

Water

Normanville Waterworks District
New Pumped Pipeline System

Estimated cost \$5.76M
Water saved for the environment: 3,600 Megalitres

Project Manager
Design Consultants
Survey Consultants

Goulburn-Murray Water
Egis Consulting
Price Metcalf Consulting



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Report from Chair

Dear Minister

On behalf of the Board I am pleased to present Goulburn-Murray Water's 2002/03 annual report, the first annual report of this Authority to be provided to you as the Minister for Water. The Board welcomes your appointment as the Minister and we look forward to working with you and the Bracks government on the challenges of water reform in the immediate and coming years.

The year 2002/03, during which we experienced the worst drought on record, was extremely difficult for Goulburn-Murray Water and its customers. A sub-Water Right allocation of 57% on the Goulburn System and 100% Water Right plus a modest 29% Sales on the Murray System presented immediate difficulties. It also presented circumstances that, in the medium and longer term, may well result in fundamental landscape change by restructuring land and water use in northern Victoria. The severe drought has highlighted issues previously never experienced by the Authority.

We pursued a policy of maximising water available for irrigators and we ensured that as much information as possible was provided to customers throughout this drought year to enable appropriate decisions to be made in their businesses. Special efforts were made to achieve water delivery loss reductions, and we continued with tariff reform.

We have a quest for sustainability through the ongoing viability of the business, along with sustainable water resource management. As an organisation we have already achieved full cost-recovery pricing, notwithstanding the financial pressures on the Authority and its customers in the severe drought on the Goulburn System, now into its sixth year. We have worked with, and will continue to develop our relationships with, the catchment management authorities and water authorities in Goulburn-Murray Water's region, together with the Department of Sustainability and Environment and the Department of Primary Industries, to gain partnership strategies in sustainable water resources management and protection of our environment. I commend these partner authorities and the departments for their cooperation and willingness to work towards these common, and shared, goals. The Board looks forward to the further fostering of these partnerships as likely outcomes of the *Securing our Water Future* reform process.

It was very pleasing to have you, as Minister for Water, officially launch the \$5 million interim dam improvement program works at Lake Buffalo in January 2003. This project was an excellent example of the cooperation required from stakeholders if we are to maintain a sustainable water industry into the future. The works are not only important for upgrading the safety of the dam, but also for providing added certainty and confidence for the communities and industries that use water from Lake Buffalo.

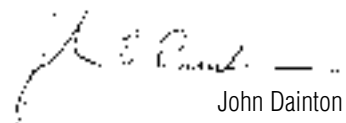
We have worked with our customer committees to gain improvements in the way customer perspectives and concerns are incorporated into the consultation process. Customer committees have worked with the Board on its strategy to strengthen Water Services Committees and we have been pleased to have had input to the development of a best practice statement for rural customer committees with the working group established by the then Department of Natural Resources and Environment.

The Board looks forward to the future challenges, and to working with the government to achieve the right outcomes, including the response to the drought, the *Securing our Water Future* reform process, The Living Murray initiative, the dam improvement program, and water savings program.

The coming year will be the third year of the current Board. It will be a year of many challenges. Hopefully, we will come out of the drought and progress substantially towards a sustainable future.

I thank the members of our Water Services Committees who have again worked with the Board in providing a strong customer perspective and scrutiny, and the members of the Board for their efforts in guiding the organisation through these difficult times. I thank the management and employees of Goulburn-Murray Water for their tireless efforts through what has been the most difficult year in our history.

The experiences that the Board, management and employees have gained in this year just gone will have us well prepared for the challenges of the future.



John Dainton

Report from Chief Executive

Responding to the most severe drought on record was our number one priority in 2002/03. Dry conditions affected all of our water supply systems, most of which recorded their lowest ever water allocations. We learned much about trading off shortened irrigation seasons to reduce losses and support allocations, pumping water from storages, arranging access to water for essential needs, and providing clarity of information for water users while avoiding unhelpful speculation.

The severity of the dry conditions became evident in August/September and resulted in system operating conditions never before experienced. Ultimately, we had to install two pumping stations at Waranga Basin to pump water from below the normal low water level. This required enormous effort from employees and contractors, but enabled the Goulburn system allocation to reach 57%; otherwise it would only have reached 48%.

To put this in context, this 48% equivalent allocation compares to the next lowest allocation in a modelled record of current system supply and demand, over the last 110 years of climate, of 82%; this "would have" occurred 100 years ago in 1903. The previous lowest Goulburn allocation was 100%, experienced in each of the past four seasons of what now is a six-year drought sequence.

The low water availability and associated tough conditions meant our customers experienced an extremely difficult year. Despite this, our relationship with customers was very good and I commend our Water Services Committees for their contributions in making sure that we worked through the difficult circumstances together. These committees worked very hard to ensure that future prices are fair to customers, while addressing the circumstances of this very dry sequence.

Just as our customers have had to maximise their effort to deal with the drought, so too has Goulburn-Murray Water. We continually monitored resources to ensure their best utilisation. It was very pleasing that despite this year's difficult circumstances we still implemented some major projects and new initiatives, as outlined in the highlights section on the following page.

The sixth year of drought also had a significant impact on our business. Unprecedented low water availability meant that we only received \$3.1 million in sales revenue from the Murray system and, once again, no sales revenue from the Goulburn system. Together with the cost of pumping Waranga Basin, this resulted in an operating loss of \$21.6 million, despite an increase in water charges.



Over the year we sought to enhance our corporate communication and our working relationships. If the drought confirmed anything, it is that Goulburn-Murray Water, customers and other stakeholders must work together. We continued to enhance our relationships with catchment partners, and worked closely with the industry bodies in our region and all levels of government.

We were proactive with stakeholder communication, consultation and participation in drought response forums. We developed new water availability graphs and provided customers with newsletters, a drought page on our web site, a greater flow of information in the media, and access to a translation service, so they could make business decisions based on the latest water information.

We are still far from out of the drought and it is vital that we continue to work with stakeholders towards a sustainable future. At no time in recent history has the importance of water to our region and to our communities had greater emphasis.

Finally, I would like to thank the Board for providing direction in such difficult circumstances. My thanks also to all employees who have worked tirelessly throughout the year to ensure we achieved the best possible outcomes.

Denis Flett



Highlights

Our business is managing the water cycle; we harvest, store and deliver water, ensuring that water is available for stakeholders in our region. We are responsible for the management of the headworks and delivery systems in an area covering approximately one-third of Victoria - from the Great Dividing Range north to the River Murray, and from Corryong down river to Nyah.

Goulburn-Murray Water is also Victoria's Constructing Authority for the Murray-Darling Basin Commission, managing substantial assets including Dartmouth dam and the Yarrawonga, Torrumbarry and Mildura Weirs. We also manage salinity mitigation works.

Highlights this year included:

- Excellent cooperation from customers and employees to maintain water delivery in response to the worst period of drought in recent history.
- Over 110,000 ML pumped from below the normal low water level of Waranga Basin to increase water available to irrigators in the Goulburn System.

- Progress of the \$24.6m Woorinen and \$8.4m Normanville Pipeline water savings projects.
- Commencement of Watermove, the internet-based water exchange which provides statewide water trading services. During the year Watermove was expanded to offer trading in groundwater and interstate temporary trading.
- First public auction of groundwater licences was held at Newbridge in December 2002.
- \$5m interim works at Lake Buffalo to improve the safety of the dam.
- Completion of the \$12.9m project to upgrade the safety of Yarrawonga Weir.
- Completion of a \$1m weir at Barr Creek and the approval for a \$12.8m project at Pyramid Creek to progress our focus on salt interception projects.
- Commencement of the \$7.2m Waranga Western Channel Upgrade Project to increase capacity and allow delivery of an additional 24,000 ML each year.

Goulburn-Murray Water - Who Are We?

Trading as Goulburn-Murray Water, and reporting to the Minister for Water, the Goulburn-Murray Rural Water Authority was constituted by Ministerial Order under the provisions of the Water Act 1989, effective as of 1 July 1994.

There are two major regulated bulk water supply systems from which Goulburn-Murray Water takes its name, reflecting the dominant sources of supply. The Goulburn System comprises the storages, weirs and connecting channels which integrate the supply of water from the Broken, Goulburn, Campaspe and Loddon River catchments. The Murray System comprises Murray-Darling Basin Commission and Goulburn-Murray Water headwork assets located on the River Murray or within the Victorian tributary catchments of the Mitta Mitta and Ovens Rivers.

Four separate businesses manage the water cycle

- **Bulk Water Services** manages headworks assets and associated water storages, and the delivery of bulk water to urban water authorities, Goulburn-Murray Water irrigation and diversions customers, other rural water authorities and hydroelectricity customers. This business is also responsible for the management of recreation services at water storages.
- **Diversions Services** provides regulated and unregulated surface water and groundwater diversion services, including the licensing of surface water and groundwater diversions, to customers on some 10,000 serviced properties.
- **District Services** manages the delivery of water entitlements, drainage and flood protection services, and the management of assets for irrigation districts. It delivers services to customers on more than 14,000 properties, and manages six Irrigation Areas (Shepparton, Central Goulburn, Rochester-Campaspe, Pyramid-Boort, Murray Valley and Torrumbarry). These services include gravity and pumped water supply, and surface and sub-surface drainage.
- **Natural Resource Services** provides a range of services that support sustainable land and water management. These include salinity management, surface and sub-surface drainage support, water quality and land management planning, and salt interception.

The four businesses are supported internally by:

- the Strategy and Development Group
- the Water Systems and Environment Group, and
- the Business and Finance Group

Goulburn-Murray Water also supports these businesses by engaging a range of specialist consultants and contractors where appropriate.

Our customers

Serviced properties

Gravity irrigation and drainage	12,992
Pumped irrigation and drainage	427
Domestic and stock	616
Surface water diversions	7,739
Groundwater diversions	2,607
Flood protection	118

Other customers

Urban water authorities	5
Hydroelectric companies	3
Other rural water authorities	4
Land lessees	893
Recreational users	742
Community water supply scheme	1



Corporate Governance

As at 30 June 2003 the Board was composed of seven Directors, including the Chief Executive. Directors are appointed on the basis of their skills and expertise by the Minister administering the Water Act 1989.

The Board



John Dainton, Chair MAICD

Chair of Goulburn-Murray Water since 1 July 2001. Deputy Chair from 1 July 1994 to 1 July 2001. Former dairy farmer at Mooroopna. Former Chair and current Director of the Goulburn Broken Catchment Management Authority. Former Chair, Bonlac Foods Limited.

Experienced company director and community leader in natural resource management planning and implementation.



Sarah Crooke, Deputy Chair

Dip Med Tech FAICD

Deputy Chair of Goulburn-Murray Water since 1 July 2001. Director since 1 November 1998. Deputy Chair, Dairy Research and Development Corporation. Dairy farmer in the Kiewa Valley. Former Executive Member, United Dairy Farmers

of Victoria. Graduate of the Australian Rural Leadership Program. Churchill Fellowship 1991 for study of dairy industry. Director North East Catchment Management Authority.



Mark Lawlor, Director

Grad Dip Env Mgt. GAICD

Director of Goulburn-Murray Water since 1 July 2001. Managing Director of contract fencing company, M & T Lawlor Pty Ltd. Secretary, Merrigum Landcare Group. Environmental management studies undertaken have focussed on

natural resource management in the Murray-Darling basin. Former Director of the Goulburn Valley Region Water Authority.



Don Little AO, Director

(to November 2002)

BCE (Melb), EWS, CP Eng, Hon FIE Aust, FTSE

Director of Goulburn-Murray Water since 1 July 1995. Civil Engineer providing consulting engineering services to the public and private sectors. Former Commissioner of the State Rivers and Water Supply Commission. Former

Victorian Commissioner, River Murray Commission. Former Chair, Environment Protection Authority. Former Director General, Public Works Department of Victoria. Experienced in dams engineering, environment protection and public administration.



John Pettigrew, Director GAICD

Director of Goulburn-Murray Water since 1 July 2001. Director, JW Pettigrew and Sons, horticulturalists. Former Chair, Shepparton Water Services Committee. Former Director, SPC Limited.

Experienced company director and community participant in natural resource management planning and implementation.



Jean Sutherland, Director

Cert Bus Studs, CPA, GAICD

Director of Goulburn-Murray Water since 1 July 2001. Principal of her own accounting practice, with offices at Boort and Cohuna. Dairy farmer at Cohuna. Graduate of the Loddon Murray 2000 Plus Leadership program. Experienced

accountant with particular emphasis on rural business enterprises.



Myles Treseder, Director MAICD

Director of Goulburn-Murray Water since 1 July 2001. Manager, Treseder Vineyards. Former President, Woorinen Landcare Group and Former Chair, Loddon Murray 2000 Plus. Former Deputy Chair, Torrumbarry Water Services Committee. Former Chair,

Woorinen Pipeline Project Reference Committee.



Denis Flett, Director and Chief

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

Chief Executive and Director of Goulburn-Murray Water since 1 July 1994. Victorian Deputy Commissioner, Murray-Darling Basin Commission. Experienced water industry civil engineer, manager and organisational leader during

a period of fundamental and sustained change.

Adrian Williams, (Advisor from December 2002)

BE (Civil), FIE Aust

Engaged as an advisor to the Board following the retirement of Don Little AO in November 2002. Has provided advice on a range of issues including specialist expertise in dams management.

'We have a quest for sustainability through the ongoing viability of the business, along with sustainable water resource management.'

John Dainton, Chair

Governance practices

The Board sought to achieve continuous improvement in its corporate governance. Its corporate governance principles and practices (documented in a Corporate Governance Manual) were further developed and refined to ensure that sound ethical standards, and best commercial procedures, consistent with latest developments in the Corporations Act and Australian Stock Exchange principles, where relevant and appropriate, were adopted.

The Board maintained the practice of reviewing the performance of the Board as a whole in July each year, and developing a Board Performance Improvement Plan for the ensuing year as an outcome of the performance review. The practice of reviewing individual Director performances in January each year, including review of the Chair's performance by each Director, was also maintained.

Awards

The Chair, John Dainton, and Director, John Pettigrew, both received the Australian Centenary Medal in 2003. John Dainton received the medal for services to the community in the area of salinity programs, the dairy industry, and water and catchment management, while John Pettigrew received the medal for service to the fruit industry and agriculture. John Dainton was also one of five finalists in the Prime Minister's Environmentalist of the Year award.

Board committees

The Board has established two committees to assist with its duties and to advise and make recommendations to the Board.

The current Board Committees and their functions are as follows:

Financial Management and Audit Committee

Oversees the internal and external audit program and risk management program, reviews annual financial statements and associated checklists, and monitors financial and management accounting responsibilities and advises the Board.

Members:

Jean Sutherland (Committee Chair), Mark Lawlor, John Pettigrew, Myles Treseder, (to 17 April 2003) and Denis Flett.

Remuneration Committee

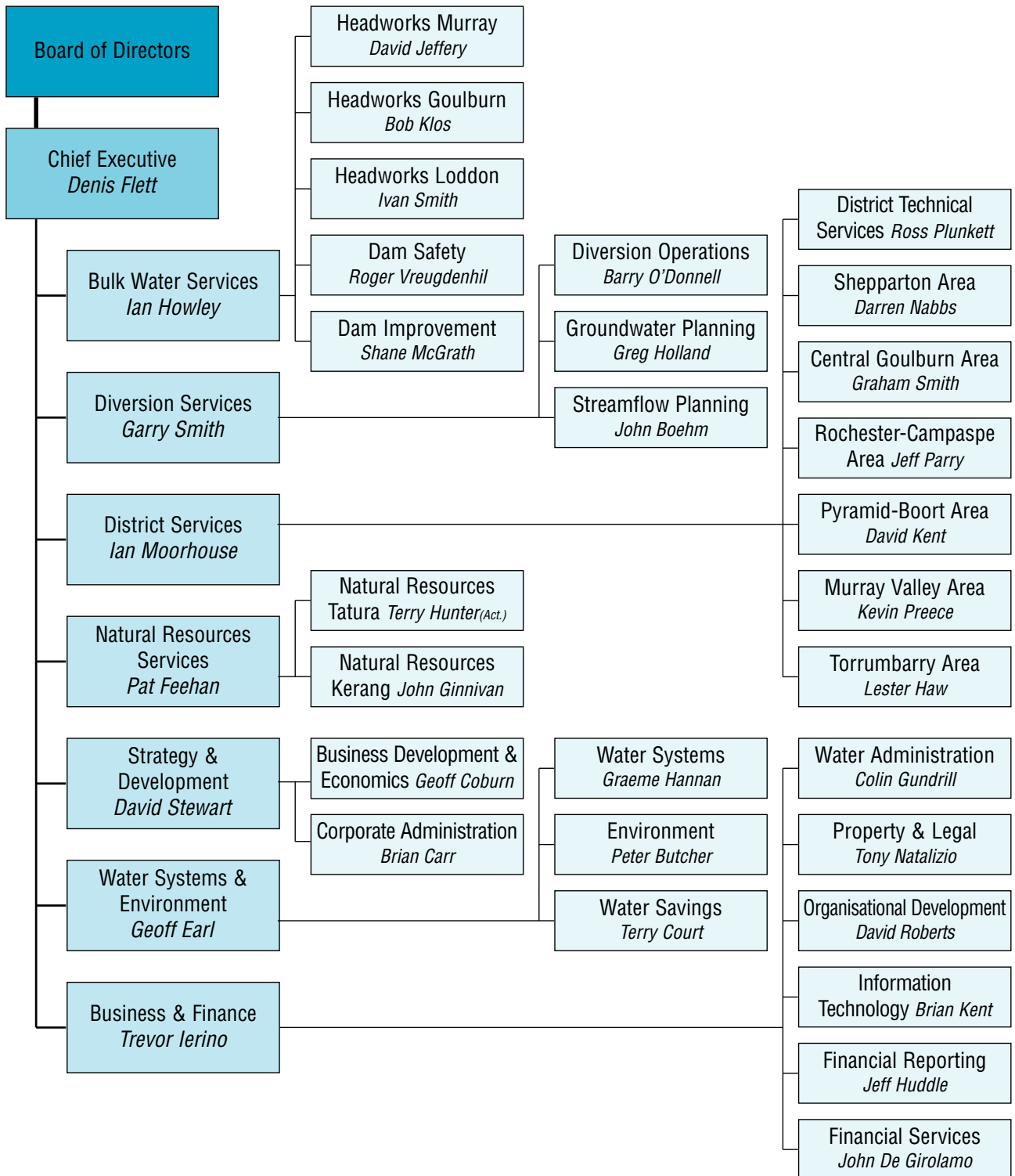
Oversees executive remuneration policy, monitors executive remuneration and advises the Board in relation to executive remuneration responsibilities, including individual remuneration packages for senior executives.

Members:

Sarah Crooke (Committee Chair), John Dainton, Myles Treseder, (from 17 April 2003) and Denis Flett.

Organisational structure

Business units and unit managers





Improving Our Customer Service

Our objective: to deliver price efficient services to agreed standards.

Strengthening customer involvement

Water Services Committees represent Irrigation Area customers, surface water diverters in the Murray and Goulburn Systems, groundwater users across the Goulburn-Murray Water region, domestic and stock customers in Water Districts and flood protection customers in the Loch Garry District.

Our aim is to enhance Water Services Committee representation with a view to involving our customers in strategic business planning and natural resource management issues and expanding their role in raising issues of customer concern. We continue to increase the involvement of customers in decisions affecting the services provided by Goulburn-Murray Water through the participation of Water Services Committees in providing scrutiny and advice.

During the year a series of workshops were held with Water Services Committees and consultation took place with industry bodies and other stakeholders. Implementation of the outcomes will commence in 2003/04 and will be aligned with the Government's Best Practice Statement for Rural Customer Committees currently under development by a Ministerial working group.

The establishment of the Loch Garry Water Services Committee this year brought the number of Water Services Committees to 11. Now almost one in every 300 Goulburn-Murray Water customers is involved in a Water Services Committee, and every retail service provided by Goulburn-Murray Water is subject to Water Services Committee scrutiny.

The 11 Water Services Committees and their Chairs as at 30 June 2003 were as follows:

District Services

Gravity Irrigation Areas

Shepparton	Ian Klein
Central Goulburn	Peter Fitzgerald
Rochester-Campaspe	Richard Anderson
Pyramid-Boort	John Nelson
Murray Valley	Hank Sanders
Torrumbarry	Geoff Williams

Surface Water Diversions

Murray System	Lindsay Jarvis OAM
Goulburn System	Morris Brown

Groundwater

Regional Groundwater Services	Russell McKay
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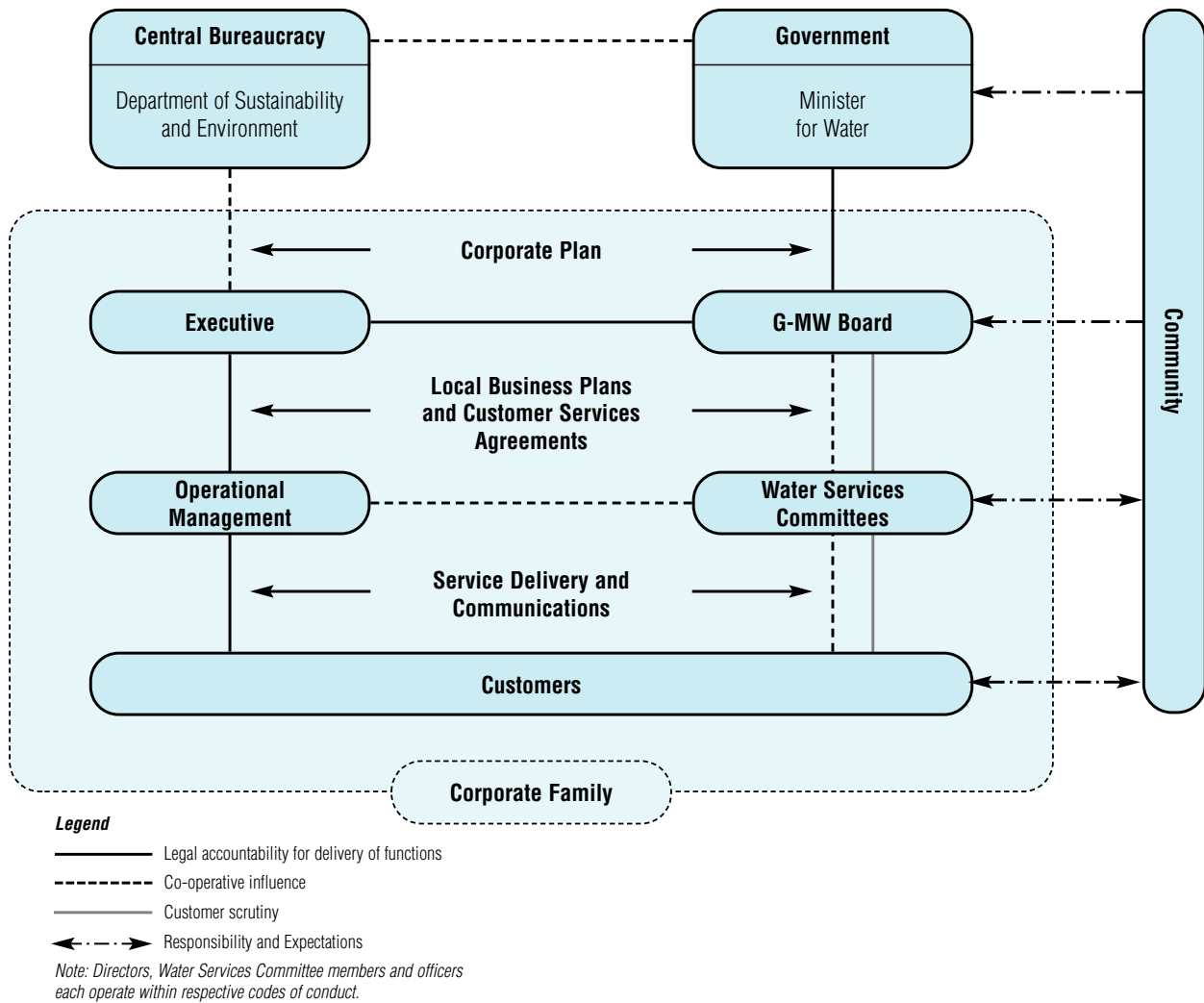
Water Districts

Loddon Waterworks Water Services Committee	Chris Watson
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Flood Protection Districts

Loch Garry Flood Protection Water Services Committee	John Dickson
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Key relationships



Working with communities

The Board establishes Reference Committees to ensure that customer and community views are taken into account when planning and implementing specific projects. Currently, Reference Committees are appointed for the Normanville Pipeline Project, the Woorinen Pipeline Project, the Waranga Western Channel Upgrade Project and the Water Quality Study.

