasury approval - undertaken during the 2011/12 financial year.

## **Disclosure of Major Contracts**

G-MW has disclosed all contracts greater than \$10 million in value, which were entered into during the year ended 2012.

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

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

## **Risk Management**

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

Key enhancements during 2011/12 included further improvements to the practical application of risk management within the business. G-MW's risk management framework is based on Australian/New Zealand Standard AS/NZS 4360 – Risk Management and ISO31000: 2009 Risk Management Framework.

## **Statutory Planning**

Approximately 1,430 planning applications were received and processed in the 2011/12 financial year. A further 38 Planning Scheme Amendments were processed. Under the *Planning and Environment Act 1987* G-MW is required to respond to matters referred to it within 28 days or within the time period determined by the relevant Council. During 2011/12 G-MW fulfilled these requirements for all referrals.

Under Section 55 of the *Planning and Environment Act 1987*, G-MW is a statutory referral authority for developments within any declared Special Water Supply Catchments and drainage within G-MW's Irrigation Areas. G-MW completed strategic work on the 43 Proclaimed Special Water Supply Catchments in our referral area, and has provided the boundaries of the Catchments to each of the 18 local government areas affected.

## **Building Act 1993**

G-MW has complied with the building and maintenance provisions of the *Building Act 1993*.

# Financial Statements 2011/12

## Financial Commentary

### Move to Financial Sustainability

The focus of the 2011/12 financial year has been on the immediate and long term financial sustainability of G-MW. Along with achieving 2011/12 financial targets and enhancing the way in which financial sustainability is measured and reported, the focus on long term sustainability has included building the foundations for a new business model concentrating on core activities.

With a strong emphasis on achieving 2011/12 financial targets, G-MW achieved an operational result (Earnings before Interest, Tax Depreciation and Amortisation) of \$25 million and positive operational cash flows of \$24.8 million. Both results were ahead of budget.

### Operational Result

The Corporation's operational result, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year was \$25 million compared to losses of \$5 million and \$21.9 million in the previous two years.

This improved operational result was also reflected in positive operational cash flows. G-MW's operational cash inflows for 2011/12 were \$24.8 million compared with outflows of \$10.8 and \$1.6 million in the preceding two years.

The main reasons for the improved operating result were a significant increase in water storage and delivery income as a result of greater demand for water combined with lower expenditure on contracts and services costs as G-MW looked to reduce its cost base.

### Profit Before Tax

G-MW's 2011/12 loss before tax of \$52 million remains largely unchanged from the prior year. This result does reflect an improved operational result for G-MW albeit offset by the impact of higher depreciation charges in 2011/12.

G-MW incurred \$70.3 million of pre-tax depreciation and amortisation expense during 2011/12, being a \$29.1 million increase from 2010/11. This increase is a result of the revaluation of land, buildings and infrastructure assets to fair value at 30 June 2011. This revaluation increased asset values by \$1.2 billion. Under the economic regulatory framework, G-MW is unable to recover the majority of its statutory depreciation through customer charges which drives the pre-tax loss position.

G-MW's 2011/12 after tax loss of \$34 million has improved due to a restatement of income tax expense in the prior year. Following the revaluation of G-MW infrastructure at 30 June 2011, an adjustment has been made to the prior year income tax expense due to a restatement of the Deferred Tax Liability balance as at 30 June 2011. This is a non cash flow adjustment.

### Assets

The Corporation's asset base increased by \$55 million during the year to \$4.1 billion. This increase is primarily due to assets received from NVIRP totalling \$85.6 million from the Connections Project as well as asset additions and transfers of \$46 million. These were offset by asset disposals of \$9 million and depreciation and amortisation of \$70.3 million.

Assets continue to be decommissioned as a result of the reconfiguration of parts of the delivery network as a result of the Connections Project. It is anticipated that this will continue throughout the remainder of the program with the write off of decommissioned assets charged to the Statement of Comprehensive Income. The decommissioning of assets should lead to lower operational costs in future years and water savings.

### Watermove

As part of G-MW's commitment to focus on core business, the Board of G-MW announced it will be winding up its 100% owned subsidiary, Watermove Pty Ltd. Watermove acted as an independent broker of water entitlements and was created at a time when there weren't other providers in the market place and the Victorian Water Register did not exist. There are now multiple providers in the market place and the Water Register provides substantial information about the water market.

During the 30 June 2012 year G-MW assessed the carrying value of its investment in Watermove and impaired the value to zero. This has resulted in a charge to the Statement of Comprehensive Income of \$0.9 million and a provision against receivables from Watermove of \$0.2 million.

### NVIRP

On 1 July 2012 NVIRP, including all assets and liabilities, was transferred to the Corporation under the direction of the Victorian Government. The value of the assets and liabilities transferred is disclosed in the Events after the Balance Date note in the financial statements.

The G-MW Connections Project (formerly NVIRP) will have a significant impact on the financial position of the Corporation in the years ahead.

<b>Summary of Financial Results</b>						
	2011/12	2010/11	2009/10	2008/09	2007/08	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Revenue</b>						
Core business revenue	114,117	94,488	87,445	81,926	76,691	
Government contributions	10,539	7,313	15,688	9,899	61,998	
Other revenue	35,601	32,219	37,180	33,583	27,722	
<b>Total revenue</b>	<b>160,257</b>	<b>134,020</b>	<b>140,313</b>	<b>125,408</b>	<b>166,411</b>	
<b>Expenses</b>						
Operating expenditure	127,345	131,656	151,729	118,247	113,284	
Other expenditure	7,898	7,441	10,527	5,821	2,437	
<b>Expenses excluding interest, depreciation and amortisation</b>	<b>135,243</b>	<b>139,097</b>	<b>162,256</b>	<b>124,068</b>	<b>115,721</b>	
<i>Earnings before interest, tax, depreciation and amortisation (EBITDA)</i>	<i>25,014</i>	<i>-5,077</i>	<i>-21,943</i>	<i>1,340</i>	<i>50,690</i>	
Depreciation and amortisation	70,301	41,209	37,203	34,008	31,127	
Interest Expense	6,897	6,650	2,835	1,480	2,146	
<b>Net result before tax</b>	<b>(52,184)</b>	<b>(52,936)</b>	<b>(61,981)</b>	<b>(34,148)</b>	<b>17,417</b>	
<b>Assets</b>						
Current	61,584	34,537	36,385	113,925	198,405	
Non-current	4,108,918	4,066,984	2,266,479	2,124,393	1,959,237	
<b>Total assets</b>	<b>4,170,502</b>	<b>4,101,520</b>	<b>2,302,864</b>	<b>2,238,318</b>	<b>2,157,642</b>	
<b>Liabilities</b>						
Current	73,824	59,710	79,332	79,919	42,589	
Non-current	588,932	588,287	23,037	23,535	23,896	
<b>Total liabilities</b>	<b>662,756</b>	<b>647,997</b>	<b>102,369</b>	<b>103,454</b>	<b>66,485</b>	
<b>Net cash flow from operations</b>	<b>24,795</b>	<b>(10,838)</b>	<b>(1,605)</b>	<b>35,115</b>	<b>22,075</b>	
<b>Payments for property plant equipment and infrastructure</b>	<b>36,129</b>	<b>52,053</b>	<b>102,703</b>	<b>184,874</b>	<b>76,310</b>	

<b>Summary of Financial Performance</b>						
Performance Indicator	2011/12	2010/11	2009/10	2008/09	2007/08	
Internal financing ratio* (Net operating cash flow-dividends/Capital expenditure)	85%	-18%	-2%	17%	29%	
Gearing ratio (Total debt/Total assets)	3%	2%	1%	1%	1%	
Interest cover (EBIT)* (Earnings before net interest and tax expense/Net interest expense)	-8.1	-26.0	-655.1	-120.0	32.0	
Interest cover (cash)* (Cash flow from operations before net interest and tax payments/Net interest payments)	5.3	-4.5	-18.0	121.3	41.0	

\* Interest excludes calculated borrowing costs on project funds held.

# Statement of Comprehensive Income

## Statement of Comprehensive Income For the reporting period ended 30 June 2012

	Notes	2011/12 \$'000	2010/11 \$'000
<b>Revenue from operating activities</b>			
Water storage and delivery		114,117	94,489
Government grants		10,539	7,313
Contracting services		24,359	22,230
Other		11,242	9,988
<b>Total revenue</b>	2	<b>160,257</b>	<b>134,020</b>
<b>Expenses from operating activities</b>			
Operations		68,062	69,700
Maintenance		28,007	32,298
Management and administration		31,276	31,184
Depreciation and amortisation		70,301	41,209
Other	4	14,795	12,565
<b>Total expenses</b>		<b>212,441</b>	<b>186,956</b>
<b>Net result before tax</b>		<b>(52,184)</b>	<b>(52,936)</b>
<b>Income tax expense/(benefit)</b>	6	<b>(17,807)</b>	<b>2,276</b>
<b>Net result for the period</b>		<b>(34,377)</b>	<b>(55,212)</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of land, buildings and infrastructure		-	1,699,550
Decrease in asset revaluation reserve for assets disposed	11	(1,691)	-
Income tax relating to asset revaluation movement	6,11	507	(508,184)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(1,184)</b>	<b>1,191,366</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(35,561)</b>	<b>1,136,154</b>

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

# Balance Sheet

## Balance Sheet As at 30 June 2012

	Notes	2011/12 \$'000	2010/11 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank	7	32,900	11,210
Receivables	8	26,730	21,425
Inventories		1,954	1,901
<b>Total current assets</b>		<b>61,584</b>	<b>34,536</b>
<b>Non-current assets</b>			
Receivables	8	159	264
Investment in subsidiary	9	-	954
Intangibles	10	9,025	21,161
Land, buildings and equipment	11	83,611	84,303
Infrastructure	11	4,016,123	3,960,302
<b>Total non-current assets</b>		<b>4,108,918</b>	<b>4,066,984</b>
<b>Total assets</b>		<b>4,170,502</b>	<b>4,101,520</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	45,748	42,825
Employee benefits	13	16,664	15,556
Borrowings	14	11,412	1,329
<b>Total current liabilities</b>		<b>73,824</b>	<b>59,710</b>
<b>Non-current liabilities</b>			
Employee benefits	13	1,769	1,397
Borrowings	14	112,951	94,363
Deferred tax liability	6(d)	474,212	492,527
<b>Total non-current liabilities</b>		<b>588,932</b>	<b>588,287</b>
<b>Total liabilities</b>		<b>662,756</b>	<b>647,997</b>
<b>Net assets</b>		<b>3,507,746</b>	<b>3,453,523</b>
<b>EQUITY</b>			
Contributed capital	15(a)	2,282,941	2,193,157
Asset revaluation reserve	15(b)	1,215,516	1,216,700
Accumulated surplus	15(c)	9,289	43,666
<b>Total equity</b>		<b>3,507,746</b>	<b>3,453,523</b>

# Statement of Changes in Equity

## Statement of Changes in Equity For the reporting period ended 30 June 2012

	Notes	Contributed Capital \$'000	Asset Revaluation Reserve \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 July 2010		2,094,216	25,334	98,878	2,218,428
Net result for the period	23	-	-	(55,212)	(55,212)
<b>Transactions with the State in its capacity as owner</b>					
Return or transfer of capital		(9,588)	-	-	(9,588)
Capital contributions		7,678	-	-	7,678
Assets transferred to DSE		(2,064)	-	-	(2,064)
Assets transferred from NVIRP		102,915	-	-	102,915
Revaluation of assets		-	1,191,366	-	1,191,366
<b>Balance at 30 June 2011</b>		<b>2,193,157</b>	<b>1,216,700</b>	<b>43,666</b>	<b>3,453,523</b>
Net result for the period		-	-	(34,377)	(34,377)
<b>Transactions with the State in its capacity as owner</b>					
Capital contributions		4,177	-	-	4,177
Assets transferred from NVIRP		85,607	-	-	85,607
Decrease in asset revaluation reserve for assets disposed	11	-	(1,184)	-	(1,184)
<b>Balance at 30 June 2012</b>	15	<b>2,282,941</b>	<b>1,215,516</b>	<b>9,289</b>	<b>3,507,746</b>

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

# Cash Flow Statement

## Cash Flow Statement For the reporting period ended 30 June 2012

	Notes	2011/12 \$'000	2010/11 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		146,457	130,853
Receipts from Government		8,657	7,313
GST received from the ATO		11,024	10,686
<b>Payments</b>			
Payments to suppliers and employees		(130,583)	(148,227)
Interest and other costs of finance paid		(6,897)	(6,650)
Environmental contribution		(1,527)	(1,527)
GST paid to the ATO		(2,336)	(3,286)
<b>Net cash (outflow)/inflow from operating activities</b>	20	<b>24,795</b>	<b>(10,838)</b>
<b>Cash flows from investing activities</b>			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(36,129)	(52,053)
Investment in subsidiary		-	(500)
Proceeds from sale of property, plant and equipment		177	945
<b>Net cash outflow from investing activities</b>		<b>(35,952)</b>	<b>(51,608)</b>
<b>Cash flows from financing activities</b>			
Capital contributions from Victorian Government		4,176	7,678
Capital contributions to Victorian Government		-	(9,588)
Repayment of loans		(1,329)	(566)
Proceeds from loans		30,000	73,800
<b>Net cash inflows from financing activities</b>		<b>32,847</b>	<b>71,324</b>
<b>Net increase/(decrease) in cash held</b>		<b>21,690</b>	<b>8,878</b>
Cash and cash equivalents at the beginning of the year		11,210	2,332
<b>Cash and cash equivalents at the end of the year</b>		<b>32,900</b>	<b>11,210</b>

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

# Notes to the Financial Statements

## I. Significant Accounting Policies

### (a) Reporting Entity

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

Its principal address is:  
40 Casey Street  
Tatura Vic 3616

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

The financial report at 30 June 2012 comprises the Corporation and was authorised for issue by the Board on 22 August 2012.

