

# LOWER MURRAY WATER

Annual Report 2009/10



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 14 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 4,704 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 560,530ML;
- the collection and disposal of subsurface drainage water from the four pumped irrigation districts, and Nangiloc, Robinvale and Boundary Bend diverters;
- ensuring drainage design in new agricultural developments conforms with salinity management plan development guidelines;
- management of the private diversion licences of 1,066 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 and Managing Director

## The Chairman's Overview

The 2009/10 year has been both challenging and rewarding for our Corporation as we continue to come to grips with the new paradigm of variable climate and its impacts on water availability. This aspect is having a significant long term impact on all stakeholders in our region that interact with the water sector.

In relation to our own strategic planning we have adopted an approach of incremental adjustment based on the yearly earnings, taking into account factors such as maturing water markets, changes to water policy pursuant to the Northern Region Sustainable Water Strategy and local social and economic factors.

We have adopted this approach due to the rapid rate of change occurring in both our industry and in our region. The previous 12 months continued to see a decline in the area of wine grape plantings. Coupled with a drop in annual yields, this produced an ironic short term demand for wine grapes. While this commodity continues to struggle the other commodities in our region have continued to trade on positive terms and there is reason for cautious optimism by our rural horticultural customer groups.

The uncertainties surrounding the drought have posed a conundrum for our Board regarding making provision for the needs of our urban communities. We chose to use the water market to ease the impact of severe water restrictions as a result of feedback from our region. The Board elected to promote sensible water use, coupled with mild levels of restrictions, to preserve community spirit and to protect the structural integrity of both private and community facilities which were suffering damage as a result of movement of building foundations.

This effect was also very evident in the significant increase in the number of burst water mains resultant upon the prohibition of garden and lawn watering. We have now seen a direct reversal in this trend as a result of the reintroduction of controlled garden and lawn watering.

The Board also chose to purchase temporary water to carryover to the 2009/10 year to protect against severe water restrictions. As the seasonal allocations were higher than expected this water was not used and will again appear as a prepayment in the Balance Sheet.

The Commonwealth Government made grants available during the reporting year to assist irrigators to exit the industry. The program, known as the Small Block Irrigators Exit Grant Package, resulted in some 80 irrigators across our pumped districts ceasing to operate. A condition of this grant was that termination fees be paid to the Corporation. These termination fees, which are a provision towards future maintenance costs of the irrigation district, are required by Accounting Standards to be treated as income in the year in which they are received. Accordingly \$2.4m in fees have been received and have a direct impact on the Corporation's operating result of \$2.5m (before tax). Without this income the Corporation would have shown a break-even operating result (operating result \$2.512M less termination fees of \$2.369M = \$0.143m).

Our engineering group have made good progress toward completion of our major projects this year. The Robinvale High Pressure Irrigation Project is a state of the art system that will deliver water on demand to irrigators 365 days per year. The system will be available for the upcoming season and will allow irrigators to enhance product quality by utilising water to both match crop demand and to undertake climate control in the vineyard. This should translate directly into bottom line results.

Our Koorlong Wastewater Treatment Plant Augmentation project will also come on line for the upcoming season. This project has centralised wastewater treatment away from the satellite towns of Red Cliffs and Merbein and will be able to cater for the growth of the city of Mildura for an extended period into the future.

The Corporation has put major effort into preparing a Business Case Resubmission Report for the Sunraysia Modernisation Project. This Business Case is seeking funding from the Commonwealth Government toward modernising the main irrigation infrastructure in the three irrigation districts of Merbein, Mildura and Red Cliffs.

The Corporation welcomes Mr Geoff Michell to the Board of Directors, his appointment by The Hon. Tim Holding confirmed on 24th June 2010. Geoff will join us at the July 2010 meeting.

Director Frank Smith's term concluded on 30th June 2010 and I thank him for his 25 years of service to the water industry. Frank has been successively reappointed to our Board since its inception in February 1995. Prior to this period Frank was the Engineer to the Swan Hill Water Board for 10 years. He has been a significant contributor to the decision making processes of our business which is, by its very nature, heavily focussed on the provision and maintenance of major public assets.

I would like to recognise the support that has been forthcoming from the Minister for Water, his staff, departmental representatives and industry associations.

In closing, I would like to express my gratitude to my fellow directors, management and staff at Lower Murray Water for their contribution toward keeping our business on a sound footing during what has been a difficult period.

**Michael D Tilley**  
Chairman

**30th August 2010**

## The Managing Director's Overview

This last year has seen a number of testing issues being dealt with by not only the Board but all at Lower Murray Water.

We have seen a maturing of our community in its understanding of the effects of long term drought on our urban environment and a commensurate appreciation of the annual water cycle in the Murray Darling Basin. This has eased the tensions associated with compliance with water restrictions and instilled an appreciation of the value of our most precious natural resource.

While restriction levels have eased, we have observed an overall long term reduction in per capita domestic consumption precipitated by several factors including community education, water use efficiency programs and changes to landscaping practices in both new and existing domestic applications.

Likewise our rural customer segment, which consists of irrigation and 'Domestic and Stock' customers, have adjusted their businesses and domestic lifestyles by utilising the water market to meet their water supply requirements. This mechanism has been fundamental to the survival of our irrigation sector and has been embraced as a key tool as we face a water constrained future.

The significant rainfall events that occurred in the upper reaches of the Darling catchments in early 2010 highlighted the extreme variability of our systems. They are a reminder that we must carefully plan our water supply strategies and optimise our resource usage to maximise the value adding from this highly variable and finite resource.

New modern water supply infrastructure is pivotal to our future. We have invested a significant amount of time, energy and resources in planning for the renewal of the Sunraysia irrigation systems. Fulfilling these plans will better place us to deal with the challenges of a water constrained future.

Notwithstanding the difficulties faced by our horticultural sector the Corporation has been able to operate on a relatively cost efficient basis. We have been on a cost control strategy over the last several years and are continuing to lower our recurrent costs wherever possible.

It has been pleasing to receive the results of national benchmarking reports which demonstrate our customers are receiving service standards among the best in Australia. Staff can be justifiably proud of their efforts and will continue to focus on customer service as their core objective in their day to day duties.

It has given me personal satisfaction to see the empathy and understanding that our staff is showing in dealing with the increasing number of difficulties that customers are experiencing.

I would like to thank all staff and the management group for keeping their focus on our core activities during a period where water has been in the public spotlight and under great scrutiny by both the media and the community at large.

The following report contains a broad range of material about our activities and I commend readers to explore it at their leisure. Further information on specific initiatives may be obtained by contacting the Corporation.



**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. Directors Martin and Ward were re-appointed for the period 1st July 2010 to 30th September 2012.

Leonie Burrows, 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 from 10th December 2008 to 30th September 2011.

Geoffrey Michell was appointed to the Board from 1st July 2010 to 30th September 2012.

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. He is a Director of Vision Super as the Victorian Water Industry Representative and was Chairman of the former Lower Murray Water Region Water Authority.

**Kay Martin**, Deputy Chair, 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. Kay is currently Chair of Chaffey Aged Care; and Chair of our Governance Committee.

**May Ward** is a 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 Councillor 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, a former member of its Audit Committee, and Deputy Chair of the Continuous Quality Improvement Committee. 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. Frank was a member of the Lower Murray Water Governance Committee, a former Chair of the Audit Committee and concluded his term on 30th June 2010.

**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 past Chairman of the Australian Dried Fruits Association and is a member of the Dried Grape Industry Advisory Council and a member of two trusts that fund marketing and other projects for the benefit of the dried fruits industry. Peter is the Chairman of Mildura Christian College Board and represents Lower Murray Water on the Mallee Catchment Management Authority SDE Finance Committee.

**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, is a member of the Australian Water & Wastewater Association and the Australian Institute of Management. He is a Fellow of, a former President of and an Executive Council Member of, the Institute of Water Administration.

## 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	10	5	3	—	—
Peter Jones	12	12	5	5	—	—
Ron Leamon	12	12	—	—	3	3
Peter MacIntosh	12	10	5	4	—	—
Kay Martin #	12	11	3	3	3	3
Frank Smith	12	10	—	—	3	3
Michael Tilley	12	11	—	—	—	—
May Ward	12	12	—	—	3	2

\* includes special meeting on 6th August 2009 and Strategic Planning Review meeting in March 2010

# Director Martin left the Audit Committee in February 2010

## 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 2010, the Committee comprised Leonie Burrows (Chair), Peter MacIntosh, Peter Jones and Bill Ridge, an external appointment to the Committee. The Committee met on five occasions in 2009/10. 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 2009/10:

- 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.

## Corporate Governance

### Risk Management

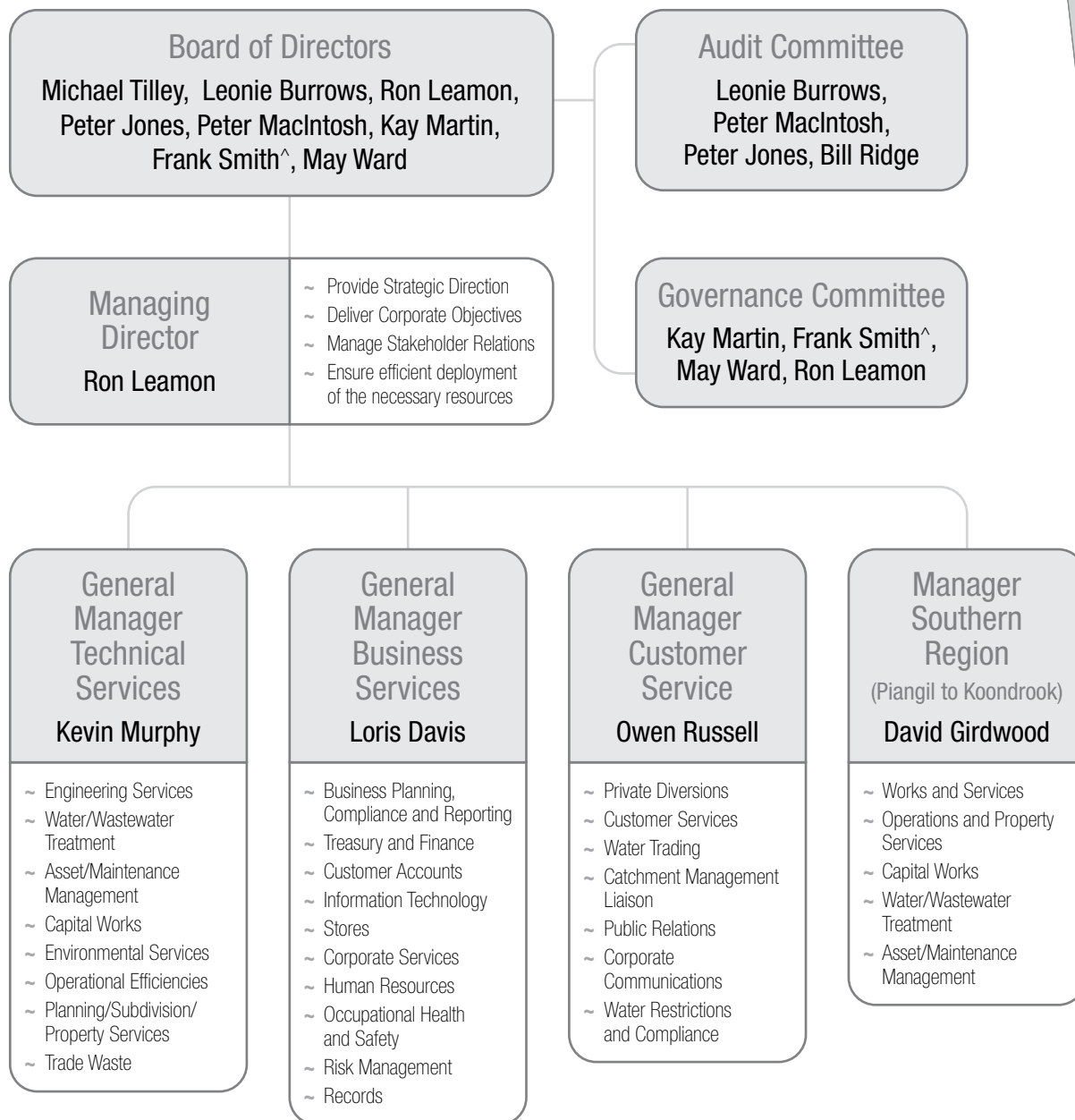
I, Michael Tilley, certify that Lower Murray Urban and Rural Water Corporation has a risk management system in place aligned with the International Standard on risk management. The internal controls in place enable the executives to understand, manage and satisfactorily control risk exposures in areas of the Corporation's operations, with the exception of the asset risk register reporting facility which is currently being upgraded to meet the requirements. 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

**30th August 2010**

# Our Organisational Chart



^ Frank Smith's term concluded 30th June 2010

# 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"> <li>Continued training of water treatment plant operators to further enhance skill levels</li> <li>Construction completed of raw water pump station on Murray River to supply Murrabit Water Treatment Plant, improving raw water quality and security of supply</li> <li>Participated in training activities simulating terrorist attack on water supply systems</li> <li>As convening agency, continued to monitor Blue Green Algae blooms in the Murray River and make appropriate public announcements</li> </ul>
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"> <li>Replaced some 33.1km of water mains in our service region</li> <li>Construction of some 11.1km of water and sewer mains to new subdivisions in our service region</li> <li>Construction of 25.3km of sewer mains for major projects in our service region</li> <li>Continuation of waterMAP for all treated water customers above the threshold level</li> </ul>
	State Government Directive	<ul style="list-style-type: none"> <li>Installation of fluoride injection facilities at Water Treatment Plants in Mildura, Swan Hill, Red Cliffs and Kerang commenced</li> </ul>

## 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"> <li>Construction of Koorlong Wastewater Plant augmentation commenced with construction of main structure, the biological sequential batch reactor completed</li> <li>Regulatory discharge requirements for Kerang Wastewater Treatment Plant finalised and are now the basis of the refurbishment design</li> <li>Continued works 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</li> <li>Completion of the Nichols Point and Kings Billabong Sewerage Scheme</li> <li>Construction of sewage pump station and associated pipelines for the Cowra Sewerage Catchment Development Project completed</li> </ul>
Seek opportunities to recycle wastewater	Strategic Plan	<ul style="list-style-type: none"> <li>Continued to seek to identify new water recycling/reuse opportunities for investigation</li> <li>Continuation of supply of Primary Treated Effluent to Reuse Partner as a preliminary supply to establish permanent plantings</li> <li>Continuation of supply of wastewater from Red Cliffs Wastewater Treatment Plant to Red Cliffs Golf Club</li> <li>Commencement of supply of reuse irrigation drainage water from the Red Cliffs Irrigation District to Red Cliffs Golf Club</li> </ul>

## Irrigation, Domestic and Stock Supply and Drainage Services

Objective	Objective Set	Action Taken
Provide river-quality water to all irrigators and Domestic and Stock users, in line with entitlements and their seasonal allocations	Strategic Plan	<ul style="list-style-type: none"> <li>Replacement of the Wargan Water Works channel completed</li> <li>350m section of Paschendale Avenue channel upgraded</li> <li>Automation of Central Pump Station completed</li> <li>Preparations for the connection of irrigation customers to the Robinvale High Pressure Irrigation Project commenced</li> </ul>
Develop and implement Master Plan	Strategic Plan	<ul style="list-style-type: none"> <li>Robinvale High Pressure Irrigation Project – reticulation system construction 95% completed; and pump station works component 99% complete</li> <li>Formulation of Business Case for Sunraysia Modernisation Project</li> </ul>

## Budgetary

Objective	Objective Set	Action Taken
Manage the Corporation in a financially responsible manner	Strategic Plan	– Continuing dry conditions, thus low water allocations gave rise to the implementation of a revised and reduced budget for operations, maintenance and administration expenditure
Develop pricing structures/tariffs for urban and rural services that are equitable and reflect the funding for long term infrastructure	Strategic Plan	– Initiated a review of rural tariffs to rebalance the equity of charges following the introduction of unbundled water rights
To align the business objectives with Essential Services Commission principles	Strategic Plan	– Development of a Rural Customer Charter completed, with Charter dispatched to all rural customers

## Environmental

Objective	Objective Set	Action Taken
To improve energy efficiency and minimise greenhouse gas emissions	Environmental Management Plan	<ul style="list-style-type: none"> <li>– Reduced our net greenhouse gas emissions by 7,648.67 tCO<sub>2</sub>-e in the 2009/10 year</li> <li>– Requested high efficiency cars in tender process and introduced a new evaluation model which takes into account various environmental issues</li> <li>– Purchase of \$275,375.11 in Accredited Green Power</li> <li>– Continued examining Carbon Credit Schemes to identify possible opportunities</li> </ul>
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"> <li>– Continued development of 'Sustain Domain' sustainable display home; which when completed will educate and engage the community in sustainable practices</li> <li>– Continued with education programs and activities directed at primary school level</li> <li>– Continued to offer our internal Environmental Award</li> </ul>
<b>Sustainability of our Environment</b> – to plan and manage all our operations in an environmentally responsible and sustainable manner	Corporate Goal 4	<ul style="list-style-type: none"> <li>– Included Ecobuy recommendations in Annual Report process</li> <li>– Maintained our Silver Wastewise Accreditation with Sustainability Victoria (coordinated locally by the Mildura Regional Waste Management Group)</li> <li>– Implementation of a works program to enhance the quality of habitat for the Hooded Scaly Foot Lizard at the Mildura West Water Treatment Plant site</li> </ul>

## Customer, Staff and Stakeholder

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"> <li>– Continued the development of the <i>TurningWaterWise</i> program to target specific areas of need</li> <li>– Launched our "Waterwise Garden Project" to assist residential urban customers to reduce lawn area via a rebate program</li> <li>– Continued production of e-News to subscriber base</li> <li>– Continued development of educational programs and activities for primary school children</li> <li>– Participated in a range of community projects aimed to promote environmental awareness</li> <li>– Conducted water saving trigger nozzle exchange program</li> </ul>
Develop partnerships with local businesses and groups to educate on water related issues	Communications Strategic Plan	<ul style="list-style-type: none"> <li>– Developed on-going relationships with local businesses as part of the Waterwise Garden Project</li> <li>– Relationships with media in our service area maintained throughout the year</li> </ul>
<b>Building a Prosperous Region</b> – to contribute to the economic, social and cultural development of the region and ensure the security of the community's collective water resource	Corporate Goal 3	– Continued to support local events and activities in our region, through the provision of sponsorship and/or participation in educational activities
<b>Motivated and Empowered People</b> – to maintain a quality, appropriately skilled and committed workforce	Corporate Goal 5	<ul style="list-style-type: none"> <li>– Expanded our "Corporate Wellness Program" for staff to include new activities and information</li> <li>– Continued our program of Engineering Scholarships</li> <li>– Continuation of training for staff in all aspects of operations</li> </ul>
<b>Positive Customer, Staff and Stakeholder Relationships</b> – to maintain positive relationships and communication with rural and urban customers, government and other stakeholders	Corporate Goal 2	– Developed relationships with Traditional Owners and on-site Aboriginal Monitors for the Robinvale High Pressure Irrigation Project



## 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 three main components; the *Reticulation System*, the *Pump Station* and *Connections*.

