

LOOKING BACK, MOVING FORWARD



LOWER MURRAY WATER Annual Report 2008/09

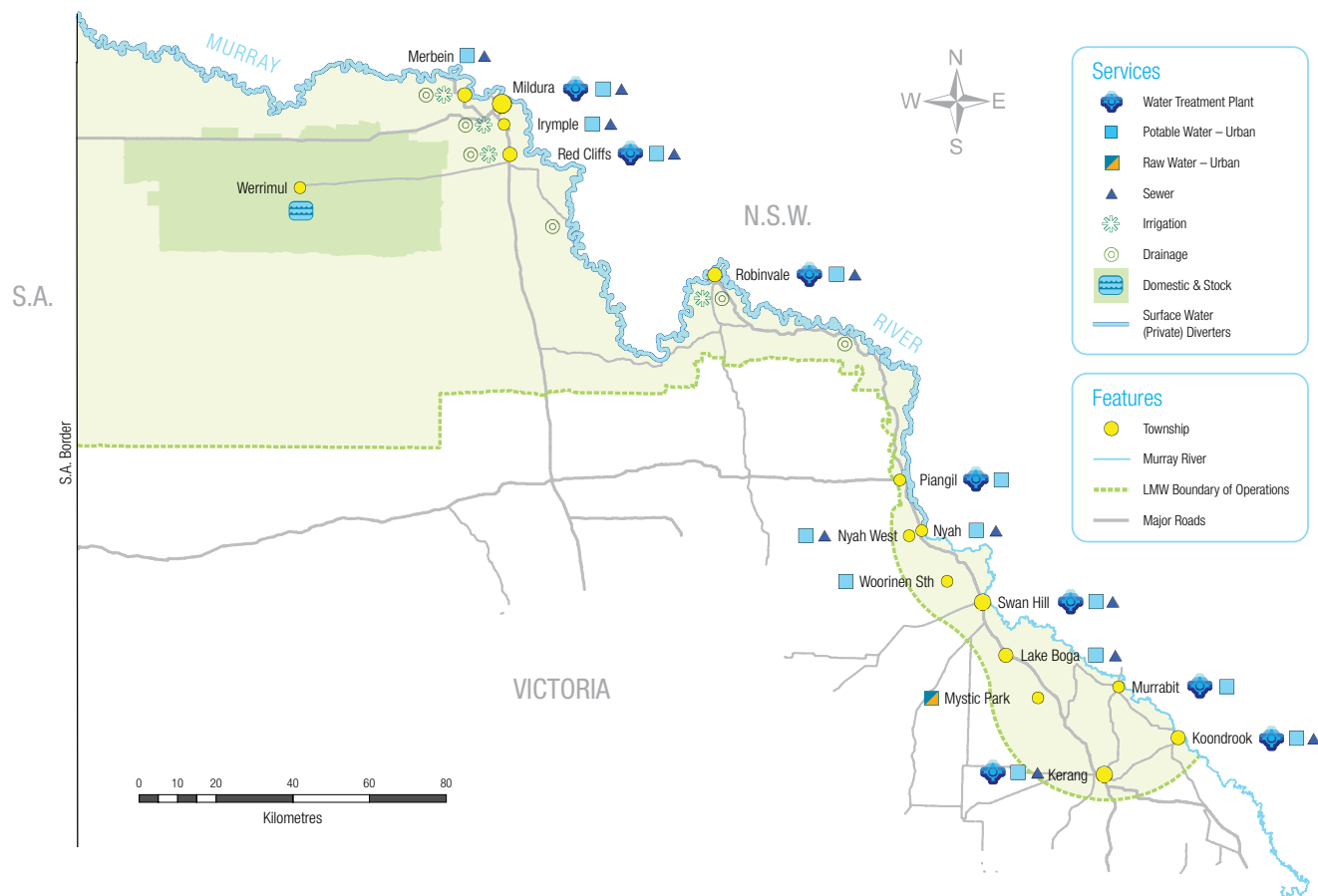


TurningWaterWise
A Lower Murray Water Initiative





Lower Murray Water Operating Area



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Our Establishment

Lower Murray Urban and Rural Water Authority was created under the provisions of the *Water Act 1989* via order in Council effective 1st July 2004. It assumed the whole of the property, rights, liabilities, obligations, powers and functions under the *Water Act 1989* of the Lower Murray Region Water Authority and Sunraysia Rural Water Authority.

The *Water Governance Act* varied the form and title of Lower Murray Water and established new governance arrangements effective from 1st July 2007. By statute under the *Water Act 1989* Lower Murray Urban and Rural Water Authority became Lower Murray Urban and Rural Water Corporation.

On 19th August 2008 Minister for Water The Hon. Tim Holding issued a determination for Lower Murray Water to take over the whole of the functions, powers and duties of the First Mildura Irrigation Trust (FMIT).

During the reporting period the Minister for Water was The Hon. Tim Holding MP.



Our Services

We provide:

- ~ urban water services to 15 townships via nine treatment plants to approximately 60,000 customers along the Murray River in Victoria from Kerang to Mildura;
- ~ wastewater collection, treatment and effluent re-use and disposal services to 11 towns via 10 treatment plants;
- ~ river quality water services to 7,067 customers in the four pumped irrigation districts of Merbein, Red Cliffs, Robinvale and Mildura, the Millewa rural district and some areas of the waterworks districts of Carwarp and Yelta;
- ~ management of the region's rural bulk water entitlement of 560,940ML
- ~ the collection and disposal of subsurface drainage water from the three pumped irrigation districts, Nangiloc, Robinvale and Boundary Bend diversers;
- ~ ensuring drainage design in new agricultural developments conforms with salinity management plan development guidelines;
- ~ partnership in the design, implementation, operation and maintenance of works initiated by the Mallee Catchment Management Authority;
- ~ management of the private diversion licences of 1,075 water users along the Murray River in Victoria between Nyah and the South Australian border;
- ~ the assessment and approval of permanent and temporary water trade applications; and
- ~ reclaimed water for third party use.

In addition to security of supply, public health, water quality and environmental responsibilities, we recognise the crucial economic role of water from a regional and state context.



Our Vision

Vital Resource – Vital Service

Managing our water resources responsibly to promote the economic and social advancement of our region, while protecting our environment.

Our Core Business

Our core business is to meet the present and future needs of our customers and community by providing reliable and secure water services.

Our Region

Our area of operation extends from Kerang to the South Australian border taking in the municipalities of Mildura, Swan Hill and Gannawarra. We provide the region with urban water and wastewater services, treatment and effluent disposal services, river quality water to stock and irrigation customers, along with the collection and disposal of subsurface irrigation drainage water.

We recognise that our overall well-being and livelihood is directly linked to the agricultural, tourism and support industries which form our economic backbone.

How we manage our water resources recognises the intrinsic inter-relationship between this resource and the social and economic fabric of our region.

Our Goals

1. Quality Services Delivery

To provide high quality drinking water, wastewater, irrigation, drainage and water recycling services to our customers

2. Positive Customer, Staff and Stakeholder Relationships

To maintain positive relationships and communications with rural and urban customers, government and other stakeholders

3. Building a Prosperous Region

To contribute to the economic, social and cultural development of the region and ensure the security of the community's collective water resource

4. Sustainability of Our Environment

To plan and manage all our operations in an environmentally responsible and sustainable manner

5. Motivated and Empowered People

To maintain a quality, appropriately skilled and committed workforce

6. Efficient Financial and Asset Management

To manage the Corporation's assets and financial resources responsibly

7. Responsible Corporate Governance

To manage our business affairs in a manner consistent with the best standards of corporate governance



Our Chairman & Managing Director

The Chairman's Overview

This past year has been one of contrasting highlights which have been tempered by the continuing struggles in dealing with drought and low commodity prices in some sectors of our horticultural customer base.

In the context of the global financial crisis our business has performed at a level above expectations. There are several factors contributing to this result. Firstly the move to relax urban water restrictions eased the pressure on cash flow and allowed customers to avail themselves of limited lawn watering provided that they were prepared to pay the higher cost of temporary water via the Corporation's volumetric stepped charge. This decision was taken being cognisant of the need for preservation of our community spirit and included recognition of the needs of the elderly and infirm. This was a clear example of triple bottom line decision making.

The management team once again adjusted the business to a survival budget once there was some certainty around the level of water allocation. The final allocation for the season was 35%.

Of major importance was the support provided by the State Government to underwrite fixed charges for rural water customers. This factor alone provided benefits to both the Corporation and to irrigator customers generally and provided a much needed boost to community spirit.

In spite of the difficult times, the Corporation managed to fund \$14M of depreciation and completed \$34M of Capital Works without any borrowings, with our operating result before tax a loss of \$2M.

Significant noteworthy events include the announcement of the Commonwealth Government's commitment to provide \$103M, subject to due diligence, toward modernisation of the irrigation infrastructure in Sunraysia. The Business Case for this funding is in preparation and will be lodged early in the 2009/10 financial year.

Also of significant historical note is the merger with the First Mildura Irrigation Trust in August 2008.

While this event triggered emotive reaction from some of the irrigation community, it is my view that this consolidation was an economic necessity due to the inevitable financial pressures associated with small business. The timing will in hindsight be very poignant in the context of the global financial crisis and continued drought.

Integration of the business activities and staffing has proceeded very smoothly and is reflective of lessons learned during the earlier merger with Sunraysia Rural Water Authority in 2004. Further integration and streamlining of systems aimed at improving customer service are programmed.

Full due diligence of the assets of each of the three irrigation districts using a common methodology has underpinned the formulation of an asset renewal program which will occur via the Sunraysia Modernisation Project.

I would like to thank the Minister for Water The Hon. Tim Holding for attending a meeting of the Board to provide his views on the future of the Victorian Water Industry and for also addressing our collective staff post merger to enlist their support and provide encouragement to focus on customer needs and service delivery.

I welcome Mr Peter Jones as a new member of the Board and look forward to the contributions that he will bring to our decision making.


I also wish to thank Mr Damien Heintze for his service to the water industry via our Board of Directors since 1st July 2004. Damien resigned in May 2009 due to work commitments.

I also acknowledge the new Mildura Customer Service and Advisory Committee members who have voluntarily taken up positions on this very important committee. The advisory committees will play a pivotal role in assisting the Corporation in planning and delivering the Sunraysia Modernisation Project.

Progress on the \$47M Robinvale High Pressure Irrigation Project is strong and will lead to commissioning in late 2009. This is to be a major landmark project that will provide significant improvement in service levels and reliability providing growers with the opportunity for enhancement of their production outputs.

Our urban services have not been forgotten with the new \$39M Koorlong Wastewater Treatment Plant proceeding to the construction phase. This project will cater for growth and provide facilities for the treatment and reuse of sewerage for many years to come.

In closing I wish to express my thanks firstly to my fellow Directors; to the Managing Director and the Management Team and their staff; and finally to all of our customers for their general understanding and compliance during the drought.



Michael D Tilley
Chairman

28th September 2009



The Managing Director's Overview

I note the apparent speed with which 2008/09 has passed but when looking back at the business issues faced I am not overly surprised. I know that many staff have similar experiences.

The merger with the First Mildura Irrigation Trust challenged everyone from both former organisations and it is a credit to all that we have come out as one strong integrated business.

Staff from both pre merger businesses are to be congratulated on their pragmatic approach to this difficult undertaking particularly in the context of the political environment surrounding the merger.

There is already cross learning between staff particularly in the external workforce and efficiencies from the integration of business systems. Customer interface arrangements have improved generally and more particularly in the irrigation water ordering area.

Customers are adapting to these changes which will be to everyone's benefit in the longer term.

Still on staffing matters, negotiations are now coming to completion for renewal of the Enterprise Agreement. One significant change is the introduction of an efficiency gains element that rewards both the staff and the organisation. This is a vital element in these difficult and trying times. We need to make our business as efficient and as streamlined as possible.

In terms of bedding down the new business we are well down the track of a major office extension that will see staff housed in modern new facilities. These works should be completed by late 2009 and will be followed by rationalisation of the workshop and depot facilities.

To complement the Chairman's Report I would like to add comment regarding several strategically important projects.

The Corporation is committed to building an ecologically sustainable display home on land adjacent to our head office. The Board felt this project has worthwhile long term merit as an education tool to help drive change in our community attitudes toward building practices and sustainable use of materials and natural inputs such as water, light and power. This is an exciting project that is being driven by staff but has been structured to also engage external product suppliers to help build the strength of the sustainability message.

Our environmental staff are also making major improvement in our natural environment, addressing land tenure and remediation projects throughout the whole of the Corporation's service region. This includes works on channel reserves in Sunraysia through to the long term strategy for Fosters Swamp in Kerang.

Compliance with urban water restrictions and reduced water allocations has been an ongoing task which has matured with the evolution of understanding by customers.

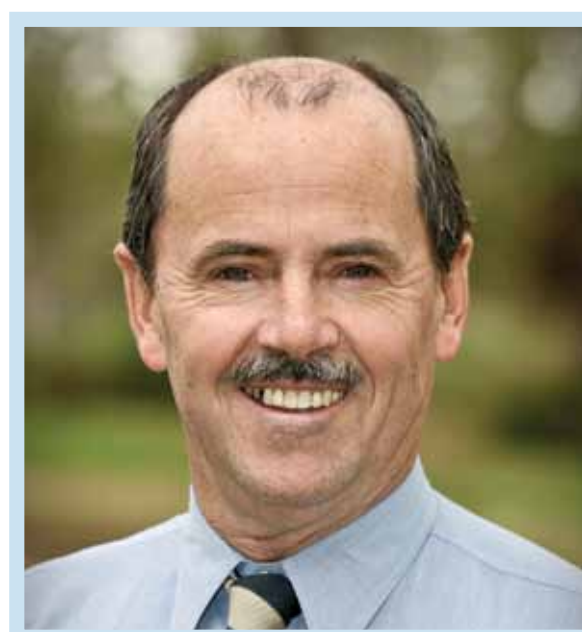
The Corporation's approach to these issues has been to adjust water restrictions to a level that are generally acceptable to customers while recognising the need for a strong water conservation approach to our lifestyle.

We approach next season with trepidation in the expectation that it will be equally as difficult however there are many rewards that can be gained by sticking to our core task of providing our customers with the best service possible.

I thank all staff and managers for their relentless efforts. Likewise I thank the Board for providing a clear path and direction for the business.



Ron Leamon
Managing Director



The Lower Murray Urban and Rural Water Corporation Board of Directors comprised seven Directors as appointed by The Hon. Tim Holding MP, Minister for Water, on 27th September 2007.

An Instrument of Appointment by Minister Holding appointed Kay Martin, Frank Smith and May Ward as Directors of the Corporation from 1st October 2007 to 30th June 2010. Leonie Burrows, Damien Heintze, Peter MacIntosh and Michael Tilley were appointed as Directors of the Corporation from 1st October 2007 to 30th September 2011.

The Minister appointed Michael Tilley as Chairman of the Corporation.

Ron Leamon was appointed to the position of Managing Director from 2nd July 2007 to 30th June 2012, pursuant to the *Water Act 1989*.

Peter Jones was appointed to the Board on 10th December 2008, to 30th September 2011.

Director Damien Heintze resigned from the Board effective 15th May 2009.

The Board of Directors is appointed to ensure the strategic direction of the Corporation complies with Government objectives for the provision of reliable and secure water, wastewater and drainage services.

Our Directors come from diverse backgrounds and bring a mix of skills and experience to the Board that ensures the Board's focus is on Lower Murray Water achieving optimal environmental, operational and financial corporate governance.

The Board meets monthly, except in January. The effectiveness of the Board and its performance is reviewed annually. Logistical and financial provisions are afforded to Directors for their ongoing skills development.

Membership

Michael Tilley, Chairman of our Board of Directors, is Chairman of the corporate advisory company Terrain Capital Ltd. Michael lives in Melbourne and is a Chartered Accountant with wide business experience in Australia and overseas. Michael is a Director of Vision Super's Board.

Kay Martin, Deputy Chair and member of our Audit Committee, is a lawyer with the legal firm Martin, Irwin and Richards and an irrigator in the Merbein Pumped Irrigation District. Kay has both a Bachelor of Law and a Bachelor of Economics and has worked in the legal profession since 1977. She has for many years been a member of the Legal Aid Child Representative Panel and was a former President of the Board of the Mildura Base Hospital and Deputy Chair of the former Sunraysia Rural Water Authority and is currently Chair of Chaffey Aged Care.

May Ward is an Owner/Director of Bulga Wine Estates, in the Woorinen irrigation district of Swan Hill. May holds a Diploma of Business – International Marketing, and a Diploma in Corporate Governance from the Australian Institute of Company Directors. A former Mayor, Deputy Mayor and Councilor of Swan Hill Rural City, she maintains a strong community interest. May has considerable experience in the health industry as a Nurse and Midwife and is a former Director on the Swan Hill Hospital Board. May is also a member of our Governance Committee and Chair of Southern Urban Customer Consultative Committee.

Peter MacIntosh is a member of our Audit Committee and an irrigator from the Robinvale Irrigation District, with many years experience in the water industry and horticultural based organisations. Peter is Chairman of the Table Grape Industry Advisory Committee and President of the Robinvale Golf Club.



Frank Smith was involved as a Director with the former Lower Murray Region Water Authority for some nine years. He is a qualified Civil Engineer, Building Surveyor and Municipal Engineer who lives in Wangaratta. Frank worked in Scotland as a Structural Engineer, was a long serving Municipal Engineer with various municipalities in rural Victoria and was also the Engineer for the former Swan Hill Water Board. He has now retired from his own engineering and planning consultancy practice and is currently involved in community activities with a continuing interest in the development of the Lower Murray Water Region.

Leonie Burrows is Principal of Leonie Burrows and Associates Management Consulting Services and has a background in local government management. Leonie is a previous Convener of our Governance Committee and current Chair of the Audit Committee. Her previous roles have included Chief Executive Officer, Mildura Rural City Council; Chief Executive Officer, Sunraysia Institute of TAFE; Chief Executive Officer of Australian Citrus Growers; and Chief Executive Officer of Australian Table Grape Growers. Leonie has a Bachelor of Arts (Information Science), a Bachelor of Business and is a Graduate of the Australian Institute of Company Directors' Course. She is an Associate

Fellow of the Australian Institute of Management, a Fellow of Local Government Professionals, and is a member of the Australian Institute of Municipal Management and Australian Institute of Company Directors.

Peter Jones has a diploma of Horticultural Science from Burnley Horticultural College and has been an irrigator for over 30 years. He is Chairman of the Australian Dried Fruits Association and a member of the Dried Grape Industry Advisory Council. Peter is the Chairman of the 2009 International Dried Grape Conference, Chairman of Mildura Christian College Board and is a member of the National Farmers' Federation Policy Council. In addition, Peter is Chairman of two trusts that fund marketing and other projects for the benefit of the dried fruits industry.

Ron Leamon, Managing Director, holds a post Graduate Diploma of Municipal Engineering and a Diploma of Civil Engineering. He is an Associate Member of the Australian Institute of Company Directors and both a Fellow of, and an Executive Council Member of, the Institute of Water Administration. Ron is a member of the Australian Water & Wastewater Association and the Australian Institute of Management.

Directors' Attendance at Meetings

Directors	Board		Audit Committee		Governance Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Leonie Burrows	12	11	7	6		
Damien Heintze *	10	8			2	2
Peter Jones ~	6	6	3	3		
Ron Leamon	12	11			2	2
Peter MacIntosh	12	12	7	5		
Kay Martin	12	9	7	5		
Frank Smith	12	10			2	2
Michael Tilley	12	11				
May Ward	12	11			2	2

* Director Heintze resigned effective 15th May 2009

~ Director Jones appointed to the Board on 10th December 2008; and to the Audit Committee at the February 2009 Board Meeting





Board Committees

Audit Committee

Our Audit Committee assists the Board in fulfilling our corporate governance responsibilities by reviewing matters relating to financial management and operational control practices, financial reporting and auditing functions. This committee also reviews compliance with relevant legislation and regulation, including our risk management systems.

Through our rolling three year internal audit program, the Audit Committee is able to review and evaluate the effectiveness of controls and practices.

At 30th June 2009, the Committee comprised Leonie Burrows (Chair), Kay Martin, Peter MacIntosh, Peter Jones and Bill Ridge, an external appointment to the Committee since November 2006.

The Committee met on seven occasions in 2008/09. All committee minutes are included in the next Board of Directors' monthly meeting agenda. The Committee meets the requirements of the Financial Management Compliance Framework.

Governance Committee

The objectives of the Governance Committee are:

- ~ To assist the Board to discharge its duty with respect to overseeing all aspects of good corporate governance;
- ~ To make recommendations to the Board in regard to self-review, training and development and the induction of new members;
- ~ Review executive remuneration including the requirements of the Government Sector Executive Remuneration Panel, conduct the Managing Director's performance review, authorise bonuses and review the organisational structure; and
- ~ To assist the Board to discharge its duty with regard to its employment responsibilities for the Managing Director.

In accordance with the Terms of Reference the Committee has in 2008/09:

- ~ Reviewed a number of Corporate policies as nominated in the review schedule in September and January; and
- ~ Reviewed Key Performance Measures of the Management Group as part of the executive remuneration review.

Director Kay Martin has filled the vacancy on the Governance Committee created by the resignation from the Board of Damien Heintze.

Corporate Governance

Risk Management

The Lower Murray Water Risk Management program continues to evolve. A review of the key performance indicators, imbedded within our Risk Management Strategy, resulted in the establishment of annual corporate risk management goals. These will be set at the beginning of each new financial year with the ultimate aim of ensuring our risk management program continues to mature. The annual corporate goals must have clear objectives and be measurable. Updated reports and annual accountabilities for these performance indicators keep the initiatives operational.