The Lake Eildon Public Use Liaison Committee has wide representation and met four times during the year. While there was much discussion over the drought and its impact on Lake Eildon, the group also focused on operations, water quality and land management issues, including the control of vehicle access to abandoned roads on adjacent land and the management of boat launching ramps.

We held a Bulk Water Forum with representatives from urban and rural bulk water authorities to address operational matters and issues relating to bulk entitlement management, seasonal outlook, pricing, water quality and the dam improvement program.

Delivering a reliable water service

The key issue for 2002/03 was the severe drought that affected all water supply systems, with the lowest historic water allocations on most systems. This particularly affected the Goulburn System where, after five years of low allocations, the 2002/03 seasonal allocation was only 57% (the previous lowest being 100%). The drought unfolded very quickly in August and September, and a substantial effort was made to communicate the extent and significance of the problem, and of the resulting management issues, in a timely manner.

The severity of the drought meant we had to operate our water supply and delivery systems under conditions never before experienced and, consequently, there were many unexpected issues to manage.

With many storages at lowest ever levels in May 2003, substantial effort was made to maximise the amount of water available and to prepare for the 2003/04 season and possible continuation of the drought. A notable achievement was the installation of two large pumping stations at Waranga Basin to pump water from below the normal low water level. This was completed in a very short amount of time and increased the total water available to customers on the Goulburn System by 15%. An initial shortening of the irrigation season and efforts to run the channel delivery system more efficiently helped to minimise water losses and increase the allocation.

'If the drought confirmed anything, it is that Goulburn-Murray Water, customers and other stakeholders must work together.'

Denis Flett, Chief Executive

Managing the demand for water

Despite the difficult year, Goulburn-Murray Water had excellent cooperation from customers, which helped to achieve the best results possible under such circumstances.

Bulk water services were also satisfactorily delivered to all customers. Hydroelectricity generation was reduced because of low levels at some storages. Water-based recreation activities at Lake Eildon, although restricted by record low levels, were maintained after temporary access infrastructure was installed and improvements were made to houseboat support infrastructure.



Annual customer survey

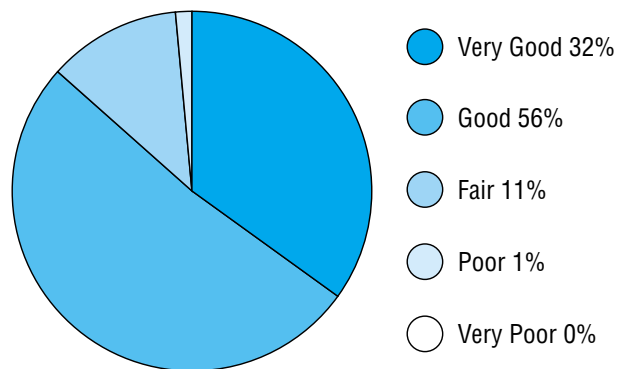
This year we undertook surveys of gravity irrigation customers and diversion customers, measuring customer perceptions of our service.

The aggregated data obtained is used to benchmark the services and to assess where improvements should be made. A total of 20% of gravity irrigation customers were surveyed by mail. Around 88% of those surveyed rated our service as good or very good.

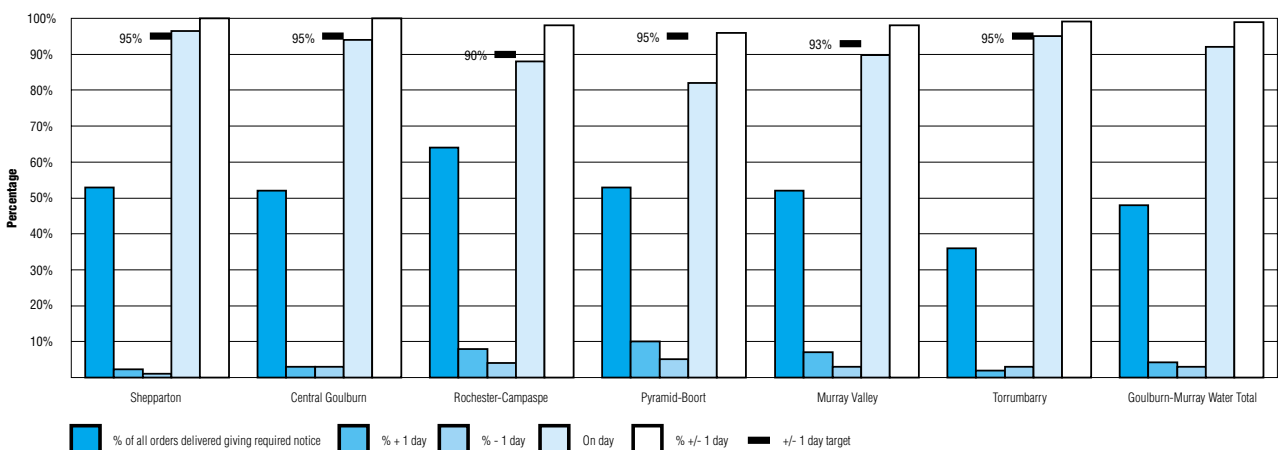
Customer consultation manual

We contributed to the production of a customer consultation manual - *Working Together, a Guide to Consultation for Victorian Water Businesses*. We thank the Victorian Water Industry Association for having coordinated the development of the manual with representatives of all Victorian water businesses, as the manual provides an excellent basis from which to build and maintain effective customer relationships.

Customer service



Delivery Performance for orders with required notice



Providing culturally appropriate services

Communication is a vital part of our daily business activities, particularly in our drought response management. It is important that we provide as much information as we can to all during these uncertain times. A significant number of our customers come from multicultural backgrounds and they often rely on friends and relatives to communicate on their behalf.

In response, we introduced an interpreter service in June 2003 through VITS Language Link. The service provides translations in over 100 languages. Customers can access the service by phoning the dedicated line, (03) 9280 1993, where the language will be identified and a three-way conversation set up with a translator and a Goulburn-Murray Water customer service operator. The new service is communicated to all customers in 11 different languages. Customers can also access translation services for written documents.

Resolving disputes

In addition to our own dispute resolution procedures, Goulburn-Murray Water is a member of Energy and Water Ombudsman (Victoria) Limited - a scheme providing an independent third party conciliation role for customers of electricity, gas and water services in Victoria.

The Energy and Water Ombudsman (Victoria) referred a total of 61 cases to Goulburn-Murray Water during the year, comprising 51 enquiries, 1 consultation and 9 complaints. Only 8 cases remained outstanding at 30 June 2003.

Improving water trading

The Watermove water trading exchange was introduced in August 2002, replacing the Northern Victorian Water Exchange. Goulburn-Murray Water operates Watermove on behalf of all

Victorian water authorities responsible for approving water trades. Watermove provides an open and transparent marketplace for water, with full disclosure of prices and volumes traded.

Watermove has an interactive website, www.watermove.com.au, through which traders obtain offer forms and view previous exchange results and graphs. Offers may also be lodged via the Internet. Trading zone profiles have been developed for all zones, and include information on where traders in the zone can buy to and sell from, previous trading history, type and volume of tradeable entitlements held and current allocations.

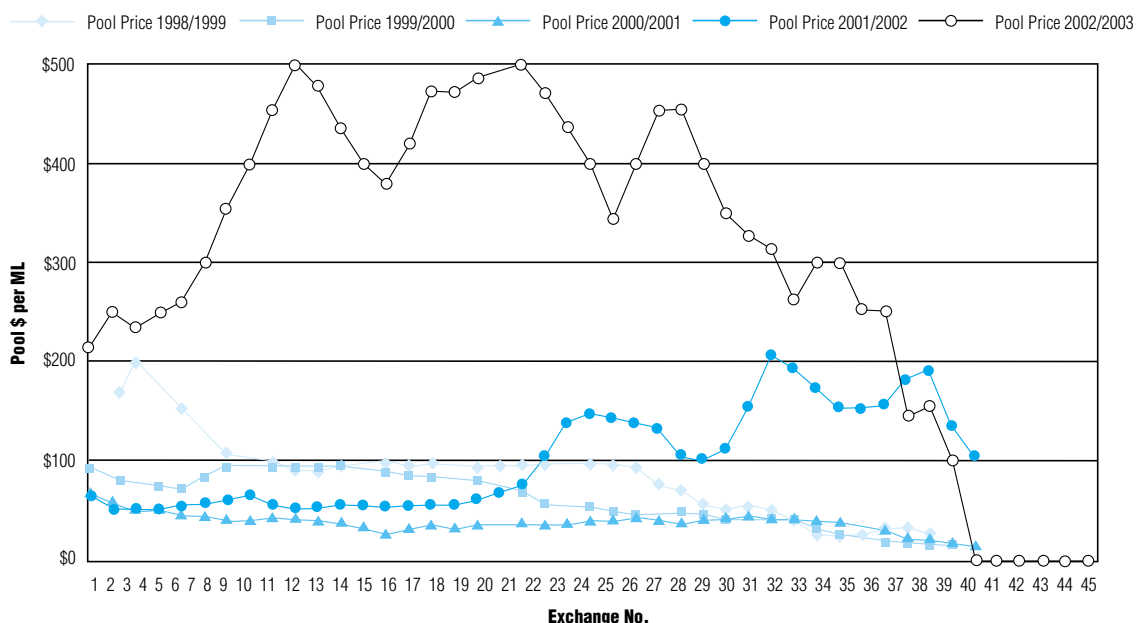
Trading on Watermove has expanded to include Southern Rural Water, Sunraysia Rural Water Authority, First Mildura Irrigation Trust and Wimmera Mallee Water. Temporary trading has also been offered to the customers of the Department of Land and Water Conservation and to Murray Irrigation Limited in New South Wales.

During the 2002/03 irrigation season, Watermove conducted 27.2% of all trades in Goulburn-Murray Water's region, an increase from 24.4% by the Northern Victorian Water Exchange in the previous year. Watermove also recorded new high prices for the Goulburn and Murray Systems. The Greater Goulburn Zone traded at a high of \$500 per ML, while in the Murray System prices reached \$310.55 in Zone 6 and \$306.50 in Zone 7.

Watermove received a total of 13,005 offers - a substantial increase from 7,767 in the previous year. Despite the limited amount of water available to trade, the percentage of successful offers to buy increased from 22% last season to 29% this season.

Watermove is now well accepted in the trading market and is widely used as a reference for market information, prices and demand.

Pool Prices for Zone 1A & 1B - Greater Goulburn



Results of trading for 2002/03

Water Trading Zone	ML Traded	Final Allocation			
		Water Right/ Diversion Licence	Sales	Successful Sellers	Successful Buyers
<i>Water Right</i>					
Zone 1A & 1B - Greater Goulburn	42,659.3	57%	-	2,262	1,124
Zone 2A - Broken	100.0	100%	-	1	1
Zone 2B - Broken	270.0	100%	-	10	9
Zone 3 - Lower Goulburn	170.6	57%	-	14	8
Zone 4 - Campaspe	35.0	100%	-	2	1
Zone 5 - Loddon	20.0	57%	-	2	2
Zone 5B - Bullarook	-	57%	-	-	-
Zone 6 - Hume to Barmah	4,233.3	100%	29%	139	91
Zone 7 - Barmah to SA Border	15,732.1	100%	29%	696	334
Zone 9A - Ovens	-	-	-	-	-
Zone 9B - King	-	-	-	-	-
<i>Sales</i>					
Zone 6 - Hume to Barmah	1,064.5	100%	29%	56	45
Zone 7 - Barmah to SA Border	4,256.3	100%	29%	266	126
<i>Groundwater</i>					
Zone 1001 - Spring Hill	25.0	-	-	1	1
<i>Unregulated</i>					
Zone 191 - Kiewa Main Stem	50.0	-	-	2	2
<i>Southern Victoria Regulated</i>					
Zone 31 - Werribee System	46.6	-	-	1	1
Zone 43B - Lower Latrobe	200.0	-	-	2	3
<i>Total 2002/03</i>	68,862.7			3,454	1,748
Total for G-MW 2002/03	68,616.1			3,451	1,744
Total for G-MW 2001/02	60,482.1			1,442	1,096
Total for G-MW 2000/01	60,117.1			829	938
Total for G-MW 1999/00	53,438.8			851	829
Total for G-MW 1998/99	30,851.9			505	628
Percentage of G-MW Trade : 2002/03	27.2%			32.6%	19.8%
Percentage of G-MW Trade : 2001/02	24.4%			24.6%	19.9%
Percentage of G-MW Trade : 2000/01	31.3%			25.1%	27.5%
Percentage of G-MW Trade : 1999/00	26.2%			23.3%	22.6%
Percentage of G-MW Trade : 1998/99	15.3%			12.3%	14.8%

Performance Measures and Targets	Achievements/Outcomes
Compliance with agreed service standards, which is determined by individual Customer Services Agreements in relation to: <ul style="list-style-type: none"> water service standards timely issue of accurate bills reactive maintenance problems responded to within agreed timeframes. 	Achieved. Achieved. Achieved.
Customer Satisfaction - at least 75% of respondents to customer surveys satisfied with Goulburn-Murray Water services.	Achieved.
Timely response to business enquiries - written enquiries responded to within 12 days.	Generally Achieved.



Developing Our Relationships and Partnerships

Our objective: to maintain relationships, build partnerships and influence policy that will improve our water and business management and contribute to sustainable regional development.

Supporting ANCID

Goulburn-Murray Water has again actively supported the Australian National Committee on Irrigation and Drainage (ANCID) by hosting its secretariat during the 2002/03 year.

Goulburn-Murray Water management, employees and Water Services Committees attended the ANCID annual conference and annual general meeting in 2002 which were successfully hosted by Murrumbidgee Irrigation at Griffith. Goulburn-Murray Water is planning the ANCID 2003 Conference, *Catchment Companions Growing Together*, to be held in Shepparton on 19-22 October 2003.

We congratulate the Pyramid-Boort Water Services Committee for receiving a National ANCID Irrigation Award in 2002 for Working Relationships in the Water Industry.

Goulburn-Murray Water provided technical and management support for ANCID programs, including the channel seepage project and a series of workshops on the national benchmarking project. ANCID has produced Benchmark Reports for the previous three irrigation seasons, with contributions from Goulburn-Murray Water.

Over the course of the year Goulburn-Murray Water developed and distributed three newsletters to ANCID members on behalf

of the committee and provided executive support to an ANCID initiative promoting the benefits of irrigated agriculture to the Australian community. The Australian Irrigation Coalition acts as the steering committee for this project.

Goulburn-Murray Water Chief Executive Denis Flett is a member of the organising committee for the International Commission on Irrigation and Drainage (ICID) 2nd Asian Regional Conference at Echuca/Moama, to be hosted by ANCID in March 2004. The conference theme is *Irrigation in a Total Catchment Context, Sharing the River*.

Participating in ANCOLD

Goulburn-Murray Water continued its active support of the Australian National Committee on Large Dams (ANCOLD). David Stewart is Junior Vice Chairman, Convener of the ANCOLD Working Group developing Guidelines for Business Management of Dams, and ANCOLD's nominee on the International Commission on Large Dams (ICOLD) Seismic Aspects of Dam Design Committee. He did not attend the ICOLD Executive Meetings in 2002 or 2003 due to financial constraints during the ongoing drought.

Shane McGrath is Victoria State Representative and a member of the ANCOLD Working Group developing Guidelines on Risk Assessment.

Tusitha Karunaratne is a member of the ANCOLD Working Group reviewing Guidelines on Dam Safety Management.

Steven Fox represented Goulburn-Murray Water at the 21st ICOLD Congress and 71st ICOLD Executive Meeting in Montreal in June 2003, where he presented a paper on rehabilitation work at Yarrawonga Weir.

Several Goulburn-Murray Water representatives also attended ANCOLD's Annual Conference and Annual General Meeting in Adelaide in October 2002. Andrew Reynolds presented a paper on Goulburn-Murray Water's risk assessment process for its Dam Improvement Program.

Water industry bodies

We are active supporters and participants of the Association of Rural Water Authorities and the Victorian Water Industry Association.

John Dainton, Chair of Goulburn-Murray Water, is the Chair of each of these organisations.

Partnering the Murray-Darling Basin Commission

Goulburn-Murray Water's Chief Executive, Denis Flett, served as Victorian Deputy Commissioner on the Murray-Darling Basin Commission. He participated in River Murray Water, the internal water business of the Commission and chaired a project Board on permanent interstate water trading. Goulburn-Murray Water officers contributed to various MDBC working groups, mainly on asset management, water resource assessment, and natural resource management.

As Victoria's Constructing Authority for the Murray-Darling Basin Commission, Goulburn-Murray Water completed major upgrading works at Yarrawonga Weir. Investigations and designs for enhancement of salinity mitigation works have also been undertaken on the Pyramid Creek and the Lake Tutchewop Scheme. Upgrading works were undertaken at the Barr Creek/Tutchewop Salt Interception Scheme. We provided technical support to the Sunraysia Interception Investigation.

Community Surface Water Management Schemes

Goulburn-Murray Water completed the construction on two Community Surface Water Management Schemes (formerly Community Surface Drains) - the Mosquito Drain 6/25P and Mosquito Drain 10/25P. Construction has commenced on the Mosquito Drain 14/25P and works are expected to be completed in November 2003. The new Community Surface Water Management Schemes will be owned and operated by Goulburn-Murray Water and are within the Central Goulburn Irrigation Area.

Operating Casey's Weir and Major Creek Rural Water Authority

The Casey's Weir and Major Creek Rural Water Authority (CW&MCRWA) operates a domestic and stock system that delivers water to 935 farm dams over an area of 47,600ha in the Tungamah region. Since October 1998 Goulburn-Murray Water has contract-managed the CW&MCRWA system.

The CW&MCRWA has been offered water savings funding from the Victorian Government for a proposed pipeline system to replace the existing channel system, which is approximately 20% efficient. Over the last 12 months we have:

- appointed a Pipeline Project Manager
- identified a pipeline option through intensive analysis and consultation. This option includes CW&MCRWA customers sourcing their water from Flynn's Weir and from North East Water through a separate pipeline from Yarrawonga
- finalised a focused environmental study for the pipeline
- consulted with the community regarding to the future of the Tungamah Weir, and
- consulted with major stakeholders Moira Shire and North East Water.

Supporting National Water Week

Goulburn-Murray Water supported National Water Week, which was held on 20-26 October 2002. The theme *Water for Life - Protect, Conserve and Get Involved* was promoted during National Water Week. Working in partnership with Goulburn Valley Water and the Goulburn Broken Catchment Management Authority, we provided sponsorship for an interactive pantomime entitled *Follow the Yellow Fish Road*. The pantomime toured 14 locations in the Goulburn Broken catchment during National Water Week. Following the performances, students formed stormwater squadrons and paint-stencilled drains in their towns with the message 'the drain is just for rain' to raise community awareness of stormwater and environmental issues.

Working with Native Title

Currently there are five claims over lands within the boundaries of Goulburn-Murray Water. These claims have been made by Wamba Wamba, Barapa Barapa and Wadi Wadi Indigenous Communities; Wadi Wadi People; Dja Dja Wurrung People; Taungurong People; and Gunai Kurnai People. In addition, the Wergaia and Latji Latji Peoples have claimed title over lands involving the Mildura-Merbein Groundwater Interception Scheme.

Goulburn-Murray Water has arranged to be joined as a party in each of these claims, none of which has yet proceeded to mediation.

On 12 December 2002, the High Court dismissed the appeal by the Yorta Yorta Aborigine Community against the rejection of their claim by the Full Bench of the Federal Court, and effectively upheld the trial judge's conclusion that the tide of history had washed away the Community's native title.

Performance Measures and Targets	Achievements/Outcomes
MDBC and Government Services and Agreements delivered in line with agreed programs and budgets.	Achieved, except for salinity projects, which were delayed awaiting approval.
Meetings held with each CMA to address key shared issues at senior management/Board Level.	Achieved.
State emergency management <ul style="list-style-type: none"> • Calls for emergency management support met. • Emergency management plans and contacts kept current. 	Achieved. Achieved.
Corporate planning and reporting: <ul style="list-style-type: none"> • 2001/02 annual report submitted to Minister for Environment and Conservation by 30 September 2002 for tabling in Parliament. • 2003/04 corporate plan submitted to Minister for Water by 30 April 2003. 	Achieved. Achieved.

Creating a better future through Research and Development

Research and Development plays an important role in developing a better future for people in the irrigation industry by achieving economic, social and environmental goals.

In the past year we spent \$1,448,332 on Research and Development. Approximately half of this was spent in partnership agreements with Land and Water Australia, the Cooperative Research Centre for Catchment Hydrology and the Cooperative Research Centre for Freshwater Ecology.

Goulburn-Murray Water's Research and Development program included the following projects:

- Arrowhead - Biology and Control
- Total Channel Control™ System
- Improved irrigation practices on light soil types
- Assessment of ecological risks associated with irrigation.

Goulburn-Murray Water supported the development of the Cooperative Research Centre for Irrigation Futures, and will be a partner in the Centre when it comes into operation in June 2004.

Goulburn-Murray Water registered as an associate member of the Cooperative Research Centre for Water Quality and Treatment this year.