#### 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 construction of the High Pressure Irrigation Pipeline by Akron Roads Pty Ltd was completed on 22nd February 2010. Construction involved the installation of 75km of pipeline (ranging in diameter from 1,400mm to 225mm) and 225 associated irrigation meters, fittings and valving. Domestic and Stock pipeline construction was awarded to JHL Civil Pty Ltd on 6th May 2010. Construction involves the installation of 27km of pipeline (ranging in diameter from 110mm to 40mm) and some 350 associated Domestic and Stock meters. Construction is scheduled for completion by early September 2010.

#### 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. The construction of the pump station by Fulton Hogan Pty Ltd was completed on 31st March 2010. The construction involves a jetty structure in the Murray River, flooded suction lines through to a concrete basement pump hall and all internal pipework. Pump sets and other equipment have been procured separately by Lower Murray Water from Thompson Kelly & Lewis Pty Ltd. This equipment and the pump station were commissioned in April to June 2010 in readiness for customer connections. With the operation of the High Pressure Pump Station, the Low Pressure Pump Station (originally constructed in 1948) will be placed into retirement.

#### Connections

Connection of irrigation customers commenced after the commissioning of the pump station and is expected to be completed in August 2010 in readiness for the 2010/11 Irrigation Season. Connection of Domestic and Stock customers is expected to commence in September 2010 and is due to be completed by the end of October 2010.

### Koorlong Wastewater Treatment Plant Augmentation

The construction phase of the Koorlong Wastewater Treatment Plant (KWWTP) Augmentation enveloping the current treatment plant was commenced in May 2009, by contractors Fulton Hogan Pty Ltd. Designers and engineering consultants, Hunter Water Australia Pty Ltd, together with engineering and project management support group CEENA Pty Ltd are supporting Lower Murray Water engineers and technical team members in delivering the project.

Catering for the ongoing catchment growth through to 2020, the KWWTP project allows for the upgrade and augmentation of the existing Koorlong plant and is designed to cater for combined domestic and trade waste from the three catchments of Mildura, Merbein and Red Cliffs.

The construction of the new biological sequential batch reactor plant has seen a diverse workforce of up to 100 personnel on site at any one time, with testing and commissioning of the new plant underway in June 2010.

Upon commissioning, the new plant will accept the diversion of the current inflows into Koorlong in addition to the flows currently being treated at the Red Cliffs Wastewater Treatment Plant. The Red Cliffs plant will then be taken off line and its flows will be diverted to Koorlong via the newly installed rising main as part of this project.

The KWWTP project culminates after a number of years of considered studies and design. It will enable the reclaimed water, which meets EPA standards, to be on-sold to a third party for irrigation reuse. Full completion of the new plant, including the sludge handling system, is expected by the end of 2010.



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

## Urban Works

### Implementation of Fluoride

In 2008 we were directed by the Department of Health to implement the Victorian Government policy of water fluoridation within our region. This has involved the installation of fluoride injection facilities during 2009/10 at the Water Treatment Plants in Mildura, Swan Hill, Red Cliffs and Kerang. The works were funded by the Department of Health and funds provided via a grant to Lower Murray Water. The injection plants have been constructed under contract by CCB Envico and will be operational in most areas in July/August 2010. The total contract cost was \$3,218,676.

### Nichols Point and Kings Billabong Sewerage Scheme

This sewerage scheme is a non conventional system of a pressure pipe network which involves each property operating its own miniature pump station which in turn incorporates a grinder pressure pump. Approximately 100 established homes and 50 vacant lots have been serviced by the scheme and it caters for a future total of 350. The scheme includes approximately 12km of poly pipe ranging in size from 40mm to 140mm all installed using electro fusion welding by local contractor Theill Pipelines and has taken four and a half months to complete. Residents with existing septic tank systems have two years to connect to the new system and decommission their old system.

Associated works included extending the Sunraysia Sewerage District to incorporate the new serviced area and the approval of a Cultural Heritage Management Plan to address the indigenous sensitivity within the Kings Billabong region.

### Cowra Sewerage Catchment Development Project

This project involved the construction of a new sewer trunk main and pump station to cater for a future growth area. The area is bordered by Fourteenth and Fifteenth Streets and Etiwanda and Cowra Avenues with an estimated long term future population of 4,600 by mixture of residential and commercial development.

Works involved the installation of 1,300m of 225mm and 300mm diameter SewerPro pipe ranging in depth from 4m to 6m below the surface from Etiwanda Avenue to the Calder Drainage basin. The sewage pump station is 2.4m in diameter, has a depth of 8m and discharges via 270m of new 200mm rising main directly into the Koorlong rising main for delivery to the new Koorlong Plant. The works have taken five months to complete by local contractor Waters Excavations.

Associated works included the purchase of land and easement creation through six horticultural properties which have been recently rezoned. Two existing and smaller sewage pump stations will be retired due to the interception of their flows.

### Mains Construction Works – New Subdivisions and Replacement Programs

During the 2009/10 year approximately 5km of sewer and 6.1km of water mains were constructed to service new subdivisions in our service area. Approximately 1.2km of the water and 1.3km sewer main installation involved "Developer – Design and Construct" projects. A further 25.3km of sewer mains were completed in additional major projects that included the Nichols Point and Kings Billabong Sewerage Scheme, the Cowra Sewerage Catchment Development Project, a new Red Cliffs to Koorlong WWTP Rising Main, a new Fourteenth Street rising main, an extension to the Swan Hill Pritchard Street rising main, and a Tower Hill rising main upgrade in Swan Hill.

Through our replacement program, approximately 3.1km of water mains were replaced within the 2009/10 year. In addition, approximately 3.8km of gas pipeline was installed for the APA Group.

		Northern region	Southern region	Total metres
New mains construction	Water	4,900	1,200	6,100
	Sewer	3,800	1,200	5,000
Replacement Program	Water	1,500	1,600	3,100
	Sewer	0	0	0
Major Projects	Sewer	24,000	1,300	25,300



## Irrigation Works

### Wargan Water Works Channel Replacement

In 2009/10 Lower Murray Water replaced the Wargan Water Works channel system, which extends beyond the established Merbein Irrigation District, with a pressurised Domestic and Stock pipeline system. The Channel system which was predominately sandy loam earthen channel was originally used to supply a number of dairy farms with irrigation water as well as dam fills for dry land properties.

Twenty six properties with 15 connections south west of Merbein will now receive a continuous Domestic and Stock supply into supply tanks eliminating seepage and evaporation loss. The total area of dry land farming serviced from the channel system is in the order of 3,890ha.

### Paschendale Avenue Channel Upgrade

As part of our commitment to improve water quality and supply to customers, a 350m section of the Merbein main channel was lined and a 100m section covered as a demonstration site for high density polyethylene (HDPE) lining. HDPE was chosen due to the significant cost saving in comparison to pipeline products and the limited head available for the delivery of water. High density shade cloth used to cover the channel reduces evaporation, algae growth and prevent debris from entering the channel. Additional safety features which also enhanced the site included security grating and fencing.

The Paschendale upgrade required a number of planning considerations including Local Planning Permit, environmental offsets for vegetation removal, Cultural Heritage Permits and continued supply to Merbein customers during construction. Design and operation changes were made to minimise the impact of the planning requirements and to reduce the overall cost of the project.

This project also provided valuable research and development associated with the Sunraysia Modernisation project, providing customers and the community with an opportunity to see and comment on lining options.

## Central Pumps Automation

In September 2009 we automated the Central Pump Station which now allows pump operators to control the pump station and channels remotely from the Mildura Head Office. Operators are now centralised in one location providing significant operation and work place improvements. The works included electrical and communications upgrades to the site.

## Corporate Projects

In June 2010, Mildura Head Office Stage 2 developments were completed by King Construction Group Pty Ltd under the guidance of Nairn Architecture. The works completed included a 1,271m<sup>2</sup> office space extension (approximately 60 staff spaces) towards Fourteenth Street and improvements to the Revenue area and Reception entrance.



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

In November 2009 we released our Rural Customer Charter. The Charter sets out the rights and obligations of both Lower Murray Water and our customers in relation to rural water supply and drainage services. Some of the matters dealt with in this comprehensive document include the delivery standards for rural water and functional drainage services to which the customer is entitled, details of the 24 hour emergency service; and information on works, licences, metering, billing, accounts, payments and concessions. A detailed instruction guide for online water ordering was dispatched with the Rural Customer Charter.

## Customer Consultation

### Customer Services Advisory Committees

As part of its goal to maintain positive relationships and communications with rural customers we have in place six rural Customer Services Advisory Committees being in the Pumped Districts of Mildura

(FMID), Merbein, Red Cliffs and Robinvale, the Millewa Waterworks District and to represent the Private Diversers between Nyah and the South Australian border. The Customer Services Advisory Committees were established in accordance with the *Water Act 1989*.

Six Committee Members are elected to the Merbein, Millewa, Private Diversers, Red Cliffs and Robinvale Committees but in the case of the Mildura (FMID) Committee, the six Members are appointed by the Board. In June 2010 the period of appointment of two Members of the Robinvale, Millewa and Private Diverter Committees expired and Expressions of Interest have been sought. In addition Expressions of Interest were also sought to fill a casual vacancy on the Robinvale Committee caused by the resignation of Ms Jeanette Cattanaach.

The purpose of the Committees is to provide advice to the Board and Management on a range of water and service related matters. We seek advice from the Committees on Corporate Planning embracing maintenance priorities, capital expenditure requirements, service levels, tariff changes and billing regimes and other matters of mutual interest referred to the Committees by the Board.

Meetings of the Board with the Chairs and Deputy Chairs of the Committees were scheduled in December 2009 and February 2010.

### CSAC Members' Attendance at Meetings July 2009 to June 2010

	Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended
<b>Merbein</b>			<b>Millewa</b>			<b>Red Cliffs</b>		
David Beard	5	5	Ian Arney	2	2	Michael Cowling	5	2
Malcolm Bennett	4	4	Neil Boord	2	2	Ian Gowers	4	3
Larry Dichiera	4	4	Kevin Coogan ^	3	3	Greg Hutchison	4	4
Alan Greatz	4	4	Ron Hards	3	2	Frank Pedulla ^	5	4
Roslyn Hudson	4	3	Allen Harmer	2	2	John Piccirillo	4	3
Richard Wells ^	5	4	Stuart Thomson	2	1	John Strangio	4	2
<b>Mildura</b>			<b>Private Diversers</b>			<b>Robinvale</b>		
Robert Bate	3	3	Andrew Fremder	4	3	Don Albanese	3	3
Domenico Caia	3	2	Ian Keens	5	4	Ian Boyd	2	2
Joe Ietto	3	2	Keith Milne	4	4	Lindsay Camera	2	0
Ashley Johnstone	4	3	Geoff Minter	4	3	Jeanette Cattanaach ~	1	1
Warren Lloyd ^	4	2	Craig Thornton	4	4	Frank Constantino ^	3	2
Rodney Trigg	3	1	Andrew Young ^	5	4	Ken Stringer	2	2

^ denotes Chair of Committee

~ Committee Member Cattanaach became ineligible February 2010 due to land disposal



## Customer Consultative Committees

The urban customers of our region are represented on two Customer Consultative Committees, being the Northern and Southern Committees. The Northern Region takes in Mildura and surrounds with the Southern Committee Members representing the Swan Hill and Kerang areas. These Committees provide advice from the communities on a range of water and service related matters.

### CCC Members' Attendance at Meetings July 2009 to June 2010

	Meetings Eligible to Attend	Attended		Meetings Eligible to Attend	Attended
<b>Northern</b>			<b>Southern</b>		
Nola Andriskie	2	2	Graeme Hayes	1	1
Brendan Barry	2	1	Graeme Jilbert	1	1
Michael Freeman	2	1	Colin Myers	1	1
Glenn Milne	2	1	Deborah Quinn	1	0
Geoff Quinn	2	2	May Ward <sup>^</sup>	1	1

<sup>^</sup> denotes Chair of Committee

## Customer Communication

We strive 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 newsletter provides 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 to tell us how we are doing. Based on our customers' experience over the preceding 12 months we are scored on our performance in key areas of water quality and service, sewerage service and ease of contact. The 2009/10 Residential Customer Satisfaction rating was 66.12%. This year was the first time we asked all our rural customers also to tell us how we are meeting their needs in the area of water delivery and drainage services. The 2009/10 rural customer satisfaction rating was 59.37%. These satisfaction ratings are pleasing considering the difficult times experienced by our customers during severe water restrictions and low allocations.



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](http://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 2009/10	Enquiries	Unassisted Referral *	Assisted Referral #	Stage 1 Complaint	Stage 2 Complaint
Overall Water Industry – Urban	92	190	169	30	45
Lower Murray Water – Urban	7	3	2	1	2
Overall Water Industry – Rural	27	65	60	6	23
Lower Murray Water – Rural	1	6	2	1	2

\* Customer is encouraged to make contact with their water provider

\* EWOV may contact the water provider on the customer's behalf, or may direct the customer to another body more relevant to the complaint (eg: Local Council, Catchment Management Authority etc)



## 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 at the start of the season. This was either through the implementation of Staged Water Restrictions or a restriction in the amount of water allocated to irrigation customers. Even though allocations reached 100% it wasn't until March 2010 (post Summer) that we saw this level achieved with water flows entering the Menindee Lakes system.

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. 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.

A major Commonwealth initiative has been the Small Block Irrigators Exit Grant Package. This allowed for rural customers to take a government sponsored package to stop irrigation farming. We had approximately 80 customers take this package, predominately from our irrigation districts (Mildura, Red Cliffs, Merbein and Robinvale). A small number of our customers from the Private Diverter District also accepted the package.

## Water Restrictions and Drought

During the year we operated under Stage 3 Water Restrictions with lawn watering allowed. We maintained this level through to November 2009 when we reverted back to Stage 1. This change proved popular with our customers who took advantage of the easing of restrictions during the summer period.

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, which continued throughout 2009/10. The Drought Information Link included on our website has provided useful access 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 2009/10 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 provided our two marquees for use by community groups at events and festivals.

In August 2009 the township of Merbein celebrated its centenary and we were pleased to be invited to take part in the week long celebrations. Managing Director, Ron Leamon re-enacted the Chairman of the local Lands Department distributing titles to the original landholders; and we took part in the street parade with one of the many floats under the theme "Merbein Past and Present".

We supported the 2009 Mildura Show through providing bottled water for the *Elliott Emu Good Food Trail*, which aims to promote a healthy lifestyle to the next generation.

In support of Breast Cancer Awareness, we took part in 'Global Illumination' which saw our water tower on Fourteenth Street bathed in pink light for the week commencing 23rd October.

Community groups continued to request information and/or presentations on water related matters throughout the year. Such requests were facilitated by our Customer Relations Officer, our Environmental Officer and others through presentations or static displays during events.

## Education Programs for School Students

We believe that education and awareness in the early school years is very important and have a range of ways we can engage students in the learning process. A number of presentations were given to school children during the year, with our staff visiting the class groups. These presentations are age-appropriate and focus on the specific issues fitting with the curriculum of that group. We provide fun and

educational Activity Sheets tailored to the presentation and these are then made available via our website. School groups can also tour our various facilities, including Water and Wastewater Treatment Plants. In addition, we also participate in larger scale activities such as the bi-annual Mallee Environmental Schools Festival (MESF) and events planned by individual schools.