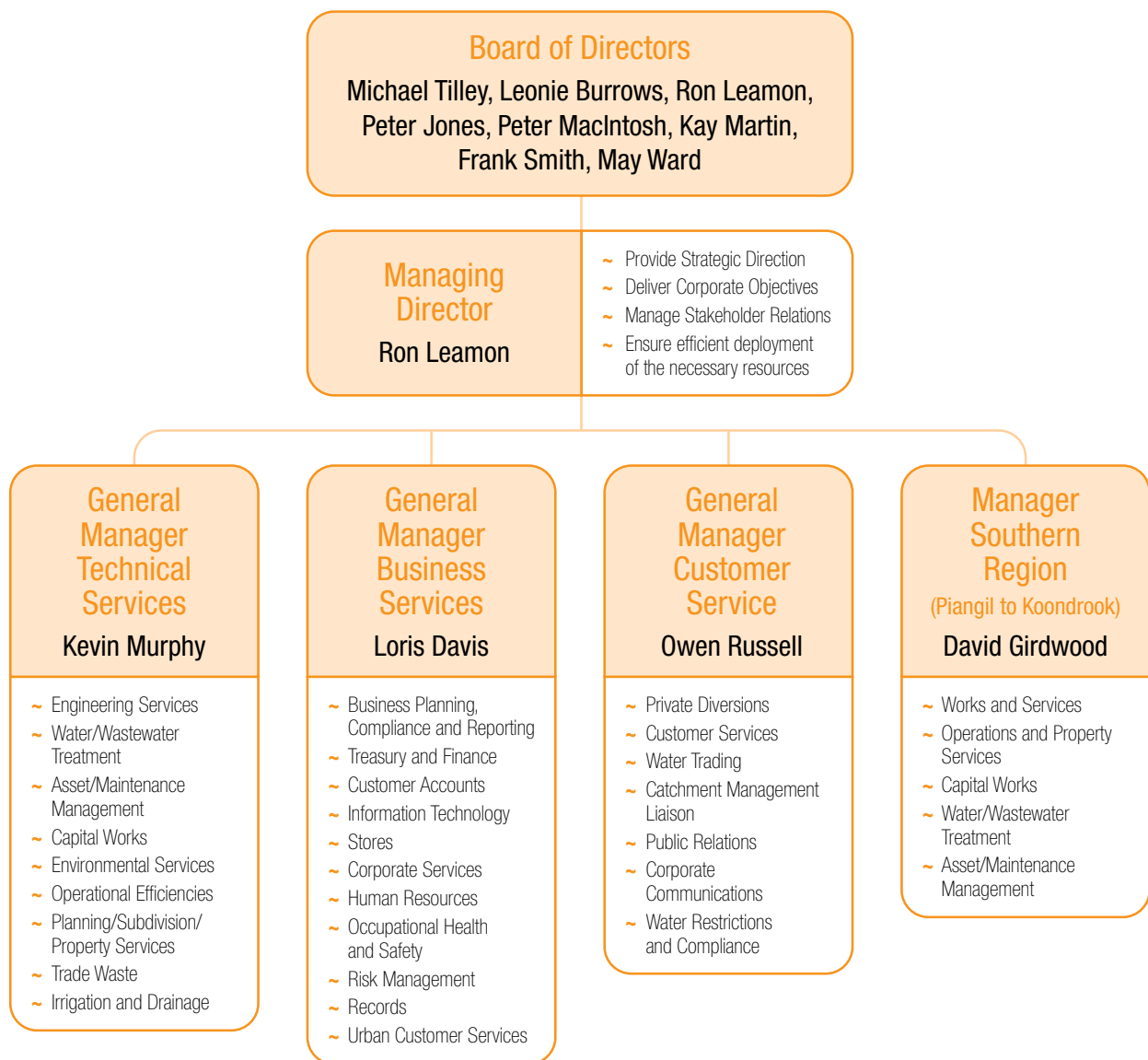
Our risk registers continue to be reviewed and reported annually to our Board through our Audit Committee. This reporting framework overarches the Corporation's integrated strategic risk management, overseen by the Management team and our Board. Annual staff awareness sessions keep the issues of risk management at the forefront of all staff's minds. These sessions ensure staff take ownership of a risk aware attitude, the results of which are evidenced in the admirable results of the risk management audits. We have continued to participate in external risk management audits. Results for the current year are not yet finalised but preliminary scores indicate the Corporation will again rate highly. Positive outcomes like these are the direct result of the healthy risk management culture functioning within Lower Murray Water.

I, Michael Tilley, certify that Lower Murray Urban and 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 Lower Murray Urban and Rural Water Corporation has been critically reviewed within the last 12 months.

Michael D Tilley
Chairman



Our Organisational Chart



Our Objectives

Urban Water Supply

Objective	Objective Set	Action Taken
Provide quality potable drinking water in accordance with the <i>Safe Drinking Water Act 2003</i> to urban customers in prescribed areas	Strategic Plan	<ul style="list-style-type: none"> ~ Implementation of treatment plant process audit recommendations saw chlorine dosing point and post filter pH correction works completed at Kerang Water Treatment Plant ~ Continued training of water treatment plant operators to further enhance skill levels during the reporting period ~ Powdered activated carbon dosing equipment commissioned and used at Piangil, Swan Hill, Kerang and Koondrook water treatment plants. This equipment was heavily utilised during the Blue Green Algae bloom in Autumn ~ Filter refurbishment completed at Red Cliffs Water Treatment Plant, with Swan Hill and Robinvale underway ~ Planning completed for the relocation of the Murrabit water treatment plant raw water pump station to the Murray River to provide improved quality and higher security supply to the plant ~ Compliance attained with the first Regularly Audit undertaken under the <i>Safe Drinking Water Act 2003</i>
Continue to meet the levels of service as set out in the Statement of Obligations and other prescribed health and environment regulations	Strategic Plan	<ul style="list-style-type: none"> ~ Completion of the replacement of some 3.5km of water and sewer mains in our service region ~ Construction of some 6km of water and sewer mains to new subdivisions completed in our service region ~ Continuation of waterMAP for all treated water customers above the threshold level

Wastewater Treatment and Recycling

Objective	Objective Set	Action Taken
Collect, treat and manage wastewater throughout the region applying appropriate methods of wastewater management which are commensurate with end use	Strategic Plan	<ul style="list-style-type: none"> ~ Works commenced on Koorlong Wastewater Plant upgrade; with completion due mid 2010. This will provide Class C reclaimed water to be on-sold to a third party irrigator for irrigation of high value horticulture crops ~ Options being assessed for future Kerang Wastewater Treatment Plant operation. A survey to identify areas of saline groundwater infiltration in the sewerage reticulation completed ~ Murrabit Sewerage Scheme design and Environmental Improvement Plan for reuse on the local recreation reserve completed ~ Design completed for the diversion of sewage flows from Red Cliffs and a major Mildura pump station to Koorlong once the upgrade of this plant is complete. This will provide an additional 3ML/day of Class C reclaimed water for reuse
Seek opportunities to recycle wastewater	Strategic Plan	<ul style="list-style-type: none"> ~ Continued to identify new water recycling/reuse opportunities for investigation ~ Provision of Primary Treated Effluent to Reuse Partner as a preliminary supply to establish permanent plantings continued in the reporting period ~ EIP for recycling water from Murrabit Wastewater Treatment Plant completed
Continuously monitor and review trade waste agreements with industrial users	Strategic Plan	<ul style="list-style-type: none"> ~ Trade waste partnership process – partnership with Neqtar Wines and EPA completed

Irrigation, Domestic and Stock Supply and Drainage Services

Objective	Objective Set	Action Taken
Provide river-quality water to all irrigators and stock and domestic users, in line with entitlements and their seasonal allocations	Strategic Plan	<ul style="list-style-type: none"> ~ Contingency plans implemented for intermittent supply during sub 100% allocations
Develop and implement Master Plan	Strategic Plan	<ul style="list-style-type: none"> ~ Robinvale High Pressure Irrigation Project – reticulation system construction 85% completed; and pump station works component 30% complete ~ Formulation of Business Case for Sunraysia Modernisation Project nearing completion



Budgetary

Objective	Objective Set	Action Taken
Manage the Corporation in a financially responsible manner	Strategic Plan	<ul style="list-style-type: none"> ~ Continuing dry conditions, thus low water allocations gave rise to the implementation of a revised and reduced budget for operations, maintenance and administration expenditure ~ Part of the savings were used to buy temporary water for urban use during the reporting period ~ Due to low allocations the Victorian Government once again provided a fixed charges rebate to irrigation and stock and domestic water users
Develop pricing structures/tariffs for urban and rural services that are equitable and reflect the funding for long term infrastructure	Strategic Plan	<ul style="list-style-type: none"> ~ Introduced a third step volumetric tariff for potable water
To align the business objectives with Essential Services Commission principles	Strategic Plan	<ul style="list-style-type: none"> ~ Development of a rural customer charter continued

Environmental

Objective	Objective Set	Action Taken
To improve energy efficiency and minimise greenhouse gas emissions	Environmental Management Plan	<ul style="list-style-type: none"> ~ Requested high efficiency cars in tender process throughout reporting period ~ Included Ecobuy recommendations in Annual Report process ~ We have made a commitment to purchase Accredited Green Power for a significant portion of our urban operation's electricity demand for the period 2009-2013 ~ Commencement of examining Carbon Credit Schemes to identify possible opportunities ~ Formulated a greenhouse gas reduction plan, in association with VicWater and Sustainability Victoria
To promote sustainable water use, responsible use of the sewerage system and support catchment and riparian management practices aimed at improving water quality	Environmental Management Plan	<ul style="list-style-type: none"> ~ Educate and engage the community in sustainable practices through the design and construction of an Ecologically Sustainable Display Home. Assessment of the sustainability of the components available for inclusion is underway ~ Continued with education programs and activities aimed at primary school children

Customer Relationships

Objective	Objective Set	Action Taken
Increase awareness and understanding of water related issues in the entire community	Communications Strategic Plan	<ul style="list-style-type: none"> ~ Continued the development and implementation of the TurningWaterWise program to target specific areas of need ~ Initial research and design of rebate program for residential urban customers to reduce lawn area (to be launched in July 2009) ~ Continued production of e-News to subscriber base ~ Continued development of educational programs for primary school children
To identify and publicise best practices and success stories in relation to water conservation	Communications Strategic Plan	<ul style="list-style-type: none"> ~ Invited proactive tourism businesses to participate in Water Efficiency Case Study
Develop partnerships with local businesses and groups to educate on water related issues	Communications Strategic Plan	<ul style="list-style-type: none"> ~ Commencement of relationships with local businesses as part of the rebate program ~ Relationships with media in our service area maintained throughout the year



Major Works

Robinvale High Pressure Irrigation Project

The Robinvale High Pressure Irrigation Project is a major capital works project being undertaken by Lower Murray Water to upgrade the Robinvale Irrigation District from a low pressure channel / re-lift / pipe system to a fully high pressured pipe system. Advantages of the project are water savings, high pressure delivery to growers resulting in on-farm pumping efficiencies, significant water delivery improvements; and operation / maintenance efficiencies. The project consists of two main components; the *Reticulation System* and the *Pump Station*.

Reticulation System

The Reticulation System involves a number of activities including high pressure pipeline construction; supply of pipeline materials; and 'Domestic and Stock' installation. The High Pressure Pipeline Construction contract was awarded to Akron Pty Ltd on 21st May 2008. Construction involves the installation of 75 km of Pipeline (ranging in diameter from 1400 mm to 225 mm) and associated meters, fittings and valving. Original completion was by mid July 2009, which has since been extended to end September 2009. As at 30th June 2009 the works are 85% complete with 88% of pipeline installed (pipe work greater than 375mm in diameter fully installed) and 60% of the meter assemblies installed. This component of the project is scheduled for completion by the end of September 2009. Pre-construction activities are well underway for the installation of the 'Domestic and Stock' system in late 2009.

Pump Station

The pump station component involves a number of activities including the construction of the pump station and the supply of pump station equipment. Fulton Hogan Pty Ltd was awarded the contract for the construction of the pump station on 7th January 2009. The construction involves a jetty structure in the Murray River, flooded

suction lines through to a concrete basement pump hall. Original completion date was mid November 2009, which has since been extended to early December 2009 and is on schedule for this date. As at 30th June 2009 30% of works are completed including the pump station basement and the design / procurement of pipe work and all structural elements. Pump sets and other equipment have been procured separately by Lower Murray Water and are available for incorporation into the works when required.

Koorlong Wastewater Treatment Plant Augmentation (KWWTP)

Awarded in March 2009, the commencement of the construction phase of the KWWTP Augmentation is bringing together the concept and detailed design undertaken by commissioned Engineering consultants, Hunter Water Australia, and our selected technical procurement team.

Catering for the ongoing catchment growth through to 2020, the KWWTP project requires the upgrade and augmentation of the existing Koorlong plant.

The new biological KWWTP, capable of meeting the treatment and disinfection effluent quality criteria outlined in the Victorian Environmental Protection Authority (EPA) Guidelines for Environmental Management – Use of Reclaimed Water (2002), has been designed to cater for combined domestic and trade waste from the three catchments of Mildura, Merbein and Red Cliffs.

Factors including hydraulic and nutrient overloading of the existing treatment plant woodlot, and the commercial demand identified through an Expressions of Interest (EOI) process, determined that the augmented KWWTP should be capable of producing adopted effluent quality targets for the 2020 average dry weather flows of 11.85 ML/day. A process of public tendering followed for reclaimed water to supplement or reduce current irrigation extractions from the Murray River. Subsequently, the secondary treated effluent produced from the KWWTP will be transferred to a third party reuse facility south of the KWWTP.



Lower Murray Water is committed to providing high quality drinking water, wastewater, irrigation, domestic and stock water, drainage and water recycling services to our customers.

The design of the KWWTP has adopted a number of energy efficiency, recycling and carbon reducing measures including:

- ~ the utilisation of existing contours on the site that negates the need of intermediate pumping through the main treatment process;
- ~ the use of diffused air in preference to surface aeration to maximise efficiency and oxygen transfer through the deep reactor; and
- ~ the incorporation of Fly Ash (or silica fume), a by product of coal-fired power generation plants, at a rate of 30% as a substitute for cement within the concrete mix design.

The construction of the KWWTP includes:

- ~ Construction of new inlet works;
- ~ Installation of new dosing systems for alkalinity supplementation and nutrient provision for the biological process;
- ~ Construction of four intermittent Sequencing Batch Reactors (SBR);
- ~ Construction of balance pond, reclaimed water pond and waste sludge lagoons; and
- ~ Construction of an ultraviolet light effluent disinfection system;
- ~ Dewatering facility construction.

The construction works, expected to have approximately 80 personnel on site at the peak construction period, incorporates some of the largest daily concrete pours undertaken in the construction industry in the Sunraysia region. The construction contract, awarded to Fulton Hogan Pty Ltd, is expected for commissioning and completion – of the primary portion of works, including the Red Cliffs Sewerage Diversion to Koorlong – in the second quarter of 2010. Full plant completion, inclusive of the Sludge Handling System, is due by the end of 2010.

Fourteenth Street Subdivision

During the 2008/09 year bulk earthworks on the subdivision commenced; with the contract for earthworks, drainage and road construction being let out to GBM Consulting Pty Ltd. Rain did slow the progress of the works, but had the benefit of suppressing dust. Drainage and roadworks have commenced, with the first few layers of road base having been rolled. The estimated completion for Stage 1 of the subdivision is expected to be the end of August 2009. At completion of Stage 1, 16 house lots will have titles and be ready for purchase. Lot 27 will be the location of our "Sustain Domain" display home. Stage 2 will follow at a later date with a further 14 house lots being developed.

Urban Works

Mains Construction Works – New Subdivisions and Replacement Programs

During the 2008/09 year approximately 6km of sewer and water mains were constructed to service new subdivisions in our service area.

Through our replacement program, approximately 3.5km of water and sewer mains were replaced within the 2008/09 year. Approximately 2km of the water and sewer main installation involved "Developer – Design and Construct" projects.

	Northern Region	Southern Region	Total metres
New mains construction			
Water	1,493	1,291	2,784
Sewer	2,453	734	3,187
Replacement Program			
Water	1,850	430	2,280
Sewer	572	656	1,228





Irrigation Works

Sandilong Avenue Decommissioned Channel Rehabilitation

In May 2009 we completed the rehabilitation of approximately 470m of decommissioned irrigation channel in order to dispose of a channel reserve which was no longer required for irrigation purposes. The channel was being used as a refuse tip and had become an environmental threat due to domestic, commercial and horticultural waste being disposed of at the site. The project included the removal of all refuse (visible and buried) to the Mildura Rural City Council landfill site, disconnection and removal of redundant irrigation infrastructure; and the importing of clean fill to reinstate the evacuated channel profile to match the surrounding natural surface conditions. Upon the completion of works, documentation including land transfer, was prepared to enable the site to be returned to the control of the Crown.

Seventh Street Channel Rehabilitation

With the recent completion of the Mildura South High Pressure Pipeline System, the now abandoned earthen and concrete channel reticulation system is being decommissioned. This decommissioning involves the backfilling of 5.2kms of channel from private property and Crown Land. Works have been undertaken by local contractors including the removal of sections of concrete lined channel, removal of regulators and irrigation off take structures, vegetation and associated channel reserve trash. Backfilling of the channel required placement of adjacent channel embankment soil and imported clean earthen spoil; and grading to level the backfill channel to match the adjacent natural surface profile. Once completed, the land will be handed back to the appropriate owners in a condition typical of prior to the construction of the channel. During 2008/09 4.4km has been decommissioned with the remaining 0.8km to be completed in the 2009/10 year.

Corporate Projects

Upgrade of Finance software

During 2008/09 the existing software package used by Lower Murray Water for the processing of all finances and payroll was upgraded to the new version of "Technology Financials and Payroll package". The original software was installed in 2001. While the upgrade was required as the software company had changed the operational platform; the upgraded program has the added advantages of having more functionality and greater reporting flexibility including the payroll area which previously was not part of the reporting tool.

The upgrade proved to be very seamless for the majority of end users, aided by the numerous training and awareness sessions conducted prior to the program going live. An added bonus was the completion of the upgrade on time and on budget, proving to be a great result for all those involved.



Customer Charters

We have in place a Customer Charter which is designed to improve our services to our customers, and gives specific information about standards that we aim to meet for the service delivery of water and sewage disposal.

The Customer Charter was developed with significant input from our Customer Consultative Committees and in conjunction with the Essential Services Commission.

All new customers receive a copy of the Charter with a Valued Customer Kit during the first month as a Lower Murray Water customer.

During 2008/09 the Charter was reviewed in line with the latest revision of the Essential Services Customer Code.

Customer Consultation

Customer Services Advisory Committees (CSAC)

We have five rural Customer Committees covering the three pumped irrigation districts and the Millewa Rural District and the Private Diverters.

On 16th April 2009 a sixth Customer Service Advisory Committee was established, with six members appointed by our Board for a period of three years. The Mildura CSAC has met once since establishment.

The Committees were appointed under the *Water Act 1989* to advise on matters we refer to them. The Committees have been invaluable with assistance in development of water use policies and procedures.

The CSAC Chairs and Deputy Chairs met with the Board in December 2008 to discuss strategic issues relating to the management of each district and future projects within the region. In addition to scheduled meetings during the year, we provided CSAC members with information on events and forums in the region that we considered would be of interest to them.

CSAC Members' Attendance at Meetings July 2008 to June 2009

	Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended
Merbein			Millewa			Red Cliffs		
David Beard	4	4	Ian Arney	2	1	Michael Cowling	4	3
Malcolm Bennett	4	4	Stephen Bennett	2	2	Ian Gowers	4	4
Larry Dichiera	4	4	Neil Boord	2	2	Greg Hutchison *	1	1
Alan Greatz	4	3	Kevin Coogan ^	2	3	Lindsay Leake #	2	1
Roslyn Hudson	4	3	Allen Harmer	2	2	Frank Pedulla ^	4	3
Richard Wells ^	4	4	Stuart Thomson	2	2	John Piccirillo	4	4
Mildura ~			Private Diverters			John Strangio	4	2
Robert Bate	1	1	Andrew Fremder	3	3	Robinvale		
Domenico Caia	1	1	Ian Keens	3	3	Don Albanese	3	3
Joe Ietto	1	0	Keith Milne	3	2	Ian Boyd	3	3
Ashley Johnstone	1	1	Geoff Minter	3	3	Lindsay Camera	3	3
Warren Lloyd	1	0	Craig Thornton	3	2	Jeanette Cattanach	3	3
Rodney Trigg	1	1	Andrew Young ^	3	2	Frank Constantino ^	3	3
						Ken Stringer	3	3

^ denotes Chair of Committee

* Committee Member Hutchison appointed 15th May 2009

Committee Member Leake became ineligible

22nd April 2009 due to land disposal

- Chair and Deputy Chair not yet selected





Customer Consultative Committees

We have two urban Customer Consultative Committees covering the Northern and Southern regions. The committees assist us in providing feedback from the community on a range of water-related issues.

Customer Consultative Committee Members' Attendance at Meetings July 2008 to June 2009

	Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended
Northern			Southern		
Nola Andriskie	3	3	Graeme Hayes	1	1
Brendan Barry	3	3	Graeme Jilbert	1	0
Michael Freeman	3	3	Colin Myers	1	1
Damien Heintz ^	3	2	Deborah Quinn	1	1
Glenn Milne	3	2	May Ward ^	1	0
Geoff Quinn	3	3			

^ denotes Chair of Committee

Customer Communication

Lower Murray Water strives to continually improve our communication with all customers in an effort to increase awareness of, and to educate customers on, water issues particularly regarding the operating climate and water shortages.

The dissemination of information has been provided via various forms of media including newspapers, newsletters, radio and television campaigns, our website and involvement in various school and community education programs and events.

Our electronic monthly newsletter developed in 2007/08 continues to be very well received, providing information on topics such as details on water allocation and seasonal outlooks, water restrictions, tips to save water, giveaways and exchange programs (offered by Lower Murray Water and others), community education programs and events, and water trading information.

Each year we ask at least one per cent of our residential customers along with a minimum of 50 commercial customers to tell us how we are doing. Based on our customers' experience over the last 12 months we are scored on our performance in key areas of water quality and service, sewerage service and ease of contact. The 2008/09 Residential Customer Satisfaction rating was 68.03% and Commercial 64.37%.

These satisfaction ratings are pleasing considering the difficult times experienced by our customers during severe water restrictions.



Lower Murray Water strives to maintain positive relationships and communications with rural and urban customers, government and other stakeholders.

Payment Options

We offer customers a variety of payment methods.

Accounts may be paid:

- ~ At any Lower Murray Water office
- ~ By mail to any Lower Murray Water office
- ~ At a post office or licensed postal agency
- ~ At www.postbillpay.com.au or telephone 13 18 16
- ~ By Direct Debit; or
- ~ Through a provider of income support such as Centrelink
- ~ BPay

We offer flexible payment plans and have a range of options to assist customers experiencing hardship in paying their account.

Complaint Resolution

Complaints may be lodged by telephone or in writing to any Office of Lower Murray Water. Any complaint will be initially dealt with by the appropriate section who will offer a solution under the direction of the section Manager. If a written reply is requested, we will take no more than 10 business days to respond to an enquiry or complaint.

If the solution or action taken does not satisfy our customer, the matter will be referred to a more senior officer for review. The senior officer will ensure that the complaint has been properly investigated and

that the final decision has taken into account our Customer's rights and obligations. The reply will inform our Customer of the actions or decisions taken by us and the reasons for these decisions, including any legislative or policy basis for them, if appropriate.

Complaints are captured in the Corporation's Complaint Management System 'Merit' which provides a tracking and reporting facility that ensures all complaints are responded to within the appropriate timeframes.

In the event that the complaint is still not resolved, the matter will be considered to have become a dispute. We will inform our customer that they may refer the matter to an external body, for dispute resolution. Such bodies include Energy and Water Ombudsman Victoria (free call: 1800 500 509).