Case Study - Murchison-Toolamba district to pilot world first in channel control technology

Total Channel Control™ System (TCCS) is a revolutionary new approach to the control and delivery of water in channel systems. It is intended to provide an improved service to customers as well as more efficient operation of channel networks. Goulburn-Murray Water and Rubicon Systems Australia Pty Ltd have entered into an agreement to pilot the TCCS.

It is estimated the project will cost \$1.6m over three years, with the cost to be shared between Goulburn-Murray Water and the Department of Sustainability and Environment.

The pilot system was installed on the Central Goulburn No 2 channel in the Murchison-Toolamba district and is a world first for evaluation of this technology. The channel network delivers water to 51 customers, is 74 kilometres in length, is controlled by 39 regulating structures, and has 158 service points.

The project has another 12 months to run before the full potential of TCCS can be appreciated. Preliminary results from the 2002/03 season have shown:

- order lead time is reduced from four days' notice to a minimum of one hour's notice with very acceptable results
- outfalls were controlled to almost zero flows
- many leaks were identified as loss from the system and rectified
- customers' irrigation patterns changed making full use of short order lead notice with system security maintained

- meter readings were generated and stored electronically after each irrigation, which eliminated the uncertainty of estimated values when nearing the end of entitlement
- a completely transparent transaction path can be viewed and reported at any time, and
- the system can control flow and deliver service standards with minimal manual intervention.

Performance Measures and Targets	Achievements/Outcomes
<p>Research and Development investment</p> <ul style="list-style-type: none"> • Approved programs and budgets delivered. • Progress and results communicated. • Outcomes transferred and benefits captured. 	<p>Achieved. Programs approved and expenditure monitored and reported on regularly. Where costs were substantially in excess of budget, programs were revised.</p> <p>Achieved. A research development newsletter was circulated to customers in June describing the progress and outcomes of key projects.</p> <p>Achieved. Where individual projects resulted in the need for changed practices and procedures, such changes have been investigated and adopted where appropriate.</p>



Our Water Delivery System

Our objective: to operate total water systems efficiently to meet customer entitlements and agreed environmental flows.

Managing storage and delivery systems

The 2002/03 season was characterised by the worst drought conditions experienced in the irrigation areas of northern Victoria. After a dry June and July the drought unfolded very quickly in August and September. Lowest-ever opening allocations were accompanied by a seasonal outlook forecast which offered limited chances for improvement.

The initial Goulburn System allocation announced on 15 August 2002 was 34% of Water Right. The allocation reached the final

level of 57% of Water Right on 17 March 2003. This is the first time that the allocation has been less than 100% of Water Right and follows four consecutive seasons with a zero Sales allocations.

In the Campaspe System the initial seasonal water allocation was 85% of Water Right. Extremely dry conditions ensured that the allocation increased only by small increments through the season. Operational efficiencies were important in supporting the increases. An allocation of 100% of Water Right was announced on 4 March 2003, making this the lowest ever final allocation for the Campaspe System.

The initial Murray System allocation announced on the 15 August 2002 was 100% of Water Right plus 29% of Sales. Drought conditions meant that inflows were insufficient to increase allocation and it remained unchanged for the season, making this the lowest final allocation for the Murray System.

Initial and final allocations for all systems

System	Initial Allocation		Final Allocation	
	Water Right/ Licensed Volume	Sales	Water Right/ Licensed Volume	Sales
<i>Irrigation Districts</i>				
Goulburn-Murray Irrigation District				
Goulburn	34%	0%	57%	0%
Murray	100%	29%	100%	29%
Campaspe Irrigation District				
Goulburn	85%	0%	100%	0%
<i>Private Diversions</i>				
River Murray	100%	29%	100%	29%
Mitta Mitta River	100%	29%	100%	29%
Kiewa River	100%	29%	100%	29%
Broken River	40%	0%	100%	0%
Goulburn River	34%	0%	57%	0%
Campaspe River	85%	0%	100%	0%
Loddon River	34%	0%	57%	0%

Low water availability in all systems made it necessary to optimise all available resources and take initiatives to minimise distribution losses and maximise harvesting opportunities.

Drought conditions and record low allocations meant that storage operations targeted effectively emptying the major storages, with the exception of Lake Dartmouth. Lake Eildon was drawn down to 8.5% of capacity in May 2003. Plans were developed and implemented to pump water from Waranga Basin from below the minimum normal operating level. Waranga Basin was pumped down to 4.1% of capacity. This increased the water available to irrigators in the Goulburn System.

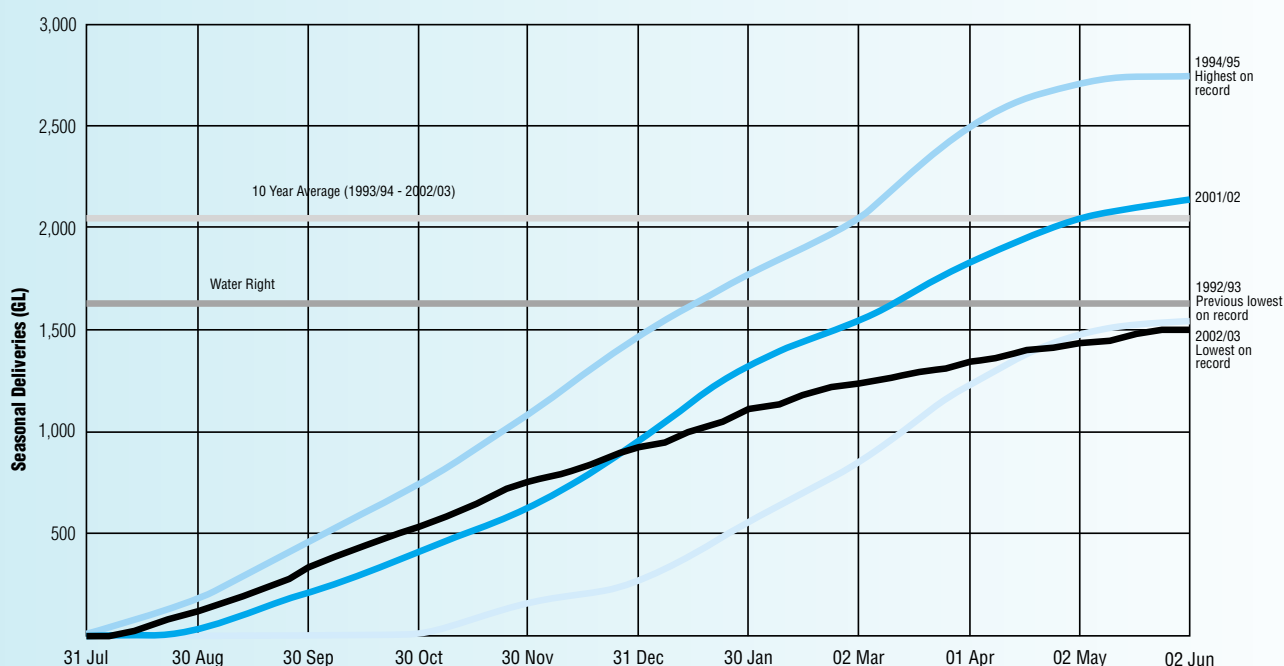
Demand for irrigation water was high early in the season due to very dry conditions. The season started a week early in the Torrumbarry System following requests from irrigators. Irrigation deliveries were constrained due to the lowest ever allocations. Goulburn-Murray Water delivered 1,503,016 ML (90.3 % of Water Right) to gravity and pumped districts during 2002/03, compared to 2,106,958 ML (130.3% of Water Right) in 2001/02.

Focusing operations to deliver water

The severity of the drought meant planning and operating our water supply and delivery systems under conditions never before experienced. There was a range of issues and system behaviours to manage outside the range of operational experience.

- Low water availability in all systems made it necessary to optimise all available resources and to take initiatives to minimise distribution losses and to maximise harvesting opportunities.
- Goulburn-Murray Water provided frequent forecasts for water availability and storage levels and consulted regularly with customers and parties with interests in tourism, recreation, aquaculture, environmental management and power generation.
- In close cooperation with River Murray Water, high volumes of water were transferred from Lake Dartmouth and Lake Hume to maximise system efficiencies.
- Close monitoring of diversions from the River Murray and development of arrangements to share delivery capacity were undertaken to address capacity constraints through the Barmah Choke.
- Goulburn-Murray Water undertook detailed assessments of the distribution of remaining commitments and remaining water to ensure supplies could be met.
- Restrictions were placed on releases from storages in the Ovens and Loddon basins to ensure that supplies did not fail.
- Restrictions were introduced on the Ovens System and plans developed to pump from Lake Buffalo.
- Further, pumping of over 110,000 ML of previously inaccessible water from Waranga Basin took place to ensure that maximum allocation could be achieved despite the scarce resource. Two large, temporary, purpose-built pump stations were installed on the lake bed for this purpose, and were operated 24 hours per day between March and May 2003.

Water Deliveries - Gravity and Pumped Irrigation Districts



Furthering bulk water entitlement arrangements

Goulburn-Murray Water continued to work with the Department of Sustainability and Environment and stakeholder groups to further develop bulk water entitlement arrangements.

Work on the drafting of the bulk water entitlement orders for the Broken basin continued and is almost complete. Work on the Ovens basin bulk entitlement continued with stakeholders' adoption of the modelling basis and development of the orders. Work on the Loddon basin bulk entitlement arrangements continued with identification of environmental requirements and the impacts to consumptive entitlements of meeting these needs.

Reforming retail entitlements

Implementation of retail entitlement reform was identified as a corporate priority for the year. However progress was hindered as resources were focused on responding to the severe drought, which remained our highest corporate priority for the reporting period.

Better streamflow management

The continuing drought required irrigation rosters on 16 stream systems, and bans on a further 32, in an effort to maintain sufficient water for domestic and stock supplies and environmental needs. On a number of streams, low flows made it necessary to restrict or ban domestic water use for gardens.

The Kiewa Streamflow Management Plan was completed and submitted to the Minister for Water. The three plans developed prior to the passing of the Irrigation Farm Dams Bill will be adjusted to accord with the revised provisions of the Water Act. The Upper Ovens Streamflow Management Plan was progressed to the public consultation stage. A methodology was developed to streamline the process for establishing licence management rules in unstressed streams and setting minimum flows to ensure no further stream degradation results.

Goulburn-Murray Water continued to actively participate in Department of Sustainability and Environment projects. The Sustainable Diversions Limit project progressed to stage 2, which will determine existing winter period entitlement commitments in some 1,600 catchments throughout Victoria. Work is progressing to better establish the impact of farm dams on streamflows. A working group has been set up to examine streamflow management plan implementation issues, in particular the relationship between environmental, economic and social objectives. A survey of active water users in King Parrot Creek was undertaken to establish attitudes to plan proposals prior to any decisions on implementation requirements. A generic 'tool box' of on-farm options to deal with the impact of implementing minimum environmental flows is being developed.

Improved groundwater management

Widespread drought also affected groundwater resources in 2002/03. Low rainfall severely reduced recharge to many shallow groundwater systems, and high demand due to dry conditions and low surface water availability saw water levels in most major aquifer systems decline significantly.

The drought also served to emphasise the importance of groundwater resources, and during 2002/03 a number of significant groundwater resource management initiatives were delivered:

- Submission of Groundwater Management Plans for the Campaspe Deep Lead and Katunga Water Supply Protection Areas to the Minister responsible for the Water Act. These plans, which aim to ensure the sustainable management of groundwater in these aquifers, were developed by consultative committees appointed by the Minister responsible for the Water Act. Extensive consultation with the affected communities took place during the development of these plans.
- Declaration of the Upper Loddon Water Supply Protection Area. A groundwater management plan for this Area will be developed in 2003/04.
- A review of the groundwater tariff structure, leading to the development of a four-part tariff that will better reflect the costs and benefits of service provision. These arrangements were implemented following customer consultation. The new tariff structure will apply from 1 July 2003.
- Analysis by the Department of Sustainability and Environment led to an increase of 7,000 ML in the permissible annual volume for groundwater entitlements in the Mid-Loddon Groundwater Management Area. In response to considerable demand for new groundwater licences in this area, the first public auction of groundwater licences in Victoria was held at Newbridge in December 2002. Twenty-eight buyers purchased the 7,000 ML at an average price of \$154/ML.
- Implementation of groundwater management plans for the Spring Hill and Shepparton Irrigation Region Water Supply Protection Areas continued. Reports on administration and enforcement of these plans are provided in Appendix H.

Managing the licensing of farm dams

The Water (Irrigation Farm Dams) Act 2002 took effect from 4 April 2002. It implemented the recommendations of the Victorian Farm Dams (Irrigation) Review Committee and provided a framework for sustainable development based around farm dams. One of its key provisions is the requirement for licensing of any water use for irrigation or commercial purposes from a farm dam.

Goulburn-Murray Water implemented these new arrangements within its area. All owners of existing farm dams were given the opportunity to apply for a Registration Licence to recognise commercial or irrigation use already legitimately in place. Goulburn-Murray Water undertook an extensive community awareness campaign involving newspaper advertisements and information articles, radio interviews, brochure mail outs, poster displays, information stands at field days and more than 24 public meetings across the region.

As a result, we received applications from 4,008 landholders covering 7,812 dams. An estimated 56% of these dams are farm catchment dams, while the remaining 44% are re-use dams associated with existing irrigation developments. Inspection of these dams and issuing of licences will continue throughout 2003/04. The Victorian Government is meeting the cost of this activity.

Saving water for the environment

This year Goulburn-Murray Water made substantial progress on a number of projects aimed at achieving water savings to assist the government in meeting its goal of generating 280,000 ML of water per year for environmental purposes, primarily in the Snowy River and the River Murray, throughout the next decade.

Goulburn-Murray Water received \$0.6m during the year towards the costs of water saving projects through the Victorian, New South Wales and Commonwealth Governments' joint \$375m

water saving program. Goulburn-Murray Water has now received a total of \$16.4m under the program. Throughout the year work was undertaken on:

- management of the water saving program
- detailed investigations of water saving options
- investigation into domestic and stock metering
- construction of the Woorinen pipeline
- construction of the Normanville pipeline
- investigations into the Casey's Weir and Major Creek pipeline
- development of the Total Channel Control System, and
- detailed evaluation of Katandra/ Invergordon and Rochester 20 Irrigation System refurbishment projects.

Improving small volume measurement

Improving the measurement of small volume supplies in irrigation districts provides a better understanding of the volume of water used and, hence, improves equity between customers and water use efficiency.

Performance Measures and Targets	Achievements/Outcomes
Ensure resource security by making Seasonal Allocations in accordance with policy.	Achieved.
Advise customers of seasonal allocation in August with monthly reviews thereafter.	Achieved. Additional assessments were made and announced on 1 November 2002 and 4 March 2003.
Volume of resource delivered to customers to be greater than 75% of volume diverted from rivers.	Not Achieved. Deliveries to customers were 71% of volume diverted.
Daily minimum river flows are maintained to BE specifications and system operating agreements - 99% of time for each basin.	BE specifications achieved. System operating achieved, except as follows: Loddon - 98.5% Campaspe - 97.8%.

Protecting Our Environment

Our objective: to facilitate sustainable environmental and natural resource management and to reduce the impact of Goulburn-Murray Water activities on the environment.

Improving our environmental management

Goulburn-Murray Water undertook a number of initiatives to improve environmental management during the year. We implemented detailed project procedures and guidelines for managing environmental impacts and regulatory requirements, with environmental and regulatory assessments completed for more than 30 projects. Detailed works programs are also underway to reduce environmental impacts arising from sewerage works at Lake Eildon and Lake Eppalock.

A major initiative to reduce paper office usage and increase recycling at the Tatura and Kerang work centres met all of its targets this year. A new collaborative project with CSIRO and the State Chemistry Laboratory has been launched to use environmental risk assessment

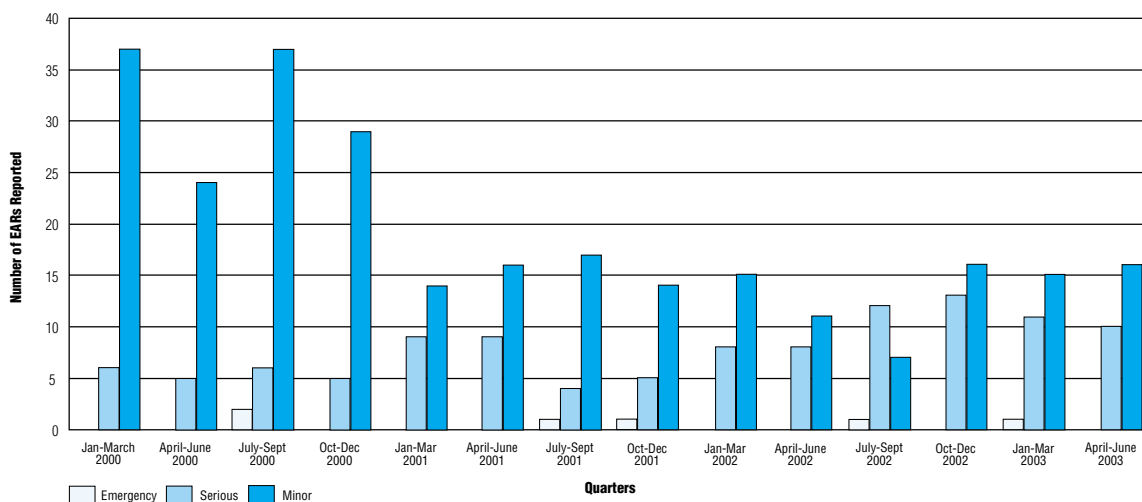
and cutting edge passive sampling techniques to measure the impacts of pesticides in channel water on water users and the environment.

The Environmental Management System introduced in 1999/00 has enabled us to identify and better manage incidents such as pollution and environmental damage. Issues are prioritised into emergency, serious and minor levels, with immediate responses made to emergency and serious incidents.

The graph displays trends in minor, serious and emergency environmental incidents recorded by Goulburn-Murray Water since the inception of the Environmental Management System.

Incidents responded to included 23 instances of dead stock in channels, drains and waterways (mostly arising from the drought), and assisting in the response to the post bushfire turbidity event on the Ovens River. A number of government policies and Acts of Parliament were introduced or reviewed, all requiring Goulburn-Murray Water regulatory impact assessment, input and implementation.

Environmental Incidents



Promoting water quality

Goulburn-Murray Water works with catchment stakeholders to protect water quality in our areas of operation. We supported the development and implementation of catchment water quality management plans and strategies in the Upper Murray, Ovens, Goulburn-Broken, Campaspe and Loddon catchments. The objective is to reduce the loads of nutrients reaching waterways, and reduce the risk of blue-green algal blooms.

As part of our surface and groundwater monitoring reviews, we are participating in the Department of Sustainability and Environment's water monitoring partnerships. This will enable Goulburn-Murray Water and its catchment partners to rationalise efforts made in monitoring programs while contributing more effectively to surface and groundwater monitoring programs.

In partnership with other agencies, we undertook a review of the process for dealing with dairy effluent discharges to channels and drains. A series of recommendations will be implemented.

We commenced a major project investigating modelling and managing land use impacts in and around storages in Northern Victoria in partnership with the CRC for Catchment Hydrology and the Department of Sustainability and Environment. This project is due for completion in June 2005.

Management of water quality issues this year has been exacerbated by the shortage of water in our region. We received fewer planning applications referrals and there were more outbreaks of blue-green algae in irrigation areas. Our ongoing role in statutory planning resulted in processing over 1,200 planning referrals across our region to minimise effects on local water quality.

We developed and implemented Water Quality and Biodiversity Management Plans for Dartmouth Dam, Lake Buffalo, Lake William Hovell and Waranga Basin. These identified and addressed key management issues at these storages.

Development and implementation of the Loddon-Murray Surface Water Management Strategy is ongoing.

Quarterly and annual reviews of drain nutrient data for the Shepparton Irrigation Region showed that phosphorus loads exported from irrigation drains were the lowest in 13 years of records. The phosphorus reduction target for drains under the Goulburn Broken Water Quality Strategy has been met, although a series of wet years could reverse the recent trends, emphasising the need to continue with the management program.

Valuing and maintaining biodiversity

Goulburn-Murray Water adopted a Biodiversity Strategy in January 2002. The aims of the Strategy are to:

- value the breadth of services provided by ecosystems managed by Goulburn-Murray Water
- identify mechanisms for the efficient conservation of key biodiversity assets on Goulburn-Murray Water managed land by focusing on the management of threats to biodiversity

- identify priorities for conservation and restoration of biodiversity on and around our assets, and
- encourage, undertake and facilitate identified priority tasks to protect and enhance biodiversity within our assets and influence.

The Strategy includes a number of actions to be implemented over time and provides a mechanism for implementing the Victorian Biodiversity Strategy.

We were involved in a significant number of activities addressing this Biodiversity Strategy, including:

- preparation of water quality and biodiversity plans for water storages
- revegetation of storage perimeter land
- control of terrestrial and aquatic weeds
- construction of fishways (in association with catchment management authorities), and
- development of project assessment protocols to ensure biodiversity issues are considered during project planning and implementation phases.

In cooperation with the Department of Sustainability and Environment and other stakeholders we worked to manage the threats to biodiversity in a number of ways. We have undertaken works to protect and enhance the habitat of the grey-crowned babbler and the striped legless lizard at selected sites around Lake Eppalock. We have also developed a management plan for the Woorinen Drainage Lakes that sets out to protect local populations of Murray hardyhead - a nationally listed threatened species.

Using a risk-based approach, we developed and implemented Water Quality and Biodiversity Management Plans for several water storages. This process has identified priorities for conservation and restoration of biodiversity assets in and around our assets. Revegetation of perimeter lands around critical water storages has been planned and is being progressively implemented. Management of pest plants and animals in and around water storages is ongoing.

Our Loddon-Murray Land & Water Management Strategy implementation process has also prioritised the biodiversity threats affecting the Kerang wetlands.

No significant progress has been made towards establishing a biodiversity register due to other drought-related priorities taking precedence.

Using a risk-based approach, we developed and implemented water quality and biodiversity management plans for several water storages. This process has identified priorities for conservation and restoration of biodiversity assets in and around our assets.



Ensuring Water Security through Asset Management

Our objective: to meet the integrity, safety and service standards for bulk water and distribution assets over the long term, whilst minimising life cycle costs.

Securing our bulk water supplies

We own and manage storage dams valued at around \$1.5b and implement continuous improvements to maintain water security for community stakeholders.

Activities during the 2002/03 financial year were strongly influenced by the severe drought affecting south eastern Australia, which resulted in the reduction of storage levels to record lows. In addition to routine maintenance, we undertook opportunistic inspections and maintenance on assets that are normally submerged. Furthermore, we investigated pumping dead storage from a number of storages to ensure maximum allocation of water. Pumping proceeded at Waranga Basin.