### Mallee Environmental Schools Festival (MESF)

On 20th October, we participated in the third MESF to be held in this region. The 2009 event welcomed approximately 500 grade three and four students, accompanied by teachers, assistants and parents to take part in hands-on workshops, through which the groups rotated during the day. Each group of students attended four sessions of 30 minutes each with different presenters, and one with a music performer. Activities focused on broad areas of sustainability with local relevance. Our activity was centred on the wastewater system and specifically what items should not enter the system. The activity involved information sharing with active participation encouraged in both the discussion and hands-on components. The mechanics of the activity involved a "wastewater treatment plant" and clear tubes with funnels attached to transport the wastewater to the plant. Children poured various mixtures into the funnel to simulate trade waste, toilet waste and items that might go down the sink; as we talked about blockages, damage to pipes and pumps and the relevant pressures on the system.

### Walby Worm Environmental Trail

On 20th November we took part in Irymple South Primary School's inaugural event to promote environmental awareness to students and accompanying parents. A pre-packed 'goody bag' containing a range of information and environment-related items was collected and then the *Walby Worm Environmental Trail* was followed, with the children taking part in a number of activities including recycled art activities, an interactive recycling game and relays, painting rocks (Lady Bug theme), constructing food webs, decorating pots and then planting seedlings into these; and our activity – magnetic fishing. Children caught a fish with one of four water saving/water education activities printed on one side. A coloured dot on the fish corresponded to a prize to be added to the 'goody bag'; a hat, refillable drink bottle, trigger nozzle, a pen and ruler or a combination prize of a toilet leak tester, a reduced flow tap connector and a shower timer.





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.

## Supporting the Community During Water Restrictions

While Water Restrictions were lessened in November 2009, with the moving from Stage 3 to Stage 1, we continued to offer a range of initiatives to our customers, which also served as water conservation awareness and educational tools.

*Savewater!* provided a supply of reduced flow water saving tap connectors, which we distributed to our customers via an exchange program; and in June 2010 we offered a trigger nozzle exchange program in conjunction with the Victorian Government. Customers exchanged over 1,500 twist style nozzles for a water efficient trigger nozzle, which took the total number of trigger nozzles exchanged in our region since 2008 to over 4,000.

## Community Service Obligations

	2008/2009	2009/2010
Concessions to Pensioners	\$1,255,721	\$1,489,083
State Revenue Office Rebates	\$141,846	\$142,795
Utility Relief Grants Scheme	\$3,983	\$3,304
Haemodialysis Life Support Machine Water Concessions	\$86	\$453
Hardship Relief Grant Scheme for Sewerage Connections	\$0	\$0
<b>TOTAL</b>	<b>\$1,401,636</b>	<b>\$1,635,635</b>

## 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.

## 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, providing a variety of resources for their use. In addition we have provided students with work experience opportunities.

We support vocational information activities such as the Sunraysia Institute of TAFE's annual "Careers Day" with a number of our staff providing an overview of their roles at Lower Murray Water.

For the past five 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. We currently have four engineering scholarship holders. Vacation employment is also made available to scholarship holders and other engineering students.

We continue to host and train youth who are engaged via a local Group Training provider as apprentices or trainees. We are proud to recognise the efforts of two who have received awards in their fields during 2009/10. Damien Ryan (Certificate III in Electro Technology Systems – Electrician) was apprentice of the month for August 2009 and Mathew Jachowski (Certificate III in Civil Construction – Plant Operations) was trainee of the month for March 2010. The awards recognise success in both their studies and day to day work.

We are pleased to acknowledge that during 2009/10 the following trainees have been appointed to positions with us. Jacinda Stevens completed her Certificate III in Business and is now on staff as a Records Assistant and Michael Hickey and Mathew Jachowski completed their Certificate III in Civil Construction (Plant Operations) and who are now on staff as Civil Maintenance employees.

## Indigenous Communities

The Corporation continued to liaise closely with the Aboriginal community at Robinvale where traditional owners have been engaged to monitor works associated with the Robinvale High Pressure Irrigation Project. During the 2009/10 year over 1,500 hours of monitoring by the indigenous community was conducted. Cultural Heritage Management Plans were developed which covered work zones within the Robinvale Irrigation District and ensured the protection of culturally sensitive areas during construction of the project.



## 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 school based and community education/awareness programs.

#### Lower Murray Water's *TurningWaterWise* Initiative

Continuing our *TurningWaterWise* initiative, the second phase of *TurningWaterWise* in Tourism was conducted in March 2010. This included the provision of additional materials, including buckets for shower recesses and guest messaging in the form of shower hooks and other printed notices, reminding holiday makers to conserve water. In the later part of 2010, an additional showerhead exchange with Tourism Operators will be conducted.

#### National Water Week

During October 2009 we participated in a range of activities during the annual National Water Week.

#### Poster Competition

We promoted the annual poster competition themed "Securing Our Water Future". Students ranging from prep to year six from schools around the region participated in the competition, with the local winners selected to participate in the state competition in Melbourne. As part of the National Water Week poster competition, we produced a calendar from the local winning artwork, with the calendars made available to schools and the public.

#### Catch-a-Carp Day

Held at its new location at Apex Park, Catch-a-Carp Day on Sunday 25th October was again hugely successful. We provided a marquee for the event and had a display informing customers of a range of water conservation issues. 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. Over 290 anglers registered and 62 Carp were caught.

#### Gannawarra Shire "Living Green" Workshops

On 24th May in Kerang the Gannawarra Shire Council held their first series of "Living Green" workshops, consisting of three workshops – Water, Waste and Energy. We were pleased to participate in the Water workshop, through providing items for the "Water Saving Kit" including a 10 litre bucket, grey water hose, an environmentally friendly bag, shower timer, toilet leak tester, trigger nozzle and pen. Local businesses in Kerang supplied various items to complement the theme including laundry detergent, dishwashing liquid, cleaning cloths, tap aerator and flow restrictors, and drought resistant plants. Our Manager Southern Region, David Girdwood, was present to answer questions and gave information on local water issues. Similar workshops are planned for Swan Hill in May, June and July 2011.

#### Waterwise Garden Project

In July 2009 we launched our Waterwise Garden Project. Customers were offered a rebate against their water account for removing existing lawn areas and replacing these with waterwise garden, or non-water using surfaces. Nineteen local businesses across the region supported the project through providing vouchers for discounted goods or services and items/information for the 'goody bag' provided to each customer upon registration. The project was very successful with fifty five customers registering for the program and twenty four lodging rebate applications and it is estimated over 10,000m<sup>2</sup> of lawn area was replaced during the project. At the conclusion of the project a number of customers then entered the competition which involved having their gardens judged and were rewarded from the generous prize pool donated by the businesses taking part.

#### Waterwise Character

In late 2009 we developed a character to spread the water conservation message. Designed to particularly appeal to the younger generation, "Dripster" can be 'dressed' to suit a range of applications. One of Dripster's first roles is featuring on a temporary tattoo with the message 'Are you waterwise like me?'



## 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.

All regulatory approvals have been received for the construction of the Murrabit Wastewater Treatment Plant. When fully operational the aerobic lagoon system will provide reclaimed water 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. 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.

The Red Cliffs Golf Club has received 138.653ML of wastewater from the Red Cliffs Wastewater Treatment Plant for irrigation of the fairways and 2009/10 saw the commencement of the reuse of irrigation drainage water from the Red Cliffs Irrigation District by the Golf Club. During 2009/10 50ML of drainage water was provided to the Club who shandyied it with fresh water for use on the fairways and greens. This has proved to be a very successful venture providing assistance to a community organisation through the prolonged drought.

## Major Water Users

We have 35 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	28
Equal to or greater than 50ML and less than 100ML	4
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	1
Equal to or greater than 300ML and less than 400ML	0
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
<b>Total no. customers</b>	<b>35</b>

## 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. Our major customers' participation is shown in the table below.

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
Qualia Wines	Annual reporting has been submitted and is compliant
Sunbeam Foods Group Pty Ltd	Annual reporting has been submitted and is compliant
Australian Vintage Ltd	Annual reporting has been submitted and is compliant
Fosters Wines	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

## Northern Region Sustainable Water Strategy (NRSWS)

The Northern Region Sustainable Water Strategy was released in November 2009. The strategy sets out actions to provide greater water security to support the region's prosperity and growth in the face of reduced water availability. These actions have been developed over 18 months of intensive collaboration and consultation with the northern Victorian community.

They aim to protect key agricultural, environmental and urban values by:

- recognising and protecting existing entitlements to provide greater investment certainty
- enhancing markets, carryover and reserve policies to increase the ability of entitlement-holders to manage risks caused by variability of water supplies
- using water available for consumption and the environment more efficiently to get greater benefits from less volume
- delivering benefits from public investment in irrigation modernisation, on-farm programs, river and wetland health programs and environmental water purchase programs.

## 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 111ML environmental flows to the lakes.

### Blue Green Algae

We are a Victorian convening agency within the region for Blue Green Algae monitoring and reporting. The monitoring of the Murray River is undertaken by Lower Murray Water staff and the New South Wales Department of Environment and Water and is reported back through the Sunraysia Regional Algal Coordination Committee (SRACC). Our General Manager Customer Services is currently the Chairman of the SRACC.

In March and April 2010 we experienced very high (Red Alert Stage) levels of BGA in the region. This was especially prevalent in the weir pools of Euston, Mildura and Wentworth.

## 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

Integrated pest, plant and animal control continues to occur at all our sites.

One particular example is our Koorlong site of 25ha which since 2009 has had work performed to enhance its habitat value. Actions that have been implemented include fencing upgrades, rabbit fumigation, treatment of bridal creeper and boxthorn, waste removal, seed collection, seeding and installation of bird nest boxes.

A highlight of this integrated conservation management at this site in particular has been the significant reduction of the rabbit population. Prior to environmental works 29 active rabbit warrens were noted on the initial site visit. Carbon monoxide treatment of these warrens resulted in only four rabbit warrens being reopened on the follow up investigation. These have since been treated.

We continue to provide research support and protection for the Hooded Scaly Foot Lizard at the Mildura West Water Treatment Plant site. The Hooded Scaly Foot is listed as critically endangered in Victoria under the Victorian *Flora and Fauna Guarantee Act 1988*. We support this project to collect valuable information on this little known species' ecology, habitat requirements and home range.

The Hooded Scaly Foot (HSF) (*Pygopus Schraderi*) is a legless lizard which may reach up to 500mm in length. Their hind legs 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.

A works program has been implemented to enhance quality of habitat for the HSF at the treatment plant site including rabbit, fox and cat control, weed control, repair of eroded/scalded land and re-vegetation.

As part of the overall HSF protection program, three night time surveys are conducted at the site on an annual basis. These are coordinated and conducted by an experienced herpetologist and consequent reports make recommendations for improving the conditions for the HSF.

We also manage the irrigation drainage basins including the Cardross Lakes and the Koorlong Basin which hold 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 being the first fish to become extinct in Australia since European Settlement.

A successful release of 200 Murray Hardyhead, which had been rescued from the now dry Lake Hawthorn and maintained in tanks at the Murray Darling Freshwater Centre's Mildura laboratory, occurred in November 2009 into a second water body the Koorlong Basin which is in close proximity to the Cardross Lakes.

## 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.

## Corporate Water Consumption

Our corporate water consumption for 2009/10 per full time equivalent staff member was approximately 28kl; for water use attributed to general amenities consumption at the larger office facilities. The total corporate consumption for the period was 4,741kl. 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 2009/10 were 21,021.13 tCO<sub>2</sub>-e. This allows for carbon offsets of 2,080 tCO<sub>2</sub>-e and the purchase of Green Power equivalent to 4,371.6 tCO<sub>2</sub>-e. Our net figure is an overall decrease of 7,648.67 tCO<sub>2</sub>-e compared to the 2008/09 figure of 28,669.8 tCO<sub>2</sub>-e. The decrease in emissions is due mainly to a combination of the purchase of Green Power, for certain urban operations and the reduced volumes of irrigation water pumped.

Transport	717.00 tCO <sub>2</sub> -e
Water Treatment and Supply	16,444.20 tCO <sub>2</sub> -e
Sewage Treatment and Supply	5,311.53 tCO <sub>2</sub> -e
Other	628.40 tCO <sub>2</sub> -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 had made a commitment to purchase Accredited Green Power for a significant portion of our urban operation's electricity demand for the period 2009-2013; and commenced this process in the 2009/10 year, purchasing 3,583,246kwh of Green Power at a value of \$275,375.11.

## Waste Management

In 2009/10 in conjunction with our waste cartage contractor, we initiated an improved system of determining the weights of general waste, paper and co-mingled waste generated by operations in the northern area. Previously these figures had been obtained by estimating the quantity, by volume, in each skip. The contractor now measures the weight of each waste pickup, which enables us to more accurately report on each of the waste streams and to better set targets for waste reduction.

General Waste to Landfill	Amounts for 2008/09	Amounts for 2009/10
Mildura Office	17,550 kg	16,187 kg
Mildura Wastewater Treatment Plant	1,420 kg	1,280 kg
Red Cliffs Depot/Water Treatment Plant	14,445 kg	7,870 kg
Mildura Water Treatment Plant	3,105 kg	2,337 kg
Koorlong Wastewater Treatment Plant	8,775 kg	13,845 kg

Recycled Waste (from selected Northern Sites)	Amounts for 2008/09	Amounts for 2009/10
Co-mingle	945.45 kg	1,743 kg
Soft Plastic	23.1 m <sup>3</sup>	16.0 m <sup>3</sup>
Styrofoam	17.05 m <sup>3</sup>	13.5 m <sup>3</sup>
Batteries	1.6 tonne	1.1 tonne
Mobile Phones	0.026 m <sup>3</sup>	0.04 m <sup>3</sup>
Scrap Metal	26.4 tonne	18.2 tonne
Paper	14,175 kg	14,758 kg



## Environmental Management Systems (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 2009/10 year saw continued development of our 'Sustain Domain' sustainable display home project. Driven by a small committee of staff, every aspect of the house design has been looked at with a view to energy efficiency and sustainable use of resources. The result is an attractive, modern, comfortably liveable home with an 8-star energy rating that would be a community benchmark of what is achievable in sustainability. Its design provides a place to gather, learn, and help take the community towards a sustainable future. Expressions of interest for the construction phase from the building community were called for in early 2010, with the formal tender process beginning late May 2010.

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. Changes to the risk register in the previous financial year have allowed for comparison of risk across the Corporation.

To encourage our staff to be environmentally aware and uphold the Corporation's Environmental Policy the 'Lower Murray Water Environmental Award' was developed in 2008. 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.

Junior Kelly (Clerk of Works Robinvale Pipeline) was awarded the 2009 Environmental award for his diligence and leadership in regards to environmental compliance for the Robinvale High Pressure Irrigation Project. Junior has ensured compliance with the Cultural Heritage Management Plan for the project. He has shown respect to traditional owners and has helped build a good working relationship with Aboriginal monitors on site. Junior actively and effectively upholds our aim to continually improve in our environmental performance and is an excellent ambassador for us.

## 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 2009/10 included:

- Annual exercise conducted in-house with the assistance of Truscott Crisis Leaders to assess our water incident management capability against terrorist attack;
- Emergency evacuation drills conducted to assess evacuation routes and assembly points across our sites;
- 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, Risk and Public Liability and Customer Charter awareness sessions during 2009/10. Ongoing OH&S, environmental, risk management, public liability and water treatment 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. We have staff enrolled in the following courses: Diploma of Project Management, Bachelor of Arts, and Bachelor of Information Technology and Systems. Various other certificate courses are being undertaken by staff off campus. We have policies that provide staff with study leave and fee re-imbursements for relevant approved external studies.

## Staff Trends and Profiles

The staff turnover rate for 2009/10 was 6.8%.

	2009			2010		
	Male	Female	Total	Male	Female	Total
Executive	4	1	5	4	1	5
Administration	71	38	109	71	40	111
Operations	63	0	63	59	0	59
<b>Sub-total</b>	<b>138</b>	<b>39</b>	<b>177</b>	<b>134</b>	<b>41</b>	<b>175</b>
Vacancies			3			1
<b>Total</b>			<b>180</b>			<b>176</b>

2010												
15-24 yrs		25-34 yrs		35-44 yrs		45-54 yrs		55-64 yrs		65+ yrs		Total
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
1	3	16	6	27	12	54	11	29	9	7	0	175

## 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.

A Committee has been in existence for some years, comprising elected staff members and management representatives which meet at least annually. Staff Contact Officers have been trained in their role.

Matters such as the Code of Conduct, Charter of Human Rights, and other Merit and Equity items including internal policies, appear on our internal Intranet and are also dealt with at new staff inductions and annual information refresher sessions for all staff.

As with preceding years, no Workplace Merit and Equity issues occurred during 2009/10.

"Satisfaction" type surveys are conducted annually, both internally and by the State Services Authority. The State Services Authority survey results of 12th May 2010 showed we attained a 91% overall job satisfaction rate (of those who participated) as against a 76% rate for other similar organisations.



