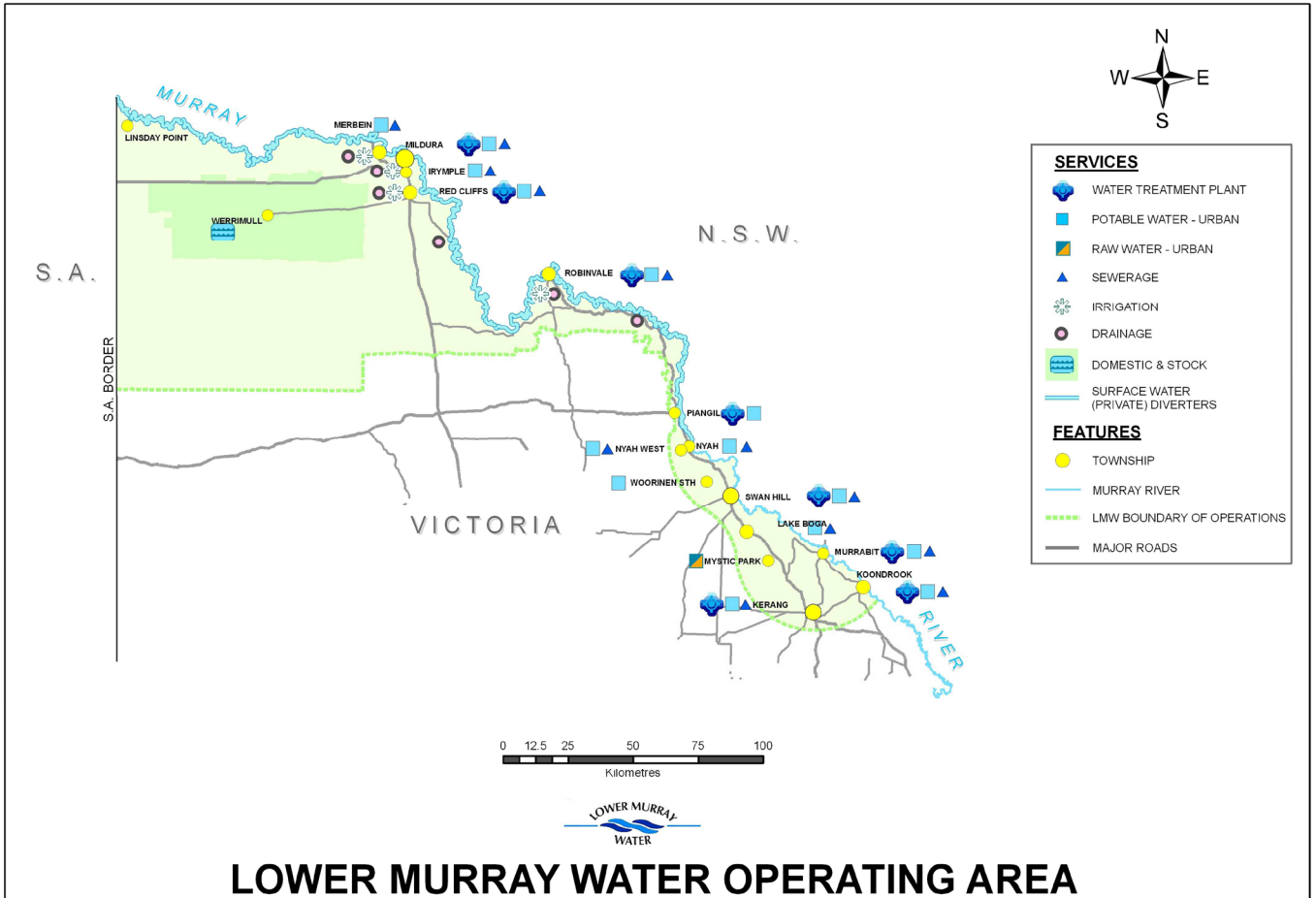




**Annual Report 2014/15**



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## Our Profile

### Our Establishment

Lower Murray Water 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 our relevant Minister was:

- Minister for Water - The Hon. Peter Walsh MLA (1st July 2014 to 3rd December 2014)
- Minister for Environment, Climate Change and Water —The Hon. Lisa Neville MP (4th December 2014 to 30th June 2014)

### Our Services

We provide:

- urban water services to 14 townships via nine treatment plants to over 71,000 people 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 4,933 customers in the four pumped irrigation districts of Merbein, Red Cliffs, Robinvale and Mildura, the Millewa rural district and some areas of the waterworks district of Yelta;
- management of the region's rural bulk water entitlement of 343,081ML;
- the collection and disposal of subsurface drainage water from the four pumped irrigation districts, and Nangiloc, Robinvale and Boundary Bend private diverters;
- ensuring irrigation and drainage designs in new agricultural developments conforms with salinity management plan development guidelines;
- management of the private diversion licences of 1,158 water users along the Murray River in Victoria between Nyah and the South Australian border;
- the assessment and approval of water share and allocation 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 Management**  
To manage the Corporation's financial resources responsibly
- 7. Efficient Asset Provision and Management**  
To manage the Corporation's assets responsibly
- 8. Responsible Corporate Governance**  
To manage our business affairs in a manner consistent with the best standards of corporate governance

## Our Chair's Overview

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I am pleased to present this overview for our 2014/15 Annual Report.

The most notable highlight of the year was the significant progress with the implementation of the \$120M Sunraysia Modernisation Project (SMP). This is the biggest upgrade of our irrigation district's infrastructure in the region's history.

The SMP will result in a significant improvement in water quality and allow water to be delivered 365 days per year to irrigators in more than two thirds of the Sunraysia District. The Project Control Group, under the Chairmanship of Mr Dane Huxley, has met all completion milestones to 30th June 2015 and the project is due for completion in August 2016. In addition to meeting the milestones, a range of enhancements to the project have already been made within the existing budget, increasing the 365 day service footprint by 1,137 hectares in Merbein, 809 hectares in Mildura and 905 hectares in the Red Cliffs irrigation district.

During the year the Board also undertook a number of initiatives. These included reviews of safety, risk and of our Corporate Strategy; the results of which are being implemented throughout the Corporation. We are grateful to the State Government for its financial support of the rural benchmarking study, which was completed in the second half of the year and released as a public document.

Water demand has been relatively strong in the past year. We have pumped increased volumes in our Urban water region and the rural pumping volumes are close to forecast. Within the Urban area the Board determined to return \$1M to its customers over a three year period by lowering water tariffs, due to extra income received over and above our Water Plan from potable water use.

We are hopeful of more favourable rural market conditions in the coming season. For most of our rural customers poor commodity prices have made profitable farming very difficult. This is being most felt by our wine grape customers. We have seen some properties in the irrigation districts being replanted after the conclusion of the Small Block Irrigators Exit Grant package five year exclusion timeframe. The rejuvenation of all our irrigation districts and encouraging customers to replant is a high priority for the Corporation. We are also committed to improving productivity throughout the business and have identified actions that have enabled us to hold rural tariffs at the 2014/15 level for the next 12 months. We are sure this will be welcomed by our rural customers.

While being in a position to fund a significant proportion of our statutory depreciation of \$25.8M (based on assets valued at \$736M) our result was a pre-tax accounting loss of \$8.4M, with the urban business showing a pre-tax surplus of \$2.6M. The write off of existing irrigation assets of \$3.7M, being replaced through the SMP, is a significant factor to this year's operating result.

We are very pleased with the positive relationship we have with our Customer Service and Advisory Committees. They provide valuable input into our operations and are an essential part of our organisation. During the year we amended the terms of reference for the Strategic Advisory Committee to ensure more equitable representation from our Private Diverters and all irrigation districts. We thank those representatives whose terms ended in the past year for their input.

In closing I would like to thank my fellow Directors for their contribution and support, the management team for delivering on our corporate objectives and the staff for their commitment, dedication and loyalty to the Corporation. In particular I thank our new Managing Director, Philip Endley, who commenced with us in September 2014, for his contribution to date.



**John Tesoriero**  
Chair

22 September 2015

## Our Managing Director's Overview

---

This has been my first year at Lower Murray Water, following the retirement of Ron Leamon and the service of David Girdwood and Loris Davis in the Acting Managing Director role. It has been a year of consistent delivery and of initiatives intended to improve the way in which we work for our customers.

We are currently going through a stage where many "baby boomers" are looking toward their future beyond their career. We are reviewing our human resources strategy to ensure we plan ahead so we are resourced to capture their knowledge and provide staff with options to remained involved with the Corporation.

We are particularly proud of the performance of the Sunraysia Modernisation Project (SMP). This grant-funded investment in Sunraysia has moved into its delivery phase and is on time and on budget to achieve almost twice the benefits expected when it was originally planned. We have been able to announce a series of enhancements as the year progressed, bringing the opportunities it offers to more growers in the pumped districts.

As many of our rural customers will know, we commissioned a benchmarking study to compare our irrigation services with those of other providers in Victoria, New South Wales and South Australia. It was clear from the study that we have much to do, both in increasing the efficiency of our services and in promoting the needs of our growers to other agencies. Perhaps the greatest challenge for us, and for our region, over the next years is to ensure that the potential of the SMP is realised through rejuvenation of the pumped districts.

Our urban sector continues to perform well. On 15<sup>th</sup> and 16<sup>th</sup> February our customers in Swan Hill and Kerang lost electricity supplies for a total of 27 hours. With great ingenuity and team effort we maintained safe water supplies to customers and kept the sewerage systems operating, without any grid power. Our team in the Southern Region delivered a great result under difficult conditions, supported by staff from Mildura. This was an impressive performance by our managers and staff, and a reminder that we provide an essential service to our communities.

Other projects delivered by the Corporation have included work at our treatment plants, a continued investment in upgrading and standardising SCADA systems and rehabilitation works wherever possible to avoid the need for capital expenditure. Our investments in improvement will continue and we are working on a number of internal projects to improve our sustainability, capability and services. It is important to us we have improving relationships with our customers and I would like to thank our urban and rural customer committees for their time and effort that they give, to represent views to us.

We continue to perform in accordance with the current five year Water Plan. The rapid progress of the SMP has resulted in an adjustment of our asset base, with an early write off of existing assets. This has resulted in an accounting loss of \$3.8M being generated under the accounting standards, such that our planned loss has increased to \$8.4M. Nevertheless, in the longer term we expect to return to a balanced trading position and we remain strongly cash-positive.

I thank the Chairman, Board, management and staff of Lower Murray Water for their support since my arrival.



**Philip Endley**  
**Managing Director**

22 September 2015

## Our Objectives

### Urban Water Supply

Objective	Action Taken
Provide quality potable drinking water in accordance with the <i>Safe Drinking Water Act 2003 (Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Installation of new trunk main (Sandilong Avenue—Koorlong Avenue; Sandilong Avenue—Irymple Avenue) to meet future population growth needs</li> <li>• Continued to monitor Blue Green Algae in the Murray River, as convening agency, making appropriate public announcements as required</li> <li>• Continued training of water treatment plant operators to further enhance skills and achieve compliance with Department of Health requirements</li> <li>• Continued our program of all relevant staff having Australian Drinking Water Guidelines training</li> </ul>
Quality Services Delivery To provide high quality drinking water, wastewater, irrigation, drainage and water recycling services to our customers <i>(Corporate Goal 1)</i>	<ul style="list-style-type: none"> <li>• Complied with our Urban Customer Charter</li> </ul>

### Wastewater Treatment and Recycling

Objective	Action Taken
Seek opportunities to recycle wastewater <i>(Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Continued to seek to investigate new water recycling/reuse opportunities</li> <li>• Continuation of supply of irrigation drainage water from the Red Cliffs Irrigation District to the Red Cliffs Golf Club for re-use</li> <li>• Continuation of the use of reclaimed water from the Mildura Water Treatment Plant by Mildura Rural City Council for the irrigation of recreation reserves</li> <li>• Continuation of supply of reclaimed water from the Mildura West Water Treatment Plant used at Mildura Golf Club</li> <li>• Continued provision of reclaimed water from Robinvale Wastewater Treatment Plant for fodder production</li> </ul>
Continue to meet the levels of service as set out in the Statement of Obligations and other prescribed health and environmental regulations <i>(Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Construction of approximately 6.0km of water and 4.2km of sewer mains to service new subdivisions and properties in our service area</li> <li>• Rehabilitation of 4.3km of sewer mains in our service region</li> <li>• Replacement of approximately 2.6km of water mains in our service region</li> </ul>
Efficient Asset Provision and Management—to manage the Corporation's assets responsibly <i>(Corporate Goal 7)</i>	<ul style="list-style-type: none"> <li>• Continued with our capital works program at our Wastewater Treatment Plant: including the commencement of relining of carousel at Mildura Wastewater Treatment Plant</li> </ul>
Quality Services Delivery To provide high quality drinking water, wastewater, irrigation, drainage and water recycling services to our customers <i>(Corporate Goal 1)</i>	<ul style="list-style-type: none"> <li>• Complied with our Urban Customer Charter</li> </ul>

## Our Objectives

### Irrigation, Domestic & Stock Supply and Drainage Services

Objective	Action Taken
Provide river-quality water to all irrigators and Domestic and Stock users, in line with entitlements and seasonal allocation <i>(Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Continued the implementation of the Sunraysia Modernisation Project (SMP)</li> <li>• Upgrades to the pumps at Mildura Central and Red Cliffs irrigation pump stations completed</li> <li>• Continued with our capital works program across our irrigation districts</li> </ul>
Responsible Corporate Governance—to manage our business affairs in a manner consistent with the best standards of corporate governance <i>(Corporate Goal 8)</i>	<ul style="list-style-type: none"> <li>• Commissioned an external Benchmarking Report where our irrigation and drainage business was benchmarked against Goulburn Murray Water (Victoria), Western Murray Irrigation (NSW) and Central Irrigation Trust (SA)</li> <li>• Complied with our Rural Customer Charter</li> <li>• Amended the terms of reference for the Strategic Advisory Committee to ensure more equitable representation from our Private Diversifiers and all irrigation districts</li> </ul>
Positive Customer, Staff and Stakeholder Relationships—to maintain positive relationships and communications with rural and urban customers, government and other stakeholders <i>(Corporate Goal 2)</i>	<ul style="list-style-type: none"> <li>• Held open days at various sites to inform stakeholders of capital works progress, including:                             <ul style="list-style-type: none"> <li>• Red Cliffs Rural Irrigation Pump Station Open Day</li> <li>• Central Irrigation Pump Station Open Day</li> </ul> </li> <li>• Conducted the annual Rural Customer Satisfaction Survey</li> <li>• Continued meetings with Customer Service Advisory Committees (CSAC)</li> <li>• Continued our meetings with the SMP Community Advisory Group</li> <li>• Conducted market research on our brand with CSAC</li> <li>• Continued to monitor Blue Green Algae in the Murray River, as convening agency, making appropriate public announcements as required</li> </ul>
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 <i>(Corporate Goal 3)</i>	<ul style="list-style-type: none"> <li>• Partnered with other Water Corporations and agencies to hold the 2014 Rural Water Awards</li> </ul>

### Budgetary and Governance

Objective	Action Taken
Responsible Corporate Governance—to management our business affairs in a manner consistent with the best standards of corporate governance <i>(Corporate Goal 8)</i>	<ul style="list-style-type: none"> <li>• Continued our program of Director training, further enhancing board skills</li> <li>• Attendance by our Chair and Managing Director at the annual Australian Institute of Company Directors' conference</li> <li>• Continued annual inspection of 150 plus worksites as part of the Hazard Removal Program</li> <li>• Commissioned an external OHS audit</li> <li>• Continued program of meetings of Governance Committee</li> <li>• Completed upgrades to Corporate Property and Metering Billing system</li> <li>• Completed implementation of new IT Strategy</li> <li>• Successfully completed disaster recovery Testing (IT data)</li> <li>• Planning commencement for improved disaster recovery work site</li> </ul>
To align the business objectives with Essential Services Commission (ESC) principles <i>(Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Continued implementation of Water Plan 3 (2013-2018) as approved by the ESC in June 2013</li> <li>• Compliant ESC regulatory audit result</li> </ul>
Efficient Financial Management—to manage the Corporation's financial resources responsibly <i>(Corporate Goal 6)</i>	<ul style="list-style-type: none"> <li>• Continued program of meetings of Audit &amp; Risk Committee</li> <li>• Met the requirements of the Financial Management Compliance Framework</li> </ul>



## Our Objectives

### Customer, Staff, Stakeholder and Community

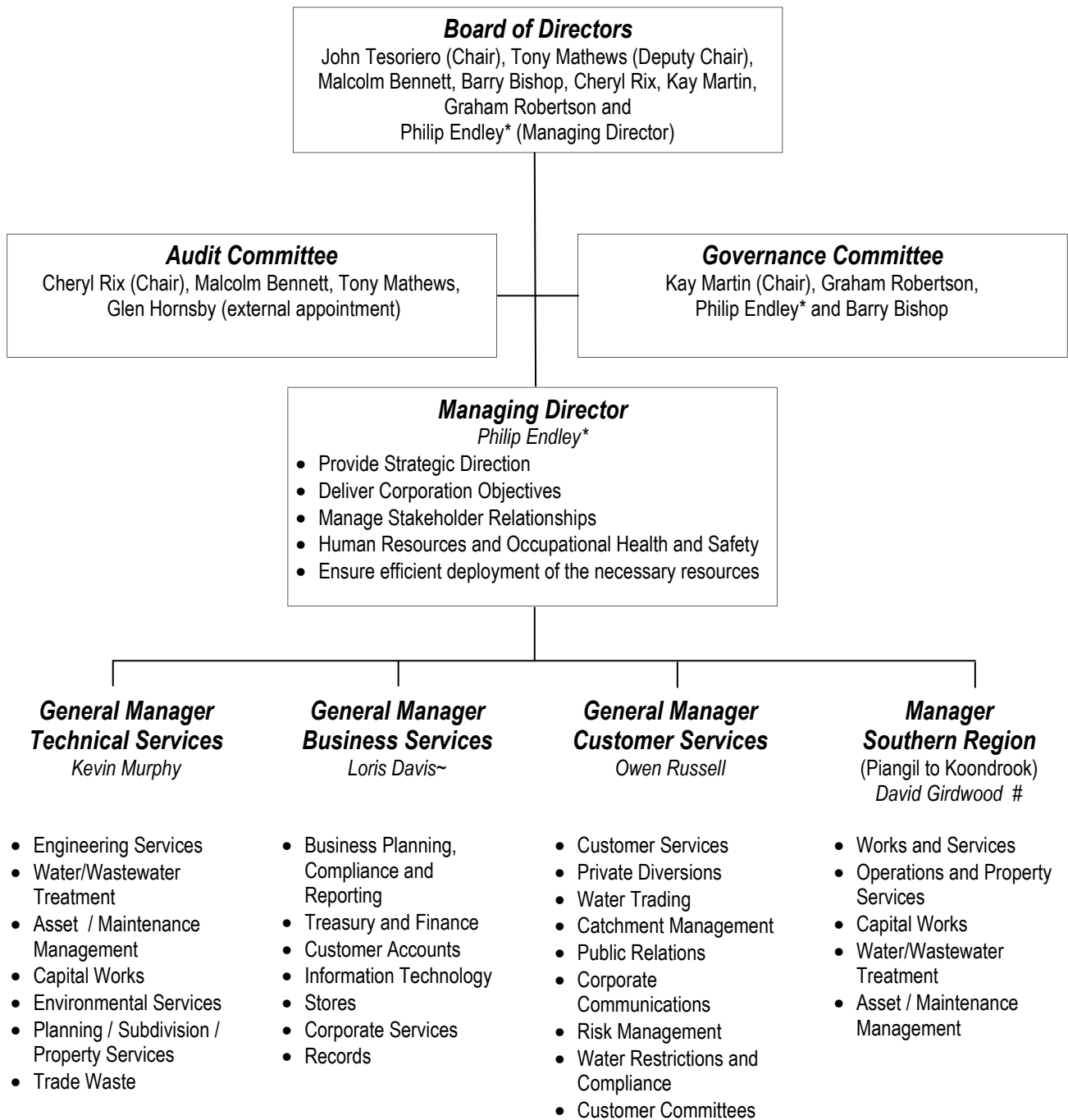
Objective	Action Taken
Motivated and Empowered People—to maintain a quality, appropriately skilled and committed workforce <i>(Corporate Goal 5)</i>	<ul style="list-style-type: none"> <li>• Continued our “Corporate Wellness program” for staff</li> <li>• Continued training of staff in various aspects of operations, including having our water treatment plant operators progressing through Certificate III in Water Industry Operations</li> <li>• In line with Study Leave and Training and Development Policies, supported staff undertaking further education</li> </ul>
Positive Customer, Staff and Stakeholder Relationships—to maintain positive relationships and communications with rural and urban customers, government and other stakeholders <i>(Corporate Goal 2)</i>	<ul style="list-style-type: none"> <li>• Continued our program of Advisory and Consultative Committees</li> <li>• Conducted the 2014/15 Customer Satisfaction Surveys</li> <li>• Conducted the Lower Murray Water Employee Satisfaction Survey</li> <li>• Implemented 2014/15 Communications Strategy via digital and print media</li> <li>• Continued to meet with Councils in our Southern and Northern regions annually</li> <li>• Conducted market research on our brand with focus groups</li> </ul>
Increase awareness and understanding of water related issues in the entire community <i>(Communications Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Participated in the Living Victoria House &amp; Garden and Small Business Rebate Program</li> <li>• Continued the production of e-news “Inflow” to subscriber base</li> <li>• Continued provision of education programs and activities for primary school children</li> <li>• Participated in a range of projects aimed to promote environmental awareness, including the staging of an afternoon tea event during the Seniors’ Festival</li> <li>• Continued involvement in National Water Week activities through:               <ul style="list-style-type: none"> <li>• Promoting the national poster competition</li> <li>• Co-ordinating (and running an activity at) the local multi-agency interactive primary school environmental event</li> </ul> </li> <li>• Partnered with other Water Corporations and agencies to hold the 2014 Rural Water Awards</li> <li>• Created a social media platform (Facebook and twitter)</li> <li>• Created or updated information brochures, as required</li> </ul>
Develop partnerships with local businesses and groups to educate on water issues <i>(Communications Strategic Plan)</i>	<ul style="list-style-type: none"> <li>• Relationships with media maintained throughout the year</li> <li>• Responded to requests from schools for development of presentations and learning resources targeted to particular areas of the curriculum</li> <li>• Continued our involvement with various agencies to promote water issues, including Sunraysia Riverwatch</li> </ul>
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 <i>(Corporate Goal 3)</i>	<ul style="list-style-type: none"> <li>• Continued our Sponsorship and Donations Program</li> <li>• Continued our Rehydrate with Cool, Clean Tap Water</li> <li>• Continued our giveaway and exchange programs</li> <li>• Partnered with Merbein Historical Society to hold the commemorative Rubber Duck Race</li> <li>• Partnered with other Water Corporations and agencies to hold the 2014 Rural Water Awards</li> <li>• Partnered with State Government stakeholders to assist in the preparation of the Lake Hawthorn Management Plan</li> </ul>

### Environmental

Objective	Action Taken
Sustainability of Our Environment - to plan and manage all our operations in an environmentally responsible and sustainable manner <i>(Corporate Goal 4)</i>	<ul style="list-style-type: none"> <li>• Continued to encourage reclaimed water projects to reduce extractions from the Murray River</li> <li>• Continued community education and awareness program for water conservation</li> <li>• Continued to assist with the planning and delivery of Environmental Flows, including Cardross Basin and Woorlong Wetlands</li> <li>• Continued reduction of office based consumption of electricity</li> <li>• Continued to manage threatened species (Hooded Scaly-foot lizard and the Murray Hardyhead Fish)</li> <li>• Continued with our waste management and recycling programs</li> <li>• Joined the “Kerbside Pride” waste minimisation program</li> <li>• Undertook Frontage Action Plan works at Red Cliffs Pump Station, Billabong Pumphouse and Merbein Wastewater Treatment Plant</li> <li>• Continued our involvement in the EPA Water Industry Reference Group</li> <li>• Continued to monitor Blue Green Algae in the Murray River, as convening agency, making appropriate public announcements as required</li> </ul>

# Our Corporation

## Our Organisational Structure



\* Philip Endley was appointed as Managing Director effective 1st September 2014

# David Girdwood (Manager Southern Region) was appointed Acting Managing Director effective from 5th May to 31st July 2014; recommencing his role of Manager Southern Region as of 1st August 2014

~ Loris Davis (General Manager Business Services) was appointed Acting Managing Director from 1st to 31st August 2014; recommencing her role of General Manager Business Services on 1st September 2014

## Our Corporation

### Our Board

The Lower Murray Urban and Rural Water Corporation Board of Directors is comprised of seven Directors as appointed by the Minister for Water.

