ANNUAL REPORT 2006/07

GOULBURN-MURRAY WATER

G-MW

Our Mission

To deliver sustainable water services that meet customer and stakeholder needs and support regional economic growth, while balancing social, economic and environmental considerations.

Our Values

Human safety, the environment and customer service are our highest priorities

Sustainability is our commitment to future generations

Co-operation based on the involvement of people is the key to progress

Openness builds trust, knowledge and understanding

Integrity, respect and pride are valued characteristics of our people

Continual improvement is essential and underpins our future

Contents

Report from the Chairperson

What a year! The worst drought on record and the lowest irrigation allocations. Yet these events brought water to the forefront of Government and community interest. This interest has been manifested in an unprecedented offering of public funds to upgrade the irrigation system, both from the Federal and State Governments. While there is concern around some aspects of both the National Water Security Plan from the Federal Government and the Foodbowl Modernisation Project from the State Government both offer the potential for large amounts of money to re-build our system.

Meanwhile Goulburn-Murray Water has undertaken the extensive planning required to bring in unbundling and made good progress with our reconfiguration plans across all districts.

The drought resulted in direct funding from the State Government to help customers meet their water delivery bills on the systems which delivered less than 50% allocation and the government paid for the pumping of Waranga Basin to extract another 7% for the Goulburn irrigators. The Board, with the assistance of the Water Service Committees, was instrumental in arguing for and obtaining these amounts. At the same time the Board instituted a Tariff Review to investigate alternative pricing and funding proposals for future low allocation years.

Despite these dramatic changes to our normal business, management was able to maintain our Advanced Maintenance Program, capital works program, institute the Watertight 2020 program and begin work on the Shepparton Modernisation project. This year we also completed the Tungamah Pipeline project well under time and below budget which has saved a substantial quantity of water as part of the Mokoan Return to Wetland project. Nor have we allowed this difficult year to sideline our responsibilities to the environment and recreation. We have worked with our Catchment Management Authority partners on the rivers and wetlands and through private partnerships with the many lessees and developers who use our water resources to provide for public recreation. The $8 million Jayco re-development of the Nagambie Lakes caravan park was launched by the former Minister for Water, Environment and Climate Change John Thwaites and we expect completion before the end of 2007.

The Board looks forward to a more normal year for inflows and a consequent easing of the difficult circumstances our customers have experienced recently. We will continue to enhance our system and seek out funds to ensure the prosperity of irrigation in the north of Victoria.

This is the final year of appointment for this Board which ends in September 2007 and as Russell Cooper has changed title to Managing Director from July, it is appropriate to thank him here for his constant and extensive commitment to Goulburn-Murray Water and his remarkable zeal in securing outcomes for our customers.

I would also like to thank the other directors for the quite extraordinary work each has put in during this difficult period. They have guided Goulburn-Murray Water through its most difficult period and can be proud of the strong and respected position the organisation is in.

Don Cummins
Chairperson

Chairperson Don Cummins (left), Managing Director Russell Cooper (right).

Report from the Managing Director

The year proved to be extremely challenging for all our customers, our employees and the wider Goulburn-Murray communities. With record low allocations, we undertook a number of initiatives such as pumping Waranga Basin to boost supplies for irrigators, and introduced new communication efforts to ensure customers were kept informed as the season progressed. Pumping of Lake Buffalo also delivered essential stock and domestic supplies for residents along the Buffalo and Ovens rivers.

With water in such short supply we saw unprecedented water trading activity. Watermove was vital to building confidence in the water trading market and ensured buyers, sellers and the wider public had access to transparent pricing benchmarks. Throughout the year we also invested extensive resources into building public awareness of the unbundling of water entitlements that took effect from 1 July 2007.

The current drought confirmed that the long-term viability of irrigated agriculture across northern Victoria hinges on the efficiency and performance of our irrigation supply network. It is therefore pleasing to report that our existing modernisation and reconfiguration projects including the Shepparton Modernisation Project, the Future Management Strategy in Pyramid-Boort, the Torrumbarry Reconfiguration and Asset Modernisation Strategy (TRAMS) and the reconfigured Tungamah system all took great strides forward in 2006/07.

In August 2006 we launched an ambitious new water-savings initiative to capitalise on these projects and to harness our accumulated expertise from right across Goulburn-Murray Water. WaterTight 2020 aims to identify and capture 400 GL of water savings by 2020.

Rigorous measurement and analysis is essential to understanding the performance of our irrigation infrastructure and identifying opportunities for improvement. This year we substantially improved the speed and quality of our analysis through a range of initiatives including the installation of measurement equipment across the network as part of our Strategic Measurement Project (SMP), the launch of a fully integrated Geographic Information System (GIS), as well as the development of the first ever portable test rig that measures the accuracy of irrigation meters in situ.

But identification is only the first step to improving the irrigation system. Community consultation is vital to understanding the needs of our customers, and ensures local knowledge is reflected in our reconfiguration efforts. Our community engagement processes continue to improve, with customers, local councils, Catchment Management Authorities and relevant Departments including Department of Primary Industry and Department of Sustainability and Environment all actively involved in shaping the future for irrigated agriculture in their region.

We are also investing our knowledge and experience in improving the performance of modernisation technology. In partnership with Water for Rivers and Rubicon Systems we provided guidance to improve the channel automation technology and in particular the quality control processes of manufacturing. We can all now have greater confidence in the future application of this technology across our region.

Throughout the year we called on our Water Services Committees to assist in adapting and refining our strategies for managing very limited water supplies. Goulburn-Murray Water is extremely grateful to the members of the various committees for their ongoing support and commitment during a very challenging season. I am also extremely proud of the staff of Goulburn-Murray Water for their commitment, along with the Board and Executive team for their leadership across a very trying season.

The Foodbowl Modernisation Project announced in June 2007 has delivered an important opportunity for our region. I believe our existing projects provide a springboard from which our region can capture the benefits of the $1 billion investment. It is a very positive position from which to take on such a challenge and we look forward to partnering with stakeholders across the region to realise the project's potential.

Russell Cooper
Managing Director

Our Performance at a glance 2006/07

	Governance	Economic Sustainability	
Objective	The Board aims to continuously improve its governance practices and strive to achieve high levels of transparency, trust and stewardship.	We will actively pursue new and improved ways to operate our business to achieve the most cost effective total water system management whilst meeting all our (statutory financial and customer) obligations.	We will contribute to Government water reforms, developing and adapting the appropriate assets, technology and systems that meet the future needs of our customers and communities and enable regional growth.
Highlights	Significant progress in the implementation of a whole-of-business risk management framework. The Board undertook a review of its performance in accordance with the Minister's guidelines, conducted with an external facilitator.	We undertook a Tariff Review to investigate alternative pricing and funding proposals for future low allocation years. We undertook an intensive communication program targeting customers and their advisers to explain the process and benefits of unbundling, including more than 50 meetings that attracted more than 1500 attendees.	Commenced work on Cairn Curran Dam Safety Upgrade. We completed work on the Tungamah Pipeline which will improve supply and service to more than 400 customers and deliver 4,800 megalitres of water savings each year.
Results	*Performance Indicators* — *Results* Significant steps in the implementation of a whole-of-business risk management framework. — Achieved Board performance review and reporting to the former Minister for Water, Environment and Climate Change. — Achieved	*Performance Indicators* — *Results* Productivity Plan target of 3% reduction in cost compared to 04/05 base achieved. — Achieved AMP Water Plan works program achieved within cost estimates. — Achieved Capital expenditure Water Plan works program achieved within cost estimates. — Achieved	*Performance Indicators* — *Results* Overall delivery system efficiency of Area distribution systems 74% — 63.6% 100% availability of bulk water assets to supply customer orders — Achieved Storages (excl Lake Mokoan) capable of holding 100% of design capacity 100% of the time — Achieved No unplanned service failures greater than 24 hours — Not achieved Area maintenance service standards met — Achieved Mildura-Merbein Salt Interception scheme assets available 69% — Achieved
Challenges for the future	Working with our customer committees to update committee charters and codes of conduct. Welcoming and inducting directors appointed as of 30 September 2007.	Maximising the benefits of the Foodbowl Modernisation Project to ensure the lowest possible sustainable price path. Undertake AMP to extend asset life and manage asset replacement costs over the longer term. Actively pursue productivity improvements available through process and technology improvements.	We will continue to work with customers to maximise available water resources under difficult seasonal conditions.
	More on page 16	More on page 6,21	More on page 29,49

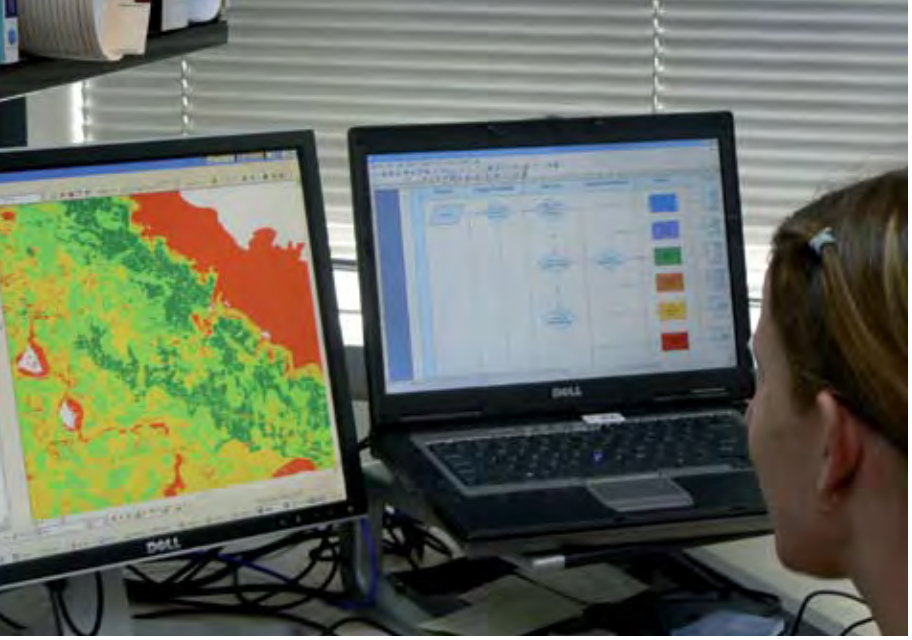
	Environmental Sustainability		Social Sustainability					
Objective	We will be conscious that what we do has a significant and lasting effect on the environment and seek to reduce this impact, contributing to enhanced environmental outcomes.		We will provide a range of responsive and innovative services with a price and delivery mix that balances existing and emerging customer needs.		We will provide a safe, healthy and satisfying place for our people to work, because it is through a competent, committed and adaptable workforce that our long term security and success is assured in a rapidly changing world.		We will develop productive, empathetic and enduring relationships with all interested parties to achieve the best balance of economic, environmental and social outcomes.	
Highlights	Seasonal conditions led to the lowest ever allocations. We undertook a range of communication initiatives to ensure customers were kept informed of our water management strategies and had opportunity for input. The Minister launched Goulburn-Murray Water's WaterTight2020 campaign. Our Environmental Management System (EMS) was certified to international standards. We met our greenhouse reduction targets for emissions from Goulburn-Murray Water buildings, offices and vehicles.		We launched reconfiguration programs in Central Goulburn, Rochester-Campaspe, Murray Valley and Shepparton districts. Torrumbarry Reconfiguration and Asset Modernisation Strategy (TRAMS). working group undertook extensive community consultation to inform development of its plan. We signed agreements with 20 customers as part of the Pyramid-Boort Future Management Strategy.		Staff and Management negotiated a new Enterprise Bargaining Agreement. We successfully redeployed field staff in line with seasonal conditions. We successfully retained our status as a Registered Training Organisation and our SafetyMAP accreditation. We established a new record of 465,282 hours worked by our staff and contractor staff without a lost time injury.		We invested $784,000 on research and development programs in the irrigation sector. We worked with our partner organisations to deliver water reform initiatives. Our annual Charity Golf and Bowls Day raised over $12,000 for local charities and community groups.	
Results	*Performance Indicators*	*Results*	*Performance Indicators*	*Results*	*Performance Indicators*	*Results*	*Performance Indicators*	*Results*
	Minimum river flow regimes: Regulated rivers: Flows greater than or equal to specified min. flows 100% of the time Unregulated streams: Flows meet agreed targets or natural flow 90% of the time	Partially Achieved - 93.2% Achieved	Area service delivery standards met. Accounts issued in accordance with agreed billing schedules with no more than 1% error rate. At least 80% of surveyed customers satisfied with our services.	Achieved Achieved Not achieved (77%)	At least 75% of surveyed staff satisfied with G-MW as an employer. More than 500,000 hrs worked without a Lost Time Injury	Achieved - 85% of surveyed staff are happy with their work arrangements and proud to be part of G-MW. Partially achieved – set new record of 465,282 hours	Relationships with customers, industry partners.	Achieved.
Challenges for the future	We will continue to identify and realise water savings through innovative projects. We will align our efforts with those of the Foodbowl Modernisation Project.		We will seek to align our existing modernisation programs to match the objectives of the Government's Foodbowl Modernisation Project.		We aspire to be an employer of choice and will adopt initiatives to further this goal. We aim to achieve 500,000 person hours worked without a lost time injury.		We will continue to work closely with stakeholders to progress the Foodbowl Modernisation Project. We will work closely with stakeholders to address issues arising from the unbundling of water entitlements.	
	More on page 44		More on page 32		More on page 39		More on page 41	

MODERNISATION

BUILDING THE FUTURE FOR IRRIGATION IN NORTHERN VICTORIA

Since 2002 Goulburn-Murray Water has been modernising our region's irrigation infrastructure at various levels, from the main supply channels right through to the individual outlets. While modernisation will achieve significant water savings through a more efficient supply network, its primary goal is to ensure the ongoing viability of irrigated agriculture through improved irrigation services and a cost-effective delivery network.

This year Goulburn-Murray Water's growing expertise and capability has allowed us to expand our efforts to plan for modernisation on a broad scale across all regions. The modernisation strategy is essential to fulfilling our current and future economic, social and environmental obligations to our customers, our community and our stakeholders including the environment. The following feature section highlights the progress we have made in modernising our irrigation infrastructure and through this, building the future for irrigated agriculture in northern Victoria.



A growing source of local expertise - G-MW staff and suppliers

Goulburn-Murray Water is rapidly accumulating substantial expertise in all aspects of modernisation. Each stage of the process calls for a different mix of skills from system analysis, project design, community consultation and financial management to the evaluation and selection of modernisation techniques.

During the year, Goulburn-Murray Water streamlined key aspects of modernisation project design. Our staff now have access to Goulburn-Murray Water-developed 'decision tools' and 'asset solutions' to determine modernisation techniques that are most appropriate to the needs of the district.

The streamlined systems harness Goulburn-Murray Water's growing system knowledge and experience in designing and implementing modernisation projects. They also ensure projects take account of the full range of factors, from soil type and infrastructure usage to council zoning and local amenity that must be considered in developing modernisation programs that are relevant to the local region. We expect that irrigation districts just beginning their reconfiguration efforts will progress more rapidly as a result of these tools, and Goulburn-Murray Water's growing experience.

During the year, Goulburn-Murray Water appointed reconfiguration project managers in each of its six irrigation districts. Reconfiguration project managers support the progress of projects in their irrigation region, and are able to share experience and innovation across districts.

Goulburn-Murray Water has also invested considerable time and knowledge in working with suppliers to improve the performance and reliability of key modernisation technology. Goulburn-Murray Water was dissatisfied with the performance of the initial Total Channel Control technology but by working with us to address our concerns, Rubicon Systems developed and implemented improved quality control processes at their manufacturing plants. We are now confident the technology can deliver on its potential.

GIS decision tools and asset solutions harness our experience and streamline the selection of modernisation techniques as part of area modernisation planning. Clockwise from top left: channel automation; GIS, decision tools and asset solutions; channel lining; channel automation, installing flume gates; rock amouring.

Technology enhances system knowledge

Rigorous monitoring and analysis are essential to understanding the performance of our existing irrigation system at all levels. During the year we substantially improved the technology in place to support this analysis and have commenced a range of initiatives to improve the speed and accuracy of our system monitoring.

Our Strategic Measurement Project (SMP) continued to grow, with a total of 730 automated gates now in place across all of the major channels in the Goulburn-Murray region. The network provides real time information and monitoring of the channel network. This information assists our understanding of how the network operates allowing the comparison of performance along sections of the network. This information will enable more effective targeting of automation and channel remediation efforts and will also assist in identifying and evaluating opportunities for improvements and rationalisation.

From July 2007 the network will be connected by a radio Canopy network (see opposite). The radio system will relay real-time information to and from the automated gates to Goulburn-Murray Water's Area Offices. The radio Canopy network is the largest of its type in the world and will further improve the speed and accuracy of Goulburn-Murray Water's system analysis.

Goulburn-Murray Water's Geographic Information System (GIS) launched in June 2007 is another important new tool that allows Goulburn-Murray Water staff to view and analyse all current system information in live, electronic map format. It has already enhanced our understanding of how the various components of the system interact, and improved our ability to undertake analysis of individual pods and outlets as part of our modernisation strategies.

Innovation by Goulburn-Murray Water staff and business partners continues to realise important benefits for Goulburn-Murray Water and its customers. During the year, Goulburn-Murray Water undertook a pilot testing program to evaluate the performance of various irrigation meters in the field. The project has informed our understanding of existing meter technology and the potential for existing meters to meet the more stringent tolerances required under the proposed National Meteorological Standard.

With no existing technology available, Goulburn-Murray Water in partnership with Theiss Services designed and built a mobile test rig and developed a rigorous testing regime. The rig is the first of its kind in Australia and the testing procedures developed by Goulburn-Murray Water and Theiss provide accurate and comparable test results, over a short time frame, with a testing system accuracy of better than one per cent.

The rig and testing program will become a key feature of Goulburn-Murray Water's ongoing system monitoring and assessment program, and will greatly improve the understanding Goulburn-Murray Water and its customers have of the performance of meters under field conditions over time. With meter error one of the key contributors to "lost" water, the testing program is helping Goulburn-Murray Water deliver water savings.

During the year Goulburn-Murray Water also developed a new financial system that will improve project based reporting, adopted a new project delivery system and introduced tailored water industry project management training. These new systems will further enhance Goulburn-Murray Water's project delivery capability.

Stategic measurement project improving service and system knowledge

With the completion of the Strategic Measurement Project (SMP) Goulburn-Murray Water will be able to accurately determine the water efficiency of sub-systems and identify the source and location of major system losses. Loss minimisation plans will be developed to target future water savings in a structured and sustainable way.

The automated structures also:

- improve customer service delivery and system operational efficiency,
- provide accurate water measurement,
- achieve water savings by reducing outfalls,
- enable Goulburn-Murray Water to identify and measure water loss from channel leakage and seepage,
- focus maintenance and capital repairs programs on areas of greatest need,
- enable us to measure savings to ensure real and sustainable benefits.

In the Goulburn system 119 of the proposed 230 structures are complete. The Victorian Water Trust and Water for Rivers are jointly funding this $16 million project as it will improve water use efficiency and provide water savings.

In the Torrumbarry and Murray Valley irrigation areas 48 of the planned 57 structures are complete. The $4.63 million project is scheduled to be completed in September 2007.

World's largest radio communications network

A major part of the Strategic Measurement Project (SMP) is the provision of a radio communications system that covers the current and potential future locations of automated gates across the Shepparton, Central Goulburn, Rochester and Pyramid-Boort Areas. The "Canopy" radio system was recently completed by Rubicon Systems, covering an area of almost one million hectares. It is thought to be the largest area covered by such a system in the world.

The solar powered Canopy technology operates at computer operating speed (57 GHz) and uses a broad band of radio frequencies and intelligent feedback systems to change transmission frequencies to provide the best signal clarity, and avoid significant radio interference from other sources and signal interception. The Canopy system has a very large capacity for radio traffic. It can self adjust transmission power to also overcome any detected interference.

The Canopy system is based around Area offices with a matrix of thirty one 25-metre high radio "node" masts. Signals from Area offices are sent to the node masts and from there to the automated gates.

A similar, but non-Canopy system, has also been recently installed covering the Murray Valley and Torrumbarry Areas. This system is capable of being upgraded to "Canopy" when required.

G-MW puts meters to the test

New national metering standards proposed for implementation from 2009 will require irrigation meters to operate within an accuracy range of +/- five per cent in the field. With more than 21,000 meters in place across the region, Goulburn-Murray Water sought to determine whether the existing meters could meet these more stringent requirements.

While a variety of studies have been conducted across Australia and our region, none had systematically looked at the performance of meters in the field. A key obstacle was the lack of a portable testing machine with the ability to generate results that are comparable across meter types, locations and over time, and which also allowed for the comparison of performance of the meter after adjustments in the field.

Goulburn-Murray Water commissioned Thiess Services to develop a testing regime using its Remote Electronic Verification System (REVS) that could provide this type of rigorous and comparable testing in the field. In early 2007 Goulburn-Murray Water undertook a pilot program that tested 28 meters including 12 Dethridge wheels, seven flume gates, seven electromagnetic meters and two ultrasonic meters.

The testing procedure and the results of the pilot program were reviewed by an independent consultant Hydro Environmental Pty Ltd and confirmed that:

- Dethridge meter errors are significant ranging from one per cent to 24 per cent in favour of customers, with an average of 10 per cent.
- Dethridge meter errors are caused by a range of factors many of which cannot be controlled or even influenced by Goulburn-Murray Water.
- All other meters tested operated within the tolerances of the proposed standard except for a MagFlow meter installed by a landowner on his property which under recorded by 10 per cent.

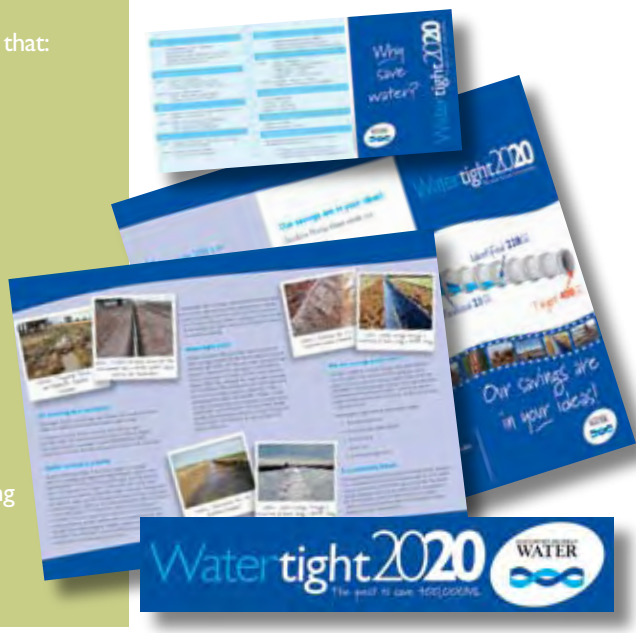
In addition to improvements to the operation and testing regime, it was also recommended that Goulburn-Murray Water expand the pilot project to increase the sample and so provide more robust findings.

Goulburn-Murray Water intends to undertake further tests over the coming irrigation season and is already developing a program to enable the staged replacement of existing Dethridge wheels that takes into account potential rationalisation of outlets as a result of modernisation.

Water Tight 2020 - engaging staff and local communities

In August 2006, Goulburn-Murray Water embarked on an ambitious new program called WaterTight 2020. The program was launched by the former Minister for Water, Environment and Climate Change and aims to identify and capture up to 400 GL of water savings by 2020. Staff and community participation is a vital component of the initiative, with a dedicated phone line and web address enabling anyone to share their ideas for water savings with Goulburn-Murray Water.

Goulburn-Murray Water's Water Tight 2020 consolidates the growing momentum of our wider modernisation initiatives.



From left: Our meter testing rig is the first of its kind in Australia and can accurately test meter performance in the field. G-MW Managing Director Russell Cooper inspecting a Dethridge wheel. The pilot program will be expanded to test more meters over the coming year, to further build our understanding of meter performance.

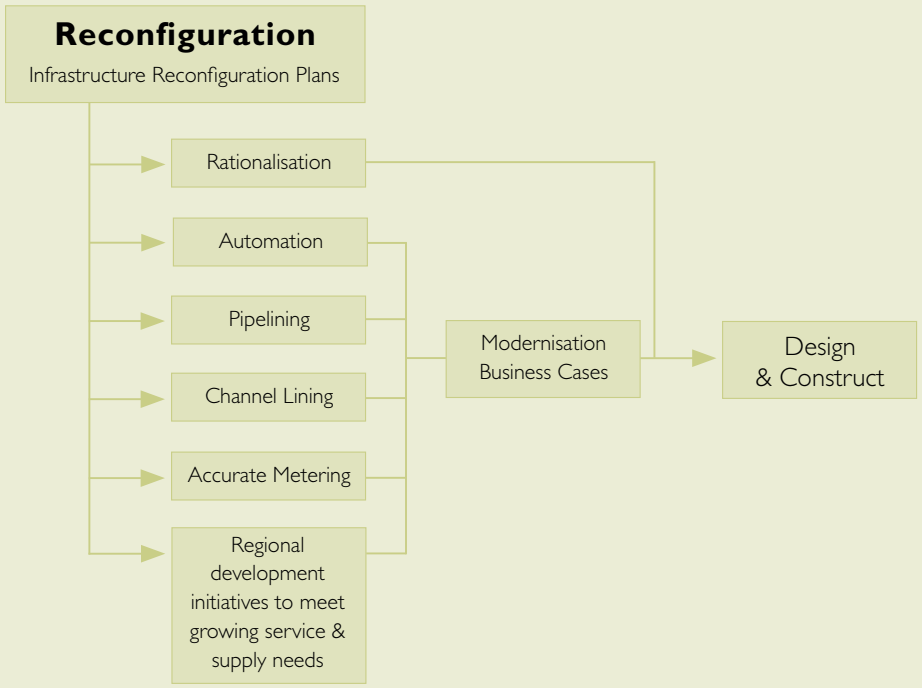
Community consultation improves outcomes

During the year, reconfiguration programs were launched in the Central Goulburn, Rochester-Campaspe, Murray Valley and Shepparton districts. These programs will build on the experience of our existing reconfiguration programs in Torrumbarry and Pyramid-Boort irrigation districts.

Our Water Services Committees (WSC) and Reconfiguration Working Groups are the key forums for the development of Goulburn-Murray Water's modernisation strategies. During the year more than 80 individuals including customers, along with representatives from the Catchment Management Authorities, Department of Primary Industry, Department of Sustainability and Environment, local shire councils and the community have worked in partnership with Goulburn-Murray Water to map out the strategic vision for their region. The broad membership of these groups, combined with Goulburn-Murray Water's analysis and experience, ensures local knowledge is a key component of area modernisation strategies.

At the farm level, Goulburn-Murray Water's modernisation working groups' plans have determined components of the irrigation network such as meters, channels and outfalls that can be removed with little or no impact on the overall supply network. Goulburn-Murray Water is working with individual customers to agree on financial assistance to redesign on-farm layout to match the streamlined supply system.

Goulburn-Murray Water's reconfiguration approach ties all modernisation aspects together to develop a long term strategic plan for individual irrigation areas



G-MW reconfiguration field coordinator Bill Streader and Appin irrigator Jack Hewitt.

Building the future for irrigation in Northern Victoria - *Modernising our irrigation areas*

Torrumbarry

Cohuna Weir.

In 2003, the Woorinen system was established with a 53 kilometre pipeline servicing 220 customers and supplied from a pump station on the River Murray.

The Torrumbarry Reconfiguration and Asset Modernisation Strategy (TRAMS) working group was established in June 2006 to develop a district wide vision for irrigation in the region. A Stage 1 system overview was completed this year identifying Area characteristics and trends as well as the challenging environmental issues to be managed within the Area.