### (b) Statement of Compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

The Corporation is a not-for-profit entity and where appropriate those AAS paragraphs applicable to not-for-profit entities have been applied.

### (c) Basis of Accounting Preparation and Measurement

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.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for land and buildings and infrastructure assets which are revalued on a cyclical basis and have been measured at fair value.

#### Classification Between Current and Non-Current

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

#### Rounding

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

#### Accounting Estimates

The preparation of financial statements in conformity with AASB's requires the use of certain accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The most significant accounting estimate undertaken in the preparation of these financial statements relates to the impairment of assets (Refer Note 1(k)).

### (d) Basis of Consolidation

A wholly owned subsidiary company Watermove Pty Ltd operated as a water broker during the financial period; however, the Corporation has not prepared the 2011/12 financial statements on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material. Refer Note 9 and Note 24 for further information in respect of the Corporation's investment in Watermove Pty Ltd.

### (e) Changes in Accounting Policy

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

### (f) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison. The main changes to comparative amounts have been in the Statement of Comprehensive Income and Balance Sheet. Refer Note 23 for details.

## (g) Revenue from Operating Activities

### Water Storage and Delivery Revenue

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

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

### Government Grants

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

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

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

### Contracting Services

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

### Interest

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

### Other Income

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

## (h) Expenses from Operating Activities

### Operations, Maintenance and Management and Administration Expenses

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

### Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short and long term borrowings.

### Loss on Disposal of Assets

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

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

### Depreciation and Amortisation

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is calculated using the straight line method to allocate the asset's value or revalued amount, less any residual value, over its estimated useful life, commencing from the time the asset is held ready for use. An asset's residual value and useful life is reviewed and adjusted if appropriate, at each balance sheet date.

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

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

# Notes to the Financial Statements

The component of channels and drains which is under water is considered to have an indefinite life and is not depreciated. The fair value of these components is \$902 million. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

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

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

## **(i) Financial Instruments**

### **Recognition**

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

Initial measurement of financial instruments is at fair value plus transaction costs where the instrument is not classified at fair value through profit and loss. Transaction costs related to instruments classified at fair value through profit and loss are expensed to profit and loss immediately.

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

### **Loans and Receivables**

Trade receivables, loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

### **Payables**

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

### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the initial proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

## **(j) Financial Assets**

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities on the Balance Sheet, but included within cash and cash equivalents for Cash Flow Statement presentation purposes. Cash and cash equivalents are measured at nominal value.

### **Receivables**

Receivables include mainly debtors in relation to water rates, water consumption and contract services provided. Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(i) for recognition and measurement). Receivables are subject to impairment testing as described below. A provision for impairment of receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

### **Impairment of Financial Assets**

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts and the allowance for impairment of receivables are recognised as an expense in the Statement of Comprehensive Income.

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

### **Inventories**

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

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

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

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

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

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

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

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

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

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

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other comprehensive income – revaluation of non-current physical assets', and accumulated in equity under the asset revaluation reserve. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense in the net result.

Net revaluation decreases are recognised in 'Other comprehensive income – revaluation of non-current physical assets' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately in the net result. The net revaluation decrease recognised in 'Other comprehensive income – revaluation of non-current physical assets' reduces the amount accumulated in equity under the asset revaluation reserve. Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Plant, equipment, furniture and fittings are measured at cost. Where the Corporation is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated cost is used to represent a reasonable approximation of value.

#### **Impairment of Assets**

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

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

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

#### **Intangible Assets**

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

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are not amortised.

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

Refer to Note 1(h) Expenses from Operating Activities and Note 1(k) Non-Financial Assets (Impairment of Assets).

# Notes to the Financial Statements

## **(I) Liabilities**

### **Payables**

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

### **Borrowings**

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

### **Employee Benefits**

#### ***Wages and Salaries, Annual Leave and Sick Leave***

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

#### ***Long Service Leave***

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

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

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

#### ***Employee Benefit On-Costs***

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

#### ***Performance Payments***

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

### **Taxation**

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

## **(m) Leased Assets**

### **Operating Leases**

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

## **(n) Equity**

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 arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

## **(o) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 16) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

## **(p) Contingent Assets and Liabilities**

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

## **(q) Goods and Services Tax**

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are presented on a gross basis inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the ATO is classified as operating cash flows.

# Notes to the Financial Statements

## (r) New Accounting Standards and Interpretations issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. As at 30 June 2012, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2012. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

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

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial statements</b>
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation, however, this amendment is not expected to have any significant impact on the Corporation's financial statements.
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.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]</i>	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance. This amendment is not expected to have any significant impact on the Corporation's financial statements.

# Notes to the Financial Statements

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on Corporation's financial statements</b>
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i> [AASB 2009-11 & AASB 2010-7]	The amendments ultimately affect AASB 1 First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049].	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.  This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 Consolidated and Separate Financial Statements are amended to AASB 10 Consolidated Financial Statements or AASB 127 Separate Financial Statements, and references to AASB 131 Interests in Joint Ventures are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial statements
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently.  No other significant impact is expected.
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 Employee Benefits.	1 Jan 2013	This amendment is not expected to have any significant impact on the Corporation's financial statements.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, as a consequence of the issuance of IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine. This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	This amendment is not expected to have any impact on the Corporation's financial statements.
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	This amendment is not expected to have any significant impact on the Corporation's financial statements.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 Fair Value Measurement.	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	This amendment is not expected to have any impact on the Corporation's financial statements.

# Notes to the Financial Statements

<b>2. Revenue</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
<b>Water storage and delivery</b>		
Fixed	87,442	80,147
Variable	16,646	5,680
Sale of bulk water	10,028	8,662
	<b>114,117</b>	<b>94,489</b>
<b>Government grants</b>		
Water savings initiatives	6,575	3,492
Salinity works	3,734	3,124
Other	230	698
	<b>10,539</b>	<b>7,313</b>
<b>Contracting services</b>		
MDBA	23,641	13,733
Other external clients	718	8,497
	<b>24,359</b>	<b>22,230</b>
<b>Other revenue</b>		
Interest	1,058	1,290
Leases and licences	1,762	1,455
Boating licences	895	865
Power generation	563	625
Termination fees	2,834	1,743
Other	4,130	4,010
	<b>11,242</b>	<b>9,988</b>
<b>Total Revenue</b>	<b>160,257</b>	<b>134,020</b>

<b>3. Expenses from operating activities</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
Operations, Maintenance and Management and Administration expenses include the following costs:		
Contracted services	14,720	28,184
Labour	56,564	52,594
External contracts	25,128	15,060
Contributions to Victorian Government re: MDBA	5,795	12,914
Other	25,138	24,430
	<b>127,345</b>	<b>133,182</b>

<b>4. Other expenses from operating activities</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
Borrowing costs	6,897	6,650
Loss on disposal of assets	7,898	5,915
	<b>14,795</b>	<b>12,565</b>

## 5. Employee expenses

2011/12  
\$'000

2010/11  
\$'000

Employee expenses are allocated to capital projects and operating expenses based on actual time incurred.  
Total employee expenses for the year were as follows:

Salaries and wages	47,475	46,295
Annual leave	5,237	4,937
Long service leave	2,288	1,187
Employer superannuation contributions	5,260	4,656
Other	4,753	4,328
	<b>65,013</b>	<b>61,403</b>

## 6. Income tax

2011/12  
\$'000

2010/11  
\$'000

### a) Income tax expense comprises

Current income tax expense/(benefit)	(24,849)	(35,524)
Deferred income tax expense/(benefit)	6,940	37,800
	<b>(17,909)</b>	<b>2,276</b>
Under/(over) provision for income tax	102	-
<b>Income tax expense/(benefit)</b>	<b>(17,807)</b>	<b>2,276</b>

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

Profit/(loss) from ordinary activities	(52,184)	(52,936)
Prima facie tax calculated at 30%	(15,655)	(15,881)
<b>Tax effect of:</b>		
Non-deductible expenses	2	-
Research and development	(18)	2
Impairment of investment in subsidiary	286	-
Provision for impairment of receivables	124	(15)
Prepayments	(19)	-
Expense provision	6,888	3,282
Employee entitlements	442	(41)
Unearned income	-	1,917
Property, plant, equipment and infrastructure	(16,899)	(24,630)
<b>Tax effect of current year tax losses</b>	<b>(24,849)</b>	<b>(35,524)</b>
Under/(over) provision for income tax	102	-
Deferred income tax expense/(benefit)	6,940	37,800
<b>Income tax expense/(benefit)</b>	<b>(17,807)</b>	<b>2,276</b>

# Notes to the Financial Statements

	<b>2011/12</b> <b>\$'000</b>	<b>2010/11</b> <b>\$'000</b>
<b>c) Income tax expense recognised in Other Comprehensive Income</b>		
<b>Other comprehensive income/(loss) for the year, net of tax</b>		
Infrastructure revaluation increment	-	1,693,749
Infrastructure revaluation decrease - disposals	(1,624)	-
Income tax	487	(508,125)
	<u>(1,137)</u>	<u>1,185,624</u>
Land revaluation increment	-	6,495
Land revaluation decrease - disposals	(36)	-
Income tax	11	(173)
	<u>(25)</u>	<u>6,322</u>
Buildings revaluation decrement	-	(694)
Buildings revaluation decrease - disposals	(31)	-
Income tax	9	114
	<u>(22)</u>	<u>(580)</u>
Total other comprehensive income - revaluation decrease	(1,691)	1,699,550
Income tax	507	(508,184)
<b>Other comprehensive income/(loss) for the year net of tax</b>	<b><u>(1,184)</u></b>	<b><u>1,191,366</u></b>

The tax effect of the revaluation adjustments noted above has been recognised in the Asset Revaluation Reserve. The net movement is reflected as a deferred tax liability in the balance sheet. (Refer Notes 11 and 15).

	<b>2011/12</b> <b>\$'000</b>	<b>2010/11</b> <b>\$'000</b>
<b>d) Deferred tax asset/(liability)</b>		
<b>Deferred tax asset/(liability) comprising:</b>		
Depreciation recognised in the Statement of Comprehensive Income	(273,640)	(256,270)
Revaluation of land, buildings and infrastructure recognised in equity	(554,781)	(555,288)
Accrued debtors	-	(1,335)
<b>Offset by deferred tax asset comprising:</b>		
Tax losses	341,666	308,789
Provision for impairment of receivables	125	70
Accrued expenses	6,888	6,420
Employee benefits	5,530	5,087
<b>Deferred tax asset/(liability)</b>	<b><u>(474,212)</u></b>	<b><u>(492,527)</u></b>

	<b>2011/12</b> <b>\$'000</b>	<b>2010/11</b> <b>\$'000</b>
<b>Movement in deferred tax asset/(liability)</b>		
Opening balance	(492,527)	-
Opening balance adjustment - recognition of net deferred tax asset	-	17,933
Tax effect of current year tax losses	24,850	35,524
Movement charged to operating profit	(6,940)	(37,800)
Under/(over) provision for income tax	(102)	-
Movement charged directly to equity	507	(508,184)
<b>Closing balance</b>	<b><u>(474,212)</u></b>	<b><u>(492,527)</u></b>

The calculations for taxation purposes include an estimate of taxation depreciation for the year.

The 2010/11 comparative income tax numbers have been restated to reflect the correction made to the Deferred Tax Liability balance which was incorrectly stated in the 2010/11 financial statements (refer Note 23).

# Year Ended 30 June 2012

## 7. Cash at bank

	2011/12 \$'000	2010/11 \$'000
Cash at bank	1,850	1,109
Deposits on call	31,050	10,101
	<u>32,900</u>	<u>11,210</u>

### (a) Reconciliation to cash at the end of year

The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:

Balance as above	32,900	11,210
Balance as per cash flow statement	<u>32,900</u>	<u>11,210</u>

## 8. Receivables

	2011/12 \$'000	2010/11 \$'000
<b>Current</b>		
Trade debtors	24,595	17,381
Sundry debtors	2,547	4,278
	<u>27,142</u>	<u>21,659</u>
Less provision for impairment of receivables	(412)	(234)
<b>Current receivables</b>	<u>26,730</u>	<u>21,425</u>
<b>Non-current</b>		
Trade Debtors	159	264
<b>Total receivables</b>	<u>26,889</u>	<u>21,689</u>

### (a) Provision for impairment of receivables

As at 30 June 2012, receivables of the Corporation with a nominal value of \$411,000 (2011: \$234,392) were impaired. Impairments include \$189,369 owing by Watermove Pty Ltd and the balance is mainly for debts less than \$400 and older than 12 months.

The ageing of these impaired receivables is as follows:

3 to 6 months	99	-
Over 6 months	313	234
	<u>412</u>	<u>234</u>

Movements in the provision for impaired receivables are as follows:

Opening balance	234	764
Additions and debts recovered to provision for impairment of receivables during the year	191	71
Receivables written off to bad debts during the year as uncollectable	(13)	(601)
	<u>412</u>	<u>234</u>

The creation and release of the provision for impairment of receivables has been included as an expense item in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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

# Notes to the Financial Statements

	2011/12 \$'000	2010/11 \$'000
<b>(b) Past due but not impaired receivables</b>		
Non-current receivables not impaired relates to long-term community surface drains program with aging as follows:		
Over 6 months	159	264

**(c) Foreign exchange and interest rate risk for trade and other receivables**

All receivables are denominated in Australian dollars. Refer Note 22 for analysis of the sensitivity of receivables to interest rate risk.