During the 2014/15 year changes to our Board comprised:

- David Girdwood (Manager Southern Region) was appointed Acting Managing Director effective 5th May to 31st July 2014
- Loris Davis (General Manager Business Services) was appointed Acting Manager effective 1st to 31st August 2014
- Philip Endley was appointed as Managing Director effective 1st September 2014

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 generally meets monthly. 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

**John Tesoriero** is currently Chair of the Board of Directors, of Lower Murray Water and until recently project managed the development of a business case for the Sunraysia Irrigation Modernisation Project for the Mildura Development Corporation. John has extensive experience in the water industry including General Manager, Water Supply for Southern Rural Water, Chief Executive Officer of the First Mildura Irrigation Trust and General Manager Western Murray Irrigation. John is a former Chairperson of the Murray Valley Citrus Board and was previously the Chief Executive Officer of that organisation. John is also a member of the Mildura Base Hospital Community Advisory Board. He has a Graduate Diploma of Business (Administration) and is a member of the Australian Institute of Company Directors.

**Tony Mathews** (Deputy Chair) has in excess of forty years' experience in the aviation industry including extensive work in regional aviation as a chief pilot and general manager. His roles included Chief Pilot (1982 - 1986) and General Manager (1986 - 2002) Qantas Regional Airlines. Mr Mathews is the Chair Mildura Private Hospital Advisory Board (2003 - current), member of Airservices Australia (2012 - current), Mildura District Health Fund (2012 - present) and RCP Finance (2011 - current). Mr Mathews has qualifications as an airline transport pilot and commercial pilot.

**Malcolm Bennett** is a self employed dried fruit grower in the Merbein Pumped Irrigation District with an Associate Diploma in Mechanical Engineering. He is a member of the Audit Committee and a Board representative on the Project Control Group for the Sunraysia Modernisation Project (SMP). He is also the Chair of the Community Advisory Group for the SMP. He is the Secretary of the Merbein Branch of Dried Fruits Australia and a Member of Australian Institute of Company Directors.

**Barry Bishop** was a former Member of the Grain Elevators Board and the Australian Wheat Board; he Chaired the Stored Grains Research Laboratory in Canberra and was a Director of the Bread Research Institute in Sydney. He is a recipient of the Miles Bourke Award for services to agriculture. He represented North West Province in the Victorian Parliament 1992-2006. He was Deputy President and Chairman of Committees of the Legislative Council, Party Whip and Spokesperson for Transport, Ports and Commodities. He served on the Environment and Natural Resources, the Road Safety and Legislative Council Standing Orders Committees. Barry is a Past President of Swan Hill's Association of Independent Retirees and Chair of a Governance Entity that links two Community Service Providers.

**Kay Martin** 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 is a member of the Sunraysia Institute of TAFE board. Kay is Chair of our Governance Committee.

**Philip Endley** has extensive experience with water utilities and engineering organisations in Australia and overseas and has previously worked for Thames Water in the United Kingdom and also for United Utilities and Osmoflo Pty Ltd in Australia. Most recently he was the Director of Katalyst21 a specialised water utility consultant.

**Graham Robertson** is a horticulturist, currently farming pomegranates and citrus in Cardross, Victoria (1983 - current). He was previously a member of the Australian Federal Police (1975 - 1982). He has been a councillor of Mildura Rural City Council (2005 - 2008) and a member of a number of industry organisations including Chair of the Australian Dried Fruits Association for a four year term and a member of the Victorian Dried Fruit Board for 12 years.

**Cheryl Rix** is a director in a wine and dried fruit grapes and citrus irrigation farm. She is the Corporate Services Officer at Mildura Health having previously been the Program Manager for Northern Mallee Leaders and was the former General Manager Western Murray Irrigation Ltd. She has previously worked as a business consultant and was the Chair of the Lower Murray Darling Catchment Management Authority (New South Wales). Cheryl is a past member of the National Community Bank Strategic Advisory Board for Bendigo and Adelaide Bank's Community Bank Network and is also a past board member of Wentworth District Capital Limited and Mildura Development Corporation. She holds a Bachelor of Commerce and has completed the Australian Institute of Company Directors' Course and the Mastering the Boardroom program. Cheryl is a Chartered Accountant and a fellow of the Australian Rural Leadership Foundation.

## Our Corporation

### Directors' Attendance at Meetings

Directors	Board	
	Eligible to attend	Attended
Malcolm Bennett	16	16
Barry Bishop	16	15
Loris Davis#	2	2
Philip Endley^	13	13
David Girdwood~	1	1
Kay Martin	16	12
Tony Mathews	16	15
Cheryl Rix	16	13
Graham Robertson	16	14
John Tesoriero	16	14

~ David Girdwood was appointed Acting Managing Director for the period 1st to 31st July 2014

# Loris Davis was appointed Acting Managing Director for the period 1st to 31st August 2014

^ Philip Endley was appointed Managing Director effective 1st September 2014

### Board Committees

#### Audit and Risk Committee

Our Audit and Risk 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 and Risk Committee is able to review and evaluate the effectiveness of controls and practices. At 30th June 2015, the Committee comprised Cheryl Rix (Chair), Malcolm Bennett, Tony Mathews and Glen Hornsby, an external appointment to the Committee. The Committee met on five occasions in 2014/15. 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.

Directors	Audit and Risk Committee	
	Eligible to attend	Attended
Malcolm Bennett	5	5
Tony Mathews	5	5
Cheryl Rix	5	5

#### 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 2014/15:
  - Reviewed a number of Corporate policies as nominated in the review schedule in September and January;
  - Reviewed Key Performance Measures of the Management Group as part of the executive remuneration review; and
  - Initiated and subsequently reviewed the annual performance appraisal of the Managing Director.

Directors	Governance Committee	
	Eligible to attend	Attended
Barry Bishop	3	3
Loris Davis#	1	1
Philip Endley^	2	2
Kay Martin	3	3
Graham Roberson	3	3

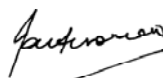
# Loris Davis was appointed Acting Managing Director for the period 1st to 31st August 2014

^ Philip Endley was appointed Managing Director effective 1st September 2014

### Corporate Governance

#### Risk Management Framework and Processes

I, John Tesoriero, certify that Lower Murray Urban and Rural Water Corporation has complied with the Ministerial Standing Direction 4.5.5—Risk Management Framework and Processes. The Lower Murray Urban and Rural Water Corporation Audit Committee verifies this.



**John Tesoriero**

**Chair**

22 September 2015

## Our People

### Our Staff

#### Workforce 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 demographics. We are committed to sourcing the most appropriate staff for positions and endeavour to accommodate individual staff needs. An environment that affirms the investment of its staff, and cultivates a positive and enjoyable atmosphere, combines to make us an employer of choice.

#### 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 employees have attended Privacy, OHS, Incident Reporting, Human Resources, Environment and Social Media awareness sessions during 2014/15. Ongoing regulatory OHS, environmental, risk management, public liability and water treatment training has continued to be a high priority for the Corporation. Employees are encouraged to undertake tertiary studies and we have policies that provide employees with paid study leave and reimbursement of fees for relevant approved courses. We have had employees achieve their Certificate III in Water Operations, Certificate IV in Electrical Instrumentation, Advanced Diploma of Industrial Automation and Bachelor of Engineering this financial year. We have employees currently enrolled in Certificate IV in Electrical Instrumentation and Control, Diploma of Management, Diploma of Marketing, Advanced Diploma of Management, Bachelor of Information and Technology and Systems, Bachelor of Technology (Information Systems) and Master of Business.

#### Staff Trends and Profiles

Area	2013/14						2014/15					
	Male		Female		Total		Male		Female		Total	
	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE
Executive	4	4	1	1	5	5	4	4	1	1	5	5
Administration	18	18	32	29.85	50	47.85	18	18	32	29.9	50	47.9
Operations	76	76	1	1	77	77	76	76	1	1	77	77
Engineering/Technical	34	33.2	3	2.63	37	35.83	33	32.9	3	2.5	36	35.4
<b>Sub-total</b>	<b>132</b>	<b>131.2</b>	<b>37</b>	<b>34.48</b>	<b>169</b>	<b>165.68</b>	<b>131</b>	<b>130.9</b>	<b>37</b>	<b>34.4</b>	<b>168</b>	<b>165.3</b>
Vacancies					1	1					4	4
<b>Totals</b>					<b>170</b>	<b>165.68</b>					<b>172</b>	<b>169.3</b>

Age group	Male		Female		Total	
	Head count	FTE	Head count	FTE	Head count	FTE
15-24 yrs	4	4	0	0	4	4
25-34 yrs	18	18	3	2.8	21	20.8
35-44 yrs	28	28	11	9.6	39	37.6
45-54 yrs	38	38	14	13	52	51
55-64 yrs	39	39	8	8	47	47
65-65+ yrs	4	3.9	1	1	5	4.9
<b>Total</b>	<b>131</b>	<b>130.9</b>	<b>37</b>	<b>34.4</b>	<b>168</b>	<b>165.3</b>

The staff turnover rate for 2014/15 was 8.9%

#### Workplace Merit and Equity

We take all reasonable steps to identify and preclude any unlawful discrimination, bullying, harassment, victimisation, racial and religious vilification 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 and undertook further training in 2014 conducted by the Victorian Equal Opportunity and Human Rights Commission. 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. The *Equal Opportunity Act 2010* has been incorporated into our Equal Employment Opportunity policy, procedures and advices. As with preceding years, no Workplace Merit and Equity issues occurred during 2014/2015.

## Our People

### Occupational Health and Safety (OHS)

Caring for the Health and Safety of our staff, customers, contractors and visitors is critically important to us. Not only do we have a Duty of Care to these stakeholders under the *Occupational Health and Safety Act 2004* we also have a moral obligation to go beyond just compliance and aspire to achieve the best outcome. We recognise that OHS is not only important but it is integral to all business activities. As a Corporation we accept and understand our responsibilities under Commonwealth and State legislation, Regulations and Codes of Practice. We have proactive Northern and Southern OHS Committees that are well supported by management and these Committees have a direct influence on OHS outcomes. The Committees assist in developing Standard Operating Procedures, Policies, identifying hazards in the workplace, promoting the OHS culture to their different workgroups and participating in incident investigations and reviews. The Committees meet regularly to discuss OHS matters, share knowledge and practices and suggest where improvements can be made within the organisation. A Health and Wellbeing committee continues to promote health and wellbeing programs to all staff.

Our annual OHS awareness sessions have continued and are presented to all staff and contractors to promote a continual and proactive focus on health and safety within the workplace. During 2014/15 we engaged an external auditor to conduct an independent audit of our OHS Management Systems. The audit involved a review of our safety systems, policies, procedures and conducted random site inspections. A Safety Culture survey carried out with 80 randomly selected employees and results indicated a 100% positive response rate in relation to our commitment to Workplace Safety. Our management team have reviewed the audit recommendations and have created an action plan stemming from the audit.

An important component of our Occupational Health and Safety Management is the Hazard Removal Program. This involves the annual inspection of 150 plus worksites across our service region, from the Millewa to Murrabit. We continue to identify and remove hazards which are a result of effective consultation between staff, safety representatives, supervisors and management. The number of hazards removed now exceeds 1,000 over the past eight years. To continue achieving high quality OHS performance requires each person at Lower Murray Water to be ever vigilant to protect our people, contractors and the public.

Statistics	2013/14	2014/15
Days Lost - Workcover	61	39
- per FTE	0.36	0.23
Number of Lost Time Injuries	5	2
Lost Time Injury Frequency Rate (LTIFR) *	18.36	6.5
Percentage of annual Workplace Inspections completed	100%	100%

\*Number of Injuries x 1,000,000 / total hours worked

## Our Customers

### Our Urban Customers

We provide urban water services to approximately 74,000 people in 14 townships via nine treatment plants along the Murray River in Victoria from Kerang to Mildura and provide wastewater collection, treatment and effluent re-use and disposal services to 11 town via 10 treatment plants.

### Our Urban and Wastewater Statistics 2014/15

District Name	Note	Residential Customers			Non-residential Customers				Total number of customers	Total potable water	Total recycled water	Total consumption (7+8)	Average annual consumption #	Non-revenue Water			Total non-revenue water (10+11+12)	Total water all sources (9+13)	
		Number	Potable water volume	Recycled wastewater volume	Recycled stormwater volume	Number	Potable water volume	Recycled wastewater volume						Recycled stormwater volume	Leakage	Firefighting			Other *
			1	2	3		4	5						6					
Kerang		1792	762		331	172			2123	934	0	934	996	113		25	138	1072	
Koondrook		432	167		58	20			490	187	0	187	204	17		5	22	209	
Lake Boga	1	422	221		53	39			475	260	0	260	0				0	260	
Mildura	2,3	18367	9014		2163	2523	2654		20530	11539	2654	14193	11331	117		307	424	14617	
Murrabit		43	18		12	7			55	25	0	25	31	6		1	7	32	
Mystic Park	4	12	5		3	1			15	6	0	6	12				0	6	
Nyah	1	301	164		41	51			342	215	0	215	0				0	215	
Nyah West	1	255	138		35	24			290	162	0	162	0				0	162	
Piangil		98	46		17	62			115	108	0	108	101	9		3	12	120	
Red Cliffs		1498	658		171	584			1669	1242	0	1242	1138	69		33	102	1344	
Robinvale		781	363		192	166	145		973	529	145	674	524	32		15	47	721	
Swan Hill		4849	2117		861	798			5710	2915	0	2915	3673	186		99	285	3200	
Woorinen Sth	1	154	92		16	16			170	108	0	108	0				0	108	
		<b>29004</b>	<b>13765</b>		<b>3953</b>	<b>4463</b>	<b>2799</b>		<b>32957</b>	<b>18228</b>	<b>2799</b>	<b>21027</b>	<b>18,012</b>	<b>549</b>	<b>0</b>	<b>488</b>	<b>1037</b>	<b>22064</b>	

\* All figures have been rounded to the nearest whole numeral

Note 1: Supplied from Swan Hill

Note 2: Includes Merbein and Irymple for water

Note 3: Includes Mildura, Koorlong and Merbein Recycled Wastewater

Note 4: Water supply is raw, non-potable

# Average annual consumption calculated between 2010/11 and 2014/15

### Weekly Household Drinking Water Consumption

Month	Week 1	Week 2	Week 3	Week 4
January	556399	556399	556399	556399
February	556399	556399	556399	556399
March	556399	556399	556399	556399
April	324814	324814	324814	324814
May	324814	324814	324814	324814
June	324814	324814	324814	324814
July	219388	219388	219388	219388
August	219388	219388	219388	219388
September	219388	219388	219388	219388
October	418465	418465	418465	418465
November	418465	418465	418465	418465
December	418465	418465	418465	418465
<b>TOTAL</b>	<b>4557201</b>	<b>4557201</b>	<b>4557201</b>	<b>4557201</b>

Billing period is calculated quarterly by financial year.

### Our Rural Customers

We provide river quality water services to 4,933 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 Yelta. In addition we manage the private diversion licences of 1,158 water users along the Murray River in Victoria between Nyah and the South Australian border.

### Major Water Users (Non-Farming or Irrigation)

We have two customers who are not a natural person and who have potable water supplied by us for purposes that are not farming, irrigation or domestic purposes. These organisations are Treasury Wines Estate (Lindemans Karadoc Winery) and Mildura Fruit Juices.

Volumetric Range - ML per year	No of customers	Participation in water conservation programs
Equal to or greater than 200ML and less than 300ML	2	No participation in water conservation programs
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 1000ML	0	
<b>Total No Customers</b>	<b>2</b>	



## Our Customers

### Customer Consultation

#### *Strategic Advisory Committee (SAC)*

The purpose of the Strategic Advisory Committee (SAC) is to provide considered opinion to our Board on strategy, policy or industry matters as they affect irrigation customers and the corporation generally. The membership comprises Greg Milner (Chair), Frank Dimasi (Deputy Chair), Jim Belbin, Greg Hutchison, Warren Lloyd, Don Marciano and Nancy Prevedello. The committee met once during 2014/15.

#### *Customer Service Advisory Committee (CSAC)*

Established in accordance with the *Water Act 1989*, we have in place six Customer Service Advisory Committees (CSAC) representing the Pumped Districts of Mildura (FMID), Merbein, Red Cliffs and Robinvale, the Millewa Rural District and the Private Diverters between Nyah and the South Australian border. Each of the CSAC has a membership of six customers. In 2014/15 the committees met between two and five times and discussed a range of topics including District financials, Waternow upgrades, water allocations and spillable water, District water usage, Sunraysia Modernisation Project (SMP) updates [as appropriate], benchmarking, social research on compliance, market research on our brand, close of 2014/15 season, Board member appointments, indicative pricing and other items specific to each district.

Customer Service Advisory Committees 2014/15		
<b>Merbein</b>	Meetings:	4
	Members:	David Beard, Stephen Bennett, Lindsay McClelland, Roslyn Hudson, Richard Wells and one vacancy
<b>Millewa</b>	Meetings:	2
	Members:	Ian Arney, Neil Boord, Kevin Coogan, Ron Hards, Allan Harmer and one vacancy
<b>Red Cliffs</b>	Meetings:	5
	Members:	Giovanni Paolucci, Tim Milner, Frank Pedula, Matt Ryan, John Strangio, Graham Nice
<b>Mildura</b>	Meetings:	4
	Members:	Peter Jones, Steven Frasca, Darren Gardener, Jason Bottams and two vacancies
<b>Private Diverters</b>	Meetings:	2
	Members:	Anthony Spiers, Tim Millen, Jane Finch, Tyson Milne, Andrew Young and one vacancy
<b>Robinvale</b>	Meetings:	3
	Members:	Don Albanese, Ian Boyd, Lindsay Camera, Frank Costantino, Cossy Giofrelle, Ken Stringer

#### *Customer Consultative Committees (CCC)*

The northern and southern urban customers of our region are represented on a combined Customer Consultative Committee (CCC), made up of members Geoff Quinn, Dione Thompson, Graeme Jilbert, Brendan Barry, Graham Hayes and Colin Myers. The committee met once in the 2014/15 year to discuss pricing for 2015/16, market research on our brand and maintenance updates for both the southern and northern regions.



## Our Customers

### Customer Communication

We are committed to continuously improve our customer service and communications with all our customers to inform and educate them of water related matters. Recently we have broadened our communication stream into social media and this has proved a successful way of interacting with a range of customers. We also provide customer information via newspaper and radio campaigns. During the 2014/15 year the local office of WIN Television closed, thereby removing our availability to inform Sunraysia customers through television news. Our website continues to be a major focus for disseminating information directly to our customers. Information is provided to customers via our monthly newsletter on water allocations and seasonal outlooks, water restrictions, upcoming events and community programs as well as important information relating to works being carried out as part of our Capital Works program.

### Customer Satisfaction Survey

This year a percentage of customers were again asked to complete the customer satisfaction survey. Questions related to customers satisfaction level water quality and service, sewerage service, ease of contact and overall satisfaction. This year we saw an increase in satisfaction in several areas for the customer survey results across all sectors. We were very pleased to see 'overall satisfaction' levels had significantly increased in the rural sector, with 69.9% indicating we were meeting expectations. We also saw an increase in overall customer satisfaction for our urban customers. Commercial customers indicated high levels of satisfaction for sewer services with 100% of customers surveyed stating they were satisfied, very satisfied or extremely satisfied and 91.7% indicating we were meeting expectations. Overall we are very pleased with results this year with many areas showing improvements in satisfaction levels across the business.