## Staff Service Awards

In 2009/10 the Corporation presented water industry service awards to the following staff:

40 Years	30 Years	25 Years	20 Years	10 Years
Wayne Parker	John Matheson	David Elms	Gaudern Grey	Allan Ball
		Jan Evans	Gary Harris	Murray Cooper
		Pam Midgley	Geoff Horne	Stephen Shore
			Ian Kinleyside	Darren Raeck
			Ross O'Loughlan	
			Matthew Shire	

## Occupational Health and Safety (OH&S)

Ensuring the Health and Safety of our people is important to us. We accept that health and safety is a critical and integral component of our business and management activities. We recognise our responsibilities under Commonwealth and State legislation, regulations and codes of practice.

We are committed to continually improving health and safety standards to minimise the risk of injury to staff, visitors, contractors, customers and the general public. Through the OH&S Management Procedure, safe systems of work have been established and clearly define the responsibilities of managers and staff to deliver this commitment.

For geographical and distance reasons, we have two OH&S Committees (Northern and Southern) each of which meet quarterly with a joint meeting annually. These Committees each comprise elected staff representatives and management representatives, and also include a full-time OH&S Officer and a professional OH&S Consultant. Safety matters are dealt with as soon as possible by those involved, with the Committees having more of a supervisory/guidance role.

It is pleasing to report no major injuries have occurred for some years now. Our insurers have advised our claims costs are 33% better than the industry average over the last three years. Injuries during the year were minor, a number caused by the unusual wet weather – slippery underfoot or wet items slipping while being handled. While our number of Lost Time Injuries figure has increased in the 2009/10 year, it remains low equating to 0.13 days per staff member, reflecting these minor injuries.

Internal auditing of the OH&S Management system is undertaken regularly using the WorkSafe auditing tool, "Safety Map". All 82 criteria in the Initial Stage were previously attained and in the 2009/10 year the final 43 criteria of the Advanced stage have been attained. This is an achievement all staff have helped realise by their positive attitude toward health and safety.

Annual OH&S awareness sessions are presented to all staff to promote a continual focus on a "safety first" approach in all aspects of daily duties including reporting any hazards that are observed, so they can be dealt with promptly. Our OH&S Committee and members are integral to our overall performance as they are the eyes and ears that facilitate the reporting and corrective action process of managing hazards.

Statistics	2008/09	2009/10
Days Lost – Sick/Carer's Leave	1017	1084
– Workcover	15	23
– per FTE	5.6	6.1
Number of Lost Time Injuries (LTI)	1	6
Lost Time Injury Frequency Rate *	3	19
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

The Wellness Program, launched in 2009, continues to encourage staff to take ownership of their health. A diabetes prevention program gave staff the opportunity to take part in a self-assessment tool to measure their risk of developing diabetes. A health professional presented an awareness session on the risks and signs, advising them of the *Life!* Program available for 'at risk' members of the public. Our Wellness Program coordinators were greatly encouraged when proactive staff members took hold of the opportunity to take part in the *Life!* Program. The Wellness Newsletter, weekly *Wellness Whatsit* quiz and lunchtime yoga session continue to educate and motivate our staff. The camaraderie this program has nurtured was never more evident than when staff came together in a pancake fundraiser when a colleague's home was destroyed by fire.

As the program expands, over 50 of our staff also took part in the inaugural 'Water Industry' *Fit and Healthy 10,000 Step Challenge*. This brought out the competitive streak in our staff as teams formed to compete against East Gippsland Water for the prestigious title of the Fit and Healthy Cup winner. The playful battle between our Corporations was fierce with Lower Murray Water only just getting over the line before East Gippsland Water.

### National Ride to Work Day

On 14th October approximately 20 staff participated in our Ride/Walk/Run to Work Day. This event coincided with the National Ride to Work Day and is the third consecutive year we have held the event. Aside from promoting a healthy lifestyle and being "green" for the day, the event is also a fun social activity with staff volunteering their time to exercise together and then to prepare and enjoy breakfast at Lower Murray Water before the commencement of their work day.

### Staff Newsletter

February 2010 saw the resurrection of our Staff Newsletter with all staff encouraged to contribute articles and photographs. This publication is aimed at staff getting to know each other better and promote healthy social interaction. This can only serve to provide for a happier, friendlier workplace with flow on benefits to our customers. The newsletter is published on an irregular basis, depending on the number of submitted articles and the staff committee's available time to compile it. Being environmentally conscious, staff view the newsletter via our Intranet with a small amount of printed copies made available in lunch rooms for those without computer access.

## 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 nine 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, donations totaling \$3,000 went to the organisations below in 2009/10:

- Mallee Family Care
- Movember Foundation
- Soup Kitchen 'n More
- MASP
- Salvation Army Christmas Dinner
- Sunraysia Cancer Resources
- Sunraysia Palliative Care
- Sun Assist Volunteers

### ***TurningWaterWise*** Port to Port Team

November 2009 saw the celebration of the 10th anniversary of the "Port to Port" cycling tour in which Lower Murray Water has entered a team and participated in all past tours. 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. Lower Murray Water provided sponsorship by way of team jerseys and use of 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 Dan Bayer riding the full distance of 240km to Swan Hill on Saturday and Alison Curry and Lindsay Strange riding the full distance of 160km to Echuca on Sunday.

# Our Financial Management

## Financial Review

We had an operating surplus (before income tax) of \$2.512M recorded for the year. We received \$2.4M in termination fees during the year.

Operations, Maintenance and Administration expenditure was well contained again for the year, but there were increased costs in water treatment due to the change in urban restrictions from Stage 3 (with lawn watering) to Stage 1 in November 2009 – prior to the summer period.

Developer charges saw an increase on 2008/09 from \$2.212M to \$3.935M in this year.

Infrastructure, plant, equipment and buildings total \$566.7M. During 2009/10 we invested \$65.1M in Capital Works projects. New loans of \$40M were taken out during the year.

Although we show accumulated funds of \$48.708M deficit, this has occurred due to the change in accounting standards and the transition to IFRS (explanation) and the treatment of revaluation of assets and the tax treatment of the revaluation.

Financial Summary	2009/10	2008/09	2007/08	2006/07	2005/06
	\$'000	\$'000	\$'000	\$'000	\$'000
Core business revenue	46,888	42,729	30,690	33,611	33,708
Capital Contributions	3,915	2,089	6,264	3,056	5,790
Government Contributions	20	123	1,498	0	0
Other Revenue	4,994	3,123	4,101	5,075	3,801
<b>Total Revenue</b>	<b>55,817</b>	<b>48,064</b>	<b>42,553</b>	<b>41,742</b>	<b>43,299</b>
Direct Expenditure	21,917	21,121	15,486	16,020	18,159
Administration Expenditure	13,043	11,827	10,646	9,858	10,609
Depreciation Expense	17,199	16,940	14,924	15,117	14,448
Borrowing Cost Expenses	1,146	225	24	27	30
<b>Total Expenditure</b>	<b>53,305</b>	<b>50,153</b>	<b>41,080</b>	<b>41,022</b>	<b>43,246</b>
Current Assets	24,884	28,007	38,347	40,828	37,301
Non Current Assets	586,779	538,185	462,254	443,597	441,035
<b>Total Assets</b>	<b>611,663</b>	<b>566,192</b>	<b>500,601</b>	<b>484,425</b>	<b>478,336</b>
Current Liabilities	14,820	12,791	11,098	8,142	6,842
Non Current Liabilities	107,488	67,640	61,522	63,131	59,965
<b>Total Liabilities</b>	<b>122,308</b>	<b>80,431</b>	<b>72,620</b>	<b>71,273</b>	<b>66,807</b>



## Loan Liability as at 30th June 2010

Loan No.	Purpose	Period	Amount Raised	Int. Rate	Redeemed	Liability
TCV1	Sewerage District	10 – 40	20,000,000	5.84		20,000,000.00
	<b>Total Unallocated Loans</b>		<b>20,000,000</b>			<b>20,000,000.00</b>
	<b>Total Loan Liability – Unallocated Loans</b>		<b>20,000,000</b>			<b>20,000,000.00</b>
3	Robinvale Sewerage District	73 – 13	250,000	6.90		250,000.00
	<b>Total Robinvale Sewerage</b>		<b>250,000</b>			<b>250,000.00</b>
	<b>Total Loan Liability – Robinvale</b>		<b>250,000</b>	<b>0.00</b>		<b>250,000.00</b>
22	Swan Hill Sewerage District	71 – 11	50,000	7.40	44,539.63	5,460.37
24	Swan Hill Sewerage District	72 – 12	50,000	7.10	43,060.82	6,939.18
26	Swan Hill Sewerage District	73 – 13	100,000	6.40	81,272.33	18,727.67
28	Swan Hill Sewerage District	73 – 13	100,000	7.40	76,245.26	23,754.74
	<b>Total Swan Hill Sewerage</b>		<b>300,000</b>		<b>245,118.04</b>	<b>54,881.96</b>
	<b>Total Loan Liability – Swan Hill</b>		<b>300,000</b>		<b>245,118.04</b>	<b>54,881.96</b>
1	First Mildura Irrigation District	Oncall	500,000	4.67		500,000.00
12	First Mildura Irrigation District	08 – 11	1,050,000	6.44		1,050,000.00
13	First Mildura Irrigation District	08 – 13	1,050,000	6.38		1,050,000.00
14	First Mildura Irrigation District	08 – 15	1,050,000	6.31		1,050,000.00
	<b>Total Mildura Irrigation</b>		<b>3,650,000</b>			<b>3,650,000.00</b>
TCV1	Robinvale Irrigation District	10 – 40	20,000,000	5.84		20,000,000.00
	<b>Total Mildura Irrigation</b>		<b>20,000,000</b>			<b>20,000,000.00</b>
	<b>Total Loan Liability – Irrigation</b>		<b>23,650,000</b>			<b>23,650,000.00</b>
	<b>Total Loan Liability – Corporation</b>					<b>43,954,881.96</b>
	<i>LESS separately held Loan Redemption Reserves as at 30th June 2010</i>					<i>\$0.00</i>
	<b>Total Adjusted Loan Liability – Corporation as at 30th June 2010</b>					<b>43,954,881.96</b>

## Our Urban Water and Wastewater Statistics 2009/10

	Water											Sewer	
	Residential Assessments		Non Residential Assessments		Total Assessments	Total Metered Consumption	Raw Water Taken	Total supplied from treatment Plant	Non Revenue Water	Av. Annual Demand (Raw Water) – 5 years	Current year Raw Water	Total Assessments	Volume Collected
	No.	ML	No.	ML	No.	ML	ML	ML	ML	ML	%	No.	ML
Kerang ^	1,753	619	310	157	2,063	776	944	828	52	992	95	1,931	362
Koondrook	411	116	53	21	464	137	173	154	17	191	89	458	67
Lake Boga **	410	158	50	33	460	191	0	0	0	0	0	332	39
Mildura * *	17,181	7,614	2,046	2,170	19,227	9,784	10,958	10,703	919	10,713	102	16,400	2,957
Murrabit	40	11	13	3	53	14	20	20	6	26	77	0	0
Mystic Park -	12	4	3	1	15	5	5	0	0	5	100	0	0
Nyah **	286	118	40	43	326	161	0	0	0	0	0	402	52
Nyah West **	249	94	35	21	284	115	0	0	0	0	0	0	0
Piangil	95	36	18	31	113	67	82	76	9	87	94	0	0
Red Cliffs	1,369	520	168	450	1,537	970	1,075	1,084	114	1,045	103	1,310	174
Robinvale	766	319	193	135	959	454	593	582	128	536	111	915	221
Swan Hill	4,643	1,586	823	575	5,466	2,161	3,177	3,105	396	3,409	93	5,019	1,086
Woorinen Sth **	150	65	17	16	167	81	0	0	0	0	0	0	0
<b>Totals</b>	<b>27,365</b>	<b>11,260</b>	<b>3,769</b>	<b>3,656</b>	<b>31,134</b>	<b>14,916</b>	<b>17,027</b>	<b>16,552</b>	<b>1,641</b>	<b>17,004</b>	<b>100</b>	<b>26,767</b>	<b>4,958</b>

Production loss and non-revenue water

– raw water to metered water: 12.40%

Non-revenue water – treated water to metered water: 9.90%

\* 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 2009/10 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 2010

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	
	(Note 1) ML	(Note 1)	(Note 2) ML	(Note 3) ML	(Note 3) ML	ML	(Note 4) ML	(Note 5) ML	ML	ML	ML		ML	ML
Red Cliffs	41,190.3	0.0	27,359.0	24,547.0	424.0	24,971.0	0.0	111.0	111.0				0.0	25,082.0
Robinvale	22,966.0	0.0	17,230.0	16,182.0	202.0	16,384.0			0.0				0.0	16,384.0
Merbein	28,116.8	0.0	17,376.0	14,924.0	218.0	15,142.0	0.0		0.0				0.0	15,142.0
FMID	72,983.9	0.0	37,925.0	30,387.0	38.5	30,425.5			0.0				0.0	30,425.5
Millewa WWD		700.0				0.0			0.0			665.0	665.0	665.0
Murray below Nyah	274,351.7	0.0				0.0			0.0	270,742.0	1,371.0		272,113.0	272,113.0
LMU & RWA Total	439,608.7	700.0	99,890.0	86,040.0	882.5	86,922.5	0.0	111.0	111.0	270,742.0	1,371.0	665.0	272,778.0	359,811.5

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.

In 2009 our three Bulk entitlements were modified and amended by the Minister for Water. The amendment was necessary as a consequence of the decommissioning of Lake Mokoan and the new operational arrangements for the Victorian Mid Murray Storages.

### Urban

The total bulk entitlement, including water shares, 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 three 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.

Including the provisions for losses and water held in the non-water user pool, our Irrigation BWE totalled 439,608.7ML.

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

## Irrigation Water Demands

Even though the Murray system reached 100% allocation, it must be noted that when water use is at its peak, irrigators were experiencing water allocations at much lower levels. Water use for horticultural crops peak in the months of November, December and January. In these months during 2009/10 allocations were between 50 to 60% in the Murray and Goulburn systems. This meant customers had to be careful with water application and also seek to trade water to cover normal crop water requirements.

Having to purchase additional water was a financial stress upon our customer base due to continued drought conditions and low commodity prices which has led to poor returns for most rural customers.

## 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 2010

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						
<b>Total</b>				<b>1</b>	<b>174.0</b>	<b>174.0</b>

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

## Allocation Bank Account Statements

Inflows	Volume(ML)
Net carryover at 1 July 2009	95,223
Seasonal allocation	460,231
Advanced allocation	0
Spill allocation	0
Trade – buyers	240,249
Extraordinary items	2,308
<b>Total inflows</b>	<b>798,011</b>
<b>Closing balance</b>	<b>-4</b>

Outflows	Volume(ML)
Carryover to next financial year	-226,611
Water usage	-405,979
Write-off allocation	-27,569
Trade – sellers	-139,344
Overuse	1,488
<b>Total outflows</b>	<b>-798,015</b>

Components of trade – buyers	Volume(ML)
Within authority	87,607
From other authorities	70,427
From interstate	82,214
<b>Total trade</b>	<b>240,248</b>

Components of trade – sellers	Volume(ML)
Within authority	87,607
To other authorities	17,820
To interstate	33,917
<b>Total trade</b>	<b>139,344</b>

### Notes:

1. This table provides a summary of allocations made, trade in, trade out, usage, overuse, carryover and write-off.
2. The "extraordinary items" shown in this table incorporate adjustments to carryover, overuse and write-off made during the year.
3. Write-off reported in this table includes write-off against bulk entitlements (25 GL). This was associated with the write-off of allocation to losses accounts.
4. There is a 4 ML discrepancy in inflows and outflows due to ABAs which became inactive during the year not being processed at year end.
5. Some minor adjustments have been made to water register figures to reverse out adjustments made this year to correct for imbalances in previous years.

## 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	303	60,984	429	82,214	732	143,198
Interstate trade outbound	504	94,891	193	33,917	697	128,809
Trade within authority	6,174	359,311	1,037	87,607	7,211	446,918
Trade between authorities – buyer	322	17,820	406	70,427	728	88,247
Trade between authorities – seller	406	70,427	322	17,820	728	88,247
Total buyers	6,799	438,115	1,872	240,248	8,671	678,363
Total sellers	7,084	524,630	1,552	139,344	8,636	663,973
Total trades*	7,387	585,613	1,981	221,558	9,368	807,171
Net Trade In	-285	-86,515	320	100,904	35	14,389

\* Between authority counted on the seller side

### Notes:

1. 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.
2. 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)
3. 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.
4. This table excludes a 50 ML trade from trading zone 7 (G-MW) to trading zone 11 and a 10 ML trade from trading zone 1A (G-MW) to trading zone 10A, which occurred during the year but were not present in the register at the report date due to technical difficulties.