<b>9. Investment in subsidiary</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
Investment in Watermove Pty Ltd	954	954
Provision for impairment	(954)	-
	<u>          -</u>	<u>          954</u>

At 30 June 2012 the Corporation considered the value of the investment in its wholly owned subsidiary Watermove Pty Ltd to be fully impaired and has written the value of the investment down to zero. This impairment has been included in the Statement of Comprehensive Income as an expense.

Watermove Pty Ltd operated as a water broker; G-MW has not prepared the 2011/12 financial statements on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material (refer Note 1(d)). The Watermove financial statements have been prepared on a non-going concern basis (refer Note 24).

<b>10. Intangible assets</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
At cost	19,476	30,463
Less: accumulated amortisation	10,451	9,302
	<u>          9,025</u>	<u>          21,161</u>

Intangible assets comprise computer software used for the management of modernised infrastructure and internal management systems and water entitlements.

<b>Movements during the reporting period</b>	<b>Opening WDV \$'000</b>	<b>Additions \$'000</b>	<b>Transfers \$'000</b>	<b>Disposals \$'000</b>	<b>Amortisation \$'000</b>	<b>Closing WDV \$'000</b>
2011/12						
Intangible assets	21,161	73	(9,350)	-	(2,859)	9,025
2010/11						
Intangible assets	7,791	2,996	14,331	-	(3,957)	21,161

Intangible asset transfers are a reclassification between intangible assets and infrastructure assets.

# Year Ended 30 June 2012

<b>I 1. Land, buildings, equipment and infrastructure</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
<b>Land</b>		
At fair value as at 30 June 2011 (i)	53,502	53,585
At cost	634	634
<b>Total land</b>	<b>54,136</b>	<b>54,219</b>
<b>Buildings</b>		
At fair value as at 30 June 2011 (i)	22,178	22,276
At cost	2,459	1,517
	24,637	23,793
Less: Accumulated depreciation	1,023	19
<b>Total buildings</b>	<b>23,614</b>	<b>23,774</b>
<b>Plant, equipment, furniture and fittings</b>		
At cost	17,151	16,803
Less: Accumulated depreciation	11,290	10,493
<b>Total plant, equipment, furniture and fittings</b>	<b>5,861</b>	<b>6,310</b>
<b>Total land, buildings and equipment</b>	<b>83,611</b>	<b>84,303</b>
<b>Infrastructure</b>		
At fair value as at 30 June 2011 (ii)	3,801,643	3,813,611
At cost	264,203	131,759
	4,065,846	3,945,370
Less: Accumulated depreciation	69,040	2,251
	3,996,806	3,943,119
Work in progress	19,317	17,183
<b>Total infrastructure</b>	<b>4,016,123</b>	<b>3,960,302</b>
<b>Total land, buildings, equipment and infrastructure</b>	<b>4,099,734</b>	<b>4,044,605</b>

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

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

## Movements during the reporting period

<b>2011/12</b>	<b>Opening WDV \$'000</b>	<b>Additions \$'000</b>	<b>Transfers \$'000</b>	<b>Disposals \$'000</b>	<b>Depreciation \$'000</b>	<b>Revaluation \$'000</b>	<b>Closing WDV \$'000</b>
Land	54,219	-	-	(47)	-	(36)	54,136
Buildings	23,774	942	-	(67)	(1,004)	(31)	23,614
Plant, equipment, furniture and fittings	6,310	963	-	(60)	(1,352)	-	5,861
Infrastructure	3,943,119	85,607	42,692	(7,902)	(65,086)	(1,624)	3,996,806
Work in progress	17,183	34,547	(32,413)	-	-	-	19,317
<b>Total land, buildings, equipment and infrastructure</b>	<b>4,044,605</b>	<b>122,059</b>	<b>10,279</b>	<b>(8,076)</b>	<b>(67,442)</b>	<b>(1,691)</b>	<b>4,099,734</b>
Tax effect of revaluation of assets (Note 6)	-	-	-	-	-	507	-
Decrease in asset revaluation reserve (Note 15)	-	-	-	-	-	(1,184)	-

# Notes to the Financial Statements

## Movements during the reporting period

2010/11	Opening WDV	Additions	Transfers	Disposals	Depreciation	Revaluation	Closing WDV
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	49,412	664	-	(2,352)	-	6,495	54,219
Buildings	24,096	1,517	-	(342)	(803)	(694)	23,774
Plant, equipment, furniture and fittings	4,980	2,856	384	(673)	(1,237)	-	6,310
Infrastructure	2,117,777	102,915	69,067	(5,177)	(35,212)	1,693,749	3,943,119
Work in progress	60,974	40,722	(83,781)	(732)	-	-	17,183
<b>Total land, buildings, equipment and infrastructure</b>	<b>2,257,239</b>	<b>148,674</b>	<b>(14,330)</b>	<b>(9,276)</b>	<b>(37,252)</b>	<b>1,699,550</b>	<b>4,044,605</b>
Tax effect of revaluation of assets (Note 6)	-	-	-	-	-	(508,184)	-
Increase in asset revaluation reserve (Note 15)	-	-	-	-	-	1,191,366	-

## 12. Payables

	2011/12 \$'000	2010/11 \$'000
Trade creditors	4,985	10,231
Accrued expenses	28,016	21,401
Payroll related accruals	1,827	1,528
Funds held for Government programs	10,920	9,665
<b>Total</b>	<b>45,748</b>	<b>42,825</b>

### (a) Foreign exchange and interest rate risk for trade and other payables

All payables are denominated in Australian dollars. Refer Note 22 for analysis of the sensitivity of payables to interest rate risk.

## 13. Employee benefits

Current	2011/12 \$'000	2010/11 \$'000
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service.		
- Annual leave measured at nominal value	5,022	4,452
- Unconditional long service leave, measured at present value	11,642	11,104
<b>Total current</b>	<b>16,664</b>	<b>15,556</b>
<b>Non-current</b>		
Conditional long service leave, measured at present value	1,769	1,397
<b>Total</b>	<b>18,433</b>	<b>16,953</b>
Employee numbers at end of financial year	702	708
The following assumptions were adopted in measuring the present value of long service leave entitlements:		
Weighted average increase in employee costs	4.3%	3.9%
Weighted average discount rates	2.8%	5.0%
Weighted average settlement period (years)	13	13

# Year Ended 30 June 2012

<b>14. Borrowings</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
Current	11,412	1,329
Non-current	112,951	94,363
<b>Total</b>	<b>124,363</b>	<b>95,692</b>

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

<b>15. Equity</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
<b>(a) Contributed capital</b>		
Balance 1 July	2,193,157	2,094,216
Capital contributions	4,177	7,678
Return or transfer of capital	-	(9,588)
Transfer of assets from NVIRP	85,607	102,915
Transfer of assets to DSE	-	(2,064)
<b>Balance 30 June</b>	<b>2,282,941</b>	<b>2,193,157</b>

The treatment of capital contributions is as set out in Allocation Statements signed by the Minister for Water. During the year there was a transfer of assets from NVIRP for capital works carried out on G-MW infrastructure assets by NVIRP. There were also cash capital contributions received for the East Loddon Pipeline Project.

<b>(b) Asset revaluation reserve</b>		
Land	24,308	24,333
Buildings	6,721	6,743
Infrastructure	1,184,487	1,185,624
<b>Balance 30 June</b>	<b>1,215,516</b>	<b>1,216,700</b>

#### Movements during the reporting period:

<b>Land</b>		
Opening balance	24,333	18,187
Revaluation increment/(decrement)	-	6,322
Decrease in respect of assets disposed (Note 11)	(25)	-
Adjustment for prior years tax on revaluation not previously taken to equity	-	(176)
<b>Closing balance</b>	<b>24,308</b>	<b>24,333</b>

<b>Buildings</b>		
Opening balance	6,743	8,723
Revaluation increment/(decrement)	-	(580)
Decrease in respect of assets disposed (Note 11)	(22)	-
Adjustment for prior years tax on revaluation not previously taken to equity	-	(1,400)
<b>Closing balance</b>	<b>6,721</b>	<b>6,743</b>

<b>Infrastructure</b>		
Opening balance	1,185,624	-
Revaluation increment/(decrement)	-	1,185,624
Decrease in respect of assets disposed (Note 11)	(1,137)	-
<b>Closing balance</b>	<b>1,184,487</b>	<b>1,185,624</b>
<b>Balance 30 June</b>	<b>1,215,516</b>	<b>1,216,700</b>

At 30 June 2011 land, buildings and infrastructure were all revalued to fair value. As a result of these revaluations G-MW moved to a net deferred tax liability position and consequently brought to account the tax on prior year revaluations of land and buildings.

# Notes to the Financial Statements

	2011/12 \$'000	2010/11 \$'000
<b>(c) Accumulated surplus</b>		
Accumulated surplus at the beginning of the year	43,666	79,369
Net result for the period	(34,377)	(55,212)
Adjustment for deferred tax asset not previously recognised	-	19,509
<b>Accumulated surplus at the end of the year</b>	<b>9,289</b>	<b>43,666</b>

<b>16. Commitments</b>	<b>2011/12 \$'000</b>	<b>2010/11 \$'000</b>
<b>(a) Capital commitments (inclusive of GST)</b>		
East Loddon Pipeline Project	605	6,070
Mildura Merbein Salt Interception Project	3,818	107
Dams and Dam Safety Projects	561	1,984
Various other construction and technology related projects	2,602	1,895
<b>Total</b>	<b>7,586</b>	<b>10,056</b>

This represents commitments outstanding on contracts for capital works.

These commitments are likely to fall due within:

Not later than 1 year	5,074	10,056
Later than 1 year and not later than 5 years	2,512	-
<b>Total</b>	<b>7,586</b>	<b>10,056</b>

#### **(b) Operating lease commitments (inclusive of GST)**

Operating lease rental commitments for vehicles, buildings and equipment

Not later than 1 year	5,170	5,559
Later than 1 year and not later than 5 years	6,603	7,799
Later than 5 years	593	1,362
<b>Total</b>	<b>12,366</b>	<b>14,720</b>

#### **(c) Other commitments (GST is not applicable)**

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

Not later than 1 year		
Central Goulburn 1234	-	5,560
Environmental Contribution	1,527	1,527
Mokoan - Tungamah	-	534
Mokoan Return to Wetlands	-	275
NVIRP Contribution	-	50,000
Shepparton Irrigation Area	5,000	5,000
Later than 1 year and not later than 5 years		
Environmental Contribution	5,058	1,527
Mokoan Return to Wetlands	-	4,238
NVIRP Contribution	-	50,000
Shepparton Irrigation Area	8,800	15,800
Later than 5 years	-	-
<b>Total</b>	<b>20,385</b>	<b>134,461</b>

#### **Environmental Contribution**

G-MW is committed to payments of \$1.527m in 2012/13 and \$1.686m per year for the following 3 years up to 2015/16.

In 2010/11 the Corporation disclosed expenditure commitments of \$100m in respect of NVIRP. G-MW is no longer required to pay these commitments.

## 17. Contingent liabilities

Legal actions have been instituted against G-MW as a result of damages claims primarily relating to flood events and channel overtopping. In many of these matters the Corporation has disclaimed liability and is defending the actions. A review at balance date indicates that any liability that may arise from these claims will be immaterial.

## 18. Superannuation

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

	2011/12			2010/11		
	Employee Numbers	Contribution Rate %	\$'000	Employee Numbers	Contribution Rate %	\$'000
State Employee Retirement Benefits Board (defined benefits scheme)	10	13.30	88	10	13.30	89
State Superannuation Board, Revised Scheme (defined benefits scheme)	11	17.60	209	14	17.60	252
State Superannuation Board, New Scheme (defined benefits scheme)	139	10.30	956	148	10.30	923
Vision Super (defined benefits scheme)	6	9.25	678	7	9.25	59
Vision Super Saver and Other Accumulation Funds (accumulation fund)	541	9.00	3,329	529	9.00	3,333
<b>Total Contributions to all Funds</b>	<b>707</b>		<b>5,260</b>	<b>708</b>		<b>4,656</b>

### State Superannuation Schemes - Defined Benefit Funds

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

### Vision Super - Defined Benefit Fund

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

### Vision Super Saver and Other Accumulation Funds

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

# Notes to the Financial Statements

## 19. Responsible persons and executive officers disclosures

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

### Minister:

The Hon Peter Walsh MLA, Minister for Water (1 July 2011 to 30 June 2012)

### Directors of G-MW:

Llew Vale OAM (Chair)	(1/7/2011 to 30/6/2012)
Gavin Hanlon (Managing Director)	(29/8/2011 to 30/6/2012)
Jennifer Dawson	(1/7/2011 to 30/6/2012)
Ian Mansbridge	(1/7/2011 to 30/6/2012)
Dennis Moon	(1/7/2011 to 30/6/2012)
Neil Pankhurst	(1/7/2011 to 30/6/2012)
Sarah Scales	(1/7/2011 to 30/6/2012)
Frank Whitford	(1/7/2011 to 30/6/2012)

### Former Director of the G-MW Board

Shane McGrath (Acting Managing Director) (1/7/2011 to 28/8/2011)

### Remuneration of Responsible Persons

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

### Remuneration of Board Members

Where appropriate individual and total remuneration figures include payment of outstanding entitlements, termination payments and bonuses. There were two Managing Directors during the period and their remuneration is reported within these numbers for the period they acted in that role.

Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors (Total Remuneration)	
	2011/12	2010/11
\$0 to \$9,999	-	5
\$10,000 to \$19,999	-	1
\$20,000 to \$29,999	-	4
\$30,000 to \$39,999	-	3
\$40,000 to \$49,999	7	-
\$50,000 to \$59,999	-	1
\$80,000 to \$89,999	1	-
\$250,000 to \$259,999	-	1
\$260,000 to \$269,999	1	-
\$380,000 to \$389,999	-	1
<b>Total amount</b>	<b>\$651,073</b>	<b>\$940,812</b>
<b>Total numbers</b>	<b>9</b>	<b>16</b>

### Transactions with directors:

There were no amounts paid by the Corporation in connection with the retirement of responsible persons of the Corporation during the financial year. There were no loans in existence by the Corporation to responsible persons or related parties at the date of this report.

### Remuneration of executive officers and other personnel:

#### Executive officers

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

A number of executives resigned or were made redundant effective at the end of the reporting period. This has impacted on individual and total remuneration figures due to the amounts that were paid or due and receivable in respect of redundancy payments and outstanding annual leave and long-service leave entitlements at the end of the reporting period.

# Year Ended 30 June 2012

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

Income Band	Total Remuneration		Base Remuneration	
	2011/12	2010/11	2011/12	2010/11
\$70,000 to \$79,999	-	-	-	1
\$90,000 to \$99,999	-	-	-	1
\$120,000 to \$129,999	-	1	-	-
\$160,000 to \$169,999	-	-	1	2
\$170,000 to \$179,999	-	2	2	1
\$180,000 to \$189,999	-	1	-	-
\$190,000 to \$199,999	1	1	-	-
\$210,000 to \$219,999	-	-	1	1
\$220,000 to \$229,999	-	1	-	-
\$230,000 to \$239,999	1	-	1	-
\$310,000 to \$319,999	1	-	-	-
\$320,000 to \$329,999	1	-	-	-
\$470,000 to \$479,999	1	-	-	-
<b>Total amount</b>	<b>\$1,530,822</b>	<b>\$1,086,117</b>	<b>\$957,790</b>	<b>\$892,645</b>
<b>Total numbers</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>
<b>Total annualised employee equivalent</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>

## 20. Reconciliation of result for the period to net cash flows from operating activities

	2011/12 \$'000	2010/11 \$'000
Net profit/(loss) for the year before income tax	(52,184)	(52,936)
Add non cash flow items in net profit/(loss)		
Depreciation and amortisation	70,301	41,209
Loss on disposal of assets	7,898	5,915
Impairment of investment in subsidiary	954	-
Change in assets and liabilities		
(Increase)/decrease in inventories	(53)	202
(Increase)/decrease in receivables	(5,200)	11,709
Increase/(decrease) in payables	2,923	(20,094)
Increase/(decrease) in employee benefits	1,480	(139)
Increase/(decrease) in other assets	(1,324)	-
Increase/(decrease) in other liabilities	-	3,296
<b>Net cash flows from operating activities</b>	<b>24,795</b>	<b>(10,838)</b>

## 21. Audit fees

	2011/12 \$'000	2010/11 \$'000
External audit - Victorian Auditor General	129	129
Internal audit	215	89
<b>Total</b>	<b>344</b>	<b>218</b>

# Notes to the Financial Statements

## 22. Financial risk management objectives and policies

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

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

Risk management is coordinated through the risk manager under policies approved by the Board. Executive management identifies and evaluates financial risks in close co-operation with the Corporation's operating units. The Board has approved policies for overall risk management. The treasury policy and procedures govern amongst other things cash management, investment and borrowing decisions.

### Risk exposures

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

#### (a) Market risk

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

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

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

<b>30 June 2012</b>		<b>Interest Rate Risk</b>			
Financial Assets	<b>Total \$'000</b>	<b>1% Profit \$'000</b>	<b>Equity \$'000</b>	<b>-1% Profit \$'000</b>	<b>Equity \$'000</b>
Cash and cash equivalents	32,900	329	329	(329)	(329)
Receivables	24,595	-	-	-	-
<b>Total financial assets</b>	<b>57,495</b>	<b>329</b>	<b>329</b>	<b>(329)</b>	<b>(329)</b>
Financial Liabilities					
Payables	45,748	-	-	-	-
Borrowings	124,363	(1,244)	(1,244)	1,244	1,244
<b>Total financial liabilities</b>	<b>170,111</b>	<b>(1,244)</b>	<b>(1,244)</b>	<b>1,244</b>	<b>1,244</b>
<b>Total increase and decrease</b>		<b>(915)</b>	<b>(915)</b>	<b>915</b>	<b>915</b>

# Year Ended 30 June 2012

30 June 2011

## Interest Rate Risk

Financial Assets	Total \$'000	1% Profit \$'000	Equity \$'000	-1% Profit \$'000	Equity \$'000
Cash and cash equivalents	11,210	112	112	(112)	(112)
Receivables	17,381	-	-	-	-
<b>Total financial assets</b>	<b>28,591</b>	<b>112</b>	<b>112</b>	<b>(112)</b>	<b>(112)</b>
Financial Liabilities					
Payables	42,825	-	-	-	-
Borrowings	95,693	(957)	(957)	957	957
<b>Total financial liabilities</b>	<b>138,518</b>	<b>(957)</b>	<b>(957)</b>	<b>957</b>	<b>957</b>
<b>Total increase and decrease</b>		<b>(845)</b>	<b>(845)</b>	<b>845</b>	<b>845</b>

NB: Statutory receivables and payables are excluded from the tables above.

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

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing					Non- interest bearing \$'000	Total \$'000	
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000			Over 5 years \$'000
<b>2012</b>										
(i) Financial assets										
Cash and cash equivalents	7	32,900	-	-	-	-	-	-	32,900	
Receivables	8	-	4,709	-	-	-	-	19,886	24,595	
Weighted average interest rate		32,900	4,709	-	-	-	-	19,886	57,495	
		3.4%	12.3%							
(ii) Financial liabilities										
Interest bearing liabilities	14	10,000	1,411	1,500	4,095	6,695	1,801	98,861	-	
Payables	12	-	-	-	-	-	-	-	45,748	
Weighted average interest rate		10,000	1,411	1,500	4,095	6,695	1,801	98,861	45,748	
		3.6%	6.2%	6.2%	4.4%	4.1%	6.2%	5.8%	170,111	
<b>Net financial instruments</b>		<b>22,900</b>	<b>3,298</b>	<b>(1,500)</b>	<b>(4,095)</b>	<b>(6,695)</b>	<b>(1,801)</b>	<b>(98,861)</b>	<b>(25,862)</b>	<b>(112,616)</b>

# Notes to the Financial Statements

Financial Instrument	Notes	Floating interest rate \$'000	Fixed interest maturing						Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000		
<b>2011</b>										
(i) Financial assets										
Cash and cash equivalents	7	11,210	-	-	-	-	-	-	-	11,210
Receivables	8	-	5,005	-	-	-	-	-	12,376	17,381
		11,210	5,005	-	-	-	-	-	12,376	28,591
Weighted average interest rate		4.8%	12.3%	-	-	-	-	-	-	-
(ii) Financial liabilities										
Interest bearing liabilities	14	-	1,329	1,412	1,501	1,595	1,695	88,160	-	95,692
Payables	12	-	-	-	-	-	-	-	42,825	42,825
		-	1,329	1,412	1,501	1,595	1,695	88,160	42,825	138,517
Weighted average interest rate		-	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	-	-
<b>Net financial instruments</b>		<b>11,210</b>	<b>3,676</b>	<b>(1,412)</b>	<b>(1,501)</b>	<b>(1,595)</b>	<b>(1,695)</b>	<b>(88,160)</b>	<b>(30,449)</b>	<b>(109,926)</b>

NB: Statutory receivables and payables are excluded from the tables above.

## (b) Credit risk

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

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

An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 8.

## (c) Liquidity risk

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

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

## (d) Fair value management

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

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

Carrying amounts and fair value of financial assets and financial liabilities	30 June 2012		30 June 2011	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial assets				
Cash and cash equivalents	32,900	32,900	11,210	11,210
Receivables	24,595	24,595	17,381	17,381
<b>Total financial assets</b>	<b>57,495</b>	<b>57,495</b>	<b>28,591</b>	<b>28,591</b>
Financial liabilities				
Payables	45,748	45,748	42,825	42,825
Borrowings	124,363	124,363	95,693	95,693
<b>Total financial liabilities</b>	<b>170,111</b>	<b>170,111</b>	<b>138,518</b>	<b>138,518</b>

NB: Statutory receivables and payables are excluded from the tables above.

## 23. Comparatives

The balances reported in the 2010/11 comparative results have been restated as a result of the correction of an error which occurred in that year.

The Deferred Tax Liability balance was reported as \$474,358,000 when the correct balance was \$494,272,000. The Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Note 6 Income Tax 2010/11 balances have been restated in these financial statements as follows.

	<b>2011/12 Reported \$'000</b>	<b>2010/11 Error \$'000</b>	<b>2010/11 Restated Balance</b>
Income tax expense	(15,893)	18,169	2,276
Net result for the period	(37,043)	(18,169)	(55,212)
Deferred tax liability	474,358	18,169	492,527
Accumulated surplus	61,835	(18,169)	(43,666)

## 24. Events after the reporting period

### a. NVIRP

The following circumstances have arisen since the end of the reporting period which will significantly affect the operations of the Corporation, the results of those operations and the state of affairs of the Corporation in future financial years.

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

As a result of the above, the following assets and liabilities which are not reflected in the Balance Sheet of the Corporation as at 30 June 2012, have been transferred to the Corporation.

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

The Net Assets transferred to the Corporation represent a Capital Contribution which will be reported in the Equity section of the Corporation's Balance Sheet in the 2012/13 financial year.

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

	<b>\$'000</b>
Funding receivable	1,291,914
Capital expenditure commitments (project works)	33,959
Other expenditure commitments	30,932
Lease commitments	904
Contingent liabilities	82,719

### b. Watermove Pty Ltd

Subsequent to 30 June 2012 the directors resolved to discontinue the operations of the Corporation's wholly owned subsidiary Watermove Pty Ltd during the financial year ending 30 June 2013. At 30 June 2012 the value of the investment in Watermove was fully impaired as set out in Note 9.

# Statutory Certification

## **Goulburn-Murray Rural Water Corporation**

### **Statutory Certification**

We certify the attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. We further state that, in our opinion, the information set out in the Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements, presents fairly the financial transactions during the year ended 30 June 2012 and the financial position of the Corporation as at 30 June 2012.

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



Llew Vale  
Chairman



Gavin Hanlon  
Managing Director



John Calleja  
Chief Financial Officer

Dated this 22nd day of August 2012

## VAGO

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### INDEPENDENT AUDITOR'S REPORT

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

##### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 of the Goulburn-Murray Rural Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

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

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

##### *Auditor's Responsibility*

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

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

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

# Independent Auditor's Report

## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Goulburn-Murray Rural Water Corporation as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

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

This auditor's report relates to the financial report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2012 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these 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  
23 August 2012

*For*   
D D R Pearson  
Auditor-General

# Financial Performance Report

	<b>Note</b>	<b>2010/11 Result</b>	<b>2011/12 Result</b>	<b>2011/12 Target</b>	<b>Variance</b>
<b>PERFORMANCE INDICATOR</b>					
Internal Financing Ratio* (Net operating cash flow – dividends) / capital expenditure	1	-18.2%	84.5%	NA	NA
Gearing Ratio Total debt (including finance leases) / total assets	2	2.0%	3.0%	4.9%	38%
Interest Cover (EBIT)* Earnings before net interest and tax expense / net interest expense	3	-26.0	-8.1	-5.9	-37%
Interest Cover (Cash)* Cash flow from operations before net interest and tax payments / net interest payments	4	-4.5	5.3	2.0	165%

## Note

1. The Internal Financing Ratio has improved due to better operating cash flows in 2011/12. This reflects improved variable revenue and lower operational costs. A target Internal Financing Ratio was not reported in G-MW's Corporate Plan.
2. The lower gearing ratio in 2011/12 against the target is primarily due to G-MW not needing to borrow \$50 million as part of the foodbowl modernisation program. While G-MW's total debt to total assets has increased from 2% to 3% from the prior year; on a net debt basis (total debt less cash at bank), G-MW's net debt to total assets has increased from 2.0% to 2.2% which reflects the higher cash on hand at 30 June 2102.
3. The 37% variance from the target was primarily due to actual 2011/12 EBIT being \$44.6 million compared to the target of \$38.1 million. This reflects the higher depreciation charge arising from the asset revaluation at 30 June 2011.
4. Stronger operating cash flows compared to target and the prior year reflect improved variable revenue and lower operational costs.

# Financial Performance Statement

## **Goulburn-Murray Rural Water Corporation Financial Performance Report**

### **Performance Report for 2011/12**

In our opinion the accompanying performance report relating to the 2011/12 financial year is presented fairly in accordance with the direction of the Minister for Water under the *Financial Management Act 1994*.

The performance report is as determined by the Minister and includes actual results, targets and variance from targets.