Shepparton

Automation of East Goulburn Main Channel.

The $188.2 million Shepparton Modernisation Project will realise 52 gigalitres of water savings by 2010.

Initial funding of $10 million enabled Goulburn-Murray Water to commence construction in June 2007 with targeted works involving automation of 12 key structures in the northern portion of the East Goulburn Main channel. The remaining channel regulators along the East Goulburn Main, from Goulburn Weir, will be installed next year, with preparation works along the main trunk channels completed this winter.

Full project funding could see Goulburn-Murray Water implement a combination of works that include rationalising 35 km of open channel and around 600 outlets, and installing 135 km of gravity pipeline and 40 km of pressurised pipeline. Channel automation is a key component of the project with regulating gates to be installed at 570 sites across the Shepparton irrigation area. Farm outlets will also be upgraded with flume gates and magnetic flow meters installed enabling remote monitoring and some remote operation.

A community reconfiguration working group was established in December 2006 and is developing and implementing a number of rationalisation case studies. The working group includes community representatives to address the district's unique challenges associated with a growing urban population and increased number of 'lifestyle' properties. The Working Group has also facilitated community meetings and been actively involved with the Shepparton Modernisation Project.

Planning is also underway to automate Goulburn Weir operations, automating channel control structures along the East Goulburn No. 12 Channel, automating remaining channel control structures on the EGM and designing pipelines associated with the Katandra area and Shepparton East horticultural area. These works are expected to be implemented over the next 12-18 months.

Murray Valley

Decommissioning of the Murray Valley No. 1 channel benefits irrigators and the local Cobram community.

A community reconfiguration working group established in November 2006 is developing a reconfiguration plan for the region. An Area overview report was prepared during the year and provides a snapshot of the irrigation infrastructure currently in place in the Murray Valley. Following a series of community meetings, works began on developing plans for individual pods across the region.

MODERNISATION

Central Goulburn

Channel automation to more effectively monitor and control the supply of water along the Central Goulburn channels 1, 2, 3 & 4 (CG 1,2,3,4) forms the basis of this area's modernisation program. The CG 1,2,3,4 channels account for around 20 per cent of the Central Goulburn Irrigation District and was the area chosen to pilot channel automation. The program also includes upgrading meter outlets along with some channel remediation works in high-loss pools to be completed in 2008. The total project is budgeted at $42.8 million and will deliver 15.2 gigalitres of water savings.

A community reconfiguration working group was established in June 2007 and is developing a reconfiguration plan for the remainder of the region with a strong focus on improving the performance and efficiency of the irrigation network at the farm level.

Flume gates.

Pyramid - Boort

The Pyramid-Boort reconfiguration working group was established in 2004 and is the most advanced of Goulburn-Murray Water's reconfiguration projects. The group has developed a comprehensive vision for irrigated agriculture in the region detailed in its Future Management Strategy. The Strategy has initial funding of around $6 million from State Government to realise 3,000 ML of water savings. Modernisation planning has identified works requiring further funding of $100 million to realise a further 26,000 ML of water savings.

During the year 20 local customers signed the first ever reconfiguration agreements with Goulburn-Murray Water that will see 14.5 km of channel, 50 meter outlets and 23 structures rationalised. The Future Management Strategy has identified 220 kms of supply channel, 650 Dethridge wheels and 600 other structures such as channel regulators that can be taken out of service without compromising on-farm supply.

G-MW reconfiguration field coordinator Bill Streader and Appin irrigator Jack Hewitt.

Rochester - Campaspe

A community reconfiguration working group established in December 2006 is developing a reconfiguration plan for the region. Pilot rationalisation projects have been developed to capture 142 ML of water savings as a result of local irrigators agreeing to rationalise 1.8 km of channel and associated assets, with a total replacement value of $1.5 million. The pilot projects are a vital step in understanding the modernisation opportunities and the future needs of irrigators and business in the region. The reconfiguration plan will also be informed by an area overview conducted during the year which identifies local area characteristics and trends.

Cost effective lay flat pipeline near Echuca overcomes seepage and reduces water loss in channel targeted for future redundancy.

An eventful year

G-MW Chairperson Don Cummins with the former Minister for Water, Environment and Climate Change The Hon John Thwaites at the Watertight 2020 opening.

Minister for Agriculture Joe Helper visits G-MW.

From left: Gordon McKern, Chairman, Coliban Water, Victorian Premier John Brumby and G-MW Managing Director Russell Cooper at the opening of the Goldfields Superpipe at Colbinabbin.

G-MW Chairperson Don Cummins, former Minister for Water, Environment and Climate Change John Thwaites and Andrew Evans G-MW at Waranga Pumping Station.

Governance

Goulburn-Murray Water: Profile

Trading as Goulburn-Murray Water, the Goulburn-Murray Rural Water Authority was constituted by Ministerial Order under the provisions of the Water Act 1989, effective from 1 July 1994. During the reporting period the responsible Minister for Goulburn-Murray Water was the Hon. John Thwaites, MP, Minister for Water, Environment and Climate Change (formerly the Minister for Water).

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

Three Key Goulburn-Murray Water Divisions

Assets and Technical Services

manages Goulburn-Murray Water's assets to agreed service levels and required safety standards. The group plans our asset works programs, including maintenance and capital works and operates our large dams. These activities include the delivery of bulk water entitlements and supply to other rural and urban water authorities, the environment and private hydro-electricity customers. The group also manages recreation and other public activities on and around our major water storages.

Water Delivery Services

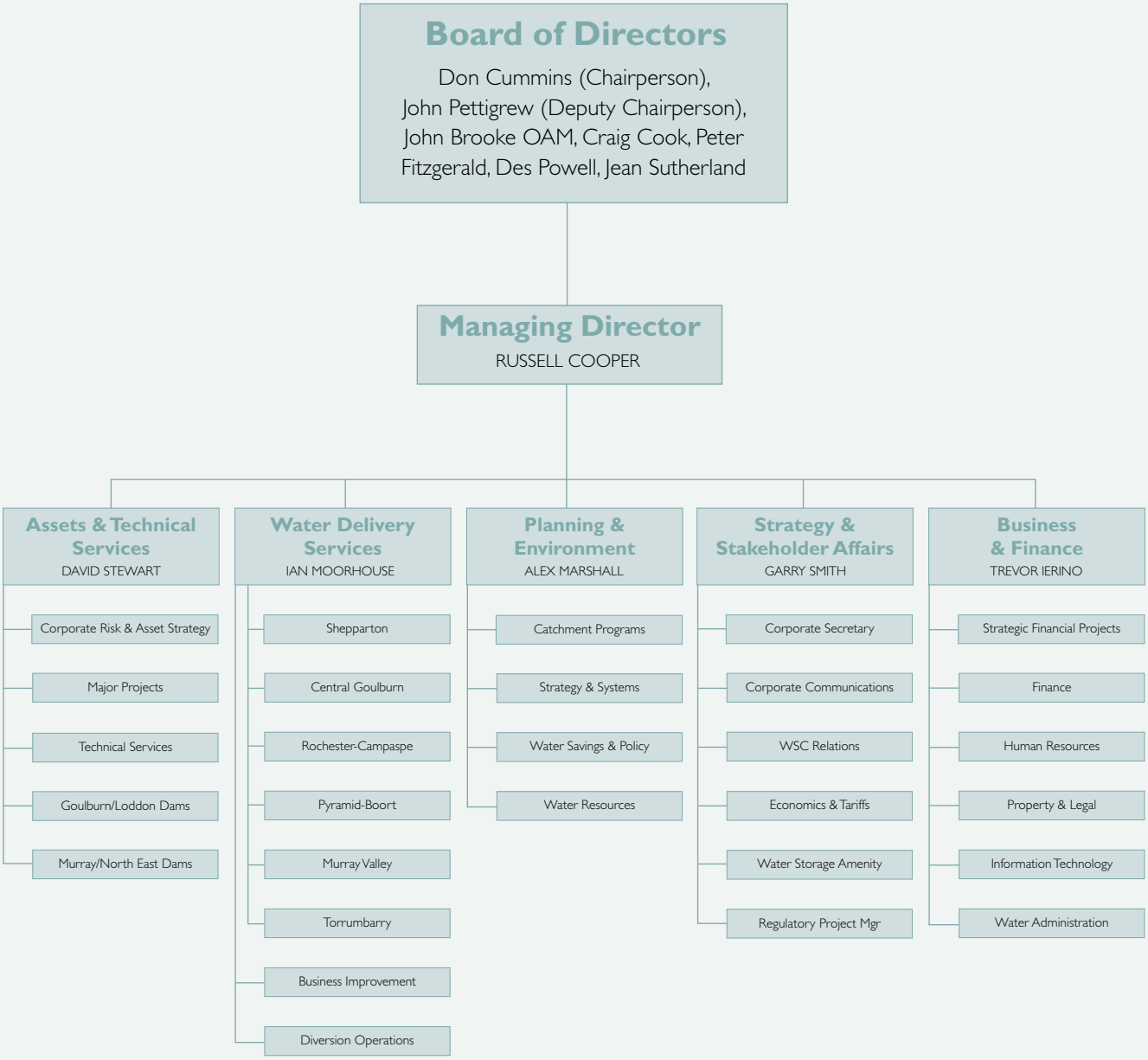
manages the delivery of water to customers on over 14,000 serviced properties in constituted irrigation, water and waterway management districts and six management areas (Shepparton, Central Goulburn, Rochester-Campaspe, Pyramid-Boort, Murray Valley and Torrumbarry). These services include gravity and pumped water supply, surface and sub-surface drainage and flood protection. The group also operates regulated and unregulated surface water and groundwater diversion services to customers on over 12,000 serviced properties in Goulburn-Murray Water's area.

Planning and Environment

is responsible for water systems and water resource management, water savings and environmental management. The group provides a range of environmental services that are purchased mainly by governments through programs coordinated by catchment management authorities. Our environmental services include surface and sub-surface drainage support, water quality and land management planning, and salt interception management.

The three business divisions are each the responsibility of a separate organisational group and are supported by other groups that provide a range of services including the corporate secretariat; corporate strategy, planning, coordination and communications; water storage amenity; business and water market development; financial management; information technology; water administration; and property, legal and human resources.

Organisational Structure



Board of Directors

From left: Chairperson Don Cummins; Managing Director Russell Cooper.

Russell Cooper, Managing Director

BSc, GradDipMgt, FIEAust, CPEng, FAICD

From 1 July 2007, Russell's role as Chief Executive changed to Managing Director. Russell joined Goulburn-Murray Water as Chief Executive in July 2005 and has more than 20 years experience in the water and environmental industries. Russell is Chairman of the Management and Business Standards Sector Board for Standards Australia Limited, and a member of the Manufacturing Sector Advisory Council of CSIRO. Russell is a National Councilor of the Australian Industry Group and a Director of the CRC for Irrigation Futures. He became a board member of the Victorian Water Industry Association Inc. in 2007 and is a Director of Irrigation Australia Ltd. Prior to joining Goulburn-Murray Water, Russell was Chief Executive of SUEZ Environment, encompassing the water (Degremont) and waste businesses (SITA) for Australia and New Zealand. From 1995 to 2001, Russell was Managing Director of South East Water Limited, a Melbourne based retail water company.

Don Cummins, Chairperson

B.Ec, B.Ed, Dip Tchng, P.G.Dip Asian Studies, GAICD
Chairperson of Goulburn-Murray Water since 1 July 2004.

Don is a member of the Goulburn Broken Catchment Management Authority and of the Murray Darling Basin Commission Community Advisory Committee. He is Deputy Chair of the Mt Buller-Stirling Resort Management Board. He is a director of Goulburn Valley Water. Don is a former Mayor of Delatite and Mansfield Shire Councils and a former teacher. He owns a cattle-grazing property at Nillahcootie.

Jean Sutherland, Director

Cert Bus.Studs, CPA, GAICD
Director of Goulburn-Murray Water since 1 July 2001.

Jean is a member of the North Central Catchment Management Authority. She is a graduate of the Loddon Murray 2000 Plus Leadership program and has extensive accounting experience, particularly in rural business enterprises.

Des Powell, Director

Director of Goulburn-Murray Water since 1 July 2004.

Des has held a range of senior executive management roles in the private and public sectors in Australia and Asia. He operates his own consultancy business for industries such as transport, logistics, forestry and water. Des is a Commissioner and Deputy Chair of the National Transport Commission, Deputy Chair of the Port of Melbourne Corporation and Chairman of the National Marine Safety Committee.

Craig Cook, Director

B.Ec
Director of Goulburn-Murray Water since 1 July 2004.

Craig is a management consultant to business and government. He is a director of the Rural Finance Corporation, a director of IM Medical and a director of Goulburn Ovens Institute of TAFE. Craig operates a beef cattle property and vineyard at Tallarook.

From left: Jean Sutherland, Des Powell, Craig Cook.

From left: John Brooke, John Pettigrew, Peter Fitzgerald.

John Brooke OAM, Director

B.Com, B.Ed, FCPA, CA
Director of Goulburn-Murray Water since 1 July 2004.

John is an irrigation farmer near Pyramid Hill. He has extensive experience in local government, water resource management, business management and natural resource management. He is a member of the North Central Catchment Management Authority and a director of Coliban Water.

John Pettigrew, Deputy Chairperson

GAICD
Director of Goulburn-Murray Water since 1 July 2001. Deputy Chairperson since 1 July 2004.

John is a director of Paton Smythe Pty Ltd, Horticulturalists. He is also a member of the Goulburn Broken Catchment Management Authority, a former Chair of the Shepparton Water Services Committee and a former director of SPC Ltd. John has extensive experience as a company director and in community participation in natural resource management planning and implementation.

Peter Fitzgerald, Director

Advanced Dip. Ag. , GAICD
Director of Goulburn-Murray Water since 1 July 2004.

Peter served on Goulburn-Murray Water's customer committees for over 10 years, with three years as Chairman of the Central Goulburn Water Services Committee. He is a former Councillor for the United Dairy Farmers of Victoria and a graduate of the Australian Rural Leadership Program. Peter runs a dairy and beef operation at Tongala and Kotupna.

Board Committees fulfil three specific roles:

FINANCIAL AND MANAGEMENT AUDIT COMMITTEE
Oversees the internal and external audit program and risk management program, reviews annual financial statements and associated checklists, and monitors and advises the Board on financial, management and accounting responsibilities.

Membership: John Brooke (Committee Chairperson), Jean Sutherland (independent member), Des Powell (independent member).

REMUNERATION COMMITTEE
Oversees executive remuneration policy and monitors executive remuneration. The committee also advises the Board on executive remuneration responsibilities, including individual remuneration packages for senior executives.

Membership: Jean Sutherland (Committee Chairperson), Don Cummins, Peter Fitzgerald.

SAFETY AND ENVIRONMENT COMMITTEE
Oversees environmental and occupational health and safety policy development, monitors performance and compliance with requirements and advises the Board on environmental and occupational health and safety responsibilities.

Membership: John Pettigrew (Committee Chairperson), Craig Cook, Peter Fitzgerald.

Directors' attendance at board and committee meetings

Director	Board Meetings		Financial and Management Audit Committee*		Remuneration Committee		Safety and Environment Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Don Cummins	11	11	7	4	3	3	5	2
John Pettigrew	11	11	7	1	-	-	5	5
John Brooke	11	11	7	7	-	-	-	-
Craig Cook	11	11	7	1	-	-	5	4
Peter Fitzgerald	11	11	7	1	3	2	5	5
Des Powell	11	11	7	7	-	-	-	-
Jean Sutherland	11	10	7	6	3	3	-	-
Russell Cooper	11	11	7	5	3	3	5	5

* Directors who are not permanent members can attend meetings of the Financial and Management Audit Committee.
* Russell Cooper became a director as at 1 July 2007. Previously he was the Chief Executive.

Our governance practices

In 2006/07, as part of its commitment to continuous improvement, the Board continued to improve its governance in a number of ways:

- A review of the Board's Committee membership structure and, in the case of the Financial and Management Audit Committee, the adoption of a revised charter. The updated charter enshrines the right of all other non-member directors to attend any meeting of the Committee, with the Board Chairperson having the right to vote at any such meeting.

- A review of the Board's performance and review of individual director performance. The reviews were conducted by an external facilitator with the outcomes reported to the former Minister for Water, Environment and Climate Change.

- Adoption of an updated risk management policy to reflect changes to Goulburn-Murray Water's risk management framework, ensuring its whole of business risk management framework is incorporated into management and decision-making processes. Significant progress was made in the implementation of the whole of business risk management framework, including the development of strategy, procedures and guidelines relating to corporate risk.

- Further development of the policy and procedures on the trading of water entitlements by Goulburn-Murray Water directors and employees following a review of the procedures by external auditors.

- We sought improved governance and relationships with our Water Services Committees, working with the committees to develop a new code of conduct for customer committees; the code of conduct was subsequently approved by the Board. Work continues with Water Services Committees in preparing updated committee charters. Two new committees were established, the first to assist with the development of management rules for the sustainable pumping of groundwater in the Mid-Loddon Water Supply Protection Area and, the second, to provide stakeholder perspectives on the review, development and management of groundwater management plans within the Campaspe Deep Lead.

- Adhering to a range of governance principles. The legislation governing Goulburn-Murray Water activities is the Water Act 1989, however, the Board voluntarily follows the applicable governance principles of the Corporations Act 2001, the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations and the Public Administration Act 2004.

- The Chairperson attended the 2007 Company Directors International Conference.

Economic Sustainability

"We will actively pursue new and improved ways to operate our business to achieve the most cost effective total water system management whilst meeting all our statutory financial and customer obligations"

Trading result

Goulburn-Murray Water recorded a $658,000 profit for the year based on its current pricing policy of regulatory depreciation based accounting.

2006/07 proved to be the most difficult year ever experienced by the irrigation community in the Goulburn-Murray Water districts. The continuation of widespread drought resulted in record low storage inflows on an already depleted base of water in store at the start of the year.

All allocations were at record lows, with the Goulburn system at 29 per cent of entitlement, and the Murray at 95 per cent. The result was a reduction of $6.6 million in consumptive charges. Overall revenue was down $1.3 million, with a Government grant to fund the pumping of Waranga basin partly offsetting this revenue loss, but also matched in expenditure by the additional pumping cost. Maintenance expenditure increased as the Advanced Maintenance Program, which commenced in late 2005/06, was in full operation for the year. This program is a key component of the pricing policy introduced in 2006/07.

2006/07 saw record low storage inflows on an already depleted base of water in store - Lake Eppalock.

Trading result as per Australian Financial Reporting Standards

For 2006/07 our new pricing policy was introduced, replacing the use of a renewals annuity. The new policy uses regulatory depreciation, in line with the Essential Services Commission approach. This approach excludes from pricing the recovery through depreciation of assets in existence at 1 July 2004. New capital expenditure since that date is depreciated and the depreciation included in pricing, and this amount will slowly build over time. In the early stages of this policy the Advanced Maintenance Program expenditure is higher, with the target of reducing the long term cost of assets. Under this approach the Authority made a profit of $658,000.

The financial statements, however, are prepared in accordance with Australian Financial Reporting 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 the Authority maintains commercial viability, whilst showing a loss in the financial statements.

The operating result shown in the attached financial statements prepared in accordance with Australian Financial Reporting Standards is reconciled with the current pricing policy based profit in the table at left.

	2006/07	2005/06
	$'000	$'000
Profit/(Loss) for the year in financial statements, prepared in accordance with Australian Financial Reporting Standards	(28,250)	(4,215)
Add back depreciation	31,302	30,516
Deduct regulatory depreciation	(2,394)	
Deduct renewals annuity		(20,412)
Profit/(loss) for the year under pricing policy	658	5,889

The financial statements indicate an operating loss of $28.3 million in 2006/07.

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

Year	Result
2006/07	$28.3m loss
2005/06	$4.2m loss
2004/05	$11.4m loss
2003/04	$2.1m profit
2002/03	$21.6m loss
2001/02	$7.5m loss

Financial Performance - 5 year summary

	2006/07	2005/06	2004/05	2003/04	2002/03
Revenue	$'000	$'000	$'000	$'000	$'000
Charges for water	77,129	82,905	79,497	74,002	63,801
Other revenue	41,459	36,983	31,098	41,305	32,285
Total	118,588	119,888	110,595	115,307	96,086
Expense					
Operations	62,392	54,375	55,797	54,366	56,382
Maintenance	32,699	24,075	19,999	18,130	17,613
Depreciation	31,302	30,516	30,806	26,991	28,486
Other expenses	20,445	15,137	15,403	13,734	15,212
Total	146,838	124,103	122,005	113,221	117,693
Profit/(Loss)	(28,250)	(4,215)	(11,410)	2,086	(21,607)
Current assets	50,281	44,698	55,488	41,538	22,680
Non-current assets	1,930,826	1,905,679	1,882,528	1,858,940	1,695,945
Current liabilities	49,693	41,202	43,193	28,165	27,322
Non-current liabilities	14,023	14,809	15,288	23,751	8,717

Enhanced financial management systems to support financial accountability

With the introduction of Goulburn-Murray Water's new financial management system, we have significantly upgraded the consistency and rigour of our financial management processes. We have also introduced more efficient and flexible reporting capabilities that can more effectively meet the needs of external agencies such as Essential Services Commission and the Department of Treasury and Finance.

The improved financial management system will ensure Goulburn-Murray Water maintains its high standards of public financial accountability over coming years and has the flexibility to support a range of project and business partnerships.

Announcement of the Foodbowl Modernisation Project Steering Group in July 2007. From left: G-MW Chairperson Don Cummins, former Premier Steve Bracks, Steering Group Chair John Corboy, G-MW Managing Director Russell Cooper and G-MW Director John Brooke.

Victorian Government funded rebate program

In November 2006 the Victorian Government announced a drought response program of rebates to customers in systems with less than 50 per cent allocation as at 1 December 2006. Eligible customers had the first $5,000 of their fixed water supply charges paid in full.

In addition the program allowed a deferral of the payment of any balance of fixed water supply charges for up to five years, with the interest to be funded by the Victorian Government. Under this program $6.1 million of rates were deferred.

Foodbowl Modernisation Project

In June 2007 the Victorian Government announced the Foodbowl Modernisation Project. As shown at note 27 Post Balance Date Events, there is a potential for this to have a significant impact on the presentation of Goulburn-Murray Water's financial statements in the future. Whilst there is still a great deal of stakeholder consultation and detailed planning to be undertaken, it is likely that implementation of the plan would impact the future financial statements by:

- The receipt of large sums of Government contributed capital affecting the statement of changes in equity.
- Increases in borrowings to fund the Corporation's part contribution of up to $100 million.
- Large asset write off expense as assets are reconfigured and rationalised.

Tariff Policy Review

Goulburn-Murray Water engaged independent consultants to review our tariff policy to identify options to address customer concerns with paying fixed charges when water availability is very low.

A total of 13 options were identified including rebates for fixed charges, extended payment terms, insurance products to manage risk as well as fundamental changes to the tariff mix. The options were considered from the perspective of balancing the need to ensure a sustainable revenue base for Goulburn-Murray Water's operations while recognising the challenges for irrigators in years of low supply.

Following consultation with Water Services Committees it was agreed that offering deferred payments terms was the most appropriate response.

Planning for future capital works

During 2006/07 Goulburn-Murray Water commissioned an independent asset management review of its business, measuring against a quality asset management framework. Generally, Goulburn-Murray Water was assessed as having well established practices with some activities being at best appropriate practice. The review also identified some opportunities for improvement which have been included in an asset management performance plan for the Corporation.

There are significant requirements to improve major dams in line with modern standards, and works to refurbish channels and structures will increase significantly in the future. There is also a substantial increase in works, to be funded by governments, as part of the national and state water savings initiatives.

This year Goulburn-Murray Water also progressed its draft Water Plan for the 2008/09 to 2012/13 period, which is currently under review as a result of the $1 billion Foodbowl Modernisation announcement. The plan has regard for existing and future modernisation and rationalisation opportunities, whilst balancing social, economic and environmental considerations.

UNBUNDLING WATER ENTITLEMENTS

Water rights, domestic and stock allowances and diversion licences on regulated waterways were unbundled on 1 July 2007. This represented the next step in the Victorian Government's water reform program. The new arrangement will help Victoria meet its obligations under the Commonwealth Government National Water Initiative announced June 2004.

Unbundling recognises that an irrigator's right is actually a bundle of different types of entitlements that can be better managed when separated into three individual components:
Water share: a legally recognised, secure share of water available for consumption.
Delivery share: an entitlement to have water delivered to a property. For regulated diversion licences this will be called an **extraction share.**
Water use licence: an authority to apply water for irrigation on a property.

In conjunction with unbundling, 'water sales' were converted into an independent, tradable lower-reliablilty water share owned by irrigators.

Since early 2006 Goulburn-Murray Water has undertaken an intensive customer and stakeholder information campaign to explain the process and benefits of unbundling – firstly to gravity irrigation customers whose entitlements were unbundled on 1 July 2006, and then to other customers whose entitlements were unbundled from 1 July 2007. Central to the campaign has been the use of the "Water Wheels" Information Van which has visited every area to explain tariff reform and unbundling to customers and communities.

UNBUNDLING

Unbundling – spreading the message to customers

Goulburn-Murray Water worked extensively with customer representatives through the Water Services Committees and service providers such as lawyers, farm consultants and water brokers to identify how the changes could affect water customers. Potential issues were then addressed with DSE to minimise any impact on customers.

Customers learned about the changes and new flexibility provided by unbundling through a variety of means over the past year. The Water Wheels Information Van toured the Goulburn-Murray Water region for four months including attending field days and other customer-related events. Goulburn-Murray Water attended or held over 50 meetings for customers, service providers, interested groups and the community. Meetings were run by Goulburn-Murray Water and some were held in partnership with various organisations such as DPI, DSE and the Law Society. Attendees totalled up to 1,500 with some 1,000 customers attending 40 customer meetings.

A series of information packages were mailed to customers in February, March and May 2007.

Fact Sheets explained the benefits and process of unbundling and a series of advertisements throughout the year explained the concept and advised customers of information sessions and when the Water Wheels Van was visiting their area.

Specialised training was provided for water brokers and solicitors in the mechanics of unbundling, enabling them to deal with their clients efficiently.

Goulburn-Murray Water's internal processes were also modified to enable unbundling to proceed efficiently, with customer records updated and a new water register and customer relationship management system developed.

The first water share transactions under the new system began to be processed in August 2007, heralding a new era for flexibility and responsiveness in water ownership and trading.

Unbundling facts 2006/07

On 1 July 2007, unbundling of water entitlements resulted in the creation and conversion of the following entitlements:

29,000 water shares

14,000 delivery shares

4,000 extraction shares

17,500 water use licences

Extending the life of our assets

Goulburn-Murray Water's Advanced Maintenance Program (AMP), is based on implementing a number of rehabilitation techniques that will extend the life of the asset and ultimately reduce the total cost of maintaining and replacing the asset over its full life. Well-maintained assets also perform more efficiently and reduce water loss.

The range of rehabilitation techniques currently being used includes:

- rock armouring inside channel bank batters;
- reinstating eroded bank material from the bed of the channel onto the inside of the channel bank batter;
- repairing concrete channel structures; and
- beaching channel structures.

This year, we completed over 300 kilometres of rock armouring, 90 kilometres of reinstating eroded bank material, rehabilitated 150 irrigation structures, rock beached 187 irrigation structures and fenced over 30 kilometres of channels following the rock armouring works.

In addition to the works on the irrigation infrastructure approximately 140 drainage structures were replaced and 430 beached and rehabilitated.

