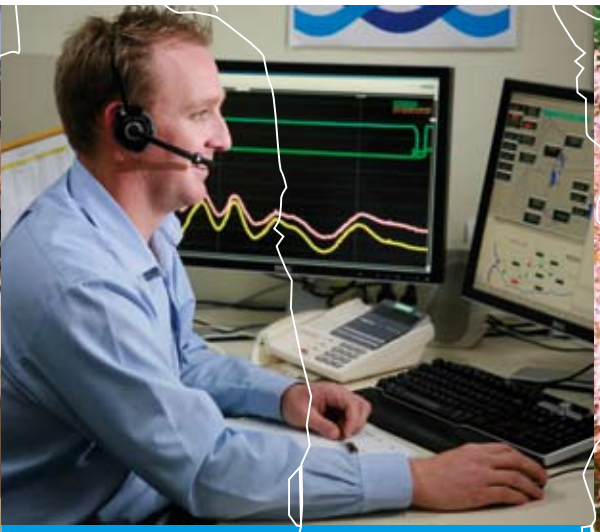
G-MW

Annual Report 2007/08

GOULBURN-MURRAY WATER



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

Cooperation 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

Front cover (Left) From G-MW's Operations Support Centre in Tatura, Brett Szymanski oversees operations of G-MW channel automation network ensuring G-MW delivers water where and when its needed as efficiently as possible right across the irrigation season. (Centre) Orchard in bloom. (Right) G-MW Area Services Coordinator, Shannon Lancaster with G-MW customer Tony Mercuri. Mr Mercuri's Wyuna East operation produces trellis grown tomatoes.

Back cover (Left) G-MW Managing Director David Stewart, Senator the Hon. Penny Wong, Commonwealth Minister for Climate Change and Water, Hon. Tim Holding, Victorian Minister for Water, Chairman FoodBowl Steering Committee and Merrigum orchardist John Corboy, G-MW Chairman Stephen Mills. (Centre) G-MW modernisation team installing a channel regulator as part of the Shepparton Modernisation Project. (Right) G-MW installed Australia's largest irrigation pump station to enable pumping of the Waranga Basin during 2007/08 season.

G-MW

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Goulburn-Murray Water is referred to as G-MW throughout this report.

contents

2007/08 Year at a glance

G-MW's Lew Humphreys, acting Water Efficiency Improvement Coordinator, talks with customer and WSC member Dudley Bryant, Murray Valley.

G-MW's Senior Reservoir Officer Goulburn Weir, Michael Wikman, at Goulburn Weir.

July 07

- With G-MW's regulated irrigation systems starting the 2007/08 year with 0% allocation, the Minister for Water qualified rights to allow access to water for prescribed domestic, stock and commercial purposes.
- The new unbundled water arrangements took effect from 1 July 2007, with more than 17,000 letters issued by the new Victorian Water Register to G-MW entitlement holders confirming their entitlement and seeking clarification where ownership was unclear.
- The FoodBowl Modernisation Steering Committee was announced by Premier Steve Bracks. G-MW Chairman Don Cummins and the then Chairman of GBCMA Stephen Mills, G-MW Director John Brooke and Water Services Committee member Dudley Bryant were appointed to the 15 person Committee.
- The world's largest Canopy Radio System was launched connecting the Shepparton, Central Goulburn, Rochester-Campaspe and Pyramid-Boort Irrigation Areas to G-MW offices. The network allows G-MW to monitor and control the automated gates along the channel network.

August 07

- G-MW's Industry Bodies Forum brought a range of industry groups and customer representatives together to discuss the seasonal outlook and proposed water management strategies. The Forum confirmed support for shortening the irrigation season to boost immediate allocations, with the goal of restoring season length and improving allocations as resources improved. G-MW also advised of its plans to pump Waranga Basin in early 2008 if water levels did not recover.
- More than 100 customer representatives met in Bendigo for G-MW's annual Water Services Committees workshop at which reconfiguration and the recently announced FoodBowl Modernisation Project were discussed.
- More than 20 Pyramid-Boort customers signed the first reconfiguration agreements under the Pyramid-Boort Future Management Strategy (FMS). The FMS has identified rationalisation opportunities that include up to 220 km of channel, 650 Dethridge wheels and 592 other structures. The FMS aims to reduce infrastructure and improve service delivery to customers within the Pyramid-Boort Irrigation Area.
- G-MW undertook a ballot to determine the order for processing initial 'unbundled' water share transfers. The ballot attracted more than 800 applications and included transfers within as well as between Irrigation Areas.
- G-MW launched its WaterPlan for public comment stating it would revisit price paths in gravity Irrigation Areas as soon as there was more certainty about how the FoodBowl Modernisation Project will rollout across the region.
- While four of G-MW's regulated systems started the irrigation season on 15 August with 0% allocation, Goulburn System irrigators received a 15% allocation, and Murray system irrigators began with a 'bridging' allocation of 5%. Murray system customers could only take delivery of the bridging allocation once the system was running in their area. In the absence of further resource improvements, Goulburn and Murray systems' seasons were planned to end on 15 March – two months earlier than normal.
- G-MW completed an extensive winter works program including refurbishment of more than 1,200 Dethridge wheels and 141 km of rock armouring to protect channel banks. The maintenance works ensure the reliable supply of resources to customers during the irrigation season and extend the life of irrigation infrastructure.
- G-MW staff were invited to present at the annual Australian National Committee on Irrigation and Drainage (ANCID) conference in Bundaberg Queensland.

September 07

- The Broken System received its first allocation for the season however the 10% allocation could only be delivered over the next two months, to 31 October.
- G-MW and GBCMA briefed residents and landholders from Goulburn and Broken catchment areas on a range of flood plain management issues related to the Mokoan Return to Wetlands project.
- The Minister for Water, Hon. Tim Holding announced the appointment of Stephen Mills as the Chair of G-MW with Catherine Scott and Claire Penniceard appointed as Directors.

October 07

- The 4% limit on trades of high reliability water shares out of an Irrigation Area was reached in the Central Goulburn, Rochester and Campaspe Irrigation Areas in early October.

(Left to right) G-MW Managing Director David Stewart, Senator the Hon. Penny Wong, Commonwealth Minister for Climate Change and Water, Hon. Tim Holding ,Victorian Minister for Water, Chairman FoodBowl Steering Committee and Merrigum orchardist John Corboy, G-MW Chairman Stephen Mills.

- In response to customer feedback, G-MW introduced a risk-based fee structure for transfers of temporary groundwater. Where more extensive site inspections are required to assess risks to the environment and other bore users, a higher fee applies.
- The Central Goulburn Reconfiguration Working Group signed its first reconfiguration agreement. The agreement provides for 650 metres of channel, a channel off-take and siphon and four metered service points to be decommissioned with annual water savings estimated at 20 ML.
- G-MW's Pyramid Creek Salt Interception Scheme was awarded the Overall Victorian Engineering Excellence Award. The Scheme also won the Environment & Sustainability category.
- G-MW submitted its Annual Water Report to the Department of Human Services as required under the *Safe Drinking Water Act* 2003.
- The Victorian Government announced a Drought Relief Package. Customers in supply systems with a water allocation of less than 40% at 1 December 2007 were entitled to up to $1,000 rebate of their fixed irrigation charges in full, plus 50% of the balance of charges above $1,000. The Victorian Government also provided $2.6 million to cover the costs of pumping the Waranga Basin to deliver an additional 7% of allocation to Goulburn system irrigators.

November 07

- Community and customers were invited to view G-MW's REVS meter testing rig in action at the first of its public viewing dates in the Torrumbarry Irrigation Area. G-MW held an open day in each of the six Irrigation Areas as the rig tested a further 43 meters across the season.
- In response to ongoing drought, dry season trading rules were enacted to allow up to 5,000 ML of allocation to be traded from the Lower Goulburn trading zone into the Greater Goulburn, Loddon Weir pool, Lower Campaspe and Lower Broken Creek trading zones.
- With both Goulburn and Murray systems' allocations rising above 20% G-MW began directing additional resource improvements to restoring season length and increasing allocation.
- Minister for Water Tim Holding confirmed carryover will now be available to entitlement holders in the Goulburn, Murray, Broken, Bullarook, Loddon and Campaspe regulated systems. In 2006/07 carryover was trialled in the Murray and Goulburn systems.

December 07

- At 1 December, allocations on all regulated systems were less than 40% and customers qualified for the Victorian Government's Drought Assistance Rebate. G-MW simplified access to the rebate by deducting the rebate from customers' charges prior to issuing the 2007/08 fixed water charge account. Fixed water charges commonly represent around 80% of customers' total water charges.
- G-MW in partnership with Marine Safety Victoria simplified boating zones at Lake Hume. More than 20 individual speed restrictions and zones were collapsed into one 5 knot zone within 50 metres of the shore.
- By December all regulated systems except Bullarook Creek had allocations. Resource improvements in the Broken Creek allowed rostering to end but rostering of deliveries continued in the Campaspe and Loddon systems. Rostering orders reduces the amount of water required to run the system and deliver orders to customers.
- Minister for Water Tim Holding confirmed the decommissioning of Lake Mokoan would continue as announced in 2004, and would see the Lake returned to a world class natural wetland. The $108 million decommissioning project, which includes $20 million to fund the Future Land Use Strategy will deliver up to 48,000 ML of water each year to improve the health of the Broken, Goulburn, Snowy and Murray rivers while continuing to provide a reliable water source for local irrigators.
- Minister for Water Tim Holding announced the creation of a new state owned entity, the Northern Victoria Irrigation Renewal Project (NVIRP), to manage the implementation of Stage 1 of the Victorian Government's investment of $1 billion to modernise the Goulburn-Murray irrigation system.

January 08

- Minister for Water Tim Holding officially opened the upgrade of G-MW's Cairn Curran Reservoir. G-MW completed the $12.5 million upgrade two months ahead of schedule and $2 million under budget. It was the eighth upgrade in an ongoing program that has seen the Victorian Government and G-MW invest around $100 million since 1997 to improve the integrity of dams and reservoirs across northern Victoria.
- The Northern Region Sustainable Water Strategy (NRSWS) discussion paper was launched by the Minister for Water Tim Holding in Shepparton. The launch began the consultation process for developing the Strategy that will guide future planning to secure water supplies for households, industry, farmers and rivers across northern Victoria over the next 50 years. A G-MW representative was appointed to the Consultative Committee.

2007/08 Year at a glance

Brad Shearer from Coolabah Turf removing turf that will be exported.

G-MW's FutureFlow began lining 28 km of channel as part of its 2008 works program.

February 08

- G-MW Managing Director Russell Cooper resigned, with the Board of G-MW thanking Russell for his leadership over the past two and half years.
- NVIRP Board members met with representatives from G-MW's Water Services Committees to discuss issues and plans for the modernisation program that will roll out across five of G-MW's Irrigation Areas.
- The Federal Minister for Climate Change and Water, Penny Wong, announced a public tender process to purchase up to $50 million of water from Murray-Darling Basin entitlement holders in the 2007/08 financial year. The tender closed on 16 May 2008.
- G-MW was declared an essential service provider and therefore is required to comply with part 6 of the *Terrorism (Community Protection) Act* 2003.

March 08

- G-MW customers along the Catumnal Channel, near Boort, gained a year-round reliable water supply and Bendigo residents benefit from an additional 220 ML of water as a result of a new pipeline scheme that replaces 21 km of man-made channel with 13 km of medium-pressure pipeline. The Catumnal Pipeline Scheme was funded by Coliban Water, with the $464,000 of works delivered by G-MW, with on-farm investment by customers.
- G-MW representatives were appointed to specialist working groups to explore key aspects of the NRSWS that included improving reliability; carryover and water market rules; the length of the irrigation season; using environmental water more efficiently; and managing environmental assets during drought and climate change.
- Inline with the Commonwealth Government's election commitment to accelerate investment in the Murray-Darling Basin, the Commonwealth gave in-principle support to provide up to $1 billion to Stage 2 of the FoodBowl Project in Victoria, subject to due diligence. Stage 2 of the FoodBowl Project is expected to return approximately 200,000 ML to be shared equally between the Murray River and farmers in G-MW's Irrigation Areas.
- G-MW confirmed that 96 streams and rivers were on restrictions, but this is less than the 122 rivers on restrictions at the same time last year. As there are no storages, weirs and regulators on unregulated streams, the only way to ensure appropriate environmental flows and equitable access for all users' right along the stream is to impose restrictions and rostering inline with the flows in the river.
- G-MW, Transfield Services (Australia) Pty Ltd (TSL), Comdain Civil Constructions Pty Ltd and Sinclair Knight Merz (SKM) signed agreements creating G-MW's FutureFlow Alliance. FutureFlow, under the leadership of former G-MW Shepparton Area manager Darren Nabbs, will deliver G-MW's Shepparton and Central Goulburn 1-4 irrigation modernisation projects.

April 08

- From 1 April all water resource improvements were directed to building supplies for the 2008/09 season, as a result the 1 April announcement was the final update for the season. For only the second time in history, all allocations were below 100% of HRWS.
- Federal Minister for Climate Change and Water Penny Wong announced the Water for the Future initiative which included a ten year plan to spend $3 billion to purchase water for the environment from Murray-Darling Basin entitlement holders. The Restoring the Balance in the Murray-Darling Basin program is intended to complement the water savings made through the Federal Government's investments in improved irrigation efficiency, and water promised under The Living Murray and the Snowy initiatives.
- Federal Minister for Climate Change and Water Penny Wong and Victorian Water Minister Tim Holding joined with G-MW Board, management and Water Services Committee representatives on an inspection tour of irrigation sites in the region.
- Low oxygen levels and high water temperatures triggered the death of up to 200 carp at Lake Mokoan. G-MW worked with other Government agencies to clean up the site and continued to monitor all storages to anticipate and avoid environmental incidents brought on by the drought.
- G-MW commenced pumping of water from the Waranga Basin to access nearly 90,000 ML of water that cannot be released under gravity. The supplies represent 7 % of allocation to Goulburn system customers with the $2.6 million exercise funded by the Victorian Government's Drought Relief Package. A community open day was held at the site with approximately 100 customers and members of the community visiting Victoria's largest irrigation pump station.

Nigel Garrard Managing Director SPC Ardmona, Tim Holding, Minister for Water and Michael Crutchfield MP, Parliamentary Secretary for Water and Environment at launch of NRSWS in Shepparton.

The $2.6 million East Goulburn Main Channel Offtake structure to enable the automation of the Shepparton Irrigation Area.

- In response to trade of allocation out of the Campaspe Irrigation Area, G-MW announced a backtrade opportunity that meant G-MW could deliver up to 450 ML of allocation purchased by Campaspe customers from the Murray and Goulburn systems.
- A 30 meter long, three metre high model of the Dartmouth spillway was built to allow modelling of the spillway under large flood conditions. The information is an important step in planning the upgrade of the Dartmouth spillway that is part of Australia's highest dam wall.
- Works began on upgrading the Kerang Weir on the Loddon River.
- G-MW staff gave presentations at the 2nd International Salinity Conference held in Adelaide.

May 08

- CSIRO issued reports projecting future water availability for three of G-MW's water systems. The report found that if the recent (1997 to 2006) climate were to continue average surface water in Goulburn-Broken would be reduced by 41 % and the volume of water diverted for use within the region would be reduced by 25 %; average surface water in Campaspe would be reduced by 54 % and the volume of water diverted for use within the region would be reduced by 26 %; and average surface water in Loddon-Avoca would be reduced by 50 % and the volume of water diverted for use within the region would be reduced by 27 %. Similar projections are being investigated in the development of the NRSWS.
- With the irrigation season over and system shut down, G-MW's FutureFlow Alliance commenced its works program. Between 15 May and 15 August FutureFlow will install more than 1500 channel regulators and line or remodel more than 40 km of channel bank. Further works including installation of new meters and rationalising redundant infrastructure have begun and will continue beyond 15 August.
- NVIRP's winter works program officially got underway with the first channel regulators installed near Merrigum with the Minister for Water Tim Holding onsite along with the Chairmen and Managing Directors of NVIRP and G-MW. G-MW's FutureFlow delivered NVIRP's 2008, $103 million Early Works Program.
- Victorian entitlement holders submitted offers for more than 60,000 ML of water under the Australian Government's $50 million Murray-Darling Basin Buyback. The Australian Government is finalising the purchase of approximately 35,000 ML of water across the Murray-Darling Basin with just under 9,000 ML from Victoria.
- G-MW Board appointed David Stewart as Managing Director of G-MW.
- The Mid-Loddon Groundwater Reference Committee presented proposed groundwater management rules for community feedback. The Committee's work is in response to declining groundwater levels with the management rules providing a framework for managing the groundwater resource including trade and carryover.
- G-MW took advantage of the MDBC's drawdown of Lake Mulwala by commissioning research to improve weed management and undertaking minor maintenance on the Lake's edge. Lower Lake levels and higher temperatures encouraged weed growth across the Lake, but did not interfere with the operation of the Weir or the supply of resources to customers.
- Several G-MW staff gave presentations at Irrigation Australia Limited (IAL) Conference held in Melbourne.

June 08

- The ongoing drought saw system deliveries drop to 633,000 ML - the lowest on record, however customer cooperation, low delivery commitments, infrastructure improvements funded by the Victorian government, leadership by WSCs and efforts of G-MW staff were instrumental in reducing system operating requirements (losses) to a record low level of 380,000 ML. G-MW released the provisional estimates at its annual Water Services Committees workshop in Moama.
- G-MW and NVIRP agreed to a series of modernisation principles that detail how the bodies will work together and also engage with customers, local communities and other stakeholders. The Principles ensure a consistent approach is in place for G-MW's Shepparton and CG1-4 modernisation projects and NVIRP's modernisation program and were published in local media.
- Mildura Weir was removed for maintenance works, and to make use of the flows resulting from the drawdown of Lake Mulwala two weeks earlier. While the weir was removed the salt interception pumps temporarily reduced the flow of saline groundwater into the river. The flows from Lake Mulwala were planned to arrive just as salt levels began to increase.
- G-MW completed *Safe Drinking Water Act* 2003 regulatory audit.

G-MW worked closely with NVIRP during the year and assisted with the delivery of the Project's 2008 Early Works Program. NVIRP CEO Murray Smith and NVIRP Chairman Richard Guy at FutureFlow's Shepparton storage site.

Neil Burns Executive Manager Service & Delivery Coliban Water, Christine Brooke, Mayor Loddon Shire Council, Chris Watson Chairperson of the Loddon Water Districts WSC and Stephen Mills, Chairman G-MW.

Report from the Chairman and Managing Director

The 2007/08 year must be acknowledged as a monumental period in the history of water management in northern Victoria. The year began with the unbundling of water entitlements from land in each of our regulated systems. The new arrangements provide increased flexibility for entitlement holders, along with more tools and increased information that is encouraging us to rethink how our region uses, buys, sells and even leases water to meet individual business needs.

On 1 July 2007, the Victorian Water Register began with more than 47,000 water, delivery and extraction shares and more than 17,500 water use licences. In the year that followed G-MW processed more than 20,000 individual transactions – an increase of more than 30 % from 2006/07.

Following the announcement of the FoodBowl Modernisation Project in June, the second half of 2007 saw an extensive community and customer consultation program by the FoodBowl Steering Committee as it developed 52 recommendations that it presented to the Victorian Government in November. The establishment of the Northern Victoria Irrigation Renewal Project (NVIRP) in December and its ambitious timeframes for delivering its first year of works saw G-MW play an important role in assisting the project.

G-MW announced its FutureFlow Alliance in March to deliver $173 million of works during 2008 and 2009 as part of G-MW's Shepparton and Central Goulburn 1-4 modernisation projects. G-MW scaled up FutureFlow's works program to also deliver NVIRP's first year of early works. As a result, at the end of the winter works period on 15 August 2008, G-MW's FutureFlow will have delivered more than $120 million worth of works across all of G-MW's Irrigation Areas, creating more than 425 new jobs across the region with more than 340 filled by local staff and contractors.

It was a year that also saw the election of a new Federal Government with a new vision for the Murray-Darling Basin. This vision includes the buyback of entitlement from willing sellers. From its initial $50 million Murray-Darling Basin buyback announced in February 2008, the Federal Governmental went on to announce a much larger $3 billion buyback to take place over the next decade.

Each and every one of these momentous developments brings significant change for our customers and G-MW's business. These changes have come at a time of continuing drought: it is 12 years since Eildon and Dartmouth were full and 8 years for Lake Hume. G-MW has continued to develop its ability to deliver water where and when it's needed as efficiently as possible, and we are drawing on this experience as the drought continues into 2008/09.

G-MW Managing Director David Stewart, Minister for Water Tim Holding and G-MW Executive Manager Modernisation Alex Marshall inspect CG1-4 modernisation works.

David Downie, General Manager, Office of Water, DSE, David Stewart, Managing Director G-MW.

With FutureFlow's works program involving more than 900 sites, G-MW and FutureFlow held a number of onsite OHS activities. G-MW Managing Director David Stewart (L) and Executive Manager Modernisation Alex Marshall (R) with FutureFlow's Works Supervisor Rod Wilson.

Severe drought creates challenges for our region, but the impact of ongoing drought across the Murray-Darling Basin has brought unprecedented scrutiny to our system management and on-farm water use. The Northern Region Sustainable Water Strategy (NRSWS) launched in January 2008 provides a framework for redefining how northern Victoria will manage, use and share its water resources over the next 50 years. G-MW has been actively involved in this process and G-MW's Water Services Committees have also made important contributions to shaping the region's future.

Ongoing engagement and consultation with customers and their representative committees is the vital link to many of G-MW's achievements over the past 12 months. G-MW Board members and staff have participated in more than 100 meetings and forums with customer committees. This cooperation has proven its value, with our combined efforts enabling the introduction of extreme drought response measures boosting allocations and reducing system losses to the lowest on record.

It was a team effort that reflects the strength and importance of G-MW's relationships with its customers, with other agencies especially the local Catchment Management Authorities, the Department of Primary Industries, the Department of Sustainability and Environment, as well as teamwork within G-MW.

As we head into the 2008/09 season, G-MW has much before it. G-MW's 2007/08 financial results indicate G-MW finished the year with a $17.4 million profit. This profit is attributed to advance payments made to G-MW by several Government agencies to fund forthcoming project works including modernisation works. The underlying financial position shows a surplus of $5.2 million. Much of this surplus is attributed to works that G-MW deferred due to drought but will need to be undertaken in following years.

In accordance with the *Financial Management Act* 1994, we are pleased to present the Report of Operations for G-MW for the year ending 30 June 2008.

Stephen Mills
Chairman

David Stewart
Managing Director

Governance

Objective

We aim to continuously improve our governance practices and strive to achieve high levels of transparency, trust and stewardship.

Highlights

Chairman Stephen Mills and Directors Catherine Scott and Claire Penniceard appointed to the Board of G-MW.

G-MW Board appointed David Stewart as Managing Director.

G-MW was declared an essential service provider and is required to comply with Part 6 of the *Terrorism (Community Protection) Act* 2003.

Development of whole of business Corporate Risk Register approved by G-MW Board.

Results

Performance Aspect	2007/08 Target	Outcome
Whole-of-business approach to risk management	Whole-of-business risk management framework implemented	Achieved
Continuously improve Board performance	Board performance review undertaken and report provided to Minister of Water	Board performance review commenced August 2008

Challenges for the future

Investigating G-MW's adoption of Australian Standards AS 3806-2006 for compliance management.

Implementing requirements by February 2009 to ensure G-MW complies with its Essential Service Provider obligations.

Review of ISO3100 Risk Standard to potentially replace Australian Standard AS/NZ:4360.

Risk Management Attestation

I, Stephen Mills, certify that the G-MW Rural Water Corporation has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The audit committee verifies this assurance and that the risk profile of the G-MW Rural Water Corporation has been critically reviewed within the last 12 months.

Stephen Mills
Chairman
18 September 2008

Goulburn-Murray Water: Profile

Trading as G-MW, the Goulburn-Murray Rural Water Corporation was constituted by Ministerial Order under the provisions of the *Water Act* 1989, effective from 1 July 1994. The Hon. John Thwaites, Minister for Water, Environment and Climate Change was the responsible Minister at the commencement of the reporting period. From 30 July 2007 to 2 August 2008 The Hon. John Brumby, Premier, was the responsible Minister.

From 3 August 2007 the Hon. Tim Holding, Minister for Water has been the responsible Minister.

G-MW has functions and powers under the *Water Act* 1989 to provide, manage and operate an irrigation district (section 221), a water district (section 163) and a waterway management district (section 189).

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

G-MW is the Victorian Resource Manager appointed by DSE and has been given responsibility for making the seasonal determination for all Victorian Murray entitlement holders. In this role G-MW works closely with the Murray-Darling Basin Authority. The Murray-Darling Basin Authority determines the volumes of water available and makes bulk water allocations to each of the Murray system states in accordance with the interstate sharing arrangements in the Murray-Darling Basin Agreement and also subject to the modifications agreed by Council of Australian Governments (COAG).

Three key Goulburn-Murray Water divisions

Water Delivery Services

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 G-MW's area.

Dams

The Dams group manages G-MW's water storage assets to agreed service levels and required safety standards. The group plans G-MW's asset works programs and operates the 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.

Planning and Environment

This division is responsible for water systems and water resource management including groundwater, and incident and environmental management. These services are focused on managing water sharing across regulated and unregulated surface water and groundwater systems; improving water systems; influencing and contributing to improved catchment management by delivering specific programs and maintaining external partnerships; and leading G-MW's sustainability management. The group provides a range of technical environmental services through programs coordinated by Catchment Management Authorities. These services include salinity management, 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.

In December 2007, G-MW restructured its business divisions to consolidate all modernisation planning and delivery mechanisms into one business unit. The Modernisation group is responsible for management and maintenance of irrigation assets and modernisation of the irrigation system to facilitate regional development. The group is also responsible for providing a wide range of technical expertise to other business units across the Corporation.

Organisational structure

BOARD OF DIRECTORS

Stephen Mills (Chairman),
John Brooke OAM, Craig Cook, Peter Fitzgerald, Des Powell,
Claire Penniceard, Catherine Scott, David Stewart

Managing Director

David Stewart

Modernisation
Alex Marshall

- **Alliance** — Darren Nabbs
- **Planning (Acting)** — David Kent
- **Consultation** — Vacant
- **Technical Services** — Marc Ion Ho Kee
- **Assets** — Garry Fyfe

Dams
Shane McGrath

- **Corporate Risk** — Martin Krzywak
- **Goulburn/ Loddon Dams** — Ivan Smith
- **Murray/ North East Dams** — Stuart Richardson
- **Mokoan Program** — David Jeffery
- **Business Development (Acting)** — Andrew Reynolds

Water Delivery Services
Ian Moorhouse

- **Shepparton** — Phil Hoare
- **Central Goulburn** — Kevin Preece
- **Rochester** — Jeff Parry
- **Pyramid-Boort** — Sandra Schroen
- **Murray Valley** — Geoff Enever
- **Torrumbarry** — Lester Haw
- **Business Improvement** — Colin Gundrill
- **Diversion Operations** — Barry O'Donnell

Planning & Environment
Graeme Hannan

- **Catchment Programs** — Anne Graesser
- **Sustainability** — Willem Vlotman
- **Regulated Systems** — Mark Bailey
- **Groundwater & Unregulated Systems** — Matt Barden

Strategy & Stakeholder Affairs
Garry Smith

- **Corporate Secretary** — Brian Carr
- **Corporate Communications** — Linda Nieuwenhuizen
- **Economics & Tariffs** — Geoff Coburn
- **Water Storage Amenity** — Paul Thomson
- **Water Administration** — Ruth McGrath

Business & Finance
Peter Guy

- **Strategic Financial Projects** — John DeGirolamo
- **Finance** — Jeff Huddle
- **Human Resources** — David Roberts
- **Property & Legal** — Tony Natalizio
- **Information Technology** — Brian Kent
- **Budget & Pricing** — Lois Orr

Board of Directors


Stephen Mills

Stephen Mills, Chairman

FAICD Chairman of Goulburn-Murray Water since 1 October 2007

Stephen is a dairy farmer at Numurkah in northern Victoria. He is Chairman of Irrigation Australia Limited and in this capacity represents Australia on the Executive Council of the International Commission on Irrigation and Drainage. He is also a director of Murray-Goulburn Co-operative Ltd.

Stephen is passionate about Australia's irrigation industry, and about the achievements of irrigators in making the irrigation industry a strong, vibrant and sustainable sector of the Australian economy.

Stephen was awarded the centenary medal for services to irrigation and he participated in the Prime Minister's 2020 Summit. He is a past Chairman of the Goulburn Broken Catchment Management Authority (2002-2007) and a former director of the Rural Water Corporation and a member of the inaugural Board of G-MW, having served on the Boards of these successive organisations from 1989 to 2001.


Craig Cook

Craig Cook, Deputy Chairman

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 and cattle property at Tullarook.


John Brooke

John Brooke, OAM, Director

B.Comm, 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 Chairman of Coliban Water and a director of the North Central Catchment Management Authority.


Peter Fitzgerald

Peter Fitzgerald, Director

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

Peter runs a dairy and beef operation at Tongala and Kotupna. He is a director of the Goulburn Broken Catchment Management Authority and a former Councillor for United Dairy Farmers of Victoria. He is a graduate of the Australian Rural Leadership Program.


Claire Penniceard

Claire Penniceard, Director

B A (Hons), M Ed Director of Goulburn-Murray Water since 1 October 2007

Claire is the owner of The Pig Pen, an enterprise at Euroa producing pigs for domestic and export markets. Claire has specialist expertise in sustainable agriculture and is the agriculture representative on the Essential Services Committee. She is a former District Principal for the Department of Education. Claire won the 2006 Telstra Business Women's Award for Australian Government Business Innovation; she was a national finalist in the sustainability category of the 2007 Banksia Environmental awards.


Des Powell

Des Powell, Director

Director of Goulburn-Murray Water since 1 July 2004

Des is a business consultant to industries such as transport, logistics, forestry and water. He is a Deputy Chairman of the National Transport Commission, Deputy Chairman of the Port of Melbourne Corporation, a director of Barwon Water, a director of the State Services Authority and Chairman of the National Marine Safety Committee.

Board of Directors continued


Catherine Scott

Catherine Scott, Director

B.Sc.(Hons1), B.Comm, FAICD Director of Goulburn-Murray Water since 1 October 2007

Catherine operates a beef cattle stud in Bylands near Kilmore. She has extensive experience in the finance/investment banking industry with a strong focus on infrastructure and agribusiness funding. She is a director of V-Line Passenger Pty Ltd, and a former director of the Goulburn Broken Catchment Management Authority. Catherine is director and Deputy Chairperson of Goulburn Valley Water.


David Stewart

David Stewart, Managing Director

BE(Hons), CPEng, FIEAust, MAICD Managing Director since 14 May 2008

David was the Executive Manager Dams with Goulburn-Murray Water prior to his appointment as Managing Director. He has extensive experience in water resource investigation, design and management projects throughout Australia and overseas. He is Chairman of the Australian National Committee On Large Dams (ANCOLD), past Chairman Goulburn Valley Group, Institute of Engineers, Australia. He is a Graduate of Fairley Leadership Program, 1999.


Don Cummins

Don Cummins, Chairman

B.Ec, B.Ed, Dip tchng, P.G.Dip Asian Studies, GAICD 1 July 2007 to 30 September 2007

Don is director of the Goulburn Broken Catchment Management Authority and a member of the Murray-Darling Basin Community Advisory Committee. He is Deputy Chairman of the Mt Buller-Stirling Resort Management Board. He operates a cattle-grazing property at Nillahcootie. He was appointed Chairman of Goulburn Valley Water as of 1 October 2007.


John Pettigrew

John Pettigrew, Director

GAICD 1 July 2007 to 30 September 2007

John is a director of Paton Smythe Pty Ltd, horticulturalists. He is a member of the Goulburn Broken Catchment Management Authority, a former Chairman of the Shepparton Water Services Committee and a former director of SPC Ltd.


Jean Sutherland

Jean Sutherland, Director

Cert Bus Studies, CPA, GAICD 1 July 2007 to 30 September 2007

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


Russell Cooper

Russell Cooper, Managing Director

B.Sc, Grad Dip Mgt, FIE Aust, CPEng, FAICD 1 July 2007 to 12 March 2008

Russell has extensive management experience in the water industry having been Managing Director of South East Water from 1995 to 2001. He was appointed as the CEO of Goulburn-Murray Water in July 2005 and became Managing Director on 1 July 2007, serving in this role until resignation effective 12 March 2008.

Management of corporate risk

A comprehensive review of G-MW's corporate risks was undertaken during 2007/08, leading to the development of a revised Corporate Risk Register. The outcomes of the review were approved by the Board in February 2008. In line with G-MW's Corporate Risk Register, corporate risks are reported to the Financial and Management Audit Committee each quarter.

Board Committees

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 OAM, Committee Chairman, Peter Fitzgerald, Claire Penniceard, Des Powell, Catherine Scott, Jean Sutherland (1 July - 30 September 2007)

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:
Craig Cook, Committee Chairman, Stephen Mills, John Brooke OAM, Don Cummins (1 July - 30 September 2007), Jean Sutherland (1 July - 30 September 2007)

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. This committee was disbanded in November 2007, with the overseeing of compliance issues taken up by the Financial and Management Audit Committee.