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



Llew Vale  
Chairman



Gavin Hanlon  
Managing Director



John Calleja  
Chief Financial Officer

Dated this 22nd day of August 2012

## VAGO

Victorian Auditor-General's Office

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### INDEPENDENT AUDITOR'S REPORT

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

##### *The Performance Report*

The accompanying performance report for the year ended 30 June 2012 of the Goulburn-Murray Rural Water Corporation comprises the performance indicators, the related notes and the statutory certification.

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

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

##### *Auditor's Responsibility*

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

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

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

# Independent Auditor's Report

## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the performance report of the Goulburn-Murray Rural Water Corporation in respect of the 30 June 2012 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

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

This auditor's report relates to the performance report of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2012 included both in the Goulburn-Murray Rural Water Corporation's annual report and on the website. The Board Members of the Goulburn-Murray Rural Water Corporation are responsible for the integrity of the Goulburn-Murray Rural Water Corporation's website. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this report. If users of the performance report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance report to confirm the information contained in the website version of the performance report.

MELBOURNE  
23 August 2012

*For*   
D D R Pearson  
Auditor-General

# Appendices

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

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1(d)	Diversions at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	494,458 ML	
	Stuart Murray Canal	268,882 ML	
	East Goulburn Main Channel	157,345 ML	
	<b>Total Goulburn Weir offtake diversion</b>	<b>920,685 ML</b>	
17.1(da)	Distribution loss in Goulburn Irrigation Districts		
	Shepparton	13,425 ML	
	Central Goulburn	71,883 ML	
	Rochester/ Pyramid Hill/ Boort	86,065 ML	
	Total Goulburn Irrigation Districts distribution loss	171,373 ML	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the Water Act 1989	19,446 ML	
17.1(e)(ii)	Diversion by other corporations	20,542 ML	
17.1(g)	Storage contents		
	Lake Eildon	2,999,378 ML	Vol 30/06/12
	Goulburn Weir	25,245 ML	Vol 30/06/12
	Waranga Basin	367,613 ML	Vol 30/06/12
	Greens Lake	17,329 ML	Vol 29/06/12
17.1(h)	Additional releases from Lake Eildon	631,408 ML	See Note 2
17.1(i)	Credits	No	
17.1(j) & 17.1(k)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 2,043 ML Allocation Trade: 24,488 ML	See Note 3
17.1(l)	Regulated releases for supplement or environmental purposes	269,501 ML	See Note 4
17.1(m)	Alterations to Schedule 1 entitlements		
	Water Shares in Irrigation Areas	Decreased by 81,152 ML	See Note 5
	Water Shares of Diverter Licences	Decreased by 1,170 ML	See Note 6
17.1(n)	Transfers of primary entitlements	See Appendices B2 to B5	
17.1(o)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
17.1(p)	Amendments to this BE	Yes	See Note 7
17.1(q)	New BE granted	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 8
17.1(s)	BE compliance failures	No	
17.1(t)	BE compliance difficulties	Yes	See Note 9

### Notes to this table:

- Volumes were obtained from a combination of hydrographic data collected by Thiess Services:
  - Cattanach Canal SI No 405702
  - Stuart Murray Canal SI No 405700
  - East Goulburn Main Channel SI No 405704
- Water released from Lake Eildon under target filling arrangements according to the amended BE.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Goulburn system entitlement holders.
- Includes releases from the Goulburn Water Quality Reserve, The Living Murray, The Commonwealth Environmental Water Holder and Goulburn Inter Valley Trade Account.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders. No transfer of schedule 2A and 3 entitlements occurred in 2011/12.
- Bulk Entitlement (Eildon - Goulburn Weir) Amendment Order 2012.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).  
Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.
- Operational data suggests there were 3 days when flows in the Goulburn River at Eildon were below the minimum flow by a maximum of 5 ML/day.

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

<b>Diversions by Other Authorities with Bulk Entitlements</b>					
Authority	Town	BE Volume (ML)	Diversion (ML)	Notes	
Goulburn Valley Water	Alexandra and Molesworth	916	511		
	Bonnie Doon	112	56		
	Eildon	471	20		
	Mooroopna	300	115		
	Murchison	350	176		
	Nagambie	825	547		
	Seymour	5,340	1,888		
	Shepparton	17,970	11,054		
	Colbinabbin (channel supply)	89	20		
	Corop (channel supply)	44	8		
	Dookie (channel supply)	160	85		
	Girgarre (channel supply)	100	41		
	Katandra West (channel supply)	64	35		
	Kyabram and Merrigum (channel supply)	2,000	1,334		
	Rushworth (channel supply)	530	250		
	Stanhope (channel supply)	200	79		
	Tatura (channel supply)	2,600	2,146		
	Tongala (channel supply)	1,404	591		
	<b>Total</b>		<b>33,475</b>	<b>18,956</b>	
	Coliban Water	Boort (channel supply)	425	158	
Pyramid Hill (channel supply)		300	97		
Lockington (channel supply)		130	78		
Mitiamo (channel supply)		60	26		
Dingee (channel supply)		50	12		
Rochester (channel supply)		1,400	1,138		
Macoma (channel supply)		40	4		
Mysia (channel supply)		15	3		
<b>Total</b>		<b>2,420</b>	<b>1,514</b>		
GWMWater	Quambatook	100	73		
	<b>Total</b>	<b>100</b>	<b>73</b>		
<b>Total All Authorities (ML)</b>		<b>35,995</b>	<b>20,542</b>	See Note 1	

### Notes to this table:

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

### NOTE - ROUNDING OF ML IN APPENDICES:

For ease of reading, all water volumes in Appendix Tables are shown in megalitres (ML) rounded to the nearest one megalitre. Where figures have been rounded, discrepancies may occur between the sums of the component items and totals.

## Appendix A3 - Bulk Entitlement (River Murray - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray - Goulburn Murray Water) Conversion Order 1999 ("BE"), which obliges the Authority to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
22.1(b)	Offtake points		
	Cobram pump station	4,157 ML	See Note 1
	Yarrawonga Main Channel	284,000 ML	
	Torrumbarry diversions		
	National Channel	545,673 ML	
	Ashwin's pump	0 ML	
	Pental Island pumps	0 ML	
	Swan Hill No 9 channel offtake from Little Murray (if Fish Point Weir open)	17,753 ML	See Note 2
	Swan Hill pumps	13,616 ML	
	Nyah pumps	4,997 ML	
	Woorinen pumps	10,931 ML	
	Private diversion points	26,497 ML	
	<b>Total diversions at offtake points</b>	<b>907,624 ML</b>	
22.1(c)	New offtake points	No	
22.1(d)	Return points		
	Broken Creek	6,366 ML	
	Yarrawonga Main Channel outfall	14,173 ML	
	Torrumbarry returns		
	Koondrook spillway	47,520 ML	
	Loddon River at Kerang Weir	88,610 ML	
	Sheepwash Creek Weir	2,490 ML	
	Little Murray Weir (if Fish Point Weir closed)	6,145 ML	See Note 2
	6/7 channel outfall (if Fish Point Weir open)	15,659 ML	See Note 2
	Lake Boga outfall channel (if Fish Point Weir open)	430 ML	See Note 2
	Barr Creek at Capel's Crossing	26,893 ML	
	Lake Charm outfall channel	710 ML	
	<b>Total returns</b>	<b>208,996 ML</b>	
22.1(e)	G-MW supplies to other corporations	BE Volume	Supplied
	Coliban Water		
	Cohuna	677 ML	698 ML
	Gunbower	131 ML	51 ML
	Leitchville	422 ML	206 ML
	Lower Murray Water		
	Kerang	2,100 ML	944 ML
	Murrabit	60 ML	29 ML
	Goulburn Valley Water		
	Katamatite	84 ML	41 ML
	Nathalia	652 ML	397 ML
	Numurkah/Wunghnu	1,206 ML	885 ML
	Picola	44 ML	17 ML
	Victorian Environmental Water Holder	27,600 ML	10,212 ML
	<b>Total supplies to other corporations</b>		<b>13,478 ML</b>
22.1(f)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
22.1(g)	Metering program	Program implemented	See Note 4
22.1(h) &	Net water share and allocation transfers of this BE	Water Share Trade: 18,133 ML	See Note 5
22.1(i)		Allocation Trade: -316,883 ML	
22.1(j)	Amendment to this BE	Yes	See Note 6
22.1(k)	New BE granted to G-MW	No	
22.1(l)	BE compliance failures	No	
22.1(m)	BE compliance difficulties	No	
22.1(n)	Murray Valley Losses	65,830 ML	
	Torrumbarry Losses	87,431 ML	
	Victorian Mid Murray Storage losses	55,710 ML	See Note 7
22.1(o)	Victorian Mid Murray annual operating plan	Implemented	See Note 8

### Notes to this table:

- Cobram pump station became operational in August 2006, but is not yet recognised as a new offtake point in the BE.
- Recognition of offtake diversions and returns depends on status of Fish Point Weir (as indicated).
- Volume includes water supplied through G-MW's channel distribution system.
- Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Murray system entitlement holders under Goulburn-Murray Water's Bulk Entitlement. Allocation trade is based on trade by all Murray entitlement holders.
- Bulk Entitlement (River Murray - Goulburn-Murray Water) Amendment Order 2012.
- The losses attributed to the operation of the VMMS are based on the fixed distribution loss and the net evaporation from Kow Swamp, Kangaroo Lake, Lake Charm and Lake Boga.
- The Victorian Mid Murray Storages Annual Operating Plan was submitted on 1 July 2011.

## Appendix A4 - Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ("BE"), which obliges the Authority to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	93,662 ML	
18.1(f)	G-MW share of diversion to primary entitlements	13,815 ML	
18.1(g)	G-MW share of annual evaporation losses	26,680 ML	See Note 1
18.1(h)	Internal spills from or to G-MW's share of storage	3,316 ML from G-MW's share	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account as required by clause 11 of the Bulk Entitlement	
18.1(j)	Credits granted	No	
18.1(k) & 18.1(l)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 920 ML Allocation Trade: -3,853 ML	See Note 2
18.1(m)	Seasonal determinations in any month	1 July 2011 - 100% HRWS & 47% LRWS 1 Aug 2011 - 100% HRWS & 52% LRWS 15 Aug 2011 - 100% HRWS & 54% LRWS 1 Sep 2011 - 100% HRWS & 91% LRWS 3 Oct 2011 - 100% HRWS & 100% LRWS	
18.1(n)	Alterations to Schedule 1 entitlements		
	Water Shares in Irrigation Areas	Decreased by 90 ML	See Note 3
	Water Shares of Diverter Licences	Decreased by 788 ML	See Note 4
18.1(o)	Transfers of primary entitlements	See Appendices B2 to B5	
18.1(p)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
18.1(q)	Amendments to this BE	Yes	See Note 5
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 6
18.1(t)	BE compliance failures	Minor	See Note 7
18.1(u)	BE compliance difficulties	No	
18.1(v)	Interruptions to minimum passing flows	Yes	See Note 8

### Notes to this table:

- Gross evaporation based on measured evaporation at Lake Eppalock.
- Net transfer of High-Reliability Water Shares and Allocation trade, including transfers to areas not covered by this BE. Net High-Reliability Water Share Trade has been derived from the change in water shares held by Campaspe system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from Irrigation Areas to Non Water Users.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Bulk Entitlement (Campaspe System – Goulburn Murray Water) Amendment Order 2012.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).  
Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.
- Flows downstream of the Campaspe syphon were below the minimum flow on 5 days due to fluctuations in the natural flow conditions.
- Due to the maintenance work on the outlet valve, the flow was less than the minimum requirement on a number of days between May and June 2012. Minimum passing flows not provided were recorded in the Passing Flow Account for later use by the North Central CMA.

## Appendix A5 - Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

### Diversions by Other Corporations with Bulk Entitlements

Corporation	Town	BE Volume (ML)	Diversion (ML)	Notes
Coliban Water	Axedale/Goornong	215	46	
	Part Rochester	134	0	See Note I
	<b>Total</b>	<b>349</b>	<b>46</b>	
<b>Total All Authorities (ML)</b>		<b>349</b>	<b>46</b>	

**Notes to this table:**

- I. All of the Rochester usage for the year was supplied via the Waranga Western Channel on the Goulburn system.

## Appendix A6 - Bulk Entitlement (Broken System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
20.1(e)	Diversion to primary entitlements	5,483 ML	See Note 1
20.1(f)	Annual evaporation losses from storages		
	Nillahcootie	3,940 ML	See Note 2
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12 of the Bulk Entitlement	See Note 3
20.1(h)	Credits granted	No	
20.1(i) & 20.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -190 ML Allocation Trade: 0 ML	See Note 4
20.1(k)	Alterations to Schedule 1 entitlements		
	Water Shares	Decreased by 47 ML	See Note 5
20.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
20.1(m)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
20.1(n)	Amendments to this BE	No	
20.1(o)	New BE granted	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 6
20.1(q)	BE compliance failures	Yes	See Note 1
20.1(r)	BE compliance difficulties	Yes	See Note 7
20.1(s)	Interruptions to minimum passing flows	No	

### Notes to this table:

1. Diversions to the Broken Creek at Casey's Weir were 941 ML above the allowances under the Bulk Entitlement due to higher than anticipated operating requirements this season.
2. Gross evaporation based on measured evaporation at Lake Nillahcootie.
3. Broken River at Moorngag compliance site (Sl. 404206) was decommissioned on 1 May 2012 due to site access and Occupational Health and Safety issues for operations staff. From 1 May 2012 hydrographic data from the new site at Broken River downstream Back Creek Junction (Sl. 404243) and was used for assessing compliance in the Broken System as per Clause 12.1(a)(i). The Moonee Creek at Lima East (Sl. 404208) site has also been decommissioned. A change to the Bulk Entitlement is required to correct these issues.
4. Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Broken system entitlement holders.
5. Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users and purchased water entitlements.
6. Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).
7. Difficulties at Broken River downstream of Broken Weir as the regulator was closed and no passing flow data was available during high flow events in the 2011/12 season and water that passed over the spillway was not measurable. Flows at Casey's Weir and Gowangardie Weir were in excess of the minimum requirement which indicated that the requirements at Broken Weir were always met. The operation of Broken Weir regulator has been adjusted to ensure data required to demonstrate the compliance is captured.