#### Urban Customer Survey Results

Topic	2015	2014
Overall satisfaction	93.40%	88.80%
Water Quality	91.50%	92.17%
Sewerage	93.80%	97.92%
Ease of Contact	90.90%	99.08%

#### Urban Commercial Customer Survey Results

Topic	2015	2014
Overall satisfaction	93.60%	93.90%
Water Quality	90.10%	96.20%
Sewerage	100%	97.20%

#### Rural Customer Survey Results

Topic	2015	2014
Overall satisfaction	80.10%	58.97%
Understand bill	54.50%	68.08%
Ease of Contact	92.00%	89.37%

### 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 Customer 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 2014/15	Overall Water Industry	Lower Murray Water
Enquiry	120	0
Unassisted Referral	452	6
Assisted Referral	1,445	14
Real Time Resolution	140	0
Investigation	226	2
<b>TOTAL</b>	<b>2,383</b>	<b>22</b>

## Our Commitment to our Environment and Our Region

### Environmental Sustainability

#### Sustainable Water Use

##### *The efficiency of irrigation systems*

The Sunraysia Modernisation Project (SMP) is an irrigation renewal project which will modernise the irrigation systems in the Mildura, Red Cliffs and Merbein irrigation districts; allowing water to be delivered 365 days per year to irrigators in more than two thirds of the Sunraysia District. It is creating an estimated 180 jobs in the local area and includes upgrading of pump stations, replacing sections of channels with pipelines, installing modern metering systems and upgrading regulators. The SMP will cost \$120 million, with the Commonwealth providing \$103 million with \$17 million coming from our funded capital works budget. Construction began in early 2014 and will be completed by mid 2016. Metering modernisation will improve the operation of the irrigation system and make real-time metering information available for irrigation customers. Approximately 2,300 Domestic and Stock meters and 2,000 irrigation meters are being upgraded and/or installed as part of the project. The Project Team's value-engineering processes are continuing to identify opportunities that can provide maximum benefit to more irrigators within the existing SMP budget. Enhancements approved will result in increasing the 365 day service footprint for the following Districts:

- Merbein—by 1,137 hectares; extending the 5.3km of pipeline to be 7.2km of pipeline (at completion 100% of the Merbein District)
- Mildura—by 809 hectares (at completion more than 50% of the Mildura District)
- Red Cliffs—by 905 hectares; extending the end-point of the pipeline by an additional 3.9km (at completion, 91.5% of the Red Cliffs District)

#### *Sustainable Water Strategies*

##### *Blue Green Algae*

We are a Victorian convening agency within the region for Blue Green Algae (BGA) monitoring and reporting. The monitoring of the Murray River is undertaken by our 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. There were only minor levels of BGA reported in the sampling done throughout the 2014/15 year.

##### *Water Supply Demand Strategy (WSDS)*

The WSDS was endorsed by our Board in March 2012. The key focus of this strategy is the purchasing of water entitlements to cover urban water usage in the future. As per the schedule within the strategy, the purchasing is scheduled to commence in 2030.

### Sustainable and Resilient Water Service Systems

#### *Community Education and Water Awareness Campaigns*

##### **Giveaway and Exchange Programs**

Through community water efficient product exchanges, we aim to raise awareness of water issues and promote the wise use of potable water. We have ongoing exchange programs which operate throughout the year, including trigger nozzles and showerheads.

##### **Merbein Channel Commemorative Rubber Duck Race**

The Merbein irrigation channel spanning 7.2kms was built in 1909 and has become a significant landmark for the Merbein community. As part of the Sunraysia Modernisation Project (SMP) it will be decommissioned. In conjunction with the Merbein Historical Society, we held a Rubber Duck Race on January 2015 to commemorate the upcoming decommissioning. People were invited to purchase one (or more) of the 1,500 rubber ducks at \$5.00 each and local businesses provided a range of prizes. The proceeds will be used by the Historical Society for future community events. Following the race people enjoyed a barbeque lunch and family activities before taking home their rubber duck(s).

##### **Rural Water Awards**

Following the success of the awards in 2012, in 2014 Lower Murray Water partnered with Southern Rural Water, Grampians Wimmera Mallee, Coliban Water, Melbourne Water, Vic Water, Victorian Farmers Federation (VFF) and the Department of Environment & Primary Industries (DEPI) to hold the 2014 Rural Water Awards. The awards seek to recognise and reward Victorian Rural Water users who are demonstrating new and innovative methods or use of technology, water volume savings or increased productivity and return on investment and are presented in four categories:

1. Irrigation district water users
2. Groundwater users
3. Surface water users
4. Community and education groups

Finalists and category winners were recognised at a gala luncheon to held in Melbourne in early December 2014. We were delighted to have two customers take out awards. Irymple South Primary School won the Community and Education Groups category and Garacama Pty Ltd received the Surface Water Users' award. The awards will next be presented in 2016.

### School Education Programs

#### *Interactive Environmental Primary School Activity*

In conjunction with Mildura Rural City Council, Riverwatch, Waterwatch, Landcare, EnviroEdu, Mildura Regional Waste Management Group, Mallee Catchment Management Authority, Murray-Darling Freshwater Research Centre and Local Land Services Western (formerly Lower Murray Darling CMA), we held an interactive event on the student free entry day of the Mildura Show (Friday 17th October 2014). During the event, which ran from 10am to 2.30pm, 450 students ranging from Prep to Grade 6 participated in an hour long session of either three x 20 minute activities or one 40 minute activity and one 20 minute activity. At the conclusion of their hour, each child collected a show bag of items relating to the activities and agencies involved in the day. We were the Coordinating agency for the event and in addition we ran our interactive 'oversized' board game "Water Wisdom with Dripster".

#### *National Water Week poster competition*

As part of the celebrations of National Water Week 2014, we encouraged all primary schools in our service region to take part in the national poster competition. As an added incentive, 12 local artworks were chosen to make up a calendar which was then distributed to schools early in the 2015 school year. In the 2014 competition we received over 450 entries from six schools in our service area.

## Our Commitment to our Environment and Our Region

### *Dripster's Super Water Saver Education Program*

Launched in September 2011, this education program has been very popular. In response to feedback from teachers the program is updated and refreshed as required. Sections of the full program are now available as modules, with two modules each available for the year groups of Prep, Years 1-2, Years 3-4 and Years 5-6. In addition, a table top version of the popular "Dripster Super Water Saving Game" is also available for schools to use.

### **Seniors' Festival Event**

Following the very successful morning tea event in 2013, in conjunction with the Mildura Rural City Council's annual Seniors' Festival in October 2014, we held a free event for approximately 50 seniors which included presentations by guest speakers and tours of our water wise gardens; changing the event format from morning to afternoon. Upon arrival, all seniors were provided with a 'goody bag' containing water wise products, information and vouchers from local businesses. The event was well received and is now on our annual calendar.

### **Sunraysia River Watch Inc**

We are proud to continue our association with Sunraysia River Watch Inc (SRW). SRW is a community program that aims to assist in the protection of the river and its environment. SRW is dedicated to increasing the appreciation of the river and the surrounding environment and ensuring its preservation for the benefit of current and future generations. In 2014/15 we continued our ongoing sponsorship of SRW, joining other agencies and local businesses in demonstrating ongoing commitment to this important community service.

### *Community Consultation*

#### **Lake Hawthorn Management Plan**

Lake Hawthorn, near Mildura, receives and stores both stormwater and irrigation drainage water. The Lake also has environmental, salt interception and social amenity values. Recently, inflows to the Lake have declined, causing amenity issues during the drying phase. Mildura Rural City Council, Goulburn Murray Water, Lower Murray Water and Mallee Catchment Management Authority are jointly preparing a management plan for Lake Hawthorn to protect and, where possible, enhance the important values held by agencies and the community about Lake Hawthorn. The development of the Plan involves extensive community and agency consultation.

### *Water Recycling*

We continue to encourage sustainable reuse schemes to reduce raw water extracted from the Murray River. Water is reclaimed from our Wastewater Treatment Plants in accordance with EPA Guidelines. Highlights include:

- Koorlong Wastewater Treatment Plant treats wastewater from Mildura, Irymple and Red Cliffs and produces Class C reuse water for use by a third party on high value horticulture
- Mildura Wastewater Treatment Plant: Class C reclaimed water used for onsite irrigation of tree lots, permanent pastures and fodder
- Robinvale Wastewater Treatment Plant: Class C water used for onsite fodder (Lucerne) production

We also facilitate reuse of water from our Water Treatment Plants:

- Reclaimed water from the Mildura West Water Treatment Plant is used at Mildura Golf Club
- Reclaimed water from the Mildura Water Treatment Plant is used by Mildura Rural City Council for the irrigation of recreation reserves, and by a private individual.

A number of individuals also reuse irrigation drainage water, although volumes have declined in recent years due to improved irrigation practices.

### *Environmental Flows*

Lower Murray Water assists the Mallee Catchment Management Authority (Mallee CMA) to deliver priority watering actions as outlined in the Victorian Environmental Water Holder (VEWH) Seasonal Watering Plans. A small number of actions involve delivery of environmental water through our irrigation and drainage infrastructure. 2014/15 volumes delivered were 577ML for Cardross Basins and 279ML for Woorlong Wetlands (Basin 12). No environmental water was required at Koorlong Basin this year. In addition, we assisted the Mallee CMA with the 2015 controlled discharge from Psyche Lagoon. Mallee CMA pumped environmental water into the site and we operated the discharge infrastructure to flush salts from the wetlands. Approximately 450ML of water was discharged from the lagoon.

Environmental water is used to achieve environmental outcomes, including the protection of the Murray Hardyhead fish and assisting the restoration of salt affected wetlands. We have worked with Mallee CMA to ensure environmental water is provided in accordance with the Environmental Water Delivery Plans, whilst also ensuring that irrigators' access to water is not compromised. We also assist, where required, with advice and administration of environmental water extractions at a number of other sites in our service area, and in the development of Environmental Watering Management Plans.

### *Other Statutory Obligations*

#### *Statement of Obligations*

Effective 16th September 2012, the Statement of Obligations issued under the *Water Industry Act 1994* details our obligations regarding performance and functions; including Environmental Management.

#### *Regional Catchment Strategy*

The Mallee Regional Catchment Strategy (RCS) 2013-19 is the key planning document that sets regional priorities for land, water and biodiversity management. It provides overall direction for investment and supports all regional stakeholders in coordinating their efforts. We will continue to assist in the implementation of the Mallee RCS, working with the Mallee CMA on approvals for new irrigation developments, salinity management and environmental projects; and participating through committees that provide technical support and monitor the projects emanating from the Regional Catchment Strategy.

## Our Commitment to our Environment and Our Region

### Victorian Biodiversity Strategy

Integrated invasive plant and animal control continues at all our sites and areas of high conservation value receive targeted attention:

- Koorlong WWTP Bushbroker site – we have secured 21ha of high value native vegetation under the Bushbroker scheme
- Benetook Offset Site - 25ha of high value vegetation. We have completed 10 years of biodiversity improvement actions and the final assessment demonstrated improved condition of the vegetation
- Mildura West Water Treatment Plant – home to a population of Hooded Scaly-foot (HSF) (*Pygopus schraderi*), a legless lizard. Surveys in 2014/15 demonstrated the lizard is still present on the site, although in low abundance. Future actions will be directed at reducing predation risk
- Cardross and Koorlong Basins – home to both indigenous and translocated populations of Murray Hardyhead (*Craterocephalus fluviatilis*), a small fish. We are supporting investigations to identify additional refuge populations at suitable locations
- Fosters Swamp, Kerang – We are assisting with the conversion of part of Fosters Swamp from Sewage Reserve to State Game Reserve

We are participating in the review of the native vegetation permitted clearing regulations.

### Victorian Waterway Management Strategy

We strive to achieve healthy rivers, streams and floodplains through our own works and by supporting our partner agencies. The Victorian Waterway Management Strategy (VWMS) provides an integrated framework for management and policy direction for waterway health across the State. The VWMS has informed the development of the Mallee Regional Waterway Strategy 2014-22, of which we are a partner in the delivery of the works program. Recent works to improve our waterways include:

- Delivery of environmental water to Cardross Basins, Koorlong Basin and Woolong Wetlands, and controlled discharge of salty water from Psyche Lagoon
- Kings Billabong Park – a natural Billabong used for storage of irrigation water. A partial drawdown was achieved during the lowering of the Mildura weir pool
- Frontage Action Plan works – revegetation, track rationalisation and removal of weeds and hard rubbish from land managed by us. This year works focused on Red Cliffs Pump Station, Billabong Pumphouse and Merbein Waste Water Treatment Plant

### State Environmental Protection Policy (Waters of Victoria)

We will contribute to the review of SEPP (Waters) through involvement in the EPA Water Industry Reference Group. We continue to work to reduce the impact of our activities on receiving water environments. Recent investigations include:

- Effects of nutrients and turbidity from irrigation drainage water into waters and floodplain sites (in conjunction with Mallee CMA and DELWP)
- Reduced irrigation drainage inflows and effects on receiving wetlands (in conjunction with Mallee CMA)

### Greenhouse Gas Emissions and Net Energy Consumption

Our net greenhouse gas (GHG) emissions for 2014/15 were 41,751t CO<sub>2</sub>-e. Our net figure is a modest increase of 718t CO<sub>2</sub>-e compared to the 2013/14 net emissions. Pleasingly, our corporate office consumption continued to decline and our efficiency increased with fewer kWh required to pump and/or treat each ML of water or wastewater.

Source	2010/11	2011/12	2012/13	2013/14	2014/15
	(tCO <sub>2</sub> -e)	(tCO <sub>2</sub> -e)	(tCO <sub>2</sub> -e)	(tCO <sub>2</sub> -e)	(tCO <sub>2</sub> -e)
Irrigation supply and drainage	13241	21987	27094	22944	23105
Urban water treatment and supply	5311	6383	7519	7437	7591
Wastewater collection and treatment	9061	10725	10294	11445	11547
Transport and stationary fuel	887	805	775	756	791
Corporate offices	773	744	717	691	676
Green Power	-4313	-3481	-5152	0	0
Sequestered from tree plantations	-2,140	-2,240	-2240	-2240	-1960
<b>Net total</b>	<b>22820</b>	<b>34922</b>	<b>39007</b>	<b>41034</b>	<b>41751</b>

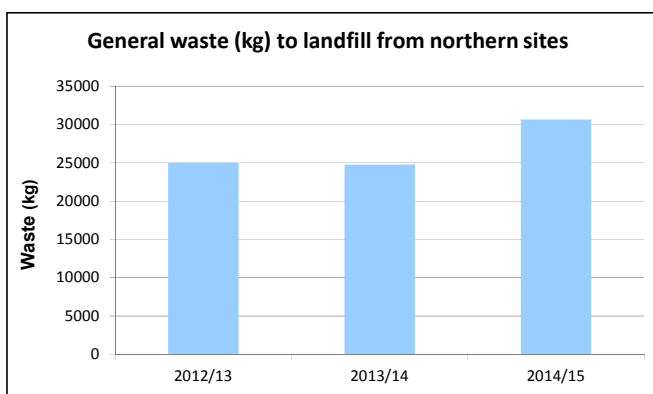
In 2014/15 energy used from electricity in our Kerang, Swan Hill and Mildura Offices is 12,538MJ or 4.1 tCO<sub>2</sub>-e per FTE. This is a reduction of 380MJ or 0.1 tCO<sub>2</sub>-e per FTE since last year.

Source	2010/11	2011/12	2012/13	2013/14	2014/15
	(kWh/ML)	(kWh/ML)	(kWh/ML)	(kWh/ML)	(kWh/ML)
Irrigation supply	215.4	190.12	180	177.5	186.1
Urban water treatment and supply	378.14	358.8	349	349	334
Wastewater collection and treatment	576.4	680.6	682.7	659.2	589.5

### Office-based Environmental Impacts

#### Waste Production

We are committed to the principle of “reduce, reuse and recycle”. We seek to divert as much recyclable waste from the general waste stream as possible. The amount of waste that was sent for recycling rose in all categories this year.



#### Fluorescent lamps

We recycle all used fluorescent tubes and lamps across our sites. This initiative completely removes used fluorescent lamps from the general waste stream, thus preventing their toxic compounds leaking into the environment. Used fluorescent tubes and lamps are securely stored on site until they are picked up by a contractor and taken to a metropolitan recycling facility.

#### Waste Oil

All waste oils and hydraulic fluids produced across our facilities are recycled through the local municipal oil recycling programs.

## Our Commitment to our Environment and Our Region

### Work Boots

We continued our partnership with a local work wear supplier to recycle used footwear. During the 2014/15 year we sent away a 240 litre bin of used footwear for recycling. Boots and shoes are processed and the materials they contain are used in the manufacturing of mats and other floor coverings.

### General waste

At the Fourteenth Street offices the total amount of waste sent to landfill was 30,662kg or 197.8kg per FTE. This figure includes the waste generated by the workshop, the urban and rural water supply irrigation and sewer maintenance crews. It also includes waste collected from the Sunraysia Modernisation Project (SMP) office and the SMP work crews. This accounts for the increase in waste generated over the last 12 months.

### Recyclables

We continued our emphasis on recycling during 2014/15. Our goal continues to be to divert as much recyclable waste from the general waste stream as possible. Our waste procedure is continuously monitored and new opportunities for recycling are adopted as and when they arise. At our Fourteenth Street offices, 6010kg of waste was sent for recycling. This figure represents the combined total of the commingle waste as well as paper and cardboard. It does not include any other recycled wastes. The amount of waste recycled represents 20% of the total amount of waste generated. We are a participant in the drumMUSTER program. This important volunteer initiative seeks to divert chemical drums from the general waste stream. Empty drums are appropriately cleaned, rinsed and stockpiled for collection by drumMUSTER. Drums are then reused by industry. During 2014/15 we delivered 32 drums to drumMUSTER.

Volume of Recycled Waste produced at our Fourteenth Street Complex				
Recycled Waste	2011/12	2012/13	2013/14	2014/15
Commingled (kg)	1084	1384	1793	1709
Paper (kg)	7073	4157	8492	4301
Printer Cartridges (kg)	34.1	68.72	60.32	70.12
Batteries (kg)	2470	1845	2002	2866
Scrap Metal (kg)	71340	12120	38373	58973
Styrofoam (m3)	9	12	13	9.75
Fluorescent Lamps (kg)	-	54	~60*	~120*

Batteries and scrap metal produced as part of water supply operations  
\* as fluorescent lamps are still awaiting collection at this time of this report, final figures have not yet been determined

### Paper Use

We continued to monitor our paper use throughout 2014/15. During this period we purchased 1,340 reams of A4 copy paper for our northern offices. This represents nine reams per FTE. In keeping with our environmental aims, all our copy paper for the 2014/15 year was manufactured from 100% recycled paper.

### Corporate Water Consumption

Water consumption at our Fourteenth Street, Mildura complex for the 2014/15 year totaled 13,005kl. This equates to approximately 229L per FTE. This is the gross total consumption figure and includes our corporate facilities, garden and lawn irrigation, water used in the workshop and warehouse, water used in the plant wash-down facility; and the establishment and operation of the new SMP office area. A major factor influencing the increase in corporate water consumption from the previous year is the recommencement of watering of lawns surrounding our water storage tower for ground stabilisation purposes.

### Transportation

The total kilometers traveled by our vehicle fleet during 2014/15 was 1,677,513 km. Based on the fuel usage, the energy consumption for the diesel fleet was 8,531GJ and 2,773GJ for the unleaded fleet, equivalent to 439tCO<sub>2</sub>-e total (0.26tCO<sub>2</sub>-e per 1,000km). We continued to encourage alternatives to private vehicle use for commuting to and from work, although options are limited due to limited availability of public transport. We hold an annual barbeque to celebrate and support "Ride to Work Day". We encourage our staff to cycle to work if possible and provide support for cyclists with a dedicated bicycle facility. Cyclists have access to a secure bike storage area and a basic workshop to carry out minor repairs.

### Procurement

Our procurement policy provides clear direction to ensure the Corporation's procurement of goods and services is undertaken with the highest ethical standards, including:

- Delivering best value
- Ensuring open and effective competition
- Supporting environmental procurement and sustainability
- Encouraging local suppliers and manufacturers

### Water Cycle

We promote the water cycle to school children as a part of our community education in schools program.

## Social Sustainability

### Community Service Obligations

Community Service Obligation Provided	2013/14	2014/15
Concessions to Pensioners	2,050,986.98	2,067,491.64
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	162,313.44	161,345.34
Utility Relief Grants Scheme	14,989.22	13,226.34
Haemodialysis Life Support Machine Water Concessions	214.60	356.51
Hardship Relief Grant Scheme for Sewerage Connections	#	#
<b>TOTAL</b>	<b>2,228,504.24</b>	<b>2,242,419.83</b>

# figures are not available to Lower Murray Water (payments go directly to plumber if customer is successful)



## Our Financial Summary

### Financial Review

Lower Murray Water's operating result was a loss before tax of \$8.4M. The loss result was greater than our expected \$6.7M from our Corporate Plan for 2014/15 financial year. The main contributing factor was the unusually high write off of assets of \$3.8M, particularly associated with decommissioning of existing old irrigation infrastructure being replaced by new works under the Sunraysia Modernisation Project (SMP) which will give rise to improved service delivery.

This high write off of assets will continue over the duration of the project due to the enhanced infrastructure works to be completed within the SMP Government funded grant. SMP is expected to be completed in 2016/17. The SMP team have accomplished some outstanding achievements and in fact are exceeding original SMP goals – we're delivering much more than originally planned.

Expenditure on capital projects, including the Sunraysia Modernisation Project reached \$53.4M. We generated \$27.4M cash from operating activities which enabled a decrease in borrowings of \$6.2M.

Although we show accumulated funds deficit of \$73.4M, the bulk of this has occurred due to change in accounting standards, the transition to IFRS (International Financial Reporting Standards) and the tax treatment of past valuations. Operations deficits are driven by a high depreciation rate as a result of increases in infrastructure, land and buildings valuations from cyclical revaluations of those assets.