Membership:
John Pettigrew, Committee Chairman (1 July - 30 September 2007), Craig Cook, Peter Fitzgerald

Our governance practices

The Board sought continuous improvement of its governance through 2007/08 in a number of ways:

1. Maintaining its Board committees and reviewing their functions and memberships of each committee. Memberships of each of the committees was reviewed following the appointment of new directors on 1 October 2007; the structure of the committees was also reviewed, with the Financial and Management Audit Committee overseeing the role of the Safety and Environment Committee, allowing the latter committee to be disbanded.
2. Conducting a Board performance review with an external facilitator and reporting the outcome to the Minister for Water.
3. Inducting new directors appointed on 1 October 2007.
4. Completing the implementation of G-MW's "Whole-of Business" risk management framework.
5. Implementing changes arising as a result of changes to the *Water Act* 1989 as of 1 July 2007 and in this regard undertaking a comprehensive review of G-MW's Corporate Governance Manual.
6. The Board also reviewed its policy and procedure on governance relating to trading of water entitlements by directors and employees, committing to the disclosure of director water entitlement holdings in Goulburn-Murray Water's annual report and publishing details of director trading activities on Goulburn-Murray Water's internet site as these trades occur.

Directors' Attendance at Board and Committee Meetings

	Board Meetings		Financial and Management Audit Committee*		Remuneration Committee		Safety and Environment Committee	
Director	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended
Stephen Mills	12	12	4	3	3	3	-	-
Craig Cook	15	13	-	-	3	3	1	1
John Brooke	15	15	6	6	3	3	-	-
Peter Fitzgerald	15	15	3	3	1	1	1	1
Claire Penniceard	12	12	3	3	*	2	-	-
Des Powell	15	14	6	6	-	-	-	-
Catherine Scott	12	10	4	4	-	-	-	-
David Stewart	7	7	*	1	-	-	-	-
Don Cummins	3	3	1	1	1	1	1	1
John Pettigrew	3	2	-	-	-	-	1	1
Jean Sutherland	3	3	2	2	1	1	-	-
Russell Cooper	8	7	*	3	*	2	-	-

* Attending as a non-member

Director water entitlement holdings
as at 30 June 2008

John Brooke OAM: 385.4 ML Goulburn HRWS, 176.6 ML Goulburn LRWS

Craig Cook: 3 ML Catchment Dam

Peter Fitzgerald: 858.9 ML Goulburn HRWS, 340 ML Goulburn LRWS, 208.8 ML Drainage Diversion Agreement, 381 ML Groundwater Licence, 17 ML Catchment Dam, 2 ML Private Right (Groundwater)

Stephen Mills: 828.1 ML Murray HRWS, 378.1 ML Murray LRWS, 180 ML Drainage Diversion Agreement

Claire Penniceard: 40 ML Groundwater Licence

Economic Sustainability

Objective

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

The Victorian Government's drought relief package provided $35.9 million to meet customer's fixed water charges.

G-MW established its FutureFlow Alliance to deliver $173 million of works as part of the CG1-4 and Shepparton modernisation project.

Results

Performance Aspect	2007/08 Target	Results
Cost management	Productivity Plan target of 5% reduction in cost compared to 04/05 base achieved	Not relevant due to business restructure
Advanced Maintenance Program	Water Plan works program achieved within cost estimates	AMP program revised in anticipation of NVIRP
Capital Expenditure	Water Plan works program achieved within cost estimates	WaterPlan program revised in anticipation of NVIRP

Performance Aspect	2007/08 Target	Results
Delivery system efficiency	Overall efficiency of Area distribution systems 74%	Not achieved
Availability of bulk water assets to supply customer orders	100%	Achieved
Capability of storages to hold design capacity	100% of time at all storages (excl. Lake Mokoan)	Partially achieved
Availability of distribution assets	No unplanned service failures greater than 12 hours	Not achieved
Response to reported channel leaks	Area service standards met	Not achieved
Availability of Mildura-Merbein Salt Interception Scheme assets	69%	Achieved

Challenges for the future

- Due to the ongoing modernisation updating and modifying G-MW works programs to reflect modernisation works programs continues to be a challenge.
- G-MW will continue to work with NVIRP and WSCs to shape our programs to align with the NVIRP investment in G-MW Irrigation Areas.
- With drought continuing, G-MW will ensure the experience gained from operating the system during low water supply periods is reflected in more efficient future system operations.

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

Financially significant issues in the year

Continuation of low inflows was the most significant issue for G-MW and the whole community in our area. Low inflows meant low allocations on all systems. Our consumptive charge revenue was reduced by $7m as a result of low water availability and significant carryover of entitlement.

The Advanced Maintenance Program was delivered in the early part of the year then was put on hold pending decisions on asset modernisation which will occur under the irrigation renewal programs now underway. However other Government supported asset reconfiguration programs were accelerated and lead to an overall increase in maintenance cost of $7m.

Total Government funding for both capital and operating programs increased as the new irrigation renewal works got under way. During 2007/08 the Corporation received $177m in capital grants and $62m in operating grants. A large amount of this was received in late June in advance of expenditure which resulted in a significant improvement in the financial result and a healthy cash position on 30 June 2008.

Financial Statements

The operating statement shows a profit of $17.4m, but includes $40m of Government funding which is in advance of spending. G-MW is required to include these grants as revenue in the year they are received.

With the Government funding excluded, the Corporation had a loss of $22.6m on its operations for 2007/08. In future years the impact of the advance Government funding will be reversed as the expenditure is incurred and reported without matching revenue.

The Operating Statement is prepared under the pricing policy agreed with the Essential Services Commission (ESC), G-MW's economic regulator. A crucial difference between the calculation of price and the Operating Statement result is that pricing calculations include regulatory depreciation, which is a much lower expense item than accounting depreciation which is used for the Operating Statement prepared in compliance with Australian Accounting Standards.

The table below sets out the results of operations for the year after first allowing for the Government grants received in advance, and then for the difference in calculation base for pricing referred to above.

Financial Results Snapshot

	2007/08	2006/07
	$'000	$'000
Profit/(Loss) for the year in financial statements, prepared in accordance with Australian Accounting Standards	17,417	(28,250)
Deduct Government grants received in advance	(40,000)	0
Adjusted accounting result	(22,583)	(28,250)
Add back depreciation	31,127	31,302
Deduct regulatory depreciation	(3,343)	(2,394)
Profit for the year under pricing policy	5,201	658

The financial statements indicate an operating profit of $17.4 million in 2007/08.

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

Year	Result
2007/08	**$17.4m profit**
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

Financial Performance – 5 Year Summary

	2007/08	2006/07	2005/06	2004/05	2003/04
Revenue					
Charges for water	76,691	77,129	82,905	79,497	74,002
Other revenue	89,720	41,459	36,983	31,098	41,305
Total	**166,411**	**118,588**	**119,888**	**110,595**	**115,307**
Expense					
Operations	57,306	62,392	54,375	55,797	54,366
Maintenance	39,822	32,699	24,075	19,999	18,130
Depreciation	31,127	31,302	30,516	30,806	26,991
Other expenses	20,739	20,445	15,137	15,403	13,734
Total	**148,994**	**146,838**	**124,103**	**122,005**	**113,221**
Profit/(loss)	**17,417**	**(28,250)**	**(4,215)**	**(11,410)**	**2,086**
Current assets	198,405	50,281	44,698	55,488	41,538
Non-current assets	1,959,237	1,927,616	1,905,679	1,882,528	1,858,940
Current liabilities	42,589	49,693	41,202	43,193	28,165
Non-current liabilities	51,269	36,337	14,809	15,288	23,751

Victorian Government funded rebate program

The Victorian Government again funded a rebate of fixed water charges to customers as part of a drought relief package. Customers in supply systems with a water allocation of less than 40% at 1 December 2007 were entitled to up to $1,000 rebate of their fixed irrigation charges in full plus 50% of the balance of charges above $1,000. The program excluded customers that were stock exchange listed or in which shares are owned by a publicly listed company, which only applied to one of our customers. The total amount of fixed rates covered by the rebate was $35.9m, as detailed in note 4 to the Financial Statements.

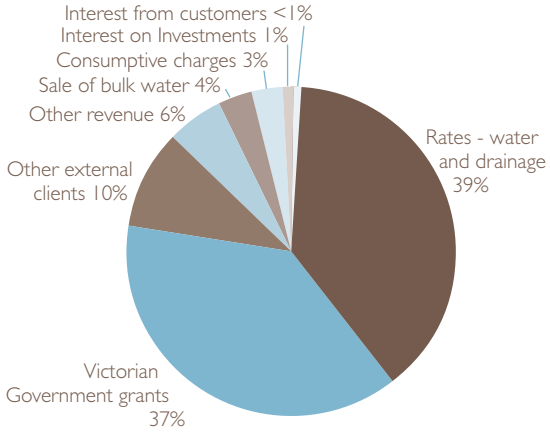
Price setting under the ESC framework

Prices for the Corporation's services are set separately after consultation with the appropriate customer committees and Essential Services Commission (ESC) approval of the underlying costs. Prices were initially set and approved for a two year period which expired on 30 June 2008, and the Corporation is now in a five year pricing period. Due to the difficulty in determining future water prices in an environment undergoing significant capital investment as a result of the NVIRP investment program, the ESC has approved prices for 2008/09 only for key irrigation and drainage services. G-MW will submit further 2009/10 to 2012/13 pricing proposals for key services by October 2008.

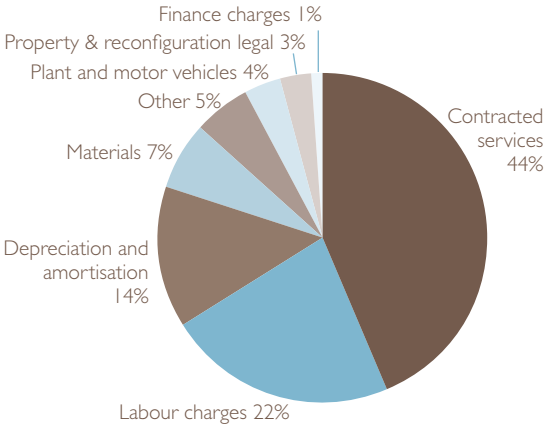
Post balance day events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of the operations or the state of affairs of the Corporation in future years.

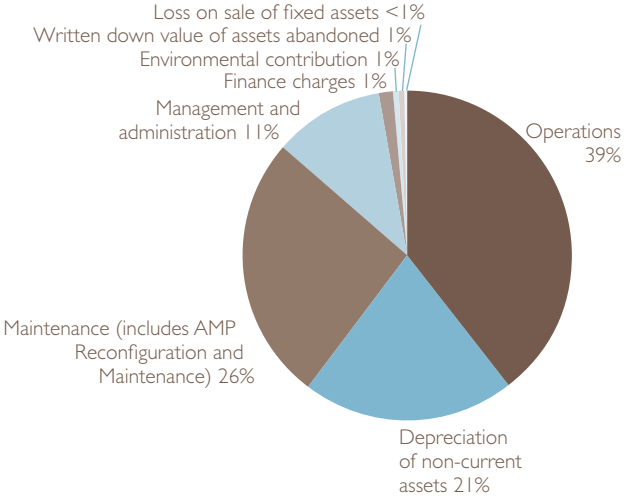
Revenue by Source: $166 million



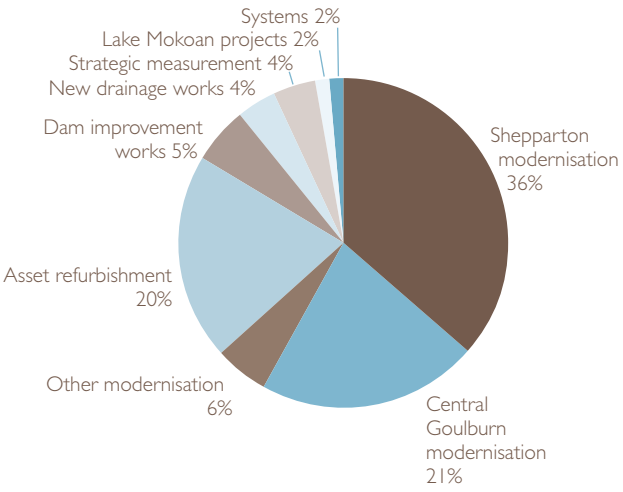
Total Expenditure by Resource: $227 million



Operating Expenditure by Activity: $151 million



Capital Expenditure by Type: $76 million



Building for the future

From the 17 storages under its management to the on-farm outlets and drainage networks, G-MW recognises that every component of our irrigation network can provide an opportunity to improve the service we deliver to customers and the efficiency of our operations. During 2007/08 G-MW continued to improve, upgrade and maintain the performance and safety standards of Australia's largest water delivery system to meet the needs of customers and local environment, and the expectations of our communities.

Gunbower Weir Replacement and Fishway: G-MW commenced works to replace the Gunbower Weir, north-west of Echuca, in the Torrumbarry Irrigation Area. The Weir was built in the 1890s and has a key role in regulating flows from the National Channel into the Gunbower Creek which supplies irrigation water to Cohuna. A fishway is to be constructed once the weir replacement is complete.

Kerang Weir Fishway Funded by North Central CMA. Construction of the concrete fishway structure alongside the Kerang Weir on the Loddon River commenced in April 2008.

Protecting the security of our assets

G-MW's assets are the foundation of our business, and protecting them is a crucial part of our job. This year, G-MW was recognised as an essential service provider and is required to meet several legislative requirements under the *Victorian Terrorism (Community Protection) Act* 2003.

During the year a 30 metre long, 3 metre high model of the Dartmouth spillway was build to allow modelling of the spillway under large flood conditions. The information is an important step in planning the upgrade of the Dartmouth spillway.

To ensure that G-MW meets these requirements, the Corporation continues to rigorously assess security threats to critical infrastructure and implement security control measures consistent with state and national strategies. Working in collaboration with DSE via membership on the Water Security and Continuity Network (Water SCN) and also with the Attorney General's Department in the Water Service - Information Assurance Advisory Group (WS-IAAG), G-MW undertakes programs of continual improvement to its Incident and Emergency Response System, Dam Safety and Security Monitoring Program, Business Continuity Management and Resilience Framework and Whole of Business Risk Framework. All of these measures ensure that G-MW continues to undertake its obligations to its customers and stakeholders in a safe and secure manner.

10 years of dam improvement

Chairman Stephen Mills and Minister Tim Holding open Cairn Curran Dam Safety Upgrade.

The Dam Safety Program ensures the dams under G-MW's management are operated and maintained to appropriate standards. The Dam Safety Program supports routine operations and maintenance, dam surveillance and dam safety emergency planning functions. Dam safety program also enables G-MW to satisfy its regulatory requirements under G-MW's Statement of Obligations.

The Dam Safety Program includes an ongoing dam improvement program (DIP) to review dams' current design and condition against contemporary design standards and where appropriate undertake upgrade works.

Since embarking on a dam safety program in 1997 G-MW and the Victorian Government have jointly invested $100 million and delivered eight dam improvement projects. The upgrading program to date is within the overall program timelines for achieving risk reduction and under budget.

The DIP is based on risk assessment which provides a framework to set priorities for works enabling the prudent and justifiable investment of funds to progressively reduce risk across the whole portfolio of dams. Under the DIP, G-MW has completed design reviews and risk assessments of all its dams.

Cairn Curran Dam Safety Upgrade Project

In 2007/08 G-MW completed a $12.5 million dam safety upgrade at Cairn Curran Dam as part of its Dams Improvement Program. The project was delivered significantly under budget, two months ahead of schedule and achieved an excellent safety record with no injuries during the nearly 50,000 hours worked.

At its peak, the project had 30 items of plant working on the site and 20 trucks delivering materials to site. Cairn Curran is around 50 years old and a critical part of G-MW's irrigation network. It is also an important community asset that provides a range of tourism and recreational services in Central Victoria.

The project was officially opened by the Hon. Tim Holding, Minister for Water and acknowledged the support and contributions of local stakeholders including Central Goldfields and Mount Alexander Shires, Baringhup Community Committee and local residents.

Newlyn Dam Safety Upgrade

G-MW also delivered a smaller $100,000 upgrade at Newlyn Reservoir, south of Bendigo. The project improved the Reservoir's spillway capacity. Works were also undertaken on dam abutments to protect against erosion in a very large flood.

Irrigation renewal

delivers more water to G-MW customers and the environment

The channel supply network that services G-MW's Irrigation Areas is being streamlined as part of the Northern Victoria Irrigation Renewal Project, existing Shepparton and CG1-4 modernisation projects, and G-MW's reconfiguration program. The smaller network will improve service to our customers, deliver better outcomes for our environment and local communities and contain future costs associated with maintaining and operating an irrigation network that was designed for much smaller land holdings, along with former low-technology irrigation systems and practices.

Irrigation renewal supports initiatives contained in the Victorian Government's *Our Water Our Future* policy. It is a vital step to ensuring the future of sustainable irrigated agriculture across northern Victoria.

G-MW's Channel Automation Network (CAN)

For the majority of G-MW's 6,300 km channel distribution network, the movement of water is controlled by water officers visiting individual regulators to add or remove drop bars, and so reduce or increase the flow of water in line with customers' orders. Channel automation is already progressively replacing these labour intensive processes with real time communication between automated channel regulators and G-MW's Operations Support Centre.

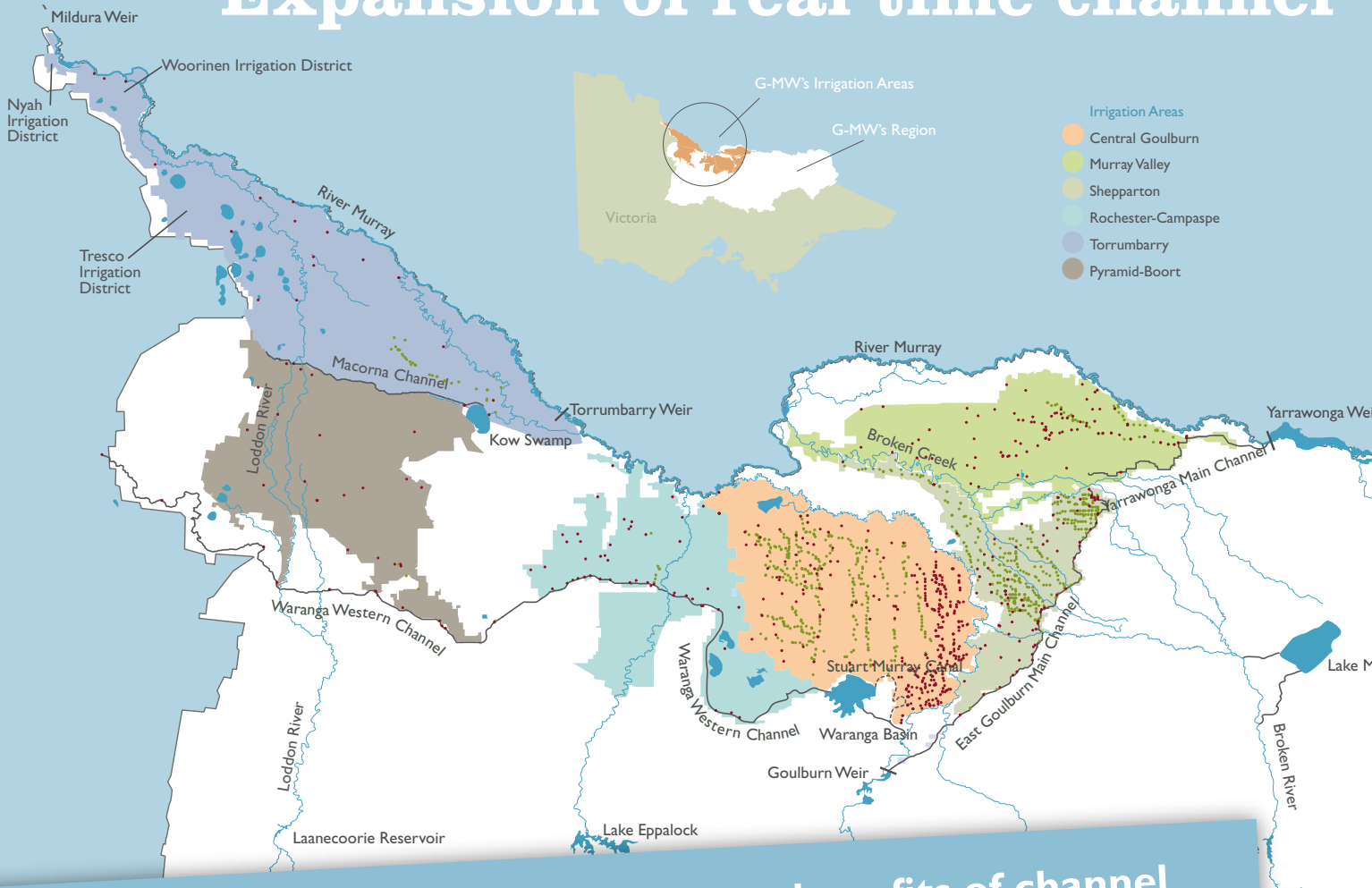
FutureFlow's 2008 works program, which included the NVIRP Early Works, will see the number of automated gates in G-MW's CAN nearly triple, and the number of automated sites almost double, providing a massive boost to G-MW's monitoring and channel management capability.

During 2007/08 FutureFlow commenced works to install a further 1,508 regulators at 855 sites to expand the network to a total of 2,352 gates at 1,611 sites with all sites fully automated. The works program is scheduled to be completed by 15 August 2008.

Prior to the start of works this winter, G-MW CAN comprised 844 gates at 756 sites along the length of the channel distribution network within the six Irrigation Areas. The network includes gates installed as part of previous Strategic Measurement and modernisation projects and are a mix of monitoring (passive) and fully automated gates (monitored and controlled from G-MW offices).

FutureFlow's 2008 works program nearly tripled the number of channel regulators and nearly doubled the number of automated sites that make up G-MW's channel automation network (CAN)

Expansion of real time channel



Real time communication captures benefits of channel automation

Monitoring of the non-automated sections of the channel network relies on feedback and measurements taken by water officers when visiting a regulator, as a consequence, monitoring of channel flows and levels is limited to several spot measurements collected across a week or longer. In contrast CAN provides G-MW staff with real time and continuous information about the system, channel levels and flow rates.

CAN enhances G-MW's ability to rapidly pinpoint interruptions to supply and to identify high loss pools and so target remediation and modernisation works to maximum effect. CAN also improves G-MW's ability to monitor, measure and verify changes to system operating requirements (losses) across the entire network and within sections of the network.

To capture the full value of the expanded CAN, G-MW continues to scale up its Operations Support Centre in Tatura. The Operations Support Centre staff numbers have increased from four to six staff operating 24 hours a day, seven days a week throughout the irrigation season. The Operations Support team are using the real time information to deliver daily, seasonal and longer term system performance improvements, delivering water when and where it's needed more efficiently than ever before.

Irrigation renewal delivers new low for Rochester outfalls

The installation of automated channel regulators on the majority of channel offtakes from the Waranga Western Channel coupled with remote monitoring of system outfalls saw the Rochester Irrigation Area reduce system outfalls to only 2% of deliveries in 2007/08. Deliveries were more than 40% higher than in 2006/07 but 2007/08 outfalls were 10% lower. Over the previous six seasons (excluding 2007/08) outfalls have averaged 4% of deliveries.

Reduced outfalls do not impact on G-MW's existing environmental and passing flow requirements along the rivers within its region. Irrigation renewal will also boost G-MW's existing efforts to reduce outfalls in order to reduce the outfalls of nutrients and salinity from the drainage system which ultimately impacts on downstream river health.

control

Irrigation renewal

CG1-4 reduces outfalls to 25ML

A massive reduction in system outfalls for CG1-4 channels is attributed to G-MW's CG1-4 modernisation project funded by the Victorian Water Trust and Water for Rivers.

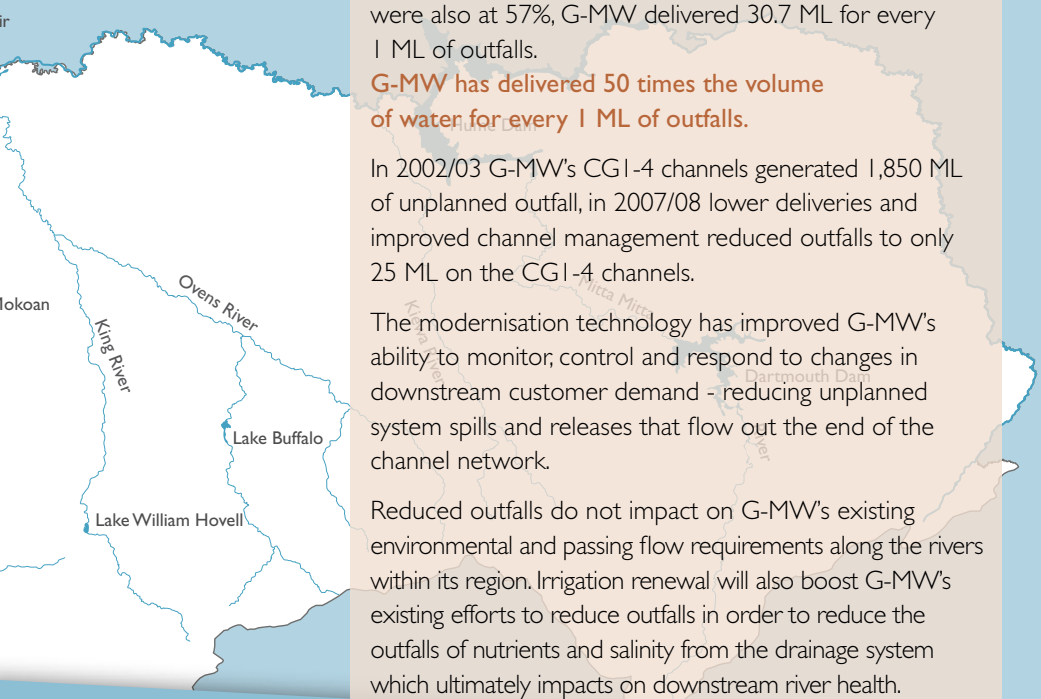
In 2007/08 G-MW delivered 1,533.4 ML of water to customers on the CG1-4 channels for every 1 ML of outfalls. In 2002/03, the last season in which allocations were also at 57%, G-MW delivered 30.7 ML for every 1 ML of outfalls.

G-MW has delivered 50 times the volume of water for every 1 ML of outfalls.

In 2002/03 G-MW's CG1-4 channels generated 1,850 ML of unplanned outfall, in 2007/08 lower deliveries and improved channel management reduced outfalls to only 25 ML on the CG1-4 channels.

The modernisation technology has improved G-MW's ability to monitor, control and respond to changes in downstream customer demand - reducing unplanned system spills and releases that flow out the end of the channel network.

Reduced outfalls do not impact on G-MW's existing environmental and passing flow requirements along the rivers within its region. Irrigation renewal will also boost G-MW's existing efforts to reduce outfalls in order to reduce the outfalls of nutrients and salinity from the drainage system which ultimately impacts on downstream river health.



Communications networks upgraded

Reliable and rapid communication between the regulators and G-MW's Operations Support Centre is vital to system performance. G-MW has worked with NVIRP to ensure appropriate communications technology is in place to support the current and future communications demands created by the greatly expanded and more heavily populated channel automation network. G-MW's FutureFlow installed six new radio communication towers and upgraded nine existing communication towers creating a matrix of 37 radio "node" masts. The network of towers provides local radio coverage across each Irrigation Area.

During the year G-MW began work to deliver the primary communications network to overarch the six networks, and connect these local networks back to the Operations Support Centre at Tatura.

Top to Bottom: The majority of G-MW's 6,300 km channel network is manually controlled.

New flume gates automating channel operations.

G-MW's Operations Support team are using the continuous real time information sent from every automator regulator across the network to deliver daily daily, seasonal and longer term system performance improvements and to deliver water to customers more efficiently than ever before.

A new era begins - G-MW's Irrigation Areas will be transformed by modernisation projects including the $2 billion Northern Victoria Irrigation Renewal Project.

FutureFlow a G-MW Alliance

The $2.6 million East Goulburn Main Channel Offtake structure to enable the automation of the Shepparton Irrigation Area.

G-MW established its FutureFlow Alliance to deliver $173 million of works in 2008 and 2009 as part of the Shepparton and CG1-4 modernisation projects. The projects represent a significant increase from G-MW's previous $15 to 20 million annual expenditure on improvements to its irrigation delivery network. Through FutureFlow G-MW is delivering the expanded program in tight timeframes without affecting G-MW's ongoing business activity, including the delivery of water to customers.

The Alliance model was considered the best option given the uncertainty of scope, urgent delivery requirements and took into consideration the limited regional resources. G-MW's Alliance partners are Transfield Services, Comdain, and SKM and were selected following complex workshops to test partner ability and to agree on principles and strategy. Alliance models accommodate for uncertainty in scope and encourage retention of skills by the owner organisation.

In March, NVIRP called on G-MW to deliver the Early Works component of the Nothern Victoria Irrigation Renewal Project, previously known as the FoodBowl Modernisation Project. The $103 million Early Works program involves the installation of 1,000 channel regulators, 5.3 km of channel remodelling and the upgrade of 1,047 customer outlets. With G-MW's FutureFlow already delivering the same activities on existing modernisation projects, G-MW decided to expand FutureFlow's works program to include the NVIRP works.

As a result, G-MW's FutureFlow will have delivered approximately $120 million of works for three modernisation projects across all six Irrigation Areas. Throughout the 15 May to 15 August winter shut-down works period, FutureFlow will install 1,529 channel regulator gates and line 28 km of channel, remodel 4.5 km of channel and rationalise 10 km of channel. The program involves activity at more than 900 individual works sites with as many as 300 operating on any one day.

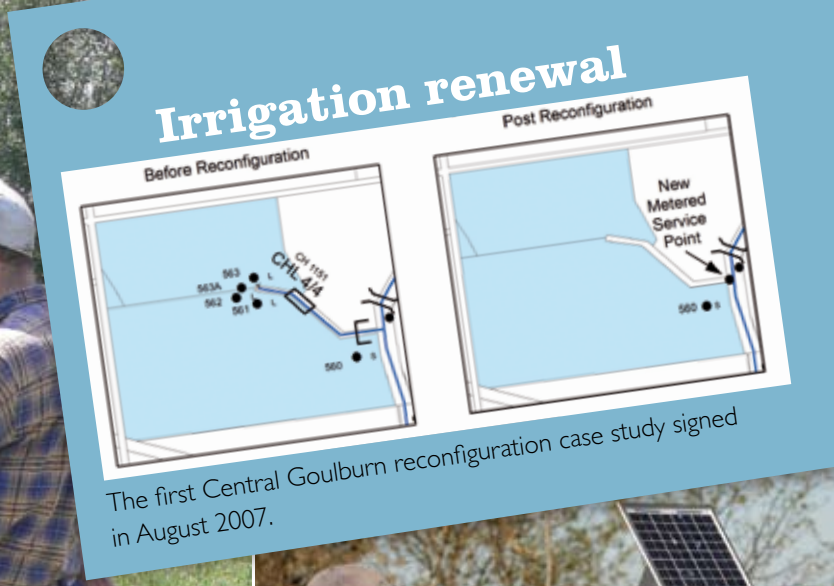
At its peak, FutureFlow employed more than 425 people, including 300 contracted employees and approximately 80% were local. FutureFlow inducted a total of 1,150 employees and contractors into its safety program to enable rapid deployment of works crews across the region as the works program rolled out.

FutureFlow is delivering the extensive works program on-time and on-budget. Each worksite is under FutureFlow's control for the duration of the works and is subject to FutureFlow's rigorous quality control and occupational health and safety processes. The works are then subject to further quality review by G-MW as part of the asset handover to G-MW.

FutureFlow staff maintain regular contact with customers impacted by the works program. FutureFlow's consultation program will involve more than 3,500 customers across all of G-MW's Irrigation Areas.

Working with customers to reduce infrastructure

Minister for Water Tim Holding and G-MW Chairman Stephen Mills discuss reconfiguration with G-MW customer Mark Williams. In August 2007, Mark and G-MW signed the first reconfiguration agreement for the Central Goulburn Irrigation Area. Under the agreement 650 m of channel, two structures (a channel off-take and siphon) and four metered service points will be decommissioned with water savings estimated at 20 ML. By rationalising redundant assets, all Central Goulburn customers benefit from avoiding the assets' future operating and maintenance costs.



The first Central Goulburn reconfiguration case study signed in August 2007.

David Cox and Shannon Lancaster (G-MW Asset Services Coordinator) inspect a new flow meter.

G-MW's Reconfiguration Program is streamlining the irrigation channel network to more effectively meet customers' on-farm needs. G-MW customers drive the process with local Reconfiguration Working Groups established in all Irrigation Areas.

The Groups are working with local customers to identify redundant infrastructure and assets that can be rationalised through on-farm reconfiguration. G-MW's reconfiguration program is funded under the Victorian Government's *Our Water Our Future* Water Reform program and is on track to deliver 25,000 ML of water savings by May 2009. The water savings will contribute to the Living Murray Initiative.