## Regulated Entitlements (excluding low and spill reliability)

Water SystemSource	Delivery system (grouped)	Number	Volume (ML)
Goulburn	LMW – NWU	9	1,288
	Murray River	98	17,109
Murray	Env – Nyah to SA	1	13,800
	First Mildura Irrigation District	2,095	73,323
	LMW – NWU	397	70,006
	Murray River	1,210	294,734
	Robinvale, Red Cliffs and Merbein	2,437	93,359
<b>Regulated Total (ex low and spill reliability)</b>		<b>6,247</b>	<b>563,619</b>
<b>Regulated Total (ex low and spill reliability) 2008-09</b>		<b>5,908</b>	<b>560,940</b>

Notes:

1. This table shows the number and volume of active, regulated entitlements (excluding low and spill reliability) as at 30 June 2010.
2. Delivery systems are grouped to reduce the complexity caused by small delivery systems.
3. The volume of entitlement in LMW's jurisdiction increased by 2,679 ML from 2008/09 due to –
  - (i) Issue of new water shares.
  - (ii) Finalisation of the inclusion of bulk and environmental entitlements in the register.

## Usage in regulated trading zone sources per delivery system

Water Authority	Delivery System (grouped)	Volume (ML)
Lower Murray Water	Env – Nyah to SA	20,779
	Murray River	296,532
	Robinvale, Red Cliffs, Merbein, FMID	86,889
<b>Lower Murray Water Total</b>		<b>404,200</b>

Notes to this table

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.

# Allocation Trade (Volume ML)

SELLER	BUYER																				TOTAL SOLD	NUMBER OF TRADES	NET SOLD				
	1A Greater Goulburn	1B Boort	2A Broken – Mill to Casey's	2B Broken – Casey's to Goulb	3 Lower Goulburn	4A Campaspe – Epapak to WWC	4C Lower Campaspe	5A Loddon – CC/Tull to LWP	5B Bullarook	6 VIC Murray – Dart to Barmah	6B Lower Barmah	6B Lower Broken Creek	7 VIC Murray – Barmah to SA	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							
1A Greater Goulburn	140,435	8,391	0	0	869	808	0	0	0	6,168	299	8,558	0	0	329	1,530	0	16,986	2,848	2,215	6,885	7,908	970	25,117	230,316	3,545	-55,112
1B Boort	21,891	3,714	0	0	0	400	0	0	0	221	0	1,644	0	0	0	0	0	2,949	0	0	313	801	594	586	33,113	184	601
2A Broken – Mill to Casey's	0	0	141	106	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	247	15	80
2B Broken – Casey's to Goulb	0	0	26	454	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481	26	-80
3 Lower Goulburn	10,485	200	0	0	1,790	0	0	0	0	581	0	376	0	0	424	0	0	1,327	0	0	0	0	0	55	15,238	145	11,518
4A Campaspe – Epapak to WWC	2,432	780	0	0	0	534	0	0	0	0	0	200	0	0	0	0	0	0	0	0	0	0	2	3,948	41	104	
4C Lower Campaspe	0	0	0	0	0	0	0	0	0	0	0	7	0	0	0	0	0	0	7	0	0	0	0	0	7	1	7
5A Loddon – CC/Tull to LWP	0	0	0	0	0	0	0	10	0	0	0	22	0	0	0	0	0	0	0	0	0	0	0	0	32	4	22
5B Bullarook	0	0	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	1	0
6 VIC Murray – Dart to Barmah	23,090	928	0	0	0	0	0	0	0	25,364	808	4,872	0	0	0	0	0	9,080	562	593	454	9,384	0	9,070	84,205	1,141	44,155
6B Lower Broken Creek	1,565	46	0	0	0	0	0	0	0	1,125	1,333	1,035	0	0	0	0	0	708	0	0	160	391	0	228	6,591	129	4,051
7 VIC Murray – Barmah to SA	34,827	6,296	0	0	976	42	0	0	0	4,014	31	39,873	0	0	0	0	0	37,846	1,779	453	3,282	7,822	0	12,420	149,661	1,835	81,920
9A Owens	0	0	0	0	0	0	0	0	0	0	0	643	0	0	0	0	0	0	0	0	0	0	0	0	643	12	0
9B King	0	0	0	0	0	0	0	0	0	0	0	0	0	0	139	0	0	0	0	0	0	0	0	0	139	5	0
20 Snowy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-753
1A Greater Goulburn	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2135	0	52	0	0	0	0	125	0	2,323	16	-6,565
6B Lower Broken Creek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	55	0	55	1	55	
7 VIC Murray – Barmah to SA	7,838	3,528	0	0	14	300	0	0	0	1,669	20	4,440	0	0	0	609	0	84,811	1,360	2,803	12,674	0	16,901	136,966	1,535	-94,394	
10A NSW Murr U/S Barmah Choke	2,556	122	0	0	0	0	0	0	0	216	0	191	0	0	0	0	0	13,727	0	0	0	0	0	0	16,812	56	10,264
10B NSW – Murr Irrigation Ltd	10,094	0	0	0	0	0	0	0	0	0	0	459	0	0	0	0	0	726	0	0	0	0	0	0	11,279	47	8,018
11 NSW Murr D/S Barmah Choke	19,011	3,796	0	0	70	1,490	0	0	0	341	0	1,762	0	0	0	4,614	0	30,896	0	0	0	0	0	0	61,979	351	48,083
13 Murrumbidgee	6,878	1,215	0	0	0	270	0	0	0	100	50	811	0	0	0	0	0	15,556	0	0	0	0	0	0	24,880	173	-14,101
14 Lower Darling	1,296	3,479	0	0	0	0	0	0	0	0	0	971	0	0	0	0	0	4,664	0	0	0	0	0	0	10,410	34	8,666
12 South Australian Murray	3,020	17	0	0	0	0	0	0	0	250	0	2,520	0	0	0	0	0	12,032	0	0	0	0	0	0	17,838	71	-46,541
TOTAL PURCHASED	285,428	32,511	168	560	3,719	3,844	0	10	10	40,049	2,540	67,741	643	139	753	8,888	0	231,360	6,548	3,261	13,896	38,980	1,744	64,379	807,171		0
NUMBER OF TRADES	4,179	280	12	29	23	38	0	3	1	769	59	1,387	12	5	2	28	0	1,844	63	14	101	34	9	476	9,368		

Note to this table:

1. 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)

2. 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

3. This table excludes a 50 ML trade from trading zone 7 (G-MW) to trading zone 11 and a 10 ML trade from trading zone 1A (G-MW) to trading zone 10A, which occurred during the year but were not present in the register at the report date due to technical difficulties





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

SOURCE	DESTINATION																				Total Trades (ML)	Number of Trades	Net Out (ML)	Volume of water shares at 1 July 2009	Net Out as % of Water Shares (irrigation districts only)	
	Goulburn-Murray Water												Lower Murray Water													
	Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. 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	Torrumbarry Irrigation Area	1062 Katunga Groundwater	LMW – NWU	Murray River						Robinvale, Red Cliffs, FMD
Broken River	268	0	0	0	0	1,560	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	1,831	63	1,547		
Bullarook	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Campaspe Irrigation District	0	0	1,038	0	0	0	0	0	0	0	0	0	0	181	0	0	0	0	0	0	0	1,219	15	86	9,910	1%
Campaspe River	0	0	0	41	0	496	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	536	9	405		
Central Goulburn Irr. Area	0	0	0	0	19,011	5,962	0	0	0	0	0	0	759	59	0	275	0	0	0	0	0	26,065	381	5,633	155,740	4%
GMW – NWU	16	0	95	90	1,371	12,633	0	0	154	456	26	0	712	355	0	412	1,298	0	0	147	65	17,828	177	27,534		
Goulburn River	0	0	0	0	0	14	203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	217	16	14		
Loddon River	0	0	0	0	0	527	0	147	0	0	0	0	0	0	0	0	0	0	0	0	0	674	13	-143		
Murray River	0	0	0	0	0	2,165	0	0	376	0	0	0	0	0	0	0	311	0	0	0	0	2,842	28	2,270		
Murray Valley Irrigation Area	0	0	0	0	0	6,444	0	0	10	14,807	0	0	0	0	0	0	0	0	0	0	0	21,261	237	5,902	115,845	5%
Nyah, Tresco and Woorinen	0	0	0	0	0	259	0	0	0	0	610	0	0	0	0	0	60	0	0	0	0	929	31	294	5,590	5%
Ovens River	0	0	0	0	0	23	0	0	0	0	0	903	0	0	0	0	0	0	0	0	0	926	24	23		
Pyramid-Boort	0	0	0	0	0	4,015	0	0	0	0	0	0	11,272	0	0	0	23	0	0	0	0	15,310	89	1,515	89,583	2%
Rochester Irrigation Area	0	0	0	0	0	2,821	0	0	32	0	0	0	1,052	6,662	0	0	0	0	0	0	0	10,567	138	3,310	75,460	4%
Shepparton Groundwater	0	0	0	0	51	0	0	0	0	0	0	0	0	0	0	0	628	0	0	0	0	680	3	680		
Shepparton Irrigation Area	0	0	0	0	0	1,893	0	0	0	95	0	0	0	0	0	8,586	0	0	0	0	0	10,574	191	1,224	73,975	2%
Torrumbarry Irrigation Area	0	0	0	0	0	6,561	0	670	0	0	0	0	0	0	0	74	15,595	0	0	182	0	23,083	214	5,167	311,868	2%
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	0	
LMW – NWU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Murray River	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,499	0	2,499	28	-329		
Robinvale, Red Cliffs, Merbein, FMD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-65	
Total Trades (ML)	284	0	1,133	131	20,433	45,362	203	817	572	15,358	635	903	13,795	7,257	0	9,350	17,916	0	0	2,828	65	137,040		-0		
Number of Trades	13	0	13	6	309	437	13	17	17	192	22	23	88	111	0	180	181	0	0	34	1	1,657				

Notes:

- 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 2010/11
- 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:
  - exemptions given under the trading rules;
  - correction of wrong locations given to some water shares at unbundling; or,
  - sale of water shares by a mortgagee (the Water Act does not currently require this to be subject to the 4%).



Transfer of High Reliability Water Shares (Volume ML)

SOURCE	DESTINATION																						
	Goulburn-Murray Water												Lower Murray Water										
	Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. 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	LMW – NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMD	Total Sales (ML)	Number Sold
Broken River	1,080	0	0	0	0	572	0	0	0	0	0	0	0	0	0	0	15	0	0	0	0	1,667	19
Bullarook	0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	2
Campaspe Irrigation District	0	0	126	0	0	2,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,374	20
Campaspe River	0	0	32	51	0	1,511	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,594	23
Central Goulburn Irr. Area	0	0	0	0	11,181	16,447	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27,678	353
GMW – NWU	0	0	0	0	102	35,308	0	0	8	638	8	0	106	48	0	119	880	0	0	0	0	37,219	255
Goulburn River	0	0	0	0	1	912	526	0	0	2	0	0	0	1	0	3	0	0	0	0	0	1,445	46
Loddon River	0	0	0	0	0	1,651	0	352	0	0	0	0	0	0	0	0	0	0	0	0	0	2,003	30
Murray River	0	0	0	0	0	9,853	0	0	463	121	0	0	0	0	0	0	12	0	0	0	0	10,449	48
Murray Valley Irrigation Area	0	0	0	0	0	14,681	0	0	0	9,772	0	0	0	0	0	0	0	0	0	0	0	24,453	185
Nyah, Tresco and Woorinen	0	0	0	0	0	485	0	0	0	0	925	0	0	0	0	0	190	0	30	0	0	1,630	47
Ovens River	0	0	0	0	0	101	0	0	0	0	0	1,239	0	0	0	0	0	0	0	0	0	1,340	25
Pyramid-Boort	0	0	0	0	0	23,489	0	0	0	0	0	0	4,321	0	0	0	0	0	0	0	0	27,810	83
Rochester Irrigation Area	0	0	0	0	0	8,046	0	0	0	0	0	0	0	3,482	0	1	0	0	0	970	0	12,499	164
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
Shepparton Irrigation Area	0	0	0	0	133	3,665	0	0	0	0	0	0	0	0	0	3,972	0	0	0	0	0	7,769	164
Torumbarry Irrigation Area	0	0	0	0	0	16,116	0	0	0	0	0	0	0	0	0	0	12,994	0	0	617	0	29,727	236
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
LMW – NWU	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	5,769	14	11	5,893	41
Murray River	0	0	0	0	0	109	0	0	0	0	0	0	0	0	0	0	0	0	33,317	93,659	10	127,096	238
Robinvale, Red Cliffs, Merbein, FMD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,685	921	3,323	13,929	382
Total Purchases (ML)	1,080	30	158	51	11,417	135,195	676	352	471	10,533	933	1,239	4,426	3,531	0	4,110	14,075	0	48,801	96,182	3,344	336,604	
Number of Purchases	12	2	10	9	252	693	33	19	26	123	33	21	45	99	0	144	170	0	291	168	211		2,361

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 2010/11
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 and Spill Reliability Water Shares (Volume ML)

SOURCE	DESTINATION																						
	Goulburn-Murray Water														Lower Murray Water								
	Broken River	Bullarook	Campaspe Irrigation District	Campaspe River	Central Goulburn Irr. 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	Torrumbarry Irrigation Area	1062 Katunga Groundwater	LMW – NWU	Murray River	Robinvale, Red Cliffs, Merbein, FMID	Total Sales (ML)	Number Sold
Broken River	223	0	0	0	0	81	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	308	12
Bullarook	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Campaspe Irrigation District	0	0	73	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73	3
Campaspe River	0	0	0	16	0	395	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	411	6
Central Goulburn Irr. Area	0	0	0	0	5,170	1,781	0	0	0	0	0	0	638	59	0	156	0	0	0	0	0	7,803	153
GMW – NWU	0	0	95	0	566	9,668	0	0	0	47	0	0	195	0	0	236	696	0	0	147	65	11,716	116
Goulburn River	0	0	0	0	0	0	131	0	0	0	0	0	0	0	0	0	0	0	0	0	0	131	8
Loddon River	0	0	0	0	0	527	0	110	0	0	0	0	0	0	0	0	0	0	0	0	0	637	11
Murray River	0	0	0	0	0	2,021	0	0	115	0	0	0	0	0	0	0	96	0	0	0	0	2,232	15
Murray Valley Irrigation Area	0	0	0	0	0	2,473	0	0	0	5,258	0	0	0	0	0	0	0	0	0	0	0	7,731	100
Nyah, Tresco and Woorinen	0	0	0	0	0	91	0	0	0	0	296	0	0	0	0	0	60	0	0	0	0	447	15
Ovens River	0	0	0	0	0	23	0	0	0	0	0	589	0	0	0	0	0	0	0	0	0	612	16
Pyramid-Boort	0	0	0	0	0	1,982	0	0	0	0	0	0	3,781	0	0	0	23	0	0	0	0	5,786	30
Rochester Irrigation Area	0	0	0	0	0	1,170	0	0	32	0	0	0	1,052	1,300	0	0	0	0	0	0	0	3,554	54
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
Shepparton Irrigation Area	0	0	0	0	0	897	0	0	0	0	0	0	0	0	0	2,248	0	0	0	0	0	3,144	77
Torrumbarry Irrigation Area	0	0	0	0	0	3,727	0	0	0	0	0	0	0	0	0	0	5,030	0	0	182	0	8,939	94
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
LMW – NWU	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,395	0	1,395	13
Robinvale, Red Cliffs, Merbein, FMID	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Purchases (ML)	223	0	168	16	5,737	24,835	131	110	147	5,305	296	589	5,665	1,359	0	2,642	5,906	0	0	1,724	65	54,919	
Number Purchased	7	0	4	3	130	213	8	6	5	75	9	15	29	36	0	80	83	0	0	19	1		723

Notes:

- 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 2010/11
- 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
- Delivery systems are grouped to reduce complexity caused by small delivery systems

# Reportable Information

## 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.

## 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 2010. 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 \$23.90 applies at the time of this report's publication. In the 2009/10 year there were three (3) 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*, the *Health Records Act 2001* and the *Charter of Human Rights & Responsibilities Act*. A copy of our commitment to safeguarding customers' privacy is available at [www.lmw.vic.gov.au](http://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](mailto: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 2009/10.  
 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: 0
- Contracts completed to which VIPP applied: 1

One contract to which VIPP applied was completed in the 2009/10 financial year:

- Robinvale High Pressure Irrigation Project – Pump Station \$10M Completed March 2010

## Major External Reviews

We did not carry out any major reviews of Lower Murray Water during 2009/10.

## Major Research and Development Activities

We did not undertake any major research and development activities in 2009/10.

## 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 us, 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 2009/10 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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## CERTIFICATION

We certify that the attached financial statements for Lower Murray Urban and Rural Water Corporation have been prepared in accordance with Standing Direction 4.2 of 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 comprehensive 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 2010 and financial position of the Corporation as at 30 June 2010.

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

30th August 2010

R Leamon  
Managing Director

30th August 2010

L Davis  
General Manager  
Business Services

30th August 2010

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2010 of Lower Murray Urban and Rural Water Corporation which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a statement of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification has been audited.

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

The Board Members of 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.