Energy and Water Ombudsman Case Handling Statistics

In the event that a customer complaint is not resolved with us, our customer will be informed that the complaint may be referred to the Energy and Water Ombudsman (Victoria) (EWOV) for dispute resolution. We also advise our customers on how they may contact EWOV. EWOV has the jurisdiction to fairly and independently investigate and resolve disputes between the customer and Lower Murray Water.

EWOV 2008/09	Enquiries	Water Complaints referred to Provider	Water Complaints referred to Higher Level Contact	Complaints Levels 1 – 3
Overall Water Industry – Urban	39	119	185	54
Lower Murray Water – Urban	0	3	7	3
Overall Water Industry – Rural	8	28	34	16
Lower Murray Water – Rural	2	2	3	2





Management of Social and Economic Impacts for Customers

With the continuing drought in the Murray Darling region all our customers experienced a restriction in the amount of water available for use. This was either through the implementation of Staged Water Restrictions or a restriction in the amount of water allocated to irrigation customers, which only reached 35% in the 2008/09 season.

We continued our financial support for the Rural Financial Counselling Service Victoria – Sunraysia. This Service provides cost free, professional farm financial assistance including farm visits, cash flow budgeting, viability assessments, property development/sale options, debt negotiation with creditors, referral to government agencies and drought assistance.

Due to water allocations being below 30% at the start of December 2008, a rebate was provided by the Victorian State Government on fixed water charges to those eligible customers within our region. This rebate was provided as a direct credit onto the rural customer's account. The value of the rebate provided to us was \$8,442,964.

Throughout the year we provided access to recycled water from a public standpipe for uses such as dust suppression, car washing at commercial car washes and the filling of swimming pools.

A raw water standpipe was utilised in Swan Hill for use by the community under the same conditions as the Mildura standpipe.

We were able to provide reuse water from our Water Treatment Plants for use by business customers. These businesses would otherwise have had no legal source of water under the staged restrictions.

Other initiatives we introduced to reduce the economic impact of water restrictions included a number of competitions and promotions including trigger nozzle and showerhead exchanges; and the continuation of the *TurningWaterWise* project.

Water Restrictions and Drought

During the year we operated under Stage 3 Water Restrictions with exemptions through to January 2009 when we allowed for lawn watering to occur. We maintained this level through to the end of June 2009.

The Restrictions Hotline, a dedicated information service commenced in 2007, continues to respond to customer queries on the restrictions and to record breaches. The service is operated by appropriately trained operators who, in addition to responding to queries, are able to provide advice to customers on how the impacts of water restrictions may be managed.

Prior to 30th June 2008 we applied for qualification of water rights to allow rural industry to operate under the zero allocation from 1st July 2009.

The Drought Information Link included on our website has provided useful links to information relating to river flows, storage levels, latest media releases, tools and information designed to assist irrigators during the difficult time of drought and reduced water allocations.

A range of information is also available on our website including how to conduct a home water audit. This information has assisted the decision making process for customers wanting to take up water savings initiatives.

We have produced newsletters and brochures to ensure that customers have been able to implement drought management plans based on up-to-date information and minimise the economic impact on their households and businesses at the earliest possible opportunity.



Working in our Community

We continued our commitment to the economic and social sustainability of the communities in our region through a range of sponsorship, educational and support endeavours.

Sponsorship and Support

Despite a restricted budget due to the continuing drought and other resultant pressures in the 2008/09 year, we continued to support community and sporting groups, schools and local events with bottled water, and merchandise with a conservation message such as drink bottles, pens, hats and rulers. In addition, we have provided our two marquees for use by community groups at events and festivals. This year the marquee trailer was upgraded to incorporate the **TurningWaterWise** logo and to make unpacking/re-packing of the unit easier. Several very positive comments have been made from the trailer being out in the public eye whilst being used at events. We supported the 2008 Mildura Show through providing bottled water to the *Elliott Emu Good Food Trail*, which aims to promote a healthy lifestyle to the next generation.

As with the 2007/08 year, community groups continue to request information on water related matters. Such requests were facilitated by our Customer Relations Officer, our Environmental Officer and others through presentations or static displays during events.

Educational Programs in Schools

We believe that education and awareness in early school years is very important, with several school visits and presentations being undertaken during the year. We provide fun and educational Activity Sheets tailored to the presentation and the particular group's curriculum. The Activity Sheets are then made available via our website. School groups also tour our various facilities, including Water and Wastewater Treatment Plants.

Supporting the Community During Water Restrictions

In order to assist the community through the continuing drought and water restrictions, a number of initiatives were developed or continued. These had the added benefit of serving as awareness and educational tools. We continued the showerhead exchange throughout 2008 and 2009 for all urban customers. To date over 3,000 showerheads have been exchanged by customers, generating great water savings. A number of new initiatives were in the design phase in June, with one of these to be released in July 2009.

Community Service Obligations

	2007/2008	2008/2009
Concessions to Pensioners	\$1,061,572	\$1,255,721
State Revenue Office Rebates	\$137,815	\$141,846
Utility Relief Grants Scheme	\$2,296	\$3,983
Haemodialysis Life Support Machine Water Concessions	\$0	\$86
Hardship Relief Grant Scheme for Sewerage Connections	\$0	\$0
TOTAL	\$1,201,683	\$1,401,636

Diversity

We support the Government's initiatives on community inclusiveness, and incorporate the diverse cultural needs of our customers in our operations. We remain committed to ensuring the region's ethnic groups have access to information on the provision of water, sewerage and irrigation services. Our brochures are produced in Italian, Vietnamese, Croatian, Greek, Arabic, Turkish and Serbian. Employees who speak languages other than English are also available to act as interpreters as required. Customers with special communication needs are also able to access the language interpreter service by calling 131450.





Lower Murray Water is committed to contributing to the economic, social and cultural development of the region and ensuring the security of the community's collective water resource.

Women

We recognise the rights of all individuals and groups to be free from discrimination, harassment or bullying on the grounds of sex, marital status, pregnancy, family responsibilities, sexuality, race, disability, political or religious belief or age.

Accordingly we have a policy and procedures in place to identify and promote equality of opportunity for all staff.

Women are engaged in roles across all areas of the business including management, engineering, environment, finance and administration and on our Board of Directors.

Young People

We are committed to contributing to the life of the community and working with schools and colleges throughout our region. Water forms an increasingly important part of the school curriculum, and our staff work with many schools throughout the region, providing a variety of resources for their use.

For the past four years we have offered scholarships to students studying or intending to study engineering and who reside within our service region. Each scholarship provides educational assistance of up to \$20,000.

Vacational employment is also made available to scholarship holders and other engineering students. During the 2008/09 year, we had four engineering students under such scholarships.

We continue to host and train youth who are engaged via a local Group Training Scheme; school work experience and we regularly take part in the Traineeship program.

We are proud to recognise the efforts of four employees who have received awards in their field. This recognises success in both their studies and their day to day work. Jason Smith, first year Mechanical apprentice has been awarded Apprentice of the Year, Chad Feiberg, second year Fabrication apprentice also received Apprentice of the Year,

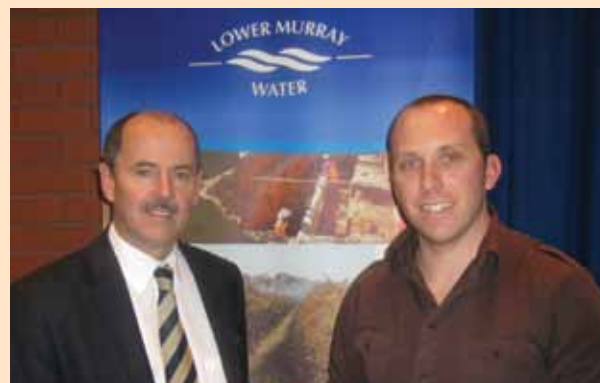
Michael Hickey, Civil Construction trainee has received Trainee of the Month for June 2009 and Phil Byrnes has just received his A grade Electrical qualification and is remaining with us as an electrician.

Indigenous Communities

We have developed and implemented internal procedures for meeting the requirements of the *Aboriginal Heritage Act 2006*. The Corporation has had three Cultural Heritage Management plans developed and approved in the last financial year. There are currently five management plans being developed with the assistance of Cultural Heritage Advisors for upcoming projects.

The Corporation liaised closely with the Aboriginal community at Robinvale where traditional owners have been engaged to monitor works associated with the Robinvale High Pressure Irrigation Project.

We continue to liaise with the Department of Sustainability and Environment and relevant Crown Land managers to ensure compliance with Native Title legislation.



Our Water – Our Future

We remain an active member of community and state forums and working group meetings, and are represented at the Water Market and Irrigation Reforms Steering Committee. We continue to implement activities associated with the Victorian Water Register and the unbundling of water entitlements.

Water Conservation – Community Education and Awareness Programs

In order to spread the water conservation message, we have designed and implemented new initiatives and taken part in a number of community education and awareness programs.

Lower Murray Water's *TurningWaterWise* Initiative

As part of our *TurningWaterWise* initiative, a special showerhead exchange was offered to tourism operators throughout the region. Over 400 showerheads were exchanged and installed into hotels, motels, caravan parks etc. As a follow on to this program a guest messaging package was developed to further educate the community and visitors on water saving and will be distributed to all participants in the later part of 2009.

Lower Murray Water in conjunction with Mildura Tourism is proud to announce its ongoing partnership in water conservation with Sunraysia Resort. Signage was erected to acknowledge Sunraysia Resort's efforts and to notify the public of its commitment to better water management. The signs were provided by Lower Murray Water for businesses in the Tourism industry who participated in the *TurningWaterWise* in Tourism program.

General Manager of the Sunraysia Resort, Mr Phillip Dixon stated "the resort is very appreciative of the assistance received from Lower Murray Water in improving water practices and it's great to be recognised for being proactive in water management. By installing some very simple water saving measures the resort has been able to reduce its water and energy consumption by almost 40%, equating to almost a \$20,000 saving per annum".

National Water Week

During October 2008 we participated in a range of activities during the annual National Water Week.

Poster Competition

As part of National Water Week for 2008 we ran the annual poster competition. The theme for 2008 was "Clean water, Essential for life". Students ranging from prep to year six from schools around the region participated in the competition, with the winners selected to participate in the state competition in Melbourne. Great prizes were on offer for winners as well as certificates of participation for all that entered the competition.

As part of the National Water Week poster competition, we also produced a calendar to be distributed to all local schools and participating service providers. The calendars were also made available to the public from our offices. Schools were very excited to receive the calendars and we distributed approximately 200 calendars to each school that had participated in the competition.

Catch-a-Carp Day

Catch-a-Carp Day was held on Sunday 26th October 2008 and was again hugely successful, with over 270 registrants fishing and over 600 people enjoying the day. We provided marquees for the event and had a display informing customers of the revised watering times. Our activity was a magnetic fishing game, where children first decorated their fish, then had to 'catch' it to take it home. The event is held to highlight the issues around the carp species, to assist in eradicating as many as possible on the day and promoting the key message of taking care of our rivers.

Water Recycling

Our reclaimed water projects assist in reducing the raw water that is required to be extracted from the Murray River. Reclaimed water from the Mildura West Water Treatment Plant is used at the Mildura Golf Club and similarly reclaimed water from the Mildura Water Treatment Plant is used by Mildura Rural City Council for the irrigation of recreation reserves.

The planning phase for the sewerage of Murrabit township is underway, which will result in the construction of a sewer reticulation and an aerobic lagoon system to service the township. In the future, the eventual completion of the Murrabit Wastewater Treatment Plant will allow for wastewater reuse to irrigate nearby sporting facilities.





We operate 10 Wastewater Treatment Plants, all of which recycle wastewater back to the environment. Sites such as the Mildura Wastewater Treatment Plant utilise wastewater for the irrigation of tree lots, permanent pastures and fodder. Wastewater from the Koorlong Wastewater Treatment Plant currently irrigates 109ha of tree plantation. A planned upgrade to the Koorlong Plant will see the wastewater treated to Class C and reused on high value horticulture, reducing the extraction of irrigation water from the Murray River.

The Red Cliffs Golf Club has received 45.76ML of wastewater from the Red Cliffs Wastewater Treatment Plant for irrigation of the fairways. As part of the Koorlong Wastewater Treatment Plant Upgrade, a sewer main will be installed to transport wastewater from Red Cliffs to the Koorlong Wastewater Treatment Plant for third party reuse.

During 2008/09 Lower Murray Water commissioned a local consulting firm to develop an irrigation drainage monitoring program. The scope of the work includes:

- ~ A model that states a contaminant's trigger concentration or level within the discharged water;
- ~ To determine whether there is potential for 'adverse' ecological or health based impacts from irrigation drainage discharges;
- ~ To develop water quality objectives for the discharge of irrigation drainage water for the protection of beneficial uses of receiving water; and
- ~ To develop a monitoring program to monitor the protection of beneficial users.

In the future the results from the monitoring program will be used to determine potential reuses of the drainage water.

Major Water Users

We have 45 customers who are "not a natural person, and who use water supplied by the water corporation for purposes that are not farming, irrigation or domestic purposes", at a volume that is within the range of 10ML and over per annum.

These major water users contribute significantly to the diverse economy of the region in terms of employment and value adding to the areas horticultural and agricultural activities. The region produces millions of dollars in export revenue through sustainable, clean and green horticulture. The region also sustains a significant commercial and industrial base including large scale wine production and food processing.

Customer by Volume Range

Volumetric Range – ML per year	No. Customers
Equal to or greater than 10ML and less than 50ML	40
Equal to or greater than 50ML and less than 100ML	3
Equal to or greater than 100ML and less than 200ML	1
Equal to or greater than 200ML and less than 300ML	0
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1000ML	0
Greater than 1000	0
Total no. customers	45

Participation in Water Conservation Programs

All non-residential users of 10ML or more per annum of potable water are required to register and participate in the waterMAP program

Name of Customer	Customer's participation in water conservation program
Mildura Fruit Juices Aust Pty Ltd	Annual reporting has been submitted and is compliant
Mildura Base Hospital	Annual reporting has been submitted and is compliant
Roberts Estate Winery	Annual reporting has been submitted and is compliant
Sunbeam Foods Group Pty Ltd	Annual reporting has been submitted and is compliant
SDS Beverages Food & Wine Pty Ltd	Annual reporting has been submitted and is compliant
McGuigan Simeon Wines Ltd	Annual reporting has been submitted and is compliant
Southcorp Winery	Annual reporting has been submitted and is compliant
Zilzie Winery	Annual reporting has been submitted and is compliant
Mildura Rural City Council ^	Annual reporting has been submitted and is compliant
Swan Hill Rural City Council ^	Annual reporting has been submitted and is compliant

^ includes 2 sites



Water Supply Demand Strategy

Over the past 10 years, water allocations in the Murray System have been progressively declining as the drought continues. The reduced water availability means that reliability of water supplies is also reduced.

Immediate actions that are being undertaken by us in response to low inflows are:

- ~ Continued conservation and efficiency programs for homes and businesses;
- ~ Purchase additional water entitlements; and
- ~ Investigations commencing into assessing the feasibility of alternative water supply options in the region.

We are continuing to implement our waterMAP process within the region to assist major water users plan for reducing the use of water through efficiencies undertaken within their workplaces.

Our Water Supply Demand Strategy has been approved and is currently being implemented within the region. A full review of this strategy will commence following the end of the current drought period.

We have in place our By-Law No 2 "Water Restrictions for Drought Response" which prescribes water restrictions that are able to be implemented within our region in a time when drought is apparent.

Northern Region Sustainable Water Strategy (NRSWS)

The Northern Region Sustainable Water Strategy aims to analyse all aspects of water management in the region, share the findings with the community, and determine a fair and sustainable balance between urban, industrial, agricultural and environmental water needs. The major urban centres covered by the Northern Region are Mildura, Swan Hill, Echuca, Bendigo, Shepparton, Seymour, Benalla, Wangaratta and Wodonga.

Lower Murray Water is represented on the Committee which has prepared the Draft Strategy. The Strategy is currently with government awaiting its response.

Statement of Obligations

Effective 1st July 2007, the Statement of Obligations issued under the *Water Industry Act 1994*, details our obligations regarding performance and functions; including Environmental Management.

Environmental Flows

The Cardross Lakes drainage basin is under our management under the Land Conservation Council (LCC) recommendations. We provided professional assistance to the Department of Sustainability and Environment (DSE) in relation to the provision of environmental flows to the lakes. During the year we pumped 138.5ML as environmental flows.

Blue Green Algae

We are a convening agency within the region for Blue Green Algae monitoring and reporting. The monitoring of the Murray River is undertaken by staff from the New South Wales Department of Environment and Water and is reported back through the Sunraysia Regional Algal Coordination Committee

Regional Catchment Strategy (RCS)

We continued to assist in the implementation of the Regional Catchment Strategy. As a regional water corporation, we provide implementation support via a contractual arrangement with the Mallee Catchment Management Authority (MCMA) for new irrigation development approvals, salinity management and environmental projects.

We are represented on the Water Resource Technical Reference Committee. This committee provides technical support and monitors the projects emanating from the Regional Catchment Strategy.





Victorian Biodiversity Strategy

Within our Mildura West Water Treatment Plant is a fenced off area for the protected Hooded Scaly-foot lizard.

The Hooded Scaly-foot (HSF) (*Pygopus schraderi*) is a large legless lizard which may reach up to 500mm in length. Their hind limbs are reduced to a scaly flap, and their eyes are lidless and snake-like. Unlike snakes, the HSF has an obvious ear opening, a broad fleshy tongue and a tail that, when unbroken, is much longer than its body.

The Corporation has developed a Management Plan which seeks to undertake the following goals:

- ~ Protect sufficient areas of remaining habitat to encourage the viable populations to survive and breed successfully; and
- ~ Minimise processes that threaten to decrease the quality and quantity of suitable habitat; these include predation from cats and foxes, loss and degradation of suitable vegetation from rabbits and vehicle movement.

This year we led the way in the formation of a Hooded Scaly-foot Co-ordinating Body with representatives from all major stakeholders. The role of the Co-ordinating Body is to oversee activities that aim to conserve HSF population.

We manage the Cardross Lakes which is home to the threatened fish species the Murray Hardyhead.

Environmental water allocations have been used to sustain the Murray Hardyhead in Cardross Lakes since late 2007, when Victoria began the Murray Hardyhead Recovery Program. The program was launched to save the species from the being the first fish to become extinct in Australia since European settlement.

In 2008 Ian Ellis from the Murray Darling Freshwater Research Centre (MDFRC) began a captive breeding program for this fish. Ian captured several hundred fish from Cardross Lakes and Lake Hawthorn and has successfully bred the fish in tanks of saline water at the MDFRC laboratory at the La Trobe University campus in Mildura.

Environmental works such as weed control have been completed at Koorlong WWTP where the Corporation joined with MCMA and utilised the services of workers from the Mallee Environmental Employment Program (MEEP). MCMA established this program to assist local irrigators and dry land farmers through the period of unprecedented drought.

Victorian River Health Strategy

We financially support the eWater Co-operative Research Centre and the Lower Basin Laboratory of the Murray Darling Freshwater Research Centre situated in Mildura, via its collaboration in the eWater CRC. eWater is a Department of Sustainability and Environment initiative that has been established by Australia's water resource management and research sector.

We are an active member of the Sunraysia Regional Algal Coordinating Committee, with our General Manager – Customer Service as the Chairperson. The committee is responsible for issuing Blue Green Algae warnings for the Murray River in the Sunraysia area.

Corporate Water Consumption

Our corporate water consumption for 2008/09 per full time equivalent staff member was approximately 30kl; for water use attributed to general amenities consumption at the larger office facilities. The total corporate consumption for the period was 5,812kl and the increase from last year's reported figure can be partly attributed to increased staff members. However it should be noted there was a significant increase in water consumption at the Fourteenth Street office due to building works carried out in the period. Water used in small unmanned depots, minor pump stations and the like has been excluded from these calculations.



Greenhouse Gas Emissions

Our net greenhouse gas emissions for 2008/09 were 28,669.8 tCO₂-e. This allows for carbon offsets of 2,080 tCO₂-e. Our net figure is an overall increase of 6,745.2 tCO₂-e compared to the 2007/08 figure of 21,924.6 tCO₂-e. The majority of this increase can be attributed to a significant increase in pumping, due to the inclusion of the FMID pumped district after the First Mildura Irrigation Trust was merged into our business operations in August 2008.

Transport	702.5 tCO ₂ -e
Water Treatment and Supply	23,106.5 tCO ₂ -e
Sewerage Treatment and Supply	6,411.8 tCO ₂ -e
Other	529.0 tCO ₂ -e

A number of energy and greenhouse gas minimising features have been included in the design of the upgraded Koorlong Wastewater Treatment Plant. These include:

- ~ The SBR has been designed with a deep reactor which provides efficient oxygen transfer;
- ~ Variable frequency drives will be installed on aeration blowers to ensure the minimum amount of energy is used to supply the required aeration;
- ~ Diffused aeration has been selected in preference to surface aeration to maximise efficiency;
- ~ The treatment plant has been designed to require no intermediate pumping through the main treatment process. The hydraulic grade will be utilised to gravitate water from the inlet works through the treatment process;
- ~ The plant specification includes the use of high efficiency drives on motors. In this area, additional capital will be invested to achieve reduced GHG and operating costs through more expensive, more efficient motor drives;
- ~ The electrical design shall incorporate an advanced energy management system to analyse, track and report energy consumption and power quality data; and
- ~ Air conditioner timing switches and lighting sensors will be installed.

We have made a commitment to purchase Accredited Green Power for a significant portion of our urban operation's electricity demand for the period 2009-2013.

Waste Management

This year we used the company "Close the Loop" for collecting and recycling all inkjets, toner cartridges and toner drums. The service provided by Close the Loop guarantees zero waste to landfill. All consumables are returned to the Close the Loop factory for sorting, recycling and the recovery of raw materials.

General Waste to Landfill	Amounts for 2007/08	Amounts for 2008/09
Mildura Office	24,250 kg	17,550 kg
Mildura West Water Treatment Plant	1,462 kg	3,105 kg
Red Cliffs Depot/Water Treatment Plant	11,925 kg	14,445 kg
Mildura Water Treatment Plant	2,812 kg	3,105 kg
Koorlong Wastewater Treatment Plant	9,675 kg	8,775 kg

Recycled Waste (from selected Northern Sites)	Amounts for 2007/08	Amounts for 2008/09
Co-mingle	835 kg	945.45 kg
Soft Plastic	14.3 m ³	23.1 m ³
Styrofoam	6.6 m ³	17.05 m ³
Batteries	338 kg	1.6 ton
Mobile Phones	0.21 m ³	0.2m ³
Scrap Metal	19,865 kg	26.4 ton
Paper	18,562 kg	14,175 kg

Environmental Management System (EMS)

Our EMS has been designed to the specifications of ISO 14001 and encompasses all areas of our operations.