During 2007/08 G-MW accelerated its reconfiguration program, increasing its team of reconfiguration staff from seven to 17. The staff worked with customers and local Working Groups to identify reconfiguration opportunities. During 2007/08, a total of 171 reconfiguration business cases (offers) were accepted by G-MW customers with an acceptance rate of 86.5%. Through these reconfiguration projects, over 67.4 km of channel, 362 meter outlets, and 195 structures have been decommissioned. G-MW paid $6.5 million of compensation that primarily reflects the operating, maintenance and replacement costs G-MW will not incur in the future. All G-MW customers across the Irrigation Areas benefit by avoiding the future maintenance and operating costs associated with the decommissioned assets.

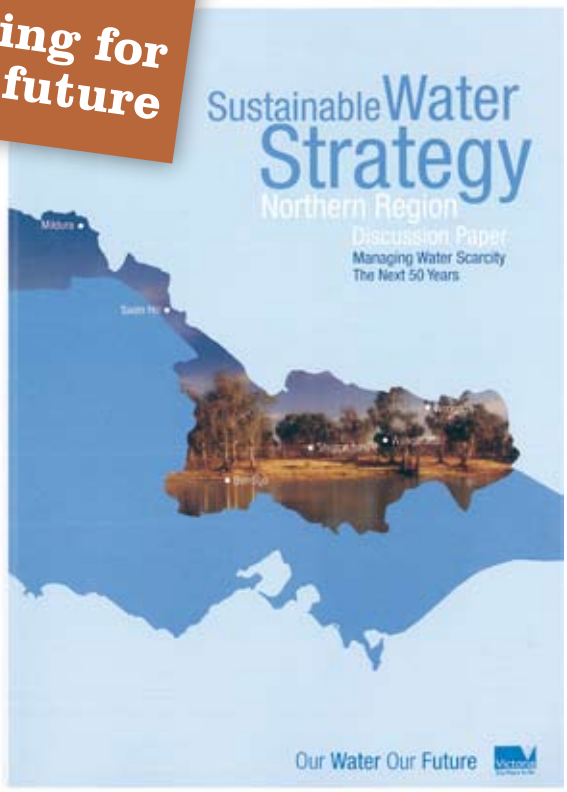
Since G-MW began its Reconfiguration Program in 2004, more than 410 business cases have been developed for consideration by customers. Agreements have allowed G-MW to decommission 86.8 km of redundant channel, 428 on-farm meter outlets and 241 other structures such as bridges, culverts and regulators with a combined asset replacement value of more than $24 million.

Many reconfiguration proposals have involved farmers reducing the number of outlets (meters) on their property. On average the reconfiguration program has seen one new electronic meter outlet installed for every 3.7 decommissioned Dethridge meters. The new outlets can support full automation and remote control and rapidly advancing, more labour and water efficient on-farm irrigation delivery, technology and practices.

At 30 June, G-MW's decommissioning of assets through the reconfiguration program had reduced G-MW's system operating requirements (losses) by more than 7,629 ML, lowering the starting hurdle for system allocations and improving the overall efficiency of the channel distribution network.

G-MW staff will continue to work with other stakeholders to ensure our reconfiguration plan is integrated with the proposed modernisation works for the area.

Building for the future



The NRSWS will guide water management for the region for the next 50 years.

Community defines 50 year water use strategy

The future water needs of business, communities and the environment across northern Victoria is a critical factor in determining G-MW's immediate and longer term business strategies including the services G-MW offers to customers.

In January 2008, the Victorian Government commenced an extensive community driven program to define the Northern Region Sustainable Water Strategy (NRSWS). The strategy will guide water management for the region for the next 50 years and incorporates all sections of the community from business and regional towns to irrigators and the environment.

G-MW has provided expertise and information into the process. G-MW expects the strategy will provide an important platform from which to further define G-MW's future business activities including services to the community, our customers and the environment.

The development of the strategy has been overseen by a broad-based consultative committee. G-MW was represented on the consultative committee, and actively participated in shaping the strategy directions and options to meet the needs of its customers and stakeholders.

G-MW's WSCs also made an extensive combined submission on the issues raised in the NRSWS discussion paper. In addition, G-MW staff participated on working groups addressing water allocations issues, environmental issues and urban issues.

Two WSC members were also appointed to the Water Allocation working group while a further two participated in the Environmental working group to ensure irrigators concerns and ideas were well represented.

G-MW Board continues move to real cost pricing

In March 2007 the G-MW Board recognised the need to adopt customer pricing strategies that more accurately reflect the cost of the water harvesting and storage services customers receive. This change, called basin pricing, aligns the price for each different water entitlement with the actual cost of operating and upgrading the storages in each basin that support those entitlements. This continues the work previously undertaken with WSCs to identify real costs and reduce cross-subsidies in the prices for G-MW's retail delivery services. G-MW recognises that this shift will fundamentally change the basis for calculating prices, and will require substantial increases for some customers to bring their current subsidised charges into line with the actual cost of their service.

G-MW management began consultations with customer representatives in key areas impacted by the change in 2007/08. The consultation process is designed to map out a transition strategy that can appropriately manage the impact for individual customers and their communities. This reform was the subject of discussions at G-MW's annual Water Services Committees Workshop in June 2008.

Consultations with WSCs are continuing, to develop the transition strategy. Once the strategy has been finalised the timing for implementation will be determined.

✻ ***G-MW management began consultations with customers in key areas impacted by the change.***

Centre pivot irrigating in Central Goulburn Area.

Improving how we own, use and manage water in northern Victoria

On 1 July 2007, regulated water entitlements in northern Victoria were unbundled.

This reform represented the most significant change to the water entitlement framework since the establishment of statutory Water Rights in the early 20th century. These reforms separated water entitlements from land, and "unbundled" them into three individual components:

- a water share;
- a delivery share; and
- a water use licence.

Each of these components can now be separately managed by the holder. This reform provides irrigators with greater flexibility and choice in the management of their water entitlements and allocations. These reforms also introduced Limited Term Transfers of water shares, which is effectively a lease of the water share that can extend across seasons.

To support these reforms, G-MW implemented a major business change program. In the lead up to unbundling in 2006/07 G-MW undertook a major communications and information program involving more than 40 customer meetings together with information sessions for farm service providers, solicitors and water brokers. Over 1,500 people attended these meetings, which were complemented by the Water Wheels information caravan visiting all parts of G-MW's region. In addition, all affected customers received mail outs providing information on how these important reforms would affect them.

As part of this program, G-MW aligned key business systems for recording, managing and transactional processing of irrigator water shares, allocation, delivery shares and water use licences with the requirements of the new Victorian Water Register. The Register replaced G-MW's Billing and Customer Care system for managing entitlements. In order to manage G-MW's billing activities and effectively interface with the Register's systems, G-MW implemented a new billing and customer relationship management system. Over 60 staff across the organisation were trained in the use of these major new business systems.

Unbundling also required a comprehensive review and renewal of all of G-MW's business procedures associated with land and water transactions.

The outcome has been rigorous procedures that support the unbundled transaction environment and better protect buyers and sellers of valuable water entitlements. The Water Administration team was also restructured to align the organisational structure with the new business processes. As a result of these improvements, processing times were steadily reduced during the year, providing better service to customers.

G-MW also continued to communicate with customers about the new system. A forum for water brokers and solicitors was held in November 2007, with over 60 attendees and G-MW's website was developed to become an important resource for water trading information and materials.

G-MW worked closely with DSE to identify and specify improvements to trading processes and forms, and to develop improved functionality to manage bundled entitlements (unregulated surface water and groundwater licences) in the new register.

This major change program was successfully delivered in an environment of record low water availability and extreme pressure on many farm businesses, record high water trading prices and transactions numbers. The successful outcomes for unbundling reflects the commitment of both staff and customers to work together to improve the way we own, manage and use water in northern Victoria.

With at least four out of five G-MW customers making use of water trading to meet their onfarm business strategies, water trading provides a rapid, transparent and equitable process for sharing limited water resources.

Operating efficiently and effectively

Managing water resources during drought

With drought continuing for the eleventh consecutive year, G-MW adopted a range of water management strategies to ensure customers had equitable access to their groundwater, regulated and unregulated system entitlements.

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

Historical Seasonal Allocations for G-MW's Regulated Systems

% HRWS = percentage of water right until 2006/07, then percentage of high-reliability water shares
% LRWS = percentage of sales until 2006/07, then percentage of low-reliability water shares

	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek	
	% HRWS	% LRWS	% HRWS	% LRWS	% HRWS	% LRWS	% HRWS	% LRWS	% HRWS	% LRWS	% HRWS	% LRWS
1992/1993	100	100+	-	-	100	100+	100	100+	-	-	-	-
1993/1994	100	100+	-	-	100	100+	100	100+	-	-	-	-
1994/1995	100	120	-	-	100	100	100	80	-	-	-	-
1995/1996	100	100	-	-	100	50	100	100	-	-	-	-
1996/1997	100	100	-	-	100	100	100	120	-	-	-	-
1997/1998	100	30	100	70	100	20	100	90	-	-	100	90
1998/1999	100	100	100	70	100	0	100	0	-	-	100	90
1999/2000	100	90	100	70	100	0	100	0	-	-	100	90
2000/2001	100	100	100	70	100	0	100	120	-	-	100	90
2001/2002	100	100	100	70	100	0	100	80	-	-	100	90
2002/2003	100	29	100	0	57	0	100	0	-	-	100	70
2003/2004	100	0	100	70	100	0	100	0	67	0	100	77
2004/2005	100	0	100	70	100	0	39	0	100	0	100	90
2005/2006	100	44	100	70	100	0	31	0	100	0	100	90
2006/2007	95	0	77	0	29	0	0	0	0	0	36	0
2007/2008	43	0	71	0	57	0	18	0	5	0	0	0

Regulated systems

Broken, Bullarook Creek, Campaspe, Goulburn, Loddon, Murray and the Ovens and King

G-MW's regulated irrigation systems comprise the rivers and channel networks below the major storages. The storages, weirs and in-channel regulators that make up the distribution network enable G-MW to regulate flows in line with demand from customers including irrigators, the environment and urban water corporations. Over the course of the season, G-MW assesses the resource position for each system to determine the volume of water that can be allocated to entitlement holders. The allocation is expressed as a percentage of high-reliability water shares (HRWS) and entitlement holders on each system receive the same percentage allocation.

2007/08 was the second consecutive season in which allocations in the Murray, Goulburn, Loddon, Campaspe and Broken regulated systems remained below 100% of HRWS. The final allocation on the Goulburn system of 57% was above the preceding year's 29%, however the Murray system allocation of 43% was well below the 95% allocation achieved in 2006/07 - the only previous season in which the Murray system allocation was below 100%. The Ovens and King regulated river systems received 100% allocation and did not experience rostered restrictions during 2007/08.

Qualification of Rights provides access to water for essential needs in regulated systems

Many of G-MW's customers rely on the river and channel networks to access water for domestic and stock purposes. The Minister for Water issued the Qualification of Rights for all of G-MW's regulated systems, except Ovens and King, at the start of the 2007/08 season to allow customers to access water for prescribed purposes, including use inside the home, watering of stock and some commercial purposes such as dairy wash down where their allocation was insufficient. The Qualification remained in effect until allocations reached a prescribed threshold – 20% on the Murray, Goulburn and Broken systems and 50% on the Bullarook, Loddon, and Campaspe systems.

In September 2007, the Goulburn system allocation reached 20% and the Qualification of Rights for Goulburn customers ceased to apply. Qualifications remained in place for the Murray and Broken systems until November 2007. On the smaller Bullarook, Loddon, and Campaspe systems, allocations did not exceed 50% and the Qualifications remained in place for the entire year.

Industry Bodies Forum

and Water Services Committees guide water management strategies

G-MW Executive Manager Planning and Environment Graeme Hannan presents water resource outlooks to G-MW's Industry Bodies Forums. The Forums provided an opportunity for G-MW to discuss its water management strategies with a comprehensive cross-section of the irrigation community, industry and other agencies.

In August, November and February G-MW convened meetings with the Water Services Committees' Leadership group and Industry Bodies Forums at which G-MW outlined its proposed water management strategies for the season.

Following the August meetings, G-MW shortened the irrigation season in the Goulburn and Murray systems by two months, from 15 May back to 15 March 2008. The shortened season reduced system operating requirements on these systems and enabled G-MW to make allocations sooner. With autumn irrigation critical for many customers, G-MW proposed to use further resource improvements to restore the season by one month to 15 April with inflows then to be shared equally between increasing allocations above 20% and restoring season length to the traditional end of season on 15 May. Start of season allocations on the Goulburn system included the 7% boost achieved by pumping the Waranga Basin's water that could not be released by gravity.

Left: Glenn Mercer (Pyramid-Boort Field Operator) discussing apples with producer Brian Smith.
Right: G-MW Executive Manager Planning and Environment Graeme Hannan, Chairman Stephen Mills and Managing Director David Stewart were on site for the start of pumping from the Waranga Basin. G-MW staff installed and operated Australia's largest irrigation pump station at the Waranga Basin to boost Goulburn system allocations by 7%.

Extreme measures implemented in response to slow allocation improvements

System operating requirements were reduced by the initial shortening of the season, but later allocation improvements were slowed as resources were partially assigned to restoring the full season length. G-MW implemented a range of extreme service standards in partnership with Water Services Committees (WSC) and customers to minimise system operating requirements and boost resources available for allocation. The measures included:

- delaying system fill where there was no customer demand;
- not running 20 to 30% of network at various stages of the season;
- tankering in domestic and stock supplies rather than running minimum flows in the channels;
- running channels at lower levels which impacted flows onto farm; and
- grouping customers' orders to further minimise system operating requirements.

The measures severely compromised G-MW's normal customer service standards, however customer cooperation, low delivery commitments, infrastructure improvements funded by the Victorian government, leadership by WSCs and efforts of G-MW staff delivered significant dividends in a season of record low water availability.

G-MW was able to record the lowest ever system operating requirements for its Irrigation Areas of 372,000 ML.

The measures are estimated to have reduced system operating requirements for the channel distribution network in G-MW's Irrigation Areas by approximately 200,000 ML and boosted system efficiency to 63%. Without the extreme measures G-MW estimates system operating requirements may have been around 580,000 ML in a year where only 638,000 ML was delivered.

The extreme measures saw G-MW's system operating requirements run below budgeted levels in the Murray and Goulburn systems. The unused resources were returned to the systems' allocation pools boosting allocations for all entitlement holders on each of these systems, and providing some valuable end of season reserves to assist in managing the 2008/09 season.

Pumping at Waranga Basin

Waranga Basin is a critical storage within the G-MW's irrigation network. It is the primary storage for inflows to the Goulburn River below Lake Eildon, and receives resources diverted from Goulburn Weir. Just under one quarter of Waranga Basin's 432,000 ML storage capacity cannot be released by gravity, and for the fourth time in history and second consecutive season, G-MW undertook pumping of this water below the normal minimum operating level.

Pumping began in early April once the Waranga Basin's water levels fell below the minimum level for gravity release. The additional resources provided a 7% allocation boost to all Goulburn system customers, and all of the costs associated with the exercise were funded by the Victorian Government.

G-MW held a community open day at the temporary pump station established at the Major Outlet, providing opportunity for the community to visit Australia's largest irrigation pump station in operation.

When the irrigation season ended on 15 May, 56,924 ML had been pumped at the Major Outlet and 11,777 ML at the Minor Outlet. Pumping continued at the Major Outlet at reduced rates until 27 June 2008 as Coliban Water continued to transfer water to its storages via the Goldfields Superpipe.

Goldfields Superpipe begins operations

During the year G-MW worked with Coliban Water to deliver the first water supplied through the Goldfields Superpipe to Bendigo and Ballarat. The Superpipe draws water from the Waranga Western Channel at Colbinabbin.

The Goulburn Bulk Entitlement, which includes operating rules for the Goulburn System, provides for up to 30,000 ML to be made available for water quality management along the Goulburn River. The Minister for Water qualified rights in the Bulk Entitlement to allow 10,000 ML of this water to be supplied to Coliban Water to supplement its existing supplies and meet critical water shortages in Bendigo and Ballarat. Coliban Water paid commercial rates for access to this additional water, with pricing arrangements agreed to by the Minister for Water in conjunction with the Qualification of Rights.

System Performance by Irrigation Area

Goulburn System - System Performance Within Irrigation Areas - 2003/04 to 2007/08

	Shepparton			Central Goulburn			Rochester			Pyramid-Boort			Total		
Season	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency
03/04	155	66	70%	406	154	72%	197	82	71%	211	48	81%	969	350	73%
04/05	157	63	71%	382	154	71%	198	80	71%	221	51	81%	958	348	73%
05/06	156	57	73%	388	152	72%	207	89	70%	236	55	81%	988	353	74%
06/07	69	37	65%	157	115	58%	68	42	61%	67	49	58%	361	242	60%
07/08	69	29	70%	170	90	65%	95	17	85%	86	47	65%	420	183	70%
Average	**121**	**50**	**71%**	**301**	**133**	**69%**	**153**	**62**	**71%**	**164**	**50**	**77%**	**739**	**295**	**71%**

Murray System - System Performance Within Irrigation Areas - 2003/04 to 2007/08

	Murray Valley			Torrumbarry#			Total		
Season	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency	Delivery (GL)	System operating req. (GL)	Efficiency
03/04	253	106	70%	432	197	69%	685	304	69%
04/05	257	111	70%	425	214	67%	682	325	68%
05/06	282	100	74%	492	207	70%	774	307	72%
06/07	233	122	66%	350	187	65%	583	309	65%
07/08	88	58	60%	126	130	49%	215	189	53%
Average	**223**	**100**	**69%**	**365**	**187**	**66%**	**588**	**287**	**67%**

Campaspe Irrigation District - 2003/04 to 2007/08

Season	Delivery (GL)	System operating req. (GL)	Efficiency
03/04	23	1	95%
04/05	10	1	88%
05/06*	8	0	104%
06/07+	0	2	0%
07/08	4	1	84%
Average	**9**	**1**	**91%**

Qualifiers:
- System operating requirements include evaporation, leakage and seepage, meter error and unplanned outfalls (spills) and are sometimes referred to as losses. The data only refers to operations within the Irrigation Area/District, it does not include storage and river operations.
- Any differences in addition are due to rounding.
- Loss =(Net diversion into an Irrigation Area/District)– delivery.
- Since 2004/05 G-MW has implemented a number of drought response measures to reduce system losses. In 2007/08, with the cooperation of customers, G-MW at times didn't run 20-30% of its 6,300 km channel network, required customers along sections of the network to group their orders, ran channels at lower levels which impacted flows onto farm and tankered in domestic and stock supplies. These strategies are severe drought response measures not standard operating practices.
- The Goulburn system losses do not include evaporation from Waranga Basin.

Torrumbarry – the Torrumbarry distribution network includes more than 300 km of natural carriers. The existing network offers limited opportunities to reduce losses using drought response measures applied in other Irrigation Areas, however with appropriate investment there are opportunities to improve system efficiency while continuing to meet the environmental needs of wetlands and other areas currently serviced by the network.

* In 2005/06, the Campaspe system's supplies were augmented by drought pumping from the Waranga Western Channel. This resulted in deliveries in the Campaspe system being higher than the diversions into the Campaspe East and West channels, and inflated the calculated efficiency.

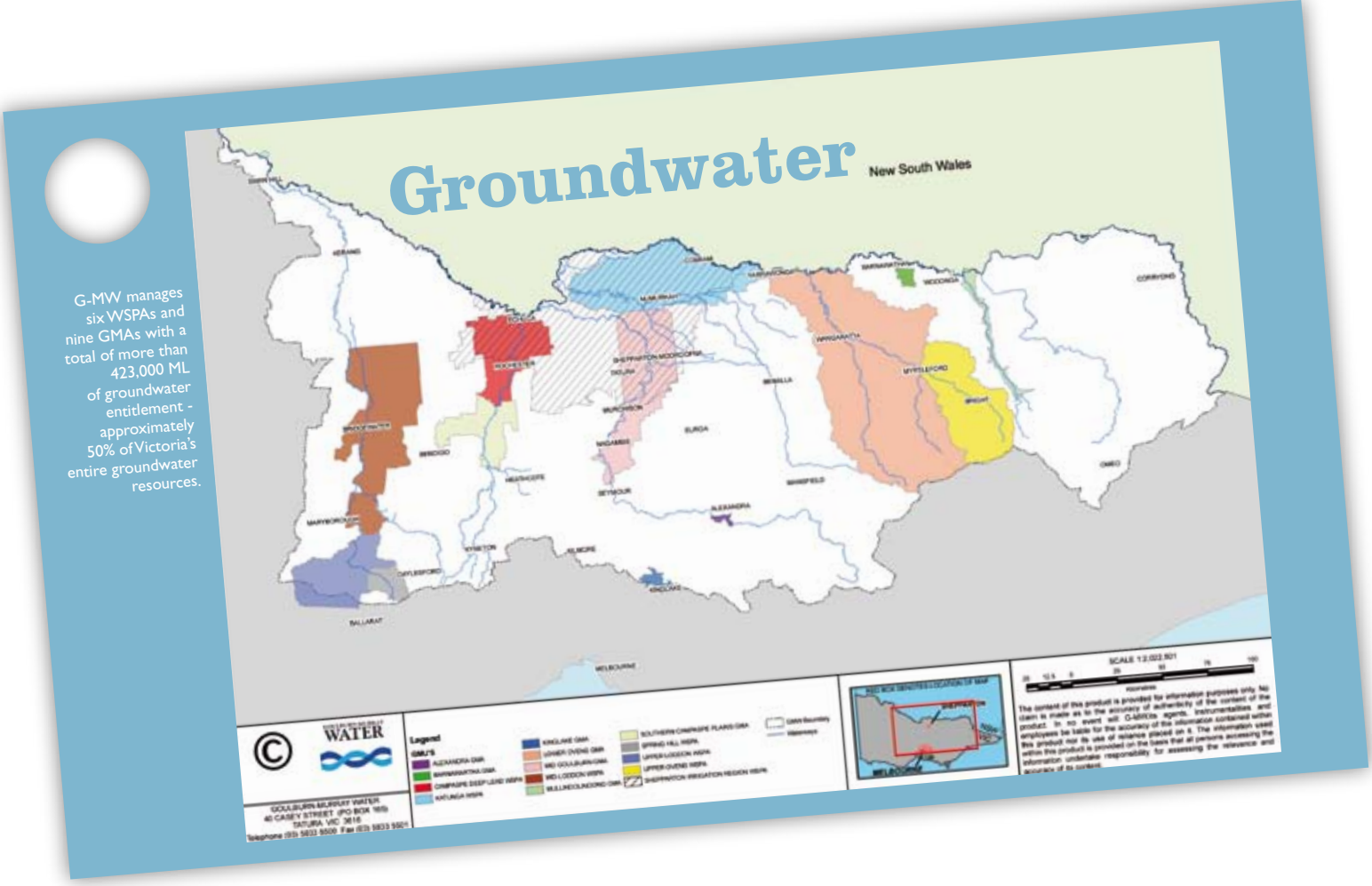
+ In 2006/07 the Campaspe allocation was zero therefore no irrigation deliveries. Diversions to the channel network were required for domestic and stock supply.

[a] % of water right until 2006/07, then percentage of high-reliability water shares (HRWS)

[b] % of sales until 2006/07, then percentage of low-reliability water shares (LRWS)

System Performance for G-MW Irrigation Areas (excluding pumped supply districts)

	Goulburn (Shepparton, Central Goulburn, Rochester and Pyramid-Boort Irrigation Areas)						Murray (Murray Valley and Torrumbarry Irrigation Areas)						Campaspe Irrigation District						Total G-MW (All Areas and District)			
					System Allocation						System Allocation						System Allocation					
	Delivery (GL)	System Operating Requirement (GL)	Total (GL)	Efficiency (%)	% Water Right / HRWS[a]	% Sales / LRWS[b]	Delivery (GL)	System Operating Requirement (GL)	Total (GL)	Efficiency (%)	% Water Right / HRWS[a]	% Sales / LRWS[b]	Delivery (GL)	System Operating Requirement (GL)	Total (GL)	Efficiency (%)	% Water Right / HRWS[a]	% Sales / LRWS[b]	Delivery (GL)	System Operating Requirement (GL)	Total (GL)	Efficiency (%)
93/94	1171	432	1603	73	100	100	778	315	1093	71	100	100	33	2	35	95	100	100	1982	749	2731	73
94/95	1632	559	2191	74	100	100	1054	492	1546	68	100	120	39	1	40	97	100	80	2725	1052	3777	72
95/96	1244	507	1751	71	100	50	908	383	1291	70	100	100	34	3	37	92	100	100	2186	892	3078	71
96/97	1501	494	1995	75	100	100	989	303	1292	77	100	100	40	4	44	92	100	120	2530	801	3330	76
97/98	1190	483	1673	71	100	20	810	381	1191	68	100	30	35	3	38	91	100	90	2035	867	2903	70
98/99	1016	424	1440	71	100	0	910	404	1314	69	100	100	25	2	27	91	100	0	1950	830	2780	70
99/00	927	360	1287	72	100	0	719	386	1106	65	100	90	24	3	27	89	100	0	1670	749	2419	69
00/01	1024	404	1428	72	100	0	874	342	1216	72	100	100	33	5	38	86	100	120	1931	751	2682	72
01/02	1072	402	1474	73	100	0	977	412	1389	70	100	100	36	5	41	87	100	80	2085	819	2904	72
02/03	630	349	979	64	57	0	814	417	1231	66	100	29	21	2	23	92	100	0	1464	768	2232	66
03/04	969	350	1319	73	100	0	685	304	988	69	100	0	23	1	24	95	100	0	1677	655	2331	72
04/05	958	348	1306	73	100	0	682	325	1007	68	100	0	10	1	11	87	39	0	1650	675	2325	71
05/06	988	353	1341	74	100	0	774	307	1081	72	100	44	8	0	8	104	31	0	1770	660	2430	73
06/07	361	242	603	60	29	0	583	309	892	65	95	0	0	2	2	0	0	0	944	553	1497	63
07/08	420	183	603	70	57	0	215	189	403	53	43	0	4	1	5	84	18	0	638	372	1010	63
15 year average	**1007**	**393**	**1399**	**72**			**785**	**351**	**1136**	**69**			**24**	**2**	**26**	**91**			**1816**	**746**	**2562**	**71**



G-MW manages six Water Supply Protection Areas (WSPA) and nine Groundwater Management Areas (GMA) with a total of more than 423,000 ML of groundwater entitlement - approximately 50% of Victoria's entire groundwater resources.

GMAs are areas in which groundwater is being intensively developed or has the potential to be developed. WSPAs are declared to protect groundwater where an aquifer is already intensively developed. WSPAs generally require a strict management framework to ensure that the groundwater extraction can occur equitably and sustainably. Since 2000 G-MW has been progressively reviewing and revising management arrangements for all aquifers, beginning with the most intensively used. Groundwater Management Plans are now in place in the Campaspe Deep Lead, Shepparton, Spring Hill and Katunga Deep Lead areas.

During 2007/08 interest in groundwater to supplement drought reduced surface water supplies continued to grow. G-MW worked with customers to enable ongoing equitable access and the long term sustainability of their local groundwater resources.

Once Groundwater Management Plans are in place seasonal allocations ensure the equitable and sustainable sharing of the available groundwater resources. Allocations were announced for the first time in the Spring Hill WSPA due to continued falling groundwater levels in response to low recharge to the groundwater system and increased groundwater pumping. A Water Shortage was declared under the Groundwater Management Plan and allocations of 80% in Blampied Zone 1002 and 65% in Forest Hill Zone 1003 were announced.

In Katunga WSPA allocations were 70%, which is the maximum allocation permitted under the Groundwater Management Plan. This demonstrates the success of the plan in enabling licence holders to maintain access to groundwater in dry seasons.

G-MW's Nick McKinley taking a level reading from an observation bore. G-MW's extensive network of observation bores assist in monitoring groundwater levels and assessing the health and rates of recharge of the aquifers in G-MW's region.

Michael McAsey and G-MW's Kahl Oliver watching outflow from Michael's pump at Bamawm.

Rochester-Campaspe irrigator Michael McAsey checking his deep lead pump.

In Campaspe Deep Lead WSPA, initial allocations announced in August were 45% for Zones 1023 to 1025 and 50% for Zones 1020 to 1022. Allocations increased to 75% in all areas on 24 December 2007 following a temporary Qualification of Rights declared by the Minister for Water.

During 2007/08 G-MW completed a review of the Campaspe Deep Lead Groundwater Management Plan, with a review of the Spring Hill Groundwater Management Plan underway. G-MW also began developing a Groundwater Management Plan for the Mid-Loddon GMA.

Additional technical data was compiled for other aquifers, including the Campaspe and Mid-Loddon Groundwater Management Areas. This work is the foundation for developing future local groundwater management rules for these aquifers.

G-MW is developing management tools that more effectively manage groundwater stream interaction in upper catchment areas. G-MW is developing the Upper Ovens Water Management Plan incorporating groundwater and surface water management.

Unregulated systems

G-MW's unregulated systems, which service more than 4,000 customers (not including farm dam customers), are located above storages and rely on springs and rainfall to generate flows. Unregulated stream flows are managed by adjusting customers' access to water through rostering and proportional access to entitlement inline with the flows in the river. G-MW measures flows along the rivers at a number of points and uses this information to adjust restriction levels across the course of the season. The controls ensure appropriate environmental flows and equitable access for all users along the stream.

G-MW began the 2007/08 season with 81 restrictions in place, this increased to 89 streams during the course of the year and 80 streams ended the year with restrictions still in place. The restrictions ranged from Stage 1 rostered access through to Stage 5, which bans irrigation and limits use to domestic and stock access only. In 2006/07, 123 streams were subject to restrictions.

G-MW issued around 10,000 restriction notification letters to customers advising of changes to access, along with newsletters in August and February.

The difficult conditions saw many rivers and streams subject to severe restrictions. Diversions from the Yea and Acheron Rivers were suspended for four months ending late July 2008. The Lower Loddon (below Fernihurst Weir) and Upper Loddon above Cairn Curran started the season on suspension and the Stevenson and Little Stevenson Rivers were suspended mid March. All of these streams were on suspension at the end of the season.

G-MW has worked with the Victorian Government to introduce a sustainable diversion limits process for managing applications for new farm dams. Sustainable diversion limits have been set for most sub-catchments across the state. We have also provided significant technical support to the Catchment Management Authorities in their investigations of environmental water requirements for the King Parrot Creek, Seven Creeks and the Upper Ovens River.

Accounting for water use

Unregulated surface water and groundwater metering program

During 2007/08 G-MW made significant progress to meet the Victorian Government's *Our Water Our Future* objectives for improving water use compliance and improved accounting of unregulated surface water and groundwater use within the region. The metering program involves existing customers who are licensed to take 10 ML of water or more from unregulated streams and 20 ML of water or more from groundwater systems. All new licences issued are required to be metered.

The Victorian Government is partly funding the program with G-MW customers funding the balance. With drought continuing to impact on our customers' operations, G-MW modified its implementation approach to more effectively work with customers to identify the most appropriate metering solution, including the option for customers to install their own meters provided they comply with G-MW's approved standards. G-MW also introduced payment terms allowing customers to pay for the installation in one payment or by instalments over a three year period.

At 30 June 2008, 89% of the 2,013 identified groundwater and unregulated surface water sites were metered with the remainder to be completed by 30 June 2009.

G-MW's REVS testing unit in operation. G-MW expanded its meter testing program in 2007/08 and held public open days at test sites in each of the Irrigation Areas.

Expanding meter testing program

During the 2007/08 irrigation season, G-MW expanded its meter testing program to test a further 43 large Dethridge meter outlets (LMDOs) across all Irrigation Areas. In response to public interest, G-MW also held an open day in each area where members of the public could visit the testing site and see the testing rig in action.

The test results were independently reviewed by Hydro Environmental, with their report, *In-situ REVS Testing of Large Dethridge Meter Outlets in the GMID,* confirming that some Dethridge wheels are delivering nearly 18% more water than neighbouring meters. The extra water is not recorded against the farmer's usage, highlighting the inequity that can arise from inaccurate measurement.

For the 53 meters tested during 2007 and 2007/08 programs the average error is 7.5% in favour of the irrigator. The result does not change the total loss for G-MW's channel network, it indicates that less of the total loss is attributed to meter error. This suggests farmers will 'lose' less by upgrading their meter, and gain through targeted modernisation works such as channel automation and on-farm reconfiguration

The meter testing program is aimed at better understanding and estimating the impact of local conditions on meter accuracy. This knowledge will improve estimates of water savings from modernisation and rationalisation, and farmers can better anticipate the impact of more accurate outlets on their farm operations.

Unlike past test programs that involve moving the wheel into a laboratory and attempting to replicate field conditions, G-MW's in-situ testing involves up to seven separate tests at each field site. The initial test is undertaken without adjusting the meter, and subsequent tests measure the impact of adjustments such as improved clearance or new bearings.

The program is a significant investment that will improve the relevance and quality of information available to G-MW, our customers and organisations investing in G-MW's irrigation network.

Project to develop meter-error model

A key outcome of this year's program is G-MW's commitment to test at least 100 sites. G-MW, in partnership with the University of Melbourne, will use the expanded data set to develop a model that can accurately account for factors such as bottom clearance, flow rate and effective supply depth to generate an estimate of meter error for a specific meter in its local conditions.