The phase one priority projects undertaken this year included:

- increasing flood capacity and strengthening the embankment and spillway at Lake Buffalo
- design reviews for Goulburn Weir and Lake Mokoan
- commencement of design review for Lake Nillahcootie
- interim dam safety upgrade for Hepburn Lagoon
- confirmation of safety status of Cairn Curran spillway gates, and
- completion of the Lake Eildon Dam Improvement Options Study.

We completed a separate \$12.9m project to upgrade the safety of Yarrowonga Weir against damage from earthquake. The works, funded by the Murray-Darling Basin Commission, strengthened earthen embankments and concrete structures.

Performance Measures and Targets	Achievements/Outcomes
Availability of infrastructure to fulfil customer daily demand for water - 99% of time for each basin.	Achieved.
Capability of storage to hold design capacity 99% of time, or better, at each storage.	Achieved. Except at Lake Buffalo, which was subject to remedial works, and Lake Mokoan which was subject to a design review.
Dam Safety Emergency Plans - review 100% of plans.	Achieved.

The Dam Improvement Program is a major venture that upgrades our dams to contemporary standards (to maximise community safety). The \$37m phase 1 work, funded equally by the Victorian Government and Goulburn-Murray Water, is part of a total program of \$139m to upgrade dams over the next 15 years. A total of \$7.6m was spent on the program over the year.

Ensuring secure distribution delivery systems

It is equally important that delivery systems are maintained and renewed to ensure security of delivery. Our asset renewals program this year included a number of projects.

- Commencement of the Normanville Pipeline - a 295-kilometre piped network that will save more than 3,600 ML of water annually. The water saved will be returned to the Snowy River and River Murray for environmental purposes.
- Construction of a new \$1m weir at Barr Creek, which limits freshwater backflows from diluting the saline creek flows and allows for an additional 5,700 tonnes of salt to be diverted each year.
- Approval was given for the implementation of the Pyramid Creek Salt Interception Scheme - a \$12.8m project to lower the water table, preventing 22,000 tonnes of salt from entering the creek each year.
- Investigation of the 110-year-old Campaspe Weir took place which found that risks of catastrophic failure in the near future are low, and that its life can be extended by 10-20 years.
- Substantial progress was made toward completion of the Woorinen Pipeline Project. A 54-kilometre water savings project involving the replacement of leaking concrete-lined channels. The project will improve water quality and service.
- Works to upgrade the Waranga Western Channel took place, which will increase capacity to allow the delivery of an additional 24,000 ML annually to support new investment in the Boort region. It is funded by customers, the State Government through its Regional Infrastructure Development Fund, and the Loddon Shire Council.

Assessing the life cycle of our assets

The Asset Assessment Program for the four eastern Irrigation Areas continued through 2002/03 at a cost of \$294,000.

Assessment of the Central Goulburn and Shepparton Irrigation Areas was largely complete by the end of June 2003. Significant changes occurred to the renewals profiles in these two areas, with asset conditions deteriorating since the previous assessment. This resulted in a moving forward of the renewals replacement profile and will have a significant effect on the renewals annuity for these services.

Pyramid-Boort Irrigation Area assets were assessed in 2002, resulting in a shift forward of the renewals replacement profile by approximately ten years.

During the winter shut-down periods of 2002 and 2003 more than 100 submerged assets in the Murray Valley and Shepparton Irrigation Areas were pumped out and assessed for condition.

Asset Condition Assessments in the Central Goulburn and Pyramid-Boort Areas were found to be appropriate by an independent assessor.

Rationalising our assets

Goulburn-Murray Water's strategy to reduce the replacement value of irrigation assets continued. The target of \$2m was exceeded, resulting in the retirement of assets with a total replacement value of \$2.8m.

The value of retired assets in each Irrigation Area:

Area	Replacement cost of assets retired \$'000
Shepparton	100
Central Goulburn	977
Rochester-Campaspe	371
Pyramid-Boort	1128
Murray Valley	0
Torrumbarry	260
Total	2836

Unplanned service failures

Several customers in the Murray Valley Irrigation Area were unable to obtain irrigation supply from the lower reaches of the Broken Creek for almost a fortnight after the irrigation season commenced. This was primarily caused by the dry catchment (normally drainage runoff would keep the creek topped up) coupled with the inability to pass sufficient water to the Broken Creek to meet all customer needs.

Supply in the Torrumbarry Irrigation Area was unavailable at the start of the irrigation season on the No 10 and 1/10 channels due to delayed completion of works and an early start to the season on 8 August 2002. The No 10 supply started on 15 August 2002 and the 1/10 supply began on 18 September 2002. All customers received a letter of explanation and were kept informed of developments.

Performance Measures and Targets	Achievements/Outcomes
Availability of assets - no unplanned service failures due to assets longer than 24 hours.	Not achieved. Murray Valley and Torrumbarry Irrigation Areas unable to achieve irrigation supply to some customers in the month of September 2002. All other areas were able to achieve the target.
Asset base reduction - abandon assets with combined replacement value of \$2m.	Exceeded. \$2.8m to June 2003.



Developing Our Workforce and Organisation

Our objective: to ensure a capable, flexible workforce of healthy, satisfied employees and to provide a safe work environment.

Creating a safer work place

Improving occupational health and safety is a priority. We employed a full-time Occupational Health and Safety Coordinator and adopted the SafetyMAP program. A disappointment was that the number of lost time injuries per million hours worked increased slightly to 19.3, compared with 18.1 in the previous year.

However, there was a marked decline in the severity of lost time injuries. The average number of days lost per injury decreased from 21.2 last year to 15.9 in 2002/03. Through education, more vigilant reporting of injuries and incidents, and advice and support, we will continue to work hard to improve our results in this area.

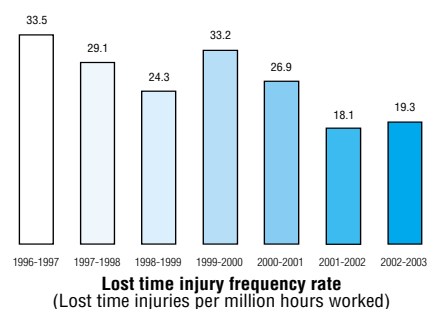
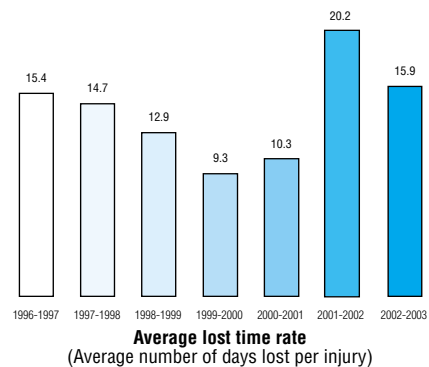
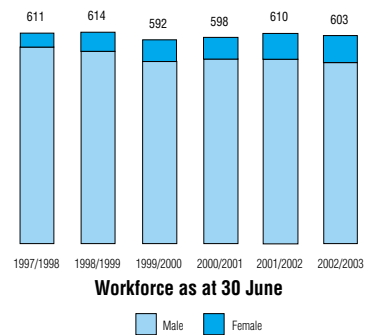
Developing people

As at 30 June 2003 there were 587.5 full time equivalent employees at Goulburn-Murray Water, compared with 605.6 at the same time last year. The decrease is generally attributable to the non-filling of vacant positions as part of productivity improvements, and fewer operational needs associated with the prolonged drought.

Ongoing vocational training is an important part of ensuring that our employees are able to meet the needs and expectations of our customers and communities. We also play a major role in training advisory bodies, nationally through the Water Industry Education and Training Association of Australia, and in Victoria through the Victorian Water Enterprise Training Advisory Board.

Training decreased to 1,474 individual training person days during the year, compared with 1,792 in the previous year. This is mainly

in response to management in severe drought conditions and also partly attributable to the reduced number of employees.



Major Occupational Health and Safety achievements

The first audits against the SafetyMAP program were conducted at major work centres. As a result we developed plans and commenced action to overcome deficiencies.

Goulburn-Murray Water issued an Occupational Health and Safety handbook/diary to all employees and undertook a complete revision of all procedures. In addition, employee training in aspects of safety increased significantly.

We have enhanced our commitment to more vigilant reporting of injuries and incidents to executive management, and introduced new incident and injury reporting procedures.

OHS Key Indicators

	2002/03	2001/02
Number of health and safety employee representative committees.	10	10
Number of meetings of OHS committees held during the year.	54	49
Number of lost time injuries for the year.	19	18
Number of days lost to injuries incurred during the year.	302	381
Lost Time Injury Frequency Rate. (lost time injuries per million hours worked.)	19.3	18.1
Average Lost Time Rate. (average number of days lost per lost time injury)	15.9	21.2

Enhancing the contribution of women

Significant progress was made towards establishing a Women's Professional Development Network within Goulburn-Murray Water. The Deputy Chair, Sarah Croke, is patron of the group, which aims to provide a forum for female employees to meet, share common concerns, develop solutions and generally enhance their work experiences.

Significant accomplishments in Information Technology

In 2002/03 we achieved:

- implementation of the Watermove system
- commencement of a three-year Information Technology services contract with Datacom Systems Pty Ltd
- establishment of a Standard Operating Environment (SOE) for PC equipment based on Windows XP, and commencement of a phased migration to Microsoft Windows XP/Office XP in conjunction with the rolling equipment upgrade program
- implementation of expanded storage capacity for the Tatura email system
- introduction of remote control facilities, reducing computer support delays
- upgrade of the Electronic Document Management System software
- standardisation of network backup software to assist with streamlining administration procedures
- low cost disk capacity augmentation on remote network servers to extend life of ageing equipment
- development and implementation of a Corporate Information Technology Security Policy, and
- on-going development of Information Technology Business Continuity and Disaster Recovery Plans and facilities.

Charity golf and bowls day

Goulburn-Murray Water employees spent a considerable amount of their own time and effort on organising the annual golf and bowls day to raise money for charity. The event, held at Hill Top Golf & Country Club in Tatura, was highly successful, raising over \$12,000, which was distributed to charities within Goulburn-Murray Water's region.

Performance Measures and Targets	Achievements/Outcomes
Improving occupational health and safety. <ul style="list-style-type: none"> • Healthier workforce and safer work environment . • Improved management of health and safety. 	Voluntary flu injections introduced for staff. New safe work practices introduced. SafetyMAP audits conducted at main work places. OH&S Procedures revised.
Building workforce capability. <ul style="list-style-type: none"> • Workforce capable of delivering corporate objectives in the short and long term. • Management and leadership capability improved. • Improved customer service, OH&S and environmental management performance. 	Partially completed. Short term objective capability assured. Long term skill development delayed to enable development of drought response. Partially completed. Supervisory and leadership training programs conducted. Special customer services implemented for drought, OH&S and environmental management improved.
Improving work processes and technology <ul style="list-style-type: none"> • Systems and procedures implemented to deliver better service and improve productivity. 	Plans developed for 2005/06 target.

Managing Our Finances

Our objective: to ensure long term business viability for each service.

Trading result

The sixth consecutive year of drought has proven to be the worst in terms of financial impact. Low water availability restricted allocations on the Murray System to 129%, with only \$3.1m in Sales revenue received as a result. The Goulburn System experienced its first ever year of below 100% Water Right allocation, 57%, with no Sales.

The management of water was particularly demanding in 2002/03. The need to minimise system losses and the additional costs of pumping water out of Waranga Basin increased the financial loss incurred.

In 2002/03 we had an operating loss of \$21.6m. This was despite increasing water charges, which reflected an increase of \$7.5m in rates revenue. Sales revenue was down from \$8m in 2001/02, to \$3.1m. The revenue item for assets received free of charge fell from \$9m to \$352,000, and operations costs increased by \$5m.

Future capital works program

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

By comparison, results for the last seven years are:

	<i>Result (after abnormal items)</i>	<i>Sales</i>
2002/03	\$21.6m loss	\$3.1m
2001/02	\$7.5m loss	\$8.0m
2000/01	\$19.5m loss	\$6.1m
1999/00	\$26.3m loss	\$2.3m
1998/99	\$21.2m loss	\$6.3m
1997/98	\$5.9m loss	\$6.1m
1996/97	\$7.4m loss	\$17.3m

Important note

Goulburn-Murray Water's pricing policy requires the collection and setting aside of adequate funding to maintain the condition of the required infrastructure - mainly storages, channels and drains - using the renewals annuity approach. This involves planning and setting aside funds for future asset replacement and refurbishment, rather than including in prices a depreciation charge based on existing assets. This methodology anticipates and allows for significant periods when the costs of refurbishing infrastructure will create funding shortfalls to be financed by borrowing in individual areas.

The financial statements are prepared in accordance with Australian Accounting Standards, which require that asset consumption be measured using conventional depreciation charges based on replacement costs and expected asset lives. This approach means that in an average year Goulburn-Murray Water maintains commercial viability, while showing a loss in the financial statements.

The following table reconciles the financial result shown in the financial statements with that based on the renewals annuity approach:

	<i>2002/03 \$'000s</i>	<i>2001/02 \$'000s</i>
Loss for the year	(21,607)	(7,526)
Add back depreciation	28,486	31,954
Deduct renewals annuity	(14,569)	(15,929)
Profit (loss) for the year after Renewals annuity	(7,690)	8,499
Deduct non-cash revenue item For assets received free	(352)	(9,045)
Renewals loss for the year after Non-cash revenue deducted	(8,042)	(546)

The following key assumptions have been used in determining the renewals annuity charge:

- annuity period
 - Storages - 100 years
 - Bulk carriers - 100 years
 - Distribution assets - 20 years
- interest rate 4.0% (real)
- future inflation not required as real interest rate is assumed, and
- assets include storages, bulk carriers and distribution assets.

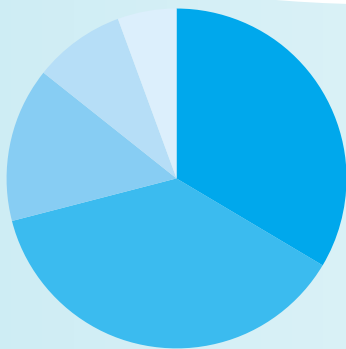
The renewals results for each of Goulburn-Murray Water's retail water services will be available from Goulburn-Murray Water's Tatura office after 1 December 2003.

Financial framework with Victorian Government

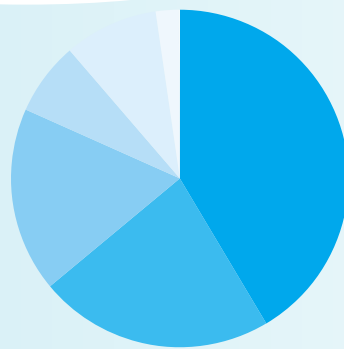
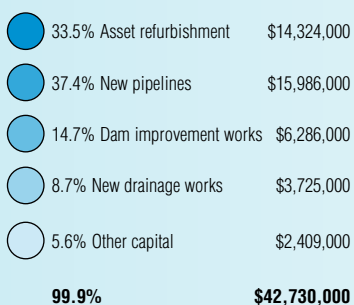
Goulburn-Murray Water is committed to establishing a financial framework with the Victorian Government with regard to a range of issues. These issues include pricing, productivity improvements, dividends, taxation equivalents, sharing of the cost of dam safety upgrading and security of cash reserves set aside for asset replacement.

Achieving an agreed outcome will improve future planning and investment decisions for customers, secondary industry and Goulburn-Murray Water.

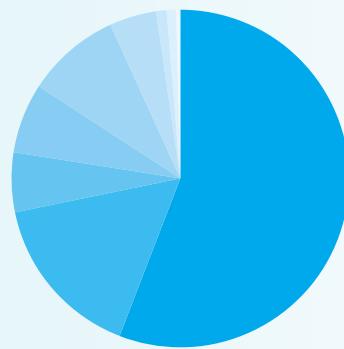
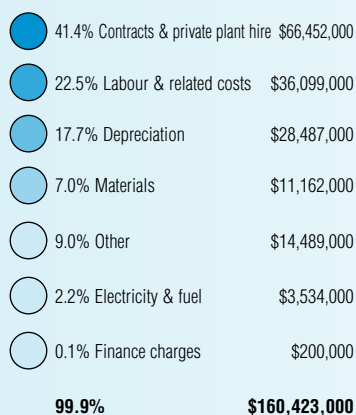
Performance Measures and Targets	Achievements/Outcomes
Financial modeling used to demonstrate long term viability of each service.	Achieved.
Prices consistent with long term viability approved by the Board by 30 April 2003.	Achieved.
Financial productivity targets for all services established by September 2002.	Achieved.



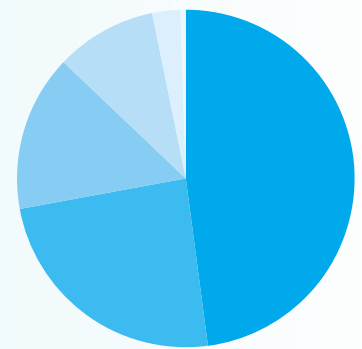
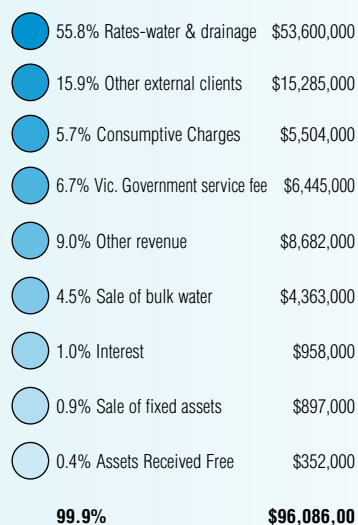
Capital expenditure by type



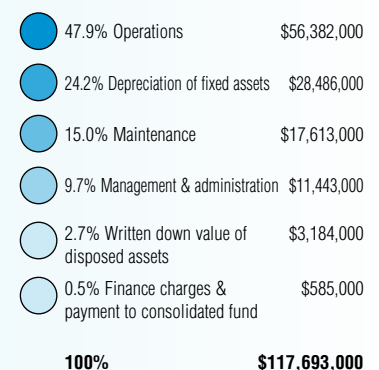
Total expenditure by resource



Revenue by source



Operating expenditure by activity





General Information

Consultancies

Consultants were engaged by Goulburn-Murray Water during 2002/03 to assist with:

- the provision of expert analysis and advice to facilitate decision making
- specific one-off tasks or set of tasks, and
- the provision of skills not currently available within Goulburn-Murray Water.

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

Consultant:	Evans and Peck
Project:	Eildon Spillway Alliance
Contract Total:	\$100,000
Remaining Commitment:	\$66,000

Consultant:	Sinclair, Knight Merz
Project:	Lake Tutchewop Flushing Investigations
Contract Total:	\$131,000
Remaining Commitment:	nil

Consultant:	Sinclair, Knight Merz
Project:	Salinity Concentration Field Investigations
Contract Total:	\$125,770
Remaining Commitment:	nil

Nine other consultants were engaged at a contract cost of less than \$100,000 each, and were paid \$302,180 in total.

Merit, equity and privacy

In our advertising and employee selection processes we continued to follow policies based on the State Government's merit and equity principles. During the year, 33 internal and 23 external applicants filled 56 positions within the organisation.

All employee grievances and complaints were handled within the Authority, with one being handled with assistance from the local Human Resources Manager of the Department of Sustainability and Environment.

Industrial relations

Agreement was reached with employee and union representatives on an extension of the Goulburn-Murray Water Enterprise Agreement in December 2002. The extension concept was supported by all parties, given the influence of the prolonged drought.

Management and employee representatives made a significant contribution to refine and develop the Central Consultative Committee. The Committee dealt with several major issues and played a significant role in the development of the Drought Response Employment Management Package, which promoted open communication with staff and provided a range of options to assist employees and Goulburn-Murray Water implement plans to respond to the drought.

There was no time lost due to industrial disputes or bans during 2002/03.

Auditors

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

Building Act

We continue to comply with statutory requirements set down by the Building Act 1993 and the accompanying Building Regulations 1994.

Freedom of Information

We received three applications under the Freedom of Information Act 1982. Information was partially provided in two cases due to parts of the requested information being exempt in terms of the Freedom of Information Act 1982. In the third case the applicant did not respond to a request to provide further information to allow the application to be processed.

National Competition Policy

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

Information available

The accountable officer will, on request, provide information listed in Par 9.1.3(iv) of the guidelines to the Financial Management Act 1994.

Value of Community Service Obligations 2002/03

- Provision of concessions to Pensioners \$30,745.83
- Rebates paid to not for profit organisations Nil
- Utility relief grant scheme payments Nil

Whistleblowers Protection Act

The Whistleblowers Protection Act 2001 came into effect on 1 January 2002. The Act is designed to protect persons disclosing information about serious wrongdoing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

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

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

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

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

Corporate directory

40 Casey Street, PO Box 165, Tatura Victoria 3616
(DX 32951)

Telephone: (03) 5833 5500

Facsimile: (03) 5833 5501

Email: reception@g-mwater.com.au

Website: www.g-mwater.com.au

Bulk Water Services

Headworks Goulburn

Goulburn Headworks Manager - Bob Klos
Lake Eildon, High Street, Eildon 3713

Headworks Murray

Murray Headworks Manager - David Jeffrey
Hume Dam, Private Bag 2, Wodonga 3691

Headworks Loddon

Loddon Headworks Manager - Ivan Smith
Cairn Curran Reservoir, Maldon 3463

District Services

Shepparton Area

Area Manager - Darren Nabbs
21 Wheeler Street, Shepparton 3630

Central Goulburn Area

Area Manager - Graham Smith
40 Casey Street, Tatura 3616

Rochester-Campaspe Area

Area Manager - Jeff Parry
49 High Street, Rochester 3561

Pyramid-Boort Area

Area Manager - David Kent
24 Barber Street, Pyramid Hill 3575

Murray Valley Area

Area Manager - Kevin Preece
Dillon Street, Cobram 3644

Torrumbarry Area

Area Manager - Lester Haw
Koondrook Road, Kerang 3579

Diversions Services

Shepparton

21 Wheeler Street Shepparton, 3630

Cobram

Dillon Street, Cobram 3644

Rochester

49 High Street, Rochester 3561

Kerang

Koondrook Road, Kerang 3579

Newlyn

Midland Highway, Newlyn North 3364

Wangaratta

'Tara Court' Ford Street, Wangaratta 3677

Other significant projects for the year

Bulk Water Services

- Extension of concrete nib walls on the spillway berms of Dartmouth Dam.
- Repair and replacement of a number of communication, control, and recreational use assets around Dartmouth Dam as a result of severe bushfire damage.
- Completion of a major overhaul of floodgate No. 2 at Yarrawonga Weir.
- Fabrication and installation of nine new trestles and replacement of lock valves and gates at Mildura Weir.
- Redesign, fabrication, and commissioning of houseboat sewage support infrastructure at Lake Eildon to ensure serviceability over the entire range of lake levels, from dead storage to full supply level.
- Upgrading of the electrical system to the tunnel of Tullaroop Reservoir, and the sewerage system at Lake Eppalock.
- Opportunistic inspection and maintenance was carried out on all storages that suffered record low levels as a result of the severe drought.
- Considerable environmental improvement works were carried out in catchments and on land adjacent to Goulburn-Murray Water storages. Works include rehabilitation of foreshore areas, clearing of noxious weeds, promoting natural regeneration, planting of native streamside buffer strips, and the planting, to date, of over 245Ha of perimeter land with native trees and shrubs.