Our core business is supplying a natural resource to the community and as such it is in our interest to lead in the sustainable use of natural resources.





The 2008/09 year has seen the continued planning for the Corporation's sustainable house 'Sustain Domain' progress. A small staff committee has driven the project from the outset and is making exciting progress, with our staff team now assessing the sustainability of the components available for inclusion. The process for assessing options for the house is complex as what may appear to be a sustainable technology at first glance can often have environmental impacts that are unseen, for example high power use. These impacts need to be taken into account and weighed up.

The house will be constructed from a thermal walling system that will be a new and innovative technology for Sunraysia and will provide those in the construction industry an opportunity to stamp their mark on sustainable construction in Sunraysia.

When completed, the three bedroom house will be open to the public for one year. It is then proposed the house will be leased out and subsequently sold. During the period the house is leased, data will be captured regarding the operational aspects of the house and open days will be held where members of the public can learn about the methods and technology used in 'Sustain Domain'. The community will be able to gather information on a range of technologies from thermal mass walling to greywater reuse, all with the hope of saving the community money and promoting sustainable living in Sunraysia.

As part of the EMS, audits have been completed to check compliance with the following items:

- ~ Third party wastewater reuse compliance with EPA licence at Robinvale Wastewater Treatment Plant;
- ~ Third party wastewater reuse compliance audits against EIP's completed at Mildura Golf Club and the Aerodrome Ovals; and
- ~ Major projects including Robinvale Pump Station upgrade and Koorlong Wastewater Treatment Plant Upgrade.

The backbone to the EMS is the identification of environmental risks. In 2008/09 the risk register has been reviewed and amended to fit in with our corporate risk structure to allow for comparison of risk across the Corporation.

Our environmental newsletter continues to be issued to staff on a quarterly basis updating staff and the Board on developments in the EMS and projects of an environmental nature.

To encourage our staff to uphold the Corporation's Environmental Policy a 'Lower Murray Water Environmental Award' has been developed. The award acknowledges a staff member (or group of staff) that has initiated, contributed to, or made some action that has resulted in a positive environmental impact.

The award consists of a rebate to go towards an environmentally related product or service of the winner's choice – such as a solar hot water system, photovoltaic panels or greywater reuse system. The award amount for individual winners consists of a rebate up to \$1,000.

In 2008/09 winners were Michael Hawtin and Matthew McLean who have demonstrated a diligent and thorough planning approach to all projects they have been involved in, particularly in relation to the Environmental Impact Assessment (EIA) process and Aboriginal Cultural Heritage.

Emergency Management Plan (EMP)

Our Emergency Management Plan (EMP) is a collection of processes and procedures to manage any event or circumstances which may threaten life, health and safety, the environment, private or public property, service to customers or create a need for urgent action under statute or legislation.

The EMP is referenced to Standard AS/NZS ISO 14001:2004 and its requirement under Clause 4.4.7 for Emergency Preparedness and Response.

Achievements within the EMP in 2008/09 included:

- ~ Annual desk top exercise by Truscott Crisis Leaders to assess our water incident management capability against terrorist attack;
- ~ Scope of EMP expanded to encompass FMID operations and processes;
- ~ Emergency evacuation drills conducted to assess evacuation routes and assembly points across our sites;
- ~ Implementation of a new system of linking electronic copies of EMP documentation on our intranet directly to TRIM electronic document and records management system; thus enabling correct currency of controlled documentation to be maintained; and
- ~ Ongoing review of associated documentation of the Emergency Management Plan.



Our Philosophy

We strive to provide an equitable working environment and to foster an atmosphere where staff contribution and achievement is recognised and accredited. We aim to have a workforce representing our community's ethnic, gender and age demographic. We are committed to sourcing the most appropriate employees for positions and endeavour to accommodate individual employee needs. An environment that affirms the investment of its employees, and cultivates a positive and enjoyable atmosphere, combines to make Lower Murray Water a desirable place to work.

Staff Development and Training

We aim to maintain a quality, skilled and committed workforce by providing opportunities for all staff to develop and improve their skills to contribute to our overall business performance.

All staff attended Privacy, OH&S, Charter of Human Rights, Code of Conduct, Risk and Public Liability and Customer Charter awareness sessions during 2008/09.

Ongoing OH&S, environmental, risk management, public liability, asbestos, water treatment and chlorine handling training continue to be priorities for us.

Regulatory training is scheduled and other beneficial training is identified during staff performance reviews, and generally undertaken in that financial year.

Staff are currently enrolled in the following courses: Diploma of Project Management, Bachelor of Arts, Bachelor of Environmental Science (Catchment Management) and Post Graduate course in Maintenance and Reliability Engineering. Various other certificate courses are currently being undertaken off campus.

We have a policy of proportionate fee re-imbursements for pre-approved external studies.

Workplace Merit and Equity

We take all reasonable steps to identify and preclude any unlawful discriminations or practices within the organisation, and to create and promote equality of opportunity for our staff.

We have a Workplace Merit and Equity Advisory Committee comprising elected staff members, trained contact officers and managers. The committee meets at least annually to review matters and make recommendations.

New staff inductions include Workplace Merit and Equity matters. Related information, policies, procedures and forms are accessible to all staff on our internal intranet. Fortnightly internal newsletters ensure staff are regularly apprised of important information.

An internal Employee Satisfaction Survey is conducted annually, which provides Management with excellent feedback from staff.

No Workplace Merit and Equity issues occurred during 2008/09.





Staff Trends and Profiles

The merger of First Mildura Irrigation Trust with Lower Murray Water resulted in an initial increase in staff of 31. The staff turnover rate for 2008/09 was 10%.

	2009			2008		
	Male	Female	Total	Male	Female	Total
Executive	4	1	5	4	1	5
Administration	71	38	109	66	38	104
Operations	63	0	63	50	0	50
Sub-total	138	39	177	120	39	159
Vacancies			3			8
Total			180			167

Staff Service Awards

In 2008/09 the Corporation presented water industry service awards to the following staff:

35 Years	30 Years	25 Years	20 Years	10 Years
Janet Dawes	Larry Worthington	Roger Westgarth	Kevin Brown	Daniel Barker
			Ron Leamon	Lyn Pedersen
			Brian Rule	Mark Roussac
			Peter Walters	

Occupational Health and Safety (OH&S)

We recognise our moral and legal responsibility to provide a safe and healthy work environment for employees, contractors, customers and visitors. This commitment extends to ensuring that our operations do not place the local community at risk of injury, illness or property damage.

We have a comprehensive OH&S management system in place that has been developed in consultation with all relevant stakeholders, our OH&S Consultant and Senior Management. Internal audits of the system are conducted.

Everyone in the organisation has a role to play in workplace health and safety, and there is much importance placed on consultation, participation and co-operation.

Two safety committees (Northern and Southern) meet regularly to oversee Safety matters. Items requiring quick attention are dealt with immediately and advised to the committees subsequently.

Our staff have been instrumental in developing Standard Operating Procedures and there is an OH&S Incentive Award Scheme to reward their contribution and involvement in safety matters. Their positive attitude towards safety assists our safety culture.



An example of this is the development of the Electrical Safety Procedure for working on mains and meters. Our relevant staff were asked to provide input into the content and structure of the procedure, some staff worked on this in their own time to formulate an excellent safe procedure. They also consulted personally with Energy Safe Victoria staff, to ensure compliance with the Electrical Regulations and that our staffs' safety was protected when performing this procedure.

In identifying and managing hazards, our annual detailed site inspections were expanded this year to include the First Mildura Irrigation District assets and work sites. We now annually inspect approximately 150 sites across the Northern and Southern regions identifying and listing hazards. Our staff have made excellent progress over past years in remedying or removing hazards.

Statistics	2007/08	2008/09
Days Lost – Sick/Family Leave	1113	1017
– Workcover	32	15
– per FTE	8.1	5.6
Number of Lost Time Injuries	6	1
Lost Time Injury Frequency Rate *	21	3
Percentage of annual Workplace Inspections completed	100%	100%

* Number of injuries x 1,000,000 / total hours worked

Employee Health and Wellbeing

Corporate Wellness Program

We launched our corporate wellness initiative this year. The program is a combination of education and participation aimed at providing easy access to relevant advice, activities and benefits that promote the well being of our staff. The first program focused on muscular and skeleton health and included presentations by a physiotherapist and a podiatrist, a Wellness newsletter, weekly *Wellness Whatsit* quizzes, Body Balance classes involving yoga, pilates and tai chi and bone density testing. Staff participation in this program was enthusiastic and dynamic, with a healthy competitiveness raring its head among staff in the bone density results.

National Ride to Work Day

The August 2007 Lower Murray Water Ride/Walk/Run to Work Day was so much fun that staff did it again on Wednesday 15th October 2008. Twenty five staff participated in the event which coincided with National Ride to Work Day promoting a healthy lifestyle as well as the added benefit of being "green" for the day. Participants enjoyed a healthy breakfast before work, kindly prepared by staff volunteers.

Our Staff's Commitment to their Communities

Meals on Wheels

Our Swan Hill staff have been assisting the local Meals on Wheels program for the past eight years. The staff volunteer their lunch break once a month to deliver approximately 15 meals, with Lower Murray Water donating the use of a vehicle. The Meals on Wheels program in Swan Hill is organised through the Rotary Club of Swan Hill, with the meals prepared by the Swan Hill Hospital.

Staff Charity Fund

A number of our staff contribute to local charities by means of salary deductions. Utilising these funds, a donation of \$500 went to each of the following organisations in 2008/09:

- ~ St Vincent de Paul Society
- ~ Salvation Army
- ~ Sunraysia Cancer Resources

"TurningWaterWise" Port to Port Team

The "Port to Port" Bike Ride is an annual event to raise funds for 'Chances for Children', administered by Mallee Family Care. As in previous years, a team from Lower Murray Water, comprising seven riders and two support crew, took part in the two day event in November 2008. We provided sponsorship by way of team jerseys and a support vehicle. After two very hot days with an annoying headwind the team reached Echuca, 400km from the Mildura commencement point. Five of the riders rode in relay, with Nigel Davis and Keith Thomson riding the full distance of 400km.



Financial Review

Lower Murray Urban and Rural Water Corporation absorbed the former First Mildura Irrigation Trust on 20th August 2008.

We had an operating deficit (before income tax) of \$2.07M recorded for the year. The financials had revenue and expenditure from the First Mildura Irrigation District incorporated from the 20th August 2008.

Operations, Maintenance and Administration expenditure was well contained again for the year but the continuing drought did see a continued large expenditure item in areas such as repairs to mains, compliance and communication costs due to staged water restrictions.

Developer charges was down on previous year with \$2.212M compared to \$7.762M in 2007/08.

The Corporation's balance sheet is still in a strong position. Infrastructure, plant and equipment and buildings total \$518.8M. During 2008/09 the Corporation invested \$34.1M in capital works projects, which were internally funded. No loans were taken out during the year.

During the 2008/09 year, we utilised 11 consultancies at a value of over \$100,000 each. These included projects such as process audits on Water Treatment Plants, design on Koorlong WWTP augmentation, automation of Red Cliffs, and Robinvale Water Treatment Plants, Robinvale High Pressure Irrigation Project Pump Station, transition of FMIT into our business, upgrade of the financial software system, Sunraysia Modernisation Project preparation and business case submission, operation/maintenance advice and general engineering. Additional information can be found on page 73. In addition to the above, 68 consultancies with an individual value of less than \$100,000 were engaged for a total cost of \$1,003,877. These related to assistance in operational areas including strategic review, geotechnical investigation, cultural heritage monitoring, survey work, flora and fauna assessments, OH&S (including emergency plan simulation), recruitment services and taxation. Additional information on all consultancies is available upon request.

Although we show accumulated funds at a \$50,093M deficit, this has occurred due to the change in accounting standards and the transition to IFRS and the treatment of revaluation of assets for tax treatment.

We continue to have a number of challenges ahead that will have significant effects on the financial performance of the business. These include the predicted ongoing drought conditions resulting in the continuance of urban water restrictions and the prediction of less than 100% water allocations for rural customers.

Financial Summary	2008/09	2007/08	2006/07	2005/06	2004/05
	\$'000	\$'000	\$'000	\$'000	\$'000
Core Business Revenue	42,729	30,690	33,611	33,708	31,430
Capital Contributions	2,089	6,264	3,056	5,790	3,485
Government Contributions	123	1,498	—	—	—
Other Revenue	3,123	4,101	5,075	3,801	3,605
Total Revenue	48,064	42,553	41,742	43,299	38,520
Direct Expenditure	21,121	15,486	16,020	18,159	17,676
Administration Expenditure	11,827	10,646	9,858	10,609	8,702
Depreciation Expense	16,940	14,924	15,117	14,448	14,537
Borrowing Cost Expenses	255	24	27	30	31
Total Expenditure	50,153	41,080	41,022	43,246	40,946
Current Assets	28,007	38,347	40,828	37,301	27,457
Non Current Assets	538,185	462,254	443,597	441,035	444,742
Total Assets	566,192	500,601	484,425	478,336	472,199
Current Liabilities	12,791	11,098	8,142	6,842	6,994
Non Current Liabilities	67,640	61,522	63,131	59,965	59,805
Total Liabilities	80,431	72,620	71,273	66,807	66,799



Loan Liability as at 30th June 2009

Loan No.	Purpose	Period	Amount Raised	Int. Rate	Redeemed	Liability
3	Robinvale Sewerage District	73 – 13	250,000	6.90		250,000
	Total Robinvale Sewerage		250,000			250,000
22	Swan Hill Sewerage District	71 – 11	50,000	7.40	41,215	8,785
24	Swan Hill Sewerage District	72 – 12	50,000	7.10	39,939	10,061
26	Swan Hill Sewerage District	73 – 13	100,000	6.40	75,776	24,224
28	Swan Hill Sewerage District	73 – 13	100,000	7.40	70,496	29,504
	Total Swan Hill Sewerage		300,000		227,426	72,574
1	First Mildura Irrigation District	Oncall	500,000	3.42		500,000
11	First Mildura Irrigation District	08 – 09	1,050,000	6.48	1,050,000	0
12	First Mildura Irrigation District	08 – 11	1,050,000	6.44		1,050,000
13	First Mildura Irrigation District	08 – 13	1,050,000	6.38		1,050,000
14	First Mildura Irrigation District	08 – 15	1,050,000	6.31		1,050,000
	Total First Mildura Irrigation		4,700,000	3.42	1,050,000	3,650,000
	Total Loan Liability – Corporation					3,972,574
	<i>LESS separately held Loan Redemption Reserves as at 30th June 2009</i>					<i>\$0</i>
	Total Adjusted Loan Liability – Corporation as at 30th June 2009					3,972,574

Our Urban Water and Wastewater Statistics 2008/09

	Water											Sewer	
	Residential Assessments		Non Residential Assessments		Total Assess-ments	Total Metered Consump-tion	Raw Water Taken	Total supplied from treatment Plant	Non Revenue Water	Av. Annual Demand (Raw Water) – 5 years	Current year Raw Water	Total Assess-ments	Volume Collected
	No.	ML	No.	ML	No.	ML	ML	ML	ML	ML	%	No.	ML
Kerang *	1,741	605	309	168	2,050	773	927	849	76	1,026	90	1,921	374
Koondrook	411	118	52	15	463	133	156	154	21	211	74	457	59
Lake Boga **	408	146	49	21	457	167	0	0	0	0	0	329	35
Mildura **	16,791	6,685	2,031	2,002	18,822	8,687	9,505	9,298	611	11,289	84	15,878	2,861
Murrabit	39	12	13	3	52	15	22	21	6	29	76	0	0
Mystic Park *	12	4	3	0	15	4	4	0	0	4	100	0	0
Nyah **	284	114	41	34	325	148	0	0	0	0	0	401	48
Nyah West **	247	94	36	18	283	112	0	0	0	0	0	0	0
Piangil	94	38	18	25	112	63	81	72	9	93	87	0	0
Red Cliffs	1,340	470	167	400	1,507	870	931	952	82	1,084	86	1,281	165
Robinvale	743	294	193	125	936	419	504	485	66	544	93	893	216
Swan Hill	4,540	1,563	820	544	5,360	2,107	3,037	2,970	360	3,596	84	4,919	1,408
Woorinen Sth **	150	63	17	13	167	76	0	0	0	0	0	0	0
Totals	26,800	10,206	3,749	3,368	30,549	13,574	15,167	14,801	1,231	17,876	85	26,079	5,166

Production loss and non-revenue water – raw water to metered water: 10.5%
Non-revenue water – treated water to metered water: 8.3%

* Includes Merbein and Irymple for water
* Includes Merbein, Irymple and Koorlong for wastewater
** Supplied from Swan Hill
- Water supplied is raw non-potable water

All figures have been rounded to the nearest whole numeral





Drought Response

We implemented our Drought Response Plan throughout 2008/09 in response to the Minister for Water qualifying urban water rights due to extremely low water allocations. We invoked water usage restrictions via By-Law No 2 Water restrictions for Drought Response in order to manage resources sustainably.

Irrigation Water Usage for the Year Ended 30th June 2009

District/ Area/ Waterway ("District")	Total water shares allotted to district & diversion	Total domestic & stock allowance	Gross supply at off-takes	User in District			User outside District			Diversions from Rivers and Lakes				Total usage
				Under water share metered	Under water share deemed	Total delivered in district	Water Works District	Other	Total delivered outside District	Usage under entitle- ments metered	Usage under entitle- ments deemed	Usage under domestic & stock	Total delivered diversions	
	(Note1) ML	(Note1)	(Note2) ML	(Note3) ML	(Note3) ML	ML	(Note4) ML	(Note5) ML	ML	ML	ML		ML	ML
Red Cliffs	42,635.0	0.0	28,881.0	25,334.5	242.0	25,576.5	0.0	138.5	138.5				0.0	25,715.0
Robinvale	21,220.6	0.0	20,168.0	18,803.0	74.0	18,877.0			0.0				0.0	18,877.0
Merbein	30,323.8	0.0	18,144.0	15,206.0	169.0	15,375.0	0.0		0.0				0.0	15,375.0
FMID	64,085.0	0.0	36,834.0	30,228.0	68.0	30,296.0			0.0				0.0	30,296.0
Millewa WWD		700.0				0.0			0.0			755.2		755.2
Murray below Nyah	322,707.8	0.0				0.0			0.0	269,652.9	937.3		270,590.2	270,590.2
LMU &RWA Total	480,972.2	700.0	104,027.0	89,571.5	553.0	90,124.5	0.0	138.5	138.5	269,652.9	937.3	755.2	271,345.4	361,608.4

Note 1 – Includes Red Cliffs or Merbein water shares including entitlements attached to properties supplied via those systems, but located outside the District boundary.

Note 2 – Volume shown is total extracted from river.

Note 3 – Includes water delivery to Red Cliffs or Merbein district properties and other properties supplied via those systems, but located outside the District boundary.

Note 4 – Carwarp WWD via Red Cliffs or Yelta-Wargan WWD via Merbein.

Note 5 – Volume shown for delivery of environmental water to Cardross Basin.



Bulk Water Entitlements

On the 1st of July 2007 the delegate of the Minister, Mr Phillip Reed, endorsed the new Bulk Water Entitlement (River Murray – Lower Murray Urban and Rural Water – Irrigation) & Bulk Water Entitlement (River Murray – Lower Murray Urban and Rural Water – Urban) Conversion Orders 1999, as amended. These new orders provided a listing of updated entitlements which we administer on behalf of urban and rural customers and our organisation.

On the 20th August 2008 the bulk entitlement of the First Mildura Irrigation Trust came under the overall listing of entitlements of Lower Murray Water.

Urban

The total bulk entitlement held by Lower Murray Water Urban is now 31,742.5ML of High Security Water plus 216ML of Low Security.

There was no amendment to the bulk entitlement and no water was returned to urban off-take points. We experienced no difficulties in complying with the bulk entitlement provisions.

We have an on-going meter replacement program that commenced two years ago. Urban water meters are replaced according to the amount of water than has passed through the meter, or if it is older than 15 years. For example, 20mm meters are replaced when they have registered 6ML, 25mm meters after 9.5ML.

Irrigation

Our customers transacted water share and allocation trades (temporary and permanent) and these are reported in the section "Our Water Transfers and Licences". The amount of water taken by holders of licences can be found in the data within "Our Water Transfers and Licences". There were no new irrigation off-take points agreed during the year and no water was returned to the system through irrigation off-take points.

Our Irrigation Bulk Water Entitlement (BWE) continued to grow with the amount of water shares transferring into the private diversions area of the Corporation increasing. Part of this increase relates to the BWE of First Mildura Irrigation Trust coming under our overall control as at 20th August 2008.

Including the provisions for losses and water held in the non-water user pool, our Irrigation BWE totalled 560,940ML.

We complied with our Irrigation BWE in the current season and there was no new bulk entitlement granted to us with respect to the River Murray.

The annual amount of water supplies via our distribution system to the BWE held by the Minister for Conservation was 138.5ML. This was used for environmental flows to Cardross Lakes.

A metering program is being implemented within the irrigation districts and private diversions areas of the Corporation to transition all sites to highly accurate 'mag' flow meters. This program has been underway for the past seven seasons.

Irrigation Water Demands

The demand for irrigation water this year was severely limited by the allocations associated with water shares only reaching 35% on the Murray and 33% on the Goulburn River. In general, this was insufficient for most irrigation customers within the region, who then were required to temporarily transfer water allocation to cover use for the year. Irrigation demand was therefore well down in all of the irrigation districts and across the private diversion area we service.

Our Water Plan

A new Water Plan was endorsed by the Essential Services Commission on the 26th June 2008 setting prices for the period 1st July 2008 to 30th June 2013 in the urban business of the Corporation. In the rural business, revenue caps were set for the same time frame.

Groundwater Entitlement and Use as at 30th June 2009

Groundwater Management Areas	Irrigation			Other		Total Authorised volume
	Licences	Authorised volume	Authorised area	Licences	Authorised volume	
	No.	ML	Ha	No.	ML	ML
Sunraysia				1	174.0	174.0
Other areas						
Total				1	174.0	174.0

Note: This licence is not yet included in the Victorian Water Register.