The model will provide a cost effective, rapid and accurate estimate of meter error for a particular site. Combined with other local factors such as the soil that the channel runs through, G-MW can more accurately determine potential water savings for a particular section of the network.

Copies of the report are available from G-MW's website.

A sweet success

During the year, G-MW completed a drip tape study in partnership with the Toolangi Strawberry Runner Grower's Co-operative to determine the potential for new irrigation technologies to improve on-farm irrigation efficiency and enhance production. Toolangi is located in the Upper Catchment of the Yea River with customers serviced by unregulated rivers and streams.

The study found that water savings of up to 75% could be achieved within the initial growth period of October to early February in comparison with the current sprinkler irrigation technique. Soil moisture monitoring equipment, water metering and plant yield assessments were used to monitor the sites.

G-MW contributed $10,000 to the project.

Strawberry crop irrigated with high efficiency underground drip tape system.

Investing in the future

G-MW continues to invest in Research and Development (R&D) projects that will drive more efficient business operations and deliver better outcomes for our customers including local communities and the environment.

In 2007/08 G-MW undertook a strategic review of its R&D program and adopted a new, more targeted approach to identifying future opportunities and ensuring the projects are appropriately managed and resourced to deliver the intended outcomes. G-MW is also pursuing more staff development opportunities, at all levels, through its R&D investments.

eWater CRC

The eWater CRC has 36 water industry partners and 11 research partners. G-MW is a water industry partner and has committed $150,000 cash and $110,000 in-kind per year to the eWater CRC. The CRC was formed with the merger of the CRC Catchment Hydrology and CRC Freshwater Ecology at their completion.

River operations and river planning software

The river operations and river planning software allow prediction, optimisation and evaluation of water resource and environmental outcomes. This is a major project and will produce a modelling platform that can be used across Australia to better share and manage water resources. It is hoped that this new modelling software will replace the range of different models now in use across the States, which will improve planning for shared systems like the Murray. An interstate steering committee has been formed and G-MW is providing specialist input toward model development and testing.

Catchment modelling

An Application Project has been developed to apply the catchment models (E2 and WaterCAST) in three catchment regions: Lake Eppalock (Vic), Mt Lofty Ranges (SA) and in Queensland. G-MW staff are collaborating in application of the Lake Eppalock model. The primary aim of the G-MW component of the Application Project is to understand and manage land use impacts on contaminants such as nutrients and suspended solids entering the waterways.

CRC Irrigation Futures

Cooperative Research Centre for IRRIGATION FUTURES

G-MW is one of 15 core partners and has committed $250,000 a year funding to the Cooperative Research Centre for Irrigation Futures (CRCIF) for the seven years of the program. The program expires in 2010 and was established in 2003 to examine critical issues in Australian irrigation that impact on the sustainability of the industry. Through the research programs the CRCIF sought to give confidence for future investment in irrigation technology and environmental management.

G-MW managed several major projects through the CRC. The projects are investigating opportunities for more effective corporate reporting, and Conjunctive Water management which is the interaction between surface and groundwater resources.

G-MW employee Daniel Lovell is studying surface-groundwater interaction in the Upper Ovens River Catchment as part of a masters degree through the University of Melbourne. The Upper Ovens catchment is proposed to be the first area to have a conjunctive water management plan. This project is investigating the relationship and interactions between groundwater and the Ovens River with the view of providing options/tools for conjunctive water management based on this relationship.

Other local CRCIF projects

There are also a number of CRCIF supported on-farm water use efficiency and nutrient/salt management trials underway in G-MW's region. These are being managed by the Department of Primary Industries (DPI).

G-MW has installed a weather station and depth sensor to measure evaporation loss rates near an automated channel regulator in Central Goulburn. The tests are a preliminary step in the investigation of potential channel evaporation mitigation techniques.

National Program for Sustainable Irrigation

NATIONAL PROGRAM FOR Sustainable Irrigation

G-MW is one of 16 partner organisations in the National Program for Sustainable Irrigation (NPSI). The program funds and manages research projects across Australia, working at the property level with farmers, at catchment level with policy makers and planners, and across state and territory borders.

In its latest round of funding, NPSI is supporting two projects being undertaken in G-MW's region:

- G-MW staff are investigating the use of monolayer products to reduce evaporation from irrigation channels; and,
- A student from RMIT in Melbourne is exploring future management options for Lake Tutchewop, particularly with regard to salinity.

Completed projects

Improved methods of pesticide sampling in irrigation supply networks

The aim of this project was to develop a passive sampling technique for monitoring pesticide concentrations (hydrophobic pesticides) in G-MW's irrigation supply network. A one year pilot study developed the technique followed by two years of field trials. Through this an assessment was made of the quality and quantity of pesticides absorbed and accumulated by the passive samplers.

Economic and regional benefits through smarter irrigation

The project has developed and demonstrated hardware and software for wireless based irrigation automation in both a dairy and an apple orchard. In the border-check dairy demonstration (Kyabram), yield increases were achieved while using less water. In the apple orchard demonstration (Dookie), there was an increase in the packout of high value product and an increase in water use efficiency. Both results are highly desirable.

G-MW provided in-kind support to the project. The Uniwater project team is at the stage of analysing all data collected throughout the project for a November report deadline. The project team is also planning a second stage as a component of the Federally funded Farms, Rivers & Markets project. This includes a component called " A Whole-of-System approach to doing more with less water", which has a Broken River catchment and Dookie farm focus.

Social Sustainability

Objectives

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

G-MW streamlined customer access to the Victorian Government's drought relief rebate by including the rebate in customers' accounts.	The Board initiated a Priority Improvement Program to address critical business systems and to better align staff development with future business needs.	G-MW worked with urban and rural water corporations, Government agencies and CMAs to achieve best possible outcomes for customers, the community and the environment in a year of record low water supply.

Results

Performance Aspect	2007/08 Target	Result
Compliance with agreed standards	Area service delivery standards met (Fig. 2 below)	Partially achieved
	Accounts issued in accordance with agreed billing schedules with an accuracy rate of greater than 99%	Partially achieved to facilitate drought rebate
	At least 80% of surveyed customers satisfied with our services	Delayed to accomm-odate new process

Performance Aspect	2007/08 Target	Result
Job Satisfaction	At least 75% of surveyed staff satisfied with G-MW as an employer	Achieved
OH&S	More than 500,000 hrs worked without a Lost Time Injury	Not achieved

Performance Aspect	2007/08 Target	Result
Development of stakeholder relationships	At least 80% of surveyed stakeholders satisfied with their relationship with G-MW	Delayed to 2008/09

Challenges for the future

With drought continuing, G-MW will continue to work with customers to deliver water when, where and how it's needed as efficiently as possible.	G-MW's new corporate strategy for OH&S improvements will be implemented in 2008/09. The strategy will support G-MW's ongoing efforts to reduce lost time injuries.	G-MW will continue to work with stakeholders to address the many challenges for urban and regional communities, customers and the environment brought on by drought.

Working with our Water Services Committees

G-MW'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 G-MW's region.

G-MW has 12 WSCs and ten Catchment Committees (CC), which represent customers in Irrigation Areas, surface and groundwater diversions, flood protection and water districts. In all, 105 WSC and 57 CC members represent customers on these committees - approximately one WSC and CC representative for every 179 customers.

WSCs were particularly active in identifying and addressing the issues and practical concerns arising from the introduction of unbundling, the Northern Region Sustainable Water Strategy (NRSWS), modernisation planning and implementation, and the changing landscape for water management including Government funded water buybacks and future water pricing polices.

With water allocations at record lows the Committees provided regular and ongoing input into G-MW's water management strategies. As a result, G-MW 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 and their leadership was instrumental to G-MW achieving the lowest ever system operating requirements.

In April, G-MW called for nominations for positions on a number of committees, with a total of two new representatives appointed.

During 2007/08 representatives of G-MW's Board and Management team attended 50 Committee meetings.

G-MW greatly appreciates the skill, scrutiny and time that all members provide in giving advice from both a customer and community perspective.

G-MW's WSC Chairs at June 2008 WSC Workshop in Moama. From left: Ross Crawford, Central Goulburn; John Nelson OAM, Pyramid-Boort; Ian Rothacker, Goulburn System; Lindsay Jarvis, OAM Murray System; Chris Watson, Loddon Water District; Geoff Williams, Torrumbarry; Craig Madden, Regional Groundwater; Heather du Vallon, Murray Valley; John Horder, Shepparton; Rod Squires, Tungamah, Richard Anderson, Rochester-Campapse.

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

Water Services Committees

	No. members	Meetings held	Average attendance %	No. meetings attended by G-MW Board or management
Shepparton	8	10	88	10
Central Goulburn	8	12	82	7
Rochester - Campaspe	10	15	98	5
Pyramid - Boort	10	12	92	7
Murray Valley	8	11	81	6
Torrumbarry	8	10	81	7
Loddon Water Disrict	8	3	87	0
Tungamah	7	4	86	1
Loch Garry	4	0	0	0
Regional groundwater	14	1	68	2
Murray systems	12	4	71	2
Goulburn systems	8	4	78	3
Total	**105**	**86**		**50**

Catchment Committees

	No. members	Meetings held	Average attendance %
Upper Murray	4	2	63
Mitta Mitta	6	2	50
Kiewa	8	2	50
Ovens	8	3	67
King	6	2	66
Broken	6	2	83
Goulburn	8	2	56
Campaspe	6	2	83
Loddon	5	2	90
Total	**57**	**19**	

Reference Committees

	No. members	Meetings held	Average attendance %
Loddon Valley GMA	13	2	62
Spring Hill WSPA	3	2	100
Total	**16**	**4**	
Total all Committees	178	109	

G-MW's Customer Base[1]

Surface Irrigation Customers	Serviced Properties
Gravity irrigation (Irrigation Areas)[2]	13,761
Pumped Irrigation (pumped systems in Nyah, Tresco, Woorinen)	652
Surface Water Diversions - direct access from regulated rivers and streams	3,563
Surface Water Diversions - direct access from unregulated rivers and streams	7,516
Total surface water irrigation customers	25,492
Groundwater Customers	
Groundwater Diversions (irrigation and commercial bores)	4,867
Domestic and Stock Customers	
Domestic and Stock (including Tungamah, Normanville, East Loddon and West Loddon water districts)	1,049
Flood Protection	121
Non Water Users - customers with water shares not associated with a water use licence or registration	379
Other Customers	
Urban Water Corporations – Goulburn Valley Water, Coliban Water, North East Water, Central Highlands Water	4
Urban/Rural Water Corporations – Grampians Wimmera Mallee Water, Lower Murray Water	2
Rural Water Corporations - First Mildura Irrigation Trust	1
Hydroelectric Companies – AGL and Pacific Hydro Industries	2
Lessees and Licensees - grazing and caravan parks	825
Houseboat Licensees	711

1. G-MW's customer base is determined by the number of serviced properties. An individual or organisation may hve more than one serviced property or may access more than one service type, for example a customer may access surface water and groundwater.

2. Prior to the unbundling of water entitlements of G-MW's regulated systems, customer in the Irrigation Areas in the Goulburn system had separate domestic and stock allowance. With unbundling from 1 July 2007, this entitlement has been merged with customers' other water entitlements to become High Reliability Water Shares and it is no longer possible to identify domestic and stock customers separately to irrigation customers.

Customer Entitlement Holdings as at 30 June 2008[1]

(ML)	Regulated surface water customers[2] (HRWS)[3] %	Unregulated surface water diverters %	Groundwater diverters %
<5	33.66	55.04	57.93
5.1-50	26.17	34.68	15.32
50.1-100	12.32	6.29	6.86
100.1-500	24.40	3.89	17.26
500.1-1000	2.91	0.09	2.16
1,000.1-2000	0.47	0	0.41
>2,000	0.06	0.01	0.06
	100%	100%	100%

1. This data is based on the number of serviced properties. An individual or organisation may have more than one serviced property.

2. Figures do not include bulk water (other water corporations), environmental or power generation customers.

3. This data is calculated based on High Reliability Water Shares (HRWS) attached to a serviced property or non-water user.

Communicating with customers during drought

G-MW used a range of newsletters, advertising, website materials and industry meetings to provide customers with up to date information on water resources.

The opening water allocations of 0% for the 2007/08 year meant a high degree of uncertainty for individual irrigators and the irrigation industry as a whole. G-MW responded by providing detailed and frequent advice on the status of water resources and the outlook for water availability for the season ahead.

G-MW attended numerous information sessions and meetings convened by industry groups, growers' associations and government agencies. G-MW also convened a series of three Industry Bodies Forums, in August, November and February to provide information and discuss water management strategies with a comprehensive cross section of the irrigation community in a timely manner.

Working with customers along the Murray

Low allocations were difficult in the Sunraysia areas where there had been no previous experience of seasonal allocations of much less than 100%. In G-MW's role as the Murray System Resource Manager, staff attended public meetings and a series of Industry Leaders' forums in Mildura to contribute to the understanding of the roles and responsibilities of water management agencies and to provide information about the allocation outlook for the season.

Customer input shapes new G-MW website

G-MW's new website reflects the needs of our customers and played a critical role in supporting G-MW communications program during a difficult season.

In January 2008, G-MW launched its new website providing information to customers, the community and stakeholders 24 hours a day, seven days a week. A range of customer groups were surveyed and their feedback helped guide the development of new features including:

- storage information updated daily;
- allocations updates with email subscription service; and
- links to other useful sites including the Water Register.

G-MW has continued to improve components of the site particulary in response to increased information demands from customers and the community. G-MW's Drought Response page includes a range of information and links to support services as well as all of G-MW's newsletters, advertisements and media releases.

Seeking customer feedback

The annual customer satisfaction survey has been delayed due to the Australian National Committee on Irrigation and Drainage (ANCID) not continuing to undertake the survey on behalf of irrigation providers. G-MW has initiated an independent survey to determine the level of customer satisfaction for 2007/08. The results of this survey were not available at the time of preparing this report. Future surveys will now be conducted by G-MW in March to determine the satisfaction rate.

22% of G-MW's customers placed their irrigation orders online through G-MW's WaterLine, up from 8% in 2006/07. Rochester-Campaspe customer Brian Mills.

Web ordering

Use of G-MW's internet based ordering system continued to grow with 22% of all orders now placed via the web, compared with 8% in 2006/07. Customers can place and confirm their orders and query usage and entitlement through WaterLine online. G-MW continues to improve the service with further enhancements expected to rollout in 2008/09.

Improving our response to customer complaints

A total number of 45 complaints were registered in G-MW's Complaints Management System. Customer service officers across the organisation record the complaints which are reported to the Board each month. During 2006 a new Australian Standards guideline for complaints handling in organisations was introduced (ISO1002). This new standard together with the requirements of the new G-MW Customer Charter has led to the development of a new customer complaints management system which will be deployed in 2008/09.

Helping customers in hardship

With allocations on the Murray, Broken, Goulburn, Campaspe, Loddon and Bullarook Creek regulated systems less than 40% at 1 December, customers qualified for the Victorian Government's Drought Assistance Rebate announced in October. G-MW simplified access to the rebate by deducting the rebate from customers' charges prior to issuing the 2007/08 fixed water charge account. Fixed water charges represent around 80% of customers' total water charges.

In addition, G-MW has continued to provide assistance to enable customers who were required to install a meter or who asked G-MW to install a meter on their behalf to pay by instalments over a three year period. This was undertaken following customer committee requests as a drought response initiative to assist those who were in need of such assistance.

Meeting our customer performance targets

Water delivery

Continued low allocation conditions significantly impacted on G-MW's performance against water delivery service targets. Water Services Committees and the G-MW Board again endorsed revised targets for delivery of orders to conserve water for allocation. Service targets were changed from "the percentage of all orders delivered on the day requested" to "the percentage of all orders delivered within +/- one day of the day requested". The revised targets provided opportunity for G-MW to improve operational efficiency. Three of six areas met these revised service targets, however all Areas contributed to improved system efficiency.

- G-MW adopted a new target of 85% for responding to unplanned maintenance requests to drive improved response performance. Overall 92% of unplanned maintenance requests were responded to within the agreed timeframe for priority 1 and 2 events.
- Ten unplanned service interruptions greater than 12 hours were recorded and were primarily attributable to pipeline breaks as a result of ground movement due to dry conditions.

Record dry conditions created severe problems for customers reliant on stream flows for supplies. During the year 89 streams were placed on restrictions of various levels due to insufficient flows to meet entitlements.

G-MW Water Delivery Performance 2007/08

Area	2007/08 Performance Targets					
	Water delivered +/- 1 day of the day requested		Water delivered on day ordered		Reactive (unplanned) maintenance responded to within: •24 hrs for Priority 1 •96 hrs for Priority 2	
	Target	Actual	Target	Actual	Target	Actual
Shepparton	97%	99.1%	91%	88.9%	85%	82%
Central Goulburn	98%	98.9%	92%	92.2%	85%	94%
Rochester-Campaspe	95%	92.3%	83%	66.5%	85%	100%
Pyramid-Boort	94%	91.5%	82%	73.6%	85%	95%
Murray Valley	96%	95.9%	87%	79.9%	85%	85%
Torrumbarry	97%	97.8%	94%	90.9%	85%	89%

G-MW 's Lew Humphreys talks with G-MW Waaia customer Danny Bergamen about his sub-surface irrigated lucerne crop.

Protecting customers' entitlements

G-MW continues to develop improved compliance management procedures to protect all users' equitable access to water. G-MW has increased its focus on compliance management to ensure water use remains within entitlement and the available water is shared equitably, including water for the environment. G-MW increased staff resources in the Irrigation Areas and the catchments to monitor channels, streams and aquifers in an effort to ensure long-term sustainable use from the water sources. Staff have undertaken additional patrols including late night inspections to ensure customer compliance. G-MW's dedicated compliance team operated through out 2007/08.

Compliance Prosecutions

	Total number of matters investigated	Discontinued	Successful	Unsuccessful	Pending
2006/07	97	20	73	1	3
2007/08	174	5	35	0	132

Campaspe Drought Pumping Syndicate

For the third year in succession, a group of customers in the Campaspe Irrigation District cooperated with G-MW to pump water purchased from the Goulburn system back into the Campaspe east channel and then on to supply their properties. The cooperation 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 G-MW staff. The venture enabled irrigation on these properties when there was no allocation for irrigation available.

G-MW's Lew Humphreys, acting Water Efficiency Improvement Coordinator, talks with customer and WSC member Dudley Bryant, Murray Valley.

Farm irrigation assessments

maximise modernisation outcomes

During 2007/08 G-MW captured its growing experience in delivering modernisation projects to develop the Farm Irrigation Assessments model. The model provides a framework for optimising modernised irrigation system performance on both sides of the meter outlet.

G-MW's Farm Irrigation Assessments involve working with customers to better understand their on-farm water use requirements, and it includes identifying differences between the current farm layout and the layout intended as part of a Whole Farm Plan. The Assessment will also focus on:

- Anticipating potential farm supply and channel running level issues;
- Selecting the most appropriate type and size of service point (meter), that takes account of factors such local system operation and on–farm topography;
- Identifying opportunities to rationalise redundant infrastructure, to simplify farm layout and enable new and more efficient irrigation technology; and
- Identifying on farm works that enable the farmer to realise the full benefits of automation.

The Farm Irrigation Assessments are an important outcome from the 2002 channel automation pilot project that took place on the Central Goulburn Number 2 channel (CG2). The CG2 pilot project was the first large scale application of Total Channel Control technology anywhere in the world.

Restoring services to CG2 customers

G-MW undertook a number of activities to restore service levels to customers negatively impacted by outcomes from the CG2 project. The activities included:

- increasing communication with the 53 CG2 customers through a regular newsletter and by appointing Denis Santamaria as Project Manager to provide a dedicated contact point for CG2 customers;
- commencing a $14 million channel remediation works program targeting high seepage and leakage sections of channel on the CG2;
- committing to further in-situ testing of meters installed as part of CG2 project to confirm their performance under field conditions; and
- working with CG2 customers to explore changes to current system operating arrangements including reducing notice time required to finish watering from one hour back to 15 minutes, and using text messages to notify irrigators when the outlet has opened and closed. G-MW is also exploring technology changes to enable future options such as onsite shut off.

G-MW is also ensuring the knowledge and experience gained from the CG2 pilot project is incorporated into future modernisation programs.

Improving customer service

During 2007/08 there were substantial increases in the number of water share trades and allocation trades processed by G-MW. G-MW also processed new groundwater and surface water licence applications, renewals, transfers and amendments, along with groundwater and surface water temporary entitlement transfers and confirmations of water shares. G-MW is continuing to refine and improve its business processes to reduce processing times and improve customer service.

Business Transactions Processed by G-MW

Transaction type	2006/07 (no.)	2007/08 (no.)
Water Share Trades	519	3,417
Allocation trades (Includes surface and groundwater allocation trades)	9,868	13,596
Information statements	2,037	1,954
Subdivisions	228	112
Amalgamations irrigation	108	9
Bore construction licences	1,814	917
Total	**14,574**	**20,005**

Water share

As a result of the unbundling of water entitlements in northern Victoria, water entitlements are now fully separated from land. Water share trade includes transfers, which were previously processed as permanent transfers of water rights (i.e. where the location of the water use changes), together with transfers of water shares accompanying a change of land ownership where the land and water are both sold to the same purchaser. In 2007/08 G-MW processed 3417 high and low reliability water share transfers.

The Victorian water trading rules include a 4% annual limit on transfers of water shares out of an Irrigation Area, inline with the National Water Initiave agreements. Given the high early season demand for water share transfers, an independently audited ballot was undertaken to determine the order in which applications were processed. This ballot involved more than 800 applications for trades within and between Irrigation Areas and ensured all applicants were given fair and equitable access to available trading opportunities. The ballot applications did not exceed the 4% limits for any of the Irrigation Areas.

Over the course of the season, G-MW successfully reduced processing times for water share transactions by refining business processes, and as customers became more familiar with the new requirements in place to protect their valuable water assets.

Allocation

Persistent dry conditions resulted in small progressive allocations throughout the irrigation season. This combined with volatile prices to create a very active allocation market with a record number of trades being processed by G-MW. The number of allocation trades increased substantially to a new record of 13,596. The increased activity reflects the growing use of water markets to meet on-farm water use strategies.

Top to Bottom: City of Greater Shepparton employee with G-MW Diversions Inspector, Dale Osbourne.

Phil Damianopoulos reviewing his customer details with Fallon O'Keefe, G-MW Administration Trainee.

David Irvine, G-MW Water Services Operator assisting George Spring to read his meter.

Carryover here to stay

In December 2007 the Minister for Water expanded carryover of water entitlements to include the Murray, Broken, Goulburn, Campaspe, Loddon and Bullarook Creek G-MW regulated systems. The expansion followed a successful pilot program in 2006/07 on the Murray and Goulburn systems.

Carryover is an important innovation for irrigators, allowing irrigators to adopt risk management strategies that extend from one year to the next.

Carryover rules were unchanged from 2007, with irrigators able to carry over a volume of water equivalent to up to 30% of their high reliability and low reliability water shares to next year. All water carried over is credited to customers' high reliability accounts first. Water carried over plus new season's allocations must not exceed 100% of the customer's entitlement.

Department of Sustainability and Environment (DSE) will review the rules, particularly to reduce the risk of water being lost if allocations return to 100%. Consultation will begin once allocations reach 80% or greater on either the Murray or Goulburn system. In line with this change the Victorian Government also removed the ban on trading water to NSW after the end of February. Carryover is also recognised as an important risk management option for water users in the NRSWS discussion paper. The new carryover arrangements saw more than 250,000 ML of water carried over into the 2008/09 season.

Estimated Carryover

System	2008/09 (GL)	2007/08 (GL)
Murray (Total)	166.3	103.0
Murray (G-MW)	60.0	23.5
Campaspe	2.5	Not available 2007/08
Goulburn	96.3	24.5
Loddon	0.8	Not available 2007/08
Broken	6.9	Not available 2007/08

* Bullarook Creek system customers' 0% allocation prevented carryover to 2008/09 season

Groundwater trading

With drought reduced surface water allocations, G-MW saw increased interest in groundwater resources along with increased trading of groundwater allocation and permanent entitlement. Groundwater trading has been available in capped areas with a groundwater management plan for a number of years. In the 2003/04 season G-MW expanded groundwater trading into other areas in response to increasing demands and national objectives for groundwater trading.

The majority of the trading activity has been in the Campaspe, Katunga, Mid-Loddon, Upper Loddon and Spring Hill Water Supply Protection Areas; but it is developing quickly in other areas, such as the Mid-Goulburn and Ovens Valley Groundwater Management Areas.

During the year, G-MW introduced groundwater trading rules that provide groundwater users with the same flexibility to manage access to water on an annual basis as is available to surface water users. G-MW implemented temporary trading rules for groundwater in the Mid-Loddon, Upper Loddon, Mid-Goulburn and Ovens area's in consultation with DSE and groundwater users.

Responsible management requires careful assessment of the available resources when making groundwater allocations, and when assessing applications for new licences or applications for transfer. During the year, and following consultation with customers, G-MW introduced a risk based fee structure that reflects the work required to process and approve temporary groundwater transfer applications. The new structure reduces the cost to customers for lower-risk transfers but at the same time protects the entitlements of other groundwater users and ensures any costs incurred in processing higher-risk transfers are not subsidised by other customers.

Working with bulk water and recreation customers

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

This year, G-MW participated in stakeholder and community reference groups, including community-based panels at Mansfield, Murrindindi, Strathbogie, Wangaratta, Alpine, Indigo, Hume, Corowa, Moira, Bendigo, Campaspe and Mount Alexander Shires, with specific focus on Lake Eildon, Lake Nagambie, Lake Eppalock, Cairn Curran Reservoir, Lake Nillahcootie, Lake William Hovell, Lake Buffalo, Lake Mulwala and Lake Hume. G-MW's participation is an important step towards aligning and identifying opportunities for local recreational facilities improvements and commercial tourism developments at and around G-MW's storages.

Developing sustainable recreation services on and around our storages

G-MW water storages are important to regional tourism and provide economic development opportunities for local communities. G-MW provides access for the public to use its storages for active and passive recreational purposes where such activity is not in conflict with the use of the storage for water supply. G-MW is working with local communities as it continues to develop a wide range of sustainable recreation services on and around its storages.

During the year G-MW continued to create opportunities for government, local communities, tourism and recreation operators and other key stakeholders to be involved in the planning and management of recreation services at its storages. Through this approach G-MW has broadened the range of high-quality recreation services, and continued G-MW's progress towards delivering self-sustaining services.

Maintaining community resources

To maintain and enhance the amenity of G-MW storages, G-MW regularly undertakes upgrade works in different areas. Some of the works undertaken in 2007/08 include:

- Lake Eildon - enlarged sewerage pumping station constructed;
- Lake Nillahcootie - boat launching ramp reconstructed;
- Goulburn Weir - replacement tables and bench seats installed;
- Waranga Basin - new low level concrete boat launching ramp built, and Harrimans Point Toilets upgraded;
- Greens Lake - septic tank dispersion lines renovated;
- Laanecoorie Reservoir - concrete boat launching ramp extended;
- Cairn Curran Reservoir - all trees inspected by arborists with many trimmed or removed;
- Tullaroop Reservoir - toilet block repainted;
- Newlyn Reservoir - roads re-graded;
- Lake Eppalock - relined two sewage lagoons, security fencing improved at sewage treatment facilities and boundary fencing upgraded around commercial areas at Kimbolton; and
- Lake Mokoan - new water tank installed to service the toilet blocks.

G-MW works with local communities to support the following resources and activities at its storages:

- *Public recreation facilities* - 68 lawn areas, toilet blocks, boat ramps, roads, car parks, shelters, BBQs, tables, seats and signage
- *Houseboats* - with over 700 located at Lake Eildon
- *Commercial leases* - Over 50 major leases on G-MW storage perimeter land which include caravan parks, marinas and kiosks
- *Private clubs* - 59 private (non commercial) clubs and camps; the majority of these are at Eppalock (35) and Eildon (12) with the remaining spread across several other storages
- *Private jetties and slipways* - 299 jetties and 90 slipways

G-MW delivered a number of important initiatives during 2007/08

- Working with Jayco to complete the re-development of the Chinaman's Bridge Caravan Park, now the Nagambie Lakes Leisure Park. Jayco, G-MW, the Strathbogie Shire and the Victorian Government jointly funded the sewerage and potable water infrastructure from the Nagambie township to the site and the site clearing and preparation for the re-development works.
- Working with the Strathbogie Shire to enable the Shire to take on the foreshore licence which requires their ongoing management and maintenance of the Regatta Centre point, southern foreshore perimeter land and all town parks adjacent to the Lake.

- During 2008 the Nagambie Growth Management Strategy for Lake Nagambie undertook extensive community consultation. The program is jointly funded by G-MW and the Strathbogie Shire. The two sections of the plan - Lakeside Connectivity and Recreation and Lake Access, and Activities Framework - will be the principal documents for the sustainable management of the foreshores and recreational activities at Lake Nagambie.
- Facilitation of Silverwoods Yarrawonga residential golf course/wetlands foreshore lease development that sets a precedent for future works that are compatible with the Lake Mulwala Land and On Water Management Plan.
- Negotiated and implemented rent reviews of existing commercial leases for the Eildon Boat Club, Eildon Caravan Park, Moorabbee Caravan Park, Lakeshore Caravan Park, Torrumbarry Caravan Park and the Boathaven Caravan Park with a new tenants at the Welshman's Reef Caravan Park.
- Completed site review/audits of 12 Eildon clubs, four Waranga clubs and two Nillahcootie's clubs. This saw five clubs sign new ten year leases. The majority of the remaining clubs have agreed undertake works.
- G-MW also completed risk management audits with 36 Lake Eppalock Club sites. By working with the clubs, G-MW assisted them to complete necessary site improvements and implement appropriate risk management plans and move to ten year lease agreements.
- The upgrade of public recreational facilities at the Moorabbee and Kimbolton public boat ramps, with the support of a Marine Safety Victoria grant of $175,000.

A very successful expression of interest process resulted in G-MW signing an agreement with a Melbourne property group for the lease of a site to develop a major tourism resort proposal on G-MW land at Pinniger Point overlooking Lake Eildon.

- The Point Worner Houseboat Sewerage Infrastructure Renewal project is on track to be completed in 2009. This project will significantly reduce risks to water quality and improve the water quality management and service to house boat owners at Lake Eildon.
- G-MW also completed an audit of its public recreational facilities across all storages to develop a ten year upgrade program that will ensure these facilities continue to deliver high quality tourism services.

During the year G-MW opted to delay some developments and initiatives because of the ongoing drought and to ensure any development opportunities were consistent with the future water use strategy being developed through the NRSWS. This decision impacted on progressing potential tourism development opportunities at Lake Buffalo and Lake William Hovell, allowing additional and larger houseboats onto Lake Eildon and the re-development of the Kimbolton Precinct at Lake Eppalock. These projects will be reviewed and, where suitable, progressed in the coming year.

Promoting diversity and the role of women in the field

While women comprise only 18% of the employees at G-MW, this has risen by 1% over last year. Women are now employed across the business, in all areas and at all levels, including as water services officers, engineers, area managers and business managers.

The Graduate Recruitment Program targets women and men for all roles, and women are supported by activities including the Professional Women's Development Network.

Amy Russell (left) Water System Health and Sarah Drowley.

Building community inclusiveness

G-MW recognises that as a large employer in regional Victoria it can provide a range of services and opportunities within the broader community that respond to cultural diversity and encourage inclusiveness of women, young people and indigenous communities across the region.

Free translation service

G-MW 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 G-MW customer service representative.

Professional Women's Development Network (PWDN)

The PWDN is a part of G-MW's efforts to become an employer of choice within the region. The network offers a range of tailored professional development opportunities to help attract, retain and develop the skills of women across all disciplines. The network supports career progression through the professional development of women within G-MW's workforce.

In 2007/08 a series of events and training opportunities occurred through the network, including public speaking, interview techniques, negotiation skills, spotlight on G-MW women, and understanding generational change in the workplace.

Drought Deployment Program

G-MW provided a range of opportunities for local primary or secondary producers to work as part of G-MW's operations under the North Central CMA in roles associated with natural resource management. In total, approximately 213 Dethridge meter emplacements were inspected and if needed, rehabilitated; 18 km of noxious weeds were sprayed; and 2.6 km of fencing repairs and installations were carried out. In addition to this, the four employees delivered a variety of construction activities including culvert replacements and the installation of electronic metering devices.

One of the Kerang participants was recruited into a permanent role with G-MW and will take up the position in late July.

Valuing our employees

FutureFlow's works program involves more than 900 sites, with more than 300 sites operating on any one day. G-MW and FutureFlow held a number of onsite OHS activities. G-MW Managing Director David Stewart (L) and Executive Manager Modernisation Alex Marshall (R) with FutureFlow's Works Supervisor Rod Wilson.

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

Creating a better workplace

G-MW employs a total of 683 staff, equivalent to 659.9 full time employees (FTE). This compares with 632 FTE at the same time last year.

The Enterprise Agreement negotiated in early 2007 was ratified by an overwhelming majority of employees and was implemented smoothly.

Responding to drought - operations staff redeployment

Low allocations on the Goulburn and Murray systems reduced the field labour requirement across many work centers. 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 G-MW 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 grew.