### Summary of Financial Results

Financial Summary	2010/11	2011/12	2012/13	2013/14	2014/15
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Core Business Revenue	42,960	51,248	59,023	55,642	57,965
Capital Contributions	2,573	2,713	1,968	2,768	2,577
Government Contributions	1,812	475	324	2,000	2,550
Other Revenue	4,295	3,337	3,976	3,599	4,609
<b>Total Revenue</b>	<b>51,640</b>	<b>57,773</b>	<b>65,291</b>	<b>64,009</b>	<b>67,701</b>
Direct Expenditure	27,173	27,155	29,146	25,346	31,927
Administration Expenditure	13,474	16,860	12,851	13,844	14,478
Depreciation Expense	17,283	22,858	23,964	24,550	25,874
Borrowing Cost Expenses	3,228	3,601	3,734	4,070	3,865
Other Expenses	0	0	0	0	0
<b>Total Expenditure</b>	<b>61,158</b>	<b>70,474</b>	<b>69,695</b>	<b>67,810</b>	<b>76,144</b>
<b>Net result before tax</b>	<b>-9,518</b>	<b>-12,701</b>	<b>-4,404</b>	<b>-3,801</b>	<b>-8,443</b>
Current Assets	24,799	24,322	25,088	56,454	73,761
Non Current Assets	806,065	804,774	783,508	777,451	802,780
<b>Total Assets</b>	<b>830,864</b>	<b>829,096</b>	<b>808,596</b>	<b>833,905</b>	<b>876,541</b>
Current Liabilities	12,939	16,696	15,048	20,081	26,425
Non Current Liabilities	182,608	185,651	167,369	163,089	157,292
<b>Total Liabilities</b>	<b>195,547</b>	<b>202,347</b>	<b>182,417</b>	<b>183,170</b>	<b>183,717</b>
Net cash flow from operations	7,606	10,718	18,932	21,388	18,218
Payments for property, plant and equipment (including infrastructure)	19,275	18,098	20,869	20,968	44,224

### Summary of Financial Performance

Performance Indicator	2004/05	2005/06	2006/07	2007/08	2008/09	2010/11	2011/12	2012/13	2013/14	2014/15
Internal Financing Ratio	Not supplied as a performance indicator				N/A	41.63%	58.37%	87.68%	99.53%	40.95%
Gearing Ratio		0.00%	0.07%	0.07%	0.70%	6.35%	7.03%	7.66%	7.99%	6.88%
Interest Cover (EBIT)	N/A	N/A	N/A	N/A	2.94	-2.50	-3.00	-0.30	Not supplied as a performance indicator	
Interest Cover (Cash)	N/A	N/A	N/A	N/A	N/A	2.00	2.40	6.70	6.90	7.29
Return on Assets	-0.60%	0.00%	-0.32%	-0.16%	-0.59%	Not supplied as a performance indicator			-0.02%	-0.65%
Return on Equity	-1.00%	0.00%	-0.20%	-0.89%	-0.57%	Not supplied as a performance indicator			-0.40%	-0.87%

## Our Financial Summary

### Loan Liability as at 30th June 2015

LOAN NO	PURPOSE	PERIOD	AMOUNT RAISED	INTEREST RATE	REDEEMED	LIABILITY
<b>SEWERAGE DISTRICT</b>						
TCV1		11 - 41	20,000,000.00	5.835	1,328,596.09	18,671,403.91
TCV6299		11 - 15	1,000,000.00	5.180	1,000,000.00	0.00
TCV6300		11 - 16	1,000,000.00	5.350	0.00	1,000,000.00
TCV6301		11 - 17	1,000,000.00	5.450	0.00	1,000,000.00
TCV6302		11 - 18	1,000,000.00	5.545	0.00	1,000,000.00
TCV6303		11 - 19	1,000,000.00	5.590	0.00	1,000,000.00
TCV6304		11 - 19	1,000,000.00	5.640	0.00	1,000,000.00
TCV6305		11 - 20	1,000,000.00	5.740	0.00	1,000,000.00
TCV6306		11 - 21	1,000,000.00	5.790	0.00	1,000,000.00
<b>TOTAL SEWERAGE DISTRICT</b>			<b>28,000,000.00</b>		<b>2,328,596.09</b>	<b>25,671,403.91</b>
<b>TOTAL LOAN LIABILITY - SEWERAGE DISTRICT</b>			<b>28,000,000.00</b>		<b>2,328,596.09</b>	<b>25,671,403.91</b>
<b>FIRST MILDURA IRRIGATION DISTRICT</b>						
13		08 - 13	1,050,000.00	6.382	1,050,000.00	0.00
605		08 - 15	1,050,000.00	6.315	1,050,000.00	0.00
TCV15656		12 - 22	1,000,000.00	4.755	0.00	1,000,000.00
TCV17908		12 - 16	1,000,000.00	3.450	0.00	1,000,000.00
TCV29877		13 - 21	1,000,000.00	4.260	0.00	1,000,000.00
TCV29878		13 - 23	1,000,000.00	4.545	0.00	1,000,000.00
TCV29879		13 - 23	2,000,000.00	4.600	0.00	2,000,000.00
<b>TOTAL MILDURA IRRIGATION</b>			<b>8,100,000.00</b>		<b>2,100,000.00</b>	<b>6,000,000.00</b>
<b>RED CLIFFS IRRIGATION DISTRICT</b>						
TCV29874		13 - 16	1,000,000.00	3.215	0.00	1,000,000.00
TCV29875		13 - 17	1,000,000.00	3.475	0.00	1,000,000.00
<b>TOTAL RED CLIFFS IRRIGATION</b>			<b>2,000,000.00</b>		<b>0.00</b>	<b>2,000,000.00</b>
<b>ROBINVALE IRRIGATION DISTRICT</b>						
TCV1		11 - 41	20,000,000.00	5.835	1,328,596.11	18,671,403.89
TCV17909		12 - 18	1,000,000.00	3.760	0.00	1,000,000.00
TCV17915		12 - 20	1,000,000.00	4.010	0.00	1,000,000.00
TCV17921		12 - 22	1,000,000.00	4.220	0.00	1,000,000.00
TCV29876		13 - 18	2,000,000.00	3.705	0.00	2,000,000.00
<b>TOTAL ROBINVALE IRRIGATION</b>			<b>25,000,000.00</b>	<b>21.53</b>	<b>1,328,596.11</b>	<b>23,671,403.89</b>
<b>TOTAL LOAN LIABILITY - IRRIGATION</b>			<b>35,100,000.00</b>		<b>3,428,596.11</b>	<b>31,671,403.89</b>
<b>UNALLOCATED LOANS</b>						
TCV			6,600,000.00	2.165	3,600,000.00	3,000,000.00
<b>TOTAL UNALLOCATED LOANS</b>			<b>6,600,000.00</b>		<b>3,600,000.00</b>	<b>3,000,000.00</b>
<b>TOTAL LOAN LIABILITY - UNALLOCATED LOANS</b>			<b>6,600,000.00</b>		<b>3,600,000.00</b>	<b>3,000,000.00</b>
<b>TOTAL LOAN LIABILITY - CORPORATION</b>						<b>60,342,807.80</b>

## Our Performance Reporting

### Financial Performance Indicators

KPI Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014-15 Target	Variance to Prior Year	Notes	Variance to Target	Notes
<b>F1</b>	<b>Cash Interest Cover</b> Net operating cash flows before net interest and tax / net interest payments	6.90	7.29	6.0	5.7%	1a	21.5%	1b
<b>F2</b>	<b>Gearing Ratio</b> Total debt (including finance leases) / total assets x 100	7.99%	6.88%	7.8%	-13.9%	2a	-11.8%	2b
<b>F3</b>	<b>Internal Financing Ratio</b> Net operating cash flow less dividends / net capital expenditure x 100	99.53%	40.95%	23.5%	-58.9%	3a	74.3%	3b
<b>F4</b>	<b>Current Ratio</b> Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	2.81	2.79	2.07	-0.7%		34.8%	4b
<b>F5</b>	<b>Return on Assets</b> Earnings before net interest and tax / average assets x 100	-0.02%	-0.65%	-0.5%	3150.0%	4a	30.0%	5b
<b>F6</b>	<b>Return on Equity</b> Net profit after tax / average total equity x 100	-0.40%	-0.87%	-0.8%	117.5%	5a	8.7%	
<b>F7</b>	<b>EBITDA Margin</b> Earnings before interest, tax, depreciation and amortisation / total revenue x 100	38.11%	30.02%	33.6%	-21.2%	6a	-10.7%	6b

#### Notes:

- 1a. The net interest paid decreased from last year due to increase in interest revenue from cash reserves (mainly attributed to Sunraysia Modernisation Project (SMP)) and a decrease in loans. The loans were of a short term nature only. GST received from the ATO has increased by approximately \$3M due to our increase in capital expenditure (mostly attributed to Sunraysia Modernisation Project (SMP)).
- 1b. The interest received or paid did not vary from target significantly, however GST received from the ATO was greater than forecast, as well as an increase in other revenue.
- 2a. Total assets have increased due to our capital works program (attributable to SMP) in a greater proportion to total debt.
- 2b. LMW's loan debt is \$9M more than targeted in the corporate plan, however LMW's cash equivalents exceeds the corporate plan by \$20M (of which \$10M from SMP milestone payments were brought forward from 2015/16 to 2014/15) which is due mainly to the improved gearing ratio than target.
- 3a. LMW's capital expenditure is much greater than the previous year mostly attributable to SMP as seen by the increase in "Payments for Infrastructure, Property, Plant & Equipment" from \$21M to \$44.3M in the Cash Flow Statement. Capital expenditure for SMP is substantially funded from Government contributions which are excluded from "Net operating cash flow less dividends" as the contributions are included in financing activities, so the relationship between capital expenditure and net operating cash flows skews the ratio result. Once SMP is completed LMW expects this ratio to result in a lesser size of variance ongoing.
- 3b. The better than targeted internal financing ratio is due to the improved actual cash flows than target, GST received from the ATO was greater than forecast, as well as an increase in other revenue.
- 4a. The net earnings before interest and tax for 2014/15 is -\$5.5M where as in 2013/14 the net earnings was -\$158K. The main difference is due to the operating result before tax in 2014/15 being a loss of \$8.4M compared to 2013/14 of \$3.8M. This difference is mainly due to the writing off of \$3.8M in assets replaced by SMP. SMP has achieved further works than original project objectives and have planned for more additional works as the SMP group have progressed through the detailed design phase. Going forward LMW expect the return on assets indicator result to improve as the SMP project has now identified the projects additional outcomes and the project works towards completion.
- 4b. The current ratio is mainly affected by the cash holdings as at 30 June 2015. LMW received SMP funding payments of \$47M in 2014/15 of which \$40M remains in the bank for SMP contract payments to be made when works are completed in 2015/16. Capital works planned for 2014/15 have been pushed into 2015/16 for varying reasons.



## Our Performance Reporting

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### Financial Performance Indicators

**Notes continued:**

- 5a. The loss after tax is greater in 2014/15 than 2013/14, -\$5.8M compared to -\$2.6M. This difference is mainly due to the 2014/15 write off of \$3.8M in assets replaced by SMP. SMP has achieved further works than original project objectives and have planned for more additional works as the SMP group have progressed through the detailed design phase. Going forward LMW expect the return on equity indicator result to improve as the SMP project has now identified the projects additional outcomes and the project works towards completion.
- 5b. The loss after tax is greater in 2014/15 than targeted, this is due to LMW's writing off of assets replaced by SMP. SMP has achieved further works than original project objectives and have planned for more additional works as the SMP group have progressed through the detailed design phase. Going forward LMW expect the return on assets indicator result to improve as the SMP project has now identified the projects additional outcomes and the project works towards completion.
- 6a. Earnings before Tax, Depreciation and Amortisation is less in 2014/15 than 2013/14, \$20.3M compared to \$24.4M mainly due to SMP asset write offs, while total revenue is greater in 2014/15 than 2013/14, \$67.7M compared to \$64M. SMP has achieved further works than original project objectives and have planned for more additional works as the SMP group have progressed through the detailed design phase. Going forward LMW expect the EBITDA Margin indicator result to improve as the SMP project has now identified the projects additional outcomes and the project works towards completion.
- 6b. This difference is mainly due to the writing off of \$3.8M in assets replaced by SMP. SMP has achieved further works than original project objectives and have planned for more additional works as the SMP group have progressed through the detailed design phase. Going forward LMW expect the EBITDA Margin indicator result to improve as the SMP project has now identified the projects additional outcomes and the project works towards completion will be a contributing factor. Total revenue is greater in 2014/15 than our corporate plan target, \$67.7M compared to \$63.7M. Total revenue exceeded the corporate plan mainly due to volumetric revenue with consumption of water being greater than forecast as it was a dry year and other revenue due to various reasons - other revenue includes many miscellaneous charges that are difficult to forecast with accuracy.

## Our Performance Reporting

### Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014-15 Target	Variance to Prior Year	Notes	Variance to Target	Notes
<b>WS1</b>	<b>Unplanned Water Supply Interruptions</b> No. of customers receiving 5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers x 100	0.00%	10.62%	4.55%	100.0%	7a	133.4%	7b
<b>WS2</b>	<b>Interruption Time</b> Average duration of unplanned water supply interruptions (minutes)	43.0	56.53	64.0	31.5%	8a	-11.7%	8b
<b>WS3</b>	<b>Restoration of Unplanned Water Supply</b> Unplanned water supply interruptions restored within 5 hours / total unplanned water supply interruptions x 100	99.6%	99.48%	99.5%	-0.1%		0.0%	
<b>SS1</b>	<b>Containment of Sewer Spills</b> Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers	100%	100%	97.0%	0.0%		3.1%	
<b>SS2</b>	<b>Sewer Spills Interruptions</b> No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	100%	100%	99.6%	0.0%		0.4%	

**Notes:**

- 7a. LMW had no customers receive more than 5 unplanned interruptions in 2013/14. In 2014/15 35 customers received 5 or more interruptions. The 2013/14 result was less than expected however the 2014/15 result is also higher than expected with pipeline damage by contractors a contributing factor. LMW's pipeline replacement program should see less unplanned interruptions ongoing.
- 7b. Customers experienced unplanned interruptions due to a couple of full length breaks occurring on a line due for replacement in 2015/16. Unforeseen damage to pipelines by contractors also contributed to interruptions. LMW's pipeline replacement program should see less unplanned interruptions ongoing.
- 8a. The interruption time increased from 2013/14 due to some minor leaks taking longer to repair than anticipated. LMW's average time of unplanned water supply interruptions are amongst the lowest within the State. LMW's procedures and pipeline replacement program should see less unplanned interruptions ongoing.
- 8b. The target is an indicative number based on averaged actuals, this included some years where repair times were higher than expected, therefore it is anticipated that our future targets will be more commensurate with our reduced results.

## Our Performance Reporting

### Water (Rural) Service Performance Indicators

KPI Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014-15 Target	Variance to Prior Year	Notes	Variance to Target	Notes
<b>WSR1</b>	<b>Rural Water Supply Deliveries</b> Number of orders delivered / total number of orders x 100	99.80%	99.89%	95.0%	0.1%	9a	5.2%	9b
<b>WSR2</b>	<b>Unavailability of Domestic and Stock Supply</b> Duration that domestic and stock service is unavailable in excess of on-property storage	0.0%	0.0%	0.0%	0.0%	10a	0.0%	10b
<b>WSR3</b>	<b>Groundwater Supply</b> Number of transfers processed within target period / total number of transfers processed x 100	0.0%	0.0%	0.0%	N/A	11a	N/A	11b

**Notes:**

- 9a/b. LMW provided deliveries in accordance with our expected service standards. The 2014/15 target was set lower than normal expectations due to major works planned under the Sunraysia Modernisation Project being undertaken throughout the 2014/15 year, thought to result in some interruption to ordered deliveries.
- 10a/b. No 2014/15 targets were set for this indicator in our 2014/15 corporate plan. Our rural Customer Charter requires our stock and domestic customers to provide adequate on-property storage for 6 weeks. LMW's obligation via the rural Customer Charter is to supply stock and domestic customers within 6 weeks of the service being unavailable. The stock and domestic delivery system was available all year to our customers during 2014/15 and is consistently not un-available less than the 6 weeks.
- 11a/b. LMW do not process transfers from groundwater supplies.

## Our Performance Reporting

### Customer Responsiveness Performance Indicators

KPI Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014-15 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	<b>Water Quality Complaints</b> No. of complaints per 100 customers	0.049	0.063	0.139	28.6%	12a	-54.7%	12b
CR2	<b>Sewerage Service Quality Complaints</b> No. of complaints per 100 customers	0.012	0.007	0.005	-41.7%	13a	40.0%	13b
CR3	<b>Sewer Odour Complaints</b> No. of complaints per 100 customers	0.003	0.028	0.012	833.3%	14a	133.3%	14b
CR4	<b>Billing Complaints</b> No. of complaints per 100 customers	0.034	0.021	0.214	-38.2%	15a	-90.2%	15b

#### Notes:

- 12a. We received a total of 21 complaints in 2014/15 compared to 16 in 2013/14. There were an additional 5 complaints relating to colour however we were unable to attribute these complaints to anything specific. LMW will continue to monitor the quality of the water leaving our treatment plants and water supplied via our delivery network to contain any quality issues prior to delivery to our customers in our endeavour for continual reduction in any water quality complaints.
- 12b. LMW's 2014/15 result was less than target, which the target is an average of water quality complaints over the past 5 years. The raw water quality in 2014/15 was better than some of the years in the past 5 year averaged target which combined with our water quality monitoring has seen a reduction in complaints received.
- 13a. The reported 2013/14 result has been restated (2013/14 annual report 0.001) due to calculation and print error in 2013/14 annual report. In 2013/14 LMW received 4 sewer service quality complaints from our 32,596 2013/14 customers, resulting in 0.012 complaints per 100 customers. LMW does not receive many complaints on our sewerage service quality and with only two complaints in 2014/15, there is no explanation that LMW can attribute to the 2 complaint variance. Two sewer complaints were received during 2014/15 (2013/14: 4). One of the complaints was not LMW's responsibility, one related to a rectified sewer spill after the event.
- 13b. The result exceeded our target however LMW does not receive many complaints on our sewerage service quality and with only two complaints 2014/15, we believe there is not much more that can be done to reduce complaints. LMW possibly need to increase our target result ongoing which currently equates to approximately 1.5 complaints annually.
- 14a. We received 8 complaints for sewer odours compared with 1 last year, 4 related to one issue that was resolved by replacing a filter. The remaining 4 resulted in investigations that warranted no further work. LMW have a filter replacement program which should reduce odours from creating complaints ongoing.
- 14b. LMW's 2014/15 odour complaints were greater than the target of which 4 complaints of the total (8) are related to the one issue resolved by replacing a filter. LMW have a filter replacement program which should reduce odours from creating complaints ongoing.
- 15a. Billing complaints received this year (2014/15: 7) were again less than the previous year (2013/14: 11), no significant events can be attributed to this.
- 15b. The targets for this KPI are based on averaged five year actuals, this includes years where we have experienced abnormal weather events and conditions (flood event in 2012 and previous drought conditions) which during these years resulted in increased complaints. LMW will assess the target modelling to ensure we provide a suitable target for comparison ongoing.

## Our Performance Reporting

### Environmental Performance Indicators

KPI Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014-15 Target	Variance to Prior Year	Notes	Variance to Target	Notes
E1	Effluent Re-Use Volume (End Use)	87.00%	80.71%	100.0%	-7.2%	16a	-19.3%	16b
E2	Total Net CO <sub>2</sub> Emissions Net tonnes CO <sub>2</sub> equivalent	41,034	41,751	35,400	1.7%		17.9%	17b

**Notes:**

- 16a. The reduction against the prior year is largely attributable to the following factors; No recycling took place at the Merbein Waste Water Treatment Plant (WWTP) during the year. The reuse at this site is on LMW's wood lot, however effluent was disposed through evaporation pans for 2014/15 as the irrigation system to the wood lot is in need of repair. Due to the irrigation repairs, LMW are investigating the benefit of the ongoing use of the wood lot as only a means of disposing water in excess of our evaporation pans. Reuse at this site maybe at reduced levels in the future and will be affected by the effluent water availability. The Mildura WWTP now stores the reuse water in lagoons for longer periods to reduce E. coli via sunlight to comply with Environment Protection Authority (EPA) site conditions. The reduction in the reuse volume at this site is attributed to the extended storage period and associated evaporation. LMW deem the use of available reuse water replacing other water sources is important and continue to investigate avenues to replace water sources with reuse water where able.
- 16b. The changed operational procedures has created less available water being reused at our 3 reuse sites. During 2014/15 water previously available and reused has been lost through evaporation where our target expected this water to be reused. LMW will need to re-assess our targets ongoing due to the new operational procedures adopted throughout the 2014/15 year to ensure a suitable target for comparison ongoing.
- 17b. LMW exceeded internal targets for GHG emissions because the volume of water LMW treated and delivered was more than forecast. The remainder of the variance is due to the GHG intensity targets not being achieved. LMW has exceeded the target for the previous 2 years, in order to reduce the variation in future years LMW will need to re-assess our target modelling to ensure we provide a suitable target for comparison.

## Our Performance Reporting

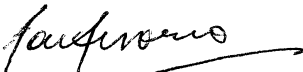
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### ***Certification of Performance Report for 2014/2015***

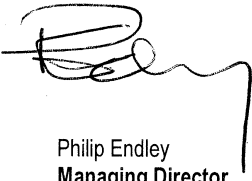
We certify that the accompanying Performance Report of Lower Murray Urban and Rural Water Corporation in respect of 2014/15 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Environment, Climate Change and Water and as set out in the 2014/15 Corporate Plan, the actual and comparative 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 and/or between the actual results in the current year and the previous year.

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



John Tesoriero  
Chair



Philip Endley  
Managing Director



Loris Davis  
General Manager - Business Services  
(Chief Finance and Accounting Officer)

Dated this 22 day of September 2015.

The logo for the Victorian Auditor-General's Office (VAGO) consists of the letters 'VAGO' in a bold, blue, sans-serif font. The letters are spaced out, with the 'V' and 'A' being larger than the 'G', 'O', and 'O'. A thin horizontal line is positioned below the letters.

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

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

#### *The Performance Report*

The accompanying performance report for the year ended 30 June 2015 of the Lower Murray Urban and Rural Water Corporation which comprises the performance report, the related notes and the certification of performance report has been audited.