Allocation trade summary

Allocation trade type	Goulburn-Murray Water		Lower Murray Water		Total Northern Victoria	
	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)
Interstate trade inbound	1,400	114,316	2,033	131,924	3,433	246,240
Interstate trade outbound	333	24,365	101	5,432	434	29,797
Trade within authority	7,616	221,032	1,663	44,547	9,279	265,579
Trade between authorities – buyer	79	2,673	835	56,286	914	58,959
Trade between authorities – seller	835	56,286	79	2,673	914	58,959
Total buyers	9,095	338,021	4,531	232,757	13,626	570,778
Total sellers	8,784	301,683	1,843	52,652	10,627	354,335
Total trades*	10,184	415,999	3,876	184,576	14,060	600,575
Net Trade In	311	36,339	2,688	180,104	2,999	216,443

* Between authority counted on the seller side

Notes:

1. This table shows trade statistics for all trading zones (regulated, unregulated and groundwater). It therefore differs in G-MW's case from the ABA statement which is for regulated trading zones only.
2. Between authority trades are counted by each authority involved in the trade. Hence summing authority values will double count these trades. They are therefore counted on the seller side only when determining the total trade volume.
3. In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively, this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. To avoid double counting, only the seller side is counted (ie this is counted as 20 trades).
4. The clearing accounts are held by G-MW. In the register, a G-MW to LMW pool exchange will be recorded as a trade from G-MW to the G-MW clearing account and a second trade from the G-MW clearing account to LMW. In order to avoid double counting, this trade is only counted on one side, however, depending on which side is chosen it may be classified as either a within or between authority trade. To adjust for this it is assumed that all between authority trades are correct, therefore the number and volume of within authority purchases and sales is reduced and the number of between authority purchases and sales is increased proportionately.
5. In 2007/08 there was a 508 ML negative remaining balance in the clearing accounts at year end with some pool exchange trades yet to be submitted and approved. This resulted in a 508 ML difference between buyer and seller volumes within authority for G-MW. The transactions used to correct for this in 2008/09 are excluded from this table so that within authority buyer and seller volumes are equal.
6. This table is for approved trades only. Some trades were still in progress at year end and will be finalised in 2009/10.

Regulated Entitlements (excluding low and spill reliability)

Water Authority	Water SystemSource	Delivery system (grouped)	Number	Volume (ML)
Lower Murray Water	Goulburn	LMW – NWU	5	729
		Murray River	79	15,528
	Murray	First Mildura Irrigation District	2,096	76,124
		LMW – NWU	90	7,906
		Murray River	1,227	358,862
		Robinvale, Red Cliffs and Merbein	2,411	101,793
Lower Murray Water Total			5,908	560,940

Notes:

1. This table shows the number and volume of active, regulated entitlements (excluding low and spill reliability) as at 30th June 2009
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
3. The volume of entitlements held by LMW increased by 12,031 ML during 2008/09 due to the following:
 - (i) Transfer of 13,800 ML from Goulburn-Murray Water's River Murray Flora and Fauna entitlement to LMW following amendment to the River Murray bulk entitlements
 - (ii) A net transfer and variation of 1,988 ML of entitlements from Lower Murray Water to Goulburn Murray Water systems through water trading
 - (iii) Issue of 211 ML of bundled entitlement in FMID which was previously omitted from the register
 - (iv) 8ML of entitlement used due to corrections to water shares issued post unbundling

Usage in regulated trading zone sources per delivery system

Water Authority	Delivery System (grouped)	Volume (ML)
Lower Murray Water	First Mildura Irrigation District	30,244
	Murray	270,072
	Robinvale, Red Cliffs and Merbein	59,785
Lower Murray Water Total		360,101

Notes:

1. This table shows usage per delivery system for ABAs with regulated trading zone sources.
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
3. Water shares in FMID include one water share which was incorrectly given the delivery system "Katunga Groundwater".

Allocation Trade (Volume ML)

SELLER		BUYER																				TOTAL SOLD (ML)	NUMBER OF TRADES	NET SOLD (ML)		
		Goulburn Murray Water												Lower Murray Water		NSW State Water Corporation										
		1A Greater Goulburn	1B Boort	2A Broken – Nill to Casey's	2B Casey's to Goulb	3 Lower Goulburn	4A Campaspe to WWC	4C Lower Campaspe	5A Loddon – CC/Tull to LWP	6 VIC Murray – Dart to Barmah	6B Lower Broken Creek	7 VIC Murray – Barmah to SA	9A Ovens	9B King	Unregulated, groundwater, not tradeable	1A Greater Goulburn	7 VIC Murray – Barmah to SA	10A NSW Murr U/S Barmah Choke	10B NSW – Murr Irrigation Ltd	11 NSW Murr D/S Barmah Choke	13 Murrumbidgee				14 Lower Darling	12 South Australian Murray
Goulburn-Murray Water	1A Greater Goulburn	78,169	7,406	0	0	1,436	2,193	0	0	6,516	433	12,175	0	0	0	973	17,446	0	80	1,631	97	0	5,762	134,316	-44,873	
	1B Boort	6,692	1,939	0	0	0	0	0	20	350	0	751	0	0	0	577	782	0	0	148	0	0	7,060	18,318	-5,372	
	2A Broken – Nill to Casey's	0	0	86	136	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	222	12	54	
	2B Broken – Casey's to Goulb	0	0	82	1,262	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,343	51	-54	
	3 Lower Goulburn	10,895	87	0	0	1,054	142	0	0	804	43	116	0	0	0	0	124	0	0	0	0	40	13,304	153	10,370	
	4A Campaspe – Epapalock to WWC	362	177	0	0	0	548	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,088	51	-2,234	
	4C Lower Campaspe	27	0	0	0	0	0	0	0	30	0	0	0	0	0	0	0	0	0	0	0	0	57	3	57	
	5A Loddon – CC/Tull to LWP	0	0	0	0	0	0	0	70	8	0	0	0	0	0	0	0	0	0	0	0	0	78	19	-28	
	6 VIC Murray – Dart to Barmah	8,339	3,029	0	0	20	0	0	8	17,920	859	2,242	0	0	0	891	4,503	132	0	70	50	0	2,404	40,467	1,364	1,626
	6B Lower Broken Creek	1,059	262	0	0	0	0	0	0	950	384	418	0	0	0	20	280	0	0	0	0	17	3,390	137	1,295	
Lower Murray Water	7 VIC Murray – Barmah to SA	7,113	1,253	0	0	4	134	0	8	1,208	48	25,101	0	0	1	320	30,371	0	0	1,650	0	0	5,225	72,436	1,908	2,821
	9A Ovens	0	0	0	0	0	0	0	0	0	0	0	1,083	0	0	0	0	0	0	0	0	0	1,083	25	0	
	9B King	0	0	0	0	0	0	0	0	0	0	0	0	322	0	0	0	0	0	0	0	0	322	12	0	
	Unregulated, groundwater, not tradeable	0	0	0	0	0	0	0	0	0	0	1	0	15,258	0	0	0	0	0	0	0	0	15,259	220	0	
	1A Greater Goulburn	0	0	0	0	0	0	0	0	0	0	0	0	0	150	491	0	0	0	0	0	0	641	3	-4,808	
	7 VIC Murray – Barmah to SA	710	165	0	0	0	0	0	0	304	0	1,494	0	0	0	1,942	41,964	0	0	3,049	249	0	2,135	52,011	1,840	-175,296
	10A NSW Murr U/S Barmah Choke	589	0	0	0	0	0	0	0	716	0	163	0	0	0	245	3,063	0	0	0	0	0	0	4,775	56	4,643
	10B NSW – Murr Irrigation Ltd	7104	104	0	0	0	0	0	0	1,524	0	746	0	0	0	0	3,482	0	0	0	0	0	0	12,960	120	12,880
	11 NSW Murr D/S Barmah Choke	7,560	1,906	0	0	300	0	0	0	411	0	6,664	0	0	0	333	39,212	0	0	0	0	0	0	56,386	944	49,839
	13 Murrumbidgee	49,122	7,363	0	0	120	305	0	0	7,988	328	19,218	0	0	0	0	78,333	0	0	0	0	0	0	162,776	2,159	162,380
NSW State Water Corporation	14 Lower Darling	920	0	0	0	0	0	0	0	54	0	93	0	0	0	0	4,927	0	0	0	0	0	0	5,993	91	5,993
	12 South Australian Murray	528	0	0	0	0	0	0	0	59	0	434	0	0	0	0	2,330	0	0	0	0	0	0	3,350	63	-19,292
Dept of Water Land and Bio Con	TOTAL PURCHASED	179,189	23,690	167	1,398	2,935	3,322	0	106	38,841	2,095	69,615	1,083	322	15,259	5,450	227,307	132	80	6,547	396	0	22,642	600,575	0	0
	TOTAL OF TRADES	5,031	333	15	48	34	52	0	21	1,171	77	2,056	25	12	220	62	4,469	2	1	121	9	0	301	14,060		

Notes:

- In a pool exchange, a number of sellers (say 20) sell to a number of buyers (say 15) at the pool price. Administratively, this is implemented in the water register as 20 trades to a clearing account and then 15 trades from that clearing account. To avoid double counting, only the seller side is counted (ie this is counted as 20 trades).
- The clearing accounts are held by G-MW. In the register, a G-MW to LMW pool exchange will be recorded as a trade from G-MW to the G-MW clearing account and a second trade from the G-MW clearing account to LMW. In order to avoid double counting, this trade is only counted on one side, however, depending on which side is chosen it may be classified as either a within or between authority trade. To adjust for this number and volume of within authority purchases and sales is reduced and the number of between authority purchases and sales is increased proportionately.
- In 2007/08 there was a 508 ML negative remaining balance in the clearing accounts at year end with some pool exchange trades yet to be submitted and approved. This resulted in a 508 ML difference between buyer and seller volumes within authority for G-MW. The transactions used to correct for this in 2008/09 are excluded from this table so that within authority buyer and seller volumes are equal.
- This table is for approved trades only. Some trades were still in progress at year end and will be finalised in 2009/10.



Transfer and Variation of High Reliability Water Shares (Volume ML)

SOURCE	DESTINATION																									
	Goulburn Murray Water												Lower Murray Water													
	Broken River	Bullarook	Campaspe River	Campaspe Irrigation District	Central Goulburn Irrigation Area	GMW – NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Pyramid-Boort	Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torumbarry Irrigation Area	1062 Katunga Groundwater	First Mildura Irrigation District	LMW – NWU	Murray River	Robinvale, Red Cliffs and Merbein	Total Trades (ML)	Number of Trades	Net Out (ML)	Net Out (as % of water shares – Irrigation districts only)
Goulburn Murray Water	774	0	0	0	0	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	806	13	32	
	0	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	1	0	
	0	0	771	0	0	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,071	11	300		
	0	0	0	740	0	905	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,645	13	898	5%	
	0	0	0	0	23,551	13,277	359	0	0	5	0	0	40	30	0	56	0	0	100	2,070	0	39,487	452	14,951	4%	
	0	0	0	7	448	21,601	60	1	5,029	880	123	49	704	24	0	2,056	850	0	930	1,233	0	33,996	233	-66,093		
	0	0	0	0	5	5,702	1,822	0	0	6	0	0	1	8	0	7	0	0	0	0	0	7,551	71	5,035		
	0	0	0	0	0	0	0	783	0	0	0	0	0	0	0	0	0	0	0	0	0	783	13	-1		
	0	0	0	0	0	1,324	0	0	2,526	62	0	0	0	0	1	0	0	128	0	0	0	4,041	72	-6,992		
	0	0	0	0	239	12,325	0	0	0	25,550	0	0	0	0	0	0	0	80	0	0	0	38,193	355	11,691	5%	
Lower Murray Water	0	0	0	0	0	477	0	0	50	0	1,860	0	0	0	0	0	162	0	0	0	82	0	2,630	62	294	1%
	0	0	0	0	0	153	0	0	0	0	0	584	0	0	0	0	0	0	0	0	0	737	24	104		
	0	0	0	0	0	8,058	0	0	0	0	0	0	3,982	72	0	6	129	0	0	0	650	0	12,896	97	8,169	4%
	0	0	0	0	105	5,444	0	0	670	0	0	0	0	9,884	0	0	0	0	0	0	1,115	0	17,218	157	7,199	4%
	0	0	0	0	108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108	1	108		
	0	0	0	0	81	8,448	275	0	0	0	0	0	0	0	0	11,679	0	0	0	0	51	0	20,535	278	6,731	4%
	0	0	0	0	0	9,564	0	0	2,758	0	353	0	0	0	0	0	28,074	0	0	200	4,200	0	45,149	319	15,588	5%
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108	0	0	108	2	41		
	0	0	0	0	0	681	0	0	0	0	0	0	0	0	0	0	0	68	8,978	307	141	13	10,188	258	542	1%
	0	0	0	0	0	993	0	0	0	0	0	0	0	0	0	0	0	23	0	1,059	2,279	115	4,939	43	-1,851	
Total Trades (ML)	774	19	771	747	24,536	100,089	2,517	785	11,033	26,502	2,336	633	4,727	10,019	0	13,804	29,561	68	9,646	6,790	47,119	9,587	302,063		0	
	Number of Trades	11	1	10	6	327	707	52	14	57	290	46	22	52	118	0	217	257	1	234	68	242	264		2,996	

Notes:

- This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for high reliability water shares. Some other trades were still in progress at year end and will be finalised in 2009/10.
- Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
- A variation application occurs without a change in ownership.
- Delivery systems are grouped to reduce complexity caused by small delivery systems.
- Exceedences of the 4% limit may be due to:
 - correction of wrong locations given to some water shares at unbundling
 - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%), or
 - processing issues.

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

[illegible]

Notes:

- Notes:
1. This table summarises all recorded water entitlement transfer, divide and transfer and variation applications for low and spill reliability water shares. Some other trades were still in progress at year end and will be finalised in 2009/10.
 2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
 3. A variation application occurs without a change in ownership.
 4. Delivery systems are grouped to reduce complexity caused by small delivery systems.



Transfer of High Reliability Water Shares (Volume ML)

SELLER	BUYER																								
	Goulburn Murray Water												Lower Murray Water												
	Broken River	Bullarook	Campaspe River	Campaspe District	Central Goulburn Irrigation Area	GMW – NWU	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Woorinen	Ovens River	Pyramid-Boort	Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torumbarry Irrigation Area	1062 Katunga Groundwater	First Mildura Irrigation District	LMW – NWU	Murray River	Robinvale, Red Cliffs and Merbein	Total Sales (ML)	Number Sold	
Broken River	774	0	0	0	0	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	806	13	
Bullarook	0	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	1	
Campaspe River	0	0	769	0	0	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,069	10	
Campaspe Irrigation District	0	0	0	740	0	905	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,645	13	
Central Goulburn Irrigation Area	0	0	0	0	11,574	7,374	355	0	0	0	0	0	40	30	0	56	0	0	0	0	100	274	0	19,803	309
GMW – NWU	0	0	0	7	63	20,188	0	1	0	166	0	0	8	3	0	260	73	0	0	930	1,053	0	22,752	162	
Goulburn River	0	0	0	0	3	5,455	1,798	0	0	6	0	0	1	8	0	7	0	0	0	0	0	0	7,278	68	
Loddon River	0	0	0	0	0	0	0	744	0	0	0	0	0	0	0	0	0	0	0	0	0	0	744	12	
Murray River	0	0	0	0	0	1,263	0	0	2,526	62	0	0	0	1	0	0	113	0	0	0	0	0	3,965	70	
Murray Valley Irrigation Area	0	0	0	0	0	5,805	0	0	0	12,812	0	0	0	0	0	0	80	0	0	0	0	0	18,696	211	
Nyah, Tresco and Woorinen	0	0	0	0	0	217	0	0	50	0	1,064	0	0	0	0	0	162	0	0	0	0	82	1,575	46	
Ovens River	0	0	0	0	0	114	0	0	0	0	0	584	0	0	0	0	0	0	0	0	0	0	698	23	
Pyramid-Boort	0	0	0	0	0	4,069	0	0	0	0	0	0	2,381	63	0	0	0	0	0	0	0	650	7,163	63	
Rochester Irrigation Area	0	0	0	0	50	3,874	0	0	670	0	0	0	0	4,423	0	0	0	0	0	0	1,115	0	10,132	110	
Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Shepparton Irrigation Area	0	0	0	0	10	2,889	172	0	0	0	0	0	0	0	0	6,315	0	0	0	0	0	51	9,438	164	
Torumbarry Irrigation Area	0	0	0	0	0	5,689	0	0	0	0	86	0	0	0	0	0	16,344	0	0	200	3,884	0	26,203	228	
1062 Katunga Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
First Mildura Irrigation District	0	0	0	0	0	681	0	0	0	0	0	0	0	0	0	0	0	0	1,401	36	141	13	2,272	127	
LMW – NWU	0	0	0	0	0	993	0	0	0	0	0	0	0	0	0	0	23	0	2	150	215	43	1,426	16	
Murray River	0	0	0	0	0	8,559	0	0	0	0	0	0	0	0	0	0	0	0	0	2,661	8,471	8	19,698	104	
Robinvale, Red Cliffs and Merbein	0	0	0	0	0	2,248	0	0	0	0	0	0	0	0	0	0	115	0	28	192	532	4,039	7,154	202	
Total Purchases (ML)	774	19	769	747	11,700	70,654	2,325	745	3,246	13,046	1,150	584	2,429	4,528	0	6,638	16,910	0	1,431	4,268	16,469	4,102	162,534		
Number of Purchases	11	1	9	6	237	486	46	13	34	185	31	19	40	80	0	138	198	0	97	33	130	158		1,952	

Notes:

1. This table summarises all recorded water entitlement transfer and divide and transfer applications for high reliability water shares. Some other trades were still in progress at year end and will be finalised in 2009/10.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. Delivery systems are grouped to reduce complexity caused by small delivery systems.

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

SELLER	BUYER																			
	Goulburn Murray Water										Lower Murray Water									
	Broken River	Ballarook	Campaspe River	Campaspe District	Central Goulburn Irrigation Area	GMW – NWU	GMW – NWU (Spill)	Goulburn River	Loddon River	Murray River	Murray Valley Irrigation Area	Nyah, Tresco and Wooreen	Ovens River	Ovens (Spill)	Pyramid-Boort	Rochester Irrigation Area	Shepparton Groundwater	Shepparton Irrigation Area	Torumbary Irrigation Area	1062 Katunga Groundwater
Broken River	150	0	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bularook	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	156
Campaspe River	0	0	377	0	0	32	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Campaspe Irrigation District	0	0	20	479	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	410
Central Goulburn Irrigation Area	0	0	0	0	4,914	1,503	0	691	0	99	0	0	0	0	2,308	70	0	617	0	13
GMW – NWU	0	0	0	0	118	5,345	0	0	0	0	53	0	0	0	616	0	0	438	114	0
GMW – NWU (Spill)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goulburn River	0	0	0	0	0	2,111	0	409	0	0	0	0	0	0	0	0	0	0	0	0
Loddon River	0	0	0	0	0	0	0	276	0	0	0	0	0	0	0	0	0	0	0	0
Murray River	0	0	0	0	0	1,005	0	0	0	107	14	0	0	0	0	0	0	0	0	0
Murray Valley Irrigation Area	0	0	0	0	0	1,722	0	0	0	0	6,458	0	0	0	125	0	0	0	36	0
Nyah, Tresco and Wooreen	0	0	0	0	0	61	0	0	0	0	0	310	0	0	0	0	0	0	0	0
Ovens River	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ovens (Spill)	0	0	0	0	0	0	43	0	0	0	0	0	0	188	0	0	0	0	0	0
Pyramid-Boort	0	0	0	0	0	13,038	0	0	0	0	0	0	0	1,917	0	0	155	237	0	230
Rochester Irrigation Area	0	0	0	0	76	583	0	0	0	322	0	0	0	673	2,003	0	167	0	662	0
Shepparton Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shepparton Irrigation Area	0	0	0	0	0	412	0	31	0	0	0	0	1,306	0	0	0	3,405	0	0	0
Torumbary Irrigation Area	0	0	0	0	0	3,665	0	0	0	0	0	0	0	0	0	0	0	9,013	227	100
1062 Katunga Groundwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13,004
First Mildura Irrigation District	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LMW – NWU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Murray River	0	0	0	0	0	5,596	0	0	0	0	0	0	0	48	0	0	0	0	0	5,644
Robinvale, Red Cliffs and Merbein	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Purchases (ML)	150	10	397	479	5,108	35,077	43	1,182	276	527	6,525	310	0	188	6,992	2,073	0	4,781	9,400	75,261
Number of Purchases	7	1	5	4	132	248	2	27	7	10	104	11	0	10	70	28	0	108	121	2

Notes:

1. This table summarises all recorded water entitlement transfer and divide and transfer applications for low and spill reliability water shares. Some other trades were still in progress at year end and will be finalised in 2009/10.
2. Transfer applications result in a change of ownership. In some cases, the change of ownership occurs with a transfer of land. Transfers of ownership that are part of a water/land sale are not separated out.
3. Delivery systems are grouped to reduce complexity caused by small delivery systems.

By-Laws

The Corporation has three By-Laws:

By-Law No 1 Water Supply and Sewerage Administrative By-Law

By-Law No 2 Water Restrictions for Drought Response.

By-Law No 4 Trade Waste By-Law.

The Corporation has also a Permanent Water Saving Plan which sets out permanent water restrictions and prohibitions on the use of water within our district.

By-Law No 2 was reviewed during 2008/09 to include Penalty Infringement Notices.

Declaring of Pecuniary Interests

In accordance with Section 95 (5) of the *Water Act 1989*, all Members of the Board and Officers with a financial delegation in excess of \$20,000 completed register of Interest Returns on or before 31st July 2009. Pecuniary interests are also declared prior to the commencement of Board meetings.

Freedom of Information

The *Freedom of Information (FOI) Act 1982* allows the public the right to request information held by us and to access documents about our activities. Lower Murray Water has determined that its Authorised Officer is our General Manager, Business Services. Requests under FOI must be in writing, addressed to PO Box 1438, Mildura Vic 3502. An application fee of \$23.50 applies at the time of this report's publication.

In the 2008/09 year there were four (4) requests for information under the FOI. Of the total requests, none went to internal review or to an appeal hearing.

Information Privacy Act 2000

Protection of privacy and personal and health information is an important aspect of our operations. We are bound to comply with the *Information Privacy Act 2000* and the *Health Records Act 2001*. A copy of our commitment to safeguarding customers' privacy is available at www.lmw.vic.gov.au and upon request. The website home page can be accessed, and this site browsed, without disclosing personal information. The site does not use cookies.

Whistleblowers Protection Act 2001

We are committed to the aims and objectives of the *Whistleblowers Protection Act 2001* which is designed to protect people who disclose information about serious wrongdoings with the Victorian Public Sector and provides a framework for the investigation of these matters.

The Protected Disclosure Coordinator for the Department of Sustainability and Environment (DSE) acts as an agent for the Corporation to receive disclosures under the Act, and applies DSE procedures in managing disclosures.

Disclosures of improper conduct by Lower Murray Water or our employees may be made in writing or by telephone and directed to:

Jennifer Berensen
Protected Disclosure Coordinator
Department of Sustainability and Environment
 PO Box 500, East Melbourne Vic 3002
 Phone: (03) 9637 8697 Facsimile: (03) 9637 8128
 Email: jennifer.berensen@dse.vic.gov.au

Or:
The Ombudsman Victoria
 GPO Box 469, Melbourne Vic 3001
 Phone: (03) 9613 5212 Toll Free: 1800 500 509

There were no disclosures under the Act in 2008/09.
 Our Whistleblowers' Protection Policy forms Appendix 1.