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. Similarly, contributions were made to the Victorian Water Enterprise Training Advisory Board managed by VicWater.

During 2007/08, 2,800 people attended the more than 300 classes offered by G-MW Training Services unit. A further 330 trainees were enrolled in accredited courses. The Training Services unit delivered 170 courses on site with 12 other water corporations participating in out training and assessment services provided by G-MW.

	Total employees *	Full Time Equivalent (FTE)	% men	% women
2007/08	683	660	82	18
2006/07	659	632	83	17
2005/06	642	621	84	16
2004/05	624	600	84	16
2003/04	601	581	86	14

* 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.

Employees Headcount at 30 June 2008

	Ongoing number	FTE	Fixed term and casuals FTE
Gender			
Male	558	553.6	4*
Female	125	106.3	
Total	**683**	**659.9**	
Age			
Under 25	60	59	
25-34	132	127	
35-44	160	151.6	
45-54	203	201.3	
55-64	122	117	
Over 64	6	4	
Total	**683**	**659.9**	

* included in FTE number

Directors and those on leave without pay not included

Classification

	Number	FTE
Band A	183	174.8
Band B	205	191.0
Band C	161	160.5
Band D	75	74.6
Band E	30	30
Band F	22	22
EO	7	7
	683	659.9

Classification: Employed under G-MW Enterprise Agreements. Not VPS classifications.

G-MW expertise in demand at conferences

G-MW staff and directors were invited to share their experience and expertise at a range of international and national conferences including the annual conferences of ANCID, the 10th International Drainage Workshop in Finland and Estonia as well as the United States International Congress on Irrigation and Drainage conference.

G-MW continues to support staff in these endeavours to enable sharing of G-MW's professional expertise and to develop our staff.

G-MW 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 is Chairman of ANCOLD and presented a paper at ICOLD International Dam Safety Symposium in St Petersberg, Russia, in July. The symposium was attended by 900 delegates from 180 countries.

Staff health and wellbeing

During the year G-MW provided free influenza vaccinations for all staff and encouraged staff to participate in the 10,000 Steps Workplace Challenge.

The G-MW Corporate Health and Wellbeing Program commenced late in 2005 with individual health assessments as well as a health survey. From 2006 groups within G-MW began to develop their own individual Health and Wellbeing programs that delivered successful initiatives such as a healthy eating campaign, discounted gym and swimming sessions and creating awareness of the availability of HPV vaccinations for young women. Based on the success of the past programs individual groups are now developing programs for 2008/09.

Graduate development and vacation work

G-MW provided employment for ten university students during their summer vacation. Most of these employment places were in the engineering field. In addition we attended a major career expo in an effort to attract recruits.

Consistent with last year, the Graduate Recruitment Program continued to attract graduates to undertake specific training and a coordinated tour program to enlarge their experiences and showcase the full spectrum of G-MW's diverse business activities.

Graduate program participants tour G-MW infrastructure.

Priority Improvement Program guides future business strategies

G-MW's rapidly changing operating environment has far reaching implications for the mix of skills and staff resources needed to meet current business demands and future customer needs. Amidst a global skills shortage and tight employment markets there is great pressure on G-MW to implement strategies that ensure we attract, retain and train our staff to meet our current and future business needs. G-MW also places great value on the experience and stakeholder relationships that have been built up by our current workforce.

In March 2008 the Board initiated a Priority Improvement Program which includes a number of projects to ensure our critical business systems and processes as well as staff development programs better align with our future business strategies and customers' evolving needs.

Key initial areas selected for inclusion in the Priority Improvement Program were information management, human resources and the remuneration system. In the months leading up to the end of the 2007/08 year, G-MW undertook a number of key information gathering exercises including reviews with stakeholders, senior management and the Executive. The reviews were scheduled for completion in August 2008.

Making our workplace safer

G-MW continued to place a high emphasis on OHS which is evidenced by maintenance of our SafetyMAP accreditation and the update and introduction of new procedures.

We were extremely disappointed in the increase in our Lost Time Injury Frequency Rate which contradicts the efforts made by all employees towards OHS goals. Analysis reveals that only four of the 13 lost time injuries can be classified as serious. It was of deep regret that an employee was killed in a motor vehicle collision whilst on duty and driving from one work site to another. G-MW Board and staff expressed their sympathy to the employee's family and friends. G-MW also made assistance and counselling services available to the employee's family and work colleagues.

Both Shepparton and Pyramid-Boort operational work units achieved one thousand days free of lost time injury.

Diversion Operations achieved zero lost time injuries, as a result of improved communications within the unit through bi-monthly unit meetings. The meetings identify and address specific OHS issues and includes progress reports from the Diversion Operations OHS committee.

	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)
2007/08	12.1	16.9
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

Occupational Health and Safety Key Indicators

	2007/08	2006/07
Number of health and safety employee representative committees	14	14
Number of lost time injuries for the year	13	11
Number of days lost to injuries incurred during the year.	210	202
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	12.1	10.4
Average Lost Time Rate (average number of days l ost per lost time injury)	16.9	18.4

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 partnerships

During the year, ongoing drought and the need to share the region's scarce water resources as efficiently as possible saw G-MW undertake a range of initiatives in partnership with urban water corporations, local CMAs and other departments, agencies and organisations.

Interagency response to drought

G-MW worked closely with the other water corporations, DSE and other State Government agencies in the Northern Dry Inflow Contingency Planning Group to develop co-ordinated statewide responses to the drought conditions. With drought continuing, the Group continues to provide an important inter-agency forum for the discussion and development of water management strategies.

Urban water corporations

With severe water shortages continuing into the 2007/08 season, G-MW worked closely with all the water corporations in its region to develop a co-ordinated response to a range of low supply scenarios. In particular, G-MW ensured that the events that had previously threatened the supply of water to some towns within the region were identified and interagency response plans were in place should similar events reoccur.

G-MW also worked with the regional water corporations to provide comprehensive advice to Government agencies on the scope of the Qualification of Rights. The Qualification of Rights announced by the Minister for Water in July specified the availability of water for essential needs during water shortage and provided additional clarity for urban water corporations.

The Dry Inflow Contingency Planning Group comprising representatives from all water corporations across northern Victoria along with DSE and DPI is the key forum for discussing contingency planning. Through its monthly meetings, G-MW contributed to the development of a region wide perspective to managing water needs across the season.

G-MW also undertook a range of initiatives with individual water corporations within the region to address local issues, including:

- ongoing liaison with Coliban Water to enable the start up and ongoing operations of the Goldfields Superpipe;
- regular meetings between G-MW and Central Highlands Water to enable emergency pumping operations at Tullaroop; and
- in north-east Victoria, G-MW is working closely with North East Water, the North East CMA and DSE to update the inter-agency operating agreements relating to water management in the Ovens and King Valleys.

With the prospect of drought continuing into 2008/09 season, G-MW embarked on discussions with North Central Catchment Management Authority and Central Highlands Water in late 2007/08 to discuss best management options for Tullaroop Reservoir and supplying water to Maryborough after another year of below average inflows.

Catumnal project improves service to G-MW customers and boosts water supplies for Bendigo

In March 2008, Board members attended the Catumnal pipeline official opening at Mysia. The Catumnal pipeline, designed and constructed by G-MW, was an initiative funded by Coliban Water for the amount of $464,000 in return of 220 ML of water savings. The Catumnal pipeline project replaced 21 km of open channel with 13 km of pipeline, servicing 13 G-MW customers in the West Loddon Water District.

Chairman Stephen Mills at the Catumnal Pipeline Opening.

Catchment Management Authorities (CMAs)

G-MW 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.

This year, G-MW and the North Central and Goulburn Broken CMAs developed a joint bid for National Water Initiative funding to support improved water management on farms in our region.

Partnership Agreements between G-MW, urban water corporations, EPA, DSE, DHS, Parks Victoria and CMAs for the management of waterway incidents were completed and signed during the year for the North East and Goulburn Broken catchments and good progress was made on a similar agreement for the North Central catchment.

Water industry organisations

G-MW 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.

Other working groups:

G-MW continues to provide input to the working groups established in some of the smaller remote communities to address water quality issues.

Department of Sustainability and Environment (DSE)

G-MW employees have been involved extensively in developing and implementing major reforms flowing from the Victorian Government's initiative, *Our Water Our Future*. This required a strong partnership with DSE Office of Water units 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 Wetlands project.

Department of Primary Industries (DPI)

DPI and G-MW 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, G-MW's participation in DPI briefings and forums provided important opportunities for G-MW to improve awareness of the water resource position and the impact on water allocations for irrigators. G-MW staff presented at more than 15 DPI briefing sessions over the course of 2007/08.

Murray-Darling Basin Commission (MDBC)

We continued to develop our 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, the Water Audit Working Group, The Fish Passage Task Force and the Environmental Works and Measures Task Force.

MDBC projects

During 2008 the Land and On Water Management Plan for Lake Hume was finalised though an extensive community consultation process. The Hume plan now sits with the Lake Mulwala Land and On Water Management Plan and the Yarrawonga to Bundalong Foreshore master plans as the principal guiding documents for the sustainable management of the foreshores and recreational activities at lakes Hume and Mulwala.

A new boat ramp extension at Dartmouth was completed with grant money from the Department of Agriculture, Fisheries and Forestry and the support of the Dartmouth Alpine Anglers Club. The new ramp will allow the launching of all recreational boating to remain at the 6 mile public boat ramp area. The new ramp will come into operation once the lake fills to approximately 20%.

G-MW worked with the MDBC to provide fortnightly resource updates, from which G-MW was able to prepare fortnightly allocation announcements. It was the first time Murray system customers have received fortnightly updates for the entire season and was an important step in providing more frequent information to Victorian Murray system customers during a year of low supply.

Yarrawonga Weir team awarded MDBC Collings Trophy

This year the team at Yarrawonga Weir won the Collings Trophy for the first time. Since the 1930s the Collings Trophy has been awarded by the Murray-Darling Basin Commission to the best operated and maintained storage on the Murray River. The major upper Murray Storages including Dartmouth, Hume and Lake Mulwala have only been included in the assessment for the Collings Trophy since 2004 .

Working together to address weed problems at Lake Mulwala

During the summer months the exotic weed *Egeria Densa* grew to cover most of the lower parts of Lake Mulwala and was so thick it made normal boating activities difficult. The weed has been present in Lake Mulwala for many years but the 2008/09 infestation was the worst on record.

With the assistance of SA Water, River Murray Water and State Water NSW, G-MW was able to coordinate the lowering of Lake Mulwala by 3m during the winter months to dry out the weed. This is the most appropriate management technique currently available.

Due to the extremely low water availability all of the operations and maintenance activities between Yarrawonga and Lock 6 in South Australia needed to be coordinated to make maximum benefit of the water as it passed down stream.

The project logistics included timing the drawdown of Lake Mulwala with the removal of the Mildura Weir trestles for much needed maintenance. The release of water had to be timed to ensure it would arrive at Mildura in time to help dilute an increased salinity load due to the lowering of the Mildura weir pool. NSW State Water helped out by operating the salinity ground water pumps near Mildura to lower the saline groundwater and SA Water accelerated a project on the inlet to Lake Victoria to allow the Saline Water to be stored in Lake Victoria rather than flowing down the Murray River into the lower lakes.

Current indications suggest a good result in managing the weed in Lake Mulwala for the coming summer. G-MW engaged the Department of Primary Industries to undertake scientific monitoring of the effectiveness of the lake lowering with promising outcomes. The management of *Egeria Densa* in Lake Mulwala will be an ongoing issue for G-MW and MDBC.

Providing water education through National Water Week

G-MW 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 2007/08, the events involved more than 4000 participants. G-MW's Best Practice Irrigation Management on Farm Award winners were Brian Smith and Sue Bennett, pictured above with G-MW Chairman Stephen Mills (L). Chris Hunter of Kyabram was the runner-up.

Ross, Tom and Sam Wheelhouse, with Alex Marshall, Executive Manager Modernisation receiving a tree for their winning entry in the World Environment Day photo competition.

Charity Golf and Bowls Day

Once again G-MW employees contributed time and effort to organise the annual Charity Golf and Bowls Day. Nearly 200 participants made up of sponsors and employees took to the golf fairways and bowls greens at Hill Top Golf and Country Club at Tatura.

Over $13,000 was raised on the day which was distributed to local charities targeting drought relief in the local region.

Anne Graesser, Greg Smith, Steven Lamb and Erin Simpson enjoying the G-MW Charity Golf & Bowls Day.

Environmental Sustainability

Objectives

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.

Highlights

Maintained certification in ISO 14001:2004 Environmental Management System.

Developed a Greenhouse Gas Emissions Strategy.

Results

Performance Aspect	2007/08 Target	Result
Minimum river flow regimes: Regulated rivers	Flows > or equal to specified min. flows 100% of the time	Partially achieved
Unregulated streams	Flows meet agreed targets or natural flow 90% of the time	Achieved
Water Use	Water use compliant with MDB cap	Achieved

Challenges for the future

Continuing drought has a significant impact on our business. Managing resources effectively and efficiently, with the risk of climate change is a key challenge.

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

G-MW installed and ran aerators at Lake Eppalock and Lake Tullaroop to combat water quality issues created by record low storage levels.

Sustaining rivers and streams in drought

The ongoing drought created a range of critical challenges for G-MW and its partner organisations. G-MW worked closely with CMAs, urban water corporations, government agencies and other stakeholders to maximise effective use of the severely limited water resources of northern Victoria.

By working with local Catchment Management Authorities across the region, G-MW was able to achieve multiple benefits from the delivery of water resources. Environmentally sensitive sections of the Lower Campaspe River benefited from additional flows made possible by G-MW delivering Goulburn Inter-Valley Trade account water to the River Murray via the Waranga Western Channel and the lower Campaspe River downstream of Rochester. Inter-valley Account water is Goulburn system water purchased by customers on the Murray system.

The partnership with North Central CMA and River Murray Water saw the water delivered at mostly low rates to provide fresh water into the environmentally sensitive reach. Two periods of high flow rates were used to simulate significant inflow events, with comprehensive monitoring capturing more information about the behaviour of the lower Campaspe River.

Low allocations impact on environmental resources

The low seasonal allocations also meant reduced allocations for environmental entitlement held by the Department of Sustainability and Environment (DSE). G-MW worked closely with DSE and Goulburn Broken and North Central Catchment Management Authorities as they worked through a process of prioritising sites to receive water from the water shares held by DSE. G-MW coordinated the delivery of water from the Goulburn and Murray systems to environmentally significant sites including Gunbower Forest, Round Lake, Reedy Swamp, Black Swamp and Kinnaird's Swamp at the end of the 2007/08 irrigation season. The supply of water to these sites provided important feeding and breeding habitat for many bird species, including several threatened species.

G-MW was also forced to prioritise sites to receive water as part of G-MW's environmental obligations. G-MW delivered environmental water supplies to North Woorinen Lake between November and April.

G-MW also worked with the North Central CMA to successfully obtain amendments to the Minister for Water's Qualification of Rights. The amendments allowed the use of supplies from the environmental water reserve in the Loddon system to top up Little Lake Boort, the last of the Boort Wetlands to contain water during the current drought.

Protecting aquatic life during drought

G-MW in conjunction with stakeholder agencies such as DSE, DPI (Fisheries), North Central and Goulburn Broken CMAs, EPA Victoria, Central Highlands Water and Coliban Water have developed a risk based approach to sharing limited water resources in the Broken Creek, Loddon River, including Tullaroop Creek, and Campaspe River, whilst still protecting the aquatic biota.

During the year G-MW in partnership with the stakeholder agencies has undertaken regular water quality monitoring program along the Campaspe and Loddon Rivers that compliments the real-time monitoring stations set up by the NCCMA. G-MW also installed and ran the aerators at Eppalock and Tullaroop to combat the water quality issues created by record low storage levels.

G-MW continues to monitor azolla blooms, water quality and flows in Broken Creek. Poor water quality conditions, that include relatively low dissolved oxygen levels and high temperatures are considered to be the key threat to the fish populations in these river systems. G-MW has also developed critical water quality levels to protect the aquatic values. The levels are used in decision-making about releasing more flows.

The enviromental health of the Broken Creek was challenged by its lack of environmental entitlement. G-MW, the Goulburn Broken CMA, DSE and MDBC mounted a joint effort to route various supplementary flows from the Murray and Goulburn systems through Broken Creek to avoid poor water quality triggering any fish deaths. When water quality conditions reach agreed critical levels, additional water is routed through to Broken Creek to freshen up weir pools and prevent azolla from accumulating.

Protecting water quality

In addition to special efforts to address environmental challenges brought on by drought, G-MW also undertook a number of other initiatives to meet the requirements under the Statement of Obligations for G-MW:

Regional Catchment Strategies

G-MW participated in the implementation of the regional catchment strategies and sub strategies with the North East, Goulburn Broken and North Central CMAs. We participated in various forums and working groups on wetland management, environmental flows, water quality monitoring programs and drainage management. These programs aimed to reduce the salt and nutrient loads entering the River Murray as well as improving our regional waterways and wetlands.

Victorian River Health Strategy

G-MW continues to support the Victorian Water Quality Monitoring Network through participation in the regional surface water monitoring partnerships in the north-east and north-west of Victoria. Water quality monitoring has improved our understanding of our waterways so that we are better able to protect river health in our region.

The 2006 Annual Review of water quality and algal monitoring results from the Major Storages Operations Monitoring Program (MSOMP) was completed in September 2007. This review highlighted the effects of the ongoing dry conditions on water quality at G-MW's storages.

Land use planning

G-MW continues to work with local government to review and improve the strategic planning framework. Collectively we applied current best management practices to achieve consistent and sustainable land use planning outcomes in G-MW's region.

Biodiversity of our catchments

G-MW continues to work with CMAs, Department of Primary Industries and other stakeholders to prioritise risks and identify actions to enhance biodiversity in and around our storages. Foreshore management programs included fencing and revegetation, pest plant and animal management programs and erosion control works. We facilitated community awareness of best management practices for agricultural and industrial activities in the catchment of our storages.

In conjunction with regional stakeholders, we developed and implemented drought response environmental management plans for the Loddon and Campaspe systems to ensure that we protected the aquatic values whilst still supplying water to our customers.

G-MW prepared a submission to the Victorian Environmental Assessment Council on the River Red Gum Investigations and Draft Recommendations, which highlighted the need to recognise the multiple uses of G-MW assets that include water supply, drainage, flood mitigation and protection of aquatic habitat and biota.

Implementation of *Safe Drinking Water Act* 2003 requirements

A strategy was developed to ensure that all G-MW customers were aware of the non-potable nature of the water supplied by G-MW. This involved the development of a customer information statement for our website, as well as signage on all taps at our public recreation areas. G-MW's Annual Water Quality Reports are also available on its website.

Risk management plans continued to be reviewed and implemented as required under the *Safe Drinking Water Act* 2003. Regulatory audits of these plans were undertaken in May/June 2008, which identified areas to be improved over 2008/09.

G-MW continues to provide input to the working groups established in some of the smaller remote communities to address water quality issues.

Improving services to customers and delivering a world class wetland - Lake Mokoan decommissioning

In December, the Minister for Water Tim Holding announced the decommissioning of Lake Mokoan would continue as announced in 2004, and would see the Lake returned to a world class natural wetland. The $108 million decommissioning project, which includes $20 million to fund implementation of the Future Land Use Strategy will deliver up to 48,000 ML of water each year to improve the health of the Broken, Goulburn, Snowy and Murray rivers while continuing to provide a reliable water source for local irrigators.

G-MW is tasked with delivering works that will ensure the ongoing supply of water resources to local customers once Lake Mokoan is decommissioned. During the year G-MW completed the detailed design for the Lake Mokoan Diverters pipeline that will see a pressurised pipeline replace the supply system for approximately 40 customers (13 irrigation, 33 domestic and stock, four commercial) that currently draw from the Lake. Construction works are expected to be finished by February 2009 with projected cost of $14.5 million.

G-MW is continuing to work with irrigators and the Victorian Farmers Federation to finalise an 'offset' package of potential infrastructure, efficiency improvement and water purchase options that will ensure the reliability of water supply to Broken System irrigators is maintained after the decommissioning of Lake Mokoan. The Valuer General's office is also providing assessments of values of land and water entitlements.

The Lake Mokoan decommissioning project will also see the reintroduction

Stephen Lamb, Water System Health Project Officer with Erica Featherstone, Modernisation Business Support Officer.

Pyramid Creek Salt Interception Scheme

Winner
Victorian ENGINEERING EXCELLENCE Awards
2007

The Pyramid Creek Salt Interception Scheme has won numerous awards including the Engineers Australia (Victoria Division) Environment and Sustainability and Overall Excellence Awards 2007, the Engineers Australia National Salinity Prize 2006 and a Gold Award of Merit in the Environment Category at the 2006 ACEA Excellence Awards. The awards were underpinned with extensive technical investigation and community engagement programs over many years, undertaken by G-MW's catchment programs unit. The construction work was undertaken by G-MW's Kerang team.

A key aspect of the salt interception scheme is that it is the first scheme in the Murray-Darling Basin, where ongoing scheme operation and maintenance costs, are fully recovered from private funds.

G-MW's Pyramid Creek Salt Interception Scheme is the first of its kind to incorporate commercial harvesting of salt from plastic lined evaporation ponds. Through the Pyramid Creek Salt Interception Scheme around 22,000 tonnes of salt will be kept out of the Murray River, delivering important benefits to the environment and water users around Pyramid Creek and downstream.

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 GL of the Mokoan decommissioning water savings to be transferred by substitution to the Snowy River. During the year, detailed design of a new channel route to release water into the Little Murray River from Lake Boga and design of works to minimise the flooding risk associated with changed operation of Kangaroo Lake were completed. Construction of works required at Lake Charm and Kangaroo Lake commenced, along with development of operating plans for the new supply system and a storage management plan for Lake Boga.

During the year G-MW continued to regularly communicate with Lake Mokoan customers and community to keep them informed of progress on the project, and timeframes for the start and completion of works.

Reducing environmental impacts

G-MW'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. Regular external auditing of the system and its implementation ensures continual improvement of the organisation.

A number of initiatives and on-going programs were implemented in 2007/08 to progressively reduce G-MW's environmental risks. These are outlined below:

Goulburn-Murray Water Risk Reduction Initiatives and Programs

1. Managing incidents	• G-MW revised its incident process in 2007/08 from reporting on environmental incidents only to an all encompassing incident response and recovery process, based on the AIIMS model. G-MW recorded 68 for 2007/08 against 95 incidents for 2006/07, of which 3 were attributed to G-MW. • Partnership agreements for the North East and Goulburn Broken catchments have been signed by participating agencies. The agreements are a commitment to establishing clear arrangements for stakeholders involved in response to an incident. G-MW is now participating in the establishment of a partnership agreement for waterway incidents in the North Central catchment.
2. Continuous improvement	• The Environment Policy has been reviewed and updated to reflect the changes in the water industry and to better reflect G-MW activities and obligations. The policy will provide the overarching direction for the organisation's environmental objectives and targets not only to meet our ISO14001 certification requirements but to also focus our natural resource management activities to support the delivery of water services.
3. Monitoring performance	• Along with the revised policy, G-MW has revised its Environmental Improvement Program. The program outlines targets to work towards achieving the objectives of the Environment Policy. • An external surveillance audit is completed by LRQA every nine months, with one completed in October 2007, to maintain AS/NZS ISO14001:2004 certification for G-MW's EMS. Works are ongoing within G-MW to maintain our certification and to continuously improve G-MW's management of environment issues.
4. Significant Risk Management Plans and Investigation Program	• Mallesons Stephen Jaques were commissioned to undertake an evaluation of environmental legal compliance for G-MW. From this review a Compliance Culture Program was developed to increase staff awareness of G-MW's key obligations and to incorporate compliance into everyday practice.

Greenhouse emissions reduction

G-MW has developed an action plan to outline steps we will take to reduce our greenhouse emissions. The following targets have been set:

- cap greenhouse emissions at 75% of the 2005/06 level by 2013 (existing emissions sources only); and
- to be carbon neutral by 2050.

Year	Greenhouse Emissions (t CO2-e)
2005/06	17,259
2006/07	15,673
2007/08	14,242

G-MW has reduced its greenhouse emissions by more than 8% in 2007/08 through a range of measures including changes to lighting in offices and the introduction of options for fuel efficient fleet vehicles. In 2008/09 G-MW has committed to purchasing a percentage of accredited green electricity, to investigate the potential emissions from G-MW operated storages and channels, and to incorporate energy efficiency considerations into upgrades across the business.

G-MW environmental achievements through adopted procurement and fleet services strategies

As part of G-MW's greenhouse action plan, purchasing actions now contain specific consideration for the environmental impact of the purchase and include the encouragement of good environmental conduct by their supplier or potential suppliers. Recent examples include the move to 50% post consumer waste recycled copy paper, the use of 5% Green Generated Electricity, and changes to the Motor Vehicle Fleet selection process to include smaller and alternate fuel vehicles in the vehicle range available for staff. This initiative has been well received by staff with twenty drivers choosing this Greener fleet category through the normal changeover process.

	FRD 24C	Reporting of Office-based Environmental Data by Government Entities			
		Indicator	Unit	2006/2007	2007/2008
Energy	E1	Total Energy Usage (including Green Power)	Mega joules	57,511,577	40,213,786
	E2	Greenhouse Gas Emissions associated with energy use	Tonnes CO2-e	10,616	9,400
	E3	Percentage of Electricity purchased as Green Power	% of total electricity consumption,	Nil at present	Nil at present
	E4	Units of Energy used per FTE	Mega joules / FTE	87,271	62,106
	E5	Units of Energy used per unit of Office Space	Mega joules / m2	Not Available	Not Available
Waste	Ws1	Total Units of waste disposed of from Tatura	Cubic Meters	521	553
	Ws2	Units of office waste disposed of per FTE	Cubic Meters / FTE	0.79	0.85
	Ws3	Recycling rate from Tatura	% of total waste	32.60%	62.70%
	Ws4	Greenhouse Gas Emissions associated with waste disposal	Tonnes CO2-e	Not Available	Not Available
Paper	P1	Total Units of A4 equivalent copy paper used from Tatura store	Reams	6,600	6,392
	P2	Units of A4 equivalent copy paper used per FTE	Reams / FTE	10.02	9.87
	P3	Percentage of Recycled content of copy paper purchased	%	Nil at present	Nil at present
Water	W1	Total units of metered water consumption by water source	Kilolitres	22,638	13,798
	W2	Units of metered water consumed in offices per FTE by usage type	Kilolitres / FTE	34	21
	W3	Units of metered water consumed in offices per unit of Office Space	Litres / m2	Not Available	Not Available
Transportation	T1	Total energy consumption by vehicles	Mega Joules	72,298,071	71,957,490
	T2	Total vehicle travel associated with entity operations	Kilometres	15,412,326	16,608,316
	T3	Total Greenhouse Gas emissions from vehicle fleet	Tonnes CO2-e	5,057	4,902
	T4	Greenhouse gas emissions from vehicle fleet per 1,000km	Tonnes CO2-e / 1,000km	0.33	0.30
	T5	Total distance travelled by air	Kilometres	Not Available	391,417
	T6	Employees regularly (>75% of work attendance days) using public transport, cycling walking or carpooling to and from work or working from home by locality type.	% of total employees	Not Available	Not Available
Greenhouse Gas Emissions	G1	Total Greenhouse Gas Emissions associated with energy use	Tonnes CO2-e	10,616	9,400
	G2	Total Greenhouse Gas emissions from vehicle fleet	Tonnes CO2-e	5,057	4,902
	G3	Total Greenhouse Gas emissions from air travel	Tonnes CO2-e	Not Available	Not Available
	G4	Total Greenhouse Gas emissions associated with waste disposal	Tonnes CO2-e	Not Available	Not Available
	G5	Greenhouse Gas emissions offsets purchased	Tonnes CO2-e	Nil at present	Nil at present
	G6	Any other known Greenhouse Gas emissions associated with other activities	Tonnes CO2-e	Not Available	Not Available
Procurement		G-MW has successfully developed and implemented a green purchasing policy during 2007/2008. Additional procurement targets have been set for 2008/2009 as part of the Environmenal Improvement Program.			

General information

Consultancies

Consultants were engaged by the Corporation during 2007/08 to assist with:

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

One consultant was engaged at a total contract cost of $100,000 or more.

Consultant: Evans and Peck
Project: Assist in establishment of Alliance and associated contracts.
Contract total: $125,313
Remaining commitment: nil

Consultants engaged at a contract cost of less than $100,000 numbered nine and were paid $242,819 in total.

Merit and equity

The State Government's merit and equity principles provided the foundation for our recruitment processes, position advertising and employee selection. During the year 78 internal and 64 external applicants filled 142 positions within the organisation (of the total 161 positions advertised). In addition G-MW employed ten vacation students.

All employee grievances and complaints were handled internally.

G-MW provided additional and update training on the *Information Privacy Act* 2000 and steps were taken to improve record keeping in relation to privacy.

Capital projects over $5 million – Treasury approval

Project	DTF Evaluation	Project Approved	Progress at 30 June 2008
Mokoan - Return to Wetland Project	•	•	Approximately 7% complete
Laanecoorie Dam Improvement Project	•	•	Approximately 9% complete
Total Channel Control (CG1234) - FutureFlow Works	•	•	Approximately 30% complete
Shepparton Modernisation - FutureFlow Works	•	•	Approximately 17% complete
FoodBowl Early Works	•	•	Approximately 17% complete

Industrial relations

In the early part of the financial year the Enterprise Agreement process was completed. Following this, a new Central Consultative Committee was elected. The Central Consultative Committee provides a forum for employee representatives and management to meet to discuss workplace/industrial issues and plays a major role for consultation for development of new or revised polices relating to employment.

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

G-MW observes statutory requirements set down by the *Building Act* 1993 and the accompanying Building Regulations 2006.

Freedom of Information

G-MW received ten applications made under the *Freedom of Information Act* 1982 during 2007/08. Access to the requested documents was provided in full in response to two applications and access was provided in part (mainly by the non-disclosure of personal information) in response to six applications. Access was denied in full in two cases.

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

Corporate Secretary
G-MW
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 2008 the application fee is $22.70.

National Competition Policy

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

G-MW responded to a complaint received by the Competition and Efficiency Commission (VCEC) in relation to the activities of its Watermove business unit. A number of concerns raised have been addressed through modifications to business processes.

In addition a steering committee comprising representatives from G-MW, the Department of Sustainability and Environment and the Department of Treasury and Finance has been appointed to undertake a review of Watermove. The Committee will review the costs and benefits of strengthening the current commercial arrangements Watermove operates under and/or of adopting a corporate model. The outcome of this review will be communicated to VCEC within the required timeframes.

Victorian Industry Participation Policy

Contracts commenced to which the VIPP applied:

- during 2007/08, G-MW commenced 2 of contracts totalling $170,505,155 in value to which the VIPP applied; and
- both contracts were in regional Victoria.

The commitments by contractors under VIPP included:

- an overall level of local content of 22% of the total value of the contracts; and
- 108 full time equivalent jobs.

The projects benefited the Victorian economy in terms of skills and technology transfer by encouraging use of latest technology in achieving water flow measurement standards.

Contracts completed to which the VIPP applied:

- during 2007/08, this agency completed 3 contracts totalling $4,927,900 in value to which the VIPP applied; and
- all three contracts were in regional Victoria.

The outcomes reported by contractors under VIPP included:

- local content contributed 100% of the value of the contracts; and
- 28 full time equivalent jobs.

The projects benefited the Victorian economy in terms of skills and technology transfer by encouraging working G-MW Occupational Health and Safety Standards for Plant and Equipment and use of the latest technology in achieving water flow measurement standards.

Information available

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

Value of community service obligations

During 2007/08 G-MW did not administer pensioner concessions because all pensioners eligible for a pensioner concession were compensated by the Victorian Government Drought Assistance rebate for fixed water charges.

During 2006/07 G-MW granted $29,839 in pensioner concessions.

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 2007/2008 the Ombudsman referred 44 matters to Goulburn-Murray Water: of these, 30 were Enquiries, 13 were Level 1 complaints and one 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 G-MW to receive disclosures under the Act, and applies DSE procedures in managing disclosures.

No disclosures were received during 2007/08.