#### *The Board Members' Responsibility for the Performance Report*

The board members of the Lower Murray Urban and Rural Water Corporation are responsible for the preparation and fair presentation of the performance report and for such internal control as the board members determine is necessary to enable the preparation and fair presentation of the performance report that is free from 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 report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance 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 performance 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 overall presentation of the performance report.

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

### 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.

#### *Opinion*

In my opinion, the performance report of the Lower Murray Urban and Rural Water Corporation in respect of the 30 June 2015 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE  
24 September 2015



Dr Peter Frost  
*Acting Auditor-General*



# Our Bulk Water Entitlements

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## 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.

In 2010 the Environmental Entitlement (River Murray—Environmental Water Reserve) 2010 was enacted. In 2011 we received a notice of amendment to Bulk Water Entitlements and Environmental entitlements for the commencement of the Victorian Environmental Water Holder 2011 by the Minister for Water. On the 1st of July 2013 an amendment of the Lower Murray Water Murray Irrigation Bulk Entitlement and Victorian Environmental Water Holders Flora and Fauna Bulk Entitlement was approved by the Minister for Water, the Hon Peter Walsh MLA.

In January 2014, LMW applied to the Minister for Water Peter Walsh to amend our Bulk Entitlement (River Murray – Lower Murray Urban & Rural Water - Irrigation) Conversion Order 1999 and repeal the Bulk Entitlement (River Murray – First Mildura Irrigation Trust) Conversion Order 1999. The Minister approved these items in March 2014.

On the 24 March 2014 the Minister for Water approved the application by LMW to:

- amalgamate the provisions to supply Lower Murray Water's irrigation districts into one bulk entitlement Order, in order to internalise the management of the loss allowance between the irrigation districts and simplify administration of the bulk entitlements;
- reduce the distribution loss allowance for Lower Murray Water's irrigation districts from 18,550 ML to 15,392 ML to offset the transfer of the first instalment of water savings to the Commonwealth Government from the SMP; and
- make other related changes and minor corrections to the Bulk Entitlement.

On the 28 March 2015, the Minister for Environment, Climate Change and Water, the Hon Lisa Neville MP, approved Lower Murray Water's application for a minor amendment to its *Bulk Entitlement (River Murray – Lower Murray Urban & Rural Water -Irrigation ) Conversion Order 1999* under section 45 of the *Water Act 1989*.

The amendments were made to reduce the loss allowance for Lower Murray Water's irrigation districts to account for water shares issued to the Commonwealth Environmental Water Holder, from savings achieved through the modernisation works under the Sunraysia Modernisation Project. This is required to meet Victoria's obligations under the Funding Deed with the Commonwealth Government for the Sunraysia Modernisation Project (SMP).

No new irrigation district off-take points were agreed to, or used, in the past season. No new installation of pipe or channels was made to return water into the River Murray. We are implementing a meter replacement program across the irrigation Merbein, Mildura and Red Cliffs districts as a part of the implementation of the SMP.

## Urban

The total Lower Murray Water Urban Bulk Entitlement (UBE), plus water shares held by LMW, is 31,742.5ML of High Reliability water plus 216ML of Low Reliability. There was no amendment to the UBE and no water was returned from urban off-take points. There was no new offtake points created. We experienced no difficulties in complying with the bulk entitlement provisions. We have an ongoing meter replacement program that commenced four 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 15years. For example 20mm meters are replaced when they have registered 6ML; 25mm meters after 9.5ML. We undertake to periodically calibrate our bulk extraction meters to ensure compliance with our Bulk Water Entitlement. The urban area of our region was on Permanent Water Savings Rules for the 2014/15 year. There was no permanent transfer of any part of our UBE. There was 7,781.4ML of allocation from the UBE traded out in the season. There was 345ML of allocation traded into our UBE.

## Irrigation

Our customers transacted water share and allocation trades (temporary and permanent) and these are reported by the Victorian Water Register. Our total Irrigation Bulk Water Entitlement (BWE) totalled 343,081ML of High Reliability Water. This season saw average irrigation demand in the region. This was due to the warm summer period and average rainfall. Customers received a 100% water allocation early in the season on 15 September 2014.

## Our Water Plan

Our Water Plan was endorsed by the Essential Services Commission (ESC) in June 2013 setting prices for the period 1st July 2013 to 30th June 2018 in the urban business of the Corporation. In the rural business, revenue caps were set for the same time frame.

## Our Statutory Information

### By-Laws

The Corporation currently has one By-Law—By-Law No 2 Urban Water Restrictions. This By-Law was created using a Model Water Restriction By-Law issued by the Minister for Water on 27th November 2011. It contains the restrictions and prohibitions on the use of water that may be imposed in our Urban water supply districts. The Corporation has also a Permanent Water Saving Plan which sets out permanent water restrictions and prohibitions within our service district. During the 2014/15 year two By-Laws were replaced with regulations. By-Law No 1 Water Supply and Sewerage Administrative By-Law was replaced by Water (Estimation, Supply and Sewerage) Regulations 2014; and By-Law No 4 Trade Waste By-Law was replaced by Water (Trade Waste) Regulations 2014.

### 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.

### Consultancies—under \$10,000

The total value of the 42 consultancies under \$10,000 was \$207,107 for the 2014/15 year. Details of consultancies over \$10,000 are on page 34.

### 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 2015. Pecuniary interests are also declared prior to the commencement of Board meetings.

### Freedom of Information (FOI) Act 1982

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. We have determined that our 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 \$27.20 applies at the time of this report's publication. In the 2014/15 year there was one request under FOI.

### Privacy and Data Protection Act 2014

Protection of privacy and personal and health information is an important aspect of our operations. We are bound to comply with the *Privacy and Data Protection Act* 2014, the *Health Records Act* 2001 and the *Charter of Human Rights & Responsibilities Act* 2006. 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.

### External Reviews

During the 2014/15 year we commissioned an external Benchmarking Report. Our irrigation and drainage business was benchmarked against Goulburn Murray Water (Victoria), Western Murray Irrigation (NSW) and Central Irrigation Trust (SA).

### Major Contracts (those over \$10M)

During 2014/15 we entered into three contracts valued at over \$10M each, for a total of \$77M, all relating to the Sunraysia Modernisation Project (SMP). These contracts involved works relating to pump stations, pipelines and metering.

### National Competition Policy

We comply with relevant Victorian Government policies and timetables for National Competition Policy, including competitive neutrality. Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. We continue to implement and apply this principle in our business undertakings.

### Other Reportable Information

Subject to the provisions of the *Freedom of Information Act* 1982 and *Privacy and Data Protection Act* 2014, all relevant information required under the *Financial Management Act* 1994 is available upon request.

### Protected Disclosures Act 2012

The *Whistleblowers Protection Act* 2001 was repealed on 10th February 2013 and replaced with the *Protected Disclosures Act* 2012. We are committed to the aims and objectives of the Act 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 Co-ordinator for the Department of Environment and Primary Industries (DEPI) acts as an agent for the Corporation to receive disclosures under the Act, and applies DEPI procedures in managing disclosures. Disclosures of improper conduct by Lower Murray Water or our employees may be made in writing or by telephone; directed to:

**Jennifer Berensen**  
**Senior Advisor, Privacy & Ombudsman**  
**Department of Environment and Primary Industries**  
PO Box 500, East Melbourne Vic 3002  
Phone: (03) 9637 8697  
Or:  
**Independent Broad-Based Anti-Corruption**  
**Commission Victoria**  
IBAC, GPO Box 24234, Melbourne Vic 3001  
Phone: 1300 735 135  
Web: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

There were no disclosures under the Act in 2014/15.

### 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: 0*

## Our Statutory Information

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### 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 ourselves about Lower Murray Water, and how these can be obtained;
  - ◇ changes in prices, fees, charges, rates and levies charged 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.

## Our Statutory Information

### Consultancies—over \$10,000

CONSULTANCY NAME AND PROJECT REFERENCE	START DATE	END DATE	TOTAL PROJECT APPROVED FEE (EXCL GST)	EXPENDITURE 2014/15 (EXCL GST)	FUTURE EXPENDITURE (EXCL GST)
<b>AURECON AUSTRALASIA PTY LTD</b>				<b>23,665.00</b>	
CRIB WALL UPGRADE	1/07/2014	31/12/2015	28,000.00	23,665.00	4,335.00
<b>CADE &amp; ASSOCIATES</b>				<b>10,899.65</b>	
STRATEGIC PLANNING	1/07/2014	30/06/2015	11,000.00	10,899.65	-
<b>DEACON ENGINEERS PTY LTD</b>				<b>85,434.00</b>	
MDA WWTP CAROUSEL WALL	1/07/2014	31/12/2015	100,000.00	85,434.00	14,566.00
<b>DEPARTMENT ENVIRONMENT LAND WATER AND PLANNING (FORMERLY DSE)</b>				<b>69,756.64</b>	
NORTHERN MONITORING COSTS	1/07/2014	30/06/2015	70,000.00	69,756.64	-
<b>GHD PTY LTD</b>				<b>157,288.13</b>	
FIFTH ST CULVERT DESIGN	1/07/2014	30/09/2015	50,000.00	42,045.00	7,955.00
IRRIGATION PUMPS REFURBISHMENT PROJECT	1/07/2014	30/09/2015	20,000.00	19,000.00	1,000.00
LMW WORKSHOP CIVIL PHASE 1	1/07/2014	30/12/2015	30,000.00	14,546.00	15,454.00
MDA 14TH STREET WATERMAIN DESIGN	1/07/2013	30/06/2015	15,500.00	15,666.13	-
MILDURA WASTEWATER STRATEGY	1/07/2014	30/09/2015	20,000.00	15,116.00	4,884.00
ROBINVALE WTP BUNDING	1/07/2014	30/06/2015	10,000.00	10,000.00	-
UPGRADE OF SWAN HILL REGION HYDRAULIC MODEL	1/07/2014	30/06/2015	15,331.00	15,331.00	-
SWAN HILL SEWERAGE STRATEGY REVIEW	1/07/2014	30/09/2015	25,000.00	25,584.00	-
<b>HUNTER H2O HOLDINGS PTY LTD</b>				<b>47,166.95</b>	
SWAN HILL WTP AUTOMATION	1/07/2014	30/06/2015	50,000.00	47,166.95	-
<b>HUNTER WATER AUSTRALIA</b>				<b>108,290.27</b>	
MILDURA WTP AUTOMATION & ELECTRICAL	1/12/2013	31/10/2014	26,500.00	20,639.86	-
RED CLIFFS WTP AUTOMATION	1/07/2013	31/10/2014	30,000.00	32,922.11	-
SWAN HILL WTP AUTOMATION	1/07/2014	30/06/2015	55,000.00	54,728.30	-
<b>INFORMATION MANAGEMENT SERVICES PTY LTD</b>				<b>17,780.00</b>	
GENERAL IT CONSULTANCY	1/07/2014	30/06/2015	20,000.00	17,780.00	-
<b>INSIDE INFRASTRUCTURE PTY LTD</b>				<b>71,636.42</b>	
MILDURA WASTEWATER STRATEGY	1/07/2014	30/09/2015	105,000.00	71,636.42	33,363.58
<b>INTEC MILDURA</b>				<b>30,000.00</b>	
COMPLIANCE CHECK	1/07/2014	30/06/2015	30,000.00	30,000.00	-
<b>MARSDEN JACOB ASSOCIATES PTY LTD</b>				<b>81,434.56</b>	
BENCHMARKING STUDY OF IRRIGATION SERVICE	1/07/2014	30/09/2015	100,000.00	81,434.56	18,565.44
<b>MOORE STEPHENS ACCOUNTANTS &amp; ADVISORS</b>				<b>31,521.66</b>	
ESC REGULATORY AUDIT 2014	1/07/2014	30/06/2015	31,000.00	31,521.66	-
<b>OGYRIS PTY LTD</b>				<b>19,340.00</b>	
KOOLRONG OFFSET SITE SURVEY	1/07/2014	30/06/2015	20,000.00	19,340.00	-
<b>POWER QUALITY SOLUTIONS</b>				<b>12,300.00</b>	
ELECTRICAL HARMONICS & LOAD STUDY	1/07/2014	30/06/2015	12,500.00	12,300.00	-
<b>SACS CONSULTING PTY LTD</b>				<b>31,340.02</b>	
STAFF RECRUITMENT	1/07/2014	30/06/2015	30,000.00	31,340.02	-
<b>SAFETY ACTION PTY LTD</b>				<b>54,869.39</b>	
SITE SAFETY AUDIT	1/07/2014	30/06/2015	70,000.00	54,869.39	15,000.00
<b>SAGE AUTOMATION (SA) PTY LTD</b>				<b>60,425.26</b>	
CITECT TO CLEAR SCADA CONSULTANCY	1/07/2013	31/12/2015	80,000.00	60,425.26	19,574.74
<b>SOUTHERN CROSS CONSULTING GROUP PTY LTD</b>				<b>15,300.00</b>	
2014 TAX EFFECT ACCOUNTING	1/07/2014	30/06/2015	15,500.00	15,300.00	-
<b>TECHNOLOGY ONE LIMITED</b>				<b>78,767.18</b>	
BILLING SYSTEM UPGRADE	1/07/2013	30/06/2015	120,000.00	78,767.18	40,000.00
<b>TEN CONSULTING</b>				<b>177,938.96</b>	
HAZOP FACILITATION & REPORT	1/07/2014	30/09/2015	20,000.00	17,870.55	-
MILDURA WTP AUTOMATION	1/07/2013	30/06/2015	90,000.00	88,025.91	-
MILDURA WTP CLARIFIER REFURBISHMENT	1/07/2014	30/09/2015	44,800.00	41,640.00	3,160.00
RED CLIFFS WTP AUTOMATION	1/07/2013	30/06/2015	30,000.00	30,402.50	-
<b>UTILACOR PTY LTD</b>				<b>23,130.69</b>	
ENERGY MANAGMENT	1/07/2014	30/06/2015	25,000.00	23,130.69	-
<b>SUB TOTAL</b>			<b>1,400,131.00</b>	<b>1,208,284.78</b>	<b>177,857.76</b>
<b>SUNRAYSIA MODERNISATION PROJECT (SMP) CONSULTANCIES</b>					
<b>BLUROSE CONSULTING PTY LTD</b>				<b>21,840.00</b>	
TENDER ADVICE	1/12/2013	30/06/2015	22,000.00	21,840.00	-
<b>BLUESTONE COMMERCIAL INTERNATIONAL PTY LTD</b>				<b>24,593.95</b>	
PROJECT DELIVERY MANAGEMENT	1/12/2013	30/06/2015	25,000.00	24,593.95	-
<b>DEPARTMENT ENVIRONMENT LAND WATER AND PLANNING (FORMERLY DSE)</b>				<b>46,325.00</b>	
INDEPENDENT CHAIR SERVICES	1/12/2013	30/06/2016	99,082.00	46,325.00	52,757.00
<b>DM ENGINEERING CONSULTANTS</b>				<b>20,000.00</b>	
CONSULTING SERVICES	1/03/2015	30/06/2016	100,000.00	20,000.00	80,000.00
<b>GHD PTY LTD</b>				<b>1,712,575.10</b>	
DESIGN & ENGINEERING CONSULTANCY	1/12/2013	30/06/2016	2,400,000.00	1,712,575.10	687,424.90
<b>McMULLAN SOLICITORS</b>				<b>30,240.00</b>	
LEGAL ADVICE	1/12/2013	30/06/2016	100,000.00	30,240.00	69,760.00
<b>NEWSALERT PR PTY LTD</b>				<b>71,959.99</b>	
PUBLIC RELATIONS	1/12/2013	30/06/2016	150,000.00	71,959.99	78,040.01
<b>PITCHER PARTNERS</b>				<b>34,195.25</b>	
PROPERTY ADVICE	1/12/2013	30/06/2016	45,000.00	34,195.25	10,000.00
<b>SINCLAIR KNIGHT MERZ</b>				<b>34,558.49</b>	
GENERAL CONSULTING	1/12/2013	30/09/2015	65,000.00	34,558.49	30,000.00
<b>SUB TOTAL</b>			<b>3,006,082.00</b>	<b>1,996,287.78</b>	<b>1,007,981.91</b>
<b>GRAND TOTAL</b>			<b>4,406,213.00</b>	<b>3,204,572.56</b>	<b>1,185,839.67</b>

## Our Financial Report

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## Our Financial Report

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### Accountable officer's and chief finance and accounting officer's declaration

The attached financial report for Lower Murray Urban and Rural Water Corporation has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of the Corporation as at 30 June 2015.

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

We authorise the attached financial statements for issue on 22 September 2015.



John Tesoriero  
Chair



Philip Endley  
Managing Director



Loris Davis  
General Manager - Business Services  
(Chief Finance and Accounting Officer)

Dated this 22 day of September 2015.



# Our Financial Report

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Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
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## 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 2015 of the Lower Murray Urban and Rural Water Corporation which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a statement of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

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

The board members of the Lower Murray Urban and Rural Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the board members determine is necessary to enable the preparation and fair presentation of the financial report that is free from 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 financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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.

*Auditing in the Public Interest*

## Our Financial Report

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### Independent Auditor's Report (continued)

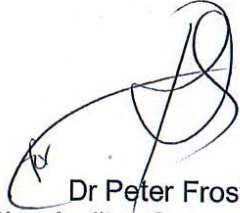
#### *Independence*

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

#### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Lower Murray Urban and Rural Water Corporation as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
24 September 2015



Dr Peter Frost  
*Acting Auditor-General*



# Our Financial Report

## COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b><u>REVENUE FROM OPERATING ACTIVITIES</u></b>			
Operating Revenue	1(b), 3(a)	57,965	55,642
Termination Fees		181	128
Income for Capital Purposes	1(b), 3(b)	5,111	4,768
Other Revenue	1(b), 3(c)	3,378	3,125
		-----	-----
		66,635	63,663
		-----	-----
<b><u>REVENUE FROM NON-OPERATING ACTIVITIES</u></b>			
Interest Revenue	1(b), 3(d)	970	427
Net Gain/(Loss) from Disposal of Non-Financial Assets	1(d), 3(e)	96	(81)
		-----	-----
		1,066	346
		-----	-----
<b>TOTAL REVENUE</b>		<b>67,701</b>	<b>64,009</b>
		-----	-----
<b><u>EXPENSES FROM OPERATING ACTIVITIES</u></b>			
Direct Expenses	1(c), 4(a)	56,026	48,290
Administration Expenses	1(c), 4(b)	16,253	15,450
Finance Costs	1(c), 4(c)	3,865	4,070
		-----	-----
<b>TOTAL EXPENSES</b>		<b>76,144</b>	<b>67,810</b>
		-----	-----
<b>NET RESULT BEFORE TAX</b>		<b>(8,443)</b>	<b>(3,801)</b>
Income Tax (Expense)/Revenue	6	2,584	1,236
		-----	-----
<b>NET RESULT FOR THE YEAR</b>		<b>(5,859)</b>	<b>(2,565)</b>
		=====	=====
<b><u>OTHER COMPREHENSIVE INCOME</u></b>			
<i>Items that will not be reclassified to net result</i>			
Net Gain/Loss on Physical Asset Revaluation Surplus	21	1,402	(1,199)
Income Tax Relating to Components of Other Comprehensive Income	21	(421)	360
		-----	-----
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>981</b>	<b>(839)</b>
		-----	-----
<b>TOTAL COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(4,878)</b>	<b>(3,404)</b>
		=====	=====

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

# Our Financial Report

## BALANCE SHEET

As at 30 June 2015

			2015	2014
		Notes	\$'000	\$'000
<b>CURRENT ASSETS</b>	Cash and Cash Equivalents	1(d), 7	55,264	39,726
	Receivables	1(d), 8	10,269	7,446
	Inventories	1(d), 9	2,967	3,064
	Prepayments	1(d)	344	281
			<b>68,844</b>	<b>50,517</b>
	Assets Held for Sale	1(d), 10	4,917	5,937
<b>Total current assets</b>			<b>73,761</b>	<b>56,454</b>
<b>NON-CURRENT ASSETS</b>	Receivables	1(d), 8	38	71
	Infrastructure, Property, Plant and Equipment	1(d), 11	797,065	771,329
	Biological Assets	1(d), 12	64	57
	Intangible Assets	1(d), 13	5,613	5,994
<b>Total non-current assets</b>			<b>802,780</b>	<b>777,451</b>
<b>TOTAL ASSETS</b>			<b>876,541</b>	<b>833,905</b>
<b>CURRENT LIABILITIES</b>	Payables	1(e), 14	14,519	5,721
	Interest Bearing Liabilities	1(e), 15	6,659	9,267
	Employee Benefits	1(e), 16	5,247	5,093
<b>Total current liabilities</b>			<b>26,425</b>	<b>20,081</b>
<b>NON-CURRENT LIABILITIES</b>	Interest Bearing Liabilities	1(e), 15	53,684	57,348
	Employee Benefits	1(e), 16	321	291
	Deferred Tax Liabilities	1(i), 19	103,275	105,438
	Other Liabilities		12	12
<b>Total non-current liabilities</b>			<b>157,292</b>	<b>163,089</b>
<b>TOTAL LIABILITIES</b>			<b>183,717</b>	<b>183,170</b>
<b>NET ASSETS</b>			<b>692,824</b>	<b>650,735</b>
<b>EQUITY</b>	Contributed Capital	1(f), 20	612,533	565,566
	Physical Asset Revaluation Surplus	1(f), 21	154,645	153,664
	Accumulated Deficit	22	(74,354)	(68,495)
<b>TOTAL EQUITY</b>			<b>692,824</b>	<b>650,735</b>

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

# Our Financial Report

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Contributed Capital \$'000	Physical Asset Revaluation Surplus \$'000	Accumulated Deficit \$'000	Total \$'000
<b>BALANCE AT 1 JULY 2013</b>	20, 21, 22	537,606	154,503	(65,930)	626,179
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		-	(839)	(2,565)	(3,404)
TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER:					
Contributed Capital	20	27,960	-	-	27,960
TOTAL TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER		<u>27,960</u>	-	-	<u>27,960</u>
<b>BALANCE AS AT 30 JUNE 2014</b>	20, 21, 22	565,566	153,664	(68,495)	650,735
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		-	981	(5,859)	(4,878)
TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER:					
Contributed Capital	20	46,967	-	-	46,967
TOTAL TRANSACTIONS WITH THE STATE IN ITS CAPACITY AS OWNER		<u>46,967</u>	-	-	<u>46,967</u>
<b>BALANCE AS AT 30 JUNE 2015</b>	20, 21, 22	<u>612,533</u>	<u>154,645</u>	<u>(74,354)</u>	<u>692,824</u>

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

# Our Financial Report

## CASH FLOW STATEMENT

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates & Meter Charges		54,376	55,455
Proceeds from Scheme Debtors		67	60
Government Contributions		2,550	2,000
Income for Capital Purposes		2,577	2,768
Interest Received		970	427
GST Received from the ATO		6,804	3,779
Other Revenue		4,536	3,871
		-----	-----
<b>Total Receipts</b>		<b>71,880</b>	<b>68,360</b>
		-----	-----
<b>Payments</b>			
Payments to Suppliers & Employees		(49,533)	(42,661)
GST Paid to the ATO		(264)	(242)
Interest and Other Costs of Finance Paid		(3,865)	(4,069)
		-----	-----
<b>Total Payments</b>		<b>(53,662)</b>	<b>(46,972)</b>
		-----	-----
<b><u>Net Cash provided by/(used in) Operating Activities</u></b>	<b>24</b>	<b>18,218</b>	<b>21,388</b>
		-----	-----
<b>Cash Flows provided by/(used in) Investing Activities</b>			
Payments for Purchases of Infrastructure, Property, Plant and Equipment		(44,224)	(20,968)
Payments for Purchases of Intangible Assets		(261)	(522)
Proceeds from Sale of Infrastructure, Property, Plant and Equipment	3(e)	1,110	1,199
		-----	-----
<b><u>Net Cash provided by/(used in) in Investing Activities</u></b>		<b>(43,375)</b>	<b>(20,291)</b>
		-----	-----
<b>Cash Flows provided by/(used in) Financing Activities</b>			
Proceeds from Borrowings		3,100	6,600
Repayment of Borrowings		(9,372)	(3,840)
Government Capital Contribution Received	20	46,967	27,960
		-----	-----
<b><u>Net Cash provided by/(used in) Financing Activities</u></b>		<b>40,695</b>	<b>30,720</b>
		-----	-----
Net Movement in Cash and Cash Equivalents		15,538	31,817
Cash and Cash Equivalents at the Beginning of the Financial Year		39,726	7,909
		-----	-----
<b><u>Cash and cash equivalents at the end of the year</u></b>	<b>7</b>	<b>55,264</b>	<b>39,726</b>
		=====	=====
Financing arrangements	15		

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

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **(a) Basis of Accounting**

##### **General**

The financial report includes separate financial statements for Lower Murray Urban & Rural Water Corporation as an individual reporting entity. This financial report 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 for the period ending 30 June 2015. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions. The Corporation is a not-for-profit entity for the purpose of preparing the financial statements.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The annual financial statements were authorised for issue by the Board on the 22nd September 2015.