National Competition Policy

We comply with relevant Victorian Government policies and timetables for National Competition Policy, including competitive neutrality.

Compliance with the Building Act 1993

We maintain our buildings in accordance with the statutory requirements of the *Building Act 1993* and the accompanying *Building Regulations 1994*.

Subsequent Events

No event or transaction has occurred subsequent to year end which may have a significant effect on the operation of the Corporation, and which has not already been disclosed elsewhere in this report.

Victorian Industry Participation Policy

The *Victoria Industry Participation Policy Act 2003* requires public bodies and departments to report on the implementations of the Victorian Industry Participation Policy (VIPP).

- ~ Contracts commenced to which VIPP applied: 3
- ~ Contracts completed to which VIPP applied: 3

Major External reviews

We did not carry out any major reviews of Lower Murray Water during 2008/09.

Major Research and Development Activities

We did not undertake any major research and development activities in 2008/09.

Other Reportable Information

Subject to the provisions of the *Freedom of Information Act 1982* and *Information Privacy Act 2000*, all relevant information required under the *Financial Management Act 1994* is available upon request.

Statement of availability of other information

Subject to the *Freedom of Information Act 1982*, the following information, if not already disclosed within this report, is available on request:

- ~ details of:
 - ~ shares held by a senior officer as nominee or held beneficially in a statutory Corporation/authority or subsidiary;
 - ~ publications produced by Lower Murray Water about ourself, and how these can be obtained;
 - ~ changes in prices, fees, charges, rates and levies charged by us;
 - ~ any major external reviews carried out on Lower Murray Water;
 - ~ major research and development activities undertaken by us;
 - ~ overseas visits undertaken including a summary of the objectives and outcomes of each visit;
 - ~ major promotional, public relations and marketing activities undertaken by us to develop community awareness of Lower Murray Water and our services;
 - ~ assessments and measures undertaken to improve the occupational health and safety of employees;
- ~ a general statement on industrial relations within Lower Murray Water and details of time lost through industrial accidents and disputes;
- ~ a statement that declarations of pecuniary interests have been duly completed by all relevant officers; and
- ~ a list of major committees sponsored by us, the purposes of each committee and the extent to which the purposes have been achieved.



The 2008/09 Annual Report of Lower Murray Water has been 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.

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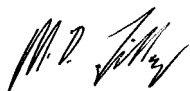
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CERTIFICATION

We certify that the attached financial statements for Lower Murray Urban and 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 Financial Reporting Directions, 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 and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of the Corporation as at 30 June 2009.

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



M D Tilley
Chairman

28/9/09



R Leamon
Managing Director

28/9/09



L Davis
General Manager
Business Services

28/9/09

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Lower Murray Urban and Rural Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of the Lower Murray Urban and Rural Water Corporation which comprises the 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 certification has been audited.

The Board Member's Responsibility for the Financial Report

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

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



Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2009. The Board Members of the Lower Murray Urban and Rural Water Corporation are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. 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 Lower Murray Urban and Rural Water Corporation website.

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 the Lower Murray Urban and Rural Water Corporation as at 30 June 2009 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 September 2009

T. D. H.
for D D R Pearson
Auditor-General

Operating Statement

For the year ended 30th June 2009

	Notes	2009 \$'000	2008 \$'000
REVENUE FROM OPERATING ACTIVITIES			
Operating Revenue	(2a)	42,729	30,690
Income for Capital Purposes	(2b)	2,212	7,762
Other Revenue	(2c)	1,900	1,951
		46,841	40,403
REVENUE FROM NON-OPERATING ACTIVITIES			
Interest Revenue	(2d)	1,324	2,284
Net Gain/(Loss) from Sale of Assets	(2e)	(101)	(134)
		1,223	2,150
TOTAL REVENUE		48,064	42,553
EXPENSES FROM ORDINARY ACTIVITIES			
Direct Expenses	(3a)	36,974	29,365
Administration Expenses	(3b)	12,914	11,691
Borrowing Cost Expense	(3c)	255	24
TOTAL EXPENSES		50,143	41,080
NET RESULT FROM ORDINARY ACTIVITIES BEFORE TAX		(2,079)	1,473
Income Tax Expense/(Revenue)	(5)	512	(2,286)
PROFIT/(LOSS) FOR THE YEAR		(2,591)	3,759

The above Operating Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30th June 2009

	Notes	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	(6)	10,298	31,131
Receivables	(7)	7,232	4,272
Inventories	(8)	3,288	2,663
Other Assets	(9)	3,256	281
Non Current Assets Held for Sale	(13)	3,933	–
		28,007	38,347
NON CURRENT ASSETS			
Receivables	(7)	187	236
Deferred Tax Assets	(10)	14,307	6,818
Property, Plant and Equipment	(11)	518,508	450,031
Intangible Assets	(12)	5,183	5,169
		538,185	462,254
TOTAL ASSETS		566,192	500,601
CURRENT LIABILITIES			
Payables	(14)	7,520	7,492
Employee Benefits	(15)	3,917	3,589
Provisions	(16)	836	–
Interest Bearing Liabilities	(18)	518	17
		12,791	11,098
NON-CURRENT LIABILITIES			
Employee Benefits	(15)	260	165
Interest Bearing Liabilities	(18)	3,455	323
Deferred Tax Liabilities	(19)	63,913	61,022
Other Liabilities		12	12
		67,640	61,522
TOTAL LIABILITIES		80,431	72,620
EQUITY			
Contributed Capital	(20)	536,366	475,995
Accumulated Funds	(21)	(50,605)	(48,014)
TOTAL EQUITY		485,761	427,981
TOTAL LIABILITIES & EQUITY		566,192	500,601

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30th June 2009



	Notes	2009 \$'000	2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF FINANCIAL YEAR		427,981	413,152
Effects of changes in accounting policy:			
Treatment of water entitlements		—	—
RESTATED TOTAL EQUITY AT THE BEGINNING OF FINANCIAL YEAR		427,981	413,152
Net Result for the Period		(2,591)	3,759
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD		425,390	416,911
Net Contributions from Owners		4,935	11,070
Transfer of FMIT balances at 20/08/08		55,436	—
TOTAL EQUITY AT END OF FINANCIAL YEAR		485,761	427,981

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

Cash Flow Statement

For the year ended 30th June 2009

	Notes	2009 \$'000 INFLOWS (OUTFLOWS)	2008 \$'000 INFLOWS (OUTFLOWS)
Cash Flows provided by/(used in) Operating Activities			
Receipts			
Rates & Meter Charges		43,936	36,279
Interest Received		1,325	2,284
Other Revenue		3,009	2,397
Payments			
Payments to Suppliers & Employees		(42,691)	(27,717)
Interest Costs		(255)	(24)
Cash Generated from Operations		5,324	13,219
Proceeds from Scheme Debtors		33	106
Capital Grants from Government		123	1,498
Income for Capital Purposes		1,654	3,532
Net Cash provided by/(used in) Operating Activities	(23)	7,134	18,355
Cash Flows provided by/(used in) Investing Activities			
Payment for Purchases of Property, Plant and Equipment		(33,996)	(30,437)
Payment for Purchases of Intangible Assets		(133)	(781)
Proceeds/(Payments) for Investments		1,500	—
Proceeds from Sale of Property, Plant and Equipment		841	539
Net Cash provided by/(used in) Investing Activities		(31,788)	(30,679)
Cash Flows provided by/(used in) Financing Activities			
Repayment of Borrowings		(1,067)	(15)
Transfer cash balance from FMIT		(47)	—
Government Capital Contribution Received		4,935	11,070
Net Cash provided by/(used in) Financing Activities		3,821	11,055
Net Movement in Cash		(20,833)	(1,269)
Cash and cash equivalents at 1 July		31,131	32,400
Cash and cash equivalents at 30 June	(6)	10,298	31,131

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30th June 2009

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

This financial report of Lower Murray Urban & Rural Water Corporation 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 financial report complies with Australian Accounting Standards Board, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

The financial report has been prepared on an accrual and going concern basis and is based on historical costs and does not take into account changing money values or, except where stated.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, certain classes of property, plant and equipment and investment property.

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

Lower Murray Urban & Rural Water Corporation has been classified as a not for profit entity, and has adopted the not for profit concessions available in the accounting standards where permitted by the Financial Management Act and Ministerial Directions.

(b) Absorption of the First Mildura Irrigation Trust into Lower Murray Water

On the 19th August, 2008 the Minister for Water determined that Lower Murray Water was appointed to take over the whole of the functions, powers and duties of First Mildura Irrigation Trust under the *Water Act 1989* (the Act), including its functions in respect of all its districts under the Act from the 20th August, 2008.

Net Assets transferred from FMIT to Lower Murray Water are represented as follows:

	\$'000
Assets	
Cash on hand	(47)
Receivables	139
Inventories	288
Property, Plant and Equipment	55,754
Intangible Assets	5
Other Financial Assets	1,500
Deferred Tax Assets	5,110
Total Assets	62,749
Liabilities	
Payables	1,116
Provisions	1,165
Interest Bearing Liabilities	4,700
Employee Benefits	332
Total Liabilities	7,313
Net Assets Transferred	55,436

(c) Income Recognition

Service and Usage Charges

Revenue is brought to account when services have been provided or when a tariff/rate/charge is levied or determined.

All Water and Wastewater rates/tariffs are recognised as income when the services are provided. Urban meter readings are undertaken on a quarterly basis. The last meter read for the year occurs in June with the income being accrued. Irrigation meter readings are cyclical and an estimate of consumption, based on land usage is made for unmetered outlets.

The value of all goods and services received free of charge are recognised as revenue when the Corporation gains control of them. The benefits derived from these goods and services are recorded at their fair values in the financial statements.

Developer Contributions

Fees paid by developers to connect new developments to the Corporation's existing water supply and wastewater systems or for new capital works are recognised as revenue when they are received. Non-current assets acquired from developers are recognised as revenue on transfer at the fair value of those assets.

Government Contributions

Grants and contributions for capital works from all sources are disclosed in the Operating Statement as "Income for Capital Purposes".

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is sooner, and disclosed in the operating statement as government contributions. 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 – Contributions by Owners.

Interest and Rents

Interest and rentals are recognised as revenue when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

All income is stated net of the amount of Goods and Services Tax (GST).

(d) Government Grants for Services

Programs such as salinity management and the construction of associated drainage schemes are performed under an agreement with the Mallee Catchment Management Authority. The reimbursement of the costs of these services is included as government contributions in the Operating Statement. The cost of provision of these services is included in the operating expenses or as capital expenditures.

(e) Water Entitlements

Water entitlements purchased after 1st July 2004 are treated as an intangible asset on the Balance Sheet at cost (in accordance with FRD 109), and will not be subject to amortisation, as the water entitlements have an indefinite useful life. Entitlements purchased after 1st July 2004 will be tested annually for impairment. Bulk entitlements prior to 1st July 2004 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Notes to the Financial Statements

For the year ended 30th June 2009

(f) Property, Plant and Equipment

Property, plant and equipment represent non-current assets comprising land, buildings, water, sewerage and drainage infrastructure, heritage assets, plant, equipment and motor vehicles, used by the Corporation in its operations. Each class of property, plant and equipment are carried at either cost, or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation.

The cost of fixed assets constructed within the Corporation includes the cost of contract payments, materials, direct labour and borrowing costs.

Assets acquired at no cost to the Corporation are brought to account at fair value, being the actual or estimated cost of construction.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the operating statement.

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.

(i) Valuation of Property, Plant and Equipment

All non-physical assets except water infrastructure assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD 103D. Revaluations are conducted using management expertise and are classified as a managerial revaluation.

In accordance with FRD 103D *Non-Current Physical Assets*, water infrastructure assets are to be measured at cost less any accumulated depreciation and any accumulated impairment losses. Such assets may comprise substructures or underlying systems held by water entities to facilitate harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage and drainage systems.

For whole-of-government reporting at 30th June 2009, water infrastructure assets are measured at fair value less any accumulated depreciation and any accumulated impairment losses, in accordance with FRD 121 Infrastructure Assets.

Subsequent to the 2008-09 transitional provisions contained within FRD 121, water corporations will be required at the written direction of DTF to implement fair valuation of their infrastructure assets at entity level reporting in addition to the data feeds for whole-of-government reporting, in accordance with FRD 103D.

Plant and equipment, computer equipment, office furniture and equipment and motor vehicles are measured at fair value.

Assets other than those that are carried at cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every five years. Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated funds on de-recognition of the relevant asset.

(ii) Impairment of Assets

Intangible assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount. All other assets are assessed annually for indicators of impairment, except for:

- ~ inventories;
- ~ deferred tax assets;
- ~ financial instrument assets;
- ~ non-current assets held for sale.

If there is 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, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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

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

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

Notes to the Financial Statements

For the year ended 30th June 2009

(iii) Intangible Assets

Intangible Assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

A summary of the policies applied to the Corporation's intangible assets is as follows:

	Water Shares	Development Costs
Useful lives	Indefinite	Finite
Amortisation method used	Not amortised or revalued	3 years – straight line
Internally generated / acquired	Acquired	Internally generated
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment

(iv) Assets Held for Sale

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(v) Depreciation and Amortisation of Non-current Assets

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Corporation 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.

Assets with a cost in excess of \$1,000 are capitalised.

The depreciation rates applied to asset classes (2009 and 2008) are:

Useful Life (years)

WATER	
Storage Tanks	60 – 100
Pumping Stations	30 – 80
Reticulated Networks	60 – 100
Water Treatment	10 – 80
Water Meters	8
Buildings	60
Plant and Machinery	6
WASTEWATER	
Sewers	45 – 80
Trunk Sewer Main	80
Pumping Stations	10 – 80
Treatment and Disposal	10 – 100
Buildings	40 – 60
Plant and Machinery	6
IRRIGATION & DRAINAGE	
Storages	60 – 100
Pumping Stations	40 – 80
Channels	80
Rural Water Pipelines	60 – 80
Water Meters	10
Buildings	40 – 60
Plant and Machinery	6
ADMINISTRATION	
Computer Equipment	3
Computer Software	3
Office Furniture and Equipment	6
Motor Vehicles	10
Buildings	60
Plant	6
Machinery	6
Communication Equipment	5
Intangible Assets – Software	3

Notes to the Financial Statements

For the year ended 30th June 2009

(g) Inventories

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. All inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventories on hand at balance date by using the weighted average cost (WAC) method. Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations.

Farm sheep stock are valued at market value.

(h) Receivables

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and tax paid. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Receivables are due for settlement no more than 28 days from date of recognition for tariff debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for other doubtful debts is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the operating statement.

(i) 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, with the exception of employee benefits (Refer Note 1 (k)).

(j) Other Financial Assets

Other financial assets are carried at cost and are classified between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each investment.

Interest revenue from other financial assets is brought to account when it is earned.

(k) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, bonuses and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at their present value of the estimated future cash flows to be made by the Corporation, in respect of services provided by employees up to the reporting date.

Annual leave, and accrued days off entitlements are accrued on a pro rata basis in respect of services provided by employee up to balance date, having regard to current rates of pay and oncosts. Annual leave and accrued days off entitlements are provided for at their nominal value as above.

(ii) Long Service Leave

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

The components of this current LSL liability are measured at:

- ~ Present value – component that the Corporation does not expect to settle within 12 months; and
- ~ Nominal value – component that the Corporation expects to settle within 12 months.

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

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

(iii) 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 current Corporation staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Notes to the Financial Statements



For the year ended 30th June 2009

(iv) Employee Benefit Oncosts

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

(v) 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 terms of the contracts to balance date.

Ten Executive Officers have annual bonus payments (fixed amounts) within their individual employment contracts. These payments are payable within the currency of each financial year.

There are no performance payments accruing to the end of the employment contract period which are to be recognised as non-current liability.

(l) Cash and Cash Equivalent Assets

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 overdrafts are shown within interest bearing liabilities on the balance sheet.

(m) Trade and Other 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.

(n) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

The 2008 comparatives do not take into account the absorption of First Mildura Irrigation Trust financial information.

(o) Rounding

All amounts shown in the financial statements are expressed to the nearest thousand dollars ('000).

(p) 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-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

(q) Segment Information

The financial report includes a note reporting the three lines of business of the Corporation, a retail water, retail wastewater, and irrigation and drainage business in accordance with the Ministerial Direction under Section 51 of the *Financial Management Act 1994*.

Segment information is reported on the basis of business segments, as the Corporation's risks and returns are affected predominantly by differences in the products and services provided through those segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment on a reasonable basis. Segment assets include all assets used by a segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, plant and equipment and other intangible assets, net of related provisions. Segment liabilities consists primarily of trade and other creditors, employee entitlements and provision for service warranties.

Segment revenues, expenses and results include transfers between segments. These transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

(r) Taxation

The Corporation was notified by the Treasurer, of the Government's decision to direct Regional Urban Water and Rural Water Authorities to become subject to the National Tax Equivalent Regime (NTER) from 1st July 2002. The NTER is administered by the Australian Taxation Office.

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

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

Notes to the Financial Statements

For the year ended 30th June 2009

(s) Dividend Policy

The Corporation is required to pay a dividend in accordance with a determination of the Treasurer of Victoria under the *Public Authorities (Dividend) Act 1983*.

An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer and a formal determination is made by the Treasurer.

The board expects the final determination of dividend for 2008/09 to be \$0 (2007/08: \$0).

(t) 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 taxation authority is classified as operating cash flows.

(u) Reporting Lines of Business

The financial information has been prepared based on the Corporation's main functions, of delivery of potable water, the disposal of wastewater, supply of river water for irrigation and collection and disposal of drainage water.

The Corporation has no wholesale function.

(v) Environmental Contribution

The *Water Industry (Environmental Contributions) Act 2004* amended the *Water Act 1989* to make provision for environmental contributions to be paid by water supply Authorities.

The Act establishes an obligation for Authorities to pay into the consolidated fund annual contributions for the first period, from 1st October 2004 (Urban) and 1st July 2005 (Rural) to 30th June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended to cover the period 1st July 2008 until 30th June 2012.

The purpose for 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 adverse water-related initiatives.

The environmental contributions are disclosed separately within the expenses.

(w) 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 the settlement of the liability for at least 12 months after the balance sheet date.

(x) Contributions by Owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(y) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30th June 2009 reporting period. As at 30th June 2009, the following standards and interpretations had been issued but were not mandatory for financial year ending 30th June 2009. The Corporation has not and does not intend to adopt these standards early.

Notes to the Financial Statements

For the year ended 30th June 2009

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on departmental financial statements
AASB 8 Operating Segments	Supersedes AASB 114 Segment Reporting	Beginning 1 Jan 2009	Not applicable.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be not significant.
AASB 123 Borrowing Costs	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 Jan 2009	The Corporation continues to expense borrowing costs.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Same as AASB 123 above.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 & AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 Jan 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 & AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 Jan 2009	Impact is expected to be insignificant.
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 Jan 2009	Impact is expected to be insignificant.
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.	Beginning 1 Jan 2009	Impact is being evaluated.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 Jan 2009	Not applicable to public sector entities except for certain presentation formats.

Notes to the Financial Statements

For the year ended 30th June 2009

(z) Financial Instruments

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

(i) Classification and Measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet.

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. Gains and losses arising from changes in fair value are taken directly to equity and recycled to the Operating Statement upon disposal or the financial asset is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Operating Statement of the period.

Payables

Payables are recognised when Lower Murray Water becomes obliged to make future payments resulting from the purchase of goods and services.

Financial Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Fair Valuation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Corporation is the current bid price.

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 assets.

The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in Note 32 (iv) & (v).

(iii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(iv) 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 equity investment, a significant or prolonged decline in value of the instrument below its cost is considered as an indicator that the investment is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. Impairment losses are recognised in the Operating Statement on equity instruments classified as available for sale are not reversed through the Operating Statement.