District Services

Surface Drainage

- Completion of Campaspe 3A and Muckatah Stage 2 drains.
- Commencement of Stage 3 of the Muckatah Depression Project.
- Completion of Deakin Main Drain remodelling.
- Analysis and reporting of the in-line nutrient trial site at Invergordon.
- Technical advice provided for 193 whole farm plan referrals.

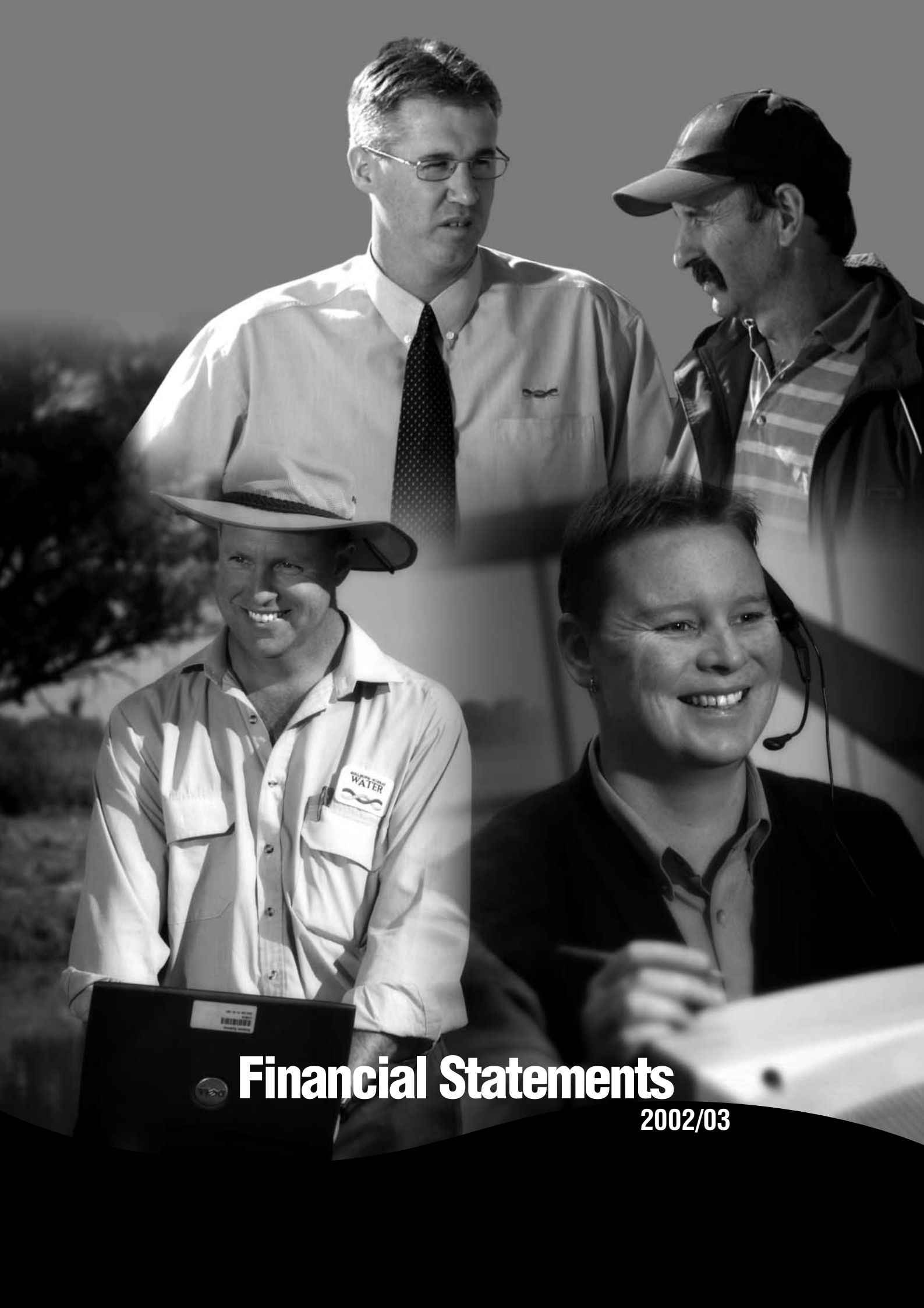
Irrigation

- A 1km-long, 1,000mm-diameter pipeline of irrigation channel at Tatura was constructed to facilitate the development of the Northlinks residential subdivision and re-development of Hill Top Golf Club. The pipeline will provide maintenance cost savings, improve visual amenity and greatly reduce water losses.

- Rehabilitation of the Broken River syphon as part of an ongoing program on the East Goulburn Main Channel.
- Over 120 culverts and bridges were fitted with guard railing, extensions or replacement as part of continued blackspot funding in partnership with VicRoads.
- Realignment of the East Goulburn Main channel incorporating three new freeway crossings to support the Goulburn Valley Highway duplication.

Natural Resource Services

- Implementation of the Sub-Surface Drainage Program of the Shepparton Irrigation Region Catchment Strategy continued, with 32 new private groundwater pumps and 5 new public salinity control pumps installed. The program aims to protect agricultural and environmental assets from salinity.
- Implementation of the Shepparton Irrigation Region Groundwater Management Plan continued with a review of guidelines and ongoing monitoring of groundwater pump salinity samples, groundwater usage and groundwater levels. The plan supports the Shepparton Irrigation Region Catchment Strategy by providing consistent and sustainable pumping of shallow groundwater.
- Drain Diversion Plans were completed for 19 of the 20 main drain catchments in the Shepparton Irrigation Region, allowing allocation of additional drainage diversion agreements to proceed. Drain diversion supports Regional Catchment Strategies by reducing nutrient input to waterways.
- Support was provided to the Goulburn-Broken, North East and North Central Catchment Management Authorities to develop their Regional Catchment Strategies and Investment Plans.
- Launching of the Loddon-Murray Land and Water Management Strategy, combining the existing four salinity management plans for the Pyramid-Boort and Torrumbarry Irrigation Areas. The strategy has undergone a community consultation phase and is now being implemented.
- Ongoing development and implementation of water quality management strategies at Goulburn-Murray Water storages.
- Major water quality studies commenced at Eildon Dam and Tullaroop Reservoir and are on target for completion during 2004/05.
- Continued development and implementation of strategies to improve drainage management.
- Development of a draft inception working report for future land use strategies in irrigation areas.



Financial Statements

2002/03

Statement of Financial Performance

For the Year Ended 30 June 2003

		2002/03 \$'000	2001/02 \$'000
Revenue from ordinary activities			
Operating activities			
Rates - water and drainage	3	53,600	46,060
Consumptive charges		5,504	11,018
Sale of bulk water	4	4,363	4,262
Victorian Government service fees	5	6,445	8,944
Other external clients	6	15,285	17,458
Interest from customers		341	184
Other revenue		3,312	2,092
Assets received free of charge	8, 18	352	9,045
Non-operating activities			
Interest on investments		617	1,166
Other revenue		5,370	4,428
Proceeds from sale of fixed assets		897	328
Total revenue		96,086	104,985
Expenses of ordinary activities			
Operations	7	(56,382)	(51,432)
Maintenance	1.11	(17,613)	(17,695)
Management and administration	9	(11,443)	(9,120)
Finance charges		(200)	(243)
Written down value of assets sold		(759)	(325)
Written down value of assets abandoned	10	(2,425)	(1,357)
Depreciation of fixed assets	1.13, 18	(28,486)	(31,954)
Payment to consolidated fund	11	(385)	(385)
Total expenses		(117,693)	(112,511)
Net loss for the year	12	(21,607)	(7,526)
(Reduction)/increase in asset revaluation reserve			
	21(a)	(2,626)	77,206
Total changes in equity other than those resulting from transactions with the Victorian State Government as owner.			
	21(d)	(24,233)	69,680

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2003

	Notes	2002/03 \$'000	2001/02 \$'000
Current assets			
Cash at bank and on hand	20, 32	4,023	19,510
Investments	14,32	-	10,000
Receivables	15,32	17,174	18,049
Inventories	16	1,483	1,839
Total Current Assets		<u>22,680</u>	<u>49,398</u>
Non-Current assets			
Property, plant and equipment	18	51,760	52,821
Infrastructure	18	1,644,185	1,634,340
Total Non-Current Assets		<u>1,695,945</u>	<u>1,687,161</u>
Total assets		<u><u>1,718,625</u></u>	<u><u>1,736,559</u></u>
Current liabilities			
Payables	17,32	23,146	21,273
Provision for employee entitlements	19	4,176	3,408
Total current liabilities		<u>27,322</u>	<u>24,681</u>
Non-Current liabilities			
Provision for employee entitlements	19	8,717	8,696
Total liabilities		<u>36,039</u>	<u>33,377</u>
Net assets		<u><u>1,682,586</u></u>	<u><u>1,703,182</u></u>
Equity			
Contributed capital	21(b)	1,627,773	1,624,136
Asset revaluation reserve	21(a)	171,331	173,957
Accumulated deficit	21(c)	(116,518)	(94,911)
Total equity		<u><u>1,682,586</u></u>	<u><u>1,703,182</u></u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2003

	Notes	2002/03 \$'000	2001/02 \$'000
Cash flows from operating activities			
Receipts from customers		66,915	54,422
Receipts from other external clients		25,635	27,314
Receipts from Government		6,445	8,944
Goods and services tax collected		2,767	3,878
Refund of goods and services tax		5,110	2,352
Payments to suppliers and employees		(82,420)	(68,554)
Interest and other costs of finance paid		(200)	(243)
Payment to consolidated fund		(385)	(385)
Goods and services tax paid		(9,584)	(6,458)
Net cash from operating activities	23	14,283	21,270
Cash flows from investing activities			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(42,728)	(29,768)
Proceeds from sale of property, plant and equipment		897	328
Net decrease in investments		-	5,000
Net cash used in investing activities		(41,831)	(24,440)
Cash flows from financing activities			
Capital contributions Victorian Government		2,061	12,598
Net cash flows from financing activities		2,061	12,598
Net increase/(decrease) in cash held		(25,487)	9,428
Cash held at the beginning of the year		29,510	10,082
Add investments recognised as cash	20	-	10,000
Cash held at the end of the year	20	4,023	29,510

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Financial Statements

1. Summary of significant accounting policies

1.1 Accounting basis

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

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

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

1.2 Investments

Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned. All investments expected to be disposed of within 12 months of balance date are classified as current assets and all others are classified as non-current assets. [refer note 14, 32]

The current pricing policy provides for future asset replacement and rehabilitation by including an asset renewal charge which requires the setting aside of funds in the form of investments for such future works.

1.3 Inventories

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

1.4 Revenue recognition

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

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

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

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

1.5 Accounts receivable

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

1.6 Bad and doubtful debts

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

1.7 Payables

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

1.8 Employee entitlements

The calculation of employee entitlements includes all relevant oncosts.

Salaries, annual leave and sick leave

Liabilities for salaries, including non-monetary benefits and annual leave entitlements which are expected to be settled within 12 months of the reporting date are measured using remuneration rates expected to apply when the obligation is settled. This represents a change in accounting policy from previous years where employee entitlements were measured using remuneration rates that were current at the reporting date. The financial affect of this change in accounting policy has resulted in an increase to the provision for annual leave and annual leave expense of \$76,273.

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

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

1.8 Employee entitlements (continued)

Long service leave

A liability for long service leave is recognised, and measured as the amount unpaid at current pay rates, including oncosts, in respect of employees' services up to balance date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows. The estimated amount to be paid for long service leave in the next financial year is shown as a current liability. [refer note 19]

Performance payments

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

1.9 Superannuation

Goulburn-Murray Water contributes in respect of its employees to a number of superannuation schemes administered by the State Superannuation Board, the Local Authorities Superannuation Board and other miscellaneous funds managers. The amounts of these contributions are determined by each scheme's actuary in accordance with statutory requirements, and are further detailed at note 22.

Goulburn-Murray Water has no unfunded superannuation liabilities.

1.10 Leases [refer note 25]

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

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

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

1.11 Maintenance

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

1.12 Non-current assets

Non-current assets include land, buildings, plant and equipment, motor vehicles and infrastructure assets. Assets with a cost of \$2,000 or more are capitalised. All other assets acquired are expensed. The cost of assets constructed by G-MW includes all direct labour and materials used in construction together with an appropriate proportion of applicable overheads. [refer note 18]

1.13 Valuation of non-current assets

G-MW is currently transitioning to fair value valuations in accordance with AASB 1041. A plan has been developed that will result in all infrastructure, land and buildings being revalued by 30 June 2005. Infrastructure assets are currently valued at written down replacement cost and land and buildings are valued at market value based on existing use. All other assets are recorded at cost.

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

1.14 Depreciation of non-current assets

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of each non-current asset item (except land) over its expected useful life to G-MW. Depreciation of infrastructure assets is calculated in accordance with their assessed remaining life. The assessments are made by engineering staff who have been appropriately trained. Buildings are depreciated based on assessments provided by qualified valuers. Additions to fixed assets in the financial year are depreciated from their respective dates of acquisition. Works in progress are not depreciated until they are put into use. [refer note 18]

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

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

These depreciation rates are the same as last year.

1.15 Cash at bank and on hand

Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call with financial institutions and is net of any bank overdraft. [refer notes 20, 32]

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

1.16 Reporting on lines of business

These statements include separate reporting of the two main lines of business of G-MW; a wholesale headworks bulk water business and a retail water distribution business. [This is shown in note 27.] This method of reporting is in accordance with the requirements of the Ministerial Directions under Section 51 of the Financial Management Act 1994.

1.17 Taxation

Income tax

For the financial year 2001/02 G-MW was subject to the rules applicable under the State Tax Equivalence Regime administered by the Department of Treasury and Finance Victoria. The Authority was notified by the Treasurer of Victoria on 17 May 2002, of the Government's decision to direct Rural Water Authorities to become subject to the National Tax Equivalence Regime (NTER) from 1 July 2002. The NTER is administered by the Australian Taxation Office. The accounting disclosures required under AAS 3 are contained in these financial statements.

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

G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future [refer note 31].

Goods and services tax

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

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

2. Business structure and pricing

The Goulburn-Murray Rural Water Authority was created on 1 July 1994, trading as Goulburn-Murray Water. G-MW is one of four successor bodies of the Rural Water Corporation. By Order-in-Council dated 30 June 1995 ownership of the storages, distribution canals and other assets of the headworks business located within the Goulburn Murray region was vested in G-MW. These assets were previously owned by the Rural Water Corporation and managed on its behalf by G-MW.

G-MW business costs are dominated by the cost of operating, maintaining and replacing or refurbishing infrastructure. Adequate provision for these costs into the future is vital to ensuring the future viability of G-MW and many of the businesses that depend on it for their own viability.

G-MW ensures that costs and revenues are transparently recorded and reported based on the particular services provided, and reported by activity. This enables the tracking of the results and comparison with those projected in the pricing negotiations. It also results in the production of balance sheets by service that, in particular, detail the cash position of each service.

The pricing policy is based on long term full cost recovery of each service, on a not for profit basis and with a zero rate of return on assets. During the reporting period pricing policy was strengthened in the areas of recovery of cash deficits, the terms of renewal annuities and recovery of corporate capital expenditures. These amendments were agreed with customer Water Service Committees before Board approval.

Both wholesale and retail pricing policy includes a renewal annuity calculated to provide adequate funding to maintain the condition of existing infrastructure assets in perpetuity.

Wholesale prices are set separately for the two major water systems, the Goulburn and Murray.

Retail prices are set at the level of each separate service within District Services and Diversion Services. District Services includes those for gravity irrigation, pumped irrigation, domestic and stock, surface drainage and sub-surface drainage. Diversion Services includes surface and groundwater diversions. There are currently 36 separate prices set in these two groups. Following consultation with customers the tariff structure for the irrigation services has been reviewed and some change was implemented during the reporting period with recommendations for further change to be implemented in the future.

	2002/03 \$'000	2001/02 \$'000
3 Revenue - Rates water and drainage		
Irrigation and drainage - gravity	48,674	41,691
Irrigation and drainage - pumped	865	825
Domestic and stock	535	504
Diversions	3,526	3,040
Total	<u>53,600</u>	<u>46,060</u>

4 Revenue - Sale of bulk water		
Total bulk water sales	19,892	18,636
Bulk water sales to G-MW retail business [refer note 7]	(15,529)	(14,374)
Bulk water sales to other organisations	<u>4,363</u>	<u>4,262</u>

5 Revenue - Victorian Government service fees

The salinity program, the national landcare program, the water savings program and some other works are performed under an agreement with the Victorian Government. Costs reimbursed by the Victorian Government, and amounts paid for works not yet commenced, are included as Victorian Government service fees in the Statement of Financial Performance. The cost of provision of this service is included in operating expenses.

	<u>6,445</u>	<u>8,944</u>
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6 Revenue - Other external clients

Murray-Darling Basin Commission	13,778	15,976
Other external clients	1,507	1,482
Total	<u>15,285</u>	<u>17,458</u>

	2002/03 \$'000		2001/02 \$'000	
	Bulk Water	Total Expense	Bulk Water	Total Expense
7 Expenses - Operations				
Irrigation and drainage - gravity	14,076	33,069	13,234	30,700
Irrigation and drainage - pumped	110	498	110	424
Domestic and stock	53	851	51	587
Diversions	1,290	3,018	979	2,287
Government services contract	-	4,979	-	5,683
Headworks	-	16,240	-	10,796
Murray Darling Basin Commission	-	13,256	-	15,329
Sub-total	15,529	71,911	14,374	65,806
Deduct bulk water		(15,529)		(14,374)
Total		<u>56,382</u>		<u>51,432</u>

The bulk water charge is an internal charge levied on retail services by the wholesale business [refer note 4]. This charge is not included as an operating expense in the Statement of Financial Performance, but is included as an operating expense in reporting the Wholesale and Retail Operations at note 27.

	2002/03 \$'000	2001/02 \$'000
8 Assets received free of charge		
After consultation with the Department of Sustainability and Environment, G-MW has agreed to take ownership and control of community surface drainage schemes previously owned by farmers and managed on their behalf by local government. Legal ownership and control will only pass to G-MW after agreement by the existing owners and the completion of any works required after an initial risk assessment.	352	9,045
<hr/>		
9 Expenses		
Included in management and administration expenses are the following items:		
Auditor General - audit fees	78	72
Bad debts written off	-	-
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10 Written down value of assets abandoned		
Each year G-MW negotiates with customers to rationalise parts of the irrigation infrastructure where changed circumstances permit the realignment of channels and structures. Where this proves cost effective there will be subsequent abandonment of some assets.	2,425	1,357
<hr/>		
11 Payment to consolidated fund		
Following a determination by the Treasurer of Victoria under section 5 (1A) of the Public Authorities (Dividends) Act 1983, G-MW made a payment to consolidated fund.	385	385
<hr/>		
12 Net loss for the year		
Net loss for the year includes the following specific net gains and expenses.		
Net profit on sale of non-current assets	138	3
Employee entitlement expense	9,239	8,409
<hr/>		
13 Expense - Insurance		
G-MW arranged its major insurance covers for 2002/03 for storages, properties and liability in a consortium of rural water authorities comprising Southern Rural Water, Sunraysia Rural Water, Wimmera Mallee Water and G-MW. G-MW also purchased insurances for specific construction projects, Directors and Officers Liability, Professional Indemnity and Marine Hull.	1,586	812
G-MW retains a broker to handle its insurances and to advise on insurance matters as and when required.		
<hr/>		
14 Investments [refer notes 1.2, 20]		
Investments are bank bills and promissory notes with financial institutions.	-	10,000
<hr/>		

	2002/03 \$'000	2001/02 \$'000
15 Receivables		
Trade debtors	17,107	18,044
Less provision for doubtful debts	(100)	(100)
Prepayments	167	105
Total	17,174	18,049

16 Inventories [refer note 1.3]		
Materials	1,356	1,674
Finished goods - Tatura Precast Factory	127	165
Total	1,483	1,839

Equipment worth \$580,000 delivered for the Normanville pipeline was included in inventory for 2002/03 (\$1.0 million for Woorinen pipeline in 2001/02).