# VAGO

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 Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2010. The Board Members of 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 Lower Murray Urban and Rural Water Corporation as at 30 June 2010 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  
31 August 2010

for   
D D R Pearson  
Auditor-General



# Comprehensive Operating Statement

For the year ended 30th June 2010

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	Notes	2010 \$'000	2009 \$'000
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Operating Revenue	(2a)	46,888	42,729
Termination Fees		2,369	–
Income for Capital Purposes	(2b)	3,935	2,212
Other Revenue	(2c)	2,201	1,900
		55,393	46,841
<b>REVENUE FROM NON-OPERATING ACTIVITIES</b>			
Interest Revenue	(2d)	518	1,324
Net Gain/(Loss) from disposal of non-financial assets	(2e)	(94)	(101)
		424	1,223
<b>TOTAL REVENUE</b>		<b>55,817</b>	<b>48,064</b>
<b>EXPENSES FROM OPERATING ACTIVITIES</b>			
Direct Expenses	(3a)	38,017	36,974
Administration Expenses	(3b)	14,142	12,914
Finance Costs	(3c)	1,146	255
<b>TOTAL EXPENSES</b>		<b>53,305</b>	<b>50,143</b>
<b>NET RESULT BEFORE TAX</b>		<b>2,512</b>	<b>(2,079)</b>
Income Tax Expense/(Revenue)	(5)	621	512
<b>NET RESULT FOR THE YEAR</b>		<b>1,871</b>	<b>(2,591)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes on physical asset revaluation surplus		1,005	–
Income tax relating to components of other comprehensive income		(302)	–
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>703</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>2,594</b>	<b>(2,591)</b>

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

# Balance Sheet

As at 30th June 2010

	Notes	2010 \$'000	2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	(6)	7,631	10,298
Receivables	(7)	6,973	7,232
Inventories	(8)	3,637	3,288
Prepayments		3,041	3,256
Assets Held for Sale	(12)	3,602	3,933
		<b>24,884</b>	<b>28,007</b>
<b>NON CURRENT ASSETS</b>			
Receivables	(7)	147	187
Deferred Tax Assets	(9)	14,567	14,307
Property, Plant and Equipment	(10)	566,736	518,508
Intangible Assets	(11)	5,329	5,183
		<b>586,779</b>	<b>538,185</b>
<b>TOTAL ASSETS</b>		<b>611,663</b>	<b>566,192</b>
<b>CURRENT LIABILITIES</b>			
Interest Bearing Liabilities	(17)	1,941	518
Payables	(13)	8,243	7,520
Employee Benefits	(14)	4,100	3,917
Provisions	(15)	536	836
		<b>14,820</b>	<b>12,791</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest Bearing Liabilities	(17)	42,014	3,455
Employee Benefits	(14)	366	260
Deferred Tax Liabilities	(18)	65,096	63,913
Other Liabilities		12	12
		<b>107,488</b>	<b>67,640</b>
<b>TOTAL LIABILITIES</b>		<b>122,308</b>	<b>80,431</b>
<b>NET ASSETS</b>		<b>489,355</b>	<b>485,761</b>
<b>EQUITY</b>			
Contributed Capital	(19)	537,366	536,366
Physical Asset Revaluation Surplus	(20)	703	—
Accumulated Funds	(21)	(48,714)	(50,605)
<b>TOTAL EQUITY</b>		<b>489,355</b>	<b>485,761</b>

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

# Statement of Changes in Equity

For the year ended 30th June 2010



	Notes	Contributed Capital \$'000	Accumulated Funds \$'000	Physical Asset Revaluation Surplus \$'000	Total \$'000
<b>BALANCE AT 1 JULY 2008</b>		475,995	(48,014)	–	427,981
<b>TOTAL COMPREHENSIVE RESULT FOR THE YEAR</b>		–	(2,591)	–	(2,591)
<b>TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER:</b>					
Contributed Capital		4,935	–	–	4,935
Transfer of FMIT balances at 20/08/08		55,436	–	–	55,436
<b>TOTAL TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER</b>		60,371	–	–	60,371
<b>BALANCE AS AT 30 JUNE 2009</b>		536,366	(50,605)	–	485,761
<b>TOTAL COMPREHENSIVE RESULT FOR THE YEAR</b>		–	1,891	703	2,594
<b>TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER:</b>					
Contributed Capital		1,000	–	–	1,000
<b>TOTAL TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER</b>		1,000	–	703	6,000
<b>BALANCE AS AT 30 JUNE 2010</b>		537,366	(48,714)	703	489,355

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 2010

	Notes	2010 \$'000	2009 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates & Meter Charges		48,416	43,936
Interest Received		519	1,325
GST Received from the ATO		7,813	4,917
Other Revenue		3,290	3,201
<b>Total Receipts</b>		<b>60,038</b>	<b>53,379</b>
<b>Payments</b>			
Payments to Suppliers & Employees		(41,933)	(47,608)
GST Paid to the ATO		(210)	(192)
Finance Costs		(1,145)	(255)
<b>Total Payments</b>		<b>(43,348)</b>	<b>(48,055)</b>
<b>Cash Generated from Operations</b>		<b>16,690</b>	<b>5,324</b>
Proceeds from Scheme Debtors		65	33
Government Contributions		20	123
Income for Capital Purposes		3,907	1,654
<b>Net Cash provided by/(used in) Operating Activities</b>	<b>(23)</b>	<b>20,682</b>	<b>7,134</b>
<b>Cash Flows provided by/(used in) Investing Activities</b>			
Payment for Purchases of Property, Plant and Equipment		(64,715)	(33,996)
Payment for Purchases of Intangible Assets		(352)	(133)
Proceeds/(Payments) for Investments		—	1,500
Proceeds from Sale of Property, Plant and Equipment		736	841
<b>Net Cash provided by/(used in) in Investing Activities</b>		<b>(64,331)</b>	<b>(31,788)</b>
<b>Cash Flows provided by/(used in) Financing Activities</b>			
Proceeds from Borrowings		40,000	—
Repayment of Borrowings		(18)	(1,067)
Transfer cash balance from FMIT		—	(47)
Government Capital Contribution Received		1,000	4,935
<b>Net Cash provided by/(used in) Financing Activities</b>		<b>40,982</b>	<b>3,821</b>
Net Movement in cash and cash equivalents		(2,667)	(20,833)
Cash and cash equivalents at the beginning of the year		10,298	31,131
<b>Cash and cash equivalents at the end of the year</b>	<b>(6)</b>	<b>7,631</b>	<b>10,298</b>

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 2010



## 1. Statement of Significant Accounting Policies

### (a) Basis of Accounting

The financial report includes separate financial statements for Lower Murray Urban & Rural Water Corporation as an individual reporting entity. This financial report of is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS's), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

Where applicable, those paragraphs of the AAS's applicable to not-for-profit entities have been applied.

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 except where stated.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the application of accounting policies and to reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

Items included in this financial report are measured using the currency of the primary economic environment in which Lower Murray Urban & Rural Water Corporation operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Lower Murray Urban & Rural Water Corporation's functional and presentation currency.

Lower Murray Water has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the entity had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

### (b) Absorption of 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.

The net assets of FMIT were transferred to Lower Murray Water in the 2009 financial year. There is no financial implication in the current financial year.

### (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 when the Corporation gains control of them at the fair value of those assets.

#### *Government Grants and Contributions*

Grants and contributions for capital works from all sources are recognised as operating revenue on receipt or when an entitlement is established, whichever is sooner, and disclosed in the Comprehensive Operating Statement as "Income for Capital Purposes".

Government grants and contributions are disclosed in the Comprehensive Operating Statement as Government Grants and 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 Income*

Interest income is recognised using the effective interest rate method.

#### *Rent/Lease Income*

Income from operating leases, (ie rentals) is recognised as income on a straight line basis over the term of the lease.

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



# Notes to the Financial Statements

## For the year ended 30th June 2010

### (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 Comprehensive Operating Statement under Income for Capital Purposes. The cost of provision of these services is included in the direct expenses or as capital expenditures.

### (e) Water Entitlements

Water entitlements purchased after 1 July 2004 are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109 *Intangible Assets*), and will not be subject to amortisation, as the water entitlements have an indefinite useful life. Entitlements purchased after 1 July 2004 will be tested annually for impairment. Bulk entitlements prior to 1 July 2004 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

### (f) Property, Plant and Equipment

Property, plant and equipment represent non-current assets comprising land, buildings, water, sewerage and drainage infrastructure, 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 Comprehensive 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) Measurement of Property, Plant and Equipment

All non-current 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 Financial Reporting Direction (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 30 June 2009 and 30 June 2010, water infrastructure assets are measured at fair value less any accumulated depreciation and any accumulated impairment losses, in accordance with FRD 121 *Infrastructure Assets (Water/Rail)*.

During 2009, the Minister for Finance issued two new FRDs in relation to non-current physical assets that are relevant to water infrastructure assets. FRD 103D *Non-current Physical Assets* ("FRD 103D"), as revised in March 2009, requires all non-current physical assets to be measured using the revaluation model unless the entity has received prior written approval of the Minister for Finance to measure the assets at cost. FRD 103D is applicable for reporting periods commencing on or after 1 July 2008, superseding FRD 103C. However, in recognition of the initial workload and heavy demand on resources within a relatively tight timeframe for implementation, transitional dispensation was available to relieve measurement at fair value at the entity reporting level until the temporary exemption is withdrawn. This temporary exemption is made under FRD 121 *Infrastructure Assets (Water/Rail)*. During the year, this temporary exemption was extended until the financial year ending June 2011 at the direction of DTF.

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

### (ii) Revaluation of Non-Current Physical Assets

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 physical asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

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

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.

Physical asset revaluation surpluses are not transferred to accumulated funds on derecognition of the relevant asset.

# Notes to the Financial Statements

For the year ended 30th June 2010



## (iii) 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 physical asset revaluation surplus of that same class of asset.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading physical asset revaluation surplus. 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 Comprehensive Operating Statement.

## (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. Assets (or disposal groups) 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. The asset (or disposal group) is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification.

Assets (including those that are part of a disposal group) classified as held for sale 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.

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

All non-current physical assets that have a limited useful life are depreciated.

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 \$1000 are capitalised.

The depreciation rates applied to asset classes (2010 and 2009) are:

	Useful Life (Years)
<b>WATER</b>	
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
<b>WASTEWATER</b>	
Sewers	45 – 80
Trunk Sewer Main	80
Pumping Stations	10 – 80
Treatment and Disposal	10 – 100
Buildings	40 – 60
Plant and Machinery	6
<b>IRRIGATION &amp; DRAINAGE</b>	
Storages	60 – 100
Pumping Stations	40 – 80
Channels	80
Rural Water Pipelines	60 – 80
Water Meters	10
Buildings	40 – 60
Plant and Machinery	6
<b>ADMINISTRATION</b>	
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 2010

### (g) Intangible Assets

Intangible Assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined in Note 1(f)(iii).

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

### (h) 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.

### (i) Cash and Cash Equivalent Assets

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

### (j) Receivables

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, 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 uncollectible are written off. An allowance for impaired receivables 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 amounts credited to the allowance are recognised as an expense in the Operating Statement.

### (k) 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 12 months, being the Corporation's operational cycle, with the exception of employee benefits (Refer Note 1 (m)).

### (l) Other Non Financial Assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### (m) 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 accumulating 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 employees 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, and treated as a current liability.

# Notes to the Financial Statements

For the year ended 30th June 2010



## (ii) Long Service Leave (LSL)

**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 Comprehensive 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.

## (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 liabilities.

## (n) Payables

Payables consist predominantly of trade and sundry creditors. 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.

Payables are initially recognised at fair value, being the cost of goods and services, and subsequently measured at amortised cost.

## (o) Comparative Figures

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

## (p) Rounding

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

## (q) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance 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.

## (r) 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 consist 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.

# Notes to the Financial Statements

For the year ended 30th June 2010

## (s) 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 1 July 2002. The NTER is administered by the Australian Taxation Office.

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the 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.

## (t) 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*, based on a prescribed percentage of the previous year's adjusted net profit.

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 2009/10 to be \$0 (2008/09: \$0).

## (u) 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

— ie: 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.

## (v) 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.

## (w) Environmental Contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) 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 1 October 2004 (Urban) and 1 July 2005 (Rural) to 30 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 1 July 2008 until 30 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.

## (x) 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 initial amount recognised (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.

## (y) 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.

# Notes to the Financial Statements

For the year ended 30th June 2010



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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2010. The Corporation has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The entity will apply the revised standards from 1 July 2010.	1-Jan-10	The entity does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.	1-Jan-13	The entity is yet to assess its full impact. However, initial indications are that it may affect the entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.
Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1-Jan-11	When the amendments are applied, the entity and the parent will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.
AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19	AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.	1-Jul-10	It is not expected to have any impact on the entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the entity has not entered into any debt for equity swaps since that date.
AASB 1053 – Application of Different Tiers of Australian Accounting Standards	Establishes a differential financial reporting framework consisting of two tiers or reporting requirements for preparing general purpose financial statements.	1-Jul-13	Impact is being evaluated. Expected to have no impact.
AASB 2010-2 – Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements	Amends relevant Australian Accounting Standards to introduce reduced disclosures requirements to certain types of entities in accordance with AASB 1053.	1-Jul-13	Impact is being evaluated. Expected to have no impact.



# Notes to the Financial Statements

For the year ended 30th June 2010

## (aa) 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. Gains and losses arising from changes in fair value are recognised in the Operating Statement.

#### *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.

#### *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 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).

### (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 Comprehensive Operating Statement on equity instruments classified as available for sale are not reversed through the Comprehensive Operating Statement.

# Notes to the Financial Statements

For the year ended 30th June 2010



## 2. Revenue

	Total		Water Supply		Wastewater		Irrigation & Drainage	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>(a) Operating Revenue comprises:</b>								
General Tariff Charges	32,482	30,767	5,369	4,963	9,963	9,253	17,150	16,551
Govt. Pensioner Rate Reimbursement	1,503	1,256	547	453	903	781	53	22
Metered Charges	12,157	9,989	7,405	5,918	—	—	4,752	4,071
Trade Waste Charges	603	575	—	—	603	575	—	—
Customer Service Obligations	143	142	41	41	102	101	—	—
	<b>46,888</b>	<b>42,729</b>	<b>13,362</b>	<b>11,375</b>	<b>11,571</b>	<b>10,710</b>	<b>21,955</b>	<b>20,644</b>
<b>(b) Income For Capital Purposes:</b>								
Capital Contributions	3,908	2,075	1,384	1,036	1,843	909	681	130
Government Contributions	20	123	—	—	—	—	20	123
Scheme Contributions	7	14	6	13	1	1	—	—
	<b>3,935</b>	<b>2,212</b>	<b>1,390</b>	<b>1,049</b>	<b>1,844</b>	<b>910</b>	<b>701</b>	<b>253</b>
<i>Income for capital purposes is a once off payment which may not occur in future periods.</i>								
<b>(c) Other Revenue:</b>								
Income from Fees	1,366	1,253	532	543	352	230	482	480
Rent/Lease Income	383	173	321	109	17	18	45	46
Sundry Income	452	474	72	78	298	180	82	216
	<b>2,201</b>	<b>1,900</b>	<b>925</b>	<b>730</b>	<b>667</b>	<b>428</b>	<b>609</b>	<b>742</b>
<b>(d) Interest Revenue comprises:</b>								
Interest from cash and cash equivalents	122	1,122	—	405	—	337	122	380
Interest on Charges	349	151	—	—	—	—	349	151
Interest on Private Schemes	47	51	21	24	26	27	—	—
	<b>518</b>	<b>1,324</b>	<b>21</b>	<b>429</b>	<b>26</b>	<b>364</b>	<b>471</b>	<b>531</b>
<b>(e) Net gain/(loss) on disposal of non-financial assets</b>								
Proceeds from sale of non-financial assets	736	841	205	234	175	200	356	407
Disposal of non-financial assets — property, plant and equipment	(542)	(942)	(151)	(262)	(129)	(224)	(262)	(456)
Disposal of non-financial assets — assets held for sale	(288)	—	(80)	—	(68)	—	(140)	—
	<b>(94)</b>	<b>(101)</b>	<b>(26)</b>	<b>(28)</b>	<b>(22)</b>	<b>(24)</b>	<b>(46)</b>	<b>(49)</b>