Disclosures of improper conduct by G-MW or its employees may be made to:

Michael Guarna
Protected Disclosure Coordinator
Department of Sustainability and Environment
PO Box 500
East Melbourne Vic 3002
Telephone: 03 9637 8873
Facsimile: 03 9637 8128
Email: Michael.Guarna@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 Loddon Dams Unit
Manager – Ivan Smith
Lake Eildon
PO Box 165
Tatura Victoria 3616

Murray North East Dams Unit
Manager MDBC Operations – Stuart Richardson
Hume Dam
Private Bag 2
Wodonga 3691

Water Delivery Operations

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

Central Goulburn Centre
Manager – Kevin Preece
33 Casey Street, Tatura 3616

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

Pyramid-Boort Centre
Manager – Sandra Schroen
4 Barber Street, Pyramid Hill 3575

Murray Valley Centre
Manager – Geoff Enever
Dillon Street, Cobram 3644

Torrumbarry Centre
Manager – Lester Haw
Koondrook Road, Kerang 3579

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

G-MW's Kerang office

Financial Statements 2007/08

Operating Statement
for the year ended 30 June 2008

	Notes	2007/08 $'000	2006/07 $'000
Revenue from operating activities			
Rates - water and drainage	3, 4	64,988	62,754
Consumptive charges	5	5,757	8,807
Sale of bulk water	6	5,946	5,568
Victorian Government grants	8	61,998	13,349
Other external clients	7	16,337	19,275
Interest from customers		217	312
Other revenue		5,149	4,096
Revenue from non-operating activities			
Interest on investments		1,404	858
Other income		4,615	3,569
Total revenue		**166,411**	**118,588**
Expenses from operating activities			
Operations	9	57,306	62,392
Maintenance	10	39,822	32,699
Management and administration		16,156	13,575
Finance charges		2,146	1,114
Loss on sale of fixed assets		27	295
Written down value of assets abandoned	1(f)	1,170	5,461
Depreciation of non-current assets	14	31,127	31,302
Environmental Contribution	1(q)	1,240	-
Total expenses		**148,994**	**146,838**
Net result for the period		**17,417**	**(28,250)**

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

Balance Sheet
as at 30 June 2008

	Notes	2007/08 $'000	2006/07 $'000
Current assets			
Cash and cash equivalents	15	16,703	8,395
Investments	15	109,000	-
Receivables	20	71,623	41,047
Inventories	16	1,079	839
Total Current Assets		198,405	50,281
Non-Current assets			
Receivables	20	5,151	-
Land, buildings and equipment	14	76,357	74,384
Infrastructure	14	1,877,729	1,853,232
Total Non-Current Assets		1,959,237	1,927,616
Total assets		2,157,642	1,977,897
Current liabilities			
Payables	17	27,643	34,810
Employee benefits	18	14,447	14,414
Interest bearing liabilities	19	499	469
Total current liabilities		42,589	49,693
Non-Current liabilities			
Employee benefits	18	911	736
Interest bearing liabilities	19	22,788	13,287
Deferred tax liability	21	27,570	22,314
Total non-current liabilities		51,269	36,337
Total liabilities		93,858	86,030
Net assets		2,063,784	1,891,867
Equity			
Contributed capital	22(b)	1,890,140	1,731,017
Asset revaluation reserve	22(a)	26,910	26,277
Accumulated surplus	22(c)	146,734	134,573
Total equity		2,063,784	1,891,867

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 2008

	Notes	2007/08 $'000	2006/07 $'000
Total equity at beginning of financial year		1,891,867	1,894,366
Transfer of assets	22(b)	(18,122)	-
Capital contributions	22(b)	177,245	35,374
Net result for the period	22(c)	17,417	(28,250)
Gain in building revaluation	22(a)	633	15,901
Deferred tax liability adjustment	22(c)	(5,256)	(22,314)
Prior year asset disposals	22(c)	-	(3,210)
Total equity at end of financial year		2,063,784	1,891,867

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

Cash Flow Statement
for the reporting period ended 30 June 2008

	Notes	2007/08 $'000	2006/07 $'000
Cash flows from operating activities			
Receipts			
Receipts from customers		75,164	76,739
Receipts from other external clients		28,302	29,270
Receipts from Government		46,708	13,349
GST received from the ATO		12,893	10,428
Payments			
Payments to suppliers and employees		(133,376)	(111,406)
Interest and other costs of finance paid		(2,146)	(1,114)
Environmental Contribution		(1,240)	-
GST paid to the ATO		(4,230)	(4,713)
Net cash (outflow)/inflow from operating activities	**23**	**22,075**	**12,553**
Cash flows from investing activities			
Payment for construction of infrastructure assets, and purchase of property, plant and equipment		(76,310)	(46,582)
Proceeds from sale of property, plant and equipment		27	278
Net cash outflow from investing activities		**(76,283)**	**(46,304)**
Cash flows from financing activities			
Capital contributions from Victorian Government		161,985	16,624
Repayment of borrowings		9,531	(441)
Net cash inflows from financing activities		**171,516**	**16,183**
Net increase/(decrease) in cash held		117,308	(17,568)
Cash and cash equivalents at the beginning of the year		8,395	25,963
Cash and cash equivalents at the end of the year	**15**	**125,703**	**8,395**

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 2008

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 Accounting Standards (AAS), 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. (refer note 33)

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

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

Historical cost convention
These financial statements have been prepared under the historical cost convention with the exception of land and 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 AAS 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.

(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 throughout the year 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 grants
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 grants 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 Corporation in its operations. Items with a cost in excess of $2,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

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

Assets acquired at no cost or for nominal consideration by the Corporation 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.

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.

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

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.

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.

(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 Corporation 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 note 19]

Investments are bank bills and promissory notes with financial institutions.

(i) Receivables

Receivables are recognised initially at the fair value and subsequently measured at amortised cost, less provision for impaired receivables. 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 Corporation 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 20]

(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. Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations. [refer note 16]

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 Corporation prior to the end of the financial year, which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition. [refer note 17]

(l) Employee benefits

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

Long service leave
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 Corporation 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 Corporation 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 24]

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

Performance payments
Performance payments for the Corporation'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 recognised in the operating statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. [refer note 19]

(n) Wholesale/retail reporting

The financial report includes note 31 reporting the wholesale and retail operations of the Corporation 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 each 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 Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the balance sheet.

G-MW expects to be in a tax loss position and therefore not pay income tax for the foreseeable future. [refer note 30].

(q) Environmental Contributions

The *Water Industry (Environmental Contributions) Act 2004* amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water supply authorities. Goulburn-Murray Water commenced payments under this Act from 1 July 2007.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The environmental contributions are disclosed separately within expenses.

(r) 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.

(s) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

(t) Financial instruments

Recognition
Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below:

Held-to-maturity investments
These investments have fixed maturities and it is the Corporation's intention to hold these investments to maturity. Any held-to maturity investments held by the Corporation are stated at cost.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the other categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the Corporation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Operating Statement.

(u) New Accounting Standards and Interpretations

New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

(1) AASB 8 – Operating Segments and AASB 2007 3 Amendments to Australian Accounting Standards arising from AASB 8

This standard has application from 1 January 2009. It allows a "management approach" to segment reporting which will allow G-MW to utilise already established lines of reporting and therefore minimise the impact.

(2) Revised AASB 123 Borrowing Costs and AASB 2007 6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB1, AASB101, AASB107, AASB111, AASB116 and AASB 138 and Interpretations 1 and 12].

This standard also has application from 1 January 2009. It will remove the option of expensing all borrowing costs, requiring that in certain circumstances these costs be capitalised. The Corporation is assessing whether there are any circumstances which would result in the capitalisation of borrowing costs and will further examine the application of this standard.

2 Financial Risk Management Objectives and Policies

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

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

Risk management is carried out by a risk manager under policies approved by the Board of Directors. The finance department identifies and evaluates risks in close co-operation with the Corporation's operating units. The Board provides written principles for overall risk management within the Treasury Policy and Procedures which amongst other things governs cash management, investment and borrowing policy.

2.1 Risk Exposures

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

(a) Market risk

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

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) *Interest Rate Risk*
The Corporation's exposure to market interest rates relates primarily to the Corporation's long term borrowings and funds invested on the money market.

The interest rate on the Corporation's long term borrowings is fixed and therefore the Corporation is not exposed to any material interest rate risk.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Corporation's investments are short term deposits (90 days or less) which have no exposure to interest rate risk.

(ii) *Foreign Exchange Risk*
The Corporation has no exposure to changes in the foreign exchange rate.

(iii) *Other Price Risk*
The corporation has no exposure to Other Price Risk

Market Risk Sensitivity Analysis

The table below provides a summary of the sensitivity of the Corporations financial assets and liabilities to interest rate risk.

2007/2008		Interest Rate Risk			
		+ 1 %		- 1%	
Financial Assets	**Total $'000**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	$16,703	167	167	(167)	(167)
Investments	$109,000	1,090	1,090	(1,090)	(1,090)
Receivables	$76,774	-	-	-	-
Total Financial Assets	**$202,477**	**1,257**	**1,257**	**(1,257)**	**(1,257)**
Financial Liabilities					
Payables	$27,643	-	-	-	-
Interest bearing liabilities	$23,287	-	-	-	-
Total Financial Liabilities	**$50,930**	**-**	**-**	**-**	**-**
TOTAL INCREASE & DECREASE		**1,257**	**1,257**	**(1,257)**	**(1,257)**

2006/2007		Interest Rate Risk			
		+ 1 %		- 1%	
Financial Assets	**Total $'000**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	$8,395	84	84	(84)	(84)
Receivables	$41,047	-	-	-	-
Total Financial Assets	**$49,442**	**84**	**84**	**(84)**	**(84)**
Financial Liabilities					
Payables	$34,810	-	-	-	-
Interest bearing liabilities	$13,756	-	-	-	-
Total Financial Liabilities	**$48,566**	**-**	**-**	**-**	**-**
TOTAL INCREASE & DECREASE		**84**	**84**	**(84)**	**(84)**

(b) Credit Risk

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

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance primarily consists of unpaid rates and consumptive charges from a large number of customers in the farming sector, predominantly dairy, horticulture, grazing and cropping. Levels of debt are closely managed, with interest charged at a rate above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes this debt as a charge on the property and gives G-MW the ability to sell a property to recover debt. The Act also gives G-MW first call on the proceeds of sale. There is a small exposure to receivables due from rent of land for grazing and commercial purposes and other minor dealings which is not protected under the Act. There has been no experience of bad debt in this area in recent years. An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 20.

(c) Liquidity Risk

Liquidity Risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. The Corporation's financial liability maturities have been disclosed in Note 32.

(d) Fair Valuation

The fair value of financial assets and liabilities has been estimated for disclosure in these statements where it differs from carrying value. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments. The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in Note 32.

2.2 Capital management

The Corporation's borrowings are managed within the overall capital program and cash management policies. Borrowings are exclusively from Treasury Corporation of Victoria (TCV) and governed by the Borrowing and Investment Power Act. There are currently several significant Government funded capital investment programs in progress, including the Shepparton Modernisation Project and Foodbowl Modernisation Project, which attract a large proportion of government capital contribution. These projects will require significant future borrowings. During 2007/08 the Corporation utilised an additional $10 million of long term borrowings from a total approval of $26 million. At times through the year the Corporation also utilised the short term borrowing facility with TCV.

		2007/08	2006/07
		$'000	$'000
3	**Revenue - Rates water and drainage**		
	Irrigation and drainage - gravity	57,644	54,232
	Irrigation and drainage - pumped	1,818	2,043
	Domestic and stock	759	659
	Diversions direct from streams and groundwater	4,767	5,820
	Total	64,988	62,754
	[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 2007/08 provided a rates rebate to customers on systems with less than 50% of water right allocated as at 1 December 2007. This amount is included within rates water and drainage at note 3 above.		
		35,893	21,153
5	**Revenue - Consumptive Charges**		
	Irrigation and drainage - gravity	5,472	8,450
	Irrigation and drainage - pumped	262	359
	Domestic and stock	23	31
	Diversions direct from streams and groundwater	-	(33)
	Total	5,757	8,807
6	**Revenue - Sale of bulk water**		
	Total bulk water sales [refer note 31]	21,419	21,784
	Less Bulk water sales to G-MW retail business [refer note 9]	(15,473)	(16,216)
	Bulk water sales to other organisations	5,946	5,568
7	**Revenue - Other external clients**		
	Murray-Darling Basin Commission	14,648	14,548
	Other external clients	1,689	4,727
	Total	16,337	19,275
	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 9.		
8	**Revenue - Victorian Government grants**		
	Several programs including salinity and national landcare are funded by the Victorian Government on an ongoing basis. In 2008 $43m was provided to fund an asset reconfiguration program under the water savings objective. Of this funding $40m was received in advance of expenditure but must be included as revenue in 2007/08. This increased revenue leads to a reported profit in 2007/08 but will lead to more adverse results in future years when the matching expenditure is incurred.		
	Water savings initiative	47,346	13,349
	Salinity and national landcare	7,268	
	Waranga basin pumping	2,040	
	Other initiatives	5,344	
		61,998	13,349

		2007/08 $'000		2006/07 $'000	
		Bulk Water	Total Expense	Bulk Water	Total Expense
9	**Expenses - Operations**				
	Irrigation and drainage - gravity	13,825	34,116	14,527	38,402
	Irrigation and drainage - pumped	224	778	244	778
	Domestic and stock	21	553	52	312
	Diversions direct from streams and groundwater	1,403	3,356	1,393	3,446
	Government funded operations	-	7,522	-	4,676
	Headworks	-	12,679	-	17,411
	Murray-Darling Basin Commission	-	13,775	-	13,583
	Sub-total	15,473	72,779	16,216	78,608
	Deduct bulk water		(15,473)		(16,216)
	Total		57,306		62,392

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 31.

		2007/08 $'000	2006/07 $'000
10	**Maintenance**		
	Irrigation and drainage - gravity	23,938	24,606
	Irrigation and drainage - pumped	269	590
	Domestic and stock	125	62
	Diversions direct from streams and groundwater	825	345
	Headworks	4,804	5,294
	Corporate	9,861	1,802
		39,822	32,699

During 2007/08 reconfiguration costs were incurred and included within Corporate.

11	**Labour related costs**		
	Direct salaries	43,631	38,699
	Leave entitlements	9,430	7,631
	Superannuation	3,018	2,806
	Payroll tax	2,292	2,029
	Workcover	810	809
	Total	59,181	51,974
	Included within this amount is the cost of labour directly attributable to capital projects and therefore capitalised.	7,225	5,453

12	**Audit Fees**		
	External audit - Victorian Auditor General	92	85
	Internal audit - AFS	61	45

These costs are included within Management and administration in the operating statement.

13 Expense - Insurance

G-MW purchased insurances in 2007/08 for storages and properties 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.

	2,119	1,812

These costs are included within Management and administration in the operating statement.

Notes to the Financial Report for the year ended 30 June 2008 (continued)

14 Non-current assets

	Wholesale		Retail		Total	
	2007/08 $'000	2006/07 $'000	2007/08 $'000	2006/07 $'000	2007/08 $'000	2006/07 $'000
Land *At fair value as at 30 June 2007*	44,797	44,797	3,731	3,731	48,528	48,528
Buildings *At fair value as at 30 June 2007*	5,034	4,588	13,211	8,262	18,245	12,850
Less: Accumulated depreciation	347	-	507	-	854	-
	4,687	4,588	12,704	8,262	17,391	12,850
Buildings *At cost*	677	424	1,563	4,514	2,240	4,938
Less: Accumulated depreciation	4	203	4	254	8	457
	673	221	1,559	4,260	2,232	4,481
Plant, equipment furniture and fittings *At cost*	2,153	2,002	30,098	28,036	32,251	30,038
Less: Accumulated depreciation	1,397	1,214	22,648	20,299	24,045	21,513
	756	788	7,450	7,737	8,206	8,525
Total land, buildings and equipment	**50,913**	**50,394**	**25,444**	**23,990**	**76,357**	**74,384**
Infrastructure *At deemed cost*	1,132,032	1,123,309	1,822,223	1,844,558	2,954,255	2,967,867
Less: Accumulated depreciation	310,033	300,312	844,344	841,467	1,154,377	1,141,779
	821,999	822,997	977,879	1,003,091	1,799,878	1,826,088
Infrastructure under construction *At cost*	3,030	3,301	74,821	23,843	77,851	27,144
Total infrastructure	**825,029**	**826,298**	**1,052,700**	**1,026,934**	**1,877,729**	**1,853,232**
Total	**875,942**	**876,692**	**1,078,144**	**1,050,924**	**1,954,086**	**1,927,616**

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

Reconciliations

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

2007/08	Opening WDV $'000	Additions $'000	Transfers $'000	Disposals $'000	Revaluation Increment $'000	Depreciation $'000	Closing WDV $'000
Land	48,528	-	-	-	-	-	48,528
Buildings	17,331	2,241	-	-	633	(581)	19,624
Plant, equipment, furniture and fittings	8,525	2,376	-	(54)	-	(2,642)	8,205
Infrastructure	1,826,088	20,986	-	(22,502)	-	(27,904)	1,796,668
Under construction	27,144	50,707	-	-	-	-	77,851
Total	1,927,616	76,310	-	(22,556)	633	(31,127)	1,950,876

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)	(8,671)	-	(28,339)	1,826,088
Under construction	-	9,560	17,584				27,144
Total	1,905,679	46,582	-	(9,244)	15,901	(31,302)	1,927,616

		2007/08	2006/07
		$'000	$'000
15	**Cash and cash equivalents** [refer note 1 (h)]		
	Cash at bank	16,703	8,395
	Investments	109,000	-
	Cash held at the end of the year as per Statement of Cash Flows	125,703	8,395
16	**Inventories** [refer note 1(j)]		
	Stores and consumables at cost	1,079	839
17	**Payables** [refer note 1(k)]		
	Trade creditors	13,108	14,548
	Accrued expenses	12,890	18,170
	Payroll related accruals	1,645	2,092
	Total	27,643	34,810
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	5,078	4,694
	- Other long term Employee benefits that do not fall due within 12 months after the end of the period, measured at present value	9,369	9,720
	Total Current	14,447	14,414
	Non-current		
	Conditional long service leave	911	736
	Total	15,358	15,150
	Employee numbers at end of financial year	691	663
	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	6.0%	6.0%
	Weighted average settlement period (years)	13	13
19	**Interest bearing liabilities** [refer note 1(m)]		
	Current	499	469
	Non-current	22,788	13,287
		23,287	13,756
	Interest bearing liabilities comprise two loans from Treasury Corporation Victoria obtained with the Treasurers approval under the Borrowing and Investment Powers Act.		

		2007/08 $'000	2006/07 $'000
20	**Receivables** [refer note 1(i)]		
	Current		
	Debtors	71,367	40,154
	Less provision for doubtful debts	(116)	(100)
	Prepayments	372	993
	Non-current		
	Debtors	5,390	-
	Less provision for doubtful debts	(239)	-
	Total Receivables	76,774	41,047

Provision for impaired receivables

As at 30 June 2008, current receivable of the Corporation with a nominal value of $1,424 (2007: $306) were impaired. The individually impaired receivables relate mainly to proposed developments in a new pumped irrigation area and watertrading activities. The amount of the provision is $355 (2007: $100).

The ageing of these receivables is as follows:

3 to 6 months	285	306
Over 6 months	1,139	-
	1,424	306

At 30 June 2008 there were non-current receivables that are not impaired. These are for customers who accepted the Victorian Government offer of payment by installments under the 2007 drought relief program. The Corporation still has first call on this debt under the Water Act, and the Government program includes payment of interest incurred.

Over 6 months	4,251	-

Movements in the Provision for Doubtful Debts are as follows:

Opening balance	100	100
Receivables written off during the year as uncollectible	255	-
	355	100

The creation and release of the provision for doubtful debts has been included in management and administration expense in the operating statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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

The carrying values of all receivables are in Australian dollars.

	2007/08 $'000	2006/07 $'000
21 Deferred tax		
Deferred tax liability comprises		
Depreciation recognised in the operating statement	(177,874)	(156,534)
Revaluation of land, buildings and infrastructure recognised in equity	(47,104)	(46,523)
Offset by deferred tax asset comprising		
Employee benefits	5,553	4,573
Tax losses	191,855	176,170
Net deferred tax liability	(27,570)	(22,314)

G-MW has accumulated large losses which will continue to increase until about 2020, and then gradually decline. G-MW does not expect to be in a tax paying position in the foreseeable future.

22 Equity and movements in equity		
(a) Reserves		
Asset revaluation reserve		
Balance 1 July	26,277	10,376
Revaluation increment	633	15,901
Balance 30 June	26,910	26,277
(b) Contributed capital		
Balance 1 July	1,731,017	1,695,643
Capital contributions	177,245	35,374
Transfer of assets to RTA	(18,122)	-
Balance 30 June	1,890,140	1,731,017

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. Capital contributions includes $144m for the infrastructure modernisation works and $31m for works associated with the decommissioning of the Mokoan storage. On 8 August 2007 ownership of some road bridges passed to the Road Traffic Authority.

(c) Accumulated surplus		
Accumulated surplus at the beginning of the year	134,573	188,347
Net result for the year	17,417	(28,250)
Deferred tax liability adjustment	(5,256)	(22,314)
Prior year asset disposals	-	(3,210)
Accumulated surplus at the end of the year	146,734	134,573

During the year an adjustment was required to reflect the net balance of deferred tax liability and deferred tax asset as at 30 June 2007 (refer note 21). An adjustment was also made to reflect the written down value of assets that had been disposed of in the prior year but not recognised in the financial statements. (refer note 33)

Reconciliation of equity		
Total equity at the beginning of the year	1,891,867	1,894,366
Total changes in equity recognised in the operating statement	17,417	(28,250)
Capital contributions	177,245	35,374
Asset transfer	(18,122)	-
Revaluation increment	633	15,901
Deferred tax liability adjustment	(5,256)	(22,314)
Prior year asset disposals	-	(3,210)
Total equity at the end of the year	2,063,784	1,891,867

		2007/08 $'000	2006/07 $'000
23	**Reconciliation of result for the period to net cash flows from operating activities**		
	Net profit/(loss) for the year	17,417	(28,250)
	Add non cash flow items in net profit/(loss)		
	Depreciation	31,127	31,302
	Loss on sale of fixed assets	27	295
	Written down value of assets abandoned	1,170	5,461
	Change in assets and liabilities		
	(Increase)/decrease in inventories	(240)	(43)
	(Increase)/decrease in debtors and prepayments	(20,467)	(4,358)
	Increase/(decrease) in creditors and accrued expenses	(7,167)	6,310
	Increase/(decrease) in provision for employee entitlements	208	1,836
	Net cash flows from operating activities	22,075	12,553

24 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)	12	12.60	72	74
State Superannuation Board, Revised Scheme (defined benefits scheme)	27	17.30	345	350
State Superannuation Board, New Scheme (defined benefits scheme)	182	9.40	1,020	1,064
Vision Super (defined benefits scheme)	7	9.25	91	75
Vision Super Saver (accumulation fund)	419	9.00	1,904	1,679
Other minor schemes	50	9.00	237	74
Total Contributions to all Funds			3,669	3,316

At 30 June 2008 the total of outstanding superannuation contributions was $792,995 (2007 $778,000), which forms part of creditors and accrued expenses.

State Superannuation Schemes

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

Vision Super 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 Corporation to any of the above funds.

	2007/08 $'000	2006/07 $'000
25 Transactions with other Victorian Government controlled entities		
Transactions between entities within the Sustainability and Environment Portfolio		
Revenues and capital contributions	239,243	48,723
Expenses	14,899	12,808
Transactions with other entities controlled by the Victorian Government		
Expenses	5,314	3,955

26 Commitments

(a) Capital commitments

Shepparton modernisation project	119,409	-
Northern Victorian irrigation remodeling	17,951	-
Various other construction and technology related projects	3,510	2,109
Total	140,870	2,109

This represents commitments outstanding on contracts for capital works.

These commitments are likely to fall due within:		
Not later than 1 year	108,907	2,109
Later than 1 year and not later than 5 years	31,963	-
Total	140,870	2,109

(b) Operating Lease Commitments

Operating lease rental commitments for vehicles, buildings and equipment as at 30 June 2007		
Not later than 1 year	5,503	4,412
Later than 1 year and not later than 5 years	9,122	7,981
Later than 5 years	2,127	2,572
Total	16,752	14,965

(c) Other Commitments

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

Environmental Contribution

G-MW is committed to payment of $1.24m per year for the next four years.

Foodbowl Modernisation Project

The $1 billion Foodbowl project requires a contribution of $100m from G-MW. The timing of this contribution is not known yet.

27 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.	234	236

The Corporation has also received a claim related to the trial of new technology within a channel system. The claim is in the order of $5 million. The Corporation has not admitted liability.

28 Post Balance Day Events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of the operations or the state of affairs of the Corporation in future years.

29 Responsible persons

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

Ministers

The Hon. John Thwaites MP, Minister for Environment and Minister for Water.
(1 July to 3 August 2007)
The Hon Timothy Holding MP, Minister for Water
(3 August 2007 to 30 June 2008)

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 Corporation in connection with the management of the Corporation (includes termination bonuses and bonuses paid at the end of contracts).

Directors of the G-MW Board

Stephen Thomas Mills (Chair from 1 October 2007)
Donald Matthew Cummins (Chair to 30 September 2007)
Craig Kenneth Cook (Deputy Chair from 1 October 2007)
John Maurice Pettigrew (Deputy Chair to 1 September)
John David Brooke OAM
Peter Maurice Fitzgerald
Claire Anne Penniceard (from 1 October 2007)
Catherine Lucy Scott (from 1 October 2007)
Desmond Powell
Vicki Jean Sutherland (to 30 September 2007)
David John Arnell Stewart - Managing Director (from 14 May 2008)
Russell John Cooper - Managing Director (to 12 March 2008)

With effect from 1 July 2007 the position of Chief Executive became Managing Director. In 2006/07 that position was included within non-director executive officers.

The total directors' remuneration was $593,846 (2006/07 $252,000). Payments were made to individual directors within the following bands:

	Number of Directors	
Remuneration Band	2007/08	2006/07
$0 to $9,999	2	-
$10,000 to $19,999	1	-
$20,000 to $29,999	2	-
$30,000 to $39,999	4	6
$40,000 to $49,999	1	-
$50,000 to $59,999	1	-
$60,000 to $69,999	-	1
$290,000 to $299,999	1	-

The total remuneration to non-director executive officers receiving more than $100,000 was $778,159 (2006/07 $1,142,910).

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

	Number of Executive Officers	
Remuneration Band	2007/08	2006/07
$140,000 to $149,999	3	1
$150,000 to $159,999	-	1
$160,000 to $169,999	1	-
$170,000 to $179,999	-	1
$180,000 to $189,999	1	1
$190,000 to $199,999	-	1
$280,000 to $289,999	-	1

Transactions with directors:

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

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

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.

30 Income Tax [refer note 1(p)]

G-MW will not pay income tax for 2007/08. Projections show that the likelihood of G-MW making consistent profits at a level likely to offset the large tax losses which are accumulating is unlikely.

Prima facie Tax Calculations	2007/08 $'000	2006/07 $'000
Profit/(loss) from ordinary activities	17,417	(28,250)
Prima facie tax calculated at 30%	5,225	(8,475)
Tax effect of permanent differences		
Non-deductible depreciation	174	202
R & D concessional expenditure	(236)	(231)
	-	-
Prima facie income tax expense	**5,163**	**(8,504)**

Income tax expense is not included within the operating statement.
The balance sheet includes the net of deferred tax liability and deferred tax asset as required by Australian Accounting Standards and comprises:

Deferred tax liability	(224,978)	(203,057)
Deferred tax asset	197,408	180,743
Net deferred tax liability recognised in the balance sheet	**(27,570)**	**(22,314)**

31 Wholesale and retail operations [refer note 1(n)]

	Wholesale		Retail	
	2007/08 $'000	2006/07 $'000	2007/08 $'000	2006/07 $'000
Bulk water sales - urban [refer note 6]	2,098	1,899	736	356
Bulk water sales - rural [refer note 6]	18,585	19,529	-	-
Retail service charges	-	-	64,988	62,754
Retail usage charges	-	-	5,757	8,807
Other revenue	16,919	17,531	72,801	24,078
Total revenue	**37,602**	**38,959**	**144,282**	**95,995**
Operating expenditure	19,888	30,994	52,891	47,615
Maintenance	4,678	5,294	35,144	27,405
Depreciation	10,095	10,530	21,032	20,772
Other expenditure	2,675	2,652	16,825	17,942
Environmental contribution	72		1,168	
Total expenditure	**37,408**	**49,470**	**127,060**	**113,734**
Profit/(Loss)	**195**	**(10,511)**	**17,222**	**(17,739)**
Investments	-	-	109,000	-
Non-current assets [refer note 14]	875,942	876,692	1,078,144	1,050,924
Capital expenditure - renewal/replacement	1,912	1,912	14,520	10,026
Capital expenditure - enhancement	8,077	8,077	52,842	26,568
Interest bearing liabilities	-	-	(23,287)	(13,756)
Equity contribution [refer note 22(b)]	-	4,000	177,245	31,374

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 9). These amounts are eliminated in the Operating Statement.

Notes to the Financial Report for the year ended 30 June 2008 (continued)

32 Financial instruments

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

Financial instrument		Floating	Fixed interest maturing						Non-	Total
	Notes	interest	In 1 year	Over 1	Over 2	Over 3	Over 4	Over 5	interest	
2008		rate	or less	to 2 years	to 3 years	to 4 years	to 5 years	years	bearing	
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(i) Financial assets										
Cash	15	16,703	-				-	-	-	16,703
Receivables	20	-	3,956	1,417	1,417	-	-	-	69,984	76,774
Investments	15	-	109,000				-	-	-	109,000
		16,703	112,956	1,417	1,417	-	-	-	69,984	202,477
Weighted average interest rate		7.3%	8.0%	7.2%	7.2%					
(ii) Financial liabilities										
Interest bearing liabilities	19	-	499	531	565	602	641	20,449	-	23,287
		-	499	531	565	602	641	20,449	-	23,287
Interest rate			6.9%	6.9%	6.9%	6.9%	6.9%	7.2%	-	
Net financial assets/(liabilities)		16,703	112,457	886	852	(602)	(641)	(20,449)	69,984	179,190

Financial instrument		Floating	Fixed interest maturing						Non-	Total
	Notes	interest	In 1 year	Over 1	Over 2	Over 3	Over 4	Over 5	interest	
2007		rate	or less	to 2 years	to 3 years	to 4 years	to 5 years	years	bearing	
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(i) Financial assets										
Cash	15	8,395	-				-	-	-	8,395
Receivables	20	2,601	-				-	-	38,446	41,047
Investments	15	-	-				-	-	-	-
		10,996	-				-	-	38,446	49,442
Weighted average interest rate		7.4%								
(ii) Financial liabilities										
Interest bearing liabilities	19	-	469	499	531	565	602	11,089	-	13,756
		-	469	499	531	565	602	11,089	-	13,756
Interest rate			6.9%	6.9%	6.9%	6.9%	6.9%	6.9%		
Net financial assets/(liabilities)		10,996	(469)	(499)	(531)	(565)	(602)	(11,089)	38,446	35,686

Fair Valuation

The carrying amounts and fair values of financial assets and financial liabilities at balance date are:

	30-Jun-08		30-Jun-07	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial Assets				
Cash and cash equivalents	16,703	16,703	8,395	8,395
Receivables	76,774	76,774	41,047	41,047
Investments	109,000	109,000	0	0
Total Financial Assets	202,477	202,477	49,442	49,442
Financial Liabilities				
Borrowings	23,287	22,647	13,756	13,638

Cash, cash equivalents and non-interest bearing financial assets and financial liabilities are carried at cost which approximates their fair value. The fair value of other financial assets and financial liabilities is based upon market prices, where a market exists or by discounting the expected future cash flows at current interest rates.

Concentrations of credit risk

G-MW's customers 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.

33 Prior Period Error

During the prior year the disposal of assets some was not recorded in the accounts in error. Those assets were disposed of in the asset register at the correct value ($3.21m) at that time, and have now been adjusted against retained earnings as shown at note 22.
The Corporation has also included a deferred tax liability in the balance sheet for the first time (refer note 21). The opening balance of $22.3m refers to prior year transactions and is therefore included within this note as a prior year error.

Goulburn-Murray Water
Statutory Certification

We certify the attached financial statements for Goulburn-Murray Rural Water Corporation 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 2008 and the financial position of the Corporation as at 30 June 2008.

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

Stephen Mills
CHAIRMAN

David Stewart
MANAGING DIRECTOR

Peter Guy
CHIEF FINANCIAL OFFICER

29 August 2008

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Goulburn-Murray Rural Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of Goulburn-Murray Rural Water Corporation 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 Board Members Responsibility for the Financial Report

The Board Members of Goulburn-Murray Rural Water Corporation 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of Goulburn-Murray Rural Water Corporation for the year ended 30 June 2008. The Board Members of Goulburn-Murray Rural Water Corporation are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Goulburn-Murray Rural Water Corporation web site.

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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Goulburn-Murray Rural Water Corporation as at 30 June 2008 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
29 August 2008

D D R Pearson
Auditor-General

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Auditing in the Public Interest

Goulburn-Murray Water
Financial Performance Indicators

Performance indicator	2006-07 Result	2007-08 Result	2007-08 Target	Variance
FINANCIAL PERFORMANCE INDICATORS				
Long Term Profitability Earnings before net interest and tax ÷ Average total assets	-1.5%	0.8%	-1.4%	2.2%
Owner's Investment Net profit after tax ÷ average total equity	-1.5%	0.9%	-1.5%	2.4%
Long Term Financial Viability Total debt (including finance leases) ÷ total assets	0.7%	1.1%	1.1%	0
Liquidity and Debt Servicing (Interest Cover) Earnings before net interest and tax expense ÷ net interest expense	N/A*	32	0	32
Immediate Liquidity and Debt Servicing (Cash Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	N/A*	41	9	32

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

In 2007/08 the Corporation received $40m in Government grants in advance of expenditure which increased profit and will adversely affect future years when the expenditure is incurred.

Goulburn-Murray Water
Statutory Certification

Goulburn-Murray Water
Financial Performance Indicators

Performance Statement for 2007/08

In our opinion the accompanying performance indicators relating to the 2007/08 financial year are presented fairly in accordance with the direction of the Minister for Water 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.