17 Payables [refer note 1.7]		
Trade creditors and accruals	22,289	20,658
Payroll related accruals	857	615
Total	23,146	21,273

18 Non-current assets	Wholesale		Retail		Total	
	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000
Land	30,922	30,922	1,723	1,838	32,645	32,760
Buildings	8,145	8,139	10,377	10,296	18,522	18,435
Less: Accumulated depreciation	3,960	3,744	4,771	4,515	8,731	8,259
	4,185	4,395	5,606	5,781	9,791	10,176
Plant, equipment furniture and fittings	2,914	1,974	23,897	23,773	26,811	25,747
Less: Accumulated depreciation	1,334	1,133	16,153	14,729	17,487	15,862
	1,580	841	7,744	9,044	9,324	9,885
Sub-total	36,687	36,158	15,073	16,663	51,760	52,821
Infrastructure	923,718	916,329	1,804,728	1,781,625	2,728,446	2,697,954
Less: Accumulated depreciation	276,569	270,114	807,692	793,500	1,084,261	1,063,614
	647,149	646,215	997,036	988,125	1,644,185	1,634,340
Total	683,836	682,373	1,012,109	1,004,788	1,695,945	1,687,161

Reconciliations

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

	Opening WDV \$000's	Additions \$000's	Transfers \$000's	Disposals \$000's	Assets recd free \$000's	Depreciation \$000's	Closing WDV \$000's
Land	32,760		(40)	(75)			32,645
Buildings	10,176	193	40	(135)		(483)	9,791
Plant, equipment, furniture and fittings	9,885	2,216		(551)		(2,226)	9,324
Infrastructure	1,634,340	40,321		(5,051)	352	(25,777)	1,644,185
Total	1,687,161	42,730	-	(5,812)	352	(28,486)	1,695,945

	2002/03 \$'000	2001/02 \$'000
19 Provision for employee entitlements [refer note 1.8]		
Current		
Long service leave	1,100	654
Annual leave	3,076	2,754
Total Current	<u>4,176</u>	<u>3,408</u>
Non-current		
Long service leave	8,717	8,696
Total	<u>12,893</u>	<u>12,104</u>
20 Cash at bank and on hand [refer notes 1.15, 32]		
Cash at bank and on hand	<u>4,023</u>	<u>19,510</u>
The above total reconciles to the Cash held at the end of the year on the Statement of Cash Flows as follows:		
Cash at bank and on hand as above	4,023	19,510
Investments	-	10,000
Cash held at the end of the year	<u>4,023</u>	<u>29,510</u>
Investments are cash equivalents for the Statement of Cash Flows, as defined in AASB 1026, para 14.1.1.		
21 Equity and movements in equity		
(a) Reserves		
Asset revaluation reserve		
Balance 1 July	173,957	96,751
Adjustments	(2,626)	
Increment on revaluation of distribution assets and bulk carriers	-	77,206
Balance 30 June	<u>171,331</u>	<u>173,957</u>
(b) Contributed capital		
Balance 1 July	1,624,136	1,611,538
Salinity program capital contributions	3,637	4,348
Water savings program contributions	-	8,250
Balance 30 June	<u>1,627,773</u>	<u>1,624,136</u>
The treatment of capital contributions is as agreed with the Department of Sustainability and Environment and in accordance with UIG 38, Contributions by Owners to Wholly Owned Public Sector Entities.		
(c) Accumulated deficit		
Accumulated deficit at the beginning of the year	(94,911)	(87,385)
Net result for the year	(21,607)	(7,526)
Accumulated deficit at the end of the year	<u>(116,518)</u>	<u>(94,911)</u>
(d) Nature and purpose of reserves		
Asset revaluation reserve		
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1.13.		
Reconciliation of equity		
Total equity at the beginning of the year	1,703,182	1,620,904
Total changes in equity recognised in the statement of financial performance	(24,233)	69,680
Contributed capital for the year [refer note 21(b)]	3,637	12,598
Total equity at the end of the year	<u>1,682,586</u>	<u>1,703,182</u>

			2002/03 \$'000	2001/02 \$'000
22 Superannuation				
Goulburn-Murray Water contributes in respect of its employees, to the superannuation schemes of the Boards and Authorities listed below. Contribution details are:				
	Employee Numbers	Contribution Rate %		
State Employee Retirement Benefits Board (defined benefits scheme)	16	12.50	84	87
State Superannuation Board, Revised Scheme (defined benefits scheme)	62	15.50	528	570
State Superannuation Board, New Scheme (lump sum benefit scheme)	252	9.50	1084	1034
Local Authorities Superannuation Scheme (defined benefits scheme)	9	9.25	184	79
Local Authorities LASPLAN Scheme (accumulation fund)	258	9.00	908	738
Other minor schemes	5	9.00	14	8
Total Contributions to all Funds			<u>2,802</u>	<u>2,516</u>

At 30 June 2003 the total of outstanding superannuation contributions was \$251,981 (2002 \$195,288), which forms part of creditors and accrued expenses.

In June 2003 G-MW paid the Local Authorities Superannuation Scheme (defined benefits scheme) an additional \$97,811 to clear an unfunded liability that had arisen from an actuarial review of 31 December 2002.

23 Reconciliation of results from ordinary activities to net cash flows from operating activities

Net loss for the year	(21,607)	(7,526)
Depreciation	28,486	31,954
Assets received free of charge	(352)	(9,045)
Profit on sale of fixed assets	(138)	(3)
Abandoned assets	2,425	1,357
Change in assets and liabilities		
(Increase)/decrease in inventories	356	604
(Increase)/decrease in debtors and prepayments	2,451	(5,160)
Increase/(decrease) in creditors and accrued expenses	1,873	8,694
Increase/(decrease) in provision for employee entitlements	789	395
Net cash flows from/(used in) operating activities	<u>14,283</u>	<u>21,270</u>

24 Capital commitments

Pipeline construction	4,470	14,383
Channel and structure replacement	756	813
Other capital expenditure outstanding at 30 June	412	247
Total	<u>5,638</u>	<u>15,443</u>

This represents commitments outstanding on contracts for capital works.

These commitments all fall due within one year.

	2002/03 \$'000	2001/02 \$'000
25 Leases [refer note 1.10]		
Non-capitalised lease rental charges	4,861	4,599
<u>Operating lease commitments at 30 June:</u>		
Not later than 1 year	3,818	3,651
Later than 1 year and not later than 5 years	5,985	4,978
Later than 5 years	4,491	4,966
Total	<u>14,294</u>	<u>13,595</u>
<u>Finance lease commitments as at 30 June:</u>		
Not later than 1 year	-	32
Later than 1 year and not later than 5 years	-	-
Minimum lease payments	-	32
Less future finance charges	-	2
Provided for in accounts	-	30
Representing lease liabilities:		
Current	-	30
Non-current	-	-
	<u>-</u>	<u>30</u>

26 Contingent liability

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

<u>2,714</u>	<u>626</u>
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27 Wholesale and retail operations

	Wholesale		Retail	
	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000
Bulk water sales [refer note 4]	19,892	18,636	-	-
Rates - water and drainage	-	-	53,600	46,060
Water supplied by agreement (Sales)	-	-	5,504	11,018
Other revenue	17,128	20,263	15,490	23,382
Total revenue	<u>37,020</u>	<u>38,899</u>	<u>74,594</u>	<u>80,460</u>
Operating expenditure	(29,496)	(26,125)	(42,415)	(39,681)
Maintenance	(4,242)	(4,258)	(13,371)	(13,437)
Depreciation	(6,881)	(6,837)	(21,605)	(25,117)
Other expenditure	(2,693)	(2,792)	(12,519)	(8,638)
Total expenditure	<u>(43,312)</u>	<u>(40,012)</u>	<u>(89,910)</u>	<u>(86,873)</u>
Profit/(Loss)	<u>(6,292)</u>	<u>(1,113)</u>	<u>(15,316)</u>	<u>(6,413)</u>
Investments	-	9,000	-	1,000
Non-current Assets [refer note 18]	683,836	682,373	1,012,109	1,004,788
Capital Expenditure	8,419	4,741	34,311	25,027
Equity Contribution [refer note 21(b)]	-	-	3,637	12,598

Included in bulk water sales is the amount levied on the retail business by the wholesale business. This amount is included in the revenue of the wholesale business and the expenses of the retail business (refer notes 4 and 7). These amounts are eliminated in the Statement of Financial Performance.

28 Responsible persons

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

Ministers

The Hon. Sheryl Garbutt MLA

The Hon. John Thwaites MLA

(The Ministers were not remunerated by G-MW)

Directors of the G-MW Board

John Ernest Dainton (Chair)

Sarah Cordelia Crooke (Deputy Chair)

Mark Gerard Lawlor

Donald James Little, AO (retired 22 Nov. 2002)

John Maurice Pettigrew

Vicki Jean Sutherland

Kendall Myles Treseder

Denis William Flett (Chief Executive and accountable officer)

The total directors' remuneration was \$463,812 (2001/02 \$474,572). Payments were made to individual directors within the following bands:-

Remuneration Band	Number of Directors	
	2002/03	2001/02
\$10,000 to \$20,000	1	-
\$20,000 to \$30,000	5	6
\$50,000 to \$60,000	1	1
\$230,000 to \$240,000	-	1
\$240,000 to \$250,000	1	-

The total remuneration to non-director executive officers receiving more than \$100,000 was \$2,405,672 (2001/02 \$1,510,443).

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

Remuneration Band	Number of Executive Officers	
	2002/03	2001/02
\$100,000 to \$110,000	13	6
\$110,000 to \$120,000	2	2
\$120,000 to \$130,000	1	2
\$130,000 to \$140,000	2	1
\$140,000 to \$150,000	2	2
\$150,000 to \$160,000	1	-

Transactions with directors:

Irrigation services were provided to directors and director-related entities at arms length and on normal customer terms and conditions.

M. G. Lawlor is a director of M. & T. Lawlor Pty Ltd, which was contracted to provide fencing to the Authority (value \$75,634) during 2002/03 on normal commercial terms and conditions (\$86,483 in 2001/02).

	2002/03	2001/02
	\$'000	\$'000
29 Transactions with other Victorian Government controlled entities		
Transactions between entities within the Sustainability and Environment Portfolio		
Revenues and capital contributions	10,082	21,542
Expenses	10,077	8,167
Transactions with other entities controlled by the Victorian Government		
Expenses	2,330	2,231

30 Post Balance Day Events

No material events have occurred since balance date.

31 Income Tax [refer note 1.17]

Goulburn-Murray Water will not pay income tax for 2002/03. Projections show that the likelihood of G-MW making consistent profits at a level likely to offset the large tax losses which will accumulate is unlikely. Accordingly tax losses are not disclosed in the Statement of Financial Performance and Statement of Financial Position.

Prima facie Tax Calculations	2002/03 \$'000	2001/02 \$'000
Loss from ordinary activities	(21,607)	(7,526)
Prima facie tax calculated at 30%	(6,482)	(2,258)
Tax effect of permanent differences		
Non-deductible depreciation	145	144
R & D concessional expenditure	(64)	(133)
Prima facie income tax expense	<u>(6,401)</u>	<u>(2,247)</u>
Income tax expense comprises:		
Deferred income tax provision	26,987	25,128
Future income tax benefit	(33,388)	(27,375)
	<u>(6,401)</u>	<u>(2,247)</u>
Tax loss write offs		
Deferred income tax provision - Timing differences offset by losses	(26,987)	(25,128)
Future income tax benefit - Offset against Timing differences	26,987	25,128
Future income tax benefit - Losses not to be booked	6,401	2,247
Income tax expense disclosed in financial statements	<u>-</u>	<u>-</u>

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

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

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

32 Financial Instruments

32(a) Terms, conditions and accounting policies

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

Recognised financial instruments	Note reference	Accounting policies	Terms and conditions
(i) Financial assets			
Cash at bank and on hand	1.15, 20	Cash at bank and on hand includes petty cash on hand, G-MW's bank balance, deposits at immediate or 24 hour call and is net of any bank overdraft.	G-MW receives a competitive interest rate on its bank balance.
Investments	1.2, 14, 20	Investments are brought to account at cost with interest revenue recognised in the statement of financial performance when it is earned.	All investments are bank bills or promissory notes with financial institutions, and are placed for short terms, usually 30 to 60 days.
Receivables - Debtors	1.5, 1.6, 15	Debtors are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts considered unlikely to be collectable.	If payments are not made by the due date, debtors must agree to a payments schedule which will clear the debt before the next irrigation season. Supply is withheld if debtors default.
(ii) Financial liabilities			
Payables	1.7, 17	Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to G-MW.	Settlement of creditors is normally by the end of the month following the month invoiced.
Finance lease	1.10, 25	A lease liability was recognised for a finance lease after excluding the interest expense component.	Payments will be split between interest expense and reduction of lease liability.

32(b) Interest rate risk

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

Financial instrument	Notes	Floating interest rate \$'000	Fixed interest maturing		Non-interest bearing \$'000	Total \$'000
			In 1 year or less \$'000	Over 1 to 5 years \$'000		
2003						
(i) Financial assets						
Cash	20	4,023	-	-	-	4,023
Receivables - debtors	15	5,752	-	-	11,422	17,174
Investments	14	-	-	-	-	-
		9,775	-	-	11,422	21,197
Weighted average interest rate		9.1%				
(ii) Financial liabilities						
Payables	17,25	-	-	-	23,146	23,146
		-	-	-	23,146	23,146
Interest rate					-	
Net financial assets/(liabilities)		9,775	-	-	(11,724)	(1,949)

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 5 years \$'000		
2002						
(i) Financial assets						
Cash	20	19,510	-	-	-	19,510
Receivables - debtors	15	2,316	-	-	15,733	18,049
Investments	14	-	10,000	-	-	10,000
		21,826	10,000	-	15,733	47,559
Weighted average interest rate		5.0%	4.7%			
(ii) Financial liabilities						
Payables	17,25	-	32	-	21,241	21,273
		-	32	-	21,241	21,273
Interest rate			8.0%		-	
Net financial assets/(liabilities)		21,826	9,968	-	(5,508)	26,286

Credit risk exposures

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

Concentrations of credit risk

Goulburn-Murray Water's debtors are concentrated in the farming sector, predominantly dairy, grazing, cropping and horticulture.

Levels of debt are managed closely, with interest charged at a rate above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes debt as a charge on the property and gives G-MW the ability to sell a property to recover debt. The Act also gives G-MW first call on the proceeds of a sale.

There are a large number of debtors and G-MW is not materially exposed to any individual debtor.

32(c) Net fair values

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

	Total in statement of financial position.		Aggregate fair value	
	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000
(i) Financial assets				
Cash	4,023	19,510	4,023	19,510
Receivables - debtors	17,174	18,049	17,174	18,049
Investments	-	10,000	-	10,000
Total financial assets	21,197	47,559	21,197	47,559
(ii) Financial liabilities				
Payables	23,146	21,273	23,146	21,273
Total financial liabilities	23,146	21,273	23,146	21,273

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

Recognised financial instruments

Cash, cash equivalents and
short term investments

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

Receivables - debtors

Carrying amounts reflect fair values

Creditors and accruals

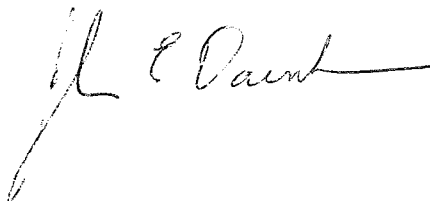
Carrying amounts reflect fair values


CERTIFICATION

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

In our opinion the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements present fairly the financial transactions during the financial year 2002/2003 and the financial position of the Goulburn-Murray Rural Water Authority as at 30 June 2003.

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

Chair 

Chief Executive 

21 August 2003



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Board of the Goulburn-Murray Rural Water Authority

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of the Goulburn-Murray Rural Water Authority for the financial year ended 30 June 2003 included on the Authority's web site. The Chief Executive of the Authority is responsible for the integrity of the Goulburn-Murray Rural Water Authority's web site. I have not been engaged to report on the integrity of the Goulburn-Murray Rural Water Authority's web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of the Goulburn-Murray Rural Water Authority for the financial year ended 30 June 2003, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Board as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Authority's financial position, and its financial performance and cash flows.

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Goulburn-Murray Rural Water Authority as at 30 June 2003 and its financial performance and cash flows for the year then ended.

MELBOURNE
21 August 2003

J.W. CAMERON
FJL Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Appendix A2

BULK ENTITLEMENT (EILDON - GOULBURN WEIR) REPORTING

DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2002 - JUNE 2003

Authority	Town	BE Volume	Diversion	Notes	
Goulburn Valley Water	Bonnie Doon	112 ML	43 ML		
	Eildon	480 ML	186 ML		
	Alexandra	916 ML	427 ML		
	Seymour	5340 ML	2037 ML		
	Nagambie	825 ML	555 ML		
	Shepparton/Mooroopna/Toolamba	18820 ML	14308 ML	See note 1	
	Murchison	350 ML	213 ML		
	Katandra West (channel supply)	44 ML	57 ML		
	Dookie (channel supply)	180 ML	122 ML		
	Tongala (channel supply)	1200 ML	1272 ML		
	Corop (channel supply)	44 ML	10 ML		
	Girgarre (channel supply)	100 ML	65 ML		
	Kyabram (channel supply)	2000 ML	1456 ML		
	Tatura (channel supply)	2600 ML	2001 ML		
	Merrigum (channel supply)	204 ML	0 ML	See note 2	
	Rushworth (channel supply)	530 ML	506 ML		
	Colbinabbin (channel supply)	89 ML	32 ML		
	Stanhope (channel supply)	200 ML	116 ML		
	TOTAL		34034 ML	23406 ML	
	Coliban Water	Boort (channel supply)	283 ML	244 ML	
Pyramid Hill (channel supply)		370 ML	283 ML		
Lockington (channel supply)		130 ML	87 ML		
Mitiamo (channel supply)		60 ML	28 ML		
Dingee (channel supply)		50 ML	18 ML		
Rochester (channel supply)		1550 ML	1525 ML		
Macorna (channel supply)		23 ML	1 ML		
Mysia (channel supply)		15 ML	2 ML		
TOTAL			2481 ML	2187 ML	
TOTAL ALL AUTHORITIES		36515 ML	25593 ML		

Notes

1. Toolamba is now supplied from Shepparton.
2. Merrigum is now supplied from Kyabram.

Bulk Entitlement (River Murray - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2002/2003 Annual Report in compliance with the requirements of Clause 22.3 of the *Bulk Entitlement (River Murray - Goulburn-Murray Water) Conversion Order 1999*, which obliges the Authority to report on certain matters as specified in Clause 22.1 of the same Order. The period of Reporting is 1 July 2002 to 30 June 2003.

BE Clause	Item	Report	Notes
22.1(b)	Offtake points		
	Yarrawonga Main Channel	505.7 GL	
	National Channel	811.5 GL	
	Ashwins pump	0.6 GL	
	Pental Island pumps	2.2 GL	
	Swan Hill No 9 channel offtake (when Fish Point Weir and Little Murray Weir are open)	0 GL	
	Swan Hill pumps	25.3 GL	
	Nyah pumps	7.7 GL	
	Private diversion points	75.6 GL	
		Total offtake diversion	1428.6 GL
22.1(c)	New offtake points	None	
22.1(d)	Return points		
	Broken Creek irrigation return	4.3 GL	See note 1
	Yarrawonga Main Channel outfall	11.7 GL	
	Torrumbarry returns		
	Koondrook spillway	43.5 GL	
	Loddon River at Kerang Weir	54.4 GL	
	Sheepwash Creek Weir	0 GL	
	Little Murray Weir	7.4 GL	See note 2
	6/7 channel outfall	0 GL	See note 3
	Lake Boga outfall channel	0 GL	
Barr Creek at Capel's Crossing	7.7 GL	See note 4	
	Total irrigation returns	129.0 GL	
22.1(e)	G-MW supplies to other Authorities	BE Volume	Diversion
	Coliban Water		
		677 ML	853 ML
	Gunbower	131 ML	110 ML
	Leitchville	422 ML	559 ML
	Lower Murray Water		
	Kerang	1700 ML	1293 ML
	Murrabit	60 ML	34 ML
	Woorinen	0 ML	0 ML
	Nyah West	0 ML	0 ML
	Goulburn Valley Water		
	Katamatite	84 ML	60 ML
	Nathalia	652 ML	398 ML
	Numurkah/Wunghnu	1206 ML	1237 ML
	Picola	44 ML	35 ML
	NRE environmental allocation	27600 ML	7508 ML
22.1(f)	Supply to primary entitlements		568122 ML
22.1(g)	Metering program	Developed and implemented, yet to be submitted	
22.1(h)	Temporary and permanent transfers of BE	Permanent: 3694 ML Temporary: 40283 ML	See note 9
22.1(i)	Transfers to G-MW	Permanent: 429 ML Temporary: 49965 ML	See note 10
22.1(j)	Amendment to this BE		None
22.1(k)	New BE granted to G-MW		None
22.1(l)	BE compliance failures	Yarrawonga Main Channel diversion rate	See note 11
22.1(m)	BE compliance difficulties		None

Notes

- Assessed at Rice's Weir on Broken Creek and refers to flow deemed in excess of water ordered from Murray Valley Irrigation Area which is passed to Broken Creek via the Murray Valley channel network to assist the Murray-Darling Basin Commission in overcoming Barmah Choke channel capacity constraints.
- Returns counted only when Fish Point Weir is closed.
- Returns counted only when Fish Point Weir is open.
- Barr Creek at Capel's Crossing return volume is net of Barr Creek pumps.
- Overall Coliban Water BE also covers several towns with direct diversion from the River Murray.
- Kerang diversions from the Murray include Murray direct and G-MW Channel. The other source of water for Kerang from Loddon River is not used. The total Kerang entitlement is 1700 ML.
- Woorinen and Nyah West have been supplied from Swan Hill since May 2000.
- Supply to primary entitlements comprises:

Irrigation Areas	397668 ML	Water Right and Domestic & Stock
	94805 ML	Sales
Private diversions	72355 ML	Licensed Volume and Domestic & Stock
	3294 ML	Sales
- The clause refers to permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, to areas not covered by this order.
- The clause refers to permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, from areas not covered by this order.
- The maximum allowable diversion rate of 3100 ML/d on the Yarrawonga Main Channel was exceeded on 34 days between 15 August 2002 and 15 May 2003. The maximum recorded diversion rate was 3129 ML/d between 19 December and 23 December 2002, and on 8 March 2003. The discrepancy is within nominal measurement accuracy.
- G-MW is developing strategies to reduce system losses and comply with the maximum allowable diversion rate on the Yarrawonga Main Channel.

Appendix B

Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2002/2003 Annual Report in compliance with the requirements of Clause 18.3 of the *Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000*, which obliges the Authority to report on certain matters as specified in Clause 18.1 of the same Order. The period of Reporting is 1 July 2002 to 30 June 2003.

BE Clause	Item	Report	Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	6318 ML	See note 1
18.1(f)	Supply to primary entitlements	33006 ML	See note 2
18.1(g)	Annual evaporation losses	7321 ML	See note 3
18.1(h)	Internal spills from G-MW's share of storage	None	
18.1(i)(a)	Minimum passing flows between Lake Eppalock and the Campaspe Weir pool	Not implemented	See note 4
18.1(i)(b)	Minimum passing flows between the Campaspe Siphon and the River Murray	Not implemented	See note 4
18.1(j)	Credits	None	
18.1(k)	Temporary and permanent transfers of BE	Permanent: 0 ML Temporary: 6227 ML	See note 5
18.1(l)	Transfers to G-MW	Permanent: 0 ML Temporary: 1402 ML	See note 6
18.1(m)	Seasonal allocations in any month	15 August: 85% 15 October: 89% 15 November: 92% 15 December: 95% 17 February: 97% 4 March: 100%	See note 7
18.1(n)	Alteration to primary entitlements (Schedules 1 and 2)		
	Domestic and Stock	No change	
	Water Right	Decreased by 73 ML	
	Licensed Volume	Increased by 170 ML	
	Additional Supply (G-MW Campaspe supplement)	No change	
18.1(o)	Transfers of primary entitlements	See Appendices C, D	
18.1(p)	Ministerial transfers of primary entitlements	None	
18.1(q)	Amendments to this BE	None	
18.1(r)	New BE	None	
18.1(s)	Environmental Management and Metering programs	In progress	
18.1(t)	BE compliance failures	None	
18.1(u)	BE compliance difficulties	None	See note 4
18.1(v)	Interruptions to minimum passing flows	Not implemented	

Notes

- Annual inflows were defined in accordance with principles agreed between G-MW and Coliban Water.
- Supply to primary entitlements comprises:
 - Campaspe Irrigation District 20861 ML Water Right and Domestic and Stock
2 ML Sales
 - Private diversions 12142 ML Licensed Volume and Domestic and Stock
1 ML Sales
- Annual evaporation losses (debited against the G-MW share of Lake Eppalock) were calculated in accordance with Clause 6 of Schedule 4 of the Bulk Entitlement order.
- Minimum passing flow obligations do not come into effect until cessation or completion of the 'Effect of Flow Manipulation on the Biota of a Lowland River' project conducted by the Cooperative Research Centre for Freshwater Ecology (Clause 11.3). The project is scheduled for completion in June 2004.
- The clause refers to permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, to areas not covered by this order.
- The clause refers to permanent and temporary transfers of entitlement, including temporary transfers of Sales allocations, from areas not covered by this order.
- The maximum permissible seasonal allocation in the Campaspe system is 220% Water Right.