The principal address is:

Lower Murray Water  
741-759 Fourteenth Street  
Mildura Vic 3500

##### **Financial Statement Presentation**

The Corporation has applied the revised AASB 101 *Presentation of Financial Statements* which became effective for reporting periods beginning, on or after, 1 July 2014, and AASB 1054 *Australian Additional Disclosures* which became effective for reporting periods beginning on, or after, 1 July 2014.

##### **Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

##### **Changes in Accounting Policies**

Subsequent to the 2013-14 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact described as below.

##### **AASB 10 Consolidated Financial Statements**

AASB 10 provides a new approach to determine whether an entity has control over an entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of all three criteria for control to exist over an entity for financial reporting purposes:

- (a) The investor has power over the investee;
- (b) The investor has exposure, or rights to variable returns from its involvement with the investee; and
- (c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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Based on the new criteria prescribed in AASB 10, the Corporation has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. The Corporation has concluded that no additional entity has met the control criteria.

### *AASB 11 Joint Arrangements*

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

The Corporation has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11. The Corporation has concluded that no adjustments are required as the Corporation has not entered into joint arrangements.

### *AASB 12 Disclosure of Interests in Other Entities*

AASB 12 *Disclosure of Interests in Other Entities* prescribes the disclosure requirements for an entity's interests in subsidiaries, associates, joint arrangements and extends to the entity's association with unconsolidated structured entities.

The Corporation has also reviewed its current contractual arrangements to determine if there are any unconsolidated structured entities that the Corporation has involvement with. It has not identified any unconsolidated structured entities during the assessment.

### ***Functional and Presentation Currency***

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.

### ***Classification Between Current and Non-current***

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Corporation's operational cycle, with the exception of employee benefits (Refer Note 1 (e) Employee Benefits).

### ***Rounding***

Unless otherwise stated, amounts shown in the financial statements are expressed to the nearest thousand dollars ('000).

### ***Historical Cost Convention***

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.

### ***Critical Accounting Estimates and Judgements***

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates that affect the application of accounting policies and the 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.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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Management judgement and estimates include:

- Valuation of Land and Buildings where the valuation requires judgement on the current condition of the assets.
- Valuation of infrastructure where the valuation requires judgement on the current condition of the assets and the application of the unit costs and estimated useful lives.
- Intangible assets (bulk water entitlements) where management is required to test whether the carrying value reflects the recoverable amount of the Intangible Assets.
- Depreciation on non-current physical assets where there is assessment of the estimated useful lives.
- Employee benefits provision where assumptions are required for wage growth and CPI movements. An estimate is made on the likelihood of employees reaching unconditional service.
- Accruals where for each category of accrual, management must ensure either:
  - service has been received
  - there is an obligation to payand the balance can be reliably measured.
- Entity operates as a going concern where LMW is required to make an assessment of the entity's ability to continue as a going concern when preparing the financial report. In assessing whether the going concern assumption is appropriate, management takes into account all available information regarding the future, which is at least, but is not limited to, twelve months from the date of signing the financial report.
- Valuation and disclosure of financial instruments where complex measurements and disclosures are made based on management's intentions in relation to the financial instruments, perception of the current market conditions and anticipation of future market movements.
- Impairment provisions where management are required to assess all receivables including debtors, for indicators of impairment.
- Impairment of assets where management are required to assess whether there are any indicators of impairment to property, plant and equipment and intangible assets.

### **(b) Revenue**

#### **Service and Usage Charges**

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

All Water and Wastewater tariffs/charges are recognised as revenue 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.

#### **Interest Income**

Interest income is recognised using the effective interest rate method, in the period in which it is incurred.

#### **Fair Value of Resources Received Free of Charge**

The value of all goods and services received free of charge or for nominal consideration are recognised as revenue when the Corporation gains control of them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. 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.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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### **Government Grants and Contributions**

Government grants and contributions are recognised as operating revenue on receipt or when the entity obtains control of the contribution and meets certain other criteria as outlined by AASB 1004, whichever is the sooner, and disclosed in the Comprehensive Operating Statement under "Income for Capital Purposes".

However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributions by Owners in accordance with FRD 119A *Transfers through Contributed Capital*.

### **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.

### **Rent/Lease Income**

Income from operating leases, (ie rentals) is recognised in 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).

### **(c) Expenses**

#### **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.

When the Corporation carries borrowings in excess of \$5 Million it is obligated to pay to the Victorian government a Financial Accommodation Levy (FAL). The amount of the levy is based on the credit risk of LMW relative to the State of Victoria as assessed by an independent rating agency. On the basis of the LMW credit rating, a FAL of 130 basis points is applied to all new financial accommodation (previously 110 basis points) accessed from Treasury Corporation of Victoria (TCV). FAL incurred by LMW is accounted for as a borrowing cost for the purpose of presentation in general purpose financial statements.

#### **Depreciation and Amortisation of Non-current Assets**

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

The depreciable amount of all non-current physical 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.

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(d) property, plant and equipment (iii)).



# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

The depreciation rates applied to asset classes (2015 and 2014) are:

	Useful Life (Years)
<b>WATER</b>	
Storage Tanks	60 - 100
Pumping Stations	25 - 80
Reticulated Networks	50 - 110
Water Treatment	10 - 80
Water Meters	8
Buildings	60 - 75
Plant and Machinery	6 - 25
<b>WASTEWATER</b>	
Sewers	45 - 100
Trunk Sewer Main	50 - 100
Pumping Stations	10 - 80
Treatment and Disposal	10 - 100
Buildings	40 - 75
Plant and Machinery	6 - 25
<b>IRRIGATION &amp; DRAINAGE</b>	
Storages	50 - 350
Pumping Stations	40 - 120
Channels	80 - 100
Rural Water Pipelines	50 - 110
Water Meters	10 - 25
Buildings	40 - 75
Plant and Machinery	6 - 25
<b>ADMINISTRATION</b>	
Computer Equipment	3
Office Furniture and Equipment	6
Motor Vehicles	10
Buildings	40 - 60
Plant	6
Machinery	6
Communication Equipment	5

### **Employee Benefits**

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkSafe premiums.

### **Superannuation**

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Lower Murray Water to the relevant superannuation plans in respect to the services of Lower Murray Water's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Lower Murray Water is required to comply with.

Lower Murray Water makes employer superannuation contributions in respect of most employees to Vision Super. Refer to Note 18 for more details of funding.

Lower Murray Water also makes employer superannuation contributions in respect of its employees to Emergency Services and State Super. The Victorian Government holds the responsibility for any unfunded liability for the Emergency Services and State Super schemes and is therefore responsible for reporting that liability.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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### **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.

### **Environmental Contribution**

The purpose of the environmental contribution is set out in the *Water Industry (Environmental Contributions) Act 2004*, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives. The contribution period has been extended to cover the period 1 July 2012 until 30 June 2016.

The Corporation has a statutory authority to pay an environmental contribution to the Department of Environment, Water, Land and Planning. This contribution is recognised as an expense during the reporting period as incurred.

### **Other Expenses**

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

### **(d) Assets**

#### **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.

#### **Receivables**

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 and charges debtors, and no more than 30 days for other debtors.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision 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 Comprehensive Operating Statement.

Irrigation receivables past due attract penalty interest, which the Essential Service Commission is the regulator for setting the rate to apply annually. The penalty interest rate that applied during 2015 was 7.6% (2014: 6.9%).

#### **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 measured 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.

#### **Prepayments**

Prepayments 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.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### **Infrastructure, Property, Plant and Equipment**

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, sewerage and drainage infrastructure, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of \$1000 (2014: \$1000) and useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Each class of infrastructure, property, plant and equipment are carried at either fair value, or at independent valuation, less, where applicable, any accumulated depreciation or amortisation.

The cost of non-current physical assets constructed within the Corporation includes the cost of contract payments, materials and direct labour.

Assets acquired at no cost or nominal 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.

#### (i) Measurement of Infrastructure, Property, Plant and Equipment

All non-current physical 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) 103F *Non-Current Physical Assets*.

Revaluations are conducted in accordance with FRD 103F. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to the carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken while a movement greater than 40 per cent will normally involve an Approved Valuer (usually the Valuer General of Victoria) to perform detailed assessment of the fair value. If the movement in fair value since last revaluation is less than or equal to 10 per cent, then no change is made to the carrying amounts.

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

For the plant, equipment and vehicles asset class, where the Corporation is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost is used to represent a reasonable approximation of fair value.

Water infrastructure assets, are measured at fair value less accumulated depreciation and impairment in accordance with FRD 103F. These assets comprise substructures or underlying systems held to facilitate harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage and drainage systems.

The initial fair value assessment for water infrastructure occurred as at 30 June 2011 and was undertaken with involvement from Valuer General of Victoria (VGV) and under the instructions of Department of Treasury and Finance (DTF). The assessment was performed on a portfolio basis for various categories of water infrastructures. Further details of the exercise is provided in Note 11.

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

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 revaluation reserve.

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

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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

### (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 Comprehensive Operating Statement except to the extent that the write-down can be debited to a physical asset revaluation surplus 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 physical asset revaluation surplus 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 are 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.

### **Biological Assets**

For livestock, fair value is based on the amount that could be expected to be received from the disposal of livestock with similar attributes. An increase or decrease in the fair value of these biological assets is recognised in the consolidated Comprehensive Operating Statement.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### **Intangible Assets**

Intangible assets represent identifiable non-monetary assets without physical substance. 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.

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

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

#### **Permanent Water Entitlements**

Permanent 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 permanent water entitlements have an indefinite useful life. Permanent entitlements purchased after 1 July 2004 will be tested annually for impairment. Bulk permanent water entitlements prior to 1 July 2004 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

#### **Operating Leases**

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

#### **(e) Liabilities**

##### **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.

##### **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 Comprehensive 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.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### **Employee Benefits**

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.

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

Provisions made in respect of employee benefits expected to be settled wholly within 12 months after the end of the reporting period, 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 wholly settled within 12 months after the end of the reporting period, 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.

Liabilities for wages and salaries, annual leave and sick leave are all recognised in the provision for employee benefits as 'current liabilities', because the Corporation does not have the unconditional right to defer settlements of these liabilities.

#### (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 wholly settle within 12 months; and
- undiscounted value – component that the Corporation expects to wholly 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.

\* In accordance with the Lower Murray Urban and Rural Water Corporation Enterprise Agreement 2013 made pursuant to Part 2-4 of the Fair Work Australia Act 2009.

#### (iii) Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents the contributions made by the Corporation to the relevant superannuation plans in respect to the services of Corporation's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Corporation is required to comply with.

#### (iv) Employee Benefit Oncosts

Employee benefit oncosts, including payroll tax and worker's compensation, are recognised and disclosed separately in Note 16.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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### (v) Performance Payments

Performance payments for the Corporation's contracted officers are based on a percentage of the annual salary package provided under their contracts 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.

Eight Executive Officers (2014: 6) have annual bonus payments (fixed amounts) within their individual employment contracts. These payments are payable within the currency of each financial year.

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

### **Provisions**

Provisions are recognised when the Corporation, as a result of a past event, has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

### **(f) Equity**

#### **Contributed Capital**

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.

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 in accordance with FRD 119A Transfers through Contributed Capital.

#### **Physical Asset Revaluation Reserve**

The physical asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

### **(g) 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 the Comprehensive Operating Statement 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 Comprehensive 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 receivables in the balance sheet. Loans and receivables are recorded at amortised cost less impairment.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### Financial Liabilities

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

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

### (ii) Fair Valuation

The carrying value less impairment provision of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of 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 2 (d).

Consistent with AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of fair value measurement hierarchy, the Corporation has provided the required disclosure in Note 2 (d).

### (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 the Comprehensive Operating Statement.

### (h) Fair Value

Consistent with AASB 13 *Fair Value Measurement*, the Corporation determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments and for non recurring fair value measurements such as assets held for sale, in accordance with the requirements of AASB 13 and relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

In addition, the Corporation determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation, based on the lowest level input that is significant to the fair value measurement as a whole, at the end of each reporting period.

The Valuer General Victoria (VGV) is the Corporation's independent valuation agency. On occasion, the Corporation also uses the services of Elders Limited for sheep stock fair value valuations and local valuers for land and building fair value valuations.

The Corporation, in conjunction with VGV, and other external valuers, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.



# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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### ***(i) 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.

The deferred tax assets and deferred tax liabilities are disclosed on the net basis in the balance sheet.

### ***(j) Commitments***

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 25) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

### ***(k) Contingent Assets and Contingent Liabilities***

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note (refer to Note 30) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

### ***(l) 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 2014-15 to be \$0 (2013-14: \$0).

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### **(m) Goods and Services tax**

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

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

#### **(n) 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.

#### **(o) 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 2015 reporting period. As at 30 June 2015, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2015. 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 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The preliminary assessment by the Corporation is that LMW does not hold financial available for sale (AFS) assets and therefore the change in the standard will have no effect on the Corporation currently.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. The Corporation is yet to assess the full impact of this standard.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. The Corporation is yet to assess the full impact of this standard.
AASB 2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> <li>• establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>• prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1 January 2016	The amendment of this Australian Accounting Standard will not impact on the Corporation as the revenue-based method is not used for depreciation and amortisation.
AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on the Corporation's reporting.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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### **Note 2 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. 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. The methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

The Corporation's principal financial instruments are loans sourced from the Treasury Corporation of Victoria. The loans include at call floating borrowings and fixed rate loans which are used to fund the capital expenditure program.

The Corporation has other financial assets and liabilities such as receivables and payables which arise directly from its operating activities.

Risk management is carried out by the management group in conjunction with the Risk and Audit Committee under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close co-operation with the Corporation's operating units. The Board reviews and endorses policies and processes for managing these risks and they are summarised below.

#### **(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.

#### **(i) Interest Rate Risk**

The Corporation's exposure to market interest rates relates primarily to the Corporation's long term borrowings and funds invested on the money market.

The interest rate on the Corporation's long term borrowings is fixed. The Corporation occasionally uses short term floating interest rate borrowings by way of the Treasury Corporation of Victoria's 11am facility. The short term nature of the floating facility and the fixed long term borrowings therefore do not expose the Corporation 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 mix of at call floating and fixed rate investment products.

Where the corporation engages in longer term borrowing to finance long term infrastructure assets it may seek to extend the term of borrowing beyond the debt portfolio range set out in its Treasury Management Policy so as to reduce the interest rate risk that could occur when refinancing of longer date borrowings are reset.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

The Corporation's exposure to interest rate risk on financial assets is set out in the following table.

2014/15

Financial Instruments	Floating interest rate	Fixed interest rate maturing in:			Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average interest rate
		Less than 1 year	1 - 5 years	Over 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Financial assets</b>							
Cash and Cash Equivalents	55,261	-	-	-	3	55,264	1.89
Receivables – property	3,052	-	-	-	4,282	7,334	3.20
Receivables – other	355	-	-	-	2,618	2,973	0.90
Investments	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>58,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,903</b>	<b>65,571</b>	<b>2.00</b>

<b>Financial liabilities</b>							
Payables	-	-	-	-	14,064	14,064	N/A
Interest Bearing Liabilities	3,000	3,659	13,052	40,632	-	60,343	5.23
<b>Total financial liabilities</b>	<b>3,000</b>	<b>3,659</b>	<b>13,052</b>	<b>40,632</b>	<b>14,064</b>	<b>74,407</b>	<b>4.24</b>

2013/14

Financial Instruments	Floating interest rate	Fixed interest rate maturing in:			Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average interest rate
		Less than 1 year	1 - 5 years	Over 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Financial assets</b>							
Cash	33,123	6,600	-	-	3	39,726	2.21
Receivables – property	2,714	-	-	-	2,966	5,680	3.47
Receivables – other	389	-	-	-	1,448	1,837	1.46
Investments	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>36,226</b>	<b>6,600</b>	<b>-</b>	<b>-</b>	<b>4,417</b>	<b>47,243</b>	<b>2.33</b>

<b>Financial liabilities</b>							
Payables	-	-	-	-	5,285	5,285	N/A
Interest Bearing Liabilities	6,600	2,667	13,881	43,467	-	66,615	5.14
<b>Total financial liabilities</b>	<b>6,600</b>	<b>2,667</b>	<b>13,881</b>	<b>43,467</b>	<b>5,285</b>	<b>71,900</b>	<b>4.76</b>

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

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (ii) Foreign Exchange Risk

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

#### (iii) Other Price Risk

The Corporation has no significant exposure to other price risk.

#### Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Corporation believes that a movement of 0.5% in interest rates is reasonably possible over the next 12 months. The impacts on the Corporation's net result and equity is disclosed in the following table.

30 June 2015	Carrying Amount \$'000	Interest Rate Risk			
		-0.5%		+0.5%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial assets</b>					
Cash and Cash Equivalents	55,264	(276)	(276)	276	276
Receivables	10,307	(17)	(17)	17	17
<b>Financial Liabilities</b>					
Interest Bearing Liabilities	60,343	15	15	(15)	(15)
<b>Total increase/(decrease)</b>		(278)	(278)	278	278

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 2014	Carrying Amount \$'000	Interest Rate Risk			
		-0.5%		+0.5%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial assets</b>					
Cash and Cash Equivalents	39,726	(199)	(199)	199	199
Receivables	7,517	(16)	(16)	16	16
<b>Financial Liabilities</b>					
Interest Bearing Liabilities	66,615	33	33	(33)	(33)
<b>Total increase/(decrease)</b>		(181)	(181)	181	181

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (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 past due but not impaired receivables at reporting date has been provided in Note 8 (b).

At 30 June 2015, the Corporation had no credit risk arising from investments. Exposure to credit risk from other financial assets is represented in the carrying amount of these assets in the Balance Sheet.

#### (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 are disclosed in the following table.

#### 2014/15

Financial Instruments	Carrying Amount	6 months or less	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	14,064	14,064	-	-	-	-	-
Interest Bearing Liabilities	60,343	4,325	2,334	2,698	4,740	5,614	40,632
<b>Total financial liabilities</b>	<b>74,407</b>	<b>18,389</b>	<b>2,334</b>	<b>2,698</b>	<b>4,740</b>	<b>5,614</b>	<b>40,632</b>

#### 2013/14

Financial Instruments	Carrying Amount	6 months or less	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	5,285	5,285	-	-	-	-	-
Interest Bearing Liabilities	66,615	7,906	1,361	3,659	2,698	7,524	43,467
<b>Total financial liabilities</b>	<b>71,900</b>	<b>13,191</b>	<b>1,361</b>	<b>3,659</b>	<b>2,698</b>	<b>7,524</b>	<b>43,467</b>

The Receivables and payables exclude statutory amounts.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (d) Fair Valuation

The carrying value of payables and receivables less impairment provision is a reasonable approximation of their fair values due to the short-term nature of payables and 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 offered by the Treasury Corporation of Victoria to the Corporation.

The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in the following table.