Over the next year, Goulburn-Murray Water will continue implementing the AMP, supported by a mix of in-house resources and external contractors.

The primary benefit of the program is that through responsible asset management, asset replacement expenditure is deferred and the peaks are smoothed, providing for a smoother water price path for water users.

"We will contribute to Government water reforms, developing and adapting the appropriate assets, technology and systems that meet the future needs of our customers and communities and enable regional growth"

Cairn Curran Dam Safety Upgrade

Goulburn-Murray Water is undertaking works to bring Cairn Curran Dam up to modern design standards. Built in 1956 it has a capacity of 148,000 ML, making it the largest storage on the Loddon River. Its main purpose is to provide irrigation water to customers in the Pyramid-Boort Irrigation Area and the Loddon Waterworks Districts. The Reservoir is also critical to water users who hold direct diversion licences from the Loddon River. Once the upgrade is complete, the dam will be protected against the potential for uncontrolled seepage or major damage during an earthquake. The dam will also be able to withstand larger floods.

In 2002, Goulburn-Murray Water completed Stage 1 of the upgrade project. This initial work involved constructing filters in the most vulnerable part of the dam wall, next to the spillway structure.

Stage 2 of the project, completed in May, saw the sand and rockfill buttress extended across the upper part of the main embankment and a similar buttress constructed on the secondary embankment to provide protection to the whole dam. Other work to be completed by October 2007 includes:

- Construction of a filter buttress on the main embankment above the first berm
- Replacement of the deteriorated concrete wave wall on the main embankment by raising the clay core of the dam
- Stabilisation of the rock spillway chute through installation of rock bolts and dental concrete
- Strengthening of the spillway gate trunnion beams

Some 230,000 tonnes of filter, clay and rock were used in Stage 2 of the project. The main civil works are directly managed by Goulburn-Murray Water using contracted plant and labour. Specialised activities such as the spillway works are undertaken by contract.

Cairn Curran Dam Safety Upgrade will be delivered ahead of schedule and under budget.

Decommissioning Murray Valley No.1 Channel

The Murray Valley No.1 pump station and pipeline was officially opened by the Hon Candy Broad, Minister for Local Government in October 2006. This new 65 megalitre per day pump station and 1.3 km rising main was a major component in the project to decommission the old open channel and pipeline from the centre of Cobram township.

Until this year, the open Murray Valley No.1 channel ran through the middle of Cobram. But with the growth of the town, the location of the channel started to create public safety concerns, as well as constraints on development of the region and on safe and effective operation of the water supply. The new $2.7 million pump station and pipeline from the Murray River downstream of Cobram was funded jointly by Goulburn-Murray Water, Moira Shire, the Victorian Government, the Australian Government and Cobram District Hospital.

Decommissioning the channel involved backfilling the old open channel, which now provides reclaimed land for alternative uses such as extensions to the Cobram Hospital car park and providing open spaces in the urban area.

The project is now mostly complete, with some minor alterations to occur at the pump station over winter and land transfers still ongoing. The new pump station was successfully operational for the 2006/07 irrigation season as planned.

Protecting the security of our assets

Goulburn-Murray Water's assets are the foundation of our business, and protecting them is a crucial part of our job. Security threats to critical infrastructure have been rigorously assessed and security control measures implemented consistent with state and national strategies. A program of detailed vulnerability assessments and security audits is underway to ensure continual improvement of these measures.

Goulburn-Murray Water is represented on the Water Services Infrastructure Assurance Advisory Group. This is a national forum where water supply asset owners share information about security threats and controls measures, and develop risk-based ways to protect assets and business continuity.

Catumnal Domestic and Stock System

As part of the West Loddon Domestic and Stock system, an area near Boort is supplied by the Catumnal 2/3 and 3/3 channel systems. This innovative partnership with Coliban Water is part of the WaterTight 2020 program. The channels will be replaced with a pressurised pipeline system, supplied from the existing Mysia Urban Dam (owned by Coliban Water). As part of an Agreement with Coliban Water, who will fund the $464,000 project and gain the 220 ML of water savings, Goulburn-Murray Water will take over the assets upstream of Coliban Water's urban pump station. The new system will be constructed and on-line prior to the scheduled November 2008 dam fill.

As part of the Agreement, Coliban Water is also providing $75,000 funding to undertake a Business case for the Mitiamo Domestic and Stock Scheme.

Corporate risk

Significant advancements have been made to progress the implementation of the Whole of Business Risk Management Framework which has included the development of strategy, procedures and guidelines relating to Corporate Risk.

An Enterprise Level Risk Assessment has been completed during the 2006/07 period to ensure all Strategic risks have been identified across the organisation. This Assessment has enabled the development of a revised Corporate Risk Register which will assist in the ranking, business prioritisation, identification and development of mitigation strategies to reduce the level of risk and maximise business opportunity.

To assist in the ongoing management, evaluation and control of Corporate Risks, specialised software has also been purchased during this period and is proposed for implementation in the near future.

- **New Pump Station has two submersible pumps with 60 ML/day capacity.**
- **New 600 mm diameter pipeline supplies 6,000 ML to customers.**
- **Old Town Siphon used to run under three roads, a primary school, four house lots and the Cobram hospital. It took more than 470 cubic metres of low strength grout to fill the decommissioned pipeline.**
- **Four road culverts abandoned.**
- **3km of channel pushed in and graded.**

From left: Chairman Cobram and District Hospital, Phillip Pullar; G-MW Chairperson Don Cummins; Local Government Minister Candy Broad and Moira Shire Mayor Ed Cox unveil the official plaque for the new pump station and pipeline.

Gunbower Weir

During the year detailed design of the new Gunbower Weir progressed with a new weir scheduled for construction in 2007/08 at an estimated cost of $2 million. The Weir is a key structure in the Torrumbarry Irrigation system, regulating flows to the Gunbower Creek pumpers and the supplies to 28 per cent of Torrumbarry's customers. The existing timber weir is in very poor condition and suffered a minor structural failure in 2006.


Gunbower Weir.

Southern Hydro dispute finalised

During the year, a dispute between Goulburn-Murray Water and Southern Hydro was successfully resolved. Definitions of revenue have been redefined, and the method of calculating the Entitlement Charge under the Dartmouth Entitlement Agreement simplified.

Efficient operations

Asset Rationalisation

During the year, Goulburn-Murray Water continued to work with local landowners to identify opportunities to rationalise assets. Goulburn-Murray Water also provided $1.2 million of financial assistance to landholders to enable them to align their farm with their new supply arrangements. A total of $6.4 million of existing assets with a 'present value' of $3.2 million were rationalised with $0.8 million of new assets put in place to reinstate supply, resulting in a net reduction of $5.6 million in asset value.

These projects have also delivered water savings of 161.7 megalitres.

Table 1: Summary of asset rationalisation projects (excluding Reconfiguration Project)

Irrigation Area	Number of projects completed	Assets Rationalised		Cost to Rationalise			Annual Water Savings (ML/year)
		Renewals Cost	Present Value (6%, 30yrs)	Capital	Recurrent	TOTAL	
Shepparton	8	$1,225,250	$638,095	$18,000	$206,800	$224,800	20.2
Central Goulburn	2	$1,337,430	$658,017	$34,750	$492,463	$527,213	65.3
Pyramid-Boort	1	$599,500	$319,958	$89,000	$29,000	$118,000	10.5
Murray Valley	16	$3,258,261	$1,592,028	$686,900	$451,900	$1,138,800	65.7
TOTAL	**27**	**$6,420,441**	**$3,208,098**	**$828,650**	**$1,180,163**	**$2,008,813**	**161.7**

Notes:
1. 2006/07 Performance target – abandon $2 million of existing assets and save 100 ML.
2. No rationalisations were completed in Rochester-Campaspe or Torrumbarry as those identified were not feasible.

Goulburn Weir Weed Management Program

Some backwaters within the Goulburn Weir have been re-infested with Yellow Water Lily and Fanwort following the previous treatment program undertaken between 1996 and 2003. Rapid growth of the weeds over the summer of 2006/07 has lead to a decline in water quality in some backwaters.

Following consultation with a number of local stakeholders, it was agreed to establish a trial program in one backwater to assess the effectiveness of glyphosate treatment and mechanical harvesting. After assessing the results, including any subsequent impacts on water quality (such as glyphosate concentration, dissolved oxygen, nutrients and turbidity), a management plan will be formulated

Goulburn-Murray Water expects the weed management program to commence during the summer of 2007-08.

Yellow Water Lily infestation in Goulburn Weir.

Social Sustainability

"We will provide a range of responsive and innovative services with a price and delivery mix that balances existing and emerging customer needs"

Customer Code and Customer Charter

As part of the change to the new regulatory regime under the Essential Services Commission, Goulburn-Murray Water developed a new Customer Code and Charter. In consultation with our customer committees we have developed the new charter and code that will replace our previous Customer Service Agreements. The new charter details how Goulburn-Murray Water will meet its service obligations and specifies service standards that customers can expect to receive.

Web ordering

Goulburn-Murray Water introduced a new internet based facility to enable customers to complete their water ordering transactions online. This complements the existing widely used Waterline phone ordering system. We responded to customer requests for this facility and implementation was completed in November 2006. Customers can place and confirm their orders and query usage and entitlement without contacting Goulburn-Murray Water directly. Customer use of the facility has been very good with takeup continually increasing and 8 per cent of all orders now placed via the web. Several improvements have been identified and are being incorporated in the development of the new irrigation planning software currently being implemented.

Helping customers in hardship

This year Goulburn-Murray Water developed an initiative to enable customers who were required to install a meter or who asked us to install a meter on their behalf to pay by instalments over a 3 year period. Following customer committee requests, this initiative was undertaken as a drought response initiative to assist those in need.

Campaspe drought pumping syndicate

For the third year in succession, a group of customers in the Campaspe Irrigation District co-operated with Goulburn-Murray Water to pump water purchased privately from the Goulburn system back into the Campaspe East channel and then on to supply their properties. The co-operation required to make such a system work is considerable, and for such a venture to succeed for three consecutive years demonstrates the commitment of both customers and Goulburn-Murray Water staff. The venture provided water for these properties when there was no general allocation for irrigation available.

Lake Buffalo drought pumping.

G-MW's Customers

Service	Serviced Properties
Gravity Irrigation and Drainage	13,644
Pumped Irrigation and Drainage	418
Domestic and Stock	1,025
Surface Water Diversions	11,289
Groundwater Diversions	4,840
Flood Protection	120
Other customers	
Urban Water Authorities	4
Urban/Rural Water Authorities	2
Rural Water Authorities	1
Hydroelectric Companies	2
Lessees and Licensees	835
Houseboat Licensees	706
TOTAL	**32,886**

Continuously improving customer service

Our business services a broad range of customers across northern Victoria. We continually strive to service their needs and provide quality customer service. The table here details our range of customers.

Free translation service

Goulburn-Murray Water provides a free translation service to cater for the rich diversity of our customer base. The service can provide translations in over 100 languages and works via a three-way phone conversation between the customer, a translator and a Goulburn-Murray Water customer service representative.

Improving our response to customer complaints

A total number of 23 complaints were registered in our Complaints Management System. The system reports and monitors customer complaints using a work flow system. Customer service officers across the region record the complaints. The number of new complaints is reported to the Board each month.

Upgraded systems improve service

Each year Goulburn-Murray Water processes around 200,000 water orders from irrigators across the region with a growing number placed using our automated telephone and internet ordering systems. By working with our customers and carefully planning deliveries we aim to supply water where and when it is needed, as efficiently as possible. Goulburn-Murray Water's Irrigation Planning Module (IPM) is critical to capturing customer orders, planning the supply and coordinating the delivery of orders through our area staff and by remote technology.

During the year our IPM was significantly upgraded to generation 2 technology (IPMG2) improving its ability to service customers and meet new requirements arising from the unbundling of water entitlements. The system more effectively supports communication and delivery of orders between customers and Goulburn-Murray Water business areas.

Unbundling of water entitlements means the new Victorian Water Register must also have access to the latest information about customers' water entitlements and account balances. IPMG2 now enables constant communication between the Water Register and Goulburn-Murray Water ensuring customers can trade and receive water as efficiently as possible.

Goulburn-Murray Water also introduced a dedicated customer relationship system. Our Stakeholder Account Management (SAM) captures customer information, previously held in several systems and business areas, in one central database. Irrigation assets, entitlement and use, as well as billing and mailing information are all captured in one central source. Authorised customer service staff can view a customer's record, initiate customer requests and then track their progress.

SAM will substantially improve service levels for individual customers. It also improves our business wide logging, tracking and management of customer issues and service delivery including our ability to track business performance against service benchmarks.

Meeting our customer performance targets

The difficult seasonal conditions had a significant impact on Goulburn-Murray Water's ability to meet its service delivery targets. A high number of service interruptions resulted from pipeline breaks and low channel flows as a result of the drought conditions right across the Goulburn-Murray Water region. The pipeline breaks are attributed to the long dry period causing ground movements and the low channel flows were a consequence of the very low levels of water orders and the tight operation of the supply system in place to minimise water losses. In total there were 10 unplanned service interruptions greater than 24 hours for the 2006/07 season.

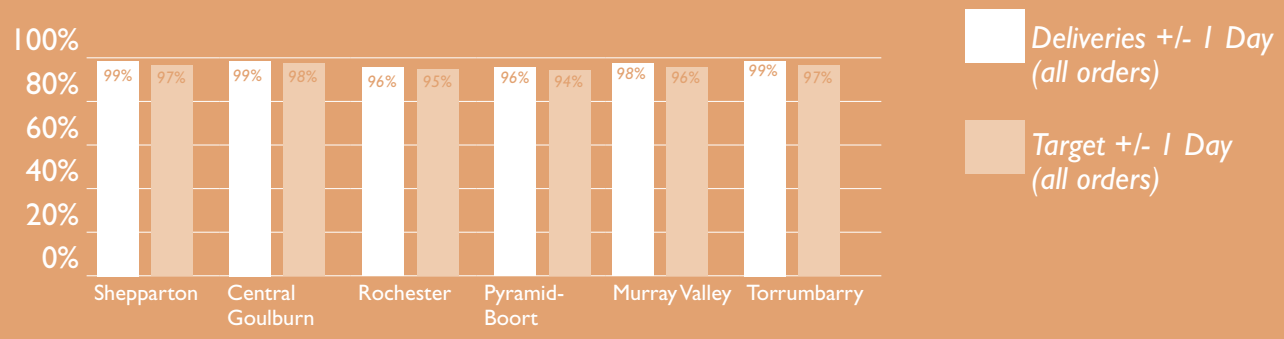
The Goulburn-Murray Water Board and the Water Services Committees endorsed revised targets for water deliveries based on 'All Orders Delivered +/- one day' of the requested start time. The new targets allowed Goulburn-Murray Water to focus on system efficiency during a year of low allocations, with the Water Services Committees understanding that this would impact on the service level they received. All operational Centres met the revised targets.

2006/07 was a challenging year with the lowest ever water allocations and the highest number of streams on restrictions and suspensions. The severe drought conditions created significant stress and hardship for customers and this is reflected in results from the customer satisfaction survey.

This year's customer satisfaction survey was conducted independently by the Australian National Committee on Irrigation and Drainage (ANCID) as part of a national survey and the changed approach means that comparisons with previous year's survey results is not straightforward.

The 2007 customer survey found that an overall 77 per cent of respondents rated Goulburn-Murray Water service as Good to Very Good. This did not meet the target of at least 80 per cent of respondents satisfied with their services from Goulburn-Murray Water.

Goulburn-Murray Water Order Delivery Performance 2006/07



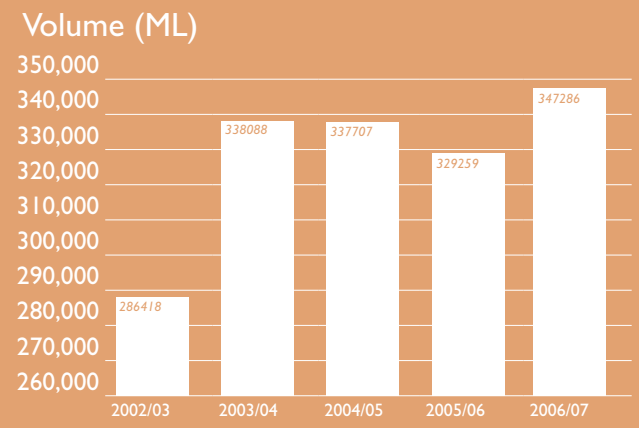
Providing technical leadership in managing dams

Goulburn-Murray Water continued to support and provide leadership in technical aspects of dams management through our involvement with Australian National Commission On Large Dams (ANCOLD) and the International Commission on Large Dams (ICOLD).

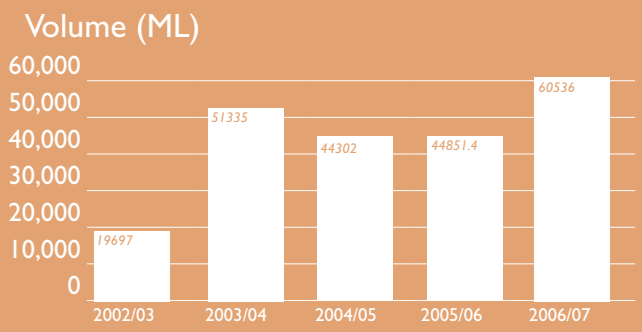
David Stewart (Executive Manager Assets & Technical Services) was appointed Chairman of ANCOLD.

We also participated in the VicWater's Working Group, the Institution of Engineers Australia and the Victorian State Critical Infrastructure Review Committee. Our involvement in these and other technical and professional organisations brings about opportunities to exchange knowledge and experience with other dam owners through technical papers, conference presentations and the development of national and international guidelines and standards in dam engineering.

Temporary Transfer Water Entitlement
(transfers processed by G-MW)



Permanent Transfer Water Entitlement
(transfers processed by G-MW)



Water trading trends

Water trading is maturing into a highly developed trading market, with irrigator demand driving improved processes and services. During the year Goulburn-Murray Water worked towards the implementation of unbundling which will provide flexibility for irrigators.

Provide easier ways to trade water

Goulburn-Murray Water has continued to support the development of an open and equitable water trading market and has provided a number of products to assist in this.

Goulburn-Murray Water played a key role in the development and implementation of carryover as a drought response measure. The carryover arrangements allowed irrigators to secure water for the 2007/08 season. The publication of Watermove trading results was also very important to ensuring buyers, sellers and the wider community had access to timely and transparent benchmarks.

Season report

The water trading market was highly active this season due to the dry conditions and resulting record low allocations. The increased demand for water in the early part of the season saw the market trading as early as late August.

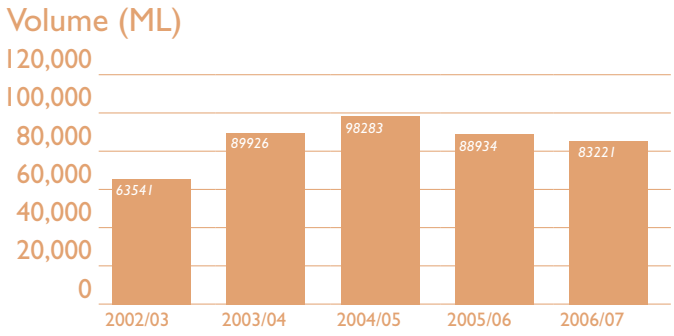
Continuing dry conditions throughout the season lead to the introduction of 'Domestic and Stock' entitlement trading and the release of seven gigalitres of water quality reserve to the Goulburn System. This maximised the availability of temporary water for irrigators and ensured trading continued through to the end of the season.

Developing open and viable water markets - Watermove

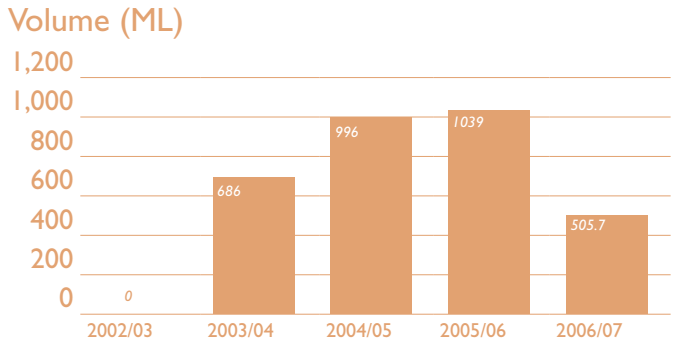
Goulburn-Murray Water is committed to developing an open and viable trading market that ensures water can move to higher value uses. The Watermove exchange, operated by Goulburn-Murray Water, continues to set a benchmark for the water market by publishing an informed water price, valuable trade data and offering competitive and transparent fees.

Over the past year, Watermove has continued to operate in competitive water trading markets across Victoria and southern NSW.

Watermove Temporary Trade Volumes
(trades processed)



Watermove Permanent Trade Volumes
(trades processed)



Water Services Committee	No. of members	Meetings held	Average Attendance
Shepparton	8	11	78%
Central Goulburn	8	12	86%
Rochester-Campaspe	10	12	87%
Pyramid-Boort	10	10	81%
Murray Valley	8	12	92%
Torrumbarry	9	12	80%
Loddon Water Districts	9	5	87%
Tungamah	7	6	95%
Loch Garry	5	2	90%
Regional Groundwater	14	4	71%
Murray System (Diversions)	12	4	77%
Goulburn System (Diversions)	8	4	94%
TOTAL WSCs	**108**	**94**	
Upper Murray Catchment Committee	4	2	
Mitta Mitta Catchment Committee	6	2	
Kiewa Catchment Committee	8	4	
Ovens Catchment Committee	6	2	
Mid Murray Catchment Committee	6	2	
King Catchment Committee	6	2	
Broken Catchment Committee	6	2	
Goulburn Catchment Committee	8	2	
Campaspe Catchment Committee	6	2	
Loddon Catchment Committee	5	2	
Loddon Valley GMA Reference Committee	13	2	
Springhill WSPA Reference Committee	3	2	

Peter Serpell, Deputy Chair – Murray System.
Ross Crawford, Chair – Central Goulburn.
Richard Anderson, Chair – Rochester-Campaspe.
John Horder, Chair – Shepparton.
Craig Madden, Chair – Regional Groundwater.
Alan Rothacker, Chair – Goulburn System.
Geoff Williams, Chair – Torrumbarry.
John Nelson OAM, Chair – Pyramid-Boort.
Rod Squires, Chair – Tungamah.
Heather du Vallon, Chair – Murray Valley.

Lakes on the Murray

This year in addition to the continued implementation of the Lake Mulwala Land and On-Water Management Plan, Goulburn-Murray Water, in partnership with Moira Shire began development of a Foreshore Masterplan for Lake Mulwala.

This plan will provide a coordinated approach to the management of the foreshore to provide sustainable recreational and community benefit while protecting the high environmental aspects of the lake.

The very low water levels at Dartmouth and Hume this year caused significant impact on water users. At Dartmouth Goulburn-Murray Water modified an old haul road left after the original construction of the dam to provide access for launching boats when the water level dropped below the existing public boat ramp. Extensive work was required to keep the ramp operating safely over the summer months. A new extension to the original public ramp has been constructed to ensure safe access at all lake levels in future years.

The low level at Hume provided an opportunity to construct a new boat ramp on the Bellbridge peninsula with a grant received from Marine Safety Victoria. The new ramp provides improved access to launch boats down to a lake level of 5 per cent.

The Lake Hume Land and On Water Management Plan has been developed this year with several important studies completed, including a cultural heritage assessment, water quality data review, socio-economic study and grazing impact assessment. Goulburn-Murray Water has engaged in extensive community consultation throughout the year to gather input from all community stakeholders.

Working with bulk water and recreation customers

Stakeholder forums are a key aspect of the relationship Goulburn-Murray Water shares with its customers and communities. The forums provide valuable opportunities to share ideas and listen to community issues, concerns and expectations that inform the way we act and manage in our broader water storage role.

Goulburn-Murray Water works closely with other water authorities, hydroelectric power companies, recreational and tourism customers and representatives from communities around our storages.

This year, we regularly convened and participated in stakeholder and community reference groups, including community-based panels at Mansfield, Murrindindi Shire, Lake Eildon, Lake Nagambie, Lake Eppalock, Lake Mulwala and Lake Hume.

Working with our Water Services Committees

Goulburn-Murray Water's Water Services Committees (WSCs) provide a valuable forum for the discussion of water management issues, and for capturing the thoughts and views of customers from across Goulburn-Murray Water's region.

Goulburn-Murray Water has 12 WSCs and 10 Catchment Committees, which represent customers in irrigation areas, surface and groundwater diversions, flood protection and water districts. In all, over 100 WSC members represent customers on these committees - approximately one WSC representative for every 330 customers.

In April, Goulburn-Murray Water issued a call for nominations for positions on a number of committees, with a total of nine new representatives appointed alongside the existing 99 members.

During the year, the Water Services Committees were particularly active in identifying and addressing the issues and practical concerns expected to arise from the unbundling of water entitlements. With water allocations at record lows the committees provided regular and ongoing input into Goulburn-Murray Water's water management strategies. As a result, Goulburn-Murray Water more effectively tailored the supply of water to meet critical demand periods for the wide range of irrigated agriculture industries across our region. The Committees also participated in a range of industry forums and meetings.

As part of their involvement in major business decisions, customer committees developed business plans for each of their areas, influenced Goulburn-Murray Water's Water Plan, contributed to the way in which we charge for water (tariff reform), and implemented key White Paper reforms.

Goulburn-Murray Water greatly appreciates the skill, scrutiny and time that Water Services Committee members provide in giving advice from both a customer and community perspective.

"We will provide a safe, healthy and satisfying place for our people to work, because it is through a competent, committed and adaptable workforce that our long term security and success is assured in a rapidly changing world"

Year	Total employees*	% men	% women
2006/07	**659**	**83**	**17**
2005/06	632	84	16
2004/05	624	84.3	15.7
2003/04	601	86	14
2002/03	603	87	13
2001/02	610	88	12
2000/01	598	90	10

** Full-time equivalent number accounts for part-time employees as a fraction of full-time hours workable. For example, two people each working 2.5 days per week would equal one full-time equivalent employee.*

Creating a better workplace

At 30 June 2007 we had 632 full-time equivalent employees, compared to 621 at the same time last year. The actual number of employees was 659 compared to 632 last year. Our numbers increased as we undertook more work with our own staff, rather than contractors, to fulfil the requirements of various government-funded projects.

During the year we conducted a Charon Radar staff survey, which showed that our employees were most satisfied with work safety, our sustainable management of water, respect from work mates, application of environmental procedures and pride in our organisation.

Goulburn-Murray Water management and staff also negotiated a new Enterprise Agreement taking a new approach to the negotiations with all parties showing high levels of co-operation. The new Agreement was delivered in shorter timeframes with the support of all parties and provides greater certainty for staff and the organisation. Staff will be asked to vote on the agreement in September 2007.

Providing training for our workforce

We maintained our status as a Registered Training Organisation, meeting all responsibilities and audit requirements of the Office of Training and Further Education. Extensive vocational training was provided to ensure our employees meet national competency standards and can meet the needs and expectations of our customers and communities. We also play a major role in training nationally through Government Skills Australia, through which we contributed to the review and endorsement of a new National Water Industry Training Package. Similarly, contributions were made to the Victorian Water Enterprise Training Advisory Board managed by VicWater.