# Notes to the Financial Statements

For the year ended 30th June 2010

## 3. Expenditure

	Total		Water Supply		Wastewater		Irrigation & Drainage	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>(a) Direct Expenses comprise:</b>								
Labour	5,604	5,156	1,793	1,646	1,171	1,058	2,640	2,452
Bulk Water Maintenance Charge	3,691	3,559	525	595	—	—	3,166	2,964
Chemicals	509	453	403	375	92	64	14	14
Electricity	3,508	2,888	987	800	430	352	2,091	1,736
Water Purchases	219	—	219	—	—	—	—	—
Repairs and Maintenance	6,108	5,649	1,793	1,731	882	781	3,433	3,137
Depreciation & Amortisation Expense (Refer Note 4)	16,100	15,853	5,156	5,155	3,347	3,382	7,597	7,316
Lease/Rentals Expenses	85	49	54	42	6	7	25	—
Write off of Assets	1	4	1	4	—	—	—	—
Repayment of Government Contribution	—	450	—	—	—	—	—	450
Consultants	1,246	2,141	168	340	46	94	1,032	1,707
Other Expenses	946	772	341	321	299	241	306	210
	<b>38,017</b>	<b>36,974</b>	<b>11,440</b>	<b>11,009</b>	<b>6,273</b>	<b>5,979</b>	<b>20,304</b>	<b>19,986</b>
<b>(b) Administration Expenses comprise:</b>								
Salaries & Labour Oncost	7,121	6,792	2,202	2,109	1,794	1,692	3,125	2,991
Audit Fees (Refer Note 27)	75	85	21	24	18	20	36	41
Bank Charges & Agency Collection Fees	198	184	55	51	47	43	96	90
Insurances	561	382	130	107	260	133	171	142
Environmental Contribution	1,327	1,377	534	534	454	454	339	389
Depreciation & Amortisation Expense (Refer Note 4)	1,099	1,087	389	377	331	321	379	389
Bad Debts, Doubtful Debts and Write Offs	802	(1)	53	8	19	12	730	(21)
Directors & Chair Allowance	148	148	41	41	35	35	72	72
Other Expenses	2,811	2,860	797	816	651	713	1,363	1,331
	<b>14,142</b>	<b>12,914</b>	<b>4,222</b>	<b>4,067</b>	<b>3,609</b>	<b>3,423</b>	<b>6,311</b>	<b>5,424</b>
<b>(c) Finance Costs:</b>								
Interest on Loans	1,146	255	—	—	209	23	937	232
	<b>1,146</b>	<b>255</b>	<b>—</b>	<b>—</b>	<b>209</b>	<b>23</b>	<b>937</b>	<b>232</b>

# Notes to the Financial Statements

For the year ended 30th June 2010



## 4. Depreciation & Amortisation

	2010 \$'000	2009 \$'000
<b>Depreciation &amp; Amortisation expense for the year:</b>		
Works	15,897	15,610
Buildings	202	242
Plant, Equipment and Vehicles	894	941
	16,993	16,793
Software Amortisation	206	147
	<b>17,199</b>	<b>16,940</b>
Allocated to direct expenses (Refer Note 3a)	16,100	15,853
Allocated to administration expenses (Refer Note 3b)	1,099	1,087
	<b>17,199</b>	<b>16,940</b>

## 5. Income Tax Expense

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

### a. The components of tax expense comprise:

Current Tax Payable	217	—
Deferred tax relating to temporary differences	754	512
Adjustments for current tax on prior periods	(350)	—
	<b>621</b>	<b>512</b>
Deferred income tax expense included in income tax expense comprises:		
Decrease/(Increase) in Deferred Tax Asset	(261)	(3,123)
(Decrease)/Increase in Deferred Tax Liability	1,183	3,635
(Decrease)/Increase in Equity	(301)	—
	<b>621</b>	<b>512</b>

### 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	2,512	(2,079)
Prima facie tax payable on net result from ordinary activities before income tax at 30% (2009: 30%)	754	(624)
<b>Add tax effect of:</b>		
Other non allowable items	32	1,772
Recoupment of losses	—	—
	786	1,148
<b>Tax effect of:</b>		
Other items of income and expenditure	(165)	(636)
Correction to prior year tax expense	—	—
<b>Income Tax Expense</b>	<b>621</b>	<b>512</b>

# Notes to the Financial Statements

For the year ended 30th June 2010

## 6. Cash and Cash Equivalent Assets

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:

	2010 \$'000	2009 \$'000
Cash on hand	1	2
Cash at bank	6,927	3,180
Deposits at call	–	5,015
Investments due less than 3 months	703	2,101
	<b>7,631</b>	<b>10,298</b>

## 7. Receivables

Receivables comprise of:

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Current Receivables:</b>										
Tariffs & Charges	6,307	3,721	2,121	1,804	215	132	3,848	1,711	123	74
Scheme Debtors	395	414	106	98	289	316	–	–	–	–
Fixed Water Charge Rebate – Government	–	1,837	–	–	–	–	–	1,837	–	–
Other Debtors	987	1,279	236	231	331	305	400	697	20	46
Provision for Impairment of Tariffs and Charges	(716)	(19)	(9)	–	–	–	(707)	(19)	–	–
<b>Total Current Receivables</b>	<b>6,973</b>	<b>7,232</b>	<b>2,454</b>	<b>2,133</b>	<b>835</b>	<b>753</b>	<b>3,541</b>	<b>4,226</b>	<b>143</b>	<b>120</b>
<b>Non Current Receivables:</b>										
Scheme Debtors	147	187	85	99	62	88	–	–	–	–
<b>Total Non Current Receivables</b>	<b>147</b>	<b>187</b>	<b>85</b>	<b>99</b>	<b>62</b>	<b>88</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

# Notes to the Financial Statements

For the year ended 30th June 2010



## 7. Receivables (cont'd)

### (a) Provision for impaired receivables

As at 30 June 2010, trade receivables of \$716,088 (2009: \$18,742) were impaired. The individually impaired receivables are mainly related to urban residential tenancy debtors, and 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:

	2010 \$'000	2009 \$'000
3 – 6 months	11	1
Over 6 months	705	18
	<b>716</b>	<b>19</b>

Movements in the provision for impaired receivables are as follows:

	2010 \$'000	2009 \$'000
Opening balance at 1 July	(19)	(108)
Provision for impairment recognised during the year	(802)	(1)
Receivables written off during the year as uncollectable	105	90
<b>Closing balance at 30 June</b>	<b>(716)</b>	<b>(19)</b>

### (b) Past due but not impaired trade receivables

As at 30 June 2010, trade receivables of \$3,878,552 (2009: \$3,508,720) 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:

	2010 \$'000	2009 \$'000
0 – 3 months	784	919
3 – 6 months	767	591
Over 6 months	2,328	1,999
	<b>3,879</b>	<b>3,509</b>

## 8. Inventories

Values as at 30 June, were:

	2010 \$'000	2009 \$'000
Stores and Consumables	3,542	3,228
Sheep Stock	95	60
	<b>3,637</b>	<b>3,288</b>

## 9. Deferred Tax Assets

The balance comprises temporary differences attributable to:

	2010 \$'000	2009 \$'000
<b>Amounts recognised in operating statement</b>		
Employee Provisions	1,268	1,263
Other	301	46
Tax losses	12,998	12,998
	<b>14,567</b>	<b>14,307</b>

### Movements

Opening balance at 1 July	14,307	6,818
Transfer of FMIT balances at 20/8/08	–	4,366
Credited/(charged) to the Comprehensive Operating Statement	263	3,123
Under/(Over) Provision	(3)	–
<b>Closing balance at 30 June</b>	<b>14,567</b>	<b>14,307</b>



# Notes to the Financial Statements

## For the year ended 30th June 2010

### 10. Property, Plant and Equipment

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Land – at valuation	6,067	5,282	1,721	1,721	2,364	2,409	260	260	1,722	892
Land – subsequent additions at cost	6,937	6,893	–	–	7	6	6,930	6,887	–	–
<b>Total land at fair value</b>	<b>13,004</b>	<b>12,175</b>	<b>1,721</b>	<b>1,721</b>	<b>2,371</b>	<b>2,415</b>	<b>7,190</b>	<b>7,147</b>	<b>1,722</b>	<b>892</b>
Works – at cost	600,718	593,005	197,932	196,457	135,115	133,040	267,671	263,508	–	–
Less: Accumulated depreciation	(161,462)	(146,021)	(27,928)	(23,282)	(18,291)	(15,021)	(115,243)	(107,718)	–	–
<b>Total works at cost</b>	<b>439,256</b>	<b>446,984</b>	<b>170,004</b>	<b>173,175</b>	<b>116,824</b>	<b>118,019</b>	<b>152,428</b>	<b>155,790</b>	<b>–</b>	<b>–</b>
Buildings – at valuation	4,286	4,656	374	428	1,455	1,500	174	318	2,283	2,410
Less: Accumulated depreciation	–	(975)	–	(91)	–	(214)	–	(207)	–	(463)
Buildings – subsequent additions at cost	2,614	2,378	43	38	21	7	356	353	2,194	1,980
<b>Total buildings at fair value</b>	<b>6,900</b>	<b>6,059</b>	<b>417</b>	<b>375</b>	<b>1,476</b>	<b>1,293</b>	<b>530</b>	<b>464</b>	<b>4,477</b>	<b>3,927</b>
Plant, Equipment & Vehicles	11,718	11,069	–	–	11	11	241	241	11,466	10,817
Less: Accumulated depreciation	(7,761)	(7,066)	–	–	(3)	(1)	(155)	(138)	(7,603)	(6,927)
<b>Total plan, equipment &amp; vehicles at fair value</b>	<b>3,957</b>	<b>4,003</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>10</b>	<b>86</b>	<b>103</b>	<b>3,863</b>	<b>3,890</b>
Works In Progress at fair value	103,619	49,287	5,248	1,654	42,973	7,621	51,146	38,308	4,252	1,704
<b>Total</b>	<b>566,736</b>	<b>518,508</b>	<b>177,390</b>	<b>176,925</b>	<b>163,652</b>	<b>129,358</b>	<b>211,380</b>	<b>201,812</b>	<b>14,314</b>	<b>10,413</b>

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 & Buildings were valued at 1 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 30 June 2010 in accordance with FRD 103D. Lower Murray Water's reviewed its land and buildings at 30 June 2010, and found buildings required to have a managerial revaluation using annual indices supplied by the Valuer General Victoria. The amount of the revaluation was \$1,004,851.

# Notes to the Financial Statements

For the year ended 30th June 2010



## 10. 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.

2009-2010	Balance 1 July	Transfer of FMIT Balances	Additions	Transfers	Disposals	Depreciation	Revaluation	Assets held for Sale	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	12,176	—	—	830	(45)	—	—	43	13,004
Works	446,984	—	1,016	7,216	(64)	(15,896)	—	—	439,256
Buildings	6,059	—	—	40	(2)	(202)	1,005	—	6,900
Plant, Equipment, and Vehicles	4,003	—	1,269	12	(432)	(895)	—	—	3,957
Works In Progress	49,286	—	62,431	(8,098)	—	—	—	—	103,619
	<b>518,508</b>	<b>—</b>	<b>64,716</b>	<b>—</b>	<b>(543)</b>	<b>(16,993)</b>	<b>1,005</b>	<b>—</b>	<b>566,736</b>
2008-2009	Balance 1 July	Transfer of FMIT Balances	Additions	Transfers	Disposals	Depreciation	Revaluation	Assets held for Sale	Balance 30 June
	\$'000	\$'000	\$'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
	<b>450,031</b>	<b>55,732</b>	<b>34,413</b>	<b>—</b>	<b>(942)</b>	<b>(16,793)</b>	<b>—</b>	<b>(3,933)</b>	<b>518,508</b>

# Notes to the Financial Statements

## For the year ended 30th June 2010

### 11. Intangible Assets

2009-2010	Balance 1 July \$'000	Transfer of FMIT Balances \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Impairment \$'000	Amortisation \$'000	Balance 30 June \$'000
Development Costs	387	—	353	—	(1)	—	(206)	533
Water Licences	4,796	—	—	—	—	—	—	4,796
	<b>5,183</b>	<b>—</b>	<b>353</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>(206)</b>	<b>5,329</b>
2008-2009	Balance 1 July \$'000	Transfer of FMIT Balances \$'000	Additions \$'000	Transfers \$'000	Disposals \$'000	Impairment \$'000	Amortisation \$'000	Balance 30 June \$'000
Development Costs	379	22	133	—	—	—	(147)	387
Water Licences	4,790	5	—	—	—	1	—	4,796
	<b>5,169</b>	<b>27</b>	<b>133</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>(147)</b>	<b>5,183</b>

### 12. Assets Held For Sale

	2010 \$'000	2009 \$'000
<b>Balance 1 July</b>		
Land held for Sale	3,933	—
Land not treated as held for Sale	(43)	—
Additions	—	3,933
Disposals	(288)	—
<b>Balance 30 June</b>	<b>3,602</b>	<b>3,933</b>

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

### 13. Payables

	Total		Water Supply		Wastewater		Irrigation & Drainage		Administration	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Unsecured Liabilities:</b>										
Accrued Creditors	7,224	6,581	1,495	1,831	841	1,568	4,888	3,182	—	—
Deposits	633	350	279	116	242	215	112	19	—	—
Advances for Works Program	69	387	—	—	—	—	69	387	—	—
Pre Paid Revenue	317	202	168	107	149	95	—	—	—	—
	<b>8,243</b>	<b>7,520</b>	<b>1,942</b>	<b>2,054</b>	<b>1,232</b>	<b>1,878</b>	<b>5,069</b>	<b>3,588</b>	<b>—</b>	<b>—</b>

# Notes to the Financial Statements

For the year ended 30th June 2010



## 14. Employee Benefits

	Total		Current		Non-Current	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Annual Leave	1,351	1,348	1,351	1,348	—	—
Accumulated Sick Leave	22	8	22	8	—	—
Long Service Leave	2,998	2,528	2,632	2,268	366	260
Accrued Bonus	95	293	95	293	—	—
<b>Aggregate Carrying Amount of Employee Entitlement Liability</b>	<b>4,466</b>	<b>4,177</b>	<b>4,100</b>	<b>3,917</b>	<b>366</b>	<b>260</b>

Employee numbers at end of financial year: 175 (2009: 173)

### Long Service Leave

The Corporation's legal liability to Long Service Leave attributable to its employees at 30 June, 2010 was \$2,998,440 which has been fully funded

	2010 \$'000	2009 \$'000
<b>Current</b>		
Short term benefits, that fall due within 12 months after the end of the period measured at nominal value	2,391	2,202
Long term benefits that do not fall due within 12 months after the end of the period measured at present value	241	66
	<b>2,632</b>	<b>2,268</b>
<b>Non Current</b>		
LSL being less than 7 years of continuous service measured at present value	366	260
	<b>2,998</b>	<b>2,528</b>

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

	2010	2009
Weighted average increase in employee costs	4.48%	4.45%
Weighted average discount rates	5.00%	5.48%
Weighted average settlement period	13	13

## 15. Provisions

	2010 \$'000	2009 \$'000
<b>Current</b>		
Land Remediation	336	450
Building remediation at two sites	—	186
Creation of easements re Robinvale High Pressure Irrigation Project	200	200
	<b>536</b>	<b>836</b>

# Notes to the Financial Statements

For the year ended 30th June 2010

## 15. Provisions (cont'd)

### Movement in Provisions

#### 2009-2010

	Land Remediation	Other	Total
Opening balance at 1 July	450	386	836
Payments	(114)	(186)	(300)
<b>Closing balance at 30 June</b>	<b>336</b>	<b>200</b>	<b>536</b>

#### 2008-2009

	Land Remediation	Other	Total
Opening balance at 1 July	450	715	1,165
Payments	—	(329)	(329)
<b>Closing balance at 30 June</b>	<b>450</b>	<b>386</b>	<b>836</b>

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.

## 16. 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 31 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 are 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.

# Notes to the Financial Statements

For the year ended 30th June 2010



## 16. Superannuation (cont'd)

Contribution details are shown in the following table :

Scheme	Type of Scheme	Employee Numbers	Rate	2010 \$'000	2009 \$'000
State Superannuation Board Revised Scheme	Defined Benefit	3	17.00%	31	30
State Superannuation Board New Scheme	Defined Benefit	6	9.5% – 10%	33	32
Vision Super	Defined Benefit	38	9.25%	223	216
Vision Super Saver	Accumulation	142	9.00%	713	656
Others		11	9.00%	37	30
<b>Total Contributions to all funds</b>				<b>1,037</b>	<b>964</b>

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.