#### Net Fair Value of Financial Assets and Liabilities

	2015 Carrying Amount \$'000	2015 Net Fair Value \$'000	2014 Carrying Amount \$'000	2014 Net Fair Value \$'000
<b>Financial Assets</b>				
Cash and Cash Equivalents	55,264	55,264	39,726	39,726
Receivables	10,307	10,307	7,517	7,517
<b>Total Financial Assets</b>	<b>65,571</b>	<b>65,571</b>	<b>47,243</b>	<b>47,243</b>
<b>Financial Liabilities</b>				
Payables	14,064	14,064	5,285	5,285
Interest Bearing Liabilities	60,343	70,108	66,615	73,858
<b>Total Financial Liabilities</b>	<b>74,407</b>	<b>84,172</b>	<b>71,900</b>	<b>79,143</b>

Net market values of financial instruments are determined on the following basis:

- Cash, receivables, payables are valued at their carrying amounts as this approximates net market value.
- Interest Bearing Liabilities are valued by discounting the expected future cash flows at yields offered by the Treasury Corporation of Victoria at balance date.

#### Fair Value Measurement Hierarchy

The following table presents the Corporation's financial liabilities measured and recognised at fair value by level of the fair value measurement hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2015</b>				
<b>Financial Liabilities</b>				
Interest Bearing Liabilities	-	70,108	-	70,108
<b>Total Financial Liabilities</b>	<b>-</b>	<b>70,108</b>	<b>-</b>	<b>70,108</b>
<b>30 June 2014</b>				
<b>Financial Liabilities</b>				
Interest Bearing Liabilities	-	73,858	-	73,858
<b>Total Financial Liabilities</b>	<b>-</b>	<b>73,858</b>	<b>-</b>	<b>73,858</b>



## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 3 - REVENUE

(a) Operating Revenue comprises:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
General Tariff Charges	37,235	36,152	18,544	17,752	18,691	18,400
Government Pensioner Rate Reimbursement	2,068	2,051	2,024	2,006	44	45
Metered Charges	17,770	16,517	12,503	11,214	5,267	5,303
Trade Waste Charges	731	760	731	760	-	-
Customer Service Obligations	161	162	161	162	-	-
	57,965	55,642	33,963	31,894	24,002	23,748

(b) Income For Capital Purposes:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Developer/Capital Contributions	2,577	2,768	2,307	2,295	270	473
Government Contributions	2,500	2,000	-	-	2,500	2,000
Scheme Contributions	34	-	11	-	23	-
	5,111	4,768	2,318	2,295	2,793	2,473

Income for developer/capital purposes are once off payments which may not occur in future periods.

(c) Other Revenue:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Fees	1,389	1,271	941	865	448	406
Rent/Lease Income	1,068	1,180	1,022	1,122	46	58
Government Contributions (Non Capital)	50	-	-	-	50	-
Sundry Income	871	674	441	352	430	322
	3,378	3,125	2,404	2,339	974	786

(d) Interest Revenue comprises:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest from cash and cash equivalents	796	257	62	66	734	191
Interest on Charges	145	146	-	-	145	146
Interest on Private Schemes	29	24	29	24	-	-
	970	427	91	90	879	337

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

(e) Net gain/(loss) on disposal of non-financial assets

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Proceeds from sale of non-financial assets	1,110	1,199	583	629	527	570
Disposal of non-financial assets other than assets held for sale	(424)	(482)	(222)	(254)	(202)	(228)
Disposal of non-financial assets - assets held for sale	(590)	(798)	(310)	(419)	(280)	(379)
	96	(81)	51	(44)	45	(37)

#### Note 4 - EXPENDITURE

(a) Direct Expenses comprise:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Labour	7,213	6,395	3,804	3,503	3,409	2,892
Bulk Water Charge	4,960	5,064	739	716	4,221	4,348
Spillable Water Charge	290	149	3	3	287	146
Chemicals	866	829	818	755	48	74
Electricity	5,599	5,485	1,948	1,835	3,651	3,650
Repairs and Maintenance	6,116	5,457	3,503	2,838	2,613	2,619
Depreciation & Amortisation Expense	24,099	22,944	12,701	12,500	11,398	10,444
Lease/Rentals Expenses	119	59	62	54	57	5
Write off of Assets	3,833	207	137	95	3,696	112
Consultants	1,899	960	278	197	1,621	763
Other Expenses	1,032	741	657	562	375	179
	56,026	48,290	24,650	23,058	31,376	25,232

(b) Administration Expenses comprise:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Salaries & Labour Oncost	8,488	7,977	4,681	4,374	3,807	3,603
External Audit Fees (Refer Note 27)	87	85	46	45	41	40
Bank Charges & Agency Collection Fees	184	210	97	113	87	97
Insurances	489	568	257	297	232	271
Environmental Contribution	1,579	1,579	1,209	1,209	370	370
Depreciation & Amortisation Expense ( Refer Note 5 )	1,775	1,606	1,301	1,158	474	448
Bad Debts, Doubtful Debts and Write Offs	173	366	92	245	81	121
Directors & Chair Allowance	149	149	78	78	71	71
Other Expenses	3,329	2,910	2,023	1,767	1,306	1,143
	16,253	15,450	9,784	9,286	6,469	6,164

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

(c) Finance Costs:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest on Loans	3,213	3,353	1,505	1,649	1,708	1,704
Financial Accommodation Levy	652	717	289	323	363	394
	3,865	4,070	1,794	1,972	2,071	2,098
	3,865	4,070	1,794	1,972	2,071	2,098

#### **Note 5 - DEPRECIATION & AMORTISATION**

Depreciation & Amortisation expense for the year:

	2015 \$'000	2014 \$'000
Depreciation		
Infrastructure	23,536	22,388
Buildings	563	555
Plant, Equipment and Vehicles	1,133	1,095
	25,232	24,038
Software Amortisation	642	512
	25,874	24,550
	25,874	24,550
Allocated to direct expenses (Refer Note 4a)	24,099	22,944
Allocated to administration expenses (Refer Note 4b)	1,775	1,606
	25,874	24,550
	25,874	24,550

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 6 - INCOME TAX EXPENSE

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

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
a. The components of tax expense comprise:		
Current Tax Payable	-	-
Deferred tax relating to temporary differences	2,584	1,236
Adjustments for current tax on prior periods	-	-
	2,584	1,236
	2,584	1,236
Deferred income tax expense included in income tax expense comprises:		
Decrease/(Increase) in Deferred Tax Asset (Note 19)	(1,589)	(467)
(Decrease)/Increase in Deferred Tax Liability (Note 19)	(574)	(1,129)
Decrease/(Increase) in Equity (Note 19)	(421)	360
	(2,584)	(1,236)
	(2,584)	(1,236)
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	(8,443)	(3,801)
Prima facie tax payable on net result from ordinary activities before income tax at 30% (2014: 30%)	(2,533)	(1,140)
Add tax effect of:		
Other non allowable items	45	21
Recoupment of losses	-	-
	(2,488)	(1,119)
Tax effect of:		
Other items of income and expenditure	(96)	(117)
Correction to prior year tax expense	-	-
	(96)	(117)
Income Tax Expense/(Revenue) recognised in the Comprehensive Operating Statement	(2,584)	(1,236)

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 7 - CASH AND CASH EQUIVALENT ASSETS

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

	2015 \$'000	2014 \$'000
Cash on hand	3	3
Cash at bank	4,711	24,573
Deposits at call	50,550	-
Investments due less than 3 months	-	15,150
	55,264	39,726

Cash on hand is non-interest bearing.

The cash at bank and deposits at call are bearing floating interest rates between 1.4% and 1.95%. (2014: between 2.00% and 2.66%)

#### Note 8 - RECEIVABLES

Receivables comprise of:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Current Receivables:</u>						
Tariffs & Charges	7,472	6,035	4,387	3,100	3,085	2,935
Scheme Debtors	317	318	317	318	-	-
Other Debtors	2,618	1,448	1,301	768	1,317	680
Provision for Impairment of Tariffs and Charges	(138)	(355)	(105)	(134)	(33)	(221)
	10,269	7,446	5,900	4,052	4,369	3,394
<u>Non Current Receivables:</u>						
Scheme Debtors	38	71	33	71	5	-
	38	71	33	71	5	-

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (a) Provision for impaired receivables

As of 30 June 2015, receivables of \$137,549 (2014: \$354,968) were impaired. The individually impaired receivables are mainly related to urban residential property debtors, and irrigation and drainage property debtors.

By way of protection afforded to Lower Murray Water via the Water Act 1989, the majority of the Corporation's property debtors are recoverable through the payment by the debtor or on sale of the property (change of ownership).

The ageing analysis of these receivables is as follows:

	2015 \$'000	2014 \$'000
3 - 6 months	1	-
Over 6 months	137	355
	138	355
	=====	=====

Movements in the provision for impaired receivables are as follows:

	2015 \$'000	2014 \$'000
Opening balance at 1 July	(355)	(195)
Provision for impairment recognised/derecognised during the year	179	(160)
Receivables written off during the year as uncollectable	38	-
Closing balance at 30 June	(138)	(355)
	=====	=====

The creation and release of the provision for impaired receivables has been included as an expense in the Comprehensive Operating Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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

As at 30 June 2015 receivables of \$5,391,374 (2014: \$4,420,903) 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:

	2015 \$'000	2014 \$'000
0 - 3 months	2,022	1,637
3 - 6 months	957	786
Over 6 months	2,412	1,998
	5,391	4,421
	=====	=====

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

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (c) Fair value

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value.

Assessment of the non-current receivables reveals their carrying value also approximates to fair value.

	2015 Carrying Amount \$'000	2015 Net Fair Value \$'000	2014 Carrying Amount \$'000	2014 Net Fair Value \$'000
Scheme Debtors	38	38	71	71

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of Scheme Debtors. The Corporation does not hold any collateral as security. Refer to Note 2 for more information of the risk management policy of the Corporation.

#### Note 9 - INVENTORIES

Values as at 30 June, were:

	2015 \$'000	2014 \$'000
Stores and Consumables	2,967	3,064
Total Inventories	2,967	3,064

#### Note 10 - ASSETS HELD FOR SALE

##### (a) Movements during the reporting period

	2015 \$'000	2014 \$'000
Balance 1 July - Land held for Sale	5,937	5,687
Additions (Note 11)	-	2,247
Revaluation increment/(decrement) (Note 21)	(430)	(1,199)
Sales	(590)	(798)
Total Assets Held for Sale	4,917	5,937

Land held for sale is where the board has determined to sell excess land held by the Corporation and sale is highly probable. Land held for sale was re-valued by WPB Property Group during the 2014-15 financial year.



## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (b) Fair value measurement hierarchy for assets held for sale as at 30 June 2015

The following table provides the fair value measurement hierarchy of the Corporation's non-financial physical assets held for sale.

Fair value was determined by an independent valuer using the market approach by analysing GST-free land sales in comparable proximity to the subject properties and allowing for shape, size, topography, location, zoning and other relevant factors specific to the land being valued. Land held for sale is carried at fair value less costs of disposal.

2014-2015		Carrying Amount as at 30 June 2015	Fair Value measurement at end of reporting period using:		
			Level 1	Level 2	Level 3
Land Held for Sale at Fair Value	Non-specialised Land	4,917	-	4,917	-
<b>Total of Land Held for Sale at Fair Value</b>		<b>4,917</b>	<b>-</b>	<b>4,917</b>	<b>-</b>
		-----	-----	-----	-----
<b>Total Assets Held for Sale at Fair Value</b>		<b>4,917</b>	<b>-</b>	<b>4,917</b>	<b>-</b>
		=====	=====	=====	=====

2013-2014		Carrying Amount as at 30 June 2014	Fair Value measurement at end of reporting period using:		
			Level 1	Level 2	Level 3
Land Held for Sale at Fair Value	Non-specialised Land	5,937	-	5,937	-
<b>Total of Land Held for Sale at Fair Value</b>		<b>5,937</b>	<b>-</b>	<b>5,937</b>	<b>-</b>
		-----	-----	-----	-----
<b>Total Assets Held for Sale at Fair Value</b>		<b>5,937</b>	<b>-</b>	<b>5,937</b>	<b>-</b>
		=====	=====	=====	=====

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 11 - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

##### (a) Classes of infrastructure, property, plant and equipment

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE		ADMINISTRATION	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Land - at valuation	13,036	13,091	6,793	6,793	3,317	3,372	2,926	2,926
Land - subsequent additions at fair value	554	554	281	281	101	101	172	172
<b>Total land at fair value</b>	<b>13,590</b>	<b>13,645</b>	<b>7,074</b>	<b>7,074</b>	<b>3,418</b>	<b>3,473</b>	<b>3,098</b>	<b>3,098</b>
Buildings - at valuation	18,891	16,185	10,337	9,368	2,821	853	5,733	5,964
Buildings - subsequent additions at fair value	-	2,974	-	752	-	2,062	-	160
Less: Accumulated	-	(1,583)	-	(640)	-	(225)	-	(718)
<b>Total buildings at fair value</b>	<b>18,891</b>	<b>17,576</b>	<b>10,337</b>	<b>9,480</b>	<b>2,821</b>	<b>2,690</b>	<b>5,733</b>	<b>5,406</b>
Infrastructure - at valuation	682,503	686,802	317,065	317,213	365,438	369,589	-	-
Infrastructure - at fair value	115,599	92,065	81,789	76,299	33,810	15,766	-	-
Less: Accumulated	(87,951)	(65,505)	(47,801)	(35,479)	(40,150)	(30,026)	-	-
<b>Total infrastructure at fair value</b>	<b>710,151</b>	<b>713,362</b>	<b>351,053</b>	<b>358,033</b>	<b>359,098</b>	<b>355,329</b>	<b>-</b>	<b>-</b>
Plant, Equipment & Vehicles	15,059	14,740	11	11	227	226	14,821	14,503
Less: Accumulated	(9,464)	(9,023)	(11)	(10)	(149)	(149)	(9,304)	(8,864)
<b>Total plant, equipment and vehicles at fair value</b>	<b>5,595</b>	<b>5,717</b>	<b>-</b>	<b>1</b>	<b>78</b>	<b>77</b>	<b>5,517</b>	<b>5,639</b>
Works In Progress at cost	48,838	21,029	9,617	6,630	39,015	14,359	206	40
<b>Total infrastructure, property, plant and equipment at fair value</b>	<b>797,065</b>	<b>771,329</b>	<b>378,081</b>	<b>381,218</b>	<b>404,430</b>	<b>375,928</b>	<b>14,554</b>	<b>14,183</b>

##### Freehold land and buildings carried at fair value

An independent valuation of the Corporation's land and buildings was performed by Egan National Valuers (Vic) to determine the fair value of the land and buildings, with the effective date of 30 June 2011. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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Fair value was determined by analysing GST-free land sales in comparable proximity to the subject properties and allowing for shape, size, topography, location, zoning and other relevant factors specific to the land being valued. From the sales analysed, an appropriate \$-rate per square metre has been applied to the subject land. An allowance for Community Service Obligation for the risk associated with the removal of the public use restrictions was applied to various sites. The methodology employed to value the buildings was a mixture of market based direct comparison approach whereby the subject buildings are compared to recent comparable sales and the depreciated replacement cost method. The depreciated replacement cost method is used where the approach on market evidence is not suitable as the property is rarely sold except as part of a continuing business, or alternatively, the improvements are of a specialised nature and the market buying price would differ materially to the market selling price. The depreciated replacement cost is the cost of the asset considering the useful life of the asset and then making a deduction based on the condition of the asset and the used economic life of that asset.

As required by FRD 103F, Lower Murray Water conducted an annual fair value assessment of land and buildings as at 30 June 2015. The annual assessment determined the fair value movement of land not to be greater than 10% however the assessment determined that the buildings movement was greater than 10%. In accordance with FRD 103F a managerial revaluation was performed on the buildings class of assets with a fair value movement of \$1,832,207 recognised.

### **Infrastructure carried at fair value**

An independent valuation of the Corporation's infrastructure was performed by the Valuer-General Victoria who engaged AECOM to determine the fair value of the infrastructure. The valuation, which conforms to Australian Valuation Standards, determined fair value using the depreciated replacement cost method, with the current replacement costs based on the optimum modern equivalent in accordance with the relevant legislation, industry standards and guidelines. Where Lower Murray Water provided a reasonable condition assessment to AECOM, the remaining useful life of assets have been based on this condition assessment. Where no condition information is available, remaining useful life is estimated by subtracting the assets actual age (based on construction date) from its theoretical useful life. The effective date of the valuation is 30 June 2011.

As required by FRD 103F, Lower Murray Water conducted an annual fair value assessment of non-current physical infrastructure assets as at 30 June 2015. The annual assessment determined the fair value of the non-current physical infrastructure assets to be no greater than 10%, in accordance with FRD 103F no fair value movement is required to be recognised.

### **Plant, Equipment & Vehicles carried at fair value**

For plant, equipment and vehicles, existing depreciated replacement cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (b) Movements during the reporting period

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

2014-2015	Balance 1	Additions	Transfers	Disposals	Depreciation	Revaluation	Transfer from	Balance 30
	July		between				(to) Assets	
	\$'000	\$'000	classes	\$'000	\$'000	\$'000	Held for Sale	\$'000
Land	13,645	-	-	(55)	-	-	-	13,590
Infrastructure	713,362	57	23,810	(3,542)	(23,536)	-	-	710,151
Buildings	17,576	10	36	-	(563)	1,832	-	18,891
Plant, Equipment, and Vehicles	5,717	1,665	6	(660)	(1,133)	-	-	5,595
Works In Progress	21,029	51,699	(23,890)	-	-	-	-	48,838
	771,329	53,431	(38)	(4,257)	(25,232)	1,832	-	797,065

Disposals include amounts disclosed in Note 3(e) - Disposal of non-financial assets other than assets held for sale \$424 and Note 4(a) - Write off of assets \$3,833.

2013-2014	Balance 1	Additions	Transfers	Disposals	Depreciation	Revaluation	Transfer from	Balance 30
	July		between				(to) Assets	
	\$'000	\$'000	classes	\$'000	\$'000	\$'000	Held for Sale	\$'000
Land	15,920	-	-	(28)	-	-	(2,247)	13,645
Infrastructure	715,576	388	19,967	(181)	(22,388)	-	-	713,362
Buildings	16,993	164	1,014	(40)	(555)	-	-	17,576
Plant, Equipment, and Vehicles	4,727	1,956	569	(440)	(1,095)	-	-	5,717
Works In Progress	24,119	18,869	(21,959)	-	-	-	-	21,029
	777,335	21,377	(409)	(689)	(24,038)	-	(2,247)	771,329

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (c) Fair value measurement hierarchy for assets as at 30 June 2015

The following table provides the fair value measurement hierarchy of the Corporation's non-financial physical assets as at 30 June 2015.

2014-2015		Carrying Amount as at 30 June 2015 \$'000	Fair Value measurement at end of reporting period using:		
			Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at Fair Value					
	Non-specialised Land	11,389	-	11,389	-
	Specialised Land	2,201	-	-	2,201
<b>Total of Land at Fair Value</b>		<b>13,590</b>	<b>-</b>	<b>11,389</b>	<b>2,201</b>
Buildings at Fair Value					
	Non-specialised Buildings	5,749	-	5,749	-
	Specialised Buildings	13,142	-	-	13,142
<b>Total Buildings at Fair Value</b>		<b>18,891</b>	<b>-</b>	<b>5,749</b>	<b>13,142</b>
Plant, Equipment and Vehicles at Fair Value					
	Vehicles	3,736	-	-	3,736
	Plant and Equipment	1,859	-	-	1,859
<b>Total of Plant, Equipment and Vehicles as Fair Value</b>		<b>5,595</b>	<b>-</b>	<b>-</b>	<b>5,595</b>
Infrastructure at Fair Value					
	Water Storage	12,629	-	-	12,629
	Water Pumping Stations	8,487	-	-	8,487
	Sewer Pumping Stations	14,272	-	-	14,272
	Irrigation Pumping Stations	33,878	-	-	33,878
	Water Treatment Plants	56,216	-	-	56,216
	Waste Water Treatment Plants	51,795	-	-	51,795
	Water Pipeline Infrastructure	103,239	-	-	103,239
	Sewer Pipeline Infrastructure	104,415	-	-	104,415
	Irrigation Pipeline Infrastructure	310,776	-	-	310,776
	Other Structures	14,444	-	-	14,444
<b>Total Infrastructure at Fair Value</b>		<b>710,151</b>	<b>-</b>	<b>-</b>	<b>710,151</b>
<b>Total Infrastructure, Property, Plant and Equipment at Fair Value</b>		<b>748,227</b>	<b>-</b>	<b>17,138</b>	<b>731,089</b>

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

2013-2014		Carrying Amount as at 30 June 2014	Fair Value measurement at end of reporting period using:		
			Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Land at Fair Value					
	Non-specialised Land	11,444	-	11,444	-
	Specialised Land	2,201	-	-	2,201
<b>Total of Land at Fair Value</b>		<b>13,645</b>	<b>-</b>	<b>11,444</b>	<b>2,201</b>
Buildings at Fair Value					
	Non-specialised Buildings	5,951	-	5,951	-
	Specialised Buildings	11,625	-	-	11,625
<b>Total Buildings at Fair Value</b>		<b>17,576</b>	<b>-</b>	<b>5,951</b>	<b>11,625</b>
Plant, Equipment and Vehicles at Fair Value					
	Vehicles	3,581	-	-	3,581
	Plant and Equipment	2,136	-	-	2,136
<b>Total of Plant, Equipment and Vehicles as Fair Value</b>		<b>5,717</b>	<b>-</b>	<b>-</b>	<b>5,717</b>
Infrastructure at Fair Value					
	Water Storage	13,310	-	-	13,310
	Water Pumping Stations	8,956	-	-	8,956
	Sewer Pumping Stations	14,253	-	-	14,253
	Irrigation Pumping Stations	25,740	-	-	25,740
	Water Treatment Plants	59,005	-	-	59,005
	Waste Water Treatment Plants	53,340	-	-	53,340
	Water Pipeline Infrastructure	102,964	-	-	102,964
	Sewer Pipeline Infrastructure	106,205	-	-	106,205
	Irrigation Pipeline Infrastructure	314,984	-	-	314,984
	Other Structures	14,605	-	-	14,605
<b>Total Infrastructure at Fair Value</b>		<b>713,362</b>	<b>-</b>	<b>-</b>	<b>713,362</b>
<b>Total Infrastructure, Property, Plant and Equipment at Fair Value</b>		<b>750,300</b>	<b>-</b>	<b>17,395</b>	<b>732,905</b>

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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There were no changes in valuation techniques throughout the period to June 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

### ***Non-specialised Land and Buildings***

To the extent that non-specialised land and buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. (refer to Note 11(a) for valuation technique)

### ***Specialised Land and Buildings***

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the Corporation's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

### ***Plant and Equipment***

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. As depreciation adjustments are considered as significant, unobservable inputs in nature, plant and equipment are classified as Level 3 fair value measurements.