**BULK ENTITLEMENT (AXEDALE, GOORNONG AND PART ROCHESTER) REPORTING
DIVERSIONS BY OTHER AUTHORITIES WITH BULK ENTITLEMENTS: JULY 2001 - JUNE 2002**

Authority	Town	BE Volume	Diversion	Notes
Coliban Water	Axedale	215 ML	40 ML	See note 1
	Goornong		117 ML	See note 1
	Part Rochester	285 ML	277 ML	See note 2
TOTAL		500 ML	434 ML	

Notes

1. Axedale and Goornong have a combined maximum annual volume of 215 ML.
2. Rochester has a maximum volume of 285 ML over the months of May, June, July, August and September, but must not exceed an annual average of 134 ML per annum over any consecutive 10 year period.

IRRIGATION DELIVERIES FOR SEASON 2002/2003

Area / District	Total Permanent Entitlements Allocated (incl Irrigation Areas, Private Diversions) * ML	Gross Supply at Offtakes (excluding Volumes Passed to Other Areas) ML	Deliveries in Area / District			Diversions from Rivers, Streams Lakes and Main Channels			Total Usage ML
			Under Water Right & Domestic & Stock Allowance ML	Under Sales of Water *** ML	Delivered in Area or District ML	Delivered outside Area or District ** ML	Entitlement & Stock Allowance ML	Sales Usage ML	
# Shepparton	179,247	180,911	113,321	1	113,322	147			113,469
# Central Goulburn	390,178	438,781	267,940	2,141	270,081	4,990			275,070
# Rochester	189,424	171,932	120,326	1	120,327	1,956			122,283
# Pyramid-Boort	227,027	181,431	125,356	1,048	126,404	689			127,092
Campaspe District	20,234	22,459	20,622	2	20,624	239			20,863
River Diversions (includes tributaries)									
- Broken River	26,942	24,231					24,230	1	24,231
- Goulburn River	59,732	32,648					32,402	245	32,648
- Campaspe River	18,729	12,143					12,142	1	12,143
- Loddon River	37,099	15,613					15,325	288	15,613
Goulburn System Total	1,148,612	1,080,149	647,565	3,192	650,757	8,021	84,099	536	743,412
# Murray Valley	259,915	509,814	281,061	69,032	350,093	1,672			351,765
# Torrumbarry	341,221	721,930	368,045	94,303	462,348	9,477			471,825
# Woorinen	11,441	11,470	7,213	389	7,601	200			7,801
Tresco	8,205	6,695	5,985	109	6,093	0			6,093
Torrumbarry System Total	360,867	740,095	381,242	94,800	476,042	9,677			485,719
Nyah	10,992	6,822	6,749	5	6,754	0			6,754
River Diversions (includes tributaries)									
- Murray River (above Hume)	3,762	4,280					4,280	0	4,280
- Murray River (Hume to Nyah)	74,084	63,772					61,752	2,021	63,772
- Mitta Mitta River	19,331	16,821					15,548	1,273	16,821
- Kiewa River	11,761	11,060					11,060	0	11,060
- Ovens River	38,911	23,677					23,094	582	23,677
Murray System Total	779,623	1,376,340	669,052	163,837	832,889	11,349	115,733	3,876	963,848
Goulburn-Murray Water Total	1,928,235	2,456,488	1,316,616	167,029	1,483,645	19,371	199,832	4,412	1,707,260
# GMID Total	1,598,452	2,216,269	1,283,261	166,914	1,450,174	19,131			1,469,306
GMID % WR				10%	91%				92%

* Permanent entitlements allocated as at 30 June 2003 (excludes Temporary TWE, D&S Allowance and Other Allocations)

** Supplies outside Area/District include deliveries to urban systems & DSE

*** Sales volumes include Water Delivered as Other Allocation (excluding deliveries to urban systems & DSE)

**Permanent Transfer Of Water Rights And Diversion Licences
Processed By The Authority During Year Ending 30 June 2003.**

District/Area or Waterway	Buyers		Sellers		Net Increase for District/Area or Waterway
	No.	ML	No.	ML	ML
Shepparton	25	2,076.7	29	1,986.7	90.0
Central Goulburn	43	4,227.4	53	4,967.2	-739.8
Rochester	30	2,601.8	12	1,118.0	1,483.8
Pyramid-Boort	33	2,806.4	29	3,895.0	-1,088.6
Broken River	5	122.0	5	122.0	0.0
Goulburn River	13	1,312.0	15	1,602.0	-290.0
Loddon River	4	196.0	3	126.0	70.0
Goulburn System Total	153	13,342.3	146	13,816.9	-474.6
Murray Valley	14	831.0	9	298.0	533.0
Kerang-Cohuna	22	1,046.4	25	3,695.5	-2,649.1
Swan Hill	4	183.0	12	436.0	-253.0
Woorinen	0	0.0	1	20.0	-20.0
Nyah	2	40.4	9	216.8	-176.4
Tresco	0	0.0	3	101.2	-101.2
Mitta River	1	40.0	5	340.0	-300.0
Murray River	15	477.2	17	776.2	-299.0
Kiewa River	2	179.0	2	179.0	0.0
Ovens-King River	3	72.5	3	72.5	0.0
Murray System Total	63	2,869.5	86	6,135.2	-3,265.7
Campaspe District	3	311.0	6	384.0	-73.0
Campaspe River	5	168.0	2	95.0	73.0
Campaspe System Total	8	479.0	8	479.0	0.0
Goulburn-Murray Total	224	16,690.8	240	20,431.1	-3,740.3
SRW – Merbein ID	0	0.0	0	0.0	0.0
SRW – Redcliffs ID	0	0.0	0	0.0	0.0
SRW – Robinvale ID	0	0.0	0	0.0	0.0
SRW – River Diversions	17	3,881.0	1	111.0	3,770.0
FMIT	1	31.2	2	82.9	-51.7
Goulburn Valley Water	0	0.0	0	0.0	0.0
North East Water	0	0.0	0	0.0	0.0
Lower Murray Water	1	22.0	0	0.0	22.0
Other Authorities Total	19	3,934.2	3	193.9	3,740.3
Total Transfers	243	20,625.0	243	20,625.0	0.0

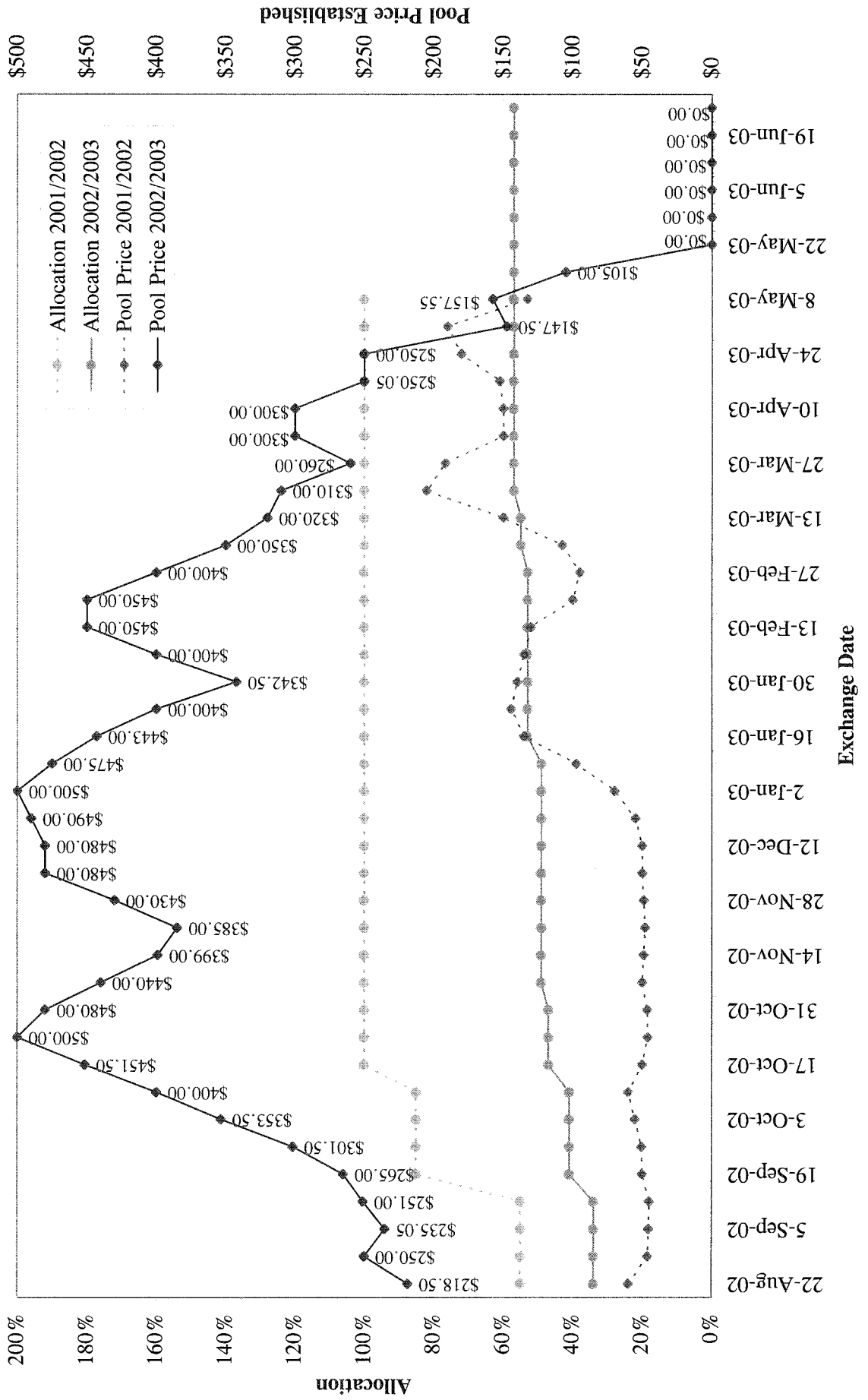
Appendix E2

Temporary Transfer Of Water Rights, Diversion Licences And Sales Processed By The Authority During Year Ending 30 June 2003.

District/Area or Waterway	Buyers			Sellers			Net Increase for District/Area or Waterway	
	No.	Water Right ML	Sales ML	No.	Water Right ML	Sales ML	Water Right ML	Sales ML
Shepparton	1,421	31,009.2	221.8	1,707	26,069.5	0.0	4,939.7	221.8
Central Goulburn	2,487	67,462.4	423.0	2,097	35,052.8	50.0	32,409.6	373.0
Rochester	858	23,951.9	40.1	886	19,558.5	0.0	4,393.4	40.1
Pyramid-Boort	466	19,255.9	2,332.2	829	32,692.3	1,476	-13,436.4	856.2
Broken River	103	4,702.5	0.0	104	4,702.5	0.0	0.0	0.0
Goulburn River	140	5,501.0	412.8	494	11,432.8	0.0	-5,931.8	412.8
Loddon River	55	1,100.2	0.0	178	3,206.4	0.0	-2,106.2	0.0
Goulburn System Total	5,530	152,983.1	3,429.9	6,295	132,714.8	1,526	20,268.3	1,903.9
Murray Valley	1,145	27,792.7	10,005.4	893	18,112.5	8,988.7	9,680.2	1,016.7
Kerang-Cohuna	1,149	31,244.9	14,203.5	556	10,953.2	9,435.9	20,291.7	4,767.6
Swan Hill	270	6,632.8	1,862.6	563	9,930.6	4,480.7	-3,297.8	-2,618.1
Woorinen	30	821.0	59.1	280	4,182.6	2,032.9	-3,361.6	-1,973.8
Nyah	32	447.2	0.0	230	3,736.0	19.1	-3,288.8	-19.1
Tresco	23	215.2	145.5	114	1,865.0	0.0	-1,649.8	145.5
Mitta River	7	403.0	19.5	41	2,851.0	0.0	-2,448.0	19.5
Murray River	138	7,647.7	1,160.9	349	16,290.0	100.0	-8,642.3	1,060.9
Kiewa River	40	1,762.8	0.0	40	1,762.8	0.0	0.0	0.0
Ovens-King River	138	5,150.2	0.0	138	5,150.2	0.0	0.0	0.0
Murray System Total	2,972	82,117.5	27,456.5	3,204	74,833.9	25,057.3	7,283.6	2,399.2
Campaspe District	62	2,529.1	0.0	99	3,064.7	0.0	-535.6	0.0
Campaspe River	38	1,679.1	0.0	175	5,968.0	0.0	-4,288.9	0.0
Campaspe System Total	100	4,208.2	0.0	274	9,032.7	0.0	-4,824.5	0.0
Goulburn-Murray Total	8,602	239,308.8	30,886.4	9,773	216,581.4	26,583.3	22,727.4	4,303.1
SRW – Merbein ID	0	0.0	0.0	130	2,783.9	0.0	-2,783.9	0.0
SRW – Redcliffs ID	0	0.0	0.0	158	3,717.0	0.0	-3,717.0	0.0
SRW – Robinvale ID	10	74.1	22.8	16	678.5	0.0	-604.4	22.8
SRW – River Diversions	37	779.5	657.1	130	7,965.7	0.0	-7,186.2	657.1
New South Wales	129	9,386.7	2,519.0	52	638.0	4,449.0	8,748.7	-1,930.0
South Australia	3	16.0	341.0	30	0.0	3,394.0	16.0	-3,053.0
Coliban Water	7	571.0	0.0	9	709.0	0.0	-138.0	0.0
Dept. Natural Resources	2	311.6	0.0	67	6,310.0	0.0	-5,998.4	0.0
Wimmera Mallee Water	12	750.5	0.0	0	0.0	0.0	750.5	0.0
First Mildura Irr Trust	0	0.0	0.0	117	3,685.2	0.0	-3,685.2	0.0
Goulburn Valley Water	6	718.0	0.0	77	8,515.7	0.0	-7,797.7	0.0
Lower Murray Water	0	0.0	0.0	5	258.8	0.0	-258.8	0.0
North East Water	2	300.0	0.0	11	373.0	0.0	-73.0	0.0
Other Authorities Total	208	12,907.4	3,539.9	802	35,634.8	7,843.0	-22,727.4	-4303.1
Total Transfers	8,810	252,216.2	34,426.3	10,575	252,216.2	34,426.3	0.0	0.0

Doc ID: 1054464 – Temporary Transfer of Water Entitlements – Annual Report – 2002/2003

POOL PRICE ESTABLISHED AND ALLOCATION
Zone 1A & 1B - Greater Goulburn



POOL PRICE ESTABLISHED AND ML TRADED
Zone 1A & 1B - Greater Goulburn

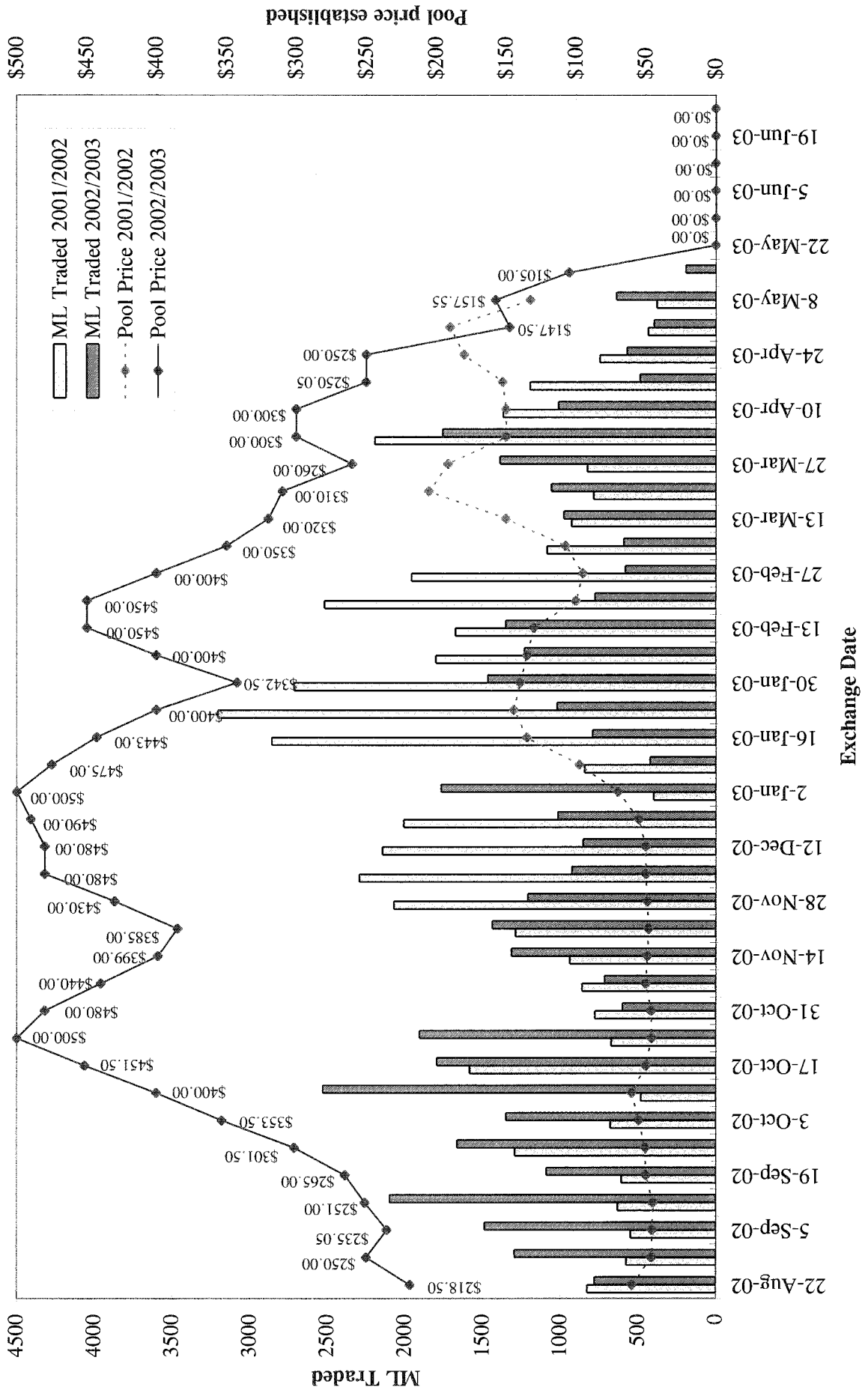
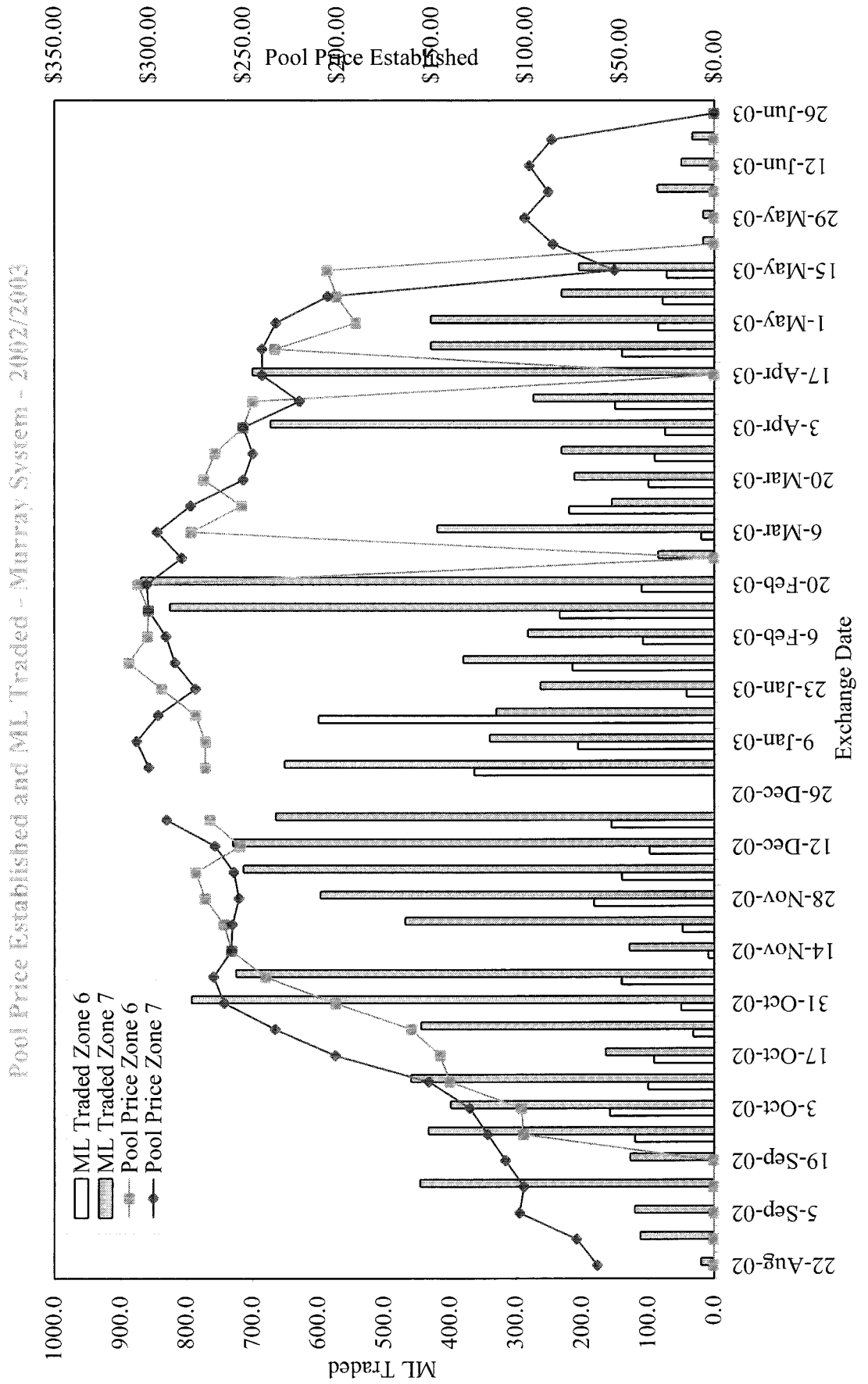
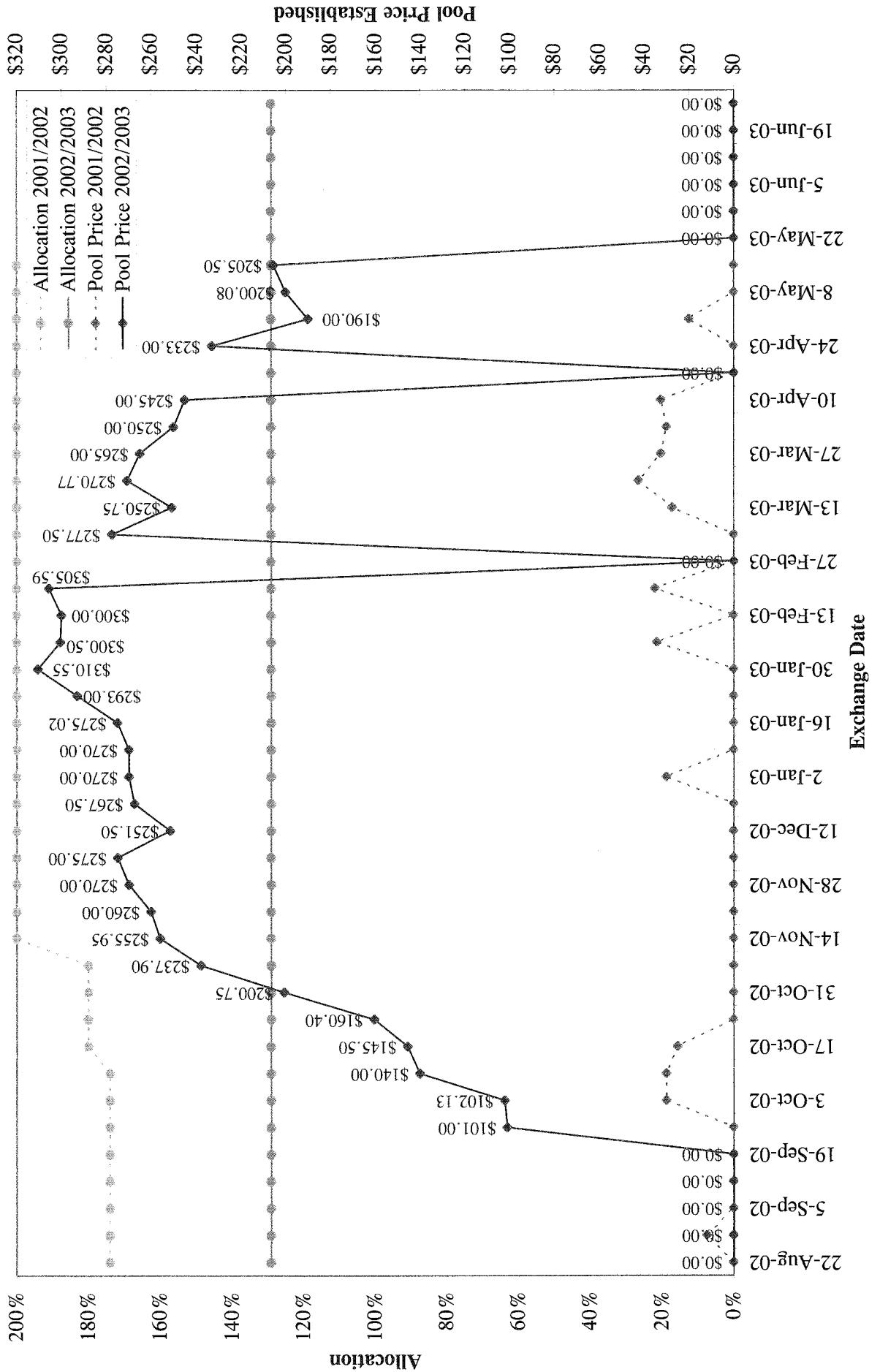