## 17. 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)	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Secured:								
Loans	43,955	3,973	1,941	518	4,671	2,405	37,343	1,050
	<b>43,955</b>	<b>3,973</b>	<b>1,941</b>	<b>518</b>	<b>4,671</b>	<b>2,405</b>	<b>37,343</b>	<b>1,050</b>

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

	2010 \$'000	2009 \$'000
Floating charge over the Corporation's urban rate revenue	2,336	1,936
<b>Total Assets Pledged as Security</b>	<b>2,336</b>	<b>1,936</b>

(c) Credit Standby Arrangement with Banks

	2010 \$'000	2009 \$'000
Credit Facility	192	195
Amount Utilised	—	—
<b>Unused Credit Facility</b>	<b>192</b>	<b>195</b>

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



# Notes to the Financial Statements

For the year ended 30th June 2010

## 18. Deferred Tax Liability

	2010 \$'000	2009 \$'000
<b>Deferred tax liability comprises:</b>		
Tax allowances relating to property, plant, and equipment	65,229	63,910
Current Tax Liability	(133)	3
<b>Deferred Tax Liability</b>	<b>65,096</b>	<b>63,913</b>
<b>Movements</b>		
Opening Balance 1 July	63,913	61,022
Transfer of FMIT balances at 20/8/08	—	(744)
Charged/(credited) to the operating statement	667	3,635
Under/Over Provision	348	—
Current Tax Liability	(133)	—
Charged/(credited) to equity	301	—
<b>Closing balance 30 June</b>	<b>65,096</b>	<b>63,913</b>

## 19. Contributed Capital

	2010 \$'000	2009 \$'000
Balance 1 July	536,366	475,995
Transfer of FMIT balances at 20/8/08	—	55,436
Capital Contribution	1,000	4,935
<b>Balance 30 June</b>	<b>537,366</b>	<b>536,366</b>

## 20. Reserves

	2010 \$'000	2009 \$'000
<b>Composition of Reserves</b>		
Physical Asset Revaluation Surplus	703	—
<b>Total Reserves</b>	<b>703</b>	<b>—</b>
<b>Movements in Reserves</b>		
Physical Asset Revaluation Surplus		
Balance 1 July	—	—
Revaluation increment/(decrement)	1,005	—
Tax effect of revaluation increment/(decrement)	(302)	—
<b>Balance 30 June</b>	<b>703</b>	<b>—</b>

## 21. Accumulated Funds

	2010 \$'000	2009 \$'000
Accumulated Funds at 1 July	(50,605)	(48,014)
Net Surplus/(Deficit) for the year after Income Tax Expense	1,891	(2,591)
<b>Accumulated Funds at 30 June</b>	<b>(48,714)</b>	<b>(50,605)</b>

# Notes to the Financial Statements

For the year ended 30th June 2010



## 22. Equity

	2010 \$'000	2009 \$'000
Total Equity at 1 July	485,761	427,981
Transfer of FMIT balances at 20/8/08	—	55,436
Total Other Changes in Equity Recognised in the Statement of Changes in Equity	3,594	2,344
<b>Total Equity at 30 June</b>	<b>489,355</b>	<b>485,761</b>

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

	2010 \$'000	2009 \$'000
Profit/(Loss) for the year after income tax	1,891	(2,591)
Add/(less) Non Cash Flows in Net Profit/(Loss)		
Depreciation/Amortisation	17,199	16,940
Contributions for Capital Works	—	(422)
Tax Expense	621	512
Deduct net assets transferred from FMIT effecting operating activities	—	(2,188)
Assets Written off	1	4
Loss/(Gain) on Sale of Fixed Assets	94	101
	<b>19,806</b>	<b>12,356</b>

### Changes in Assets & Liabilities:

Decrease/(Increase) in Debtors	299	(2,911)
Decrease/(Increase) in Inventories	(349)	(624)
Decrease/(Increase) in Prepayments	215	(2,975)
Increase/(Decrease) in Payables & Provisions	422	865
Increase/(Decrease) in Employee Entitlements	289	423
<b>Net Cash Flows from Operating Activities</b>	<b>20,682</b>	<b>7,134</b>

## 24. Commitments

### Capital Commitments for Incomplete Contracts

	2010 \$'000	2009 \$'000
<b>Payment due within one year</b>	<b>4,951</b>	<b>43,653</b>

### Other Commitments

	2010 \$'000	2009 \$'000
Environmental Contribution		
Payment due within one year	1,327	1,411
Payments due between two to three years	2,654	2,822
	<b>3,981</b>	<b>4,233</b>

# Notes to the Financial Statements

For the year ended 30th June 2010

## 25. Responsible Persons Disclosure

(i) Names of Persons who were responsible persons at any time during the financial year ended 30 June, 2010:

The Hon T Holding MP (01/07/09 to 30/06/10)

Mr M Tilley (Chairperson)

Ms K Martin (Deputy Chairperson)

Mr F Smith

Mr P MacIntosh

Ms L Burrows

Ms E Ward

Mr P Jones

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.

During the year the following person(s) acted as Managing Director in Mr Leamon's absence:

Mr Kevin Murphy 19 days

Mrs Loris Davis 3 days

(ii) Total Remuneration received or due and receivable by responsible persons totalled \$413,372 (2009: \$396,548).

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

	2010	2009
\$1 – \$10,000	–	1
\$10,001 – \$20,000	6	6
\$30,001 – \$40,000	–	1
\$40,001 – \$50,000	1	–
\$250,001 – \$260,000	–	1
\$260,001 – \$270,000	1	–
<b>Total Numbers</b>	<b>8</b>	<b>9</b>

(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	
	2010	2009	2010	2009
\$100,000 – \$110,000	–	–	–	2
\$110,001 – \$120,000	–	2	2	2
\$120,001 – \$130,000	2	2	2	1
\$130,001 – \$140,000	–	1	1	1
\$140,001 – \$150,000	2	1	1	2
\$150,001 – \$160,000	1	2	1	–
\$160,001 – \$170,000	1	–	1	1
\$170,001 – \$180,000	1	–	1	1
\$180,001 – \$190,000	1	1	–	–
\$190,001 – \$200,000	–	1	–	–
\$200,001 – \$210,000	1	–	–	–
<b>Total Numbers</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>10</b>

Total Remuneration received or due and receivable by the Executives listed above totalled \$1,414,615 (2009: \$1,465,400). Total base remuneration is \$1,269,975 (2009: \$1,342,400)

(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 \$13,401 (2009: \$13,174) 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.

# Notes to the Financial Statements

For the year ended 30th June 2010



## 26. Consultancies

### (i) Over \$100,000

#### *Hunter Water Australia – \$1,323,613*

Hunter Water Australia was engaged for operational/maintenance advice, Water Treatment Plant process audits, design of Koorlong Augmentation, and other engineering projects.

#### *Marsden Jacob Associates – \$420,251*

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

#### *Ceena Pty Ltd – \$288,348*

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

#### *GHD Pty Ltd – \$253,690*

GHD Pty Ltd was engaged to assist with the design and supervision for the replacement of roofs on pump station and depot sheds, and carry out sewerage catchment study for Mildura.

#### *Osborne Management – \$204,574*

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.

#### *Technology One Ltd – \$173,686*

Technology One Ltd supplies the Corporation's finance software package. Technology One was engaged to install the budgeting, projects and contracts modules.

### (ii) Under \$100,000

The Corporation engaged 79 consultants, for a total value of \$960,369.

Consultancy expenditure is included in Note 3(a) and 3(b).

## 27. Auditor Remuneration

	2010 \$'000	2009 \$'000
<b>Remuneration of Auditors</b>		
Victorian Auditor General's Office – Audit Services	75	85
	75	85

# Notes to the Financial Statements

For the year ended 30th June 2010

## 28. Statement Of Operations By Segments – Retail Operations

	Total		Water Supply		Wastewater		Irrigation & Drainage		Recycled Water	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Sales – external	49,257	42,729	13,362	11,375	11,571	10,710	24,324	20,644	–	–
Other Revenue	6,337	5,335	2,304	2,174	2,421	1,669	1,735	1,477	100	15
<b>Total Revenue</b>	<b>55,594</b>	<b>48,064</b>	<b>15,666</b>	<b>13,549</b>	<b>13,992</b>	<b>12,379</b>	<b>26,059</b>	<b>22,121</b>	<b>100</b>	<b>15</b>
Less – Expenses	53,082	50,143	15,662	15,076	10,091	9,425	27,552	25,642	–	–
<b>Operating Surplus (before Tax)</b>	<b>2,512</b>	<b>(2,079)</b>	<b>4</b>	<b>(1,527)</b>	<b>3,901</b>	<b>2,954</b>	<b>(1,493)</b>	<b>(3,521)</b>	<b>100</b>	<b>15</b>
<b>Assets:</b>										
Segment Assets	564,195	520,190	184,725	183,953	164,549	130,199	214,921	206,038	–	–
Unallocated Assets	47,468	54,918								
<b>Total Assets</b>	<b>611,663</b>	<b>575,108</b>								
<b>Liabilities:</b>										
Segment Liabilities	52,734	7,963	1,942	2,054	21,537	2,321	29,255	3,588	–	–
Unallocated Liabilities	69,574	70,993								
<b>Total Liabilities</b>	<b>122,308</b>	<b>78,956</b>								
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	15,967	13,726	5,119	5,065	3,315	3,266	7,533	5,395	–	–
Unallocated Depreciation and amortisation expense	1,232	3,214								
	<b>17,199</b>	<b>16,940</b>								

The Corporation does not provide any wholesale services.

## 29. 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.

## 30. Contingent Assets and Contingent Liabilities

At 30 June 2010 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.

# Notes to the Financial Statements

For the year ended 30th June 2010



## 31. 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 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) 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:

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						
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 %	2009 %	
(i) Financial assets																					
Cash	6,928	8,197	703	2,101	—	—	—	—	—	—	—	—	—	—	—	—	—	7,631	10,298	4.08	3.38
Debtors – property	3,141	1,692	—	—	—	—	—	—	—	—	—	—	—	—	—	2,450	3,847	5,591	5,539	6.41	4.67
Debtors – other	542	601	—	—	—	—	—	—	—	—	—	—	—	—	—	987	1,279	1,529	1,880	4.02	1.29
Total financial assets	10,611	10,490	703	2,101	—	—	—	—	—	—	—	—	—	—	—	3,437	5,126	14,751	17,717	5.12	3.07
(ii) Financial liabilities																					
Payables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,243	7,520	8,243	7,520	N/A	N/A
Interest Bearing Liabilities	500	500	1,441	18	541	1,069	1,618	18	840	1,064	1,672	254	37,343	1,050	—	—	43,955	3,973	4.80	6.05	
Total financial liabilities	500	500	1,441	18	541	1,069	1,618	18	840	1,064	1,672	254	37,343	1,050	8,243	7,520	52,198	11,493	4.80	6.05	

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



# Notes to the Financial Statements

For the year ended 30th June 2010

## 31. Financial Instruments (cont'd)

### (iii) 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 manage 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) 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 0.7% in interest rates is reasonable over the next 12 months.

30 June 2010

	Carrying Amount \$'000	Interest Rate Risk			
		-0.7%		+0.7%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial assets</b>					
Cash and Cash Equivalents	7,631	(53)	(53)	53	53
Receivables	7,101	(45)	(45)	45	45
<b>Financial Liabilities</b>					
Interest Bearing Liabilities	43,955	(4)	(4)	4	4
<b>Total increase/(decrease)</b>		<b>(102)</b>	<b>(102)</b>	<b>102</b>	<b>102</b>

Not all receivables have a floating interest rate applicable to it. Some amounts are subject to fixed rates, or no interest is applicable. Interest bearing liabilities include borrowings on an 11am account which is subject to a floating interest rate.

30 June 2009

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

# Notes to the Financial Statements

For the year ended 30th June 2010



## 31. Financial Instruments (cont'd)

### (b) Credit Risk

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

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance 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 17.

### (iv) 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.

The carrying value of interest bearing liabilities is a reasonable approximation of its fair value.



# Our Performance Reporting 2009/10

## Financial Performance Indicators

Performance indicator	2008-09 Result	2009-10 Result	2009-10 Target	Variance %
<b>Long Term Profitability</b> Earnings before net interest and tax ÷ Average total assets Greater volumetric income, than projected in corporate plan as LMW is now on stage 1 restrictions as opposed to stage 3 restrictions forecast in the corporate plan and termination fees led to a surplus. This applies when comparing to 2008/09.	-0.59%	0.53%	-0.51%	-206%
<b>Owner's Investment</b> Net profit after tax ÷ average total equity Greater volumetric income, than projected in corporate plan as LMW is now on stage 1 restrictions as opposed to stage 3 restrictions forecast in the corporate plan and termination fees led to a surplus. This applies when comparing to 2008/09.	-0.57%	0.39%	-0.69%	-156%
<b>Long Term Financial Viability</b> Total debt (including finance leases) ÷ total assets Slippage of capital works program, and bulk entitlement account from Goulburn Murray Water not sent to LMW as at 30 June. Total debt has increased significantly from 2008/09.	0.70%	7.19%	9.36%	-23%
<b>Liquidity and Debt Servicing (Interest Cover)</b> Earnings before net interest and tax expense ÷ net interest expense	2.94	5.00	NA	—
<b>Immediate Liquidity and Debt Servicing (Cash Cover)</b> Cash flow from operations before net interest and tax payments ÷ net interest payments Greater cash from operating activities due to greater volumetric income and termination fees compared to corporate plan, and net interest payments greater due to capital expenditure being pushed out, therefore cash is retained in the business longer before going into loan position. 2008/09 was a negative result and therefore reported as N/A.	NA	32	162	-80%
<b>Operating Efficiency</b>	\$	\$	\$	
<b>Water supply / wastewater collection</b> Operations, maintenance and administration expenses per ML transported or treated to be provided for <b>each</b> of: <ul style="list-style-type: none"> <li>— water supply bulk</li> <li>— water supply reticulation</li> <li>— water supply treatment</li> <li>— sewerage reticulation</li> <li>— sewerage treatment</li> </ul> where applicable.	703 703 629 1,103 1,103	674 674 591 1,241 1,241	Targets not set	

## Service and Environmental Performance Indicators

Performance Indicator	2008-09 Result	2009-10 Result	2009-10 Target	Variance %
<b>Water supply interruptions</b>				
Number of customers receiving at least 1 unplanned interruptions in the year	4,916	4,648	4,455	4%
<b>Interruption time indicators</b>				
Average duration of unplanned water supply interruptions (Minutes)	64.9	66.5	47.76	39%
Procedures have changed since setting targets, which cause greater time to unplanned interruptions such as signage requirements and waiting for information or other services.				-12%
Average duration of planned water supply interruptions (Minutes)	62.7	63.8	72.22	
Continued improvement of planning and practices by staff have occurred since Corporate Plan was set.				
<b>Restoration of water supply</b>				
Unplanned water supply interruptions restored within 5 hours (%)	100.0%	99.3%	99.4%	-0.1%
<b>Reliability of sewerage collection services indicators</b>				
Number of Sewer spills from reticulation and branch sewers (Priority 1 and 2)	11	17	N/A	—
One particular sewer rising main in Red Cliffs (due for decommissioning in 2010/11) caused additional spills.				—
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0%	0%	N/A	
<b>Containment of sewer spillages x = 5</b>				
Sewerage spills contained within 5 hours (%)	100%	100%	100%	0%
<b>Customer complaints indicators</b>				
Water quality complaints per 1000 customers	0.75	0.93	N/A	—
Water supply reliability complaints per 1000 customers	0.2	0.13	N/A	—
LMW has received less complaints than 2008/09. 2008/09 – 7, 2009/10 – 4.				
Sewerage service quality and reliability complaints per 1000 customers	0.2	0.03	N/A	—
Less blockages this year than 2008/09 due to drier conditions than 2009/10.				
Affordability complaints per 1000 customers	0.07	0.06	N/A	—
Billing complaints per 1000 customers	0.72	1.16	N/A	—
Pressure complaints per 1000 customers	0.36	0.16	N/A	—
LMW has received less pressure complaints than 2008/09. The number of complaints can vary from year to year without apparent explanation.				
Sewage odour complaints per 1000 customers	0.13	0.13	N/A	—
Other complaints per 1000 customers	2.6	1.09	N/A	—
LMW has received less other complaints than 2008/09. The number of complaints can vary from year to year without apparent explanation.				



## Service and Environmental Performance Indicators

Performance Indicator	2008-09 Result	2009-10 Result	2009-10 Target	Variance %
<b>Reuse indicators</b>				
<b>Effluent reuse (volume)</b>				
Volume of effluent used x 100				
Total volume of effluent produced				
Kerang	0%	0%	0%	0%
Koorlong	100%	100%	100%	0%
Koondrook	100%	0%	0%	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%
<b>Biosolids reuse (dry mass)</b>	0%	0%	0%	0%
<b>Sewage treatment standards</b>				
No. of individual test results meeting EPA licence conditions x 100				
No. of routine tests for the year				
Kerang	100%	80%	100%	-20%
Koorlong	100%	100%	100%	0%
Merbein	100%	100%	100%	0%
Mildura	91%	100%	100%	0%
Red Cliffs	100%	98%	100%	-2%
Robinvale	100%	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%	0%	100%	-100%
Koorlong	100%	100%	100%	0%
Merbein	100%	100%	100%	0%
Mildura	91%	100%	100%	0%
Red Cliffs	100%	100%	100%	0%
Robinvale	100%	100%	100%	0%

A change in licence conditions between setting of the corporate plan and now is the reason for the Kerang plant's variation to the Corporate Plan.

The change from 2008/09 to 2009/10 at Mildura is due to the natural variations of the wet weather storage.

## Lower Murray Urban and Rural Water Corporation Performance Statement for 2009/10

In our opinion, the accompanying Performance Statement of Lower Murray Urban and Rural Water Corporation in respect of 2009/10 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

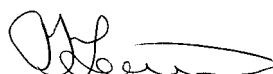
The statement outlines the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the financial year against pre-determined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance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

30th August 2010

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

R Leamon  
Managing Director

30th August 2010

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2010 of Lower Murray Urban and Rural Water Corporation comprises the statement, the related notes and the certification.

#### *The Board Members Responsibility for the Performance Statement*

The Board Members of Lower Murray Urban and Rural Water Corporation are responsible for the preparation and the 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 judgment, 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 Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2010. The Board Members of 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 statement 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 performance statement 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.



# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

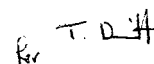
### *Independence*

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

### *Auditor's Opinion*

In my opinion, the performance statement of Lower Murray Urban and Rural Water Corporation in respect of the 30 June 2010 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE  
31 August 2010

  
D D R Pearson  
Auditor-General

## 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 (or successor) Protected Disclosure Co-ordinator Department of Sustainability & Environment PO Box 500 EAST MELBOURNE VIC 3002 Telephone: (03) 9637 8697 Facsimile: (03) 9637 8128 (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 2009/10 Annual Report

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