Operations staff redeployment

Low allocations on the Goulburn system reduced the field labour requirement in several major work centres. In the Water Delivery Services group, recruitment to fill vacancies was slowed and an active employee redeployment program was undertaken. This program ensured that employees were directed to productive employment in other locations and in some cases external to the organisation. This redeployment program ensured that services could be delivered with a reduced overall workforce and costs of labour reduced where actual workloads diminished. This program also ensured that Goulburn-Murray Water retained the core of the skilled field workforce during a time of extreme low allocations and organisational stress. Workloads in some areas of operations such as surface water diversions actually increased as the need for greater compliance monitoring increased.

Major occupational health and safety achievements

The year was highlighted by the establishment of a new record of 465,282 hours worked by our staff and contractor staff without a lost time injury.

Making our workplace safer

Goulburn-Murray Water continued its commitment to workplace safety with ongoing review and update of OHS procedures. Our work ensured we maintained our SafetyMAP accreditation following a rigorous surveillance audit. SafetyMAP is a recognised occupational health and safety audit tool provided by the Victorian Work Cover Authority to measure an organisation's health and safety performance. The Board continued to support safety initiatives and maintained a Safety and Environment Committee.

Although we were disappointed with the increase in our Lost Time Injury Frequency Rate compared with last year, the long term trend is one of improvement and the severity of injuries in the year, as measured by the average lost time rate, were less than last year. The average lost time was influenced by one major injury and in some locations compounded by the time taken to obtain medical attention in small rural communities.

In the coming year our attention will focus on the consistent application of procedures with special attention to working near powerlines and to work practices that are generating sprain and strain type injuries.

OHS key indicators

Occupational health and safety key indicators	2006/07	2005/06
Number of health and safety employee representative committees	14	14
Number of lost time injuries for the year	11	8
Number of days lost to injuries incurred during the year.	202	242
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	10.4	7.8
Average Lost Time Rate (average number of days lost per lost time injury)	18.4	30.2

Year	Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	Average Lost Time Rate (average number of days lost per lost time injury)
2006/07	**10.4**	**18.4**
2005/06	7.8	30.2
2004/05	17.4	10.8
2003/04	14.5	10.1
2002/03	19.3	15.9
2001/02	18.1	20.2
2000/01	26.9	10.3

Promoting diversity and the role of women in the field

Water Delivery Services undertakes the main field customer service functions within Goulburn-Murray Water. This year a further three females were employed in field based roles. We also employed a new female water service trainee at the Pyramid Hill centre.

Donald Hughan, wheelchair bound due to spina bifida, has been employed as a trainee receptionist at the Rochester office. Donald impressed Rochester staff during a work experience placement while still at school, and was selected to take up a traineeship with Goulburn-Murray Water at Rochester.

Women's Professional Development Network

In 2006/07 the Women's Professional Development Network has been revitalised with a new Steering committee and Strategic Direction. The program was originally introduced into Goulburn-Murray Water as a core component of the Growing Organisational Capability Project and supports career progression through the professional development of woman within our workforce.

During the 2006/07 period a Business Planning process was initiated by the Steering Committee to enable the development of a Strategic Plan, outlining the Network's vision, objectives and future direction for the following 12 month period. A training calendar of proposed development opportunities based on participant feedback has been established and workshops covering these topics have commenced.

In the near future the Steering Committee will lead the establishment of a mentoring program across Goulburn-Murray Water in conjunction with other professional development opportunities which will be available to all employees at all levels of the Corporation.

Using technology to improve the way we work

The focus of the year was on preparing for the introduction or upgrade of a number of new key business systems. The drivers for these new systems were in part the introduction of Unbundling and the complementary State Water Register, however other drivers included the need for improved financial management reporting capabilities, customer service, efficiency of the irrigation planning process and irrigation asset reconfiguration planning.

The following were the highlights for the year:

- Successful completion of a data communications upgrade for major remote offices. This has seen significant performance improvements and relieved a degree of frustration in the use of a range of corporate systems.
- Introduction of an automated Call Attendant system for the Tatura Office. A significant amount of inbound calls are now automatically routed to the relevant customer service staff based on a simple push button menu system presented to callers.
- Further development of Information Technology Business Continuity facilities have reduced the risk level of both technology failures and other disasters.
- Development of an IT Strategic Plan covering the period 2006/07 to 2012/13. This was required as a result of the need to develop a five year Water Plan. External consultants were engaged to develop the plan in conjunction with the Information Technology Unit, a broad range of business unit representatives and the Executive Management Team.

Graduate Development Program

In addition to the days of training we provided, Goulburn-Murray Water maintained a graduate development program as part of its commitment to making Goulburn-Murray Water an employer of choice and to provide a range of training and experiences to develop graduate employees.

The Graduate Development Program for 2006/07 officially commenced in late 2006 and currently has 24 graduates from all areas within Goulburn-Murray Water. The program focused on developing and training graduates and included activities such as classroom training on all areas of the business and tours of Goulburn-Murray Water assets. A strategic plan is being developed for 2007/08 with input from a newly formed steering committee. The plan is aimed towards attracting and retaining graduates.

Members of G-MW's graduate development program visited key sites across the region including Lake Hume.

"We will develop productive, empathetic and enduring relationships with all interested parties to achieve the best balance of economic, environmental and social outcomes"

Building cooperative relationships

In order to deliver our services and meet the needs of our customers and local communities across our operating area, it is essential that we work in partnership with a large number of different organisations.

Some of the key organisations with which we have worked to develop cooperative partnerships over the past year include:

• Catchment Management Authorities (CMAs)

Goulburn-Murray Water works closely with the North East, Goulburn-Broken, North Central and Mallee CMAs to align our water management activities with their respective Regional Catchment Management Strategies. In addition, we deliver a number of programs on behalf of CMAs relating to water quality, salinity management and drainage in the Goulburn-Broken and North Central areas.

• Department of Sustainability and Environment (DSE)

Goulburn-Murray Water employees have been involved extensively in developing and implementing major reforms flowing from the government's white paper Our Water Our Future. This required a strong partnership with DSE Water Sector Groups covering irrigation entitlement reforms and water savings projects. We have also worked closely with regional units, particularly in relation to the Lake Mokoan-Return to Wetland project.

• Department of Primary Industries (DPI)

DPI and Goulburn-Murray Water employees this year pooled their expertise in a range of areas, including delivery of CMA programs and communicating tariff changes to support Our Water Our Future reforms.

With record low allocations, Goulburn-Murray Water's participation in DPI briefings and forums provided important opportunities for Goulburn-Murray Water to improve awareness of the water resource position and the impact on water allocations for irrigators.

• Murray-Darling Basin Commission (MDBC)

We have a strong relationship with the MDBC, both in our role as the Victorian Constructing Authority for the Commission and in contributing a Victorian view to a number of MDBC coordination and planning forums. This includes the River Murray Water Committee, the Commission's Water Liaison Committee and the Water Audit Working Group.

• Water Industry Organisations

Goulburn-Murray Water is an active member of a number of industry organisations to whom we offer our knowledge and expertise and from whom we learn. These organisations include the Australian National Committee on Irrigation and Drainage (ANCID), the Australian National Committee on Large Dams (ANCOLD) and the peak body for Victorian water authorities, the Victorian Water Industry Association (VicWater).

In addition, we have worked extensively with local government, irrigation industry groups, recreational groups, other rural and regional water authorities and various government agencies.

Planning for a sustainable future through research and development

This year Goulburn-Murray Water expended $784,000 on programs that focus on research and development in the irrigation sector. This included $250,000 to the Cooperative Research Centre for Irrigation Futures and $183,000 to the eWater Cooperative Research Centre. Our membership of these national programs means we benefit from projects addressing policy, planning, sustainability, technology and practice across the irrigation industry. One eWater product with direct application for use by Goulburn-Murray Water is its decision support tool for river operations. Goulburn-Murray Water is also a member of the National Program for Sustainable Irrigation, a program of Land & Water Australia. Locally, we continue to investigate water supply sustainability issues, including:

- minimising chemical use in controlling the aquatic weed Arrowhead
- risk assessment of herbicides used by Goulburn-Murray Water
- improved methods for monitoring pesticide residue in channels
- biological, biochemical and molecular methods of microbial risk assessment in water supply networks
- flow metering devices with enhanced performance or cost advantages
- improved water quality management for storages

Complementing Goulburn-Murray Water's own supply studies, we participate in a joint Melbourne & Monash University water research centre ("Uniwater") project to develop systems that capture and process water status information on-farm, thus enabling cost-effective on-farm improvements in irrigation. This Regional Economic Benefits from Smarter Irrigation project has border-check irrigated pasture sites as well as micro-irrigated orchard and vineyard sites spread from Corop to Dookie.

The Irrigation Futures of the Goulburn-Broken Catchment project concluded in 2006/07. Scenarios developed by the project are being used in reconfiguration planning, for development of the Goulburn-Broken regional catchment strategy and for local government land use planning. This project recognised the importance of developing flexible irrigation systems and a small subsidiary project has been co-funded by CRCIF and Goulburn-Murray Water to provide improved technical data to engineers involved in irrigation system design.

Left: Goulburn-Murray Water Director Peter Fitzgerald presents the award to Kain Richardson (left). Right: Charity golf and bowls day.

Providing water education through National Water Week

Goulburn-Murray Water was proud to sponsor National Water Week in the Goulburn Broken catchment again this year. Coordinated with our catchment partner organisations, the week-long series of events educated and raised community awareness of the value of our water resources. In 2006/07, the events involved more than 4000 participants. The Water Week Awards Night celebrated innovative and efficient water use and environmental initiatives in our community. Goulburn-Murray Water's Best Practice Irrigation Management on Farm Award winner was Kain Richardson, with Chris Harrison runner-up and John, Rodney and Philip Pike highly commended.

Other National Water Week events included guided river and wetland walks, boat cruises, school pantomime performances, film nights, art competitions, photography and short story competitions and a canoe tour of Lake Nagambie.

Playing a role in International Dairy Week

Australia's world-famous dairy expo, International Dairy Week, was held in Tatura in January. Goulburn-Murray Water and its water exchange, Watermove, supported this significant event.

Given the recent drought and government water reforms, the rural water industry in Victoria is enduring a period of significant adjustment. International Dairy Week provided an important means of communicating new developments to water users. Several Goulburn-Murray Water specialists attended the expo with important information on rural water matters, including unbundling of water entitlements, tariff reform, channel automation technology, water trading opportunities and online trading.

Charity Golf and Bowls Day

Goulburn-Murray Water employees again contributed a considerable amount of their own time and effort to organising our annual golf and bowls day to raise money. The highly successful event, held at Hill Top Golf and Country Club at Tatura, raised over $12,000. This takes the total funds raised by Goulburn-Murray Water to more than $260,000 from this annual event which has been conducted for more than 20 years. The majority of funds were distributed to drought relief which was considered most appropriate for our local region. Smaller donations were made to Reach Foundation for support of less fortunate children.

Environmental Sustainability

"We will be conscious that what we do has a significant and lasting effect on the environment and seek to reduce this impact, contributing to enhanced environmental outcomes"

Pumping Waranga Basin, funded by the State Government, increased allocation to Goulburn irrigators by seven per cent.

Delivering water to where it's needed in our region

The 2006/07 water year was exceptionally dry, with rainfall totals and storage inflows well below average across the region. Record low monthly inflows occurred at several Goulburn-Murray Water storages, and none filled to capacity.

Dartmouth and Hume storages on the Murray system filled to 65 per cent and 22 per cent of capacity respectively. Lake Eildon peaked at 23 per cent in mid-August and Waranga Basin only reached 41 per cent of capacity. Inflows to Lake Eildon during June were above average and represented 46 per cent of the annual total.

Lake Eppalock on the Campaspe system did not rise above its July 2006 volume of 4 per cent capacity. On the Loddon system, Cairn Curran and Tullaroop storages filled to 6 per cent and 15 per cent respectively. Nillahcootie reached 58 per cent and Mokoan 30 per cent.

Lake William Hovell on the King River filled to only 73 per cent of its relatively small volume of 13,500 megalitres, which was the first time the storage had failed to fill.

Several storages including Dartmouth, Buffalo, Eildon, Eppalock, Cairn Curran, Tullaroop, Newlyn and Hepburns were drawn down to record low levels. Temporary pumping plants were installed to Lake Buffalo, Waranga Basin and Tullaroop Reservoir to augment supplies.

Responsible management in a prolonged drought

Poor resource position in 2006/2007 prevented allocation of 'sales' in any system, and led to the lowest seasonal allocations ever announced by Goulburn-Murray Water. The final Goulburn seasonal allocation of 29 per cent of Water Right was only the second time an allocation of less than 100% had been available. The previous lowest allocation was 57 per cent in 2002/03.

The final allocation in the Broken system was 77%. This was the lowest allocation ever announced for the Broken system.

Resources in the Campaspe and Loddon systems were too low for any irrigation allocation during 2006/07. Rights to water in these systems were qualified to allow limited supply to permanent plantings and to meet essential domestic and stock needs only. This was the first season that the Campaspe and Loddon systems had failed to receive an allocation.

For the first time, the final allocation in the Murray system was less than 100 per cent of Water Right. An allocation of 95 per cent was available to customers, despite the extremely poor inflows and record low storage levels throughout the Murray-Darling Basin during 2006/07.

Recognising the hardship caused by the drought and low allocations, Goulburn-Murray Water regularly updated seasonal allocations and sought opportunities to maximise water availability while minimising losses. Customers were kept informed of management actions and operational decisions by newsletters, industry forums and regular engagement with Water Services Committees.

Goulburn-Murray Water continued to cooperate with government agencies and other stakeholders to manage the ongoing impacts of low water availability on system operations and customer service.

Operations were challenging across the Goulburn-Murray Water region. The Goulburn system allocation was supported by the pumping of Waranga Basin from February 2007 onwards. The irrigation season in the Goulburn and Murray systems was closed two weeks earlier than normal to reduce losses and increase water availability for customers.

Irrigation was banned on the regulated Ovens and King Rivers mid-season to maintain supply to urban users including the town of Wangaratta. The unprecedented lack of water in the Ovens system shifted the operational focus to maintenance of river flows and assurance of urban supplies, and meant environmental minimum flows required by the bulk entitlement were not met at several locations. The flows in the lower reaches of the Ovens River were particularly affected by the water shortage. Emergency drought pumping facilities at Lake Buffalo were commissioned to maintain flows in the Buffalo and Ovens Rivers and to provide a water supply to Wangaratta.

The irrigation ban on the King River was lifted in April and a month later in the Ovens River as rainfall began to improve river flows and storage volumes.

All supply systems were highly regulated during the season to conserve water. Releases from the Campaspe and Loddon storages were minimised to prolong availability for customers, and environmental flows in both systems were qualified in October to make more water available for essential domestic needs. Both systems reached their lowest ever reserves as inflows remained low.

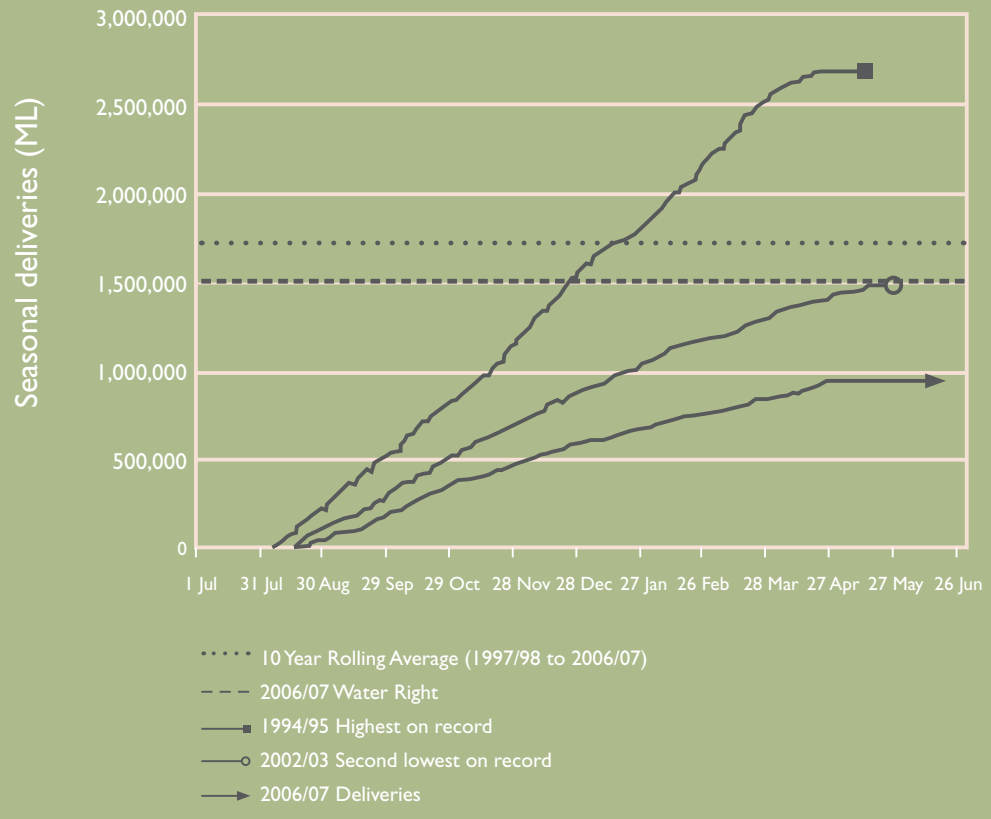
Goulburn-Murray Water and the North Central Catchment Management Authority jointly prepared adaptive drought management plans for the Campaspe and Loddon systems, which included comprehensive water quality monitoring programs to ensure river health was maintained under reduced environmental flow conditions

The graph below shows water deliveries in 2006/07 compared to the highest and lowest on record. Further details are provided in Appendix B.

Goulburn-Murray Water is now planning system operations to maximise water availability during 2007/08 as it ends the 2006/07 season with most storages at record low levels.

Seasonal deliveries all systems

(amount delivered to G-MW customers)



Goulburn Broken CMA and G-MW harvesting Azolla on Broken Creek.

Broken Creek Management

The Lower Broken / Nine Mile Creek system is one of the most important habitats in Victoria for the endangered Murray Cod. The Creek system is also used to supply entitlements to Murray Valley irrigation customers. In partnership with the Goulburn Broken Catchment Management Authority and other agencies we have implemented several key initiatives to maintain and improve the creek environment and improve customer service.

• Azolla Removal Trial

We have completed a trial of mechanical removal of the floating aquatic fern, azolla. Azolla regularly builds up in winter and spring in the lower Broken Creek under low flow conditions to such an extent that it can lead to system blockages and water quality degradation. Excessive azolla build ups were linked to a fish death event in November 2002. A weed removal contractor was commissioned to install a conveyor removal system at Kennedys Weir near Barmah. The trial was successful with over 136 cubic metres removed in a six day period. Further investigation of the method is being undertaken by the Catchment Management Authority.

• Environmental flows

Because of limited catchment flows due to drought, to maintain creek water quality and habitat Goulburn-Murray Water passed a small flow (less than 100 ML per day) from the Murray system at Lake Mulwala, via the Murray Valley open channel network to the creek and then passed this flow back to the Murray River. This by-pass flow ensured that fishways could remain open all season, helped limit azolla build ups and maintained water quality.

• Increasing fish numbers

The amount of Murray Cod in the lower Broken Creek has increased dramatically since the completion of fishways at all weirs and barriers on the lower creek system. The Goulburn Broken Catchment Management Authority and DSE's Arthur Rylah Institute for Environmental Research has undertaken surveys to compare populations since fishway construction commenced in 1997. Murray Cod in the four uppermost weir pools were found to have increased by 500%. In partnership with the Goulburn Broken Catchment Management Authority and DSE we have begun a program of installing Fish Tag readers at four lower Broken Creek weirs and fishways. The readers will monitor movement of tagged fish up and down the creek to determine the effectiveness of fishways and optimal strategies for fish management under different flow scenarios.

• Arrowhead Treatment Program

We have completed the second year of a treatment program to control the exotic aquatic weed Saggitaria (common name Arrowhead). Funded through the Goulburn Broken Catchment Management Authority we have used experienced contractors who have been very successful in gaining control of the nuisance weed in the creek environment. The program has been very successful with the area treated reduced from 95.5 ha in 2005/06 to 37.2 ha in 2006/07.

Management of groundwater resources and unregulated streams

Demands for water from aquifers and unregulated catchments remained strong in northern Victoria. Severe, sustained low flows in unregulated catchments occurred across the entire region resulting in a significant workload to manage available flows between individual water users, domestic and stock and urban supplies and the environment.

This year saw the need to suspend irrigation on all unregulated catchments for varying periods with the exception of the main stem of the Kiewa River, which was also restricted. In many cases this was the first time suspension has been required.

As a consequence of low surface water availability demand for additional access to groundwater resources rose significantly. Goulburn-Murray Water answered the challenge by working with the State Government and customers to maximise the possible groundwater allocations and to provide opportunities for customers impacted by low surface water availability through the implementation and support of groundwater trading.

Refinement of processes for transfer applications and promotion of the availability of trading options resulted in a 340% increase in the number of trades in 2006/07 compared with 2005/06. This number is expected continue to grow in the coming year. Goulburn-Murray Water also improved methods for dealing with new licence applications to manage the potential impacts to existing users and the environment.

This year saw the implementation of a new Groundwater Management Plan for the Katunga Water Supply Protection Area. The coming year will also see significant effort into the refinement of sustainable groundwater management in the Mid-Loddon & Upper Loddon Water Supply Protection Areas and the review of the current Campaspe WSPA incorporating the Southern Campaspe Plains North East of Bendigo into the current management area.

Goulburn-Murray Water will also be making substantial headway into the development of legislative Stream Flow Management Plans for the King Parrot Creek, Yea River and Upper Ovens and Kiewa Rivers in the coming year to formalise management rules to provide for the needs of irrigators and the environment in these important unregulated river systems.

Meeting the challenge of managing streams in drought conditions

Many of the unregulated streams in the Goulburn-Murray region experienced drought conditions this year, requiring rostering and restrictions, while flows continued to recede. These actions were necessary and ensured equity for water users and the environment.

Catchments across the Goulburn-Murray Water region received well below average rainfall and very low flows for much of the year. Rivers downstream of storages were highly regulated, with very few unregulated events occurring due to rain.

In the east, environmental flows in the Ovens system were jeopardised as water levels in Lake Buffalo fell and supply to Wangaratta was endangered. Pumping from below the minimum operating level at Lake Buffalo occurred for approximately three weeks until rainfall saw the storage rise and the resumption of regular releases.

In partnership with the Goulburn Broken Catchment Management Authority, water from the Goulburn Water Quality Reserve in Lake Eildon was diverted to the lower Broken Creek in October to flush an accumulation of aquatic weed.

As a result of collaboration with NCCMA, some of the Goulburn Inter Valley Trade Account held in Lake Eildon was used for a small environmental flow in the lower Campaspe River from December until the close of the irrigation season and provided some relief in an extremely dry situation.

The Loddon and Campaspe catchments in the west of the region experienced very low flows through much of the year. Regular water quality monitoring was conducted in both catchments under an agreement with the North Central Catchment Management Authority and Department of Sustainability and Environment to reduce environmental flows. Short-lived black water events occurred in the Bet Bet Creek and in the Loddon River downstream of Loddon Weir, but no serious environmental incidents occurred in the Campaspe River.

Goulburn-Murray Water in conjunction with North Central Catchment Management Authority, regularly monitored water quality conditions along the lower reaches of the Campaspe and Loddon River systems during the dry conditions. We installed aerators at Lake Eppalock and Tullaroop Reservoir to reduce the risk of low dissolved oxygen levels adversely affecting fish populations or triggering a potentially toxic bloom of blue-green algae. We undertook a carp removal exercise to increase the survival chances of the remaining native fish in Lake Eppalock.

Very high concentrations of blue-green algae were detected in Eppalock and Tullaroop during 2006/07. Releases continued with regular review of downstream water quality.

Goulburn-Murray Water holds a memorandum of understanding with the Department of Sustainability and Environment to develop the stream flow management plans listed in the Our Water Our Future White Paper, 2004. The Yea River, King Parrot Creek, Upper Ovens River, Kiewa River and Seven Creeks are all listed streams.

Lake Mokoan - Return to Wetland

During the year Goulburn-Murray Water continued work on a number of projects that will provide alternative supply arrangements for residents and landholders once Lake Mokoan is decommissioned under the Government's Lake Mokoan - Return to Wetland initiative.

Lake Mokoan Diverters Pipeline

Lake Mokoan is an off-stream storage, which in its current configuration receives harvested water from both the Broken River and Hollands Creek systems. Water is released from Mokoan via Stockyard Creek, which was altered during construction of the lake works to become the outlet channel, and connects back to the Broken River just upstream of Casey's Weir.

Lake Mokoan in its present configuration accommodates direct diversion of irrigation, commercial and stock and domestic water to various businesses and dwellings in the vicinity of the lake. The decision to decommission Lake Mokoan will alter the way in which these diverters can access water, since direct diversion from the Lake will no longer be possible.

A pressurised pipeline is proposed to replace the supply system for approximately 40 customers (13 irrigation, 33 stock and domestic, 4 commercial) that currently draw from the Lake. The preliminary design of pipeline was completed during the year and proposes a pump station near the Lake outlet and a deepening of the Lake outlet channel to allow it to function as the supply pool for the new pipeline system. Construction works are expected to be finished by March 2008 with projected cost of $10.7 million.

Mokoan Offset Measures

A key component of the Mokoan - Return to Wetland Project is the government's commitment to ensuring that the reliability of water supply to Broken System irrigators is maintained after the decommissioning of Lake Mokoan.

Extensive investigation of a broad range of individual measures has resulted in the development of four packages of offset measures, each of which meet the supply reliability commitment. The packages comprise a range of potential infrastructure, efficiency improvement and water purchase options.

Measures contained within the packages include remote control and monitoring of supply structures, pipelining of supply to some areas to reduce river losses and provision of small on/off stream storages to allow harvesting and reregulation of surplus river flows. The selection of a final offset package for implementation will follow the completion of an expression of interest process with irrigators in the sale of their water entitlement.

Mid Murray Storage Project

In announcing the decision to provide 44 gigalitre of water savings through the decommissioning of Lake Mokoan, the government recognised for part of the water saved to benefit the Snowy River.

The Mid Murray Storage project involves the reintroduction of Lake Boga into the Murray water supply system and when operated in conjunction with Lake Charm and Kangaroo Lake, will allow up to 19 gigalitres of the Mokoan decommissioning water savings to be transferred by substitution to the Snowy River.

Left: The former Minister for Water, Environment and Climate Change at the Commissioning ceremony for the Tungamah Water District. Right: Tungamah before. Far right: Tungamah pipeline.

Investigation of a new channel route to release water into the Little Murray River from Lake Boga and works to minimise the flooding risk associated with changed operation of Kangaroo Lake were completed, and detailed design has commenced.

Water Savings from the Tungamah Pipeline Project

In March 2007, the former Minister for Water Environment and Climate Change attended the formal commissioning ceremony for the Tungamah Water District. Goulburn-Murray Water's $20.4 million pipeline project replaced the more than 500 kilometres of indirect, open channel with 370 kilometres of pipelines, a pumping station and a 140-megalitre earthen storage basin.

The water for the new system is drawn from the East Goulburn Main Channel and provides an efficient, year-round water supply service to 400 customers over a 63,000 hectare region.

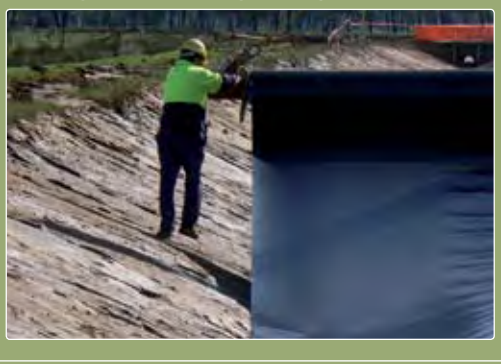
The pipeline saves 4,800 megalitres each year, with the savings contributing to environmental flows in the Murray and Snowy Rivers. Other environmental benefits included the modification of obstructive weirs on natural waterways, improving habitat and passage for native fish.