## Appendix A7 - Bulk Entitlement (Ovens System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
19.1(e)	Diversion to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
19.1(f)	Annual evaporation losses		
	Lake Buffalo	2,472 ML	See Note 1
	Lake William Hovell	711 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were provided and calculated in accordance with clause 12 and Schedule 5 of the Ovens Bulk Entitlement.	
19.1(h)	Credits granted	No	
19.1(i) & 19.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 100 ML Allocation Trade: 0 ML	See Note 2
19.1(k)	Alterations to Schedule 1 entitlements		
	Water Shares	Decreased by 90 ML	See Note 3
19.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
19.1(m)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
19.1(n)	Amendments to this BE	No	
19.1(o)	New BE granted	No	
19.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
19.1(q)	BE compliance failures	None	
19.1(r)	BE compliance difficulties	No	
19.1(s)	Interruptions to minimum passing flows	No	

### Notes to this table:

- Gross evaporation based on measured evaporation at each storage.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Ovens system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).  
Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.

## Appendix A8 - Bulk Entitlement (Loddon System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 21.3 of the Bulk Entitlement (Loddon System - Goulburn-Murray Water) Conversion Order 2005 ("BE"), which obliges the Authority to report on certain matters as specified in clause 21.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
21.1(f)	Annual amounts of water taken from the system waterway	See Appendix B6 for volume delivered to primary entitlement holders. 1,057 ML was delivered to the Goulburn System as a supplement.	
21.1(g)	Annual evaporation losses from storages		
	Cairn Curran	20,413 ML	See Note 1
	Tullaroop	8,170 ML	
21.1(h)	Credits granted	No	
21.1(i) & 21.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -2 ML	See Note 2
		Allocation Trade: -1,255 ML	
21.1(k)	Alterations to Schedule 1 entitlements		See Note 3
	Water Shares	Decreased by 1,181 ML	
21.1(l)	Transfers of primary entitlements	See Appendices B2 to B5	
21.1(m)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders. 1,057 ML was delivered to the Goulburn System as a supplement	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	Yes	See Note 5
21.1(r)	BE compliance difficulties	No	

### Notes to this table:

- Gross evaporation based on measured evaporation at Cairn Curran.
- Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Loddon system entitlement holders.
- Alteration of Schedule 1 Entitlements due to transfers of high-reliability water shares from diversion licence holders to Non Water Users.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.  
Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.
- Hydrographic data indicated 18 instances in total where flows were outside operating tolerances downstream of Cairn Curran, downstream of Serpentine Weir and downstream of Loddon Weir at various times during 2011/12. These occurred due to operational issues and fluctuations to the natural flow requirements.

## Appendix A9 - Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2011/12 Annual Report in compliance with the requirements of clause 17.2 of the Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Conversion Order 2009 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2011 to 30 June 2012. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1 (d)	Annual amounts of water taken by primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
17.1 (e) & 17.1 (f)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -13 ML Allocation Trade: 0 ML	See Note 1
17.1 (g)	Transfers of primary entitlements	See Appendices B2 to B5	
17.1 (h)	Supply to primary entitlements	See Appendix B6 for volume delivered to primary entitlement holders	
17.1 (i)	Amendments to this BE	No	
17.1 (j)	New BE granted	No	
17.1 (k)	Environmental Management and Metering programs	Programs implemented	See Note 2
17.1 (l)	BE compliance failures	No	
17.1 (m)	BE compliance difficulties	Yes	See Note 3

### Notes to this table:

1. Net transfer of high-reliability water shares and allocation trade, including transfers to areas not covered by this BE. Net high-reliability water share trade has been derived from the change in water shares held by Bullarook system entitlement holders.
2. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).  
Metering Program: The Minister for Water approved the updated metering program for all bulk entitlements held by G-MW in 2011.
3. An interim operating arrangement between all Bulk Entitlement holders is in place. The operating arrangements are yet to be finalised due to difficulties in developing a feasible methodology for determining natural flows using the limited available gauged data.

Regulated Water Systems	
	Volume (ML)
Inflows	
Net carryover at 1 July 2011	1,882,954
Seasonal allocation	2,530,488
Spill allocation	158
Trade - buyers	1,008,087
Return flow reuse	194,465
Extraordinary items	-1,906
<b>Total inflows</b>	<b>5,614,245</b>
Closing balance	0
Components of trade - buyers	
Within authority	828,091
From other authorities	91,390
From interstate	88,451
Other	155
<b>Total trade</b>	<b>1,008,087</b>

	Volume (ML)
Outflows	
Carryover to next financial year	-1,801,224
Water usage	-2,028,455
Trade - sellers	-1,174,588
Write-off allocation	-528,002
Overuse	10,865
30 June evaporation	-92,840
<b>Total outflows</b>	<b>-5,614,245</b>
Components of trade - sellers	
Within authority	828,091
From other authorities	70,074
From interstate	276,423
Other	-
<b>Total trade</b>	<b>1,174,588</b>

**Notes to this table:**

- This table provides a summary of allocations made, trade in, trade out, usage, overuse, carryover and write-off into Allocation Bank Accounts during the 2011/12 water year.
- The table shows statistics for ABAs with regulated trading zone sources only. This includes allocations made to all water shares, supply by agreements and urban bulk entitlements and also water accounted against loss provisions in rural bulk entitlements.
- Trades from clearing accounts held by G-MW (Pool Accounts) are included on the seller side only to avoid double counting.
- The 'extraordinary items' shown in this table include amendments to opening carryover, overuse and write-off made due to 2010/11 usage adjustments.
- Write-off reported in this table includes:
  - Write-off against loss provisions in rural bulk entitlements (142 GL), as well as the Snowy environmental account in the register which allows transfer of water to the Snowy in fulfilment of Victoria's obligations under the Snowy recovery program (66 GL).
  - Write-off of 162 GL from spillable water accounts in the Goulburn and Campaspe systems (as described table 1 below). A further 5 GL was written-off from Living Murray Extended Use accounts due to spill.
  - Write-off for the Ovens and King systems, which have no ability to carryover (28 GL).
  - Write-off in the Broken, Loddon & Bullarook systems where carryover is only allowed to 100% of entitlement volume (17 GL).
  - Write-off from Allocation Bank Accounts in other systems that are no longer linked to active entitlements (36 GL).
  - Write-off of 64 GL from an Allocation Bank Account with cancelled supply by agreements held by City West Water, South East Water, Yarra Valley Water and the Victorian Environmental Water Holder. This occurred as part of the replacement of NVIRP supply agreements with bulk entitlements for 1 July 2012.
- In the "components of trade" table, the category "Other" includes orders against tagged water shares and additional trades processed by adjustment journal. The details of this are in table 2 below.
- "Water usage" includes 332 GL of "Loss" from Loss Provision Bulk Entitlements held in the Victorian Water Register.
- The Overuse volume was determined at 30 June 2012 prior to the completion of year end accounting adjustments. The adjusted overuse volume is expected to be 2,066 ML.

**Table 1: Spillable account information**

Goulburn System	
Transferred to Spill	658,932
Write-off from Spill	139,791
Returned to available balance	519,141

Campaspe System	
Transferred to Spill	36,411
Write-off from Spill	22,981
Returned to available balance	13,430

**Table 2: Trade detailed information**

Tagged orders - inbound	150
Adjustment journals - trade in	5
<b>Total</b>	<b>155</b>

Tagged orders - outbound	Nil
Adjustment journals - trade out	Nil
<b>Total</b>	<b>-</b>

## Appendix B2 - Trade Of Allocation

Allocation Trade		Buyer										
		Goulburn-Murray Water										
Seller		1A Greater Goulburn	1B Boort	2A Broken - Nill to Casey's	2B Broken - Casey's to Goulb	3 Lower Goulburn	4A Campaspe - Eppalock to WWC	4C Lower Campaspe	5A Loddon - CC/Tull to LWP	5B Bullarook	6VIC Murray - Dart to Barmah	
Goulburn-Murray Water	1A Greater Goulburn	265,509	17,117	0	0	5,521	4,551	0	509	0	9,161	
	1B Boort	20,916	6,349	0	0	0	0	0	0	0	4,393	
	2A Broken - Nill to Casey's	0	0	0	0	0	0	0	0	0	0	
	2B Broken - Casey's to Goulb	0	0	0	23	0	0	0	0	0	0	
	3 Lower Goulburn	10,898	0	0	0	695	0	0	0	0	100	
	4A Campaspe - Eppalock to WWC	5,734	0	0	0	0	14,227	100	0	0	167	
	4C Lower Campaspe	33	0	0	0	0	603	0	0	0	0	
	5A Loddon - CC/Tull to LWP	1,185	0	0	0	0	200	0	2,678	0	0	
	5B Bullarook	0	0	0	0	0	0	0	0	27	0	
	6VIC Murray - Dart to Barmah	19,870	1,155	0	0	0	200	0	0	0	52,269	
	6B Lower Broken Creek	1,067	0	0	0	0	0	0	0	0	3,964	
	7VIC Murray - Barmah to SA	48,557	8,626	0	0	1,130	100	0	91	0	61,735	
	9A Ovens	0	0	0	0	0	0	0	0	0	0	
9B King	0	0	0	0	0	0	0	0	0	0		
20 Snowy	0	0	0	0	0	0	0	0	0	0		
Lower Murray Water	1A Greater Goulburn	351	0	0	0	0	0	0	0	0	0	
	7VIC Murray - Barmah to SA	13,306	300	0	0	0	0	0	0	0	30,459	
NSW	10 NSW Murr U/S Barmah Choke	330	0	0	0	0	0	0	0	0	2,500	
	11 NSW Murr D/S Barmah Choke	0	0	0	0	0	0	0	0	0	800	
	13 Murrumbidgee	200	0	0	0	0	0	0	0	0	0	
	14 Lower Darling	0	0	0	0	0	0	0	0	0	0	
SA	12 South Australian Murray	9,077	200	0	0	0	0	0	0	0	4,123	
<b>Total Purchased</b>		<b>397,033</b>	<b>33,746</b>	<b>0</b>	<b>23</b>	<b>7,346</b>	<b>19,881</b>	<b>100</b>	<b>3,278</b>	<b>27</b>	<b>169,672</b>	
<b>Number Of Trades</b>		<b>1,997</b>	<b>139</b>	<b>0</b>	<b>1</b>	<b>33</b>	<b>86</b>	<b>1</b>	<b>31</b>	<b>2</b>	<b>597</b>	

### Notes to this table:

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

					Lower Murray Water		NSW					SA				
6B Lower Broken Creek	7VIC Murray - Barmah to SA	9A Ovens	9B King	20 Snowy	1A Greater Goulburn	7VIC Murray - Barmah to SA	10 NSW Murr-U/S Barmah Choke	11 NSW Murr D/S Barmah Choke	13 Murrumbidgee	14 Lower Darling	12 South Australian Murray	TOTAL SOLD	NUMBER OF TRADES	NET SOLD		
1,083	26,001	0	0	22,062	237	4,667	2,812	500	2,453	0	1,396	363,578	1,910	-33,455		
0	4,642	0	0	328	0	0	300	0	0	0	0	36,928	104	3,182		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0	0	0	0	0	23	1	0		
0	600	0	0	3,025	0	0	0	0	0	0	100	15,418	52	8,072		
0	2,970	0	0	0	0	0	0	0	0	0	0	23,198	74	3,317		
0	0	0	0	0	0	0	0	0	0	0	0	636	5	536		
0	0	0	0	470	0	0	0	0	0	0	0	4,533	37	1,255		
0	0	0	0	0	0	0	0	0	0	0	0	27	2	0		
869	29,177	0	0	30,809	0	1,113	519	797	0	0	1,324	138,102	580	-31,570		
1,831	1,309	0	0	0	0	0	189	0	0	0	0	8,360	66	3,326		
1,252	124,449	0	0	7,662	600	63,457	3,217	14,113	6,542	0	242,162	583,693	1,276	277,817		
0	0	33	0	0	0	0	0	0	0	0	0	33	2	0		
0	0	0	60	0	0	0	0	0	0	0	0	60	1	0		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	-65,822		
0	0	0	0	0	0	1,261	0	0	0	0	0	1,612	6	-2,287		
0	45,507	0	0	1,467	3,062	55,604	5,830	17,053	5,189	712	87,783	266,271	907	67,311		
0	1,630	0	0	0	0	2,531	0	0	0	0	0	6,991	29	-5,876		
0	0	0	0	0	0	10	0	0	0	0	0	810	3	-31,653		
0	500	0	0	0	0	226	0	0	0	0	0	926	7	-13,257		
0	0	0	0	0	0	241	0	0	0	0	0	241	2	-471		
0	69,092	0	0	0	0	69,849	0	0	0	0	0	152,341	125	-180,423		
<b>5,035</b>	<b>305,876</b>	<b>33</b>	<b>60</b>	<b>65,822</b>	<b>3,899</b>	<b>198,960</b>	<b>12,867</b>	<b>32,463</b>	<b>14,183</b>	<b>712</b>	<b>332,764</b>	<b>1,603,781</b>		<b>0</b>		
55	1,250	2	1	19	7	761	46	30	15	3	113		5,189			