Chart1

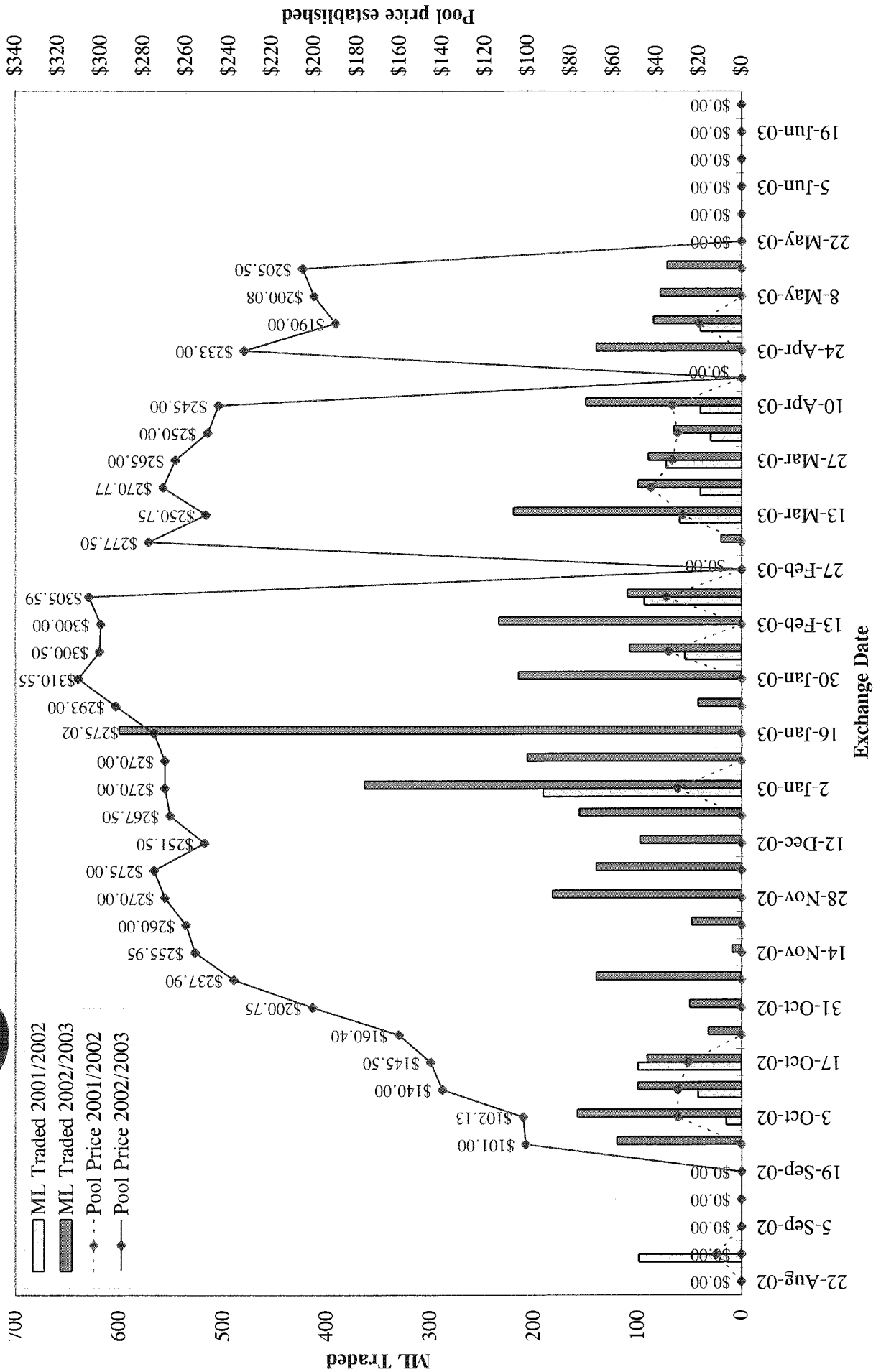




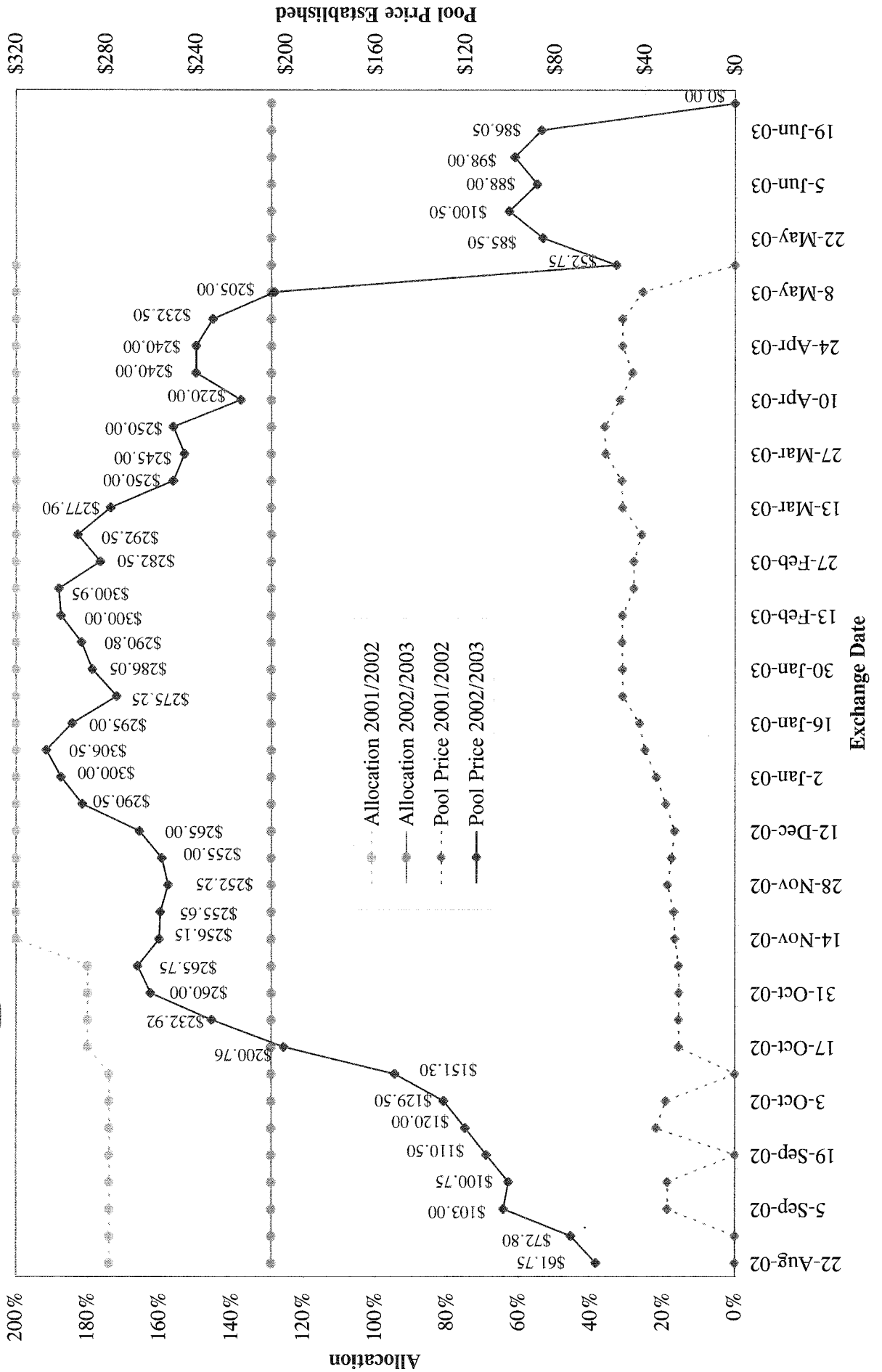
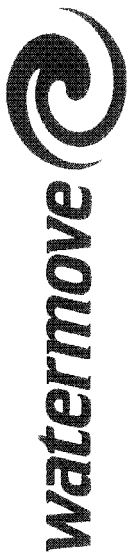
POOL PRICE ESTABLISHED AND ALLOCATION
Zone 6 - Hume to Barmah



watermove POOL PRICE ESTABLISHED AND ML TRADED
Zone 6 - Hume to Barmah

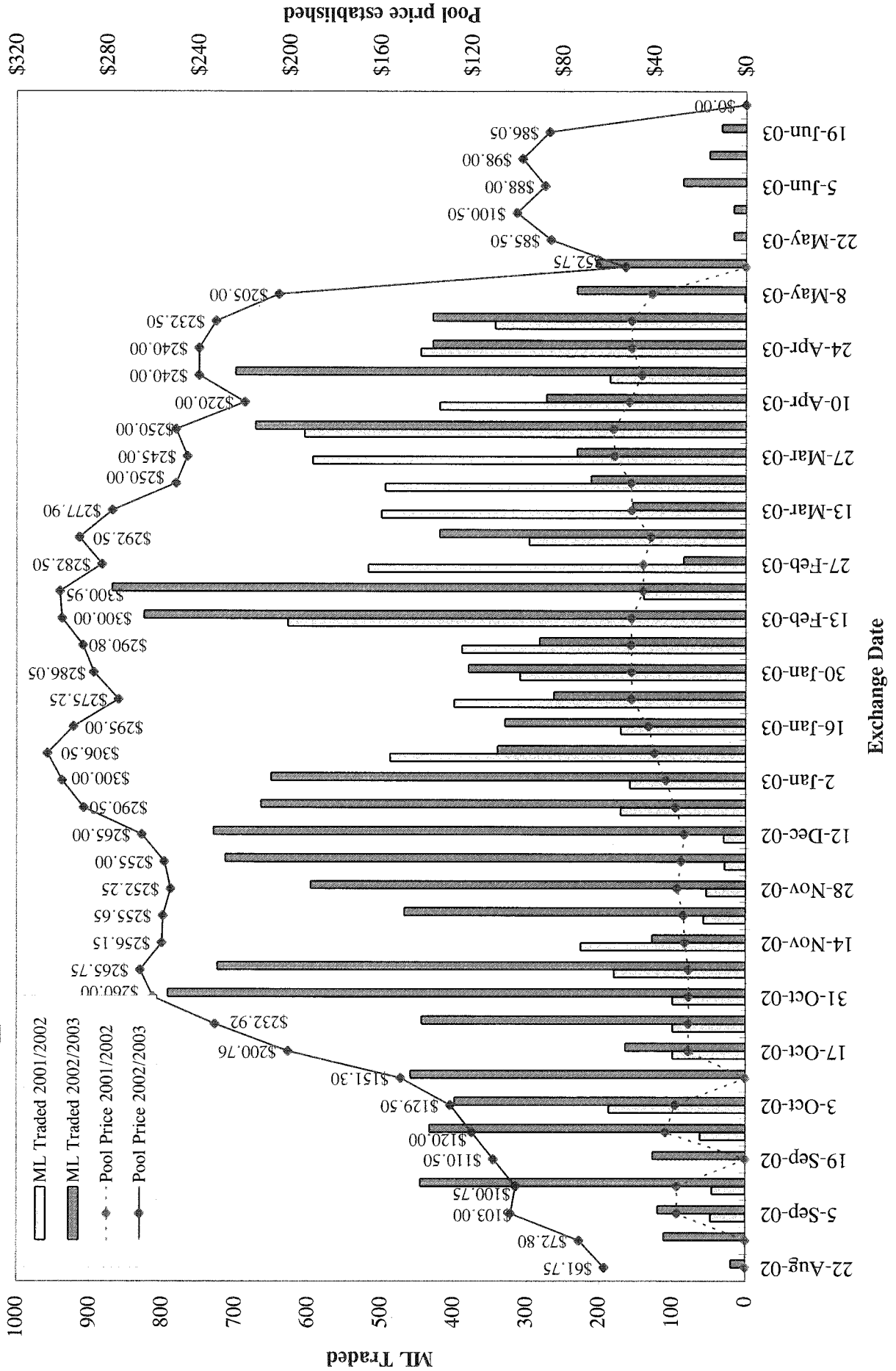


POOL PRICE ESTABLISHED AND ALLOCATION
Zone 7 - Barmah to Nyah



POOL PRICE ESTABLISHED AND ML TRADED

Zone 7 - Barnmah to Nyah



Appendix F

PRIVATE DIVERSIONS FROM WATERWAYS AS AT 30 JUNE 2003

Drainage Basin	Regulated Irrigation						Unregulated Irrigation						Domestic & Stock		Other		Total	
	Licences		Authorised Area	Authorised Volume		Total Authorised Volume	Licences		Authorised Area	Authorised Volume		Total Authorised Volume	Licences		Authorised Volume		Total Authorised Volume	
	No.	HA	ML	ML	ML		No.	No.	HA	ML	ML		No.	No.	ML	ML		
Upper Murray (401)	63	1730.4	14730.5	40	104	13	13	14871.5	37	14871.5	133	133	1421	8767.8	752	81	990	10550.1
Kiewa (402)	0	0	0	0	0	0	0	0	0	0	207	207	1810.1	11760.7	597	50	2288.8	14650.5
Ovens (403)	372	5268	25106.3	149	735.6	21	21	28420	724.6	28420	350	350	2658.6	13804.5	502	42	328.6	15301.1
Broken (404)	181	4222.2	25321.2	124	552	20	20	26236.6	363.4	26236.6	62	62	204	1621.2	174	15	39	2022.2
Goulburn (405)	347	7861.9	43445.4	692	2904.9	60	60	57131.1	1301.5	57131.1	386	386	3160.2	17086.4	1106	75	1820.4	21493.8
Campaspe (406)	152	2380.4	17264.7	140	300	59	59	18012.5	447.8	18012.5	73	73	326.7	1464.4	133	7	29.2	1785.6
Loddon (407)	233	5987.2	21643.3	234	506	23	23	22637.7	293.9	22637.7	254	254	2947.6	15455.7	204	23	175.2	16072.9
Central Murray (408)	352	9239.8	53070.6	614	2503.1	53	53	64758.4	2199.7	64758.4	45	45	756.2	4279.2	117	7	24	4562.2
Mallee (414)	80	4156.3	16329.5	74	211.4	10	10	21311.1	68	21311.1	0	0	0	0	0	0	0	0
Total	1780	40846.2	216911.5	2067	7817	259	259	230164.4	5435.9	230164.4	1510	1510	13284.4	74239.9	2826	300	5695.2	86438.4

This table does NOT include non-consumptive purposes and volumes associated with Power Generation and Commercial Aquaculture licences. Regulated 404 ML and Unregulated 295.3

The Wakiti Irrigators Co-op (S827029) licence volume of 5229 megalitres has been removed from this report to avoid duplication.

GROUNDWATER EXTRACTIONS AS AT 30 JUNE 2003

Groundwater Management Area	Irrigation			Other		Total
	Licences	Authorised Volume	Authorised Area	Licences	Authorised Volume	Authorised Volume
	No.	ML	Ha	No.	ML	ML
Alexandra	7	1498	235	10	123	1621
Barnawartha	1	120	20	6	469	589
Bungaree				1	45	45
Campaspe Deep Lead	104	46154.8	8303.3	98	395	46549.8
Ellesmere	4	930	158.3	5	194	1124
Goorambat	5	1386	266	7	134	1520
Katunga	130	57703.4	10155.9	196	2952.7	60656.1
Kialla 1	5	1416.6	276.5	3	107	1523.6
Kialla 2	4	522	95	4	106	628
Kinglake	40	1676.3	499.5	44	330	2006.3
Mid Loddon	89	33046.4	5339.9	53	402	33448.4
Mullindolingong 1	4	135.7	25	17	172	307.7
Mullindolingong 2	14	949.8	170.5	26	150	1099.8
Murmungee	161	11608.3	2475.5	81	375.8	11984.1
Nagambie	35	6391	1349.5	23	83	6474
Shepparton	902	168492.9	38322.4	849	20699.2	189192.1
Spring Hill	51	4552.1	1449.6	23	397	4949.1
Upper Loddon	76	8677.8	2369.6	77	1665.7	10343.5
Other Areas	414	19896.2	5131.8	450	8247.1	28143.3
Grand Total	2046	365157.3	76643.3	1973	37047.5	402204.8

Appendix H1

Water Supply Protection Area Reporting Spring Hill Groundwater Management Plan

This appendix is included in the Goulburn-Murray Water 2002/2003 Annual Report in compliance with Section 32C of the Water Act (Report on administration and enforcement of the Spring Hill Groundwater Management Plan). The Groundwater Management Plan (GMP) was approved on 28 January 2002. The period of reporting is from 1 July 2002 to 30 June 2003.

GMP Clause	Responsibility	Item	Report	Notes
8.1	DSE	Maintain monitoring bores	Complied	See Note 1
8.2(a)	DSE	Determine quarterly water levels for bores specified in Schedule 2 of the GMP.	Complied	
8.2(b)	G-MW	Determine quarterly water levels for bores specified in Schedule 3 of the GMP.	Complied	
8.2(c)	DSE/G-MW	Record potentiometric water levels in the State Groundwater Database	Complied	
8.3	G-MW	Conduct salinity monitoring program	Complied	
8.3(b)	Licensee	Provide water sample for salinity analysis	~90% compliance	See Note 2
9.1(a)	G-MW	Metering of bores	~90% compliance	See Note 3
9.2(a)	G-MW	Reading of flow meters	Complied	
9.2(b)	Licensee	Record groundwater use from licensed bores	Complied	See Note 4
10	Licensee	Groundwater license entitlements must not exceed 5062ML	Complied	See Note 5
11.3(a)	G-MW	Temporary transfer of licence entitlement	Entitlement of 165 ML transferred	See Note 6
11.3(e)	G-MW	Transfers recorded onto database	Complied	
12	Domestic and Stock user	Notification of Domestic and Stock Use	No notification of groundwater use	See Note 7
13(a)	G-MW	Authorisation to take and use above licence entitlement	Not implemented	See Note 8

Notes:

1. Bores are visually checked when monitored and notes on the condition of the bore are recorded onto the State Groundwater Management System. No major maintenance was required in 2002/2003.
2. Data collected from 47 of the 52 equipped bores.
3. There are 75 licensed bores of which 52 are equipped. Six equipped bores require metering.
4. No additional meter reading required of licensees.
5. Total licensed commitments (excluding Domestic and Stock allowance) is 5030 ML
6. Four transfers conducted.
7. No notification of Domestic and Stock use received in 2002/2003.
8. Insufficient monitoring data available to make such an authorisation.

**Water Supply Protection Area Reporting
Shepparton Irrigation Region Groundwater Management Plan**

This appendix is included in the Goulburn-Murray Water 2002/2003 Annual Report in compliance with Section 32C of the Water Act (Report on administration and enforcement of the Shepparton Irrigation Region Groundwater Management Plan). The Groundwater Management Plan (GMP) was approved in 1999. The Period of reporting is from 1 July 2002 to 30 June 2003.

Responsibility	Item	Report	Notes
G-MW	Maintain monitoring bores	Complied	
G-MW	Record bore maintenance results in State Groundwater Management System	Complied	
G-MW	Monitor observation bores	Complied	
G-MW	Record bore monitoring results in State Groundwater Management System	Complied	
G-MW	Conduct salinity monitoring program	Complied	
Licensee	Provide water samples for salinity analysis	≈ 51% compliance	See Note 1
G-MW	G-MW metering responsibilities	Complied	See Note 2
G-MW	Reading of flow meters	Complied	See Note 3
G-MW	Record groundwater use from metered bores	Complied	
G-MW	New licences issued in accordance with Salinity Guidelines	Complied	
G-MW	Licence renewal for expired licences in accordance with Salinity Guidelines	Complied	

Notes

1. 983 sample bottles mailed and 499 samples returned.
2. Approximately 98% of the 800 bores requiring metering have meters fitted.
3. End of season meter reading visits undertaken for 789 sites.

Compliance Index

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