Mitchell Australasia, which successfully completed similar projects for Goulburn-Murray Water at Normanville and Woorinen, constructed the project.

The existing channel system will be decommissioned by the end of 2007 increasing land availability and improving farm access.

Our Water Our Future

The Victorian Government's *Our Water Our Future* water reforms included a range of initiatives directly relevant to Goulburn-Murray Water. This year we undertook extensive work in partnership with the Department of Sustainability and Environment, the Department of Primary Industries and catchment management authorities aimed at delivering against these initiatives. The major areas of activity are summarised in the following table:

***Our Water Our Future* Actions**	**Goulburn-Murray Water**
Reconfiguration of irrigation systems 	Reconfiguration programs were launched in the Central Goulburn, Rochester-Campaspe, Murray Valley and Shepparton districts. These programs build on the experience of our existing reconfiguration programs in Torrumbarry and Pyramid-Boort irrigation districts.
Lake Mokoan-Return To Wetland Project 	During the year Goulburn-Murray Water continued work on a number of projects that will provide alternative supply arrangements for residents and landholders once Lake Mokoan is decommissioned under the Government's Lake Mokoan -Return to Wetland project. (see page 48 for further details)
Tungamah Pipelining Project 	Works for the $20.4 million project were completed in December 2006, and officially commissioned in March 2007. Decommissioning of the existing channel system will continue over the remainder of 2007, with the channel system rehabilitated to its natural condition. The project provides more convenient and reliable stock and domestic supplies to more than 400 customers as well as 4,800 megalitres of water savings each year.
Mid-Murray Storage Project 	Investigation of a new channel route to release water into the Little Murray River from Lake Boga and works to minimise the flooding risk associated with changed operation of Kangaroo Lake were completed, and detailed design has commenced.

Water savings through channel automation

With completion of Goulburn-Murray Water's 2007 winter works program a total of 841 automated gates will have been fitted at 757 sites across our region, since Goulburn-Murray Water began its Total Channel Control Project in 2002. A total of 131 gates were installed this winter

Establishment of Statewide Entitlement Register

Goulburn-Murray Water assisted in developing the new Victorian Water Register by undertaking a comprehensive data cleansing exercise as well as extensive user acceptance testing in conjunction with DSE.

Unbundling of Water Entitlements

Community Awareness

Goulburn-Murray Water worked closely with DSE to build community awareness and understanding of the unbundled water entitlements that took effect from 1 July 2007. This involved a range of communication initiatives including information sessions for landholders and their advisers, regular advertising and a number of direct communications with individual customers.

Systems support

The unbundling of water entitlements demanded significant adjustments to the recording and management of existing water entitlement information within Goulburn-Murray Water's information management systems. The adjustments also provide relevant information to the newly established State Water Register.

Sales Package

Goulburn-Murray Water identified low reliability supplies as part of the unbundling of water entitlements. As part of the conversion of prior 'sales' access to clearly specified unbundled water entitlements, 80 per cent of sales was allocated to irrigators in the form of a low reliability water share and the remaining 20 per cent was returned to the environment as a low reliability environmental entitlement. This represents the transfer of over 200,000 ML of low reliability entitlements to the environment.

Recreation and Water Storages

Despite unfavourable seasonal conditions, Goulburn-Murray Water continued to work with local stakeholders to deliver sustainable recreation services that meet community needs. This year, we regularly convened and participated in stakeholder and community reference groups and in partnership with Moira Shire began development of a Foreshore Masterplan for Lake Mulwala. The Lake Hume Land and On Water Management Plan was developed with several important studies completed.

Reducing environmental impacts

Goulburn-Murray Water's commitment to the environment is outlined in its Environment Policy Statement. This policy is supported by its Environmental Management System (EMS) which was certified to the International Standard AS/NZS ISO14001:2004 in November 2006. The EMS provides the framework and tools for employees to manage environmental risks, meet legal and other obligations and improve business performance.

A number of initiatives and on-going programs were implemented in 2006/07 to progressively reduce Goulburn-Murray Water's environmental risks. These are outlined below:

From left: Pygmy Bay and Gorton Bay; Managing Director Russell Cooper and Vanessa Baughurst Manager, Planning and Environment Strategy Development with G-MW's EMS Certification.

Goulburn-Murray Water Risk Reduction Initiatives and Programs	
Managing environmental incidents	Goulburn-Murray Water continues to use its established environmental incident process. Goulburn-Murray Water recorded 95 incidents for 2006/07 of which four were attributed to Goulburn-Murray Water. Goulburn-Murray Water participated in the establishment of partnership agreements for waterway incidents in the Goulburn Broken and North East Catchments. The agreements are a commitment to establishing clear arrangements for stakeholders involved in response to an incident.
Continuous improvement	Goulburn-Murray Water established an Environmental Management Program under its EMS. The program outlines targets and associated actions to improve environmental performance in 2006/07 against its Environmental Policy objectives.
Monitoring performance	Goulburn-Murray Water has established an environmental monitoring and reporting program. In particular, environmental sustainability indicators were trialed this year to monitor Goulburn-Murray Water's environmental performance across the business. Regular reporting is provided to senior management and the Board. Goulburn-Murray Water is currently undertaking a review to better provide triple bottom line reporting for the organisation.
Significant Risk Management Plans and Investigation Program	An investigation program and risk management plans were developed to address Goulburn-Murray Water's significant environmental risks.

Storage and Catchment modelling

Goulburn-Murray Water continues to develop and refine catchment models for the Goulburn and Loddon systems. These models will assist Goulburn-Murray Water and our catchment stakeholders in identifying key areas for fencing and revegetation works that protect and improve our waterways, including the foreshore of our storages.

Effect of Herbicides on Native Fish

Goulburn-Murray Water, in collaboration with the RMIT University, undertook research to assess the toxic effects of four aquatic herbicides used by Goulburn-Murray Water (glyphosate, amitrole, 2,4-D amine and acrolein) and two pesticides that were frequently detected in Goulburn-Murray Water irrigation channels (endosulfan and copper) on the Murray Cod and the Murray River Rainbowfish. Ecotoxicological experiments conducted this year found that Glyphosate, 2,4 D amine and amitrole had virtually no effect on Murray Cod larvae. Acrolein at 10mg/L can affect the survival of Murray Cod larvae. Murray River Rainbowfish larvae were sensitive to acrolein and endosulfan as low as 1 µg/L.

Greenhouse Gas Reduction

Goulburn-Murray Water met its 2006/07greenhouse reduction target of 293 tonnes equivalent carbon dioxide emissions from Goulburn-Murray Water buildings, offices and vehicles. In addition, an energy audit supported by Sustainability Victoria, was conducted to identify realistic actions for greenhouse gas management. Goulburn-Murray Water is currently in the process of revising its Greenhouse Gas Strategy to fit within the Victorian Water Industry Framework.

Working with Stakeholders

Goulburn-Murray Water continued to work with catchment management authorities, local government, research groups and other agencies to improve our collective understanding of natural resource management, especially of waterways and storages.

We participated in the bushfire recovery program and coordinate water quality monitoring in storages and waterways in bushfire affected catchments.

Nagambie Lakes System

The Goulburn River Environmental Audit recommended an improved understanding of ecological processes within the Nagambie Lakes system by addressing knowledge gaps identified in a 2002 assessment by a scientific expert panel. Goulburn-Murray Water has co-invested in a research project investigating water and sediment quality in the Nagambie Lakes System. The research consortium is coordinated by the Water Studies Centre at Monash University and has completed a review of existing data.

Tahbilk Lagoon Management Plan

Goulburn-Murray Water is leading the development of a Management Plan for the Tahbilk lagoon. To date, meetings with GBCMA, Parks Victoria, Greening Australia and Chateau Tahbilk have developed agreed management directions for the wetlands.

Eppalock Special Area Plan

Goulburn-Murray Water is working with NCCMA, DPI, DSE and local councils to develop a Special Area Plan (SAP) to improve and protect water quality and yield in the Eppalock catchment. The SAP will pull together existing programs and focus on three key areas, namely:

- Risk of pathogens to human health from stock grazing on the lake bed and foreshore.
- Salinity in Lake Eppalock.
- Water yield to Lake Eppalock.

To compliment this work, Goulburn-Murray Water is developing a catchment runoff model to identify the significant sediment and nutrient generating sub-catchments that drain into Lake Eppalock.

Land Use Planning

Goulburn-Murray Water continued to work with local government to review and improve the strategic land use planning framework. Collectively, we applied current best management practices to achieve consistent and sustainable land use planning outcomes in our region.

Protecting catchment biodiversity

Goulburn-Murray Water continued to work under the Biodiversity Strategy adopted in 2002, which aims to:

- Value the breadth of services provided by ecosystems managed by Goulburn-Murray Water.
- Identify mechanisms for efficiently conserving 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 in our assets.
- Encourage, undertake and facilitate identified priority tasks to protect and enhance biodiversity within Goulburn-Murray Water assets and influence.

We worked with Catchment Management Authorities and other stakeholders to prioritise risks and identify activities that will enhance biodiversity in and around our water storages. This year, our foreshore management programs included fencing and revegetation, pest plant and animal management and erosion control works. We worked to improve community awareness of best management practices for agricultural and industrial activities in the catchment of our storages.

Goulburn-Murray Water also worked with Catchment Management Authorities to identify fishway locations and effective operating methods. We improved our understanding of the ecological processes including real-time water quality and flow monitoring on the lower Broken Creek and Goulburn Weirpool. The information gathered guides us in providing effective environmental passing flows.

Drought response environmental management plans for the Loddon and Campaspe systems were developed in conjunction with regional stakeholders. The plans were designed to ensure that we protect aquatic values while meeting our obligation to supply water to our customers.

Improving recreational facilities at Lake Eppalock to protect the environment

Goulburn-Murray Water manages a large network of sewerage and other associated works around Lake Eppalock that supports the local recreation industry. This year we continued to invest in bringing the assets, many of which date back to the 1960s, up to industry best practice standards, improving service levels and protecting the environment. We have now invested over $800,000 on this work.

Left: During 2006/07 the Kimbolton Pool boat ramp was extended and upgraded at Lake Eppalock

Delivering salinity benefits for catchments

Pyramid Creek Salt Interception Scheme

In 2006/07, Goulburn-Murray Water commenced Stage 3 of the $13 million Murray-Darling Basin Commission (MDBC) salt interception scheme along the Pyramid Creek.

The Pyramid Creek Salt Interception Scheme, the first of its kind to incorporate commercial harvesting of salt from plastic-lined evaporation ponds, will deliver significant benefits to regional and broader River Murray water users. The scheme, involving up to 36,000 tonnes of salt harvested from 250 hectares and diverting 22,000 tonnes away from the river, has benefits assessed at over $1.4 million per annum.

In September 2007 the Pyramid Creek Salt Interception Scheme won the Environment & Sustainability category as well as the Overall Award for Engineering Excellence at the prestigious Victorian Engineering Excellence Awards. It is now a finalist in the national awards, announced in November.

Sunraysia Salt Interception Program

Investigations are well underway for the redesign and refurbishment of the ageing and under-performing Mildura-Merbein Interception scheme. We are also investigating 'in river' groundwater influences and floodplain related groundwater salinity zones adjacent to the Red Cliffs reach of the River Murray with airborne electromagnetic surveys and field drilling programs. The development of the Regional Disposal Strategy underpins likely future investment in salt interception in the region. The strategy development, undertaken collaboratively with the NSW Department of Natural Resources, seeks to provide economically and environmentally sustainable options for salt disposal well into the future.

Barr Creek Salt Interception Scheme

The Murray-Darling Basin Commission's Barr Creek Drainage Diversion Scheme continued to deliver significant benefits to River Murray water users by diverting saline drainage flows in Barr Creek to the Tutchewop Lakes disposal complex. In 2006/07 the scheme diverted 100% of the flow and salt load required under current operating rules, preventing in excess of 30,000 tonnes of salt from entering the river.

Estimating Salt Disposal Impacts of Catchment Strategy Implementation

The Shepparton Irrigation Region (SIR) Salt Disposal Audit project was completed this year. The primary objective was to estimate the changes to the region's salt disposal impacts since 1988 using a method endorsed by MDBC (for Victoria to comply with the Murray-Darling Basin Agreement). A computer model was developed to simulate flows and salt loads generated from SIR drainage catchments. This model was calibrated against data collected at drain gauging stations, and then used to generate drain flow and salinity time series data that represents the SIR. The SIR model outputs for the MDBC climatic reference period (1975-2000) were provided to the MDBC to obtain estimates of salt disposal impacts. The impacts obtained were slightly less than those calculated by previous methods, but enabled identification of a potential downstream impact due to a reduced volume of drain outfalls that has previously not been recognised.

Support to Catchment Management Authorities

Goulburn-Murray Water provides planning and support services to Catchment Management Authorities to develop and implement Regional Catchment Strategies. Support provided includes development of Land and Water Management Plans, investigation and construction of public and private groundwater pumps, drains and wetland management investigations.

Providing drainage for sustainable irrigation

Five year reviews of the Shepparton Irrigation Region Surface Water Management Program and the Subsurface Drainage Programs were completed this year. The reviews found that outcomes are being met, in line with funded targets, and that the Programs have positive triple bottom line assessments. The reviews included consideration of the outcomes of water reform and the Irrigation Futures project and concluded that continued implementation of the Programs is warranted and recommended that the current adaptive management approach be further strengthened.

SIR Surface Drainage Strategy Review

The 2006 Review of the Shepparton Irrigation Region (SIR) Surface Water Management Strategy commenced in September 2006. The review has been carried out to look at the achievements of the program since the last review in 2000 and to provide necessary direction to ensure the current investment strategy is on track for completion over the next five years. The final report will be completed in July 2007.

Irrigation drainage management

Work continued with our catchment partners to protect the water quality of receiving waterways by improving the way Goulburn-Murray Water manages its surface drainage assets. The first full application of the decision support system started in the Broken Creek catchment. It found that the key water quality parameters affected by drainage in the Broken Creek are Total Phosphorus and Suspended Solids. Management techniques are currently being considered to address these parameters with the aim of ensuring water quality at Rices Weir continues to improve.

Stanhope Depression Drain

The Stanhope Depression Drain Project will provide a drainage service to irrigators in the Stanhope Depression catchment and at the same time preserve the natural flow of water through the Stanhope Depression, in line with the Drainage Course Declaration approved in August 2005. In December 2006, Goulburn-Murray Water began Stage 1 of the project which included upgrading road crossings.

The Stanhope Depression Drain Project involves the construction of 13.6 kilometres of primary surface water management system and the removal of obstructions along the lower Stanhope Depression. It is part of the Shepparton Irrigation Region Surface Water Management Strategy administered by the Goulburn Broken Catchment Management Authority.

The two stages of the project including the removal of obstructions associated with the Drainage Course Declaration are estimated to cost $2.5 million.

Murray Valley Drain 11 Stage 1

After many years of planning and negotiation the works for Murray Valley Drain 11 commenced. Work continued on the pump station and Stage 1A Drainage works with tenders called for the supply of pumps.

Mosquito Drain 40

Approval was given to proceed with the construction of the Mosquito Drain 40 which outfalls to the Mosquito Depression Drain just south of Tatura. The project involves construction of 5.3 kilometres of primary surface water management system and associated structures and services a catchment area of 2,950 hectares. The estimated costs to complete these works are $1.4 million.

Planning Scheme Amendment and Planning Permit applications have been submitted to the City of Greater Shepparton with construction expected to commence in 2008.

Benwell Drain 1 (Loddon Murray irrigation region)

Approval was given to proceed with the construction of the Benwell Drain 1 which outfalls to the Murray River between Murrabit and Koondrook. The project involves construction of a 60 megalitre per day pumping station, a one kilometre pipeline and the construction of 17 kilometres of primary surface water management system and associated structures. The estimated cost to complete these works is $5.6 million.

Planning Scheme Amendment and Planning Permit applications have been submitted to both the Shire of Gannawwara and the Shire of Wakool with construction expected to commence in 2008.

Working with our catchment partners to control Arrowhead

Arrowhead is a noxious aquatic weed spreading through the irrigation system and posing an environmental threat to natural waterways. To raise the profile of the Arrowhead problem across the Murray-Darling Basin, Goulburn-Murray Water has developed a strategic plan for the control of Arrowhead across the basin. The plan is supported by many agencies. Funding support is being sought from MDBC, and other state and federal groups for the next steps in the plan.

A tri-State Steering committee for the strategy has been put together to assist with the direction of this strategy.

Additional joint research by Goulburn-Murray Water and GBCMA is looking at in steam control as an alternative control method in drains.

A jointly funded Arrowhead and woody weed control program both along the Broken Creek and within the Barmah Wetland has been coordinated by Goulburn-Murray Water in conjunction with the GBNCMA staff. This has seen the first attempt to rein in the spread of this weed throughout the Barmah Wetland and hopefully will be the precursor to a more significant control effort right along the Murray system.

Kanyapella Basin Environmental Management Plan

The Kanyapella Basin Environmental Management Plan has been finalised and signed by all stakeholders, including DPI, DSE, Parks Vic, GBCMA, Goulburn-Murray Water and the local Landcare Groups. This plan details the proposed modifications to Goulburn-Murray Water Assets within and around the Storage Basin near Tongala that will allow an improved water supply regime to this important environmental feature and also reduce the negative impacts of inappropriate practices. It also details the roles and requirements of all stakeholders into the future.

Yellow Water Lily, Cabomba, Senegal Tea Plant control at Goulburn Weir

A pilot project to assess the environmental effects of mechanical removal and chemical control options for dealing with aquatic weeds in Lake Nagambie was carried out. Goulburn-Murray Water undertook these works following the re-emergence of the Mexican Water Lily and proliferation of Cabomba in Goulburn Weir.
A Reference Committee was established, including local stakeholders and agency representatives, to develop an agreed proposed approach to manage aquatic plants in the Nagambie Lakes system. The trial includes extensive monitoring of water quality changes as a result of the small pilot area activities.

Consultancies

Consultants were engaged by the Authority during 2006/07 to assist with:

- The provision of expert analysis and advice to facilitate decision making
- Specific one-off tasks or set of tasks
- The provision of skills not currently available within the Authority

There were no consultants engaged at a total contract cost of $100,000 or more.

Consultants engaged at a contract cost of less than $100,000 numbered seven and were paid $224,068 in total.

Merit, equity and privacy

The State Government's merit and equity principles provide the foundation for our recruitment processes; position advertising and employee selection. During the year 78 internal and 50 external applicants filled 128 positions in the organisation (of the total of 154 positions advertised). In addition, Goulburn-Murray Water employed six engineering and science vacation students.

All employee grievances and complaints were handled internally.

Goulburn-Murray Water also provided additional employee training on the Information Privacy Act 2000 and steps were taken to improve privacy criteria in new customer data bases and processes.

Industrial relations

The Central Consultative Committee, comprising management and employee representatives, met four times during the year to discuss workplace/industrial issues. In addition an Enterprise Bargaining committee comprised of employee, management, Australian Workers Union and Community and Public Sector Union representatives met to develop a new Enterprise Agreement. There were no work bans or other similar action and no time was lost to industrial action and no matters were referred to the Industrial Relations Commission.

Auditors

Internal: AFS and Associates
External: Victorian Auditor-General

Building Act

Goulburn-Murray Water observes statutory requirements set down by the Building Act 1993 and the accompanying Building Regulations 2006.

Capital projects over $5 million – Treasury approval

Project	DTF Evaluation	Project Approved	Progress at 30 June 2006
Eildon dam safety upgrade	•	•	Completed
Total Channel Control (CG 1234)	•	•	Approximately 78% complete
Tungamah Pipeline	•	•	Complete
Strategic Measurement Project – Goulburn system	•	•	Approximately 75% complete
Cairn Curran Dam Improvement Project	•	•	Approximately 50% complete

Freedom of Information

Goulburn-Murray Water received 14 applications under the Freedom of Information Act 1982.

Two applications were met in full and five were met in part (information affecting personal privacy was not disclosed). Five applications were refused. One application was not proceeded with and one application was carried over as at 30 June 2007.

Applications for access to information under the Freedom of Information Act 1982 should be made in writing, addressed to

Corporate Secretary
Goulburn-Murray Water
40 Casey Street
Tatura Vic 3616

Under section 17 of the Freedom of Information Act 1982 a request for access to information must be accompanied by an application fee (which may be waived or reduced if payment of the fee would cause hardship to the applicant). As of 1 July 2007 the application fee is $22.00

National Competition Policy

Goulburn-Murray Water aims to comply with Victorian Government policies and timeframes for National Competition Policy, including competitive neutrality. A report by the Victorian Competition and Efficiency Commission into the operations of Watermove has indicated areas for improvement in this regard. Goulburn-Murray Water intends to implement all recommendations.

Information available

The accountable officer will, on request, provide information listed under FRD 22 Statement of Availability of Other Information in the Financial Management Act 1994.

Value of community service obligations

During 2006/07 we granted $29,839 in pensioner concessions. This compared to $69,156.15 in the previous year.

Energy & Water Ombudsman (Victoria) Limited

We are a member of the Energy & Water Ombudsman (Victoria) Limited scheme, which provides an independent third-party conciliation for customers of electricity, gas and water services in Victoria.

In 2006/07 the Ombudsman referred 59 matters to Goulburn-Murray Water. Of these, 42 were enquiries, 16 were Level 1 complaints, and 1 was a Level 2 complaint. There were no Level 3 complaints attributed to Goulburn-Murray Water.

Whistleblowers Protection Act

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

The protected disclosure coordinator for the Department of Sustainability and Environment (DSE) acts as an agent for Goulburn-Murray Water 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:

Deidre Egan, Protected Disclosure Coordinator
Department of Sustainability and Environment
PO Box 500, East Melbourne Vic 3002
Telephone: 03 9637 8575
Facsimile: 03 9637 8129
Email: Deidre.Egan@dse.vic.gov.au

The Ombudsman Victoria
GPO Box 469, Melbourne Vic 3001
Telephone: 03 9613 5212
Toll free: 1800 500 509

Corporate Directory

40 Casey Street Tatura, Victoria 3616
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

Dams Operations

Goulburn Unit
Manager Goulburn Dams – Ivan Smith
Lake Eildon
High Street, Eildon 3713

Murray Unit
Manager MDBC Operations – Stuart Richardson
Hume Dam
Private Bag 2, Wodonga 3691

Loddon Unit
Manager Loddon Dams – Ivan Smith
Cairn Curran Reservoir
Maldon 3463

WATER DELIVERY OPERATIONS

Shepparton Centre
Manager – Phillip Hoare
21 Wheeler Street, Shepparton 3630

Central Goulburn Centre
Manager – Graham Smith
33 Casey Street, Tatura 3616

Rochester-Campaspe Centre
Manager – Jeff Parry
49 High Street, Rochester 3561

Pyramid-Boort Centre
Manager – Damian Wells
4 Barber Street, Pyramid Hill 3575

Murray Valley Centre
Manager – Kevin Preece
Dillon Street, Cobram 3644

Torrumbarry Centre
Manager – Lester Haw
Koondrook Road, Kerang 3579

Newlyn Centre
Midland Highway, Newlyn North 3364

Wangaratta Centre
'Tara Court', Ford Street, Wangaratta 3677

Goulburn-Murray Water region

DISTRICT SERVICES

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

MAJOR STORAGES

GOULBURN SYSTEM	MURRAY SYSTEM
Lake Nillahcootie	Dartmouth Dam*
Lake Mokoan	Hume Dam*‡
Lake Eildon	Yarrawonga Weir*
Goulburn Weir	Torrumbarry Weir*
Waranga Basin	Mildura Weir*
Lake Eppalock	Lake Buffalo
Cairn Curran Reservoir	Lake William Hovell
Newlyn Reservoir	
Hepburns Lagoon	
Tullaroop Reservoir	
Laanecoorie Reservoir	

* Murray-Darling Basin Commission assets

‡ Managed by NSW Constructing Authority

KEY

- Channel/Canal Area
- River

OFFICES:

- B Bulk Water Operations
- ● Area Management
- D Diversions Operations
- O Other Work Centre

N

SCALE OF KILOMETRES

0 50 100 150

40 Casey Street
PO Box 165 Tatura Victoria 3616
DX 32951
T 03 5833 5500
F 03 5833 5501
E reception@g-mwater.com.au
W www.g-mwater.com.au

A Marketing Business Production 7328

Financial Statements

Financial Statements

Operating Statement for the year ended 30 June 2007

	Notes	2006/07 $'000	2005/06 $'000
Revenue from operating activities			
Rates - water and drainage	3, 4	62,754	61,811
Consumptive charges	5	8,807	15,442
Sale of bulk water	6	5,568	5,652
Victorian Government service fees	1(b)	13,349	10,892
Other external clients	7	19,275	18,318
Interest from customers		312	431
Other revenue		4,096	1,821
Revenue from non-operating activities			
Interest on investments		858	1,572
Other income		3,569	3,949
Total revenue		**118,588**	**119,888**
Expenses from operating activities			
Operations	8	62,392	54,375
Maintenance	9	32,699	24,075
Management and administration		13,575	11,554
Finance charges		1,114	1,138
Loss on sale of fixed assets		295	80
Written down value of assets abandoned	1(f)	5,461	2,365
Depreciation of non-current assets	16	31,302	30,516
Total expenses		**146,838**	**124,103**
Net result for the period		(28,250)	(4,215)

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

Balance Sheet as at 30 June 2007

	Notes	2006/07 $'000	2005/06 $'000
Current assets			
Cash and cash equivalents	13	8,395	3,963
Investments	13	-	22,000
Receivables	14	41,047	17,939
Inventories	15	839	796
Total Current Assets		50,281	44,698
Non-Current assets			
Land, buildings and equipment	16	74,384	56,944
Infrastructure	16	1,856,442	1,848,735
Total Non-Current Assets		1,930,826	1,905,679
Total assets		1,981,107	1,950,377
Current liabilities			
Payables	17	34,810	28,500
Employee benefits	18	14,414	12,261
Interest bearing liabilities	19	469	441
Total current liabilities		49,693	41,202
Non-Current liabilities			
Employee benefits	18	736	1,053
Interest bearing liabilities	19	13,287	13,756
Total non-current liabilities		14,023	14,809
Total liabilities		63,716	56,011
Net assets		1,917,391	1,894,366
Equity			
Contributed capital	20(b)	1,731,017	1,695,643
Asset revaluation reserve	20(a)	26,277	10,376
Accumulated deficit	20(c)	160,097	188,347
Total equity		1,917,391	1,894,366

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

Statement of Changes in Equity for the reporting period ended 30 June 2007

	Notes	2006/07 $'000	2005/06 $'000
Total equity at beginning of financial year		1,894,366	1,879,535
Capital contributions	20(b)	35,374	19,046
Net result for the period	20(c)	(28,250)	(4,215)
Gain in property revaluation	20(a)	15,901	-
Total equity at end of financial year		1,917,391	1,894,366

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

Cash Flow Statement for the period ended 30 June 2007

	Notes	2006/07 $'000	2005/06 $'000
Cash flows from operating activities			
Receipts			
Receipts from customers		76,739	82,661
Receipts from other external clients		29,270	29,491
Receipts from Government		13,349	10,892
GST received from the ATO		10,428	7,222
Payments			
Payments to suppliers and employees		(111,406)	(97,119)
Interest and other costs of finance paid		(1,114)	(1,138)
GST paid to the ATO		(4,713)	(1,625)
Net cash (outflow)/inflow from operating activities	**21**	**12,553**	**30,384**
Cash flows from investing activities			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(46,582)	(56,325)
Proceeds from sale of property, plant and equipment		278	213
Net cash outflow from investing activities		**(46,304)**	**(56,112)**
Cash flows from financing activities			
Capital contributions Victorian Government		16,624	19,046
Repayment of borrowings		(441)	(414)
Net cash inflows from financing activities		**16,183**	**18,632**
Net increase/(decrease) in cash held		(17,568)	(7,096)
Cash and cash equivalents at the beginning of the year		25,963	33,059
Cash and cash equivalents at the end of the year	**13**	**8,395**	**25,963**

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

Notes to the Financial Report for the year ended 30 June 2007

1. Significant accounting policies

(a) Basis of Accounting

General
The financial report is a general purpose financial report that consists of an Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose report complies with Australian equivalents to International Financial Reporting Standards (A-IFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issue Group Interpretations and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

This financial report has been prepared on an accrual and going concern basis.