## Appendix B3 - Water Entitlements in Regulated Water Systems

Water System Source	Delivery System (grouped)	Water Shares - High Reliability		Water Shares - Low & Spill Reliability		Bulk Entitlements		Other	
		Volume (ML)	Number	Volume (ML)	Number	Volume (ML)	Number	Volume (ML)	Number
Broken	Broken River	17,416.0	300	3,341.0	155	135.0	1	-	-
	GMW - NWU	209.0	7	4.2	1	-	-	-	-
Bullarook	Bullarook	757.7	31	380.8	24	600.0	2		
Campaspe	Campaspe Irrigation Area	479.1	17	583.5	5	215.0	1	-	1
	Campaspe River	13,051.3	321	5,888.8	93	5,308.0	3	-	-
	GMW - NWU	24,298.8	218	12,702.5	18	-	-	-	-
Goulburn	Central Goulburn Irrigation Area	261,276.7	4,054	149,190.1	2,827	195,867.0	10	1,776.8	38
	GMW - NWU	267,499.7	1,669	46,037.8	273				
	Goulburn River	38,835.6	972	9,571.7	353	291,447.9	17	2,695.6	539
	Loddon River	-	-	-	-	266.1	3	454.6	220
	Murray River	1,027.6	5	32.0	1	-	-	-	-
	Murray Valley Irrigation Area	1,037.1	28	974.7	24	-	-	-	-
	Loddon Valley Irrigation Area	137,554.5	926	86,859.8	619	45,962.0	9	985.4	16
	Rochester Irrigation Area	134,444.8	1,766	71,581.4	1,066	116,500.2	5	2,829.1	55
Loddon	Shepparton Irrigation Area	133,829.6	2,489	71,275.7	1,759	76,464.0	3	997.8	73
	Torrumbarry Irrigation Area	180.0	11	846.3	11	-	-	-	-
	Central Goulburn Irrigation Area	10.0	1	-	-	-	-	-	-
	GMW - NWU	3,359.5	32	594.9	8	-	-	-	-
	Loddon River	17,947.9	396	7,500.7	203	6,044.0	4	1,018.3	298
Murray	Torrumbarry Irrigation Area	74.0	1	-	-	-	-	-	-
	Broken River	-	-	-	-	3,014.6	2	-	-
	GMW - NWU	203,465.4	1,192	34,296.8	238	-	-	-	-
	Murray River	57,170.5	1,104	17,446.2	472	98,663.6	12	-	-
	Murray Valley Irrigation Area	196,171.9	2,143	104,289.9	1,542	138,586.0	7	47.9	5
Ovens	Nyah, Tresco and Woorinen	28,301.9	682	5,335.2	192	500.0	1	50.5	1
	Torrumbarry Irrigation Area	237,610.4	2,704	137,013.4	1,813	210,370.0	7	1,956.8	63
	GMW - NWU	459.0	9	141.5	3	-	-	-	-
	Ovens River	25,805.9	504	12,393.7	377	7,832.0	2	-	-
<b>Regulated System Total 2011/12</b>		<b>1,802,273.9</b>	<b>21,582</b>	<b>778,282.6</b>	<b>12,077</b>	<b>1,197,775.4</b>	<b>89</b>	<b>12,812.8</b>	<b>1,309</b>
<b>Regulated System Total 2010/11</b>		<b>1,783,116.0</b>	<b>20,571</b>	<b>777,978.4</b>	<b>12,173</b>	<b>760,629.5</b>	<b>84</b>	<b>51,168.0</b>	<b>1,308</b>

**Notes to this table:**

1. This table shows the number and volume of active entitlements in regulated water systems as at 30 June 2012.
2. In contrast to the presentation in previous years where different entitlement types were grouped together, to provide clearer entitlement information this table now displays a breakdown of the number and volume of entitlements by entitlement type.
3. The entitlement group "Other" includes Supply by Agreements, Water Allowances and a small number of Take and Use licences in regulated systems.
4. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
5. The volume of water shares increased by 19,462 ML from 2010/11 due to the following:
  - i. The variation of 17,200 ML of water shares from Lower Murray Water to Goulburn-Murray Water to enable consolidation of entitlements and the transfer 1,110 ML from Goulburn-Murray Water customers to Lower Murray Water customers.
  - ii. The issue of approximately 5,000 ML of new water shares; 1,670 ML for audited water savings, 1,730 ML of water shares that were converted from supply by agreements and water allowances, and 1,600 ML issued to replace bulk entitlements incorrectly created on conversion.
  - iii. The surrender of approximately 1,660 ML of water shares during the year by entitlement owners.
6. The volume of bulk entitlements recorded in the water register increased by 437,146 ML during the year primarily due to the migration of the Goulburn Loss provisions into the water register (416,450 ML), additionally an increase of 21,700 ML to Goulburn bulk entitlements were due to audited water savings.
7. Bulk entitlements include Loss Provisions in the Murray and Goulburn basins.
8. The 12,535 ML of water shares in the Ovens in the 'Low reliability' column have a reliability of 'Spill' not 'Low'. All other volumes refer to low reliability water shares.
9. A 114,970 ML Bulk Entitlement in the Goulburn basin has two delivery systems; 'Rochester Irrigation Area' and 'Pyramid-Boort'. This bulk entitlement is displayed in the Rochester Irrigation Area line in the above table.

## Appendix B4 - Transfer And Variation Of High Reliability Water Shares

### Transfer And Variation of High Reliability Water Shares Volume (ML)

		Destination														
		Goulburn-Murray Water														
		Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr: Area	G-MW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Loddon Valley Irrigation Area	Rochester Irrigation Area	
<b>Source</b>	Goulburn-Murray Water	Broken River	423	0	0	0	0	70	0	0	0	0	0	0	0	0
		Bullarook	0	24	0	0	0	0	0	0	0	0	0	0	0	0
		Campaspe Irrigation Area	0	0	104	0	0	90	0	0	0	0	0	0	0	0
		Campaspe River	0	0	0	602	0	864	0	0	0	0	0	0	0	0
		Central Goulburn Irrigation Area	0	0	0	0	55,157	39,373	166	0	0	0	0	0	8	0
		GMW - NWU	8	0	0	74	79	31,344	0	0	6	537	0	0	1	7,483
		Goulburn River	0	0	0	0	74	1,506	3,182	0	0	0	0	0	2	0
		Loddon River	0	0	0	0	10	1,182	0	216	0	0	0	0	0	0
		Murray River	0	0	0	0	0	4,140	0	0	2,178	205	0	0	0	0
		Murray Valley Irrigation Area	0	0	0	0	15	21,373	0	0	2	50,034	0	0	0	0
		Nyah, Tresco and Woorinen	0	0	0	0	0	414	0	0	10	0	5,752	0	0	0
		Ovens River	0	0	0	0	0	190	0	0	0	0	0	632	0	0
		Loddon Valley Irrigation Area	0	0	0	0	0	17,046	2	0	0	0	0	0	63,194	0
		Rochester Irrigation Area	0	0	0	0	25	18,194	0	0	0	0	0	0	0	36,844
		Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Shepparton Irrigation Area	15	0	0	0	78	12,140	0	0	0	2	0	0	0	0
		Torrumbarry Irrigation Area	0	0	0	0	0	25,854	0	0	144	0	10	0	0	0
	Lower Murray Water	LMW - NWU	0	0	0	0	0	17,225	0	0	0	0	0	0	0	
	Murray River	0	0	0	0	0	1,583	0	0	0	0	0	0	0	0	
	Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	2	0	0	0	0	0	0	0	0	
<b>Total Trades (ML)</b>		<b>446</b>	<b>24</b>	<b>104</b>	<b>676</b>	<b>55,438</b>	<b>192,588</b>	<b>3,350</b>	<b>216</b>	<b>2,341</b>	<b>50,778</b>	<b>5,762</b>	<b>632</b>	<b>63,205</b>	<b>44,327</b>	
<b>Number of Trades</b>		<b>16</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>539</b>	<b>1,218</b>	<b>55</b>	<b>26</b>	<b>58</b>	<b>373</b>	<b>77</b>	<b>19</b>	<b>259</b>	<b>272</b>	

#### Notes to this table:

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

				Lower Murray Water			Total Trades (ML)	Number of Trades	Net Out (ML)	Volume of water shares at 1 July 2011	Net transfer/vary out as % of Water Shares (irrigation districts only)
	Shepparton Groundwater	Shepparton Irrigation Area	Torrumbarry Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID					
	0	0	0	0	0	0	493	14	47		
	0	0	0	0	0	0	24	3	0		
	0	0	0	0	0	0	195	4	90	570	16%
	0	0	0	0	0	0	1,465	22	790		
	0	0	0	220	0	0	94,924	836	39,486	300,778	13.1%
	0	359	600	368	1,157	0	42,014	220	-150,574		
	0	0	0	0	0	0	4,764	80	1,414		
	0	0	74	0	0	0	1,482	42	1,266		
	0	0	320	0	0	0	6,843	88	4,503		
	0	0	0	0	0	0	71,424	516	20,646	217,847	9.5%
	0	0	158	185	0	0	6,519	102	757	27,414	2.8%
	0	0	0	0	0	0	822	20	190		
	0	0	1	0	0	0	80,243	341	17,038	154,979	11.0%
	0	0	0	0	0	0	55,062	348	10,735	145,150	7.4%
	0	0	0	0	0	0	0	0	0		
	0	17,907	0	0	0	0	30,143	374	11,877	146,554	8.1%
	0	0	95,449	0	302	0	121,759	700	24,996	262,787	9.5%
	0	0	0	13,912	73	41	31,251	79	-23,569		
	0	0	160	33,169	15,823	10	50,745	260	33,390		
	0	0	2	6,967	0	9,534	16,504	497	6,919	139,978	4.9%
	<b>0</b>	<b>18,266</b>	<b>96,763</b>	<b>54,820</b>	<b>17,355</b>	<b>9,585</b>	<b>616,675</b>		<b>0</b>		
	<b>0</b>	<b>254</b>	<b>528</b>	<b>302</b>	<b>157</b>	<b>377</b>		<b>4,546</b>			

## Appendix B5 - Transfer And Variation of Low Reliability Water Shares

### Transfer and Variation of Low and Spill Reliability Water Shares - Volume (ML)

			Destination										
			Goulburn-Murray Water										
			Broken River	Bullarook	Campaspe Irrigation Area	Campaspe River	Central Goulburn Irr. Area	G-MW - NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen
<b>Source</b>	Goulburn-Murray Water	Broken River	85	0	0	0	0	0	0	0	0	0	0
		Bullarook	0	12	0	0	0	0	0	0	0	0	0
		Campaspe Irrigation Area	0	0	55	0	0	119	0	0	0	0	0
		Campaspe River	0	0	0	339	0	1,028	0	0	0	0	0
		Central Goulburn Irrigation Area	0	0	0	0	37,379	1,804	41	0	0	54	0
		GMW - NWU	0	0	0	0	311	28,149	0	0	0	649	0
		Goulburn River	0	0	0	0	49	7	849	0	0	0	0
		Loddon River	0	0	0	0	0	12	0	143	0	0	0
		Murray River	0	0	0	0	0	811	0	0	746	54	0
		Murray Valley Irrigation Area	0	0	0	0	0	2,441	0	0	123	25,670	0
		Nyah, Tresco and Woorinen	0	0	0	0	0	0	0	0	0	0	1,169
		Ovens River	0	0	0	0	0	95	0	0	0	0	0
		Loddon Valley Irrigation Area	0	0	0	0	91	2,144	0	0	0	52	0
		Rochester Irrigation Area	0	0	0	0	11	829	0	0	0	0	0
		Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0
	Shepparton Irrigation Area	3	0	0	0	179	736	4	0	0	1	0	
	Torrumbarry Irrigation Area	0	0	0	0	0	1,478	0	0	50	132	0	
	Lower Murray Water	LMW - NWU	0	0	0	0	0	0	0	0	0	0	0
	Murray River	Murray River	0	0	0	0	0	0	0	0	0	0	0
	Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Trades (ML)</b>			<b>89</b>	<b>12</b>	<b>55</b>	<b>339</b>	<b>38,019</b>	<b>39,652</b>	<b>894</b>	<b>143</b>	<b>919</b>	<b>26,612</b>	<b>1,169</b>
<b>Number of Trades</b>			<b>9</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>407</b>	<b>215</b>	<b>23</b>	<b>7</b>	<b>29</b>	<b>283</b>	<b>22</b>