Notes to the Financial Statements

For the year ended 30th June 2009

2. Revenue

	Total		Water Supply		Wastewater		Irrigation & Drainage	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Operating Revenue comprises:								
General Tariff Charges	30,767	22,535	4,963	4,269	9,253	8,158	16,551	10,108
Govt. Pensioner Rate Reimbursement	1,256	1,061	453	382	781	666	22	13
Metered Charges	9,989	6,191	5,918	4,075	—	—	4,071	2,116
Trade Waste Charges	575	765	—	—	575	765	—	—
Customer Service Obligations	142	138	41	39	101	99	—	—
	42,729	30,690	11,375	8,765	10,710	9,688	20,644	12,237
(b) Income For Capital Purposes:								
Capital Contributions	2,075	6,259	1,036	3,116	909	3,041	130	102
Government Contributions	123	1,498	—	1,450	—	—	123	48
Scheme Contributions	14	5	13	3	1	2	—	—
	2,212	7,762	1,049	4,569	910	3,043	253	150
<i>Income for capital purposes is a once off payment which may not occur in future periods.</i>								
(c) Other Revenue:								
Income from Fees	1,253	1,128	543	561	230	325	480	242
Rent/Lease Income	173	140	109	103	18	28	48	9
Sundry Income	474	683	78	204	180	248	216	231
	1,900	1,951	730	868	428	601	742	482
(d) Interest Revenue comprises:								
Interest on Investments	1,122	2,093	405	431	337	367	380	1,295
Interest on Charges	151	141	—	—	—	—	151	141
Interest on Private Schemes	51	50	24	22	27	28	—	—
	1,324	2,284	429	453	364	395	531	1,436
(e) Net gain from Sale of Assets								
Proceeds from Sale of Assets	841	540	234	175	200	149	407	216
Disposal of Fixed Assets	(942)	(674)	(262)	(260)	(224)	(174)	(456)	(240)
	(101)	(134)	(28)	(85)	(24)	(25)	(49)	(24)

Notes to the Financial Statements

For the year ended 30th June 2009

3. Expenditure

	Total		Water Supply		Wastewater		Irrigation & Drainage	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Direct Expenses comprise:								
Labour	5,156	4,623	1,646	1,762	1,058	1,198	2,452	1,663
Bulk Water Maintenance Charge	3,559	2,995	595	494	—	—	2,964	2,501
Chemicals	453	378	375	279	64	85	14	14
Electricity	2,888	1,788	800	578	352	297	1,736	913
Repairs and Maintenance	5,649	4,027	1,731	1,729	781	836	3,137	1,462
Depreciation & Amortisation Expense (Refer Note 4)	15,853	13,879	5,155	5,114	3,382	3,308	7,316	5,457
Lease/Rentals Expenses	49	54	42	51	7	3	—	—
Write off of Assets	4	404	4	88	—	316	—	—
Repayment of Government Contribution	450	—	—	—	—	—	450	—
Consultants	2,141	602	340	255	94	198	1,707	149
Other Expenses	772	615	321	271	241	295	210	49
	36,974	29,365	11,009	10,621	5,979	6,536	19,986	12,208
(b) Administration Expenses comprise:								
Salaries & Labour Oncost	6,792	6,532	2,109	2,438	1,692	1,752	2,991	2,342
Audit Fees (Refer Note 28)	141	93	39	30	33	26	69	37
Bank Charges & Agency Collection Fees	184	174	51	56	43	48	90	70
Insurances	382	307	107	101	133	91	142	115
Environmental Contribution	1,377	980	534	430	454	370	389	180
Depreciation & Amortisation Expense (Refer Note 4)	1,087	1,045	377	406	321	346	389	293
Bad Debts /Write Offs	(1)	191	8	49	12	17	(21)	125
Directors & Chair Allowance	148	116	41	38	35	32	72	46
Other Expenses	2,804	2,253	801	749	700	655	1,303	849
	12,914	11,691	4,067	4,297	3,423	3,337	5,424	4,057
(c) Borrowing Cost Expenses:								
Interest on Private Loans	255	24	—	—	23	24	232	—
	255	24	—	—	23	24	232	—

Notes to the Financial Statements

For the year ended 30th June 2009

4. Depreciation and Amortisation

	2009 \$'000	2008 \$'000
Depreciation & Amortisation expense for the year:		
Works	15,610	13,664
Buildings	242	211
Plant, Equipment and Vehicles	941	823
	16,793	14,698
Software Amortisation	147	226
	16,940	14,924
Allocated to direct expenses (Refer Note 3a)	15,853	13,879
Allocated to administration expenses (Refer Note 3b)	1,087	1,045
	16,940	14,924

5. Income Tax Expense

a. The components of tax expense comprise:

Current Tax	—	—
Decrease/(Increase) in Deferred Tax Asset	(3,123)	(639)
(Decrease)/Increase in Deferred Tax Liability	3,635	(214)
Correction to prior year tax expense	—	(1,433)
	512	(2,286)

b. The prima facie tax on net result from ordinary activities before income tax is reconciled to the income tax as follows:

Net result from ordinary activities before income tax	(2,079)	1,473
Prima facie tax payable on net result from ordinary activities before income tax at 30% (2008: 30%)	(624)	442
Add tax effect of:		
Other non allowable items	1,772	21
Recoupment of losses	—	—
	1,148	463
Tax effect of:		
Other items of income and expenditure	(636)	(1,316)
Correction to prior year tax expense	—	(1,433)
Income Tax Expense	512	(2,286)

Notes to the Financial Statements

For the year ended 30th June 2009

6. Cash and Equivalent Assets

	2009 \$'000	2008 \$'000
Cash at the end of the financial year shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:		
Cash on hand	2	2
Cash at bank	3,180	2,467
Deposits at call	5,015	19,537
Investments due less than 1 year	2,101	9,125
	10,298	31,131

7. Receivables

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current Receivables:										
Tariffs & Charges	3,721	2,869	1,804	1,414	132	103	1,711	1,311	74	41
Scheme Debtors	414	383	98	80	316	303	—	—	—	—
Fixed Water Charge Rebate – Government	1,837	—	—	—	—	—	1,837	—	—	—
Other Debtors	1,279	1,128	231	369	305	285	697	466	46	8
Provision for Impairment of Tariffs and Charges	(19)	(108)	—	(50)	—	—	(19)	(58)	—	—
Total Current Receivables	7,232	4,272	2,133	1,813	753	691	4,226	1,719	120	49
Non Current Receivables:										
Scheme Debtors	187	236	99	121	88	115	—	—	—	—
Total Non Current Receivables	187	236	99	121	88	115	—	—	—	—

(a) Provision for impaired receivables

As of 30th June 2009, trade receivables of \$18,742 (2008: \$108,243) were impaired. The amount of the provision was \$18,742 (2008: \$108,243). The individually impaired receivables are mainly related to irrigation and drainage property debtors.

The majority of the Corporation's property debtors are recoverable through the payment by the debtor or on sale of the property.

The ageing analysis of these receivables is as follows:

	2009 \$'000	2008 \$'000
Due after 28 days	19	108
	19	108

Notes to the Financial Statements

For the year ended 30th June 2009

7. Receivables (cont'd)

As at 30th June 2009, trade receivables of \$3,508,720 (2008: \$2,354,514) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2009 \$'000	2008 \$'000
0 – 3 months	919	558
3 – 6 months	591	315
Over 6 months	1,999	1,481
	3,509	2,354

Movements in the provision for impaired receivables are as follows:

	2009 \$'000	2008 \$'000
Opening balance at 1st July	(108)	(108)
Provision for impairment recognised during the year	90	(191)
Receivables written off during the year as uncollectable	(1)	191
Closing balance at 30th June	(19)	(108)

8. Inventories

Values as at 30th June, were:

	2009 \$'000	2008 \$'000
Stores and Consumables	3,228	2,599
Sheep Stock	60	64
	3,288	2,663

9. Other Assets

	2009 \$'000	2008 \$'000
Prepayments	3,256	281
	3,256	281

10. Deferred Tax Assets

The balance comprises temporary differences attributable to:

	2009 \$'000	2008 \$'000
Amounts recognised in operating statement		
Employee Provisions	1,263	1,126
Other	46	99
Tax losses	12,998	5,593
	14,307	6,818

Movements

Opening balance at 1st July	6,818	6,179
Transfer of FMIT balances at 20/8/08	4,366	–
Credited/(charged) to the operating statement	3,123	639
Recognition of Tax losses	–	–
Closing balance at 30th June	14,307	6,818

Notes to the Financial Statements

For the year ended 30th June 2009

11. Property, Plant And Equipment

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land – at independent valuation 2004	5,282	5,692	1,721	1,721	2,409	2,409	260	260	892	1,302
Land – subsequent additions at cost	6,893	27	–	–	6	6	6,887	21	–	–
	12,175	5,719	1,721	1,721	2,415	2,415	7,147	281	892	1,302
Works – at cost	593,005	460,806	196,457	193,354	133,040	130,925	263,508	136,527	–	–
Less: Accumulated depreciation	(146,021)	(50,127)	(23,282)	(18,212)	(15,021)	(11,723)	(107,718)	(20,192)	–	–
	446,984	410,679	173,175	175,142	118,019	119,202	155,790	116,335	–	–
Buildings – at independent valuation 2004	4,656	4,646	428	427	1,500	1,499	318	314	2,410	2,406
Less: Accumulated depreciation	(975)	(704)	(91)	(72)	(214)	(170)	(207)	(132)	(463)	(330)
Buildings – subsequent additions at cost	2,378	1,977	38	38	7	7	353	12	1,980	1,920
	6,059	5,919	375	393	1,293	1,336	464	194	3,927	3,996
Plant, Equipment & Vehicles – at cost	11,069	8,643	–	–	11	–	241	244	10,817	8,399
Less: Accumulated depreciation	(7,066)	(5,009)	–	–	(1)	–	(138)	(119)	(6,927)	(4,890)
	4,003	3,634	–	–	10	–	103	125	3,890	3,509
Works In Progress at cost	49,287	24,080	1,654	2,635	7,621	3,074	38,308	18,371	1,704	–
Total	518,508	450,031	176,925	179,891	129,358	126,027	201,812	135,306	10,413	8,807

As the Corporation has chosen to progressively revalue some of its assets, there are some assets which are recognised at values other than fair value until they are revalued. Deprival value is determined using depreciated optimised replacement cost.

Land and Buildings were valued at 1st July 2004 at independent valuation, where land is valued at fair value and buildings valued at depreciated optimised replacement cost.

Land and buildings were subject to a fair value assessment at 30th June 2009 in accordance with FRD 103D. Lower Murray Water's total land and buildings represented less than 5% of total assets, and as such there was no need to apply any indices to assess for indications of material changes in value.

Notes to the Financial Statements

For the year ended 30th June 2009

11. Property, Plant And Equipment (cont'd)

(a) Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2008-2009	Balance 1 July	Transfer of FMIT Balances	Additions	Disposals	Depreciation	Assets held for Sale	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	5,719	10,549	6	(165)	—	(3,933)	12,176
Works	410,679	43,913	8,059	(57)	(15,610)	—	446,984
Buildings	5,919	687	65	(370)	(242)	—	6,059
Plant, Equipment, and Vehicles	3,634	583	1,077	(350)	(941)	—	4,003
Works In Progress	24,080	—	25,206	—	—	—	49,286
	450,031	55,732	34,413	(942)	(16,793)	(3,933)	518,508

2007-2008	Balance 1 July	Transfer of FMIT Balances	Additions	Disposals	Depreciation	Assets held for Sale	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	5,728	—	(9)	—	—	—	5,719
Works	413,074	—	11,738	(469)	(13,664)	—	410,679
Buildings	5,783	—	347	—	(211)	—	5,919
Plant, Equipment, and Vehicles	3,272	—	1,641	(456)	(823)	—	3,634
Works In Progress	4,633	—	19,447	—	—	—	24,080
	432,490	—	33,164	(925)	(14,698)	—	450,031

12. Intangible Assets

2008-2009	Balance 1 July	Transfer of FMIT Balances	Additions	Impairment	Amortisation	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Development Costs	379	22	133	—	(147)	387
Water Licences	4,790	5	—	1	—	4,796
	5,169	27	133	1	(147)	5,183

2007-2008	Balance 1 July	Transfer of FMIT Balances	Additions	Impairment	Amortisation	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Development Costs	513	—	92	—	(226)	379
Water Licences	4,100	—	690	—	—	4,790
	4,613	—	782	—	(226)	5,169

Notes to the Financial Statements

For the year ended 30th June 2009

13. Non-Current Assets Held For Sale

	2009 \$'000	2008 \$'000
Land held for Sale	3,933	–
	3,933	–

Land held for sale is where the board has determined to sell excess land held by the Corporation.

14. Payables

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unsecured Liabilities:										
Accrued Creditors	6,581	6,628	1,831	1,551	1,568	1,365	3,182	3,263	–	449
Deposits	350	369	116	133	215	200	19	36	–	–
Advances for Works Program	387	299	–	–	–	–	387	299	–	–
Pre Paid Revenue	202	196	107	80	95	116	–	–	–	–
	7,520	7,492	2,054	1,764	1,878	1,681	3,588	3,598	–	449

15. Employee Benefits

	Total		Current		Non-Current	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Annual Leave	1,348	1,151	1,348	1,151	–	–
Sick Leave	8	7	8	7	–	–
Long Service Leave	2,528	2,386	2,268	2,221	260	165
Accrued Bonus	293	210	293	210	–	–
Aggregate Carrying Amount of Employee Entitlement Liability	4,177	3,754	3,917	3,589	260	165

Employee numbers at end of financial year: 173 (2008: 146)

Notes to the Financial Statements

For the year ended 30th June 2009

15. Employee Benefits (cont'd)

Long Service Leave

The Corporation's legal liability to Long Service Leave attributable to its employees at 30th June, 2009 was \$2,528,463 which has been fully funded.

	2009 \$'000	2008 \$'000
Current		
Short term benefits, that fall due within 12 months after the end of the period measured at nominal value	2,202	2,070
Long term benefits that do not fall due within 12 months after the end of the period measured at present value	66	151
	2,268	2,221
Non Current		
LSL being less than 7 years of continuous service measured at present value	260	165
	2,528	2,386

The following assumptions were adopted in measuring the present value of long service leave entitlements:

	2009	2008
Weighted average increase in employee costs	4.45%	4.75%
Weighted average discount rates	5.48%	6.47%
Weighted average settlement period	13	11

16. Provisions

	2009 \$'000	2008 \$'000
Current		
Land Remediation	450	—
Building remediation at two sites	186	—
Creation of easements re South Mildura High Pressure Irrigation Project	200	—
	836	—

Movement in provisions

	Land Remediation	Other	Total
Opening balance at 1st July	450	715	1,165
Payments	—	(329)	(329)
Closing balance at 30th June	450	386	836

The provisions stated above have transferred from the former FMIT.

Land remediation is to fill in the channels replaced by the South Mildura High Pressure Irrigation project.

Notes to the Financial Statements

For the year ended 30th June 2009

17. Superannuation

Lower Murray Water makes employer superannuation contributions in respect of its employees to Vision Super. Vision Super has two categories of membership, each of which is funded differently.

Vision Super's accumulation category, Vision Super Saver, 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 employees are represented by their share of the net assets of the Fund.

Vision Super's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Lower Murray Water does not use defined benefit accounting for these contributions.

Lower Murray Water makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31st December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Lower Murray Water makes the following contributions:-

- ~ 9.25% of members' salaries (same as previous year);
- ~ the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year).

Lower Murray Water makes employer superannuation contributions in respect of its employees to Government Superannuation Office. Government Superannuation Office has three categories of membership, which all classed as defined benefit schemes.

The Victorian Government holds the responsibility for any unfunded liability for State Schemes and is therefore responsible for reporting that liability.

Contribution details are shown in the following table:

Scheme	Type of Scheme	Employee Numbers	Rate	2009 \$'000	2008 \$'000
State Superannuation Board Revised Scheme	Defined Benefit	3	17.00%	30	26
State Superannuation Board New Scheme	Defined Benefit	6	9.5% – 10%	32	33
Vision Super	Defined Benefit	38	9.25%	216	214
Vision Super Saver	Accumulation	142	9.00%	656	495
Others		11	9.00%	30	19
Total Contributions to all funds				964	787

As at reporting date, there were no outstanding contributions payable to the above funds.

As at reporting date, there were no loans to or from Lower Murray Water to any of the above funds.

18. Interest Bearing Liabilities

(a) Bank Loans expected to be settled within 12 months and after 12 months and more

	Total		Current (12 Months)		Non-Current (2 – 5 Years)		Non-Current (5 Years Plus)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured:								
Loans	3,973	340	518	17	2,405	69	1,050	254
	3,973	340	518	17	2,405	69	1,050	254

Notes to the Financial Statements

For the year ended 30th June 2009

18. Interest Bearing Liabilities (cont'd)

(b) The carrying amounts of Non-Current Assets pledged as security are:

	2009 \$'000	2008 \$'000
Floating charge over the Corporation's urban rate revenue	1,936	1,517
Total Assets Pledged as Security	1,936	1,517

Loans from Banks and other Government Authorities are secured by way of charge over the tariffs of the Corporation.

(c) Credit Standby Arrangement with Banks

	2009 \$'000	2008 \$'000
Credit Facility	195	168
Amount Utilised	—	—
Unused Credit Facility	195	168

19. Deferred Tax Liability

	2009 \$'000	2008 \$'000
Deferred tax liability comprises:		
Tax allowances relating to property, plant, and equipment	63,910	60,567
Other	3	455
Deferred Tax Liability	63,913	61,022

Movements

Opening Balance 1st July	61,022	62,670
Transfer of FMIT balances at 20/8/08	(744)	—
Charged/(credited) to the operating statement	3,635	(1,648)
Charged/(credited) to equity	—	—
Closing balance 30th June	63,913	61,022

20. Contributed Capital

	2009 \$'000	2008 \$'000
Balance 1st July	475,995	464,925
Transfer of FMIT balances at 20/8/08	55,436	—
Capital Contribution	4,935	11,070
Balance 30th June	536,366	475,995

21. Accumulated Funds

	2009 \$'000	2008 \$'000
Accumulated Funds at 1st July	(48,014)	(51,773)
Net Surplus/(Deficit) for the year after Income Tax Expense	(2,591)	3,759
Accumulated Funds at 30th June	(50,605)	(48,014)

22. Equity

	2009 \$'000	2008 \$'000
Total Equity at 1st July	427,981	413,152
Transfer of FMIT balances at 20/8/08	55,436	—
Total Other Changes in Equity Recognised in the Statement of Changes in Equity	2,344	14,829
Total Equity at 30th June	485,761	427,981

Notes to the Financial Statements

For the year ended 30th June 2009

23. Reconciliation of Profit for the Period After Related Income Tax to Net Cash Flows From Operating Activities

	2009 \$'000	2008 \$'000
Profit/(Loss) for the year after income tax	(2,591)	3,759
Add/(less) Non Cash Flows in Net Profit/(Loss)		
Depreciation/Amortisation	16,940	14,924
Contributions for Capital Works	(422)	(2,727)
Tax Expense	512	(2,286)
Deduct Net Assets transferred from FMIT effecting operating activities	(2,188)	—
Assets Written off	4	404
Loss (Gain) on Sale of Fixed Assets	101	134
	12,356	14,208
Changes in Assets & Liabilities:		
Decrease/(Increase) in Debtors	(2,911)	1,827
Decrease/(Increase) in Inventories	(624)	(635)
Decrease/(Increase) in Prepayments	(2,975)	(54)
Increase/(Decrease) in Other Creditors & Accruals	865	3,041
Increase/(Decrease) in Employee Entitlements	423	(32)
Net Cash Flows from Operating Activities	7,134	18,355

Notes to the Financial Statements

For the year ended 30th June 2009

24. Commitments

Capital Commitments for Incomplete Contracts

Payable – not later than one (1) year:

Contract	Contractor	Contract Amount \$'000	Amount Completed \$'000
Replacement of Sewer Mains Vaughan St, Kerang	Acme Construction Group	408	117
Supply Pipe Fittings, Valves & Meter Components Robinvale High Pressure Irrigation Project	Water Plan Irrigation Pty Ltd	776	729
Supply Pumps, Motors & VSD's for Robinvale High Pressure Irrigation Project	Thompson's Kelly & Lewis	3,048	2,439
Construction & Work on Robinvale High Pressure Irrigation Project	Akron Roads Pty Ltd	9,435	8,088
Supply of Sewerage Pump Station for Murrabit Sewerage Scheme	Mono Pumps (Aust) Pty Ltd	23	3
Construction of Office and Staff Amenities Extension to existing building 14th St	King Construction Group Pty Ltd	3,089	950
Pump Station Construction for Robinvale High Pressure Irrigation Project	Fulton Hogan Pty Ltd	9,539	2,672
Preparation of Design Reports	URS Australia Pty Ltd	363	336
Rejuvenation of Irrigation Infrastructure Estimations	Project Support Pty Ltd	134	129
Supply Seven Sewage Pump Station Switchboards	Foreman Sheean	171	132
Koorlong WWTP Augmentation	Fulton Hogan Pty Ltd	33,936	1,970
Irrigation Telemetry Radio Network Upgrade Red Cliffs/Merbein	37 South Pty Ltd	85	46
Robinvale High Pressure Pump Station Principal Engineer	Kellogg Brown & Root Pty Ltd	185	139
Red Cliffs Main Pump Station	Kellogg Brown & Root Pty Ltd	292	81
		61,484	17,831
		2009	2008
		\$'000	\$'000
Payment due within one year		43,653	12,768

Other Commitments

	\$'000
Environmental Contribution:	
Payment due within one year	1,411
Payments due between one to two years	2,822
	4,233

Notes to the Financial Statements

For the year ended 30th June 2009

25. Future Major Capital Works

Over the next three (3) financial years, i.e. 2009/10 to 2011/12 the Board has planned a number of major Capital works projects. The proposed works as per the Corporation's Water Plan and Corporate Plan are summarised below:

Project Description	Estimated Expenditure \$'000
2009/10	
Fluoridation WTP – Mildura, Mildura West, Swan Hill, Kerang	1,846
Mildura WTP – Process Upgrade	515
Mains Replacement – Water	510
Murrabit Raw Water Pump Station Refurbish	275
Swan Hill WTP – Filter Refurbishment	204
Koorlong WWTP Augmentation	21,803
Koorlong WWTP Augmentation – Recycled	10,950
Red Cliffs WWTP Decommission	1,326
Nichols Point Sewerage Scheme	980
Mildura Cowra Ave Catchment Development	921
Murrabit Sewerage Scheme	717
Robinvale WWTP – Upgrade	612
Mildura Divert 14th St PS to Koorlong	408
Mildura WWTP – Replace Aerators & Switchboard	255
Water Minor Capital Works – Replacement	209
Water Land Development	207
Robinvale High Pressure System	11,109
Red Cliffs – Replace Main PS Switchboards	1,020
Red Cliffs – Replace Main PS Pump Sets	1,020
Millewa Treatment Plant	959
Private Diverters – Metering Program	612
Red Cliffs Modernisation	510
Private Diverters – Telemetry System	459
Red Cliffs – D&S Metering Program	408
Merbein – Pipeline Paschendale to Meridian Road	408
Mildura – Irrigation Meter Replacement	357
Red Cliffs – Irrigation Power Transfer	306
Red Cliffs – C Relift Full VSD	306
Merbein Modernisation	255
Merbein – Irrigation Meter Replacement	255
Mildura – Fill bank repairs	255
Mildura – Central Pump Station Replace Roof	255
Mildura – Psyche PS Upgrade	255
Red Cliffs – Irrigation Meter Replacement	204
Mildura – 17th St PS Upgrade	204
Water Works District – Wargan Channel Replacement	204
14th St Building Extensions	2,397
Mildura – Depot/Workshop/Driveway	1,020
14th St Office – Refurbishment	561
Environmental/Sustainable Demo House	306
Other	6,022
	71,405

Project Description	Estimated Expenditure \$'000
2010/11	
Red Cliffs WTP Automation/Upgrade	1,834
Robinvale WTP Automation Upgrade	1,834
Mains Replacement	627
Robinvale WTP Clarifier Upgrade	339
Swan Hill – Land Purchase for New WTP	303
Water Minor Capital Works – Replacement	261
Rehabilitation of Sewers	1,568
Red Cliffs WWTP Decommission	523
Swan Hill – SPS 22 Replace Rising Main	460
Mildura WWTP Replace Aerators & Switchboard	261
Sewer Minor Capital Works – Replacement	238
Sewer Land Development	209
Red Cliffs – Replace Main PS Switchboards	2,091
Red Cliffs – Replace Main PS Pump Sets	1,046
Private Diverters – Metering Program	627
Red Cliffs Modernisation	523
Merbein Modernisation	523
Mildura – Irrigation Meter Replacement	387
Red Cliffs – Irrigation Meter Replacement	366
Millewa Treatment Plant	314
Merbein – Irrigation Meter Replacement	261
Merbein – Telemetry Upgrade	261
Red Cliffs – Telemetry Upgrade	261
Red Cliffs – A Relift RM Replacement	261
Red Cliffs – Install concrete section in channel	221
Private Diverters – Telemetry System	209
Other	5,127
	20,936

Project Description	Estimated Expenditure \$'000
2011/12	
Mildura Trunk Mains Extension	1,607
Water Mains Replacements	750
Purchase of Water	593
Water Minor Capital Works – Replacement	268
Kerang WWTP – Refurbishment or Replacement	3,644
Rehabilitation of Sewers	857
Land Development	214
Sewer Minor Capital Works – Replacement	204
Red Cliffs – Replace Main PS Switchboards	814
Red Cliffs – Irrigation Meter Replacement	321
Merbein – Water Wheel Replacement	321
Red Cliffs – Water Wheel Replacement	321
Merbein Modernisation	268
Merbein – Irrigation Meter Replacement	268
Mildura – Irrigation Meter Replacement	214
Other	4,172
	14,838

Notes to the Financial Statements

For the year ended 30th June 2009

26. Responsible Persons Disclosure

(i) Names of Persons who were responsible persons at any time during the financial year ended 30th June, 2009:

The Hon T Holding MP (01/07/08 to 30/06/09)
Mr M Tilley (Chairperson)
Ms K Martin (Deputy Chairperson)
Mr F Smith
Mr P MacIntosh
Ms L Burrows
Mr D Heintze
Ms E Ward
Mr P Jones (10/12/08 to 30/06/09)
Mr R Leamon (Managing Director)

The relevant remuneration relating to the responsible Ministers are reported separately in the financial statements of the Department of Premier and Cabinet.