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

Classification between current and non-current
In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid.

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

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

Critical accounting estimates
The preparation of financial statements in conformity with A-IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

Name Change
Effective from 1 July 2007 the name of the Authority was changed to the Goulburn-Murray Rural Water Corporation under Section 85(1) of the Water Act 1989, inserted by Section 54 of the Water Governance Act 2006. Accordingly the reporting entity for the financial year 1 July 2006 to 30 June 2007 is the Goulburn-Murray Rural Water Authority and these financial statements have been prepared on that basis.
Under these revised legislative arrangements the Chief Executive Officer as at 30 June 2007 became the Managing Director of the Corporation effective from 1 July 2007. These financial statements have been certified by the Managing Director in accordance with the accountability requirements that attach to this position at the signing date.

(b) Revenue recognition

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

Sale of bulk water
Revenue is brought to account for bulk water supplies to other water authorities at the agreed entitlement volumes.

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

Government contributions
Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the operating statement as government contributions. However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as *Equity – Contributed Capital*.

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 completed, are included as Victorian Government service fees in the Operating Statement. The cost of provision of this service is included in operating expenses.

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

(c) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short and long term borrowings, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. [refer note 19] These costs are included within finance charges in the Operating Statement.

(d) Recognition and measurement of assets

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

Acquisition
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

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

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

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

Valuation of Non-Current Physical Assets
Land and buildings are measured at the amounts for which assets could be exchanged between knowledgeable, willing parties, in an arm's length transaction.

Plant, equipment and vehicles are measured at cost.

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

Assets are primarily classified into one of five 'Purpose Groups'. Within each 'Purpose Group', all classes of assets that are measured subsequent to initial recognition using the revaluation model must be effectively revalued within the same financial year. Assets acquired within 12 months of the revaluation date are exempted from revaluation unless evidence exists that the asset's carrying value does not materially reflect its fair value.
Subsequent to acquisition, each class of assets which are subject to the revaluation model are required to be:
revalued every 5 years with timing based upon their 'Purpose Group'; and
in the case of land, may need to be subject to interim fair value assessment during the 5 year revaluation cycle where there is evidence of a material increase in value.

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.
Revaluation increases and decreases relating to individual assets within the class of land or buildings are offset against one another within that class but are not offset in respect of assets in different classes.

Impairment of Assets
Assets are assessed annually for indicators of impairment, except for

- inventories;
- financial instrument assets;

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

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

An impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

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

Non-current assets classified as held for sale
Any non-current assets that are classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Authority would consider that the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets are not depreciated if they are classified as held for sale.

(e) Depreciation and Amortisation of Non-current Assets

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

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

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

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

(f) Asset rationalisation

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 infrastructure assets will be abandoned.

(g) Leased assets

Finance Leases
The Authority has no finance leases

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

Leasehold improvements
Leasehold improvements are recognised at cost and are amortised over the unexpired portion of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date leasehold improvements are amortised over a seven year period.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdraft would be shown within interest bearing liabilities on the balance sheet. [refer notes 13]

Investments are bank bills and promissory notes with financial institutions. Investments are cash equivalents for the Statement of Cash Flows.

(i) Receivables

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

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Authority may not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the operating statement.

If payments are not made by the due date, debtors must agree to a payment schedule which will clear the debt before the next irrigation season. Supply is withheld if debtors default. There were no bad debts this financial year. [refer note 14]

(j) Inventories

Inventories comprise materials and supplies for asset construction, systems operation and general maintenance. All inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost basis. [refer note 15]

Inventories held for distribution are measured at the lower of cost and current replacement cost.

(k) Payables

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. [refer note 17]

(l) Employee benefits

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

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit. This is not indicative of the amount the Authority expects would actually be paid to employees for long service leave in the next year. The non-current liability represents long service leave accrued for employees with less than 7 years of service. [refer note 18]

Superannuation
The amount charged to the operating statement in respect of superannuation represents the contributions made by the Authority to the superannuation plan in respect to the current services of staff. Superannuation contributions are made to the plans based on the relevant rules of each plan. G-MW has no unfunded superannuation liabilities. [refer note 22]

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

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

(m) Interest Bearing Liabilities

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

Interest bearing liabilities comprise a loan from Treasury Corporation Victoria maturing in 2024 with repayments of principal and interest fixed at 6.34% per annum plus the Government Financial Accomodation levy of 0.56% which applied for the first time in 2006/07.

(n) Wholesale/retail reporting

The financial report includes note 25 reporting the wholesale and retail operations of the Authority in accordance with the Ministerial Direction under Section 51 of the Financial Management Act 1994.

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

The revenues, expenses and results include transfers between the wholesale and retail operations. These transfers are priced on an arms length basis and are eliminated on consolidation.

(o) Changes in accounting policy

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

(p) Taxation

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

The Authority currently does not bring to account tax expense, assets and liabilities in the Operating Statement and the Balance Sheet as settlement of these items is not assured beyond reasonable doubt in the foreseeable future.

(q) Goods and Services Tax

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

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

(r) Financial instruments

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. Borrowings are at a fixed interest rate and intended to be held until maturity, and investments are short term bank bills and promissory notes with financial institutions. It is also assumed that in both these cases nominal value will also approximate fair value.

2 Financial risk management

The Authority's activities expose it to financial risks, as follows:

(a) Market risk
There is a risk of a revenue shortfall caused by lower consumptive charges during prolonged drought. G-MW has sought to reduce this risk by tariff changes which reduce the reliance on consumptive charges.

(b) Liquidity risk
A change to pricing policy whereby the Authority will no longer include a renewal annuity to fund future capital works, but will fund them by borrowing, will increase this risk. As borrowings increase there is a risk that the credit rating will change adversely leading to a higher interest rate. Future capital programs and funding requirements will be structured to minimise this risk wherever possible.

	2006/07 $'000	2005/06 $'000
3 Revenue - Rates water and drainage		
Irrigation and drainage - gravity	54,232	53,488
Irrigation and drainage - pumped	2,043	2,026
Domestic and stock	659	634
Diversions direct from streams and groundwater	5,820	5,663
Total	62,754	61,811
[refer note 4]		
4 Government drought rebate		
As part of its response to the low water allocations resulting from the prolonged drought, the Victorian Government in 2006/07 provided a rates rebate for customers on systems with less than 50% of water right allocated as at 1 December 2006. This amount is included within rates water and drainage at note 3 above.	21,153	-
5 Revenue - Consumptive Charges		
Irrigation and drainage - gravity	8,450	14,896
Irrigation and drainage - pumped	359	453
Domestic and stock	31	30
Diversions direct from streams and groundwater	(33)	63
Total	8,807	15,442
6 Revenue - Sale of bulk water		
Total bulk water sales [refer note 25]	21,784	22,728
Less Bulk water sales to G-MW retail business [refer note 8]	(16,216)	(17,076)
Bulk water sales to other organisations	5,568	5,652

		2006/07 $'000	2005/06 $'000
7	**Revenue - Other external clients**		
	Murray-Darling Basin Commission	14,548	12,818
	Other external clients	4,727	5,500
	Total	19,275	18,318

G-MW is the Victorian construction authority for the Murray-Darling Basin Commission and completes contracted works on a cost recovery basis. The associated expense is reported in note 8 below.

		2006/07 $'000		2005/06 $'000	
		Bulk Water	Total Expense	Bulk Water	Total Expense
8	**Expenses - Operations**				
	Irrigation and drainage - gravity	14,527	38,402	15,310	35,326
	Irrigation and drainage - pumped	244	778	253	772
	Domestic and stock	52	312	52	257
	Diversions direct from streams and groundwater	1,393	3,446	1,460	3,390
	Government services contract	-	4,676	-	4,597
	Headworks	-	17,411	-	15,158
	Murray-Darling Basin Commission	-	13,583	-	11,950
	Sub-total	16,216	78,608	17,075	71,450
	Deduct bulk water		(16,216)		(17,075)
	Total		62,392		54,375

The bulk water charge is an internal charge levied on retail services by the wholesale business. [refer note 6] This charge is not included as an operating expense in the Operating Statement, but is included as an operating expense in reporting the Wholesale and Retail Operations at note 25.

		2006/07 $'000	2005/06 $'000
9	**Maintenance**		
	Irrigation and drainage - gravity	24,606	17,071
	Irrigation and drainage - pumped	590	466
	Domestic and stock	62	117
	Diversions direct from streams and groundwater	345	1,056
	Headworks	5,294	4,706
	Corporate	1,802	659
		32,699	24,075

Late in 2005/06 the Authority commenced an advanced maintenance program targetting assets where early intervention could produce long term savings. The costs of this program are included in the maintenance total. In 2006/07 this program continued with $11.3 million spent ($1.8 million in 2005/06).

10	**Labour related costs**		
	Direct salaries	38,699	36,807
	Leave entitlements	7,631	6,819
	Superannuation	2,806	2,443
	Payroll tax	2,029	2,039
	Workcover	809	865
	Total	51,974	48,973
	Included within this amount is the cost of labour directly attributable to capital projects and therefore capitalised.	5,453	4,447

	2006/07 $'000	2005/06 $'000
11 Audit Fees		
External audit - Auditor General	85	83
Internal audit - AFS	45	42

12 Expense - Insurance

G-MW purchased insurances in 2006/07 for storages and buildings and for public liability. It also purchased insurances for Directors and Officers Liability, Professional Indemnity, Marine Hull, Personal Accident, and specific construction projects.

G-MW retains a broker to assist in the management of its general insurances (which excludes workers compensation insurance and motor vehicle fleet) and to advise on insurance matters as required.

	1,812	1,941
13 Cash and cash equivalents [refer note 1 (h)]		
Cash at bank	8,395	3,963
Investments	-	22,000
Cash held at the end of the year as per Statement of Cash Flows	8,395	25,963
14 Receivables [refer note 1(i)]		
Debtors	40,154	17,863
Less provision for doubtful debts	(100)	(100)
Prepayments	993	176
Total	41,047	17,939
15 Inventories [refer note 1(j)]		
Stores and consumables at cost	839	796

16 Non-current assets

	Wholesale		Retail		Total	
	2006/07 $'000	2005/06 $'000	2006/07 $'000	2005/06 $'000	2006/07 $'000	2005/06 $'000
Land	44,797	34,085	3,731	3,038	48,528	37,123
At fair value as at 30 June 2007						
Buildings	4,588	10,442	8,262	17,012	12,850	27,454
At fair value as at 30 June 2007						
Less: Accumulated depreciation	-	6,670	-	7,064	-	13,734
	4,588	3,772	8,262	9,948	12,850	13,720
Buildings	424		4,514		4,938	-
At cost as at 30 June 2007						
Less: Accumulated depreciation	203		254		457	-
	221	-	4,260		4,481	-
Plant, equipment furniture and fittings	2,002	2,974	28,036	23,669	30,038	26,643
At cost						
Less: Accumulated depreciation	1,214	1,430	20,299	19,112	21,513	20,542
	788	1,544	7,737	4,557	8,525	6,101
Total land, buildings and equipment	**50,394**	**39,401**	**23,990**	**17,543**	**74,384**	**56,944**
Infrastructure	1,123,309	1,117,164	1,848,150	1,851,659	2,971,459	2,968,823
At deemed value						
Less: Accumulated depreciation	300,312	290,236	841,849	829,852	1,142,161	1,120,088
	822,997	826,928	1,006,301	1,021,807	1,829,298	1,848,735
Infrastructure under construction	3,301	-	23,843	-	27,144	-
At cost						
Total infrastructure	**826,298**	**826,928**	**1,030,144**	**1,021,807**	**1,856,442**	**1,848,735**
Total	**876,692**	**866,329**	**1,054,134**	**1,039,350**	**1,930,826**	**1,905,679**

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

16 Non-current assets (cont)

Reconciliations

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

2006/07	Opening WDV $'000	Additions $'000	Transfers $'000	Disposals $'000	Revaluation Increment $'000	Depreciation $'000	Closing WDV $'000
Land	37,123	-	-	-	11,405	-	48,528
Buildings	13,720	272	(4)	(481)	4,496	(672)	17,331
Plant, equipment, furniture and fittings	6,100	4,806	2	(92)	-	(2,291)	8,525
Infrastructure	1,848,736	31,944	(17,582)	(5,461)	-	(28,339)	1,829,298
Under construction	-	9,560	17,584	-	-	-	27,144
Total	1,905,679	46,582	0	(6,034)	15,901	(31,302)	1,930,826

2005/06	Opening WDV $'000	Additions $'000	Transfers $'000	Disposals $'000	Revaluation Increment $'000	Depreciation $'000	Closing WDV $'000
Land	37,190	33	-	(100)	-	-	37,123
Buildings	13,655	654	-	-	-	(589)	13,720
Plant, equipment, furniture and fittings	6,502	1,796	-	(193)	-	(2,005)	6,100
Infrastructure	1,825,181	53,842	-	(2,365)	-	(27,922)	1,848,736
Total	1,882,528	56,325	-	(2,658)	-	(30,516)	1,905,679

	2006/07 $'000	2005/06 $'000
17 Payables [refer note 1(k)]		
Trade creditors	14,548	8,479
Accrued expenses	18,170	18,602
Payroll related accruals	2,092	1,419
Total	34,810	28,500
18 Employee benefits [refer note 1(l)]		
Current		
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service.		
- Short term employee benefits that fall due within 12 months after the end of the period measured at nominal value	4,694	4,146
- Other long term Employee benefits that do not fall due within 12 months after the end of the period, measured at present value	9,720	8,115
Total Current	14,414	12,261
Non-current		
Conditional long service leave	736	1,053
Total	15,150	13,314
Employee numbers at end of financial year	663	641
The following assumptions were adopted in measuring the present value of long service leave entitlements		
Weighted average increase in employee costs	3.9%	3.9%
Weighted average discount rates	1.7%	1.3%
Weighted average settlement period (years)	13	13

		2006/07 $'000	2005/06 $'000
19	**Interest bearing liabilities** [refer note 1(m)]		
	Current	469	441
	Non-current	13,287	13,756
		13,756	14,197
20	**Equity and movements in equity**		
	(a) Reserves		
	Asset revaluation reserve		
	Balance 1 July	10,376	10,376
	Revaluation increment	15,901	-
	Balance 30 June	26,277	10,376
	(b) Contributed capital		
	Balance 1 July	1,695,643	1,676,597
	Salinity program capital contributions	2,451	2,046
	Other capital contributions	32,923	17,000
	Balance 30 June	1,731,017	1,695,643
	The treatment of capital contributions is as agreed with the Department of Sustainability and Environment and in accordance with Interpretation 1038, Contributions by Owners to Wholly Owned Public Sector Entities. Other capital contributions includes $16m for the water recovery package, $12m for total strategic measurement program and $4m for Tullaroop dam safety works.		
	(c) Accumulated deficit		
	Accumulated deficit at the beginning of the year	188,347	192,562
	Net result for the year	(28,250)	(4,215)
	Accumulated deficit at the end of the year	160,097	188,347
	Reconciliation of equity		
	Total equity at the beginning of the year	1,894,366	1,879,535
	Total changes in equity recognised in the operating statement	(28,250)	(4,215)
	Salinity program capital contributions [refer note 20(a) & 20(b)]	2,451	2,046
	Other capital contributions [refer note 20(a) & 20(b)]	32,923	17,000
	Revaluation increment [refer note 20(a) & 20(b)]	15,901	
	Total equity at the end of the year	1,917,391	1,894,366
21	**Reconciliation of loss for the period to net cash flows from operating activities**		
	Net loss for the year	(28,250)	(4,215)
	Add non cash flow items in net loss		
	Depreciation	31,302	30,516
	Loss on sale of fixed assets	295	80
	Written down value of assets abandoned	5,461	2,365
	Change in assets and liabilities		
	(Increase)/decrease in inventories	(43)	309
	(Increase)/decrease in debtors and prepayments	(4,358)	3,385
	Increase/(decrease) in creditors and accrued expenses	6,310	(2,288)
	Increase/(decrease) in provision for employee entitlements	1,836	232
	Net cash flows from operating activities	12,553	30,384

			2006/07 $'000	2005/06 $'000
22 Superannuation				
G-MW contributes in respect of its employees, to the superannuation schemes of the Boards and Authorities listed below. Contribution details are:				
	Employee Contribution			
	Numbers	Rate %		
State Employee Retirement Benefits Board (defined benefits scheme)	13	12.80	74	72
State Superannuation Board, Revised Scheme (defined benefits scheme)	26	17.00	350	359
State Superannuation Board, New Scheme (defined benefits scheme)	215	9.80	1,064	1,056
Vision Super (defined benefits scheme)	7	9.25	75	78
Vision Super Saver (accumulation fund)	381	9.00	1679	1,439
Other minor schemes	21	9.00	74	14
Total Contributions to all Funds			3,316	3,018

At 30 June 2007 the total of outstanding superannuation contributions was $778,000 (2006 $375,000), which forms part of creditors and accrued expenses.

State Superannuation Schemes

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

Vision Super Saver - Accumulation Fund

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

Vision Super - Defined Benefit Fund

The Victorian Department of Treasury and Finance recognises any unfunded liability for this scheme in its financial statements and has directed that government agencies treat this fund as if it were a defined contribution fund.

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

23 Commitments		
Capital commitments		
Various construction and technology related projects in progress	2,109	15,301
Total	2,109	15,301

This represents commitments outstanding on contracts for capital works.

These commitments all fall due within one year.

Operating Lease Commitments

Operating lease rental commitments for vehicles, buildings and equipment as at 30 June 2007		
Not later than 1 year	4,412	3,500
Later than 1 year and not later than 5 years	7,981	5,547
Later than 5 years	2,572	2,334
Total	14,965	11,381

		2006/07 $'000	2005/06 $'000
24	**Contingent liabilities**		
	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.	236	328

25	**Wholesale and retail operations**	Wholesale		Retail	
	[refer note 1(n)]	2006/07 $'000	2005/06 $'000	2006/07 $'000	2005/06 $'000
	Bulk water sales - urban [refer note 6]	2,255	2,234	-	-
	Bulk water sales - rural [refer note 6]	19,529	20,493	-	-
	Retail service charges	-	-	62,754	61,812
	Retail usage charges	-	-	8,807	15,442
	Other revenue	17,531	15,441	24,078	21,755
	Total revenue	**39,315**	**38,168**	**95,639**	**99,009**
	Operating expenditure	30,994	27,108	47,615	44,342
	Maintenance	5,294	4,342	27,405	19,734
	Depreciation	10,530	10,462	20,772	20,054
	Other expenditure	2,652	3,379	17,942	11,971
	Total expenditure	**49,470**	**45,291**	**113,734**	**96,101**
	Profit/(Loss)	**(10,155)**	**(7,123)**	**(18,095)**	**2,908**
	Investments	-	-	-	22,000
	Non-current assets [refer note 16]	876,692	866,329	1,054,134	1,039,350
	Capital expenditure - renewal/replacement	1,912	2,279	10,026	26,188
	Capital expenditure - enhancement	8,077	13,238	26,568	14,620
	Interest bearing liabilities	-	-	(13,756)	(14,197)
	Equity contribution [refer note 20(b)]	4,000	6,000	31,374	13,046

Included in bulk water sales is the amount levied on the retail business by the wholesale business. This amount is included in the revenue of the wholesale business and the expenses of the retail business (refer notes 6 and 8). These amounts are eliminated in the Operating Statement.

26	**Transactions with other Victorian Government controlled entities**	2006/07 $'000	2005/06 $'000
	Transactions between entities within the Sustainability and Environment Portfolio		
	Revenues and capital contributions	48,723	29,938
	Expenses	12,808	13,175
	Transactions with other entities controlled by the Victorian Government		
	Expenses	3,955	3,702

27 Post Balance Day Events

In June 2007 the Victorian Government announced the $1 billion Foodbowl Modernisation Project, with $600 million to be contributed by State Government, $300 million by Melbourne Water, and $100 million to be contributed by G-MW. This represents a significant investment in modernising G-MW's infrastructure assets over the next few years. The detailed impacts are yet to be determined but are likely to have significant impact on the future financial reports of the Corporation. These may include:-

- Significant amounts of Government contributed capital in the Statement of Changes in Equity
- Likely increases in long tem borrowings to fund the Corporation's $100 million contribution to the project
- Significant book write-offs of assets rationalised and reconfigured as part of the project.

28 Responsible persons

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

Ministers

The Hon. John Thwaites MP, Minister for Water, Environment and Climate Change.

Remuneration of responsible persons

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

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

Directors of the G-MW Board

Donald Matthew Cummins (Chair)
John Maurice Pettigrew (Deputy Chair)
John David Brooke
Craig Kenneth Cook
Peter Maurice Fitzgerald
Desmond Powell
Vicki Jean Sutherland

The total directors' remuneration was $252,000 (2005/06 $251,137). Payments were made to individual directors within the following bands:

	Number of Directors	
Remuneration Band	2006/07	2005/06
$30,000 to $39,999	6	6
$60,000 to $69,999	1	1

The total remuneration to non-director executive officers receiving more than $100,000 was $1,142,910 (2005/06 $1,321,354).

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

	Number of Executive Officers	
Remuneration Band	2006/07	2005/06
$120,000 to $129,999	-	2
$130,000 to $139,999	-	1
$140,000 to $149,999	1	1
$150,000 to $159,999	1	-
$160,000 to $169,999	-	1
$170,000 to $179,999	1	1
$180,000 to $189,999	1	1
$190,000 to $199,999	1	-
$250,000 to $259,999	-	1
$280,000 to $289,999	1	-

Transactions with directors:

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

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

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

29 Income Tax [refer note 1(p)]

G-MW will not pay income tax for 2006/07. 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 Operating Statement and Balance Sheet.

Prima facie Tax Calculations	2006/07 $'000	2005/06 $'000
Profit/(loss) from ordinary activities	(28,250)	(4,215)
Prima facie tax calculated at 30%	(8,475)	(1,265)
Tax effect of permanent differences		
Non-deductible depreciation	202	177
R & D concessional expenditure	(231)	(169)
	-	-
Prima facie income tax expense	**(8,504)**	**(1,257)**
Income tax expense comprises:		
Deferred tax liability	22,894	25,352
Deferred tax asset	(31,398)	(26,609)
Deferred tax asset - losses not recognised	8,504	1,257
Income tax expense disclosed in the financial statements	-	-

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

(i) the Authority derived 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.

30 Financial instruments

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

Financial instrument	Notes	Floating	Fixed interest maturing			Non-	Total
		interest	In 1 year	1 to 5	Over 5	interest	
2007		rate	or less	years	years	bearing	
		$'000	$'000	$'000	$'000	$'000	$'000
(i) Financial assets							
Cash	13	8,395	-	-	-	-	8,395
Receivables	14	2,601	-	-	-	38,446	41,047
Investments		-	-	-	-	-	-
		10,996	-	-	-	38,446	49,442
Weighted average interest rate		7.4%					
(ii) Financial liabilities							
Interest bearing liabilities	18	-	469	2,198	11,089	-	13,756
		-	469	2,198	11,089	-	13,756
Interest rate			6.9%	6.9%	6.9%	-	
Net financial assets/(liabilities)		10,996	(469)	(2,198)	(11,089)	38,446	35,686

Financial instrument	Notes	Floating	Fixed interest maturing			Non-	Total
		interest	In 1 year	1 to 5	Over 5	interest	
2006		rate	or less	years	years	bearing	
		$'000	$'000	$'000	$'000	$'000	$'000
(i) Financial assets							
Cash	13	3,963	-	-	-	-	3,963
Receivables	14	4,396	-	-	-	13,543	17,939
Investments		22,000	-	-	-	-	22,000
		30,359	-	-	-	13,543	43,902
Weighted average interest rate		6.5%					
(ii) Financial liabilities							
Interest bearing liabilities	18	-	441	2,065	11,691	-	14,197
		-	441	2,065	11,691	-	14,197
Interest rate			6.3%	6.3%	6.3%		
Net financial assets/(liabilities)		30,359	(441)	(2,065)	(11,691)	13,543	29,705

Fair Value

The carrying amount and fair value of interest bearing liabilities at balance date are:

	2006/07	2005/06
	$'000	$'000
Carrying amount	13,756	14,197
Fair value	13,638	14,284

Concentrations of credit risk

G-MW'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.

Interest earnings on cash and cash equivalents

Cash at bank earns interest at a rate of 6.14%, varying between 5.63% and 6.16% during the year.
Investments earned floating interest rates from 5.95% to 6.32% during the year.

Goulburn-Murray Water
Statutory Certification

We certify the attached financial statements for Goulburn-Murray Rural Water Authority have been prepared in accordance with Part 7 of the Directions of the Minister for Finance under the *Financial Management Act* 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Report, presents fairly the financial transactions during the year ended 30 June 2007 and the financial position of the Authority as at 30 June 2007.

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

Don Cummins
Chairperson

David Stewart
Acting Managing Director

Trevor Ierino
Chief Financial Officer

15 August 2007

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Goulburn-Murray Rural Water Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of Goulburn-Murray Rural Water Authority which comprises an operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statutory certification has been audited.

The Responsibility of the Members of the Board for the Financial Report

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

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

Auditor's Responsibility

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

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

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

Independence

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

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Goulburn-Murray Rural Water Authority as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act* 1994.

MELBOURNE
16 August 2007

D.D.R. Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Goulburn-Murray Water
Financial Perfomance Indicators

Performance indicator	2005-06 Result	2006-07 Result	2006-07 Target	Variance %
FINANCIAL PERFORMANCE INDICATORS				
Long Term Profitability Earnings before net interest and tax ÷ Average total assets	-0.2%	-1.5%	-1.4%	-0.1%
Owner's Investment Net profit after tax ÷ average total equity	-0.2%	-1.5%	-1.5%	0
Long Term Financial Viability Total debt (including finance leases) ÷ total assets	0.7%	0.7%	1.0%	-0.3%
Liquidity and Debt Servicing (Interest Cover) Earnings before net interest and tax expense ÷ net interest expense	N/A*	N/A		
Immediate Liquidity and Debt Servicing (Cash Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	N/A*	N/A		

*During 2006/07 the Authority did not have net interest expense as interest received exceeded interest paid.

Goulburn-Murray Water
Financial Perfomance Indicators

Performance statement for 2006/07

In our opinion the accompanying performance indicators relating to the 2006/07 financial year are presented fairly in accordance with the direction of the Minister for Water, Environment and Climate Change under the Financial Management Act 1994.

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

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

Don Cummins
Chairperson

David Stewart
Acting Managing Director

15 August 2007

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Goulburn-Murray Rural Water Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

The Statement of Performance

The accompanying statement of performance for the year ended 30 June 2007 of Goulburn-Murray Rural Water Authority comprises the statement, the related notes and the performance statement certification.