#### Notes to this table:

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

							Lower Murray Water			Total Trades (ML)	Number of Trades	Net transfer/ vary out
	Ovens River	Loddon Valley Irrigation Area	Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torrumbury Irrigation Area	LMW - NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID			
0	0	0	0	0	0	0	0	0	0	85	8	-3
0	0	0	0	0	0	0	0	0	0	12	2	0
0	0	0	0	0	0	0	0	0	0	174	3	119
0	0	0	0	0	0	0	0	0	0	1,366	16	1,028
0	284	430	0	69	118	0	0	0	0	40,179	444	2,160
0	199	1,039	0	71	686	0	1	0	0	31,105	88	-8,547
0	0	31	0	0	0	0	0	0	0	936	25	42
0	0	0	0	0	0	0	0	0	0	155	8	12
0	0	0	0	0	0	0	0	0	0	1,611	37	692
0	0	0	0	0	10	0	0	0	0	28,243	304	1,631
0	0	0	0	0	0	0	0	0	0	1,169	22	0
227	0	0	0	0	0	0	0	0	0	322	12	95
0	59,165	125	0	64	97	0	0	0	0	61,738	267	1,992
0	0	20,355	0	88	292	0	0	0	0	21,574	187	-505
0	0	0	0	177	0	0	0	0	0	177	1	177
0	98	100	0	11,003	0	0	0	0	0	12,122	190	651
0	0	0	0	0	67,336	0	475	154	0	69,624	429	1,085
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	-475
0	0	0	0	0	0	0	0	0	0	0	0	-154
227	59,746	22,079	0	11,471	68,539	0	475	154	0	270,591		0
11	253	185	0	174	411	0	5	1			2,043	

## Appendix B6 - Usage By Delivery System

<b>Regulated Delivery System (grouped)</b>	<b>Volume (ML)</b>
Broken River	2,988.1
Bullarook	516.7
Campaspe Irrigation Area	10,674.7
Campaspe River	17,940.0
Central Goulburn Irrigation Area	293,725.7
Goulburn River	230,620.7
Loddon River	7,628.8
Murray River	125,680.8
Murray Valley Irrigation Area	211,522.1
Nyah, Tresco and Woorinen	18,363.7
Ovens River	6,430.3
Loddon Valley Irrigation Area	159,500.4
Rochester Irrigation Area	157,211.5
Shepparton Irrigation Area	103,767.0
Torrumbarry Irrigation Area	349,977.6
Loss Provisions - Murray	159,869.0
Loss Provisions - Goulburn	172,038.0
<b>Total</b>	<b>2,028,455.0</b>

### Notes to this table:

1. This table shows usage per delivery system for Allocation Bank Accounts with a regulated trading zone source.
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
3. The loss provisions refer to the entitlements G-MW holds for losses incurred in providing water through its regulated systems. Irrigation district loss provisions are only defined in the Murray and Goulburn basin. Loss provisions in other river basins are not currently defined in bulk entitlements and as such not yet in the water register. They are not included in the above table.
4. The above table includes water usage recorded in the Murray and Goulburn irrigation channels as losses. These Murray and Goulburn loss provisions are included as a separate line item.

## Appendix B7 - Water Entitlements in Unregulated Water Systems

<b>Unregulated Water Systems (grouped)</b>			
<b>Water System</b>	<b>Trading Zone Source</b>	<b>Number</b>	<b>Volume (ML)</b>
Avoca	Avoca	3	278
Broken	120 Broken Unregulated	158	3,808
	121 Lower Broken Unregulated	24	353
	Not tradable - Broken	421	8,196
Campaspe	140 Campaspe Unregulated	135	1,273
	141 Coliban Unregulated	51	505
	Not applicable - Campaspe	3	120
	Not tradable - Campaspe	341	6,115
Goulburn	110 Goulburn Unregulated	826	17,007
	111 King Parrot Creek Unregulated	309	1,976
	112 Yea River Unregulated	267	4,869
	130 Lower Goulburn Unregulated	147	2,865
	Not tradable	3	210
Kiewa	Not tradable - Goulburn	862	20,169
	190 Kiewa Catchment Unregulated	362	8,542
	191 Kiewa Main Stem Unregulated	115	8,218
Loddon	Not tradable - Kiewa	194	3,913
	150 Loddon Unregulated	221	10,446
	151 Lower Loddon Unregulated	123	9,261
Murray	Not tradable - Loddon	672	14,341
	160 Upper Murray Unregulated	457	11,306
	161 Upper Murray Main Stem	91	2,279
	170 Barmah to Nyah Unregulated	66	2,680
	7 VIC Murray - Barmah to SA	2	54,300
Ovens	Not tradable - Murray	688	14,345
	111 King Parrot Creek Unregulated	1	1
	160 Upper Murray Unregulated	1	36
	180 King and Lower Ovens Unregulated	387	9,798
	181 Upper Ovens Management Zone I - Unregulated	479	8,266
Mis-matched water system source and trading zone (see note 8)	Not tradable - Ovens	387	9,208
		2	37
<b>Unregulated System Total 2011/12</b>		<b>7,797</b>	<b>234,730</b>
<b>Unregulated System Total 2010/11</b>		<b>7,825</b>	<b>235,748</b>

### Notes to this table:

- This table shows the number and volume of active entitlements in unregulated systems as at 30 June 2012. 21 Licences with zero volume have been omitted from the total number.
- Entitlements are grouped by trading zone source rather than delivery system due to the complexity of multiple small delivery systems in unregulated systems.
- The volume of entitlements in G-MW's jurisdiction decreased by 1,018ML from 2010/11 primarily due to the cancellation of approximately 50 licences to take and use water across the Goulburn, Campaspe, Loddon and Ovens catchments.
- Some unregulated bulk entitlements are entered into the register with trading zone source "Not applicable" or "Not tradable" because:
  - They are source bulk entitlements and therefore source their water from the whole system, rather than a specific part or zone;
  - The bulk entitlement specifies they are "not tradable";
  - There is no applicable trading zone source in the water register;
  - An error has been made - these have been identified for correction.
- Registration licences are "not tradable" as required under the Act.
- Some take and use licences have been entered with trading zone source "not tradable" these have been identified for correction.
- Two Murray entitlements are listed above with a regulated system trading zone of "6 Vic Murray - Dart to Barmah" and "7 Vic Murray Barmah to SA" to recognise environmental flow commitments in the Murray system.
- Some entitlements are recognised as requiring correction to their characteristics. These are listed in the table below.

<b>Water System</b>	<b>Trading Zone Source</b>	<b>Number</b>	<b>Volume (ML)</b>
Ovens	111 King Parrot Creek Unregulated	1	1
Ovens	160 Upper Murray Unregulated	1	36
<b>Total for correction by G-MW</b>		<b>2</b>	<b>37</b>

## Appendix B8 - Groundwater Entitlements

<b>Groundwater Systems</b>			
<b>Groundwater Management Unit (GMU)</b>	<b>Trading Zone Source</b>	<b>Number</b>	<b>Volume (ML)</b>
Alexandra	I078 Alexandra Groundwater	17	1,730
Barnawartha	Barnawartha Groundwater	9	651
Katunga	I061 Katunga Groundwater	23	2,862
	I062 Katunga Groundwater	293	37,279
	I063 Katunga Groundwater	94	20,824
Kinglake	I075 Kinglake Groundwater	88	1,915
Loddon Highlands	I001 Loddon Highlands WSPA	4	320
	I002 Loddon Highlands WSPA	18	926
	I003 Loddon Highlands WSPA	42	3,167
	I004 Loddon Highlands WSPA	6	533
	I005 Loddon Highlands WSPA	25	1,744
	I008 Loddon Highlands WSPA	106	7,388
	I009 Loddon Highlands WSPA	45	4,670
Lower Campaspe Valley	I010 Loddon Highlands WSPA	11	1,602
	I028 Lower Campaspe Valley WSPA	167	46,591
	I029 Lower Campaspe Valley WSPA	16	1,602
Lower Ovens	I030 Lower Campaspe Valley WSPA	27	8,013
	I080 Lower Ovens	216	12,956
Mid Goulburn	I081 Lower Ovens	142	7,313
	I070 Mid-Goulburn Groundwater	49	8,492
Mid Loddon	I071 Mid-Goulburn Groundwater	41	4,062
	I011 Mid Loddon Groundwater	35	3,179
	I012 Mid Loddon Groundwater	99	28,782
Mullindolingong	I013 Mid Loddon Groundwater	22	2,133
	I095 Mullindolingong GW	17	240
	I096 Mullindolingong GW	51	1,538
Shepparton Irrigation	Shepparton Groundwater	1,544	205,783
Unincorporated	Outside GMA	873	33,432
Upper Ovens	I085 Upper Ovens	127	3,369
Mis-matched water system source and trading zone (see note 4)		5	65
<b>Groundwater System Total 2011/12</b>		<b>4,207</b>	<b>453,094</b>
<b>Groundwater System Total 2010/11</b>		<b>6,341</b>	<b>464,988</b>

### Notes to this table:

- This table shows the number and volume of active entitlements in groundwater systems as at 30 June 2012.
- The volume of entitlements in G-MW's jurisdiction decreased by around 11,800 ML from 2010/11 primarily due to the following:
  - The cancellation of approximately 100 licences to take and use water for with a combined volume of approximately 7,400 ML. Of this, around 5,500ML of licensed volume was surrendered by licence holders in the Shepparton Irrigation GMU, around 1,800ML from unincorporated GMUs and smaller individual volumes from across other GMUs.
  - Approximately 2,000 records relating to private rights to extract groundwater were removed from the Water Register during 2011/12 to improve consistency of reporting. This equated to around 3,500ML.
- Volumes in some GMUs include records held in the water register of domestic and stock private rights.
- Some entitlements are recognised as requiring correction to their characteristics. These are listed in the table below.

<b>Groundwater Management Unit</b>	<b>Trading Zone Source</b>	<b>Number</b>	<b>Volume (ML)</b>
Katunga	I075 Kinglake Groundwater	1	2.4
Lower Campaspe Valley	Outside GMA	1	2.0
Lower Ovens	I085 Upper Ovens	1	48.0
	I086 Upper Ovens GMU	2	12.5
<b>Total for correction by G-MW</b>		<b>5</b>	<b>64.9</b>

- Entitlement exceeds PCV in Katunga WSPA due to the issue of entitlement under the Dairy Shed Water Licence Transition Scheme. The PCV is to be amended.

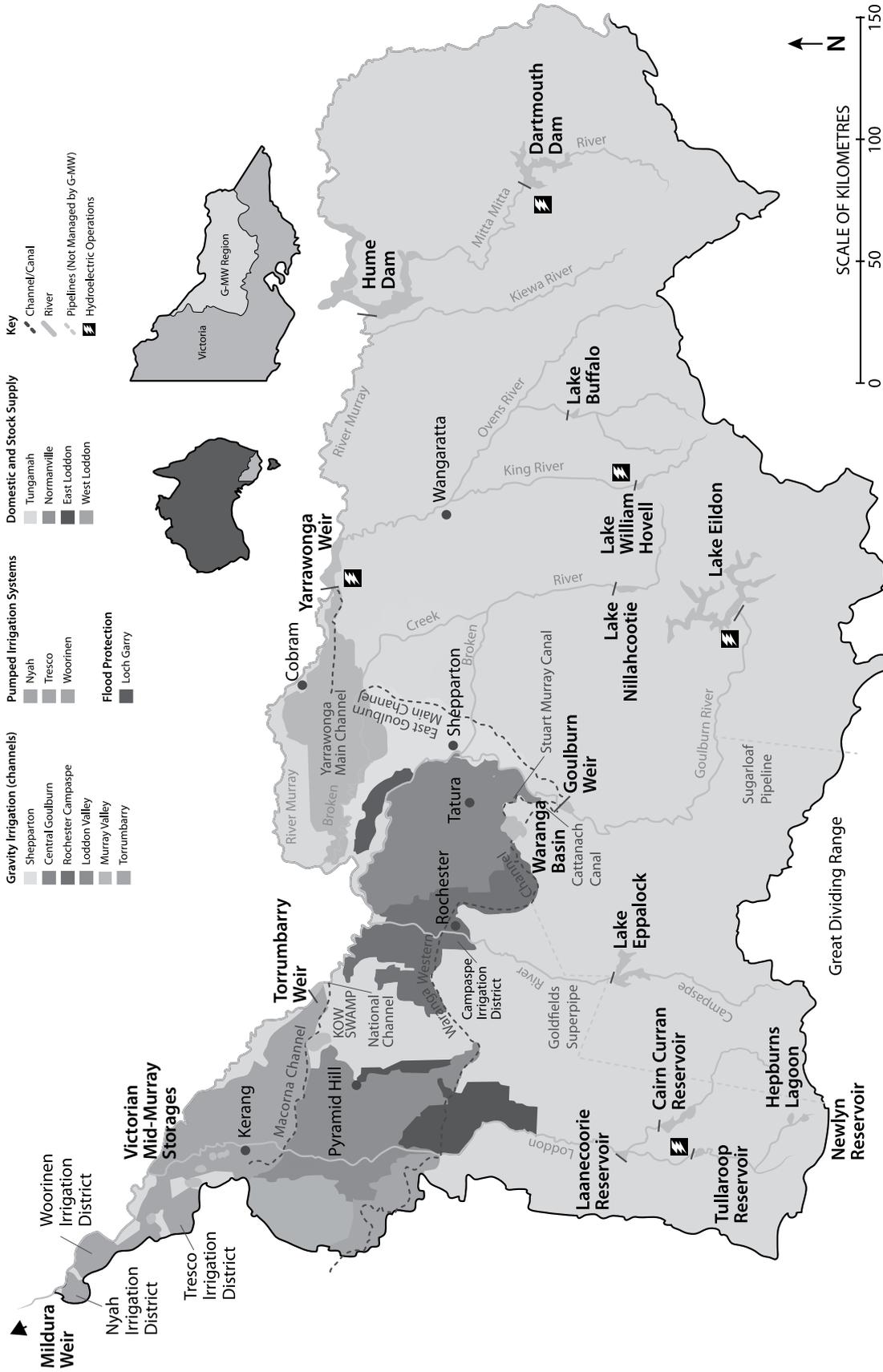
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# Region Map



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