Stephen Mills
CHAIRMAN

David Stewart
MANAGING DIRECTOR

29 August 2008

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Goulburn-Murray Rural Water Corporation

The Statement of Performance

The accompanying statement of performance for the year ended 30 June 2008 of Goulburn-Murray Rural Water Corporation comprises the statement, the related notes and the performance statement declaration.

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

The Board Members' of Goulburn-Murray Rural Water Corporation 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 entity's 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 entity'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.

Matters Relating to the Electronic Presentation of the Audited Statement of Performance

This auditor's report relates to the statement of performance published in both the annual report and on the website of the Goulburn-Murray Rural Water Corporation for the year ended 30 June 2008. The Board Members' are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statement named above. An opinion is not provided on any other information which may have been hyperlinked to or from this statement. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited statement of performance to confirm the information included in the audited statement of performance presented on the *corporation's* web site.

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the statement of performance of the Goulburn-Murray Rural Water Corporation in respect of the 30 June 2008 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
29 August 2008

D.D.R Pearson
Auditor-General

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Auditing in the Public Interest

Glossary

Allocation	The seasonal allocation represents the amount of water available to be delivered to customers in a regulated system in that season, expressed as a percentage of the system's total water entitlement
AMP	G-MW's Advanced Maintenance Program
ANCID	Australian National Committee on Irrigation and Drainage
ANCOLD	Australian National Commission On Large Dams
BE	Bulk Entitlement
CAN	G-MW's Channel Automation Network
Carryover	Allocation carried over from one irrigation season to the next by individual irrigators
CG1-4	Central Goulburn 1-4 channels that form G-MW's modernisation project in the Central Goulburn irrigation area
CMA	Catchment Management Authority
COAG	Council of Australian Governments
Comdain	Comdain Civil Constructions Pty Ltd – partner in G-MW's FutureFlow Alliance
CRCIF	Cooperative Research Centre For Irrigation Futures
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry (Cwlth)
Dead Storage	Water in a storage that cannot be released through gravity outlets
DEWHA	Department of Environment, Water, Heritage and the Arts (Cwlth)
DHS	Department of Human Services (Vic)
DIP	G-MW's Dam Improvement Program
Diverter	Customer who accesses water direct from rivers or streams
DO	Dissolved Oxygen
DPI	Department of Primary Industries (Vic)
DPIFV	Fisheries Victoria, DPI
DSE	Department of Sustainability and Environment (Vic)
EGM	East Goulburn Main channel
EMS	Environmental Management System
EPA	Environmental Protection Agency
ESC	Essential Services Commission
eWater CRC	eWater Cooperative Research Centre
EWOV	Energy and Water Ombudsman (Victoria)
FAICD	Fellow of Australian Institute of Company Directors
FBMP	FoodBowl Modernisation Project
FCPA	Fellow of CPA Australia
FMA 1994	Financial Management Act 1994
FMIT	First Mildura Irrigation Trust
TRAMS	G-MW Torrumbarry Reconfiguration Working group's Torrumbarry Reconfiguration and Asset Modernisation Strategy
FMS	G-MW Pyramid-Boort Reconfiguration Working Group's Future Management Strategy
FMSC	Fish Management and Science Committee
FTE	Full Time Equivalent
FutureFlow	G-MW alliance established to deliver Shepparton and CG1-4 modernisation projects
GBCMA	Goulburn Broken Catchment Management Authority
GIS	Geographic Information System
GJ	Gigajoule = 1,000,000,000 joules
GL	Gigalitre = 1,000,000,000 litres = 1,000 megalitres
GMA	Groundwater management area

GMP	Groundwater management plan
G-MW	Goulburn-Murray Water
Greenhouse gas	Gas that contributes to atmospheric warming and the greenhouse effect
GRI	Global Reporting Initiative
HRWS	High reliability water shares – unbundled systems
IAL	Irrigation Australia Limited
ICID	International Committee on Irrigation and Drainage
ICOLD	International Commission on Large Dams
IPMG2	Irrigation Planning Module Generation 2
km	kilometre
LMI	Living Murray Initiative
LMW	Lower Murray Water
LRWS	Low Reliability Water Share – unbundled systems
M	Million
MDBC	Murray-Darling Basin Commission
ML	megalitre = 1,000,000 litres
NAP	National Action Plan for Salinity and Water Quality
NCCMA	North Central Catchment Management Authority
NECMA	North East Catchment Management Authority (Victoria)
NEW	North East Water
NPSI	National Program for Sustainable Irrigation
NRM	Natural Resource Management
NRSWS	Northern Region Sustainable Water Strategy
NVIRP	Northern Victoria Irrigation Renewal Project – state owned entity established to deliver the FoodBowl Modernisation Project
NWW	National Water Week
OHS	Occupational Health and Safety
PV	Parks Victoria
PWDN	G-MW's Professional Women's Development Network
R&D	Research and Development
Regulated systems	Goulburn, Murray, Broken, Loddon, Campaspe, Bullarook Creek, and Ovens and King systems
SAM	Customer Care system (customer relationship management system)
SKM	Sinclair Knight Mertz – partner in G-MW's Future Flow Alliance
SMP	Shepparton modernisation project
System operating requirements	Water released from storage but not recorded through the customers' outlets, examples include evaporation, leakage seepage, meter error and unplanned spills. Sometimes called 'losses'
T	Tonne
TCC	Total Channel Control
TSL	Transfield Services (Australia) Ltd Pty – partner in G-MW's Future Flow Alliance
WSC	G-MW customer committees are called Water Services Committees
WSPA	Water Supply Protection Area

Disclosure Index

The 2007/08 Annual Report of the Goulburn-Murray Rural Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

FRD	Disclosure	Page
22B	Manner of establishment and the relevant Ministers	9
22B	Objectives, functions, powers and duties	9
22B	Nature and range of services provided	9
22B	Organisational structure, names and functional areas of responsibility of senior officers	10
22B	Names of board members, major committees - objectives and achievements	11-13
22B	Statement of workforce data for current and previous financial year	46
22B	Employment and conduct principles	58
15A	Executive officer disclosures	29
22B	5-year summary of the financial results	15
22B	Significant changes in financial position during the year	15
22B	Objectives and performance against objectives	8, 14, 35, 52
22B	Major changes or factors affecting performance	16
22B	Subsequent events which will affect operations in future years	16, 79
22B	Details of consultancies > $100,000	58
22B	Details of consultancies - total No. and cost < $100,000	58
12A	Disclosure of major contracts	58-59
22B	Application and operation of FOI Act 1982	58
22B	Application and operation of the *Whistleblowers Protection Act* 2001	59
22B	Compliance with building and maintenance provisions of *Building Act* 1993	58
22B	Statement on NCP	58
22B	Occupational Health and Safety	47
22A	Statement of availability of other information	59
Financial statements required under Part 7 of the FMA		
SD 4.2 (b)	Operating Statement	62
SD 4.2 (b)	Balance Sheet	63
SD 4.2 (b)	Cash flow Statement	65
SD 4.2 (b)	Statement of Changes in Equity	64
SD 4.2 (c)	Accountable officer's declaration	83
SD 4.2 (c)	Compliance with Australian accounting standards and other authoritative pronouncements	66
SD 4.2 (c)	Compliance with Ministerial Directions	66
SD 4.2 (d)	Rounding of amounts	66
Other disclosures in notes to the financial statements		
11	Disclosure of ex gratia payments	80
21A	Responsible person and executive officer disclosures	29

Appendices

Appendices List

Appendix A1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the G-MW 2007/08 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 Corporation to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2007 to 30 June 2008.

BE Clause	Item	Report	Notes
17.1(d)	Diversions at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	107,153 ML	
	Stuart Murray Canal	434,059 ML	See Note 2
	East Goulburn Main Channel	122,754 ML	
	Total Goulburn Weir offtake diversion	**663,966 ML**	
17.1(e)(i)	Diversion by primary entitlement holders licensed under Section 51(1)(a) of the *Water Act 1989*	7,986 ML	
17.1(e)(ii)	Diversion by other corporations	21,123 ML	
17.1(g)	Storage contents		
	Lake Eildon	473,524 ML	Vol 30/06/08
	Goulburn Weir	25,119 ML	Vol 30/06/08
	Waranga Basin	52,220 ML	Vol 30/06/08
	Greens Lake	23,215 ML	Vol 30/06/08
17.1(h)	Target filling releases	No	
17.1(i)	Credits	No	
17.1(j) & 17.1(k)	Net Water Share and Allocation transfers of this BE	Water Share Trade: -11,222 ML Allocation Trade: -81,695 ML	See Note 3
17.1(l)	Goulburn Weir releases for supplement or environmental purposes	43,526 ML	See Note 4
17.1(m)	Alterations to Schedule 1 entitlements		
	Water Shares in Irrigation Areas	Decreased by 37,542 ML	See Note 5
	Water Shares of Diverter Licences	Increased by 102 ML	See Note 6
17.1(n)	Transfers of primary entitlements	See Appendices B1 to B8	
17.1(o)	Supply to primary entitlements	See Table B10	
17.1(p)	Amendments to this BE	No	
17.1(q)	New BE granted	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 7
17.1(s)	BE compliance failures	Minor	See Note 8
17.1(t)	BE compliance difficulties	Minor	See Note 9

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 High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.
4. Water released from the Goulburn Water Quality Reserve and water released to meet inter valley trade requirements.
5. Alteration of BE due to transfers of High-Reliability Water Shares from Irrigation Areas.
6. Alteration of BE due to transfers of High-Reliability Water Shares from diversion licence holders.
7. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
8. Compliance Failures: The monthly average flow in June was 4 ML/day lower than the 350 ML/day requirement. This breach was caused by unanticipated late season demand and the reinstatement of qualified passing flows commencing on 1 July 2008.
9. Qualified Rights, which reduced minimum passing flow requirements due to low water availability, were in place from the start of July to the end of September.

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	345	
	Bonnie Doon	112	59	
	Eildon	480	131	
	Euroa	1,990	676	
	Mooroopna	300	81	See Note 1
	Murchison	350	184	
	Nagambie	825	521	
	Seymour	5,340	1,680	
	Shepparton	17,970	11,265	See Note 1
	Colbinabbin (channel supply)	89	34	
	Corop (channel supply)	44	11	
	Dookie (channel supply)	160	90	
	Girgarre (channel supply)	100	46	
	Katandra West (channel supply)	64	40	
	Kyabram and Merrigum (channel supply)	2,000	1,191	
	Rushworth (channel supply)	530	301	
	Stanhope (channel supply)	200	88	
	Tatura (channel supply)	2,600	1,979	
	Tongala (channel supply)	1,404	830	
	TOTAL	**35,474**	**19,552**	
Coliban Water	Boort (channel supply)	425	140	
	Pyramid Hill (channel supply)	300	165	
	Lockington (channel supply)	130	74	
	Mitiamo (channel supply)	60	48	
	Dingee (channel supply)	50	7	
	Rochester (channel supply)	1,400	1,025	
	Macorna (channel supply)	40	7	
	Mysia (channel supply)	15	1	
	TOTAL	**2,420**	**1,467**	
GWMWater	Quambatook	100	104	See Note 2
	TOTAL	**100**	**104**	
TOTAL ALL AUTHORITIES (ML)		**37,994**	**21,123**	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 85.9% 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 G-MW 2007/08 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 2007 to 30 June 2008.

BE Clause	Item	Report		Notes
22.1(b)	**Offtake points**			
	Cobram pump station	3,596 ML		See Note 1
	Yarrawonga Main Channel	146,571 ML		
	Torrumbarry diversions			
	National Channel	270,214 ML		
	Ashwin's pump	2 ML		
	Pental Island pumps	5,310 ML		
	Swan Hill No 9 channel offtake from Little Murray (if Fish Point Weir open)	0 ML		See Note 2
	Swan Hill pumps	4,464 ML		
	Nyah pumps	4,844 ML		
	Woorinen pumps	9,142 ML		
	Private diversion points	21,312 ML		
	Total diversions at offtake points	**465,455 ML**		
22.1(c)	New offtake points	No		
22.1(d)	**Return points**			
	Broken Creek	16,740 ML		
	Yarrawonga Main Channel outfall	2,175 ML		
	Torrumbarry returns			
	Koondrook spillway	7,889 ML		
	Loddon River at Kerang Weir	16,400 ML		
	Sheepwash Creek Weir	0 ML		
	Little Murray Weir (if Fish Point Weir closed)	501 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	471 ML		
	Total returns	**44,176 ML**		
22.1(e)	**G-MW supplies to other corporations**	**BE Volume**	**Supplied**	
	Coliban Water			
	Cohuna	677 ML	567 ML	
	Gunbower	131 ML	67 ML	
	Leitchville	422 ML	341 ML	
	Lower Murray Water			
	Kerang	1,700 ML	745 ML	
	Murrabit	60 ML	22 ML	
	Goulburn Valley Water			
	Katamatite	84 ML	37 ML	
	Nathalia	652 ML	287 ML	
	Numurkah/Wunghnu	1,206 ML	716 ML	
	Picola	44 ML	20 ML	
	DSE environmental allocation	27,600 ML	10,435 ML	
	Total supplies to other corporations		**13,237 ML**	
22.1(f)	Supply to primary entitlements	See Table B10		
22.1(g)	Metering program	Program implemented		See Note 3
22.1(h) & 22.1(i)	Net water share and allocation transfers of this BE	Water Share Trade: -9,041 ML Allocation Trade: -26,246 ML		See Note 4
22.1(j)	Amendment to this BE	No		
22.1(k)	New BE granted to G-MW	No		
22.1(l)	BE compliance failures	No		
22.1(m)	BE compliance difficulties	No		

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. The program is coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
4. Net High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.

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

This appendix is included in the G-MW 2007/08 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 2007 to 30 June 2008.

BE Clause	Item	Report		Notes
18.1(e)	G-MW share of Lake Eppalock annual inflow	16,413 ML		
18.1(f)	G-MW share of diversion to primary entitlements	5,950 ML		
18.1(g)	G-MW share of annual evaporation losses	2,734 ML		See Note 1
18.1(h)	Internal spills from or to G-MW's share of storage	No		
18.1(i)	Minimum passing flows	**Required**	**Actual**	
	Campaspe River d/s Lake Eppalock	1,306 ML	10,719 ML	
	Campaspe River d/s Campaspe Siphon	2,520 ML	11,694 ML	
18.1(j)	Credits granted	No		
18.1(k) & 18.1(l)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML		See Note 2
		Allocation Trade: -456 ML		
18.1(m)	Seasonal allocations in any month	1 October 07 - 1% 15 October 07 - 2% 15 November 07 - 5% 2 January 08 - 10% 15 January 08 - 12% 1 February 08 - 14% 15 February 08 - 16% 3 March 08 to season's end - 18%		
18.1(n)	Alterations to Schedule 1 entitlements			
	Water Shares in Irrigation Areas	Decreased by 687 ML		See Note 3
	Water Shares of Diverter Licences	Decreased by 442 ML		See Note 4
18.1(o)	Transfers of primary entitlements	See Appendices B1 to B8		
18.1(p)	Supply to primary entitlements	See Table B10		
18.1(q)	Amendments to this BE	No		
18.1(r)	New BE granted	No		
18.1(s)	Environmental Management and Metering programs	Programs implemented		See Note 5
18.1(t)	BE compliance failures	No		
18.1(u)	BE compliance difficulties	No		
18.1(v)	Interruptions to minimum passing flows	Yes		See Note 6

Notes

1. Gross evaporation based on measured evaporation at Lake Eppalock.
2. Net High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.
3. Alteration of BE due to transfers of High-Reliability Water Shares from Irrigation Areas.
4. Alteration of BE due to transfers of High-Reliability Water Shares from diversion licence holders.
5. 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.
6. Qualified Rights, which reduced minimum passing flow requirements due to low water availability, were in place for the entire year.

Appendix A5 Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting Diversions by other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Coliban Water	Axedale/Goornong	215	56	See Note 1
	Part Rochester	134	0	See Note 2
	TOTAL	**349**	**56**	
TOTAL ALL AUTHORITIES (ML)		**349**	**56**	

Notes

1. Axedale and Goornong have a combined maximum annual entitlement volume of 215 ML. The entitlement was reduced by 50% to 108 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 G-MW 2007/08 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 2007 to 30 June 2008.

BE Clause	Item	Report		Notes
20.1(d)	Storage contents			
	Nillahcootie	9,054 ML		Vol 30/06/08
	Mokoan	14,073 ML		Vol 30/06/08
20.1(e)	Diversion to primary entitlements	See Table 3B		See Note 1
20.1(f)	Annual evaporation losses from storages			See Note 2
	Nillahcootie	1,957 ML		
	Mokoan	39,167 ML		
20.1(g)	Environmental minimum flows	**Required**	**Actual**	
	Broken River at Moorngag	1,369 ML	11,308 ML	
	Broken River d/s Broken Weir	2,522 ML	8,804 ML	
	Holland's Creek d/s Diversion Weir	2,649 ML	2,975 ML	
	Broken River at Gowangardie Weir	6,615 ML	19,675 ML	
20.1(h)	Credits granted	No		
20.1(i) & 20.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: 0 ML		See Note 3
20.1(k)	Alterations to Schedule 1 entitlements			
	Water Shares	No change		
20.1(l)	Transfers of primary entitlements	See Appendices B1 to B8		
20.1(m)	Supply to primary entitlements	See Table B10		
20.1(n)	Amendments to this BE	Yes		
20.1(o)	New BE granted	No		
20.1(p)	Environmental Management and Metering programs	Programs implemented		See Note 4
20.1(q)	BE compliance failures	Minor		See Note 5
20.1(r)	BE compliance difficulties	No		
20.1(s)	Interruptions to minimum passing flows	No		

Notes

1. Includes supplementary supplies to Lower Goulburn River for transfer arrangement for supply of Goulburn Water to the Tungamah domestic & stock system.
2. Gross evaporation based on measured evaporation at each storage.
3. Net High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.
4. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.
5. Compliance failures:

   9 days in August and 6 days in December downstream of Broken Weir where the flow was 1 to 2 ML/d, up to 10 ML/d on one day, below the 22 ML/d requirement.

   5 days in December and 1 day in January downstream of Gowangardie Weir where the flow was 1 to 2 ML/d, with a maximum of 10 ML/d, below the 25 ML/d requirement.

   2 days in September and 1 day in October downstream of Holland's Weir where the flow was 1 ML/d below the 12 ML/d requirement.

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

This appendix is included in the G-MW 2007/08 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 2007 to 30 June 2008.

BE Clause	Item	Report		Notes
19.1(e)	Diversion to primary entitlements	See Table B10		
19.1(f)	Annual evaporation losses			
	Lake Buffalo	2,755 ML		See Note 1
	Lake William Hovell	689 ML		
19.1(g)	Environmental minimum flows	**Required**	**Actual**	
	Ovens River at Wangaratta	37,122 ML	406,885 ML	
	Buffalo River downstream of Lake Buffalo	20,107 ML	185,963 ML	
	King River at Docker Road and Hurdle Ck at Bobbinawarrah	10,338 ML	134,255 ML	
	King River at Cheshunt	8,736 ML	121,183 ML	
	Ovens River at Rocky Point	31,926 ML	403,720 ML	
	Ovens River at Peechelba	29,513 ML	525,911 ML	
19.1(h)	Credits granted	No		
19.1(i) & 19.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: 0 ML		See Note 2
19.1(k)	Alterations to Schedule 1 entitlements			
	Water Shares	Decreased by 112 ML		See Note 3
19.1(l)	Transfers of primary entitlements	See Appendices B1 to B8		
19.1(m)	Supply to primary entitlements	See Table B10		
19.1(n)	Amendments to this BE	No		
19.1(o)	New BE granted	No		
19.1(p)	Environmental Management and Metering programs	Programs implemented		See Note 4
19.1(q)	BE compliance failures	No		
19.1(r)	BE compliance difficulties	No		
19.1(s)	Interruptions to minimum passing flows	No		

Notes

1. Gross evaporation based on measured evaporation at each storage.
2. Net High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.
3. Alteration of BE due to transfers of High-Reliability Water Shares from diversion licence holders.
4. Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership.

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

This appendix is included in the G-MW 2007/08 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 2007 to 30 June 2008.

BE Clause	Item	Report	Notes
21.1(f)	Annual amounts of water taken from the system waterway	See Table B10	
20.1(g)	Annual evaporation losses from storages		
	Cairn Curran	2,613 ML	See Note 1
	Tullaroop	2,228 ML	
20.1(h)	Credits granted	No	
20.1(i) & 20.1(j)	Net Water Share and Allocation transfers of this BE	Water Share Trade: 0 ML Allocation Trade: 37 ML	See Note 2
20.1(k)	Alterations to Schedule 1 entitlements		See Note 3
	Water Shares	Decreased by 2 ML	
20.1(l)	Transfers of primary entitlements	See Appendices B1 to B8	
20.1(m)	Supply to primary entitlements	See Table B10	
20.1(n)	Amendments to this BE	No	
20.1(o)	New BE granted	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
20.1(q)	BE compliance failures	Minor	See Note 5
20.1(r)	BE compliance difficulties	Yes	See Note 6

Notes

1. Gross evaporation based on measured evaporation at each storage.
2. Net High-Reliability Water Share and Allocation transfers of entitlement, including transfers to areas not covered by this BE.
3. Alteration of BE due to transfers of High-Reliability Water Shares from diversion licence holders.
4. 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.
5. The 5 ML/d requirement below Tullaroop Reservoir was not met for 14 days due to access difficulties at extremely low water levels.
6. Qualified Rights, which reduced minimum passing flow requirements due to low water availability, were in place for the entire year.

Appendix B I Allocation Statistics

This table provides a summary of allocations made, trade in (all buyers) and trade out (all sellers), usage, overuse, carryover and write-off.

FMIT

Inflows	Volume(ML)	Outflows	Volume(ML)
Net carryover at 1 July 2007	11,132	Water use	- 29,052
Seasonal allocation	28,594	Write-off at 30 June 2008	- 1,164
Advanced allocation	-	Trade - sellers	- 10,440
Spill allocation	-	Overuse	23
Trade - buyers	14,519	Carryover to next financial year	- 13,613
Total inflows	54,245	Total outflows	- 54,246
Closing balance	- 1		
Components of trade - buyers		Components of trade - sellers	
Within authority	7,424	Within authority	- 7,424
From other authorities	4,881	To other authorities	- 2,574
From interstate	2,214	To interstate	- 442
	14,519		- 10,440

LMW

Inflows	Volume(ML)	Outflows	Volume(ML)
Net carryover at 1 July 2007	56,171	Water use	- 264,746
Seasonal allocation	191,142	Write-off at 30 June 2008	- 14,612
Advanced allocation	-	Trade - sellers	- 42,677
Spill allocation	-	Overuse	2,412
Trade - buyers	159,031	Carryover to next financial year	- 86,721
Total inflows	406,344	Total outflows	- 406,344
Closing balance	-		
Components of trade - buyers		Components of trade - sellers	
Within authority	33,882	Within authority	- 33,882
From other authorities	76,496	To other authorities	- 5,137
From interstate	48,653	To interstate	- 3,658
	159,031		- 42,677

G-MW - regulated trading zones

Inflows	Volume(ML)	Outflows	Volume(ML)
Net carryover at 1 July 2007	60,229	Water use	- 715,903
Seasonal allocation	1,020,135	Write-off at 30 June 2008	- 69,373
Advanced allocation	-	Trade - sellers	- 338,406
Spill allocation	3,360	Overuse	1,850
Trade - buyers	230,047	Carryover to next financial year	- 192,460
Total inflows	1,313,771	Total outflows	- 1,314,292
Closing balance	- 521		
Components of trade - buyers		Components of trade - sellers	
Within authority	202,985	Within authority	- 202,479
From other authorities	4,475	To other authorities	- 78,083
From interstate	22,587	To interstate	- 57,844
	230,047		- 338,406

Notes to the table:

a) This shows statistics for regulated trading zones only. This includes allocations made to all water shares and also some bundled entitlements, such as supply by agreements and urban bulk entitlements.

b) Unregulated and groundwater entitlements are excluded, because some are not metered and usage is not fully available.

c) 'Between authority' trades are counted by each of the authorities involved in the trade.

d) The Trade data is for approved trades only. A small number of trades were still in progress at year end and will be finalised in 2008/09.

e) Carryover volumes are substantial, and provide some water for usage and for the market in the 2008/09 season.

f) The carryover rules have lead to a small volume of allocation being written off from individual accounts and returned to the communal pool.

g) Overuse at the end of 2007/08 was small. The amount of overuse is carried forward to 2008/09 and the individuals are required to promptly remedy overuse by buying allocation. No use or trade-out is permitted while an account is in overuse.

h) See note under Table 1B for explanation of 506 ML difference in buyer and seller volumes within authority for G-MW.

Appendix B2 Allocation Trade (Volume and Number of Transactions), by Type and by Authority

Allocation Trade Type		G-MW	LMW	FMIT	Northern Victoria
1. Interstate trade inbound	Number	383	724	106	1,213
	Volume (ML)	22,587	48,653	2,214	73,454
2. Interstate trade outbound	Number	1,986	113	41	2,140
	Volume (ML)	57,844	3,658	442	61,943
3. Trade within authority - buyer	Number	6,601	997	723	8,321
	Volume (ML)	216,302	33,882	7,424	257,609
4. Trade within authority - seller	Number	8,620	997	723	10,340
	Volume (ML)	215,796	33,882	7,424	257,103
5. Trade between authorities - buyer	Number	68	2,307	298	2,673
	Volume (ML)	4,475	76,496	4,881	85,852
6. Trade between authorities - seller	Number	2,239	163	271	2,673
	Volume (ML)	78,141	5,137	2,574	85,852
Total Victorian Buyers	Number	7,052	4,028	1,127	12,207
	Volume (ML)	243,364	159,031	14,519	416,915
Total Victorian Sellers	Number	12,845	1,273	1,035	15,153
	Volume (ML)	351,781	42,677	10,440	404,898
Total allocation traded (=1+2+4+6)	Number	13,228	1,997	1,141	16,366
	Volume (ML)	374,369	91,330	12,654	478,353

Notes to this table:

a) This shows trade statistics for all trading zones (regulated, unregulated and groundwater). It therefore differs in G-MW's case from Table 1A which is for regulated trading zones only.

b) 'Between authority' trades are counted by each of the authorities involved in the trade. Hence summing the authority values will double count these trades.

c) In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. This is treated as follows to avoid double counting the number of trades:

   i) 'Within authority' trades (G-MW only): These are counted on the 'seller' side only, namely as 20 trades, not as 35. The seller side is chosen because the seller is the applicant for the trade.

   ii) 'Between authority' trades: As for other 'between authority' trades, the seller side is counted by the selling authority and the buyer side by the buying authority.

   iii) In the register, the clearing accounts are held by G-MW and all G-MW trades to and from the clearing accounts are classified as within authority trades. However, in some cases the allocation is actually going to or from another authority, and these have been reclassified as between authority trades.

   iv) There is a 506 ML difference between buyer and seller volumes 'within authority' for G-MW. This is due to a negative remaining balance in the clearing accounts at year end, with some pool exchange trades still to be submitted and approved. These outstanding trades are being processed in 2008/09. Changes to the allocation trade application process are planned to prevent this re-occurring.

d) The Trade data is for approved trades only. A small number of trades were still in progress at year end and will be finalised in 2008/09.

e) This data reconciles with Table 1A at water authority buyer and seller level, after allowing for the inclusion here of allocation trade outside regulated trading zones.

Appendix B3 Allocation Trade (Volume), by Water Authority and Trading Zone

Trading zones overlap water corporation boundaries. This table shows trade of allocation as -

- volume bought by users within an authority from within each trading zone and as trade into that trading zone
- volume sold by users within an authority to within each trading zone, and as traded out of that trading zone
- the net trade by users within an authority into each trading zone

Water Authority	Trading Zone	Volume bought (ML)			Volume sold (ML)			Volume (ML)
		Within trading zone	Trade into trading zone	Total buyers	Within trading zone	Trade out of trading zone	Total sellers	Net trade into trading zone
G-MW	1A Greater Goulburn	93,493	21,475	114,968	103,907	75,349	179,256	-64,288
	1B Boort	2,302	11,629	13,932	2,302	16,586	18,888	-4,957
	2A Broken - Nill to Caseys	195	7	203	195	213	409	-206
	2B Broken - Caseys to Goulb	1,014	213	1,227	1,014	7	1,021	206
	3 Lower Goulburn	170	1,444	1,614	170	13,894	14,064	- 12,450
	4A Campaspe - Eppalock to WWC	871	263	1,134	871	669	1,540	- 406
	4C Lower Campaspe	3	22	25	3	72	75	- 50
	5A Loddon - CC/Tull to LWP	279	148	428	269	122	390	37
	6 VIC Murray - Dart to Barmah	18,866	13,888	32,754	20,154	23,899	44,053	-11,299
	6B Lower Broken Creek	330	1,085	1,415	330	3,863	4,193	- 2,778
	7 VIC Murray - Barmah to SA	34,666	26,112	60,778	54,375	18,572	72,947	- 12,169
	9A Ovens	1,162	-	1,162	1,162	-	1,162	-
	9B King	408	-	408	408	-	408	-
	Groundwater, unregulated, uncategorised	11,295	2,022	13,317	11,295	2,080	13,375	-58
G-MW total		165,055	78,309	243,364	196,455	155,326	351,781	-108,417
LMW	1A Greater Goulburn	759	-	759	5	-	5	754
	7 VIC Murray - Barmah to SA	56,807	101,465	158,273	35,506	7,166	42,672	115,600
LMW total		57,566	101,465	159,031	35,511	7,166	42,677	116,354
FMIT	7 VIC Murray - Barmah to SA	9,759	4,760	14,519	9,973	467	10,440	4,079
FMIT total		9,759	4,760	14,519	9,973	467	10,440	4,079
Victoria total		232,381	184,535	416,915	241,939	162,959	404,898	12,017
Interstate trade (the other side of each trade is included above)								
NSW	10A NSW Murr U/S Barmah Choke	-	437	437	-	2,936	2,936	- 2,499
	10B NSW - Murr Irrigation Ltd	-	260	260	-	976	976	- 716
	11 NSW Murr D/S Barmah Choke	-	13,497	13,497	-	21,707	21,707	- 8,209
	13 Murrumbidgee	-	317	317	-	45,671	45,671	- 45,354
	14 Lower Darling	-	-	-	-	128	128	- 128
NSW total		-	14,512	14,512	-	71,418	71,418	- 56,906
SA	12 South Australian Murray	-	47,432	47,432	-	2,036	2,036	45,395
SA total		-	47,432	47,432	-	2,036	2,036	45,395
Interstate Total		-	61,943	61,943	-	73,454	73,454	-11,511
Grand Total		232,381	246,478	478,858	241,939	236,413	478,353	506

Appendix B3 (continued) Allocation Trade (Volume), Groundwater and Unregulated

Water Authority	Trading Zone	Volume bought (ML)			Volume sold (ML)			Volume (ML)
		Within trading zone	Trade into trading zone	Total buyers	Within trading zone	Trade out of trading zone	Total sellers	Net trade into trading zone
G-MW	1002 Spring Hill Groundwater	157	-	157	157	-	157	-
	1003 Spring Hill Groundwater	129	-	129	129	10	139	-10
	1004 Spring Hill Groundwater	-	10	10	-	-	-	10
	1008 Upper Loddon Groundwater	584	-	584	584	-	584	-
	1009 Upper Loddon Groundwater	121	15	136	121	-	121	15
	1011 Mid Loddon Groundwater	179	-	179	179	-	179	-
	1012 Mid Loddon Groundwater	3	-	3	3	180	183	-180
	1013 Mid Loddon Groundwater	495	-	495	495	-	495	-
	1014 Mid Loddon Groundwater	200	-	200	200	-	200	-
	1015 Mid Loddon Groundwater	400	-	400	400	310	710	- 310
	1016 Mid Loddon Groundwater	650	160	810	650	-	650	160
	1017 Mid Loddon Groundwater	20	-	20	20	-	20	-
	1021 Campaspe Groundwater	852	156	1,008	852	-	852	156
	1022 Campaspe Groundwater	3,134	-	3,134	3,134	-	3,134	-
	1024 Campaspe Groundwater	891	20	911	891	156	1,047	-136
	1025 Campaspe Groundwater	100	-	100	100	20	120	-20
	1061 Katunga Groundwater	-	80	80	-	191	191	- 111
	1062 Katunga Groundwater	756	360	1,116	756	826	1,582	-466
	1063 Katunga Groundwater	1,117	846	1,963	1,117	269	1,386	577
	110 Goulburn Unregulated	59	-	59	59	-	59	-
	112 Yea River Unregulated	-	-	-	-	8	8	- 8
	150 Loddon Unregulated	-	-	-	-	50	50	- 50
	151 Lower Loddon Unregulated	5	-	5	5	-	5	-
	160 Upper Murray Unregulated	73	-	73	73	-	73	-
	180 Ovens and King Unregulated	378	-	378	378	38	416	- 38
	191 Kiewa Main Stem Unregulated	735	-	735	735	-	735	-
	Non GMA Groundwater	257	376	633	257	23	280	353
G-MW Total		11,295	2,022	13,317	11,295	2,080	13,375	- 58

Notes to this table:

a) This shows statistics for all trading zones (regulated, unregulated and groundwater) and reconciles with Table 1A after allowing for this.

b) In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. This is treated as follows to avoid double counting:

   i) 'Within trading zone' trades (GMW only): These are counted on the 'seller' side only, namely as 20 trades, not as 35. The seller side is chosen because the seller is the applicant for the trade.

   ii) 'Between trading zone' trades: The seller side is counted by the selling trading zone and the buyer side by the buying trading zone. This is the same principle as that used for 'between authority' trades in Table 1A and 1B.

c) This data reconciles with that in Table 1A, after allowing for the inclusion of groundwater, unregulated and uncategorised trades.

d) The Trade data is for approved trades only. A small number of trades were still in progress at year end and will be finalised in 2008/09.

e) Tagging of water shares from one valley to another is now happening. For instance Goulburn water shares have been tagged for use in the Murray. Hence some Goulburn water shares are now managed by LMW, and in those cases trade of allocation from Goulburn trading zones is also managed by them.

f) See note to Table 1B for the explanation of the 506 ML imbalance.