The Responsibility of the Members of the Board for the Statement of Performance

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In my opinion, the statement of performance of Goulburn-Murray Rural Water Authority in respect of the 30 June 2007 financial year presents fairly, in all material respects, in accordance with the *Financial Management Act* 1994.

MELBOURNE
16 August 2007

D.D.R. Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Appendices

List Of Appendices

Appendix A1

Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report	Notes
17.1(d)	Diversions at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	118,809 ML	
	Stuart Murray Canal	342,878 ML	See Note 2
	East Goulburn Main Channel	123,529 ML	
	Total Goulburn Weir offtake diversion	**585,216 ML**	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the *Water Act 1989*	54,147 ML	
17.1(e)(ii)	Diversion by other Authorities	23,586 ML	
17.1(g)	Storage contents		
	Lake Eildon	353,610 ML	Vol 30/6/07
	Goulburn Weir	24,045 ML	Vol 30/6/07
	Waranga Basin	66,828 ML	Vol 30/6/07
	Greens Lake	14,736 ML	Vol 30/6/07
17.1(h)	Target filling releases	None	
17.1(i)	Credits	None	
17.1(j) & 17.1(k)	Net permanent and temporary transfers of this BE	Permanent: -37,071 ML Temporary: 54,114 ML	See Note 3
17.1(l)	Goulburn Weir releases for supplement or environmental purposes	None	
17.1(m)	Alterations to Schedule 1 entitlements		
	Water Right	Decreased by 3,961 ML	See Note 4
	Licence Volume	Increased by 163 ML	See Note 5
17.1(n)	Transfers of primary entitlements	See Appendices C1 to C5	
17.1(o)	Supply to primary entitlements	438,561 ML	See Note 6
17.1(p)	Amendments to this BE	Yes	See Note 7
17.1(q)	New BE granted	Yes	See Note 8
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 9
17.1(s)	BE compliance failures	Minor	See Note 10
17.1(t)	BE compliance difficulties	None	

Notes

1. Volumes were obtained from hydrographic data collected by Thiess Services:
   - Cattanach Canal — SI No 405702
   - Stuart Murray Canal — SI No 405700
   - East Goulburn Main Channel — SI No 405704
2. Volume passed back to Goulburn River from meter and outlet testing facility is deducted from the flow diverted to the Stuart Murray Canal (SI No 405700).
3. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE.
4. Alteration of BE due to permanent transfers of Water Right.
5. Alteration of BE due to permanent transfers of diversion licences (Licence Volume).
6. Water supplied to primary entitlements, including licence diversions, irrigation areas and urbans.
7. Amendments during 2006/07:
   Bulk Entitlement (Eildon - Goulburn Weir) Conversion Further Additional Amendment Order 2006 was gazetted on 19 October 2006 to amend Schedule 7, to specify the revised entitlement for the Normanville Waterworks District and to delete the specification of entitlement for Quambatook.
   Bulk Entitlement (Eildon - Goulburn Weir) Conversion Amending Notice 2007 was gazetted on 29 June 2007.
8. Environmental Entitlement, Goulburn River - Living Murray, 2007. Gazetted on 28 June 2007. Specifies the use of water recovered from the Goulburn River for increased environmental flow along the River Murray.
9. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
10. There were 8 days where the daily passing flow at McCoys Bridge was not met. These include three consecutive days in December up to 15 ML/day below requirement, four consecutive days in March up to 30 ML/d below requirement and one day in April within 1 ML. All breaches caused by operational difficulties associated with large travel times from Goulburn Weir to McCoys Bridge.

Appendix A2

Bulk Entitlement (Eildon - Goulburn Weir) Reporting: Diversions by other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Goulburn Valley Water	Alexandra	916	423	
	Bonnie Doon	112	49	
	Eildon	480	139	
	Euroa	1,990	618	
	Mooroopna	300	140	See Note 1
	Murchison	350	204	
	Nagambie	825	550	
	Seymour	5,340	1,796	
	Shepparton	17,970	13,086	See Note 1
	Colbinabbin (channel supply)	89	26	
	Corop (channel supply)	44	12	
	Dookie (channel supply)	160	126	
	Girgarre (channel supply)	100	49	
	Katandra West (channel supply)	64	58	
	Kyabram and Merrigum (channel supply)	2,000	1,361	
	Rushworth (channel supply)	530	43	
	Stanhope (channel supply)	200	92	
	Tatura (channel supply)	2,600	1,951	
	Tongala (channel supply)	1,404	923	
	TOTAL	**35,474**	**21,642**	
Coliban Water	Boort (channel supply)	425	192	
	Pyramid Hill (channel supply)	300	236	
	Lockington (channel supply)	130	92	
	Mitiamo (channel supply)	60	23	
	Dingee (channel supply)	50	9	
	Rochester (channel supply)	1,400	1,270	
	Macorna (channel supply)	40	7	
	Mysia (channel supply)	15	7	
	TOTAL	**2,420**	**1,836**	
GWMWater	Includes supplementary supplies to Lower Goulburn River for transfer arrangement for supply of Goulburn Water to the Tungamah domestic & stock system and Snowy Inter-Valley Transfer.	100	108	See Note 2
	TOTAL	**100**	**108**	
TOTAL ALL AUTHORITIES (ML)		**37,994**	**23,586**	See Note 3

Notes

1. Shepparton, Mooroopna and Toolamba all share the same supply bulk entitlement.
2. Quambatook usage in 2006/07 exceeded the available bulk entitlement volume.
3. All Goulburn urban bulk entitlements were restricted to 95.1% of their Bulk Entitlement due to low inflows into Lake Eildon.

Appendix A3

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

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray - Goulburn Murray Water) Conversion Order 1999 ("BE"), which obliges the Authority to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report		Notes
22.1(b)	**Offtake points**			
	Cobram pump station		6,025 ML	See Note 1
	Yarrawonga Main Channel		385,334 ML	
	Torrumbarry diversions			
	National Channel		558,004 ML	
	Ashwin's pump		90 ML	
	Pental Island pumps		3,860 ML	
	Swan Hill No 9 channel offtake from Little Murray (if Fish Point Weir open)		0 ML	See Note 2
	Swan Hill pumps		13,996 ML	
	Nyah pumps		5,688 ML	
	Woorinen pumps		10,102 ML	
	Private diversion points		36,207 ML	
	Total diversions at offtake points		**1,013,281 ML**	
22.1(c)	New offtake points		Yes	See Note 1
22.1(d)	**Return points**			
	Broken Creek		20,870 ML	
	Yarrawonga Main Channel outfall		5,379 ML	
	Torrumbarry returns			
	Koondrook spillway		10,335 ML	
	Loddon River at Kerang Weir		21,972 ML	
	Sheepwash Creek Weir		0 ML	
	Little Murray Weir (if Fish Point Weir closed)		1,290 ML	See Note 2
	6/7 channel outfall (if Fish Point Weir open)		0 ML	See Note 2
	Lake Boga outfall channel		0 ML	
	Barr Creek at Capel's Crossing		5,226 ML	
	Total returns		**65,072 ML**	
22.1(e)	**G-MW supplies to other authorities**	**BE Volume**	**Supplied**	
	Coliban Water			
	Cohuna	677 ML	758 ML	See Note 3
	Gunbower	131 ML	85 ML	
	Leitchville	422 ML	441 ML	See Note 3
	Lower Murray Water			
	Kerang	1,700 ML	612 ML	
	Murrabit	60 ML	32 ML	
	Goulburn Valley Water			
	Katamatite	84 ML	61 ML	
	Nathalia	652 ML	428 ML	
	Numurkah/Wunghnu	1,206 ML	979 ML	
	Picola	44 ML	25 ML	
	DSE environmental allocation	27,600 ML	19,282 ML	
	Total supplies to other authorities		**22,703 ML**	
22.1(f)	Supply to primary entitlements		706,932 ML	
22.1(g)	Metering program		Program implemented	See Note 4
22.1(h) & 22.1(i)	Net permanent and temporary transfers of this BE		Permanent: -5,836 ML	See Note 5
			Temporary: -28,877 ML	
22.1(j)	Amendment to this BE		Yes	See Note 6
22.1(k)	New BE granted to G-MW		None	
22.1(l)	BE compliance failures		None	
22.1(m)	BE compliance difficulties		None	

Notes

1. Cobram pump station became operational in August 2006, but is not yet recognised as a new offtake point in the BE.
2. Recognition of offtake diversions and returns depends on status of Fish Point Weir (as indicated).
3. Although the volumes supplied to Cohuna and Leitchville exceeded the nominal permissable annual volume at each location, the amount of water taken can be varied provided the total water allowed under the Authority's BE is not exceeded. The Coliban Water BE was not exceeded during 2006/07.
4. The program is coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
5. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE.
6. Amendments during 2006/07:

   Bulk Entitlement (River Murray - Goulburn-Murray Water) Conversion Further Amendment Order 2007 was gazetted on 1 February 2007 to change the streamflow value of 1,000 ML in the Loddon River at Appin South specified in sub-cluase 13.1(b) to 2,100 ML as a result of the Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005.

   Bulk Entitlement (River Murray - Goulburn-Murray Water) Conversion Amending Notice 2007 was gazetted on 29 June 2007.

Appendix A4

Bulk Entitlement (Campaspe - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ("BE"), which obliges the Authority to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report		Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	2,757 ML		
18.1(f)	G-MW share of diversion to primary entitlements	2,122 ML		See Note 1
18.1(g)	G-MW share of annual evaporation losses	1,539 ML		
18.1(h)	Internal spills from or to G-MW's share of storage	None		
18.1(i)	Minimum passing flows	**Required**	**Actual**	
	Campaspe River d/s Lake Eppalock	1,091 ML	7,223 ML	
	Campaspe River d/s Campaspe Siphon	1,680 ML	4,136 ML	
18.1(j)	Credits granted	None		
18.1(k) & 18.1(l)	Net permanent and temporary transfers of this BE	Permanent: -1,136 ML		See Note 2
		Temporary: 124 ML		
18.1(m)	Seasonal allocations in any month	All season - 0%		
18.1(n)	Alterations to Schedule 1 entitlements			
	Water Right	Decreased by 105 ML		See Note 3
	Licence Volume	Decreased by 53 ML		See Note 4
18.1(o)	Transfers of primary entitlements	See Appendices C1 to C5		
18.1(p)	Supply to primary entitlements	373 ML		See Note 5
18.1(q)	Amendments to this BE	Yes		See Note 6
18.1(r)	New BE granted	None		
18.1(s)	Environmental Management and Metering programs	Programs implemented		See Note 7
18.1(t)	BE compliance failures	Minor		See Note 8
18.1(u)	BE compliance difficulties	None		
18.1(v)	Interruptions to minimum passing flows	Yes		

Notes

1. Although there was a zero allocation, supply to primary entitlements were made to meet qualified rights.
2. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE. Temporary transfer allowable due to access to Goulburn allocation at Campaspe Weir.
3. Alteration of BE due to permanent transfers of Water Right.
4. Alteration of BE due to permanent transfers of diversion licences (Licence Volume).
5. Although there was a zero allocation, supply to primary entitlements were made to meet qualified rights.
6. Amendments during 2006/07:

   A Ministerial Direction, jointly requested G-MW and the North Central Catchment Management Authority, was granted on 31 October 2006 to reduce passing flow obligations.

   Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Amending Notice 2007 was gazetted on 29 June 2007.
7. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. Additional water quality monitoring was undertaken in cooperation with the North Central Catchment Management Authority following the Ministerial direction and preparation of a drought adaptive management plan for the Campaspe River system.
8. Daily flow compliance failures occurred on 8 days downstream of the Campaspe Siphon. These failures did not occur on consecutive days and were caused by unpredictable changes to compliance (natural flow) requirements.

Appendix A5

Bulk Entitlement (Campaspe - Goulburn-Murray Water) Reporting: Diversions by other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Coliban Water	Axedale/Goornong	109	93	See Note 1
	Part Rochester	134	0	See Note 2
	TOTAL	**243**	**93**	
TOTAL ALL AUTHORITIES (ML)		**243**	**93**	

Notes

1. Axedale and Goornong have a combined maximum annual entitlement volume of 217 ML. The entitlement was reduced by 50% to 109 ML based on Qualification of Right.
2. All of the Rochester usage for the year was supplied via the Waranga Western Channel on the Goulburn system.

Appendix A6

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

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report		Notes
20.1(d)	Storage contents			
	Nillahcootie		11,035 ML	Vol 30/6/07
	Mokoan		36,399 ML	Vol 30/6/07
20.1(e)	Diversion to primary entitlements		26,480 ML	See Note 1
20.1(f)	Annual evaporation losses from storages			
	Nillahcootie		2,145 ML	
	Mokoan		49,079 ML	
20.1(g)	Environmental minimum flows	**Required**	**Actual**	
	Broken River at Moorngag	1,262 ML	14,160 ML	See Note 2
	Broken River d/s Broken Weir	1,206 ML	9,389 ML	
	Hollands Creek d/s Diversion Weir	1,100 ML	1,112 ML	
	Broken River at Gowangardie Weir	6,384 ML	29,211 ML	
20.1(h)	Credits granted		None	
20.1(i) & 20.1(j)	Net permanent and temporary transfers of this BE		Permanent: 0 ML Temporary: 0 ML	See Note 3
20.1(k)	Alterations to Schedule 1 entitlements			
	Licence Volume		No change	
20.1(l)	Transfers of primary entitlements		See Appendices C1 to C5	
20.1(m)	Supply to primary entitlements		24,934 ML	
20.1(n)	Amendments to this BE		Yes	See Note 4
20.1(o)	New BE granted		None	
20.1(p)	Environmental Management and Metering programs		Programs implemented	See Note 5
20.1(q)	BE compliance failures		Minor	See Note 2
20.1(r)	BE compliance difficulties		None	
20.1(s)	Interruptions to minimum passing flows		None	

Notes

1. Includes supplementary supplies to Lower Goulburn River for transfer arrangement for supply of Goulburn Water to the Tungamah domestic & stock system and Snowy Inter-Valley Transfer.
2. Compliance failures:
   Daily flow compliance failure at Moorngag on 7 separate days associated with the rate of change of flows.
3. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE.
4. Amendments during 2006/07:
   Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Amending Notice 2007 was gazetted on 29 June 2007.
5. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.

Appendix A7

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

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report		Notes
19.1(e)	Diversion to primary entitlements		13,907 ML	See Note 1
19.1(f)	Annual evaporation losses			
	Lake Buffalo		1,548 ML	
	Lake William Hovell		378 ML	
19.1(g)	Environmental minimum flows	**Required**	**Actual**	
	Ovens River at Wangaratta	20,344 ML	131,636 ML	
	Buffalo River downstream of Lake Buffalo	11,744 ML	45,680 ML	
	King River at Docker Road and Hurdle Ck at Bobbinawarrah	5,626 ML	28,332 ML	
	King River at Cheshunt	7,541 ML	33,078 ML	
	Ovens River at Rocky Point	12,297 ML	129,732 ML	
	Ovens River at Peechelba	12,746 ML	119,431 ML	
19.1(h)	Credits granted		None	
19.1(i) & 19.1(j)	Net permanent and temporary transfers of this BE		Permanent: - 40 ML Temporary: 0 ML	See Note 2
19.1(k)	Alterations to Schedule 1 entitlements			
	Licence Volume		Increased by 60 ML	See Note 3
19.1(l)	Transfers of primary entitlements		See Appendices C1 to C5	
19.1(m)	Supply to primary entitlements		13,907 ML	See Note 4
19.1(n)	Amendments to this BE		Yes	See Note 5
19.1(o)	New BE granted		None	
19.1(p)	Environmental Management and Metering programs		Programs implemented	See Note 6
19.1(q)	BE compliance failures		Yes	See Note 7
19.1(r)	BE compliance difficulties		Yes	See Note 7
19.1(s)	Interruptions to minimum passing flows		None	

Notes

1. The total volume of water taken for irrigation and urban supplies
2. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE.
3. Alteration of BE due to permanent transfers of diversion licences (Licence Volume).
4. Supply to primary entitlements is the same as the total amount of water taken from the system.
5. Amendments during 2006/07:

   Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Amending Notice 2007 was gazetted on 29 June 2007.
6. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
7. Severe and unprecedented drought conditions caused all stream in the Ovens drainage basin to cease flowing, including the Ovens River at Myrtleford. The operational focus was shifted to maintenance of some river flow and the assurance of supplies for essential human needs at Wangaratta. This resulted in flow not meeting the BE environmental minimum flow clauses as follows:

   21 days at Docker Road, including 7 consecutive days, up to 22 ML/d due to unpredictability of inflows and higher than anticipated loss and extraction.

   36 days downstream of Lake Buffalo, occurred for extended periods between late March and mid-May by up to 40 ML/d as resources were conserved in Lake Buffalo.

   6 days at Rocky Point consecutively during April by up to 50 ML/d, while resources were conserved in Lake Buffalo.

   88 days downstream of Wangaratta between mid-January to mid-May, up to 80 ML/d while operations focused on supply to Wangaratta.

Appendix A8

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

This appendix is included in the Goulburn-Murray Water 2006/07 Annual Report in compliance with the requirements of clause 21.3 of the Bulk Entitlement (Loddon System - Goulburn-Murray Water) Conversion Order 2005 ("BE"), which obliges the Authority to report on certain matters as specified in clause 21.1 of the same Order. The period of reporting is 1 July 2006 to 30 June 2007.

BE Clause	Item	Report	Notes
21.1(f)	Diversion to primary entitlement	4,818 ML	See Note 1
20.1(g)	Annual evaporation losses from storages		
	Cairn Curran	1,332 ML	
	Tullaroop	2,209 ML	
20.1(h)	Credits granted	None	
20.1(i) & 20.1(j)	Net permanent and temporary transfers of this BE	Permanent: -82 ML Temporary: 20 ML	See Note 2
20.1(k)	Alterations to Schedule 1 entitlements		See Note 3
	Licence Volume	Decreased by 82 ML	
20.1(l)	Transfers of primary entitlements	See Appendices C1 to C5	
20.1(m)	Supply to primary entitlements	4,818 ML	See Note 4
20.1(n)	Amendments to this BE	Yes	See Note 5
20.1(o)	New BE granted	None	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 6
20.1(q)	BE compliance failures	Yes	See Note 7
20.1(r)	BE compliance difficulties	Yes	See Note 8

Notes

The Bulk Entitlement (Loddon System - Goulburn Murray Water) Conversion Order 2005 became fully effective during the 2006/07 season. This is the first year of reporting on this BE.

1. Although there was a zero allocation, supply to primary entitlements were made to meet qualified rights.
2. Net permanent and temporary transfers of entitlement, including transfers to areas not covered by this BE. Temporary transfer allowable due to access to Goulburn allocation at Loddon Weir.
3. Alteration of BE due to permanent transfers of diversion licences (Licence Volume).
4. Supply to primary entitlements is the same as the total amount of water taken from the system.
5. Amendments during 2006/07:
   A Ministerial Qualification of Rights, jointly requested G-MW and the North Central Catchment Management Authority, was granted on 31 October 2006 to reduce passing flow obligations.
   Bulk Entitlement (Loddon System - Goulburn-Murray Water) Conversion Amending Notice 2007 was gazetted on 29 June 2007.
6. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. Additional water quality monitoring was undertaken in cooperation with the North Central Catchment Management Authority following the Ministerial direction and preparation of a drought adaptive management plan for the Loddon River system.
7. Compliance failures:
   4 days downstream of Cairn Curran up to 9 ML/d, two were caused by maintenance work.
   4 days downstream of Tullaroop, including 3 consecutive days by 3 ML/d.
   1 day downstream of Laanecoorie by 4 ML/d due to maintenance work at Laanecoorie.
   23 days downstream of Serpentine Weir by up to 8 ML/d, including 13 consecutive days due to difficulties in responding to rainfall events.
   39 days downstream of Loddon Weir, at times for extended periods due to difficulties associated with regulating low flows.
8. Operational difficulties relating to regulation of low flow downstream of Loddon Weir were experienced. Additional infrastructure installed at Loddon Weir is expected to reduce the occurrence of regulation difficulties.

Appendix B

Irrigation Deliveries for season 2006/07

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	Total Delivered in Area or District ML	Delivered outside Area or District ** ML	Total Delivered by Area or District ML	Usage Under Entitlement & Domestic & Stock Allowance ML	Sales Usage ML	
# Shepparton	164,839	105,778	68,992	27	69,019	184	69,203			69,203
# Central Goulburn	351,414	271,504	152,092	184	152,276	4,360	156,636			156,636
# Rochester	172,333	109,959	65,783	15	65,798	1,767	67,565			67,565
# Pyramid-Boort	203,184	116,147	66,365	591	66,956	468	67,424			67,424
Campaspe District	18,291	1,749	0	0	0	0	0			0
River Diversions *(includes tributaries)*										
- Broken River	50,716	22,639						22,639	0	22,639
- Goulburn River	94,116	54,147						54,147	0	54,147
- Campaspe River	25,231	280						280	0	280
- Loddon River	42,603	3,364						3,362	2	3,364
Goulburn System Total	**1,122,727**	**685,567**	**353,232**	**817**	**354,049**	**6,779**	**360,828**	**80,428**	**2**	**441,257**
# Murray Valley	258,200	385,042	264,509	112	264,621	1,497	266,118			266,118
# Torrumbarry	318,229	537,039	318,224	26	318,250	13,873	332,123			332,123
# Woorinen	12,308	10,107	8,243	2	8,245	301	8,546			8,546
Torrumbarry System Total	***330,536***	***547,146***	***326,467***	***28***	***326,495***	***14,174***	***340,669***			***340,669***
Tresco	7,921	6,286	5,926	0	5,926	0	5,926			5,926
Nyah	10,392	5,682	5,209	0	5,209	0	5,209			5,209
River Diversions *(includes tributaries)*										
- Murray River (above Hume)	5,729	3,863						3,863	0	3,863
- Murray River (Hume to Nyah)	81,267	54,793						50,291	4,501	54,793
- Mitta Mitta River	28,238	11,515						11,514	0	11,515
- Kiewa River	16,143	5,541						5,541	0	5,541
- Ovens River	56,710	10,133						10,133	0	10,133
Murray System Total	**795,136**	**1,030,001**	**602,111**	**140**	**602,251**	**15,671**	**617,922**	**81,343**	**4,502**	**703,766**
Goulburn-Murray Water Total	**1,917,862**	**1,715,568**	**955,343**	**957**	**956,300**	**22,450**	**978,750**	**161,770**	**4,504**	**1,145,024**
# GMID Total	***1,480,506***	***1,535,577***	***944,208***	***957***	***945,165***	***22,450***	***967,615***			
GMID % WR			*64%*	*0%*	*64%*	*2%*	*65%*			
G-MW Total excluding Diversions	***1,517,110***	***1,549,294***								

* Permanent entitlements allocated as at 30 June 2005 (excludes Temporary TWE, D&S Allowance and other allocations). River diversions figures include regulated and unregulated volumes.

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

*** Sales volumes include water delivered as Other Allocation (excluding deliveries to Urban systems & DSE).

Appendix C1

Table 1 Permanent transfers of Water Rights and Diversion Licences processed by the Authority during year ended 30 June 2007 - Summary

1 Permanent Summary

District/area or waterway	Total transfers from other districts / areas and waterways within Goulburn-Murray Rural Water		Internal transfers within district / area or waterway		Total transfers to other districts / areas and waterways within Goulburn-Murray Rural Water		Total transfers from districts / areas and waterways of other water authorities		Total transfers to districts / areas and waterways of other water authorities		Net increase / decrease for district/
	ML	No	ML	No	ML	No			ML	No	
Shepparton	276	9	176.5	10	843	24			5545	42	-6112
Central Goulburn	662	16	793.6	31	1993	23			13599.4	114	-14930.4
Rochester	791.8	12	530	8	560	6			7593.5	44	-7361.7
Pyramid-Boort	30	2	209	6	2325	10			6479	22	-8774
Broken River			207	4							0
Goulburn River	282	5	333	8	119	5			56	2	107
Loddon River			42	1	82	4					-82
Goulburn System Total	**2041.8**	**44**	**2291.1**	**68**	**5922**	**72**	**0**	**0**	**33272.9**	**224**	**-37153.1**
Murray Valley	315	8	1141	15	162	4			220	3	-67
Kerang/Cohuna	3552	22	2078.9	22	238	4	4.5	1	8221	37	-4907
Swan Hill	1982	16	50	2	41	3			699.6	5	1241.4
Tresco	49	1			21	3	37.1	2	75	4	-47
Nyah					103	3			135	4	-238
Woorinen	423	2	20	1	20	2			40	1	363
Mitta Mitta River			706	1							0
Kiewa River			45.8	3					7.3	1	-7.3
Ovens River	60	2	468	17					100	1	-40
Murray River	188	5	637.2	10	1945.8	8			416	5	-2173.8
Murray System total	**6569**	**56**	**5146.9**	**71**	**2530.8**	**27**	**41.6**	**3**	**9913.9**	**61**	**-5875.7**
Campaspe District			150	1	105	2			657	4	-762
Campaspe River	105	2	24.8	3	158	1			320.9	3	-373.9
Campaspe System Total	**105**	**2**	**174.8**	**4**	**263**	**3**	**0**	**0**	**977.9**	**7**	**-1135.9**
	8715.8	102	7612.8	143	8715.8	102	41.6	3	44164.7	292	-44164.7

Appendix C2

Table 1.1 Permanent transfers of water rights and diversion licences processed by the authority during year ended 30 June 2007
Transfers from and to districts / areas and waterways within the Goulburn-Murray Water Rural Authority

To	Shepparton		Central Goulburn		Rochester		Pyramid-Boort		Broken River		Goulburn River		Loddon River		Murray Valley		Kerang/Cohuna		Swan Hill	
From	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.	MLs	No.
Shepparton	177	10	263	10	97	3					39	2			276	5	81	2	87	2
Central Goulburn	207	7	794	31	456	6					241	2			4	1	1015	6		
Rochester			347	4	530	8													213	2
Pyramid-Boort							209	6									2325	10		
Broken River									207	4										
Goulburn River	12	1	2	1	10	1	5	1			333	8					90	1		
Loddon River	57	1									2	1	42	1					23	2
Murray Valley															1141	15				
Kerang/Cohuna							25	1									2079	22	164	2
Swan Hill																	41	3	50	2
Tresco																			21	3
Nyah																			80	1
Woorinen																			10	1
Mitta Mitta River																				
Kiewa River																				
Ovens River																				
Murray River			50	1	71	1									35	2			1384	3
Campaspe District																				
Campaspe River					158	1														
	453	19	1456	47	1322	20	239	8	207	4	615	13	42	1	1456	23	5631	44	2032	18

Appendix C3

Table 1.2 Permanent transfers of water rights and diversion licences processed by the Authority during year ended 30 June 2007
Transfers from districts / areas and waterways of other water authorities

To / From	Kerang/Cohuna		Tresco		Total	
	MLs	No.	MLs	No.		
Lower Murray Water	5	1	15	1	20	2
FMIT			22	1	22	1
	5	1	37	2	42	3

Appendix C4

Table 1.3 Permanent transfers of water rights and diversion licences processed by the Authority during year ended 30 June 2007
Transfers to districts / areas and waterways of other water authorities