(ii) Total Remuneration received or due and receivable by responsible persons totalled \$396,548 (2008: \$354,548).

The number of responsible persons whose remuneration from the Corporation was within the specified bands were as follows:

	2009	2008
\$1 – \$10,000	1	–
\$10,001 – \$20,000	6	6
\$30,001 – \$40,000	1	1
\$230,001 – \$240,000	–	1
\$250,001 – \$260,000	1	–
	9	8

(iii) Annual remuneration of Managing Director has been disclosed above.

(iv) Executive Remuneration – The number of executives whose remuneration exceeded \$100,000 during the reporting period are shown below in the relevant income bands:

	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
\$100,000 – \$110,000	–	–	2	3
\$110,001 – \$120,000	2	3	2	–
\$120,001 – \$130,000	2	–	1	1
\$130,001 – \$140,000	1	–	1	–
\$140,001 – \$150,000	1	1	2	–
\$150,001 – \$160,000	2	–	–	2
\$160,001 – \$170,000	–	–	1	–
\$170,001 – \$180,000	–	2	1	–
\$180,001 – \$190,000	1	–	–	–
\$190,001 – \$200,000	1	–	–	–
	10	6	10	6

Total Remuneration received or due and receivable by the Executives listed above totalled \$1,465,400 (2008: \$830,031). Total base remuneration is \$1,342,400 (2008: \$737,843).

(v) Superannuation and other transactions:

Superannuation contributions have been paid on behalf of Directors in accordance with the Superannuation Guarantee Charge at the required rate of 9%. Contributions of \$13,174 (2008: \$10,451) were paid on behalf of the Directors in accordance with the Superannuation Guarantee Charge at the required rate of 9%.

(vi) Other Transactions of Responsible Persons and Their Related Entities:

Water, Wastewater and Rural services were provided to responsible persons who reside within the boundaries of the Corporation under normal terms and conditions, no more favourable than to other parties.

There were no other transactions relating to responsible persons and related entities.

(vii) Retirement Benefits and Loans:

There were no other retirement benefits or loans provided to responsible persons during the year.

27. Consultancies

(i) Over \$100,000

Hunter Water Australia – \$1,809,417

Hunter Water Australia was engaged for operational/maintenance advice, Water Treatment Plant process audits, design of Koorlong Augmentation, design of automation at the Red cliffs and Robinvale Water Treatment Plants, other engineering projects.

URS Australia Pty Ltd – \$567,643

URS Australia Pty Ltd was engaged to prepare design reports for the Sunraysia Modernisation Project.

Osborne Management – \$423,451

Osborne Management was engaged to prepare submissions to the Victorian and Federal Governments in relation to the Sunraysia Modernisation Project, and provide advice for the Robinvale High Pressure Irrigation Project.

Kellogg Brown and Root Pty Ltd – \$315,755

Kellogg Brown and Root Pty Ltd was engaged for the designing of the Robinvale High Pressure Irrigation Project pump station, and concept reports for irrigation operations.

GHD Pty Ltd – \$284,471

GHD Pty Ltd are the Corporation's principal engineering consultants. GHD also assisted the Corporation in preparing its extensive capital works program delivery framework.

Ceena Pty Ltd – \$269,479

Ceena Pty Ltd was engaged for advice on the Koorlong Augmentation and Robinvale High Pressure Irrigation Projects, Red Cliffs and Robinvale Water Treatment Plant upgrades, and the fluoridation projects.

Technology One Ltd – \$165,543

Technology One Ltd supplies the Corporation's finance software package. Technology One was engaged to upgrade the finance system to a more current version.

Notes to the Financial Statements

For the year ended 30th June 2009

27. Consultancies (cont'd)

Optimatics Pty Ltd – \$165,394

Optimatics Pty Ltd was engaged to develop a model to assist in the preparation of the Sunraysia Modernisation business case.

Marsden Jacob Associates – \$124,516

Marsden Jacob was engaged to assist with the preparation of the Sunraysia Modernisation Project business case to be submitted to the Victorian and Federal Governments.

Korda Mentha – \$116,882

Korda Mentha assisted in the transition of FMIT into Lower Murray Water's business.

Project Support Pty Ltd – \$111,531

Project Support Pty Ltd was engaged as an estimator to assist in the preparation of the Sunraysia Modernisation business case.

(ii) Under \$100,000

The Corporation engaged 68 consultants, for a total value of \$1,003,877.

28. Auditor Remuneration

	2009 \$'000	2008 \$'000
Remuneration of Auditors		
Auditor General – Audit Services	85	44
	85	44

29. Statement of Operations by Segments – Retail Operations

	Total		Water Supply		Wastewater		Irrigation & Drainage	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sales – external	42,729	30,690	11,375	8,765	10,710	9,688	20,644	12,237
Other Revenue	5,335	11,863	2,180	5,805	1,678	4,014	1,477	2,044
Total Revenue	48,064	42,553	13,555	14,570	12,388	13,702	22,121	14,281
Less – Expenses	50,143	41,080	15,076	14,918	9,425	9,897	25,642	16,265
Operating Surplus (before Tax)	(2,079)	1,473	(1,521)	(348)	2,963	3,805	(3,521)	(1,984)
Assets:								
Segment Assets	520,190	445,683	183,953	181,825	130,199	126,833	206,038	137,025
Unallocated Assets	46,002	54,918						
Total Assets	566,192	500,601						
Liabilities:								
Segment Liabilities	12,329	7,486	2,054	1,764	2,201	2,124	8,074	3,598
Unallocated Liabilities	68,102	65,134						
Total Liabilities	80,431	72,620						
Acquisition of property, plant and equipment and other non-current segment assets	34,546	33,945	3,065	6,219	7,420	6,906	24,061	20,820
Depreciation and amortisation expense	15,686	13,726	5,109	5,065	3,342	3,266	7,235	5,395
Unallocated Depreciation and amortisation expense	1,254	1,198						
	16,940	14,924						

The Corporation does not provide any wholesale services.

For the year ended 30th June 2009

30. Events Occurring After Balance Date

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 those operations, or the state of affairs of the Corporation in future financial years.

31. Contingent Assets and Contingent Liabilities

At 30th June 2009 the Board was aware of the following contingent items:

Assets

The former FMIT had a claim lodged with the Victorian Water Minister for 3,000ML of water savings. This claim is awaiting assessment for approval.

32. Financial Instruments

(i) 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 Corporation's Board has the overall responsibility for the establishment and oversight of the Corporation's 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, foreign exchange and other price risks, ageing analysis for credit and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Management Committee under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Corporation's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(ii) 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 through interest rate risk; there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

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

(i) Interest 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 manages its interest rate risk by maintaining a diversified investment portfolio.

(ii) Foreign Exchange Risk

The Corporation has no exposure to changes in the foreign exchange rate.

(iii) Other Price Risk

The corporation has no significant exposure to other price risk

Market Risk Sensitivity Analysis

The sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Corporation believes that:

~ a movement of 1% in interest rates is reasonable over the next 12 months.

Notes to the Financial Statements

For the year ended 30th June 2009

32. Financial Instruments (cont'd)

30th June 2009

	Carrying Amount \$'000	Result \$'000	Interest Rate Risk		Equity \$'000
			-1%	+1%	
			Equity \$'000	Result \$'000	Equity \$'000
Financial assets					
Cash and Cash Equivalents	10,298	(103)	(103)	103	103
Receivables	7,419	(41)	(41)	41	41
Financial Liabilities					
Payables	7,520	—	—	—	—
Interest Bearing Liabilities	3,973	—	—	—	—
Total increase/(decrease)		(144)	(144)	144	144

30th June 2008

	Carrying Amount \$'000	Result \$'000	Interest Rate Risk		Equity \$'000
			-1%	+1%	
			Equity \$'000	Result \$'000	Equity \$'000
Financial assets					
Cash and Cash Equivalents	31,131	(311)	(311)	311	311
Receivables	4,508	(17)	(17)	17	17
Financial Liabilities					
Payables	7,492	—	—	—	—
Interest Bearing Liabilities	340	—	—	—	—
Total increase/(decrease)		(328)	(328)	328	328

(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 consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation has in place a policy and procedure for the collection of overdue receivables.

An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 7.

(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 18.

(iv) Interest rate exposures

The following table sets out the Corporation's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Corporation intends to hold fixed rate liabilities to maturity:

Notes to the Financial Statements

For the year ended 30th June 2009

32. Financial Instruments (cont'd)

Financial Instruments	Fixed interest rate maturing in:																Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	Floating interest rate		1 year or less		Over 1 year to 2 years		Over 2 years to 3 years		Over 3 years to 4 years		Over 4 years to 5 years		More than 5 years		Non-interest bearing					
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 %	2008 %
(i) Financial assets																				
Cash	8,197	22,006	2,101	9,125	—	—	—	—	—	—	—	—	—	—	—	—	10,298	31,131	3.38	7.25
Debtors – property	1,692	1,467	—	—	—	—	—	—	—	—	—	—	—	—	3,847	1,294	5,539	2,761	4.67	6.38
Debtors – other	601	619	—	—	—	—	—	—	—	—	—	—	—	—	1,279	1,128	1,880	1,747	1.29	4.53
Investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total financial assets	10,490	24,092	2,101	9,125	—	—	—	—	—	—	—	—	—	—	5,126	2,422	17,717	35,639	3.07	7.04
(ii) Financial liabilities																				
Payables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,520	7,492	7,520	7,492	N/A	N/A
Interest Bearing Liabilities	500	—	18	17	1,069	18	18	19	1,064	18	254	14	1,050	254	—	—	3,973	340	6.05	6.93
Total financial liabilities	500	—	18	17	1,069	18	18	19	1,064	18	254	14	1,050	254	7,520	7,492	11,493	7,832	6.05	6.93

N/A – not applicable for non-interest bearing financial instruments.

(v) Fair Valuation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Corporation is the current bid price. Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Corporation uses a variety of methods and

makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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 Group for similar financial instruments.

Financial Performance Indicators

Performance indicator	2007/08 Result	2008/09 Result	2008/09 Target	Variance %
Long Term Profitability Earnings before net interest and tax ÷ Average total assets Greater water usage than forecast due to change in urban restrictions, and more irrigation customers going into the market place and purchasing temporary water.	-0.16%	-0.59%	-1.10%	-46%
Owner's Investment Net profit after tax ÷ average total equity Greater water usage than forecast due to change in urban restrictions, and more irrigation customers going into the market place and purchasing temporary water.	0.89%	-0.57%	-1.10%	-48%
Long Term Financial Viability Total debt (including finance leases) ÷ total assets Variance due delay in capital works.	0.07%	0.70%	3.00%	-77%
Liquidity and Debt Servicing (Interest Cover) Earnings before net interest and tax expense ÷ net interest expense	NA	NA	NA	—
Immediate Liquidity and Debt Servicing (Cash Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	NA	NA	NA	—
Operating Efficiency	\$	\$	\$	
Water supply / wastewater collection Operations, maintenance and administration expenses per ML transported or treated to be provided for each of: ~ water supply bulk ~ water supply reticulation ~ water supply treatment ~ sewerage reticulation ~ sewerage treatment where applicable.	829 829 740 1187 1187	703 703 629 1,102 1,102	Targets not set	



Service and Environmental Performance Indicators

Performance Indicator	2007-08 Result	2008-09 Result	2008-09 Target	Variance %
Water supply interruptions				
Number of customers receiving at least 1 unplanned interruptions in the year	5400	4916	4495	9%
Interruption time indicators				
Average duration of unplanned water supply interruptions (Minutes)	55.6	64.9	48.25	35%
Average duration of planned water supply interruptions (Minutes)	53.4	62.7	268.43	-77%
Target set at the time included air scouring of water mains. Air scouring program was not undertaken due to the continuing water restrictions.				
Restoration of water supply				
Unplanned water supply interruptions restored within 5 hours (%)	99.8%	100.0%	99.4%	0.6%
Reliability of sewerage collection services indicators				
Number of Sewer spills from reticulation and branch sewers (Priority 1 and 2)	13	11	N/A	—
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0%	0%	N/A	—
Containment of sewer spillages x = 5				
Sewerage spills contained within 5 hours (%)	100%	100%	100%	0%
Customer complaints indicators				
Water quality complaints per 1000 customers	2.06	0.75	N/A	—
Water supply reliability complaints per 1000 customers	0.7	0.2	N/A	—
Sewerage service quality and reliability complaints per 1000 customers	0.35	0.2	N/A	—
Affordability complaints per 1000 customers	0.03	0.07	N/A	—
Billing complaints per 1000 customers	0.73	0.72	N/A	—
Pressure complaints per 1000 customers	0.46	0.36	N/A	—
Sewage odour complaints per 1000 customers	0.43	0.13	N/A	—
Other complaints per 1000 customers	8.6	2.6	N/A	—





Service and Environmental Performance Indicators

Performance Indicator	2007-08 Result	2008-09 Result	2008-09 Target	Variance %
Reuse indicators				
Effluent reuse (volume)				
Volume of effluent used x 100				
Total volume of effluent produced				
Kerang	0%	0%	0%	0%
Koorlong	100%	100%	100%	0%
Koondrook	100%	100%	100%	0%
Merbein	0%	0%	0%	0%
Mildura	100%	100%	100%	0%
Nyah / NWest	0%	0%	0%	0%
Red Cliffs	100%	100%	100%	0%
Robinvale	100%	100%	100%	0%
Lake Boga	0%	0%	0%	0%
Swan Hill	0%	0%	0%	0%
Biosolids reuse (dry mass)	0%	0%	0%	0%
Sewage treatment standards				
No. of individual test results meeting EPA licence conditions x 100				
No. of routine tests for the year				
Kerang	100%	100%	100%	0%
Koorlong	94%	100%	100%	0%
Merbein	100%	100%	100%	0%
Mildura	100%	91%	100%	-9%
Red Cliffs	100%	100%	100%	0%
Robinvale	50%	100%	100%	0%
No of sets of test results meeting EPA licence conditions x 100				
No. of sets of routine tests for year				
Kerang	100%	100%	100%	0%
Koorlong	83%	100%	100%	0%
Merbein	100%	100%	100%	0%
Mildura	100%	91%	100%	-9%
Red Cliffs	100%	100%	100%	0%
Robinvale	50%	100%	100%	0%



Lower Murray Urban and Rural Water Corporation
Performance Statement for 2008/09

In our opinion, the accompanying Performance Statement of Lower Murray Urban and Rural Water Corporation in respect of 2008/09 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

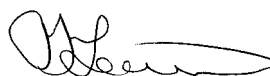
The statement outlines the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the financial year against pre-determined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets.

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

A handwritten signature in black ink, appearing to read "M. D. Tilley".

M D Tilley
Chairman

28/9/09

A handwritten signature in black ink, appearing to read "R Leamon".

R Leamon
Managing Director

28/9/09



VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Lower Murray Urban and Rural Water Corporation

The Performance Statement

The accompanying performance statement for the year ended 30 June 2009 of the Lower Murray Urban and Rural Water Corporation which comprises the performance indicators, the related notes and the certification has been audited.

The Board Member's Responsibility for the Performance Statement

The Board Members of the Lower Murray Urban and Rural Water Corporation are responsible for the preparation and fair presentation of the performance statement 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 performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement 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 performance statement is free from material misstatement.

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

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

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the performance statement published in both the annual report and on the website of the Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2009. The Board Members of the Lower Murray Urban and Rural Water Corporation are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. 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 performance statement to confirm the information included in the audited performance statement presented on the Lower Murray Urban and Rural Water Corporation website.

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

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Independent Auditor's Report (continued)

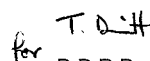
Independence

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 performance statement of the Lower Murray Urban and Rural Water Corporation in respect of the 30 June 2009 financial year presents fairly, in all material respects, in accordance with the *Financial Management Act 1994*.

MELBOURNE
29 September 2009


for D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Whistleblower's Protection Policy

1.0 Purpose

To confirm that Lower Murray Water (LMW) is committed to the aims and objectives of the Whistleblowers Protection Act 2001 (the Act) and does not tolerate improper conduct by its public officers or contractors nor the taking of reprisals against those who come forward to disclose such conduct.

2.0 Scope

This policy applies to all public officers or contractors appointed or employed by Lower Murray Water.

3.0 References

Lower Murray Water's Whistleblowers Protection Policy and Whistleblowers Protection Procedure shall mirror the like policy and procedure developed by the Department of Sustainability and Environment.

State Government

The Whistleblowers Protection Act 2001
The Whistleblowers Protection Regulations 2001
Ombudsman Act 1973
Information Privacy Act 2000
Freedom of Information Act 1982
Department of Sustainability and Environment Whistleblowers Protection Policy

LMW By-Laws etc

Whistleblowers Protection Procedure
Code of Conduct Policy

4.0 Definitions

"Improper conduct" means conduct that is corrupt, a substantial mismanagement of public resources or conduct involving substantial risk to public health or safety, or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal from employment.

"Corrupt conduct" means:

- ~ Conduct of any public officer or contractor that adversely affects or could adversely affect, either directly or indirectly, the honest performance of a public officer, a contractor or LMW's functions; or
- ~ The conduct of a public officer or contractor that amounts to the performance of any of his or her functions as a public officer or contractor dishonestly or with inappropriate partiality; or
- ~ Conduct of a public officer, former public officer or Lower Murray Water that amounts to a breach of public trust; or
- ~ Conduct by a public officer, a former public officer or Lower Murray Water that amounts to the misuse of information or material acquired in the course of the performance of their functions as such (whether for the benefit of that person or body or otherwise); or
- ~ A conspiracy or attempt to engage in the above conduct.

"Detrimental Actions" includes:

- ~ Action causing injury, loss or damage; and
- ~ Intimidation or harassment; and
- ~ Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

"A Disclosure" means an allegation or report of improper conduct and may be made orally, in writing or anonymously.

"Ombudsman" means the person appointed as the Ombudsman under Section 3 of the Ombudsman Act 1973.

"A whistleblower" is a person who makes a disclosure about improper conduct by a public body or a public official or a contractor of the public body.

"Public bodies" include all Government departments and administrative offices, statutory authorities/corporations (including Lower Murray Water), municipal councils, Government appointed boards and committees, Government owned companies.

"Public Officers" include Members of Parliament, directors, Lower Murray Water employees, public servants and office holders appointed by the Governor-in-Council or a Minister.

"Natural Justice" means procedural fairness and ensuring a fair decision is reached by an objective decision maker.

5.0 Policy

- 5.1 Lower Murray Water is committed to transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal detrimental action, improper or corrupt conduct.
- 5.2 Lower Murray Water will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to any public officer who is the subject of the disclosure.
- 5.3 This policy and related procedure is designed to complement normal communication channels between Lower Murray Water and its employees. Employees are encouraged to continue to raise appropriate matters at any time with their Managers/Supervisors. As an alternative, people may make a disclosure of improper/corrupt conduct or detrimental action under the Act in accordance with Lower Murray Water Whistleblowers procedure.
- 5.4 Lower Murray Water will utilise the Protected Disclosure Coordinator appointed by the Department of Sustainability and Environment. Contacts: Jennifer Berensen
Protected Disclosure Co-ordinator
Department of Sustainability & Environment
PO Box 500
EAST MELBOURNE VIC 3002
Telephone: (03) 9637 8697
(or)
The Ombudsman Victoria
Level 22/459 Collins Street
MELBOURNE VIC 3000
Telephone: (03) 9613 6222
Toll Free: 1800 806 314
- 5.5 Lower Murray Water will make a copy of the policy and procedure available to every employee, member or officer of Lower Murray Water and members of the public are able to inspect a copy of the procedures during normal office hours.
- 5.6 Lower Murray Water will publish a copy of this policy on our Internet site, and provide a copy to anyone who requests it free of charge.
- 5.7 Lower Murray Water will receive and assess disclosures about improper conduct in accordance with the Act.

- 5.8 Lower Murray Water will investigate disclosed matters when referred from the Ombudsman and take appropriate action when improper conduct has been found to occur.
- 5.9 Lower Murray Water will promote a culture in which whistleblowers feel safe to make a disclosure.
- 5.10 Lower Murray Water will ensure that whistleblowers are protected from reprisals and protect people who disclose information about serious wrong doing within the public sector from recrimination or other adverse consequences as follows:
 - ~ A whistleblower will not be subject to any civil or criminal liability or disciplinary action for making that disclosure.
 - ~ A whistleblower will not be liable for breaching a statutory duty to maintain confidentiality or a confidentiality clause in an employment contract.
 - ~ A whistleblower will be protected from defamation actions by conferring a defence of absolute privilege for the making of the protected disclosure.
 - ~ People who take detrimental action against a whistleblower in reprisal for the making of a disclosure may be found guilty of a criminal offence, punishable by up to 2 years imprisonment.
 - ~ A whistleblower may sue for damages for reprisals and may apply to the Supreme Court for an injunction or order requiring the person who has taken detrimental action against him or her to remedy that action.
 - ~ Confidentiality in respect of all records kept, details of matters disclosed and the identity of persons involved in the disclosure will be maintained at all times.
 - ~ Where any person makes a disclosure in accordance with the Act, they will be protected from criminal, civil and administrative liability for making the disclosure. They will not, however, have immunity from liability for any improper conduct in which they have participated
- 5.11 Lower Murray Water will provide a framework for investigating disclosed matters including the appointment of an investigator if appropriate.
- 5.12 Lower Murray Water will ensure that investigated matters are properly dealt with.
- 5.13 Lower Murray Water will set in place notification and reporting requirements, including the publication of statistics relating to disclosures dealt with in Lower Murray Water's annual report.

6.0 Process Flow Chart

NA

7.0 Documents / Forms

NA

8.0 Review

- 8.1 It is the responsibility of the Custodian of this policy to ensure this policy is reviewed annually, as per the review due date listed in the record table.
- 8.2 The people listed as "to be advised of amendments" must alert the Custodian to the need for policy review if any amendments are required to the policy before the review due date.

9.0 Appendices

NA



Lower Murray Water wishes to thank staff and Darren Seiler Photography who have generously provided photographs for the 2008/09 Annual Report

Designed and produced by Small Dog Design, T 03 5333 7777

Printed on ENVI 100% Carbon Neutral Paper

ISSN: 1325-1139



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