Appendix B4 Trade of Water Shares - Change of ownership of Water Shares (Volume), by Authority and Trading Zone

Trade of water shares can mean change of ownership, change of location, or both. Change of ownership and change of location are reported separately in this Appendix.

Change of ownership data provides information on market activity as each involves a buyer and a seller. Change of location data provides information on where water entitlements are being used.

All Reliabilities

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Trade between authorities (ML)
1A Greater Goulburn	0	0	0	0	72,161	0	15,878	-15,878	129	15,878	0	15,878	72,290	15,878
1B Boort	0	0	0	0	27,643	0	0	0	0	0	0	0	27,643	0
2A Broken - Nill to Casey's	0	0	0	0	204	0	0	0	0	0	0	0	204	0
2B Broken - Casey's to Goulb	0	0	0	0	497	0	0	0	0	0	0	0	497	0
3 Lower Goulburn	0	0	0	0	248	0	0	0	0	0	0	0	248	0
4A Campaspe - Eppalock to WWC	0	0	0	0	1,140	0	0	0	0	0	0	0	1,140	0
4C Lower Campaspe	0	0	0	0	133	0	0	0	0	0	0	0	133	0
5A Loddon - CC/Tull to LWP	0	0	0	0	1,437	0	0	0	0	0	0	0	1,437	0
5B Bullarook	0	0	0	0	26	0	0	0	0	0	0	0	26	0
6 VIC Murray - Dart to Barmah	0	0	0	0	33,266	0	0	0	0	0	0	0	33,266	0
6B Lower Broken Creek	0	0	0	0	868	0	601	-601	0	601	0	601	868	601
7 VIC Murray - Barmah to SA	2,447	44	1,011	-967	26,220	20	10,124	-10,104	22,755	11,133	62	11,071	51,422	11,197
9A Ovens	0	0	0	0	518	0	0	0	0	0	0	0	518	0
9B King	0	0	0	0	149	0	0	0	0	0	0	0	149	0
Total (ML)	**2,447**	**44**	**1,011**	**-967**	**164,511**	**20**	**26,603**	**-26,583**	**22,884**	**27,612**	**62**	**27,550**	**189,842**	**27,676**
												Total applications (ML)		**217,517**

High Reliability

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Trade between authorities (ML)
1A Greater Goulburn	0	0	0	0	51,324	0	11,222	-11,222	129	11,222	0	11,222	51,453	11,222
1B Boort	0	0	0	0	13,072	0	0	0	0	0	0	0	13,072	0
2A Broken - Nill to Casey's	0	0	0	0	170	0	0	0	0	0	0	0	170	0
2B Broken - Casey's to Goulb	0	0	0	0	412	0	0	0	0	0	0	0	412	0
3 Lower Goulburn	0	0	0	0	201	0	0	0	0	0	0	0	201	0
4A Campaspe - Eppalock to WWC	0	0	0	0	967	0	0	0	0	0	0	0	967	0
4C Lower Campaspe	0	0	0	0	133	0	0	0	0	0	0	0	133	0
5A Loddon - CC/Tull to LWP	0	0	0	0	1,095	0	0	0	0	0	0	0	1,095	0
5B Bullarook	0	0	0	0	18	0	0	0	0	0	0	0	18	0
6 VIC Murray - Dart to Barmah	0	0	0	0	23,699	0	0	0	0	0	0	0	23,699	0
6B Lower Broken Creek	0	0	0	0	613	0	475	-475	0	475	0	475	613	475
7 VIC Murray - Barmah to SA	2,447	44	1,011	-967	19,039	20	8,566	-8,546	22,755	9,575	62	9,513	44,241	9,639
9A Ovens	0	0	0	0	348	0	0	0	0	0	0	0	348	0
9B King	0	0	0	0	131	0	0	0	0	0	0	0	131	0
Total (ML)	**2,447**	**44**	**1,011**	**-967**	**111,222**	**20**	**20,263**	**-20,243**	**22,884**	**21,272**	**62**	**21,210**	**136,553**	**21,336**
												Total applications (ML)		**157,888**

Low Reliability (including spill reliability)

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Into authority (ML)	Out of authority (ML)	Net Trade into authority (ML)	Within authority (ML)	Trade between authorities (ML)
1A Greater Goulburn	0	0	0	0	20,837	0	4,656	-4,656	0	4,656	0	4,656	20,837	4,656
1B Boort	0	0	0	0	14,571	0	0	0	0	0	0	0	14,571	0
2A Broken - Nill to Casey's	0	0	0	0	35	0	0	0	0	0	0	0	35	0
2B Broken - Casey's to Goulb	0	0	0	0	85	0	0	0	0	0	0	0	85	0
3 Lower Goulburn	0	0	0	0	47	0	0	0	0	0	0	0	47	0
4A Campaspe - Eppalock to WWC	0	0	0	0	173	0	0	0	0	0	0	0	173	0
4C Lower Campaspe	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5A Loddon - CC/Tull to LWP	0	0	0	0	342	0	0	0	0	0	0	0	342	0
5B Bullarook	0	0	0	0	8	0	0	0	0	0	0	0	8	0
6 VIC Murray - Dart to Barmah	0	0	0	0	9,567	0	0	0	0	0	0	0	9,567	0
6B Lower Broken Creek	0	0	0	0	255	0	125	-125	0	125	0	125	255	125
7 VIC Murray - Barmah to SA	0	0	0	0	7,181	0	1,559	-1,559	0	1,559	0	1,559	7,181	1,559
9A Ovens	0	0	0	0	171	0	0	0	0	0	0	0	171	0
9B King	0	0	0	0	18	0	0	0	0	0	0	0	18	0
Total (ML)	**0**	**0**	**0**	**0**	**53,289**	**0**	**6,340**	**-6,340**	**0**	**6,340**	**0**	**6,340**	**53,289**	**6,340**
												Total applications (ML)		**59,629**

Appendix B5 Trade of Water Shares - Change of ownership of Water Shares (Number of Transactions), by Authority and Trading Zone

All Reliabilities

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Trade between authorities
1A Greater Goulburn	0	0	0	0	998	0	82	-82	1	82	0	82	999	82
1B Boort	0	0	0	0	40	0	0	0	0	0	0	0	40	0
2A Broken - Nill to Casey's	0	0	0	0	7	0	0	0	0	0	0	0	7	0
2B Broken - Casey's to Goulb	0	0	0	0	15	0	0	0	0	0	0	0	15	0
3 Lower Goulburn	0	0	0	0	12	0	0	0	0	0	0	0	12	0
4A Campaspe - Eppalock to WWC	0	0	0	0	14	0	0	0	0	0	0	0	14	0
4C Lower Campaspe	0	0	0	0	3	0	0	0	0	0	0	0	3	0
5A Loddon - CC/Tull to LWP	0	0	0	0	13	0	0	0	0	0	0	0	13	0
5B Bullarook	0	0	0	0	2	0	0	0	0	0	0	0	2	0
6 VIC Murray - Dart to Barmah	0	0	0	0	304	0	0	0	0	0	0	0	304	0
6B Lower Broken Creek	0	0	0	0	14	0	5	-5	0	5	0	5	14	5
7 VIC Murray - Barmah to SA	127	4	25	-21	293	2	48	-46	198	72	5	67	618	78
9A Ovens	0	0	0	0	10	0	0	0	0	0	0	0	10	0
9B King	0	0	0	0	4	0	0	0	0	0	0	0	4	0
Total # of Applications	**127**	**4**	**25**	**-21**	**1,729**	**2**	**135**	**-133**	**199**	**159**	**5**	**154**	**2,055**	**165**
													Total applications	**2,220**

High Reliability

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Trade between authorities
1A Greater Goulburn	0	0	0	0	619	0	46	-46	1	46	0	46	620	46
1B Boort	0	0	0	0	21	0	0	0	0	0	0	0	21	0
2A Broken - Nill to Casey's	0	0	0	0	4	0	0	0	0	0	0	0	4	0
2B Broken - Casey's to Goulb	0	0	0	0	9	0	0	0	0	0	0	0	9	0
3 Lower Goulburn	0	0	0	0	8	0	0	0	0	0	0	0	8	0
4A Campaspe - Eppalock to WWC	0	0	0	0	10	0	0	0	0	0	0	0	10	0
4C Lower Campaspe	0	0	0	0	3	0	0	0	0	0	0	0	3	0
5A Loddon - CC/Tull to LWP	0	0	0	0	8	0	0	0	0	0	0	0	8	0
5B Bullarook	0	0	0	0	1	0	0	0	0	0	0	0	1	0
6 VIC Murray - Dart to Barmah	0	0	0	0	176	0	0	0	0	0	0	0	176	0
6B Lower Broken Creek	0	0	0	0	10	0	3	-3	0	3	0	3	10	3
7 VIC Murray - Barmah to SA	127	4	25	-21	191	2	34	-32	198	58	5	53	516	64
9A Ovens	0	0	0	0	6	0	0	0	0	0	0	0	6	0
9B King	0	0	0	0	3	0	0	0	0	0	0	0	3	0
Total # of Applications	**127**	**4**	**25**	**-21**	**1,069**	**2**	**83**	**-81**	**199**	**107**	**5**	**102**	**1,395**	**113**
													Total applications	**1,508**

Low + spill reliability

Trading zone source	First Mildura Irrigation Trust				Goulburn-Murray Water				Lower Murray Water				Total All Water Authorities	
	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Into authority	Out of authority	Net Trade into authority	Within authority	Trade between authorities
1A Greater Goulburn	0	0	0	0	379	0	36	-36	0	36	0	36	379	36
1B Boort	0	0	0	0	19	0	0	0	0	0	0	0	19	0
2A Broken - Nill to Casey's	0	0	0	0	3	0	0	0	0	0	0	0	3	0
2B Broken - Casey's to Goulb	0	0	0	0	6	0	0	0	0	0	0	0	6	0
3 Lower Goulburn	0	0	0	0	4	0	0	0	0	0	0	0	4	0
4A Campaspe - Eppalock to WWC	0	0	0	0	4	0	0	0	0	0	0	0	4	0
4C Lower Campaspe	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5A Loddon - CC/Tull to LWP	0	0	0	0	5	0	0	0	0	0	0	0	5	0
5B Bullarook	0	0	0	0	1	0	0	0	0	0	0	0	1	0
6 VIC Murray - Dart to Barmah	0	0	0	0	128	0	0	0	0	0	0	0	128	0
6B Lower Broken Creek	0	0	0	0	4	0	2	-2	0	2	0	2	4	2
7 VIC Murray - Barmah to SA	0	0	0	0	102	0	14	-14	0	14	0	14	102	14
9A Ovens	0	0	0	0	4	0	0	0	0	0	0	0	4	0
9B King	0	0	0	0	1	0	0	0	0	0	0	0	1	0
Total # of Applications	**0**	**0**	**0**	**0**	**660**	**0**	**52**	**-52**	**0**	**52**	**0**	**52**	**660**	**52**
													Total applications	**712**

Notes to Appendix B5 and B6:

a) This shows statistics for water shares only.

b) 'Between authority' transfers are counted by each of the authorities involved in the transfer. Hence summing the authority values will double count, and so the total for Victoria includes only the seller side of such transfers.

c) The data is for transfers that have been recorded by the Registrar. There were other transfers in progress at year end and these will be finalised in 2008/09.

d) The data include both 'Transfers' and 'Divide and Transfers' without distinction.

e) The data includes 'spill reliability' (which exists in the Ovens water system) under the low reliability heading.

f) High-reliability and low-reliability water shares are reported separately. Note that, in past years, a transfer of 'sales' (from which low-reliability water shares were sourced) was not a separate transaction.

g) If A sells to B and then B later sells the same water share back to A, two transactions are reported.

h) In some cases, the change of ownership occurs with the transfer of land. Transfers of ownership that are part of a water/land sale are not separated out. It should be noted that such transactions were not counted as trades in previous years.

Appendix B6 Trade of Water Shares - Change of Location of Water Shares, by Corporation and by Delivery System

Water Corporation	Delivery System	High Reliability Net Entitlement Moved In (ML)	Low Reliability Net Entitlement Moved In (ML)	All Reliabilities Net Entitlement Moved In (ML)
First Mildura Irrigation Trust	First Mildura Irrigation Trust	-2,818	0	-2,818
First Mildura Irrigation Trust	FMIT - NWU	1,216	0	1,216
First Mildura Irrigation Trust	**Sub Total**	**-1,602**	**0**	**-1,602**
Goulburn-Murray Water	Broken system	-2	0	-2
Goulburn-Murray Water	Bullarook Creek	0	0	0
Goulburn-Murray Water	Campaspe River	-442	-3	-445
Goulburn-Murray Water	Campaspe Irrigation District	-687	-183	-870
Goulburn-Murray Water	Central Goulburn Irrigation Area	-14,799	-6,187	-20,987
Goulburn-Murray Water	GMW - NWU	50,179	12,447	62,626
Goulburn-Murray Water	Goulburn River	102	412	514
Goulburn-Murray Water	Loddon River	-2	0	-2
Goulburn-Murray Water	Murray River	-6,123	-1,396	-7,520
Goulburn-Murray Water	Murray Valley Irrigation Area	-11,109	-3,261	-14,370
Goulburn-Murray Water	Nyah, Tresco and Woorinen	-291	-20	-311
Goulburn-Murray Water	Ovens River	-112	-18	-130
Goulburn-Murray Water	Pyramid-Boort	-9,343	1,680	-7,662
Goulburn-Murray Water	Rochester Irrigation Area	-6,665	-3,019	-9,684
Goulburn-Murray Water	Shepparton Irrigation Area	-6,627	-2,255	-8,882
Goulburn-Murray Water	Torrumbarry Irrigation Area	-13,520	-4,539	-18,059
Goulburn-Murray Water	**Sub Total**	**-19,442**	**-6,340**	**-25,782**
Lower Murray Water	LMW - NWU	6,167	264	6,431
Lower Murray Water	Murray River	15,982	6,076	22,058
Lower Murray Water	Robinvale, Red Cliffs and Merbein	-691	0	-691
Lower Murray Water	**Sub Total**	**21,458**	**6,340**	**27,798**
Total (ML)	**Total (ML)**	**414**	**0**	**414**

Notes to the Table:

a) This shows change of location of water shares. Change of location can arise as part of a change of ownership (the new owner wishes the water share to be used at a new location) or separately (an existing owner wishes to shift the water share to another location).

b) Volumes are on a net basis. If 100 ML of water share is moved from A to B and another 100 ML is moved back, no net change occurs, and zero movement is reported.

c) 'Between authority' changes are counted by each of the authorities involved. This is appropriate as it is an increase in one authority area and a reduction in another. There is no double counting.

d) The data is for location changes that have been recorded, by the Registrar if it is part of a transfer of ownership, or by an authority otherwise.

e) High- reliability and low-reliability water shares are reported separately. Note that transfer of 'sales' (from which low-reliability water shares were sourced) was not a separate transaction in past years.

f) Delivery systems have been grouped to reduce the complexity created by small delivery systems.

g) Interstate tagging moves a water share into the NWU delivery system as it is no longer associated with a water-use licence in Victoria. The NWU delivery system includes 200 ML tagged to NSW.

h) 'Net reduction' includes any cancellation or issue of water shares in a given delivery system. The reduction in the FMIT delivery system includes 1140 ML of water shares that were wrongly created at conversion and were subsequently cancelled.

i) This table differs from the volumes reported as traded out of irrigation areas during the season (the '4% report') because this report is on the basis of recorded changes and the 4% report is on the basis of approvals.

j) The table indicates a net increase of 414 ML of water shares during the year, due to corrections to the conversion (unbundling) of previous entitlements.

Appendix B7 Water Shares Moving from Irrigation Area to NWU

This table shows how much water share volume moved from irrigation areas to the non-water user (NWU) group during 2007/08. This movement may be as a result of irrigators buying a water share and keeping its usage location flexible, or buying for investment, or choosing to disassociate from land in order to keep future options open.

Irrigation Area	Reliability Class	4% Tradeout Limit (ML)	Net Water Traded Out (ML)	4% Tradeout Limit Remaining (ML)	Net Water Traded Out to NWU (ML)
Campaspe Irrigation District	High	779	770	9	608
Campaspe Irrigation District	Low	410	183	227	95
Central Goulburn Irrigation Area	High	14,859	13,011	1,848	9,086
Central Goulburn Irrigation Area	Low	6,723	5,544	1,179	3,511
First Mildura Irrigation Trust	High	2,664	49	2,615	1,086
Murray Valley Irrigation Area	High	10,906	10,832	74	10,550
Murray Valley Irrigation Area	Low	4,957	1,661	3,297	3,307
Nyah, Tresco and Woorinen	High	1,184	426	758	211
Nyah, Tresco and Woorinen	Low	227	20	207	-12
Pyramid-Boort	High	8,550	9,343	-793	12,677
Pyramid-Boort	Low	3,893	3,880	13	6,324
Robinvale, Red Cliffs and Merbein	High	3,919	1,049	2,870	569
Rochester Irrigation Area	High	7,242	6,551	691	5,132
Rochester Irrigation Area	Low	3,273	3,139	134	1,940
Shepparton Irrigation Area	High	6,982	6,979	3	7,039
Shepparton Irrigation Area	Low	3,145	3,145	1	2,428
Torrumbarry Irrigation Area	High	13,639	13,267	372	9,228
Torrumbarry Irrigation Area	Low	6,182	5,042	1,140	3,297

Notes to this Table:

a) This report shows net movements of water shares into and out of NWU. This therefore shows how much of the 4% is taken up by movement into NWU. In most areas the proportion is significant, as irrigators choose to disassociate a water share from land to increase their future options.

b) Movement from a number of areas to NWU has in fact exceeded 4%. This has been allowed because previous import of water shares to those areas from other delivery systems has made room in the 4%.

c) Note that the limit was exceeded during 2007/08 in one case, due to correction of the earlier incorrect refusal of an application.

d) This table is based on approved transactions, because the approval/refusal decision must be taken at approval time. It is therefore different to other tables which are based on recorded transactions.

Appendix B8 Regulated Entitlements, by Authority and by Delivery System

Water Corporation	Delivery system (grouped)	Number	Volume (ML)
First Mildura Irrigation Trust	First Mildura Irrigation Trust	2,068	76,495
	FMIT - NWU	22	1,216
First Mildura Irrigation Trust Total		2,090	77,711
Goulburn-Murray Water	Broken	301	26,410
	Bullarook	31	849
	Campaspe	325	18,244
	Campaspe Irrigation District	157	19,012
	Central Goulburn Irrigation Area	3,928	365,031
	Env - Snowy	4	22,790
	G-MW - NWU	283	50,179
	Goulburn	1,490	75,038
	Loddon	920	25,523
	Murray	1,092	123,175
	Murray Valley Irrigation Area	2,148	263,576
	Nyah, Tresco and Woorinen	651	30,985
	Ovens	481	34,271
	Pyramid-Boort	902	233,999
	Rochester Irrigation Area	1,672	177,889
	Shepparton Groundwater	1	108
	Shepparton Irrigation Area	2,469	168,949
	Torrumbarry Irrigation Area	2,600	330,836
Goulburn-Murray Water Total		19,455	1,966,863
Lower Murray Water	LMW - NWU	45	6,168
	Murray	1,183	359,510
	Robinvale, Red Cliffs and Merbein	2,345	105,520
Lower Murray Water Total		3,573	471,198
Grand Total		25,118	2,515,772

Note to this table:

This table shows the number and volume of regulated entitlements (but excluding low reliability) as at 30 June 2008

Appendix B9 Usage in Regulated Delivery Systems

Water Corporation	Delivery system (grouped)	Usage Total
First Mildura Irrigation Trust	First Mildura Irrigation Trust	29,019
First Mildura Irrigation Trust Total		29,019
Goulburn-Murray Water	Broken	9,045
	Bullarook	4
	Campaspe	1,071
	Campaspe Irrigation District	3,706
	Central Goulburn Irrigation Area	170,586
	Goulburn	25,809
	Loddon	1,904
	Murray	14,388
	Murray Valley Irrigation Area	88,844
	Nyah, Tresco and Woorinen	16,334
	Ovens	13,199
	Pyramid-Boort	84,817
	Rochester Irrigation Area	95,104
	Shepparton Irrigation Area	68,108
	Torrumbarry Irrigation Area	128,002
Goulburn-Murray Water Total		720,921
Lower Murray Water	Murray	211,767
	Robinvale, Red Cliffs and Merbein	52,979
Lower Murray Water Total		264,746
Grand Total		1,014,686

Notes to this table:

a) This table shows the usage in regulated delivery systems for 2007/08.

b) Delivery systems have been grouped to reduce the complexity created by small delivery systems.

Appendix B10 Unregulated Entitlements

Water Corporation	Basin	Number	Volume (ML)
Goulburn-Murray Water	Broken	596	10,087
	Campaspe	574	8,746
	Goulburn	2,367	40,499
	Kiewa	654	18,498
	Loddon	1,064	30,596
	Murray	1,217	28,435
	Ovens	1,232	24,890
Goulburn-Murray Water Total		7,704	161,751
Grand Total		7,704	161,751

Notes to this table:

a) This table shows the number and volume of unregulated surface water entitlements as at 30 June 2008.

b) Delivery systems have been grouped to reduce the complexity created by small delivery systems.

c) In previous years, this report has separated entitlements into Irrigation, D&S and Other, and has included property area. This data is no longer reported.

Appendix C1 Groundwater Use - GMAs and WSPAs

						Licensed volumes as at 30/6/08						Domestic and Stock only		Total use
Groundwater management unit	WSPA Plan (Approved / Draft)	Permissible Consumptive Volume (PCV)	Entitlements (ML)	Allocation limit as at 30 June 08	No. licences	No. licensed bores	No. metered bores	Estimated no. bores yet to be metered	Metered use (ML)	Estimated non-metered use (ML)	Estimate methodology for non-metered use	Registered D&S bores	Registered D&S volume	Licensed + estimated D&S use (ML)
Campaspe Deep Lead WSPA	approved 2003	47,252	46,098	34,573	110	134	108	-	28,442	-	not applicable	84	174	28,616
Shepparton WSPA	approved 1997	-	221,194	221,194	1,417	1,287	910	-	85,801	-	not applicable	520	1,109	86,910
Spring Hill WSPA	approved 2001	5,062	4,909	3,672	57	79	72	-	2,156	-	not applicable	52	110	2,266
Katunga WSPA	approved 2006	59,780	59,579	41,539	183	230	123	-	29,851	-	not applicable	230	478	30,329
Mid Loddon WSPA	No Management Plan	37,200	34,014	34,014	94	123	99	-	21,382	-	not applicable	93	248	21,630
Upper Loddon WSPA	No Management Plan	13,648	13,149	13,149	111	178	133		4,778	-	not applicable	122	260	5,038
Alexandra GMA	No Management Plan	1,937	1,714	1,714	10	22	7	2	-	1,028	60% of entitlement	7	16	1,044
Barnawartha GMA	No Management Plan	2,100	485	485	4	7	4		-	291	60% of entitlement	10	20	311
Kinglake GMA	No Management Plan	2,015	1,860	1,860	47	65	27	1	-	1,116	60% of entitlement	60	124	1,240
Mullindolingong Zone 1 GMA	No Management Plan	6,980	1,512	1,512	34	40	13	1	-	907	60% of entitlement	28	56	963
Mullindolingong Zone 2 GMA	No Management Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
Upper Ovens GMA	No Management Plan	4,010	3,308	3,308	85	81	120	16	-	1,985	60% of entitlement	24	48	2,033
Lower Ovens GMA	No Management Plan	25,200	15,700	15,700	138	212		-	-	9,420	60% of entitlement	219	455	9,875
Mid-Goulburn GMA	No Management Plan	14,900	12,330	12,330	57	69	41	-	4,202	-	not applicable	47	94	4,296
Southern Campaspe Plains GMA	No Management Plan	8,850	7,895	7,895	17	28	19	2	2,932	-	not applicable	13	24	2,956

Note
Data on number of licences and licensed volumes is derived from State Water Register data, and has been analysed in details and subdivided into Section 51 Licences for irrigation or commercial uses (no. licences) and bores constructed for domestic and stock use under the provisions of Section 8 of the Water Act 1989 ("Registered" D&S bores)

Appendix C2 Groundwater Use - Unincorporated Areas

Licensed volume (ML)	No. licences	No. of licensed bores	Estimated No. of Bores Still to be Metered	Registered D&S bores	Registered D&S volume	Total Number of Bores
45,208	813	919	44	1,574	3,276	2,227

Note
Data on number of licences and licensed volumes is derived from State Water Register data, and has been analysed in details and subdivided into Section 51 Licences for irrigation or commercial uses (no. licences) and bores constructed for domestic and stock use under the provisions of Section 8 of the Water Act 1989 ("Registered" D&S bores)

Appendix C3 Urban Groundwater Use

Town Supplied	Urban authority	Licensed Entitlement (ML/yr)	Extraction (ML)
Strathmerton	Goulburn Valley Water	730	-
Katunga	Goulburn Valley Water	60	57
Barnawartha	North East Region Water	293	85
Chiltern	North East Region Water	25	166
Wangaratta	North East Region Water	150	73
Moyhu	North East Region Water	15	-
Myrtleford	North East Region Water	75	-
Goorambat	North East Region Water	24	19
Tungamah	North East Region Water	90	-
Elmore	Coliban Water	284	281
Trentham	Coliban Water	48	36
Smeaton	Central Highlands Water	48	-
Allendale - clunes	Central Highlands Water	350	-
Clunes	Central Highlands Water	350	243
Springhill Supply System	Central Highlands Water	350	154
Waubra	Central Highlands Water	100	33
Learmonth	Central Highlands Water	100	51

Appendix C4 Groundwater Trades

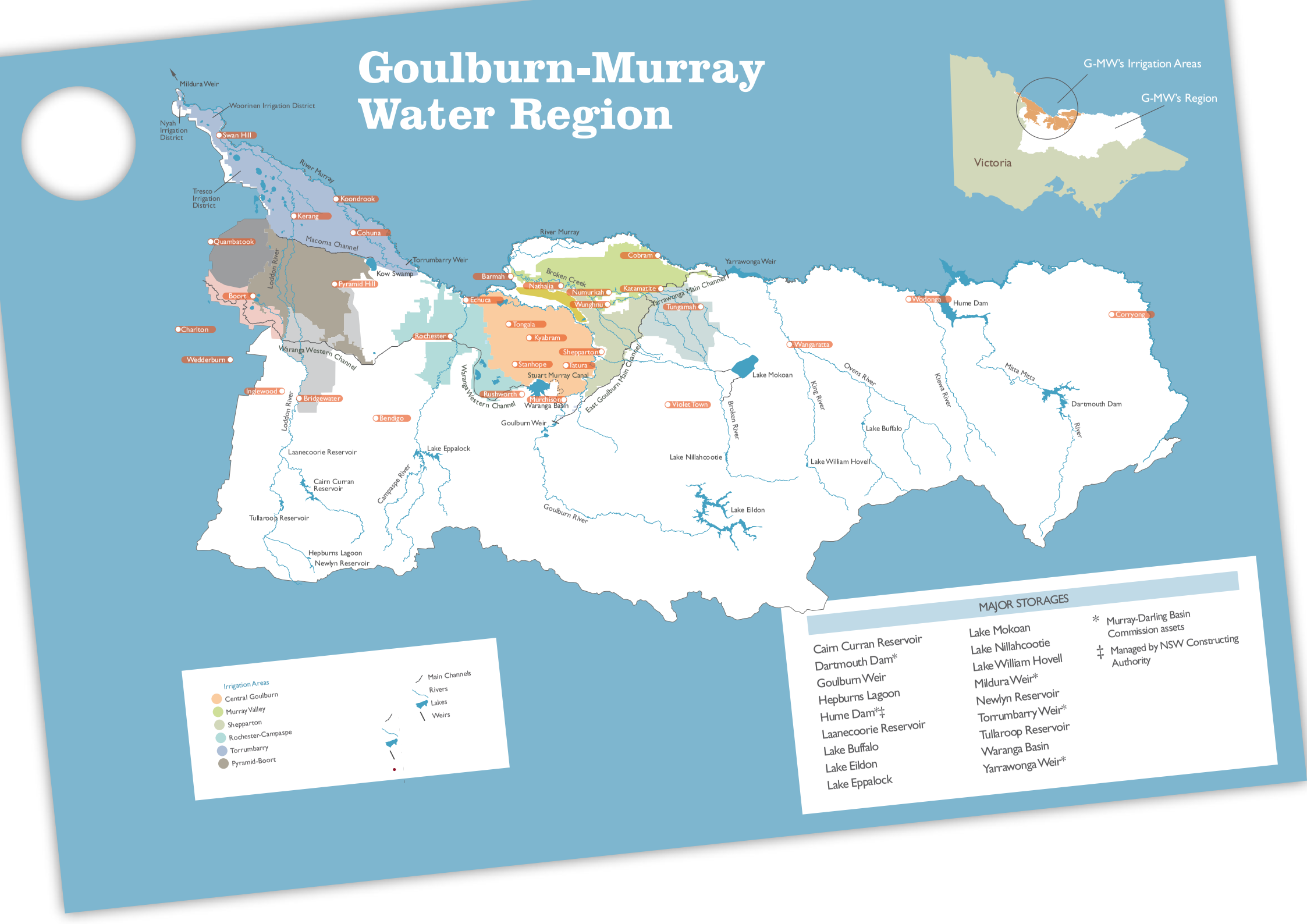
Groundwater management unit	Permanent trade	
	No. trades	Total volume (ML)
Campaspe Deep Lead WSPA	-	-
Shepparton WSPA	-	-
Spring Hill WSPA	-	-
Katunga WSPA	5	819
Mid Loddon WSPA	-	-
Upper Loddon WSPA	-	-
Mid Goulburn	-	-
Alexandra	-	-
Barnawartha	-	-
Southern Campaspe Plains	-	-
Kinglake	-	-
Mullindolingong Zone 1	-	-
Mullindolingong Zone 2	-	-
Upper Ovens	-	-
Lower Ovens	-	-

Appendix D Major Water Users

G-MW provides water delivery services to holders of water entitlements. G-MW also supplies water to 1049 serviced properties in water districts for domestic and farm use. G-MW has no customers that are required to be reported under the requirements of section 122ZJ of the *Water Act 1989*.

Participation in Water Conservation Programs
G-MW customers must hold an entitlement to water to receive delivery to their properties. The only exception to this requirement to hold a water entitlement are those customers in water districts, where water is supplied to rural properties for domestic and stock usage on farm. On regulated systems and in high-use groundwater regions, all customers' access to water is limited by the seasonal allocation. On unregulated rivers and streams access is limited by their entitlement volumes, together with additional restrictions and suspensions in periods when natural stream flows are insufficient to meet demands. These mechanisms ensure equitable access to surface water resources during periods of low supply and encourage customers to choose the most appropriate use for their available resources.

Goulburn-Murray Water Region



MAJOR STORAGES

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

* Murray-Darling Basin Commission assets

‡ Managed by NSW Constructing Authority

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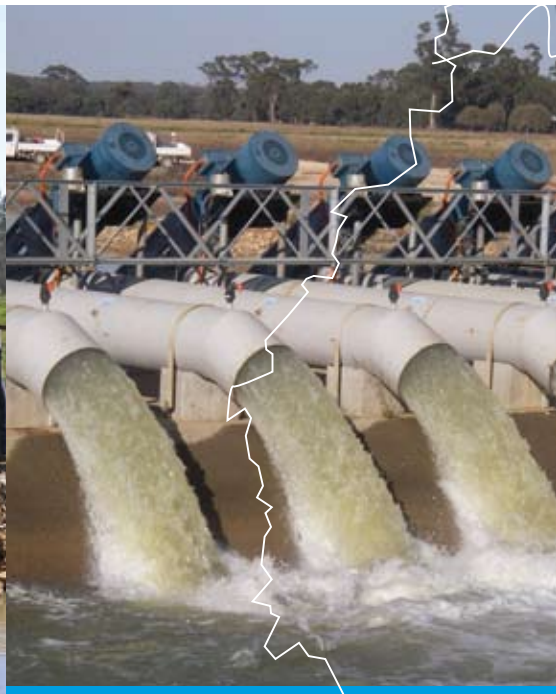

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