To / From	Lower Murray Water		Coliban Water		North East Water		South Australia		Total	
	MLs	No.	MLs	No.	MLs	No.	MLs	No.		
Shepparton	2701	25	50	1			2794	16	5545	42
Central Goulburn	10416	96	683	6			2500	12	13599	114
Rochester	3644	24	430	4			3520	16	7594	44
Pyramid-Boort	3650	13	580	2			2249	7	6479	22
Goulburn River	56	2							56	2
Murray Valley	220	3							220	3
Kerang/Cohuna	5713	26					2508	11	8221	37
Swan Hill	688	4					12	1	700	5
Tresco	75	4							75	4
Nyah	130	3					5	1	135	4
Woorinen	40	1							40	1
Kiewa River					7	1			7	1
Ovens River					100	1			100	1
Murray River	164	3			2	1	250	1	416	5
Campaspe District	657	4							657	4
Campaspe River	218	1					103	2	321	3
	28372	209	1743	13	109	3	13941	67	44165	292

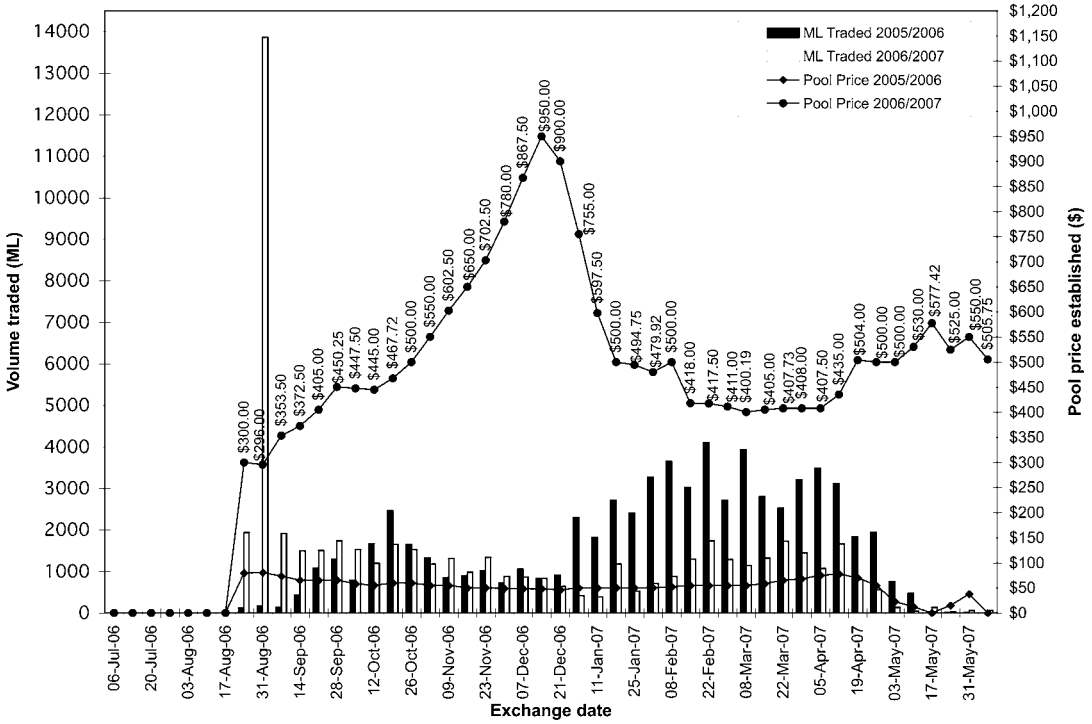
Appendix C5

Table 2 Temporary transfers of Water Rights and Diversion Licences Processed by the Authority during year ended 30 June 2007 - Summary

District/Area/Waterway or Aquifer	Buyer			Sellers			Net Increases for District/Area or Waterway	
	No	Water Right (ML)	Sales (ML)	No	Water Right (ML)	Sales (ML)	Water Right (ML)	Sales (ML)
Shepparton	1705	31946	0	1597	16206	0	15740	0
Central Goulburn	2488	66564	0	2718	29774	0	36791	0
Rochester	898	25210	0	1103	16145	0	9065	0
Pyramid-Boort	591	25221	0	958	25351	0	-130	0
Broken River	110	3442	0	110	3492	0	-50	
Goulburn Environmental Water				101	6949	0	-6949	
Goulburn River	226	7152	0	434	7277	0	-126	0
Loddon River	2	25	0	1	5	0	20	0
Bullarook Creek	4	26	0	4	26	0	0	0
Normanville	4	38	0				38	
Casey's Weir				5	219	0		
Goulburn Tagged Trade	56	5500	0				5500	0
Goulburn System Totals	**6084**	**165124**	**0**	**7031**	**105444**	**0**	**59899**	**0**
Murray Valley	1373	52477	0	1205	38780	0	13697	0
Kerang/Cohuna	1270	64381	0	975	49943	0	14438	0
Swan Hill	274	7806	0	530	14752	0	-6946	0
Tresco	51	808	0	90	1325	0	-517	0
Nyah	36	455	0	229	3521	0	-3067	0
Woorinen	83	1265	0	159	2891	0	-1626	0
Upper Murray	7	339	0	7	339	0	0	0
Mitta Mitta River	36	2117	0	73	4104	0	-1987	0
Kiewa River	42	1966	0	42	1966	0	0	0
Ovens River	74	3011	0	74	3011	0	0	0
Murray River	143	9309	0	552	26168	0	-16858	0
Murray System Total	**3389**	**143934**	**0**	**3936**	**146799**	**0**	**-2866**	**0**
Campaspe District	4	132	0	1	8	0	124	0
Campaspe River	0	0	0	0	0	0	0	0
Campaspe System Total	**4**	**132**	**0**	**1**	**8**	**0**	**124**	**0**
Murmungee Groundwater	2	99	0	1	49	0	50	0
Katunga Groundwater	31	2734	0	31	2734	0	0	0
Spring Hill Groundwater	4	20	0	4	20	0	0	0
Loddon Groundwater	36	3940	0	36	3940	0	0	0
Campaspe Groundwater	64	5394	0	64	5394	0	0	0
Non GMA				1	50	0	-50	0
Groundwater Total	**137**	**12187**	**0**	**137**	**12187**	**0**	**0**	**0**
Goulburn-Murray Water Total	**9614**	**321376**	**0**	**11105**	**264438**	**0**	**57157**	**0**
Lower Murray Water	222	7521	0	337	30364	0	-22844	0
Grampians Wimmera Mallee Water	8	1260	0				1260	0
FMIT	1	4	0	113	4282	0	-4278	0
Coliban Water	1	151	0	2	151	0	0	0
Goulburn Valley Water				76	5815	0	-5815	0
North East Water	1	50	0	1	150	0	-100	0
South Australia	219	8573	0	46	4787	0	3787	0
New South Wales	123	8351	0	310	37518	0	-29167	0
Other Authorites Total	**575**	**25910**	**0**	**885**	**83067**	**0**	**-57157**	**0**
Total Transfers	**10189**	**347286**	**0**	**11990**	**347505**	**0**	**0**	**0**

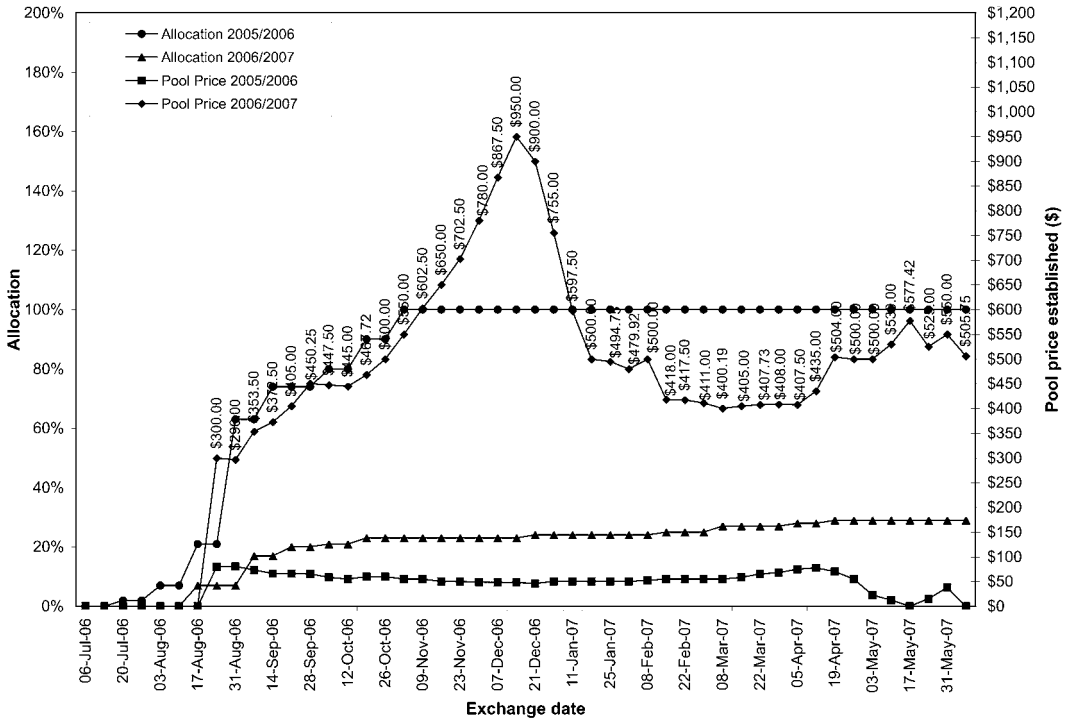
Appendix D1

Pool Price established and ML Traded
Temporary Zone 1A and 1B - Greater Goulburn



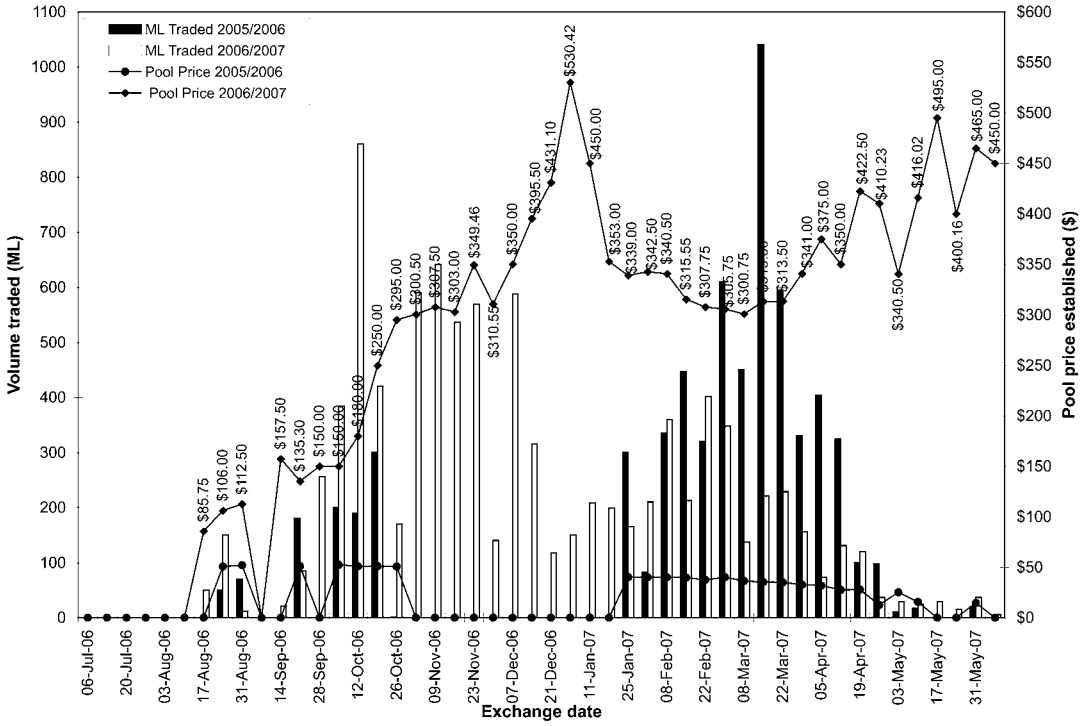
Appendix D2

Pool Price established and Allocation
Temporary Zone 1A and 1B - Greater Goulburn



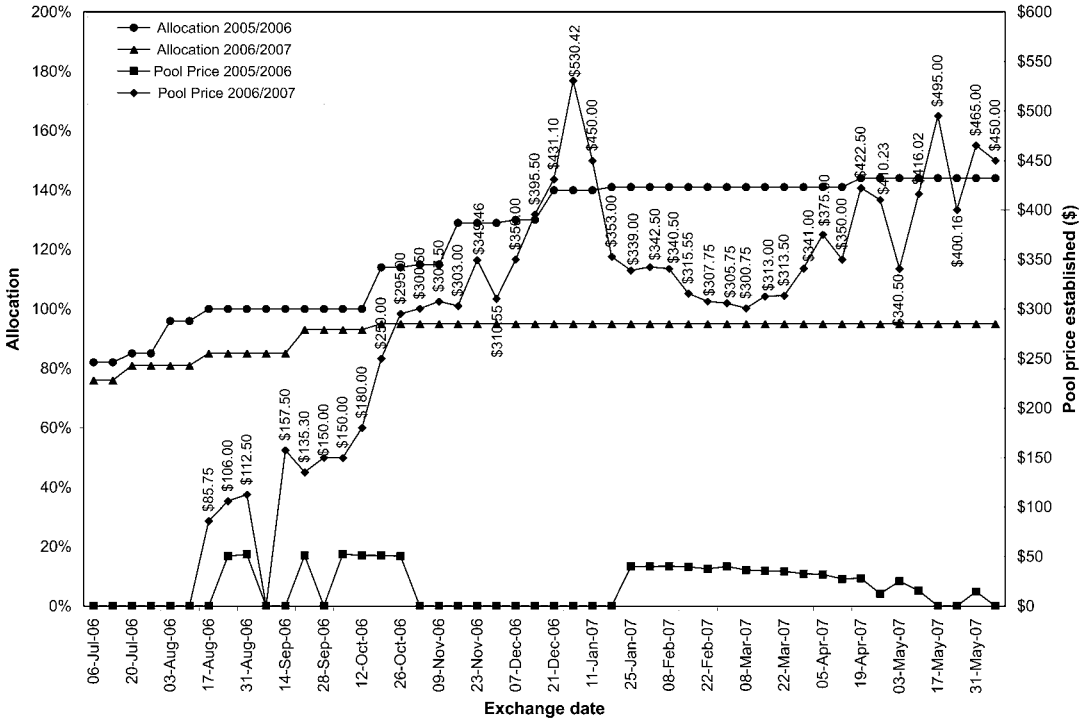
Appendix D3

Pool Price Established and Megalitres Traded
Temporary Zone 6 - Hume to Barmah



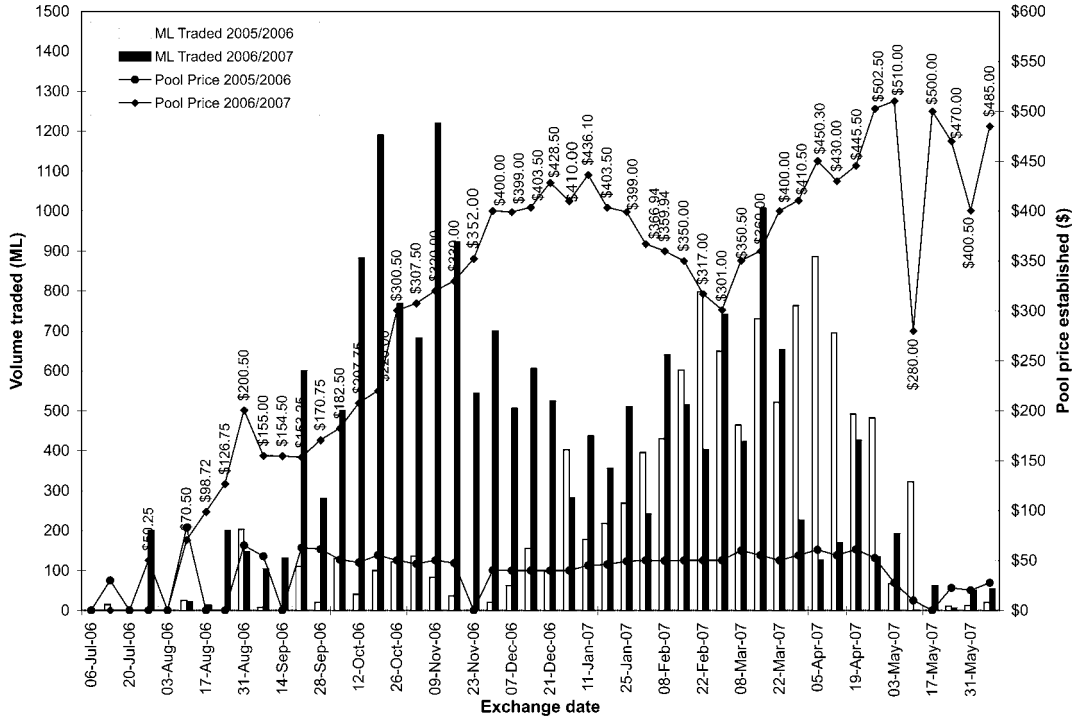
Appendix D4

Pool Price Established and Allocation
Temporary Zone 6 - Hume to Barmah



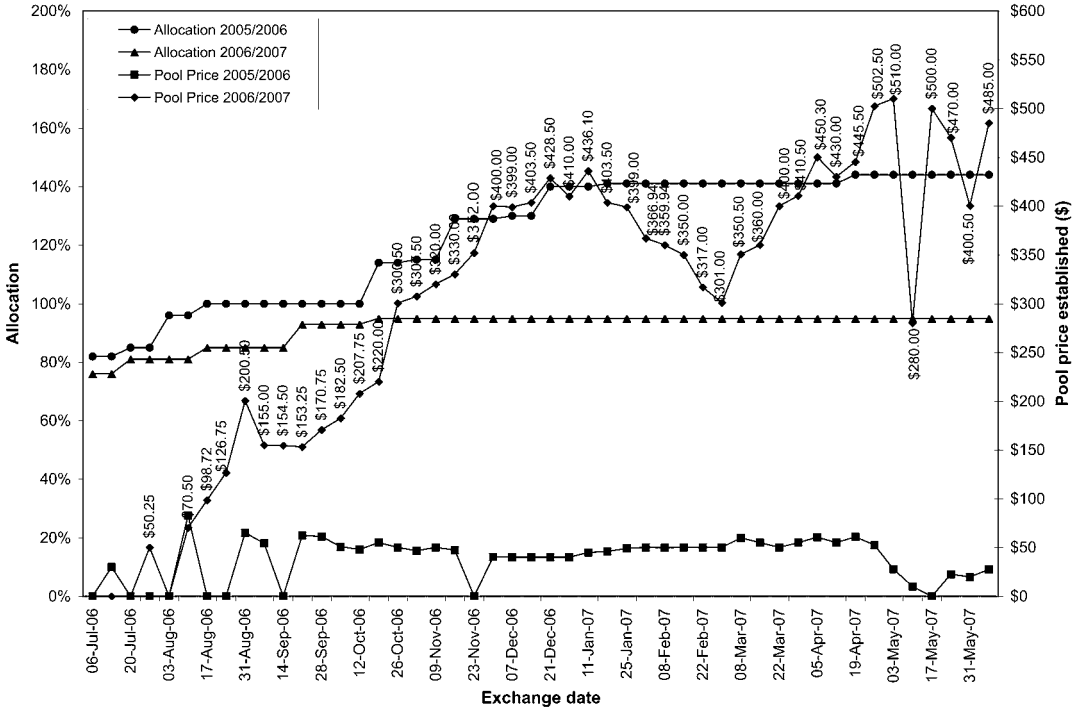
Appendix D5

Pool Prices Established and Megalitres Traded
Temporary Zone 7 - Barmah to Nyah



Appendix D6

Pool Prices Established and Allocation
Temporary Zone 7 - Barmah to Nyah



Appendix D7

Permanent unused water trading results

Region:
Northern
Victoria
Regulated

ZONE NO:	ZONE DESCRIPTION:	TOTAL VOLUME TRADED (ML)	LOWEST PRICE ($)	WEIGHTED AVERAGE PRICE ($)	HIGHEST PRICE ($)
1A	Greater Goulburn	409.7	$1,074.50	$1,470.52	$2,000.00
1E	Central Goulburn	18	$1,050.00	$1,195.83	$1,250.00
6	Hume to Barmah	2	$1,125.00	$1,125.00	$1,125.00
7	Barmah to Nyah	11	$1,755.50	$1,755.50	$1,755.50

TOTAL VOLUME TRADED (ML):	440.7

Region:
Northern
Victoria
Unregulated4
40.7

ZONE NO:	ZONE DESCRIPTION:	TOTAL VOLUME TRADED (ML)	LOWEST PRICE ($)	WEIGHTED AVERAGE PRICE ($)	HIGHEST PRICE ($)
112	Yea River Catchment Unregulated	65	$800.00	$806.35	$827.50

TOTAL VOLUME TRADED (ML):	65

Appendix E

Private Diversion from Waterway as at 30 June 2007

Regulated

	IR			DS		Other		Totals	
Basin	No. of Licences	Volume	Area	No. of Licences	Volume	No. of Licences	Volume	Total No. of Licences	Total Volume
Upper Murray (401)	60	12906.5	1637.5	45	114	13	37	118	13057.5
Kiewa (402)	0	0	0	0	0	0	0	0	0
Ovens (403)	375	24968.3	5227.1	158	757.6	23	724.6	556	26450.5
Broken (404)	189	24335.6	4257	191	1825.8	28	431.4	408	26592.8
Goulburn (405)	358	42517.3	7881.4	731	2142	64	1302.5	1153	45961.8
Campaspe (406)	156	16625.4	2880.2	149	524	55	454.8	360	17604.2
Loddon (407)	251	21618.5	5930.1	278	859	30	387.9	559	22865.4
Central Murray (409)	356	52275.8	8938.3	718	2494.5	64	2227.7	1138	56998
Mallee (414)	83	12078.5	4973.8	84	230.4	10	64	177	12372.9
Total	1828	207325.9	41725.4	2354	8947.3	287	5629.9	4469	221903.1

Unregulated

	IR			DS		Other		Totals	
Basin	No. of Licences	Volume	Area	No. of Licences	Volume	No. of Licences	Volume	Total No. of Licences	Total Volume
Upper Murray (401)	283	12420.1	3030.4	341	778	97	1048	721	14246.1
Kiewa (402)	363	15501.7	2846.5	281	641	67	2366.8	711	18509.5
Ovens (403)	709	23309	5550.3	509	1138	55	427.6	1273	24874.6
Broken (404)	459	9667.7	16201.9	119	248	26	170	604	10085.7
Goulburn (405)	1177	35063.8	24773.6	1143	2420.9	124	2369.7	2444	39854.4
Campaspe (406)	403	7809.6	4783.4	123	272	26	628.3	552	8709.9
Loddon (407)	807	28699.6	12264.5	166	360	75	1534.8	1048	30594.4
Central Murray (409)	490	13342.7	27916.7	54	114	22	522.3	566	13979
Mallee (414)	5	178	582	0	0	2	2	7	180
Total	4696	145992.2	97949.3	2736	5971.9	494	9069.5	7926	161033.6

Appendix F

Groundwater Extractions as at 30 June 2007

Groundwater Management Area	Irrigation			Other		Total
	Licences	Authorised Volume (ML)	Authorised Area (Ha)	Licences	Authorised Volume (ML)	Authorised Volume (ML)
Alexandra	9	1705	312.3	10	25	1730
Barnawartha	1	120	20	13	385	505
Campaspe Deep Lead	102	45438	9806	126	813	46251
Goorambat	6	1517	309.7	7	36	1553
Katunga	134	57074.2	10455.9	316	3193.7	60267.9
Mid Goulburn	55	12508.8	2728.6	53	154	12662.8
King Lake	40	1583.3	466.9	74	380.9	1964.2
Mid Loddon	88	33842.4	7589.1	104	3357.6	37200**
Mullingolingong 1	4	135.7	25	17	74	209.7
Mullingolingong 2	16	1306.2	198.9	26	52	1358.2
Murmungee	164	11655.3	2495.6	193	731.8	12387.1
Shepparton	1101	215159.8	53706.1	1069	24244.6	239404.4
Southern Campaspe Plains	16	7673	2425.1	17	344	8017
Spring Hill	56	4652.1	2264	56	465	5117.1
Upper Loddon	99	12080.4	3436.1	146	1328.2	13408.6
Non-GMA	563	30443.9	8641.5	1851	15789.6	46233.5
TOTALS	**2454**	**436895.1**	**104880.8**	**4078**	**51374.4**	**488269.5**

* Licence numbers compiled by purpose only. Not by service ID. Service IDs often have multiply purposes.
** Mid Loddon Auction entitlement volume.

Appendix G

Major water users

Table 1 Customer by volume range

Volumetric Range - ML per year	No Customers
Equal to or greater than 50ML and less than 100ML	9
Equal to or greater than 100ML and less than 200ML	6
Equal to or greater than 200ML and less than 300ML	1
Equal to or greater than 300ML and less than 400ML	2
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	4
Equal to or greater than 750ML and less than 1000ML	1
Greater than 1000	1
Total number of cstomers	25

Table 2 Names of major customers and their participation in water converstion programs

Name of customer	**Information as to customers particiaption in water conversation program**
Ardmona Foods Limited	G-MW does not currently hold information relating to water conservation programs at these sites, this information may be held by their urban water supplier. As a customer holding a water entitlement the allocation of water is restricted in low flow years, requiring customers to manage their water efficiently.
Currawa irrigation Syndicate	
Dinez Nominees Pty Ltd	
Effem Foods Pty Ltd	
Falls Creek Ski Lifts Pty Ltd	
Hanson Construction Materials Pty Ltd	
ICM Agribusiness Pty Ltd	
Lake Mountain Alpine Resort	
Moria Shire Council x2	
Mount Hotham Skiing Co	
Murray-Goulburn Co-Operative Co Limited	
Perseverance Exploration	
Resort Management Board	
Rural Estates (arcadia) Pty Ltd	
Wandin East Pty Ltd	
Hawthorn Glen Holsteins Pty ltd	
Trete Pty Ltd	
A L Brisbane & Co	
Boral Resources (Vic) Pty Ltd	
Greater Shepparton City Council	
Baiada Poultry Pty Ltd	
Lauderdale Pastoral Company Pty Ltd	
East Shepparton Landcare Group Inc	
Moonara Pty Ltd	
Fountaindale Farms Pty Ltd	
West Coast Pastoral P/L	

Disclosure Index

The 2006/07 Annual Report of the Goulburn-Murray Rural Water Authority is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

FRD	DISCLOSURE	PAGE
22A	Manner of establishment and the relevant Ministers	16
22A	Objectives, functions, powers and duties	16
22A	Nature and range of services provided	16
22A	Organisational structure, names and functional areas of responsibility of senior officers	17
22A	Names of board members, major committees - objectives and achievements	18,19
22A	Statement of workforce data for current and previous financial year	38
22A	Merit and equity	39
15A	Executive officer disclosures	80
22A	5-year summary of the financial results	23
22A	Significant changes in financial position during the year	23
22A	Objectives and performance against objectives	4-5
22A	Major changes or factors affecting performance	2-3
22A	Subsequent events which will affect operations in future years	79
22A	Details of consultancies > $100,000	59
22A	Details of consultancies - total No. and cost < $100,000	59
12A	Disclosure of major contracts	59,60
22A	Application and operation of FOI Act 1982	60
22A	Application and operation of the Whistleblowers Protection Act 2001	60
22A	Compliance with building and maintenance provisions of Building Act 1993	59
22A	Statement on NCP	60
22A	Occupational Health and Safety	39
10	Disclosure index	110
22A	Statement of availability of other information	60

This page was intentionally left blank

This page was intentionally left blank