### ***Vehicles***

Vehicles use the depreciated replacement cost in estimating the fair value. The Corporation acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Corporation in which relevant depreciation rates are set during use to reflect the utilisation of the vehicles. As depreciation adjustments are considered as significant, unobservable inputs in nature, vehicles are classified as Level 3 fair value measurements.

### ***Infrastructure***

Infrastructure assets are valued using the depreciated replacement cost method as described in Note 11 (a). As depreciation adjustments are based on asset age, theoretical asset remaining useful life and asset condition assessment ratings are all considered as significant unobservable inputs in nature, all the classes within the Infrastructure category are classified as Level 3 fair value measurements.

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (d) Reconciliation of Level 3 fair value measurement hierarchy

2014-2015

	Balance 1 July	Additions	Transfers in (out) of Level 3	Disposals	Depreciation	Impairment	Revaluation	Transfer from (to) Assets Held for Sale	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Land</b>									
Specialised Land	2,201	-	-	-	-	-	-	-	2,201
<b>Buildings</b>									
Specialised Buildings	11,625	11	36	-	(315)	-	1,785	-	13,142
<b>Plant, Equipment, and Vehicles</b>									
Vehicles	3,581	1,284	-	(658)	(471)	-	-	-	3,736
Plant and Equipment	2,136	387	-	(1)	(663)	-	-	-	1,859
<b>Infrastructure</b>									
Water Storage Tanks	13,310	-	-	-	(681)	-	-	-	12,629
Water Pumping Stations	8,956	208	-	-	(677)	-	-	-	8,487
Sewer Pumping Stations	14,253	675	-	-	(656)	-	-	-	14,272
Irrigation Pumping Stations	25,740	11,552	-	(2,346)	(1,069)	-	-	-	33,878
Water Treatment Plants	59,005	893	-	-	(3,682)	-	-	-	56,216
Waste Water Treatment Plants	53,340	645	-	-	(2,190)	-	-	-	51,795
Water Pipeline Infrastructure	102,964	2,619	-	(85)	(2,259)	-	-	-	103,239
Sewer Pipeline Infrastructure	106,205	471	-	(51)	(2,210)	-	-	-	104,415
Irrigation Pipeline Infrastructure	314,984	6,797	-	(1,060)	(9,945)	-	-	-	310,776
Other Structures	14,604	6	-	-	(166)	-	-	-	14,444
	732,904	25,548	36	(4,201)	(24,984)	-	1,785	-	731,089



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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

2013-2014

	Balance 1 July	Additions	Transfers in (out) of Level 3	Disposals	Depreciation	Impairment	Revaluation	Transfer from (to) Assets Held for Sale	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Land</b>									
Specialised Land	2,201	-	-	-	-	-	-	-	2,201
<b>Buildings</b>									
Specialised Buildings	11,895	3	-	-	(273)	-	-	-	11,625
<b>Plant, Equipment, and Vehicles</b>									
Vehicles	3,095	1,347	-	(438)	(423)	-	-	-	3,581
Plant and Equipment	1,632	1,178	-	(2)	(672)	-	-	-	2,136
<b>Infrastructure</b>									
Water Storage Tanks	13,992	-	-	-	(682)	-	-	-	13,310
Water Pumping Stations	9,485	137	-	-	(666)	-	-	-	8,956
Sewer Pumping Stations	14,286	587	-	-	(620)	-	-	-	14,253
Irrigation Pumping Stations	20,528	6,314	-	-	(1,101)	-	-	-	25,740
Water Treatment Plants	61,569	1,063	-	-	(3,627)	-	-	-	59,005
Waste Water Treatment Plants	52,116	3,374	-	-	(2,150)	-	-	-	53,340
Water Pipeline Infrastructure	103,536	1,758	-	(92)	(2,238)	-	-	-	102,964
Sewer Pipeline Infrastructure	105,824	2,554	-	-	(2,173)	-	-	-	106,205
Irrigation Pipeline Infrastructure	321,377	2,597	-	(27)	(8,963)	-	-	-	314,984
Other Structures	12,863	1,993	-	(85)	(167)	-	-	-	14,604
	734,399	22,905	-	(644)	(23,755)	-	-	-	732,905

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (e) Description of significant unobservable inputs to Level 3 valuations 2014-2015

Valuation Technique			Range (Weighted Average)	changes in significant unobservable inputs
<b>Specialised Land</b>				
(1,514 ha)	Market Approach	Community Service Obligation (CSO) adjustment VGV provided to Egan National Valuers (Vic)	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower or higher fair value. No changes to the zoning of the land held in this category being held for public entity use.
<b>Specialised Buildings</b>				
(25 Buildings)	Depreciated replacement cost	Direct cost per sqm	\$184.06 - \$4,673.56 per sqm (\$146.00 per sqm)	A significant increase or decrease in direct cost per square metre adjustment would result in a significant higher or lower fair value. No change in the buildings held by LMW, they are still considered restricted assets.
		Useful life of specialised buildings	30-60 years (45 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW has not made any significant change to the useful life of the specialised buildings held.
<b>Vehicles</b>				
(103 Vehicles)	Depreciated replacement cost	Cost per unit	\$6,345.00 - \$105,858.00 per unit (\$29,203.21 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value of the LMW vehicle fleet.
		Useful life of vehicles	8-10 years (9 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW has not changed vehicle management policy during the 2014-15 year.
<b>Plant and Equipment</b>				
(910 units)	Depreciated replacement cost	Cost per unit	\$0 - \$126,837 per unit (\$2,040.00 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value of the LMW plant and equipment.
		Useful life of plant and equipment	6 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower its valuation. LMW have assessed that the condition of the assets have not significantly changed.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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#### Water Storage Tanks

(23 storage tanks)	Depreciated replacement cost	Cost per Unit	\$79,035 - \$1,639,171 per unit (\$520,020 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW water storage assets have no varied over the past year.
		Useful life of water storage tanks	60-100 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Water Pumping Stations

(36 pump stations)	Depreciated replacement cost	Cost per Unit	\$37,995 - \$726,000 per unit (\$235,745 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's water pump stations have not varied over the past year.
		Useful life of water pumping stations	25-80 years (55 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Sewer Pumping Stations

(110 pump stations)	Depreciated replacement cost	Cost per Unit	\$25,272 - \$850,446 per unit (\$129,072 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's sewer pump stations have not varied over the past year.
		Useful life of sewer pumping stations	10-80 years (70 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Irrigation Pumping Stations

(20 pump stations)	Depreciated replacement cost	Cost per Unit	\$38,549 - \$9,033,964 per unit (\$1,699,206 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's irrigation pump stations are undergoing upgrades currently. The upgrades will be capitalised at cost, no significant change to the 2011 revaluation values for the remainder of assets.
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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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#### Irrigation Pumping Stations - Continued

	Useful life of irrigation pumping stations	40-120 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. The upgraded assets condition will be assessed when completed, capitalised and in use. Currently LMW have assessed that the condition of the assets have not significantly changed. The upgraded pump stations useful lives will still remain within the useful life range.
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#### Water Treatment Plants

(9 treatment plants)	Depreciated replacement cost	Cost per Unit	\$661,728 - \$13,640,795 per unit (\$6,246,179 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's water treatment plants have not varied over the past year.
		Useful life of water treatment plants	5-80 years (26 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Wastewater Treatment Plants

(10 treatment plants)	Depreciated replacement cost	Cost per Unit	\$407,278 - \$38,218,385 per unit (\$5,209,145 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's wastewater treatment plants have not varied over the past year.
		Useful life of wastewater treatment plants	10-100 years (90 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Water Pipeline Infrastructure

(914,927 metres)	Depreciated replacement cost	Cost per Metre	\$50 - \$878 p/m (\$113.19 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's distribution network has not significantly varied over the past year.
		Useful life of water pipeline infrastructure	50-110 years (60 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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#### Sewer Pipeline Infrastructure

(636,398 metres)	Depreciated replacement cost	Cost per Metre	\$50 - \$750 p/m (\$164.07 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's sewer network has not significantly varied over the past year.
		Useful life of sewer pipeline infrastructure	50-100 years (50 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Irrigation Pipeline Infrastructure

(1,985,230 metres)	Depreciated replacement cost	Cost per Metre	\$50 - \$1,944 p/m (\$156.54 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's Irrigation or drainage networks has not varied significantly over the past year.
		Useful life of irrigation pipeline infrastructure	50-110 years (60 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Other Structures

	Depreciated replacement cost	Cost per Unit	\$76,769 - \$5,162,334 per unit (\$424,826 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's other structures have not varied significantly over the past year.
		Useful life of other structures	15-100 years (31 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (e) Description of significant unobservable inputs to Level 3 valuations 2013-2014

Valuation Technique			Range (Weighted Average)	changes in significant unobservable inputs
<b>Specialised Land</b>				
(1,514 ha)	Market Approach	Community Service Obligation (CSO) adjustment VGV provided to Egan National Valuers (Vic)	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower or higher fair value. No changes to the zoning of the land held in this category being held for public entity use.
<b>Specialised Buildings</b>				
(37 Buildings)	Depreciated replacement cost	Direct cost per sqm	\$4.50 - \$897.56 per sqm (\$135 per sqm)	A significant increase or decrease in direct cost per square metre adjustment would result in a significant higher or lower fair value. No change in the buildings held by LMW, they are still considered restricted assets.
		Useful life of specialised buildings	30-60 years (45 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW has not made any significant change to the useful life of the specialised buildings held.
<b>Vehicles</b>				
(133 Vehicles)	Depreciated replacement cost	Cost per unit	\$5,000 - \$131,500.00 per unit (\$26,936 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value of the LMW vehicle fleet.
		Useful life of vehicles	8-10 years (9 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW has not changed vehicle management policy during the 2013-14 year.
<b>Plant and Equipment</b>				
(1020 units)	Depreciated replacement cost	Cost per unit	\$0 - \$36,733 per unit (\$1099.00 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value of the LMW plant and equipment.
		Useful life of plant and equipment	1-60 years ( 5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower its valuation. LMW have assessed that the condition of the assets have not significantly changed.

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### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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#### Water Storage Tanks

(23 storage tanks)	Depreciated replacement cost	Cost per Unit	\$83,095 - \$1,680,039 per unit (\$578,695 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW water storage assets have no varied over the past year.
		Useful life of water storage tanks	60-100 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Water Pumping Stations

(36 pump stations)	Depreciated replacement cost	Cost per Unit	\$41,109 - \$678,908 per unit (\$248,769 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's water pump stations have not varied over the past year.
		Useful life of water pumping stations	25-80 years (55 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Sewer Pumping Stations

(112 pump stations)	Depreciated replacement cost	Cost per Unit	\$30,292 - \$882,866 per unit (\$146,304 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's sewer pump stations have not varied over the past year.
		Useful life of sewer pumping stations	10-80 years (70 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Irrigation Pumping Stations

(22 pump stations)	Depreciated replacement cost	Cost per Unit	\$41,516 - \$7,686,285 per unit (\$1,186,629 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's irrigation pump stations are undergoing upgrades currently. The upgrades will be capitalised at cost, no significant change to the 2011 revaluation values for the remainder of assets.
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#### Irrigation Pumping Stations - Continued

Useful life of irrigation pumping stations	40-120 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. The upgraded assets condition will be assessed when completed, capitalised and in use. Currently LMW have assessed that the condition of the assets have not significantly changed. The upgraded pump stations useful lives will still remain within the useful life range.
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#### Water Treatment Plants

(9 treatment plants) Depreciated replacement cost	Cost per Unit	\$739,111 - \$14,404,091 per unit (\$6,556,0800 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's water treatment plants have not varied over the past year.
	Useful life of water treatment plants	5-80 years (26 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Wastewater Treatment Plants

(14 treatment plants) Depreciated replacement cost	Cost per Unit	\$137,505 - \$35,807,394 per unit (\$3,831,671 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's wastewater treatment plants have not varied over the past year.
	Useful life of wastewater treatment plants	10-100 years (90 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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#### Water Pipeline Infrastructure

(906,649 metres) Depreciated replacement cost	Cost per Metre	\$50 - \$878 p/m (\$113.65 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's distribution network has not significantly varied over the past year.
	Useful life of water pipeline infrastructure	50-110 years (60 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

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## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

<b>Sewer Pipeline Infrastructure</b>				
(632,843 metres)	Depreciated replacement cost	Cost per Metre	\$50 - \$750 p/m (\$171.40 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's sewer network has not significantly varied over the past year.
		Useful life of sewer pipeline infrastructure	50-100 years (50 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.
<b>Irrigation Pipeline Infrastructure</b>				
(1,982,000 metres)	Depreciated replacement cost	Cost per Metre	\$50 - \$1,944 p/m (\$158.92 p/m)	A significant increase or decrease in cost per metre would result in a significant higher or lower fair value. LMW's 2011 revaluation rates have not significantly changed. LMW's Irrigation or drainage networks has not varied significantly over the past year.
		Useful life of irrigation pipeline infrastructure	50-110 years (60 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.
<b>Other Structures</b>				
	Depreciated replacement cost	Cost per Unit	\$10,661 - \$4,707,243 per unit (\$442,565 per unit)	A significant increase or decrease in cost per unit would result in a significant higher or lower fair value. LMW's other structures have not varied significantly over the past year.
		Useful life of other structures	15-100 years (31 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. LMW have assessed that the condition of the assets have not significantly changed.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 12 - BIOLOGICAL ASSETS

The Corporation recognises livestock as biological assets.

	<b>2015</b>	<b>2014</b>
Livestock head count as at 30 June	497	484
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in carrying amounts of livestock</b>		
Opening balance at 1 July	57	58
Increase due to births/transfers in	44	45
Increase due to purchases	-	-
Increase/(decrease) due to fair value adjustment	5	(1)
Decrease attributable to disposal/transfers out	(42)	(45)
	-----	-----
Closing balance at 30 June	64	57
	=====	=====

Fair value was determined by an independent valuer using the market approach by analysing livestock prices in comparable proximity and condition to the livestock being valued.

Biological assets have been classified as fair value - hierarchy level 2. Refer to Note 1(h) which describes the fair value hierarchy.

#### Note 13 - INTANGIBLE ASSETS

	Balance 1 July	Additions	Transfers between classes	Disposals	Impairment	Amortisation	Balance 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014-2015</b>							
Software Development Costs	1,197	223	38	-	-	(642)	816
Water Shares	4,797	-	-	-	-	-	4,797
	-----	-----	-----	-----	-----	-----	-----
	5,994	223	38	-	-	(642)	5,613
	=====	=====	=====	=====	=====	=====	=====
<b>2013-2014</b>							
Software Development Costs	1,187	113	409	-	-	(512)	1,197
Water Shares	4,797	-	-	-	-	-	4,797
	-----	-----	-----	-----	-----	-----	-----
	5,984	113	409	-	-	(512)	5,994
	=====	=====	=====	=====	=====	=====	=====

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 14 - PAYABLES

Unsecured Liabilities:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and Accrued Creditors	12,673	4,173	5,982	2,073	6,691	2,100
Deposits	573	483	537	447	36	36
Advances for Works Program	480	532	-	-	480	532
Other	793	533	793	533	-	-
	-----	-----	-----	-----	-----	-----
	14,519	5,721	7,312	3,053	7,207	2,668
	=====	=====	=====	=====	=====	=====

#### (a) Fair Value

Due to the short-term nature of the current payables, their carrying value is assumed to approximate their fair value.

#### Note 15 - INTEREST BEARING LIABILITIES

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

Secured:

	TOTAL		CURRENT (12 MONTHS)		NON-CURRENT (2-5 YEARS)		NON-CURRENT (OVER 5 YEARS)	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans	60,343	66,615	6,659	9,267	13,052	13,881	40,632	43,467
	-----	-----	-----	-----	-----	-----	-----	-----
	60,343	66,615	6,659	9,267	13,052	13,881	40,632	43,467
	=====	=====	=====	=====	=====	=====	=====	=====

Loans and Bank Overdraft are secured by the future revenue of the Corporation and a guarantee from the Treasurer of Victoria under the Borrowings and Investment Powers Act 1987.

For an analysis of the sensitivity of interest bearing liabilities to interest rate risk and foreign exchange risk refer to Note 2.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### (b) Credit Standby Arrangement with Banks

	2015 \$'000	2014 \$'000
Credit Facility	250	250
Amount Utilised	-	-
Unused Credit Facility	250	250
	250	250

#### (c) Fair value

The carrying amounts and fair values of interest bearing liabilities at balance date are:

	2015 Carrying Amount \$'000	2015 Net Fair Value \$'000	2014 Carrying Amount \$'000	2014 Net Fair Value \$'000
Loans	60,343	70,108	66,615	73,858

Interest Bearing Liabilities are valued by discounting the expected future cash flows at yields offered by the Treasury Corporation of Victoria at balance date.

#### Note 16 - EMPLOYEE BENEFITS

	TOTAL		CURRENT		NON-CURRENT	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Annual Leave	1,849	1,699	1,849	1,699	-	-
Accumulated Sick Leave	32	20	32	20	-	-
Long Service Leave	3,532	3,495	3,211	3,204	321	291
Accrued Bonus	155	170	155	170	-	-
Aggregate Carrying Amount of Employee Benefits	5,568	5,384	5,247	5,093	321	291
	5,568	5,384	5,247	5,093	321	291

Employee numbers at end of financial year 2015: 173 (2014: 169)

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Employee Benefit and related On-Costs

	TOTAL		CURRENT		NON-CURRENT	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Annual Leave On-Costs	232	211	232	211	-	-
Long Service Leave On-Costs	497	498	453	457	44	41
<b>Total On-Costs</b>	<b>729</b>	<b>709</b>	<b>685</b>	<b>668</b>	<b>44</b>	<b>41</b>

#### Annual Leave

	2015 \$'000	2014 \$'000
Current:		
Short term benefits, expected to be settled wholly within 12 months after the end of the period measured at nominal value	-	-
Long term benefits, not expected to be settled wholly within 12 months after the end of the period measured at present value	1,849	1,699
	<b>1,849</b>	<b>1,699</b>

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

Calculated average hours of leave taken by staff annually	107	133
Discount rate for annual leave not settled wholly within 12 mths	1.930%	2.455%

#### Long Service Leave

The Corporation's legal liability to Long Service Leave attributable to its employees at 30 June 2015 was \$3,531,812 which has been fully funded.

	2015 \$'000	2014 \$'000
Current:		
Short term benefits, unconditional and expected to settle wholly within 12 months of the period measured at nominal value	-	-
Long term benefits, unconditional and expected to settle wholly after 12 months after the end of the period measured at present value	3,211	3,204
	<b>3,211</b>	<b>3,204</b>
Non Current		
Long Service Leave being less than 7 years of continuous service measured at present value	321	291
	<b>3,532</b>	<b>3,495</b>

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

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

	2015	2014
Weighted average increase in employee costs	4.438%	4.438%
Weighted average discount rates	2.03%	2.55%
Weighted average settlement period	12	13

#### **Note 17 - PROVISIONS**

	2015 \$'000	2014 \$'000
<b>Current</b>		
Land Remediation	-	-
	-----	-----
	-	-
	=====	=====

#### **Movement in Provisions**

	Land Remediation	Total
<b>2014-2015</b>		
Opening balance at 1 July	-	-
Payments	-	-
	-----	-----
Closing balance at 30 June	-	-
	=====	=====

	Land Remediation	Total
<b>2013-2014</b>		
Opening balance at 1 July	156	156
Payments	(156)	(156)
	-----	-----
Closing balance at 30 June	-	-
	=====	=====

The land provision stated above has transferred from the former First Mildura Irrigation Trust. Land remediation is to fill in the channels replaced by the South Mildura High Pressure Irrigation project. The land remediation has been completed and the total of the provision has now been used.

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### **Note 18 - SUPERANNUATION**

Lower Murray Water makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or due.

#### *Accumulation*

The Fund's accumulation categories, Vision MySuper/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 (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

#### *Defined Benefit*

Lower Murray Water does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Lower Murray Water in the Fund cannot be as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 because of the pooled nature of the Fund's defined benefit category.

#### *Funding Arrangements*

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.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the Vested Benefit Indexed (VBI) of the defined benefit category of which Lower Murray Water is a contributing employer was 103.4%.

To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.5%pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa.

Vision Super has advised that the estimated VBI at 31 March quarter 2015 was 108.5%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

#### **Employer Contributions**

##### *Regular Contributions*

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Lower Murray Water makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with the required Superannuation Guarantee (SG) contribution rate.

In addition, Lower Murray Water reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

##### *Funding Calls*

If the defined benefit category is in an unsatisfactory financial position at an actuarial investigation or the defined benefit's category's VBI is below its shortfall limit at any time other than at the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Lower Murray Water) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the Pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

#### Latest Actuarial Investigation Surplus Amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Lower Murray Water is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Lower Murray Water was notified of the results of the actuarial investigation during January 2015.

Lower Murray Water makes employer superannuation contributions in respect of its employees to Emergency Services and State Super, which are classed as defined benefit schemes.

As per FRD 112C, the Victorian Government holds the responsibility for any unfunded liability for the Emergency Services and State Super schemes and is therefore responsible for reporting that liability.

Contributions by Lower Murray Water (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of Scheme	Employee Numbers	2015	2014	2015	2014
			Rate	Rate	\$'000	\$'000
State Superannuation Board Revised Scheme	Defined Benefit	3	17.30%	17.30%	29	36
State Superannuation Board New Scheme	Defined Benefit	4	9.50%	9.25%	21	30
Vision Super	Defined Benefit	29	9.50%	9.25%	222	227
Vision Super Saver	Accumulation	106	9.50%	9.25%	638	639
Others	Various	73	9.50%	9.25%	361	215
Total Contributions to all funds					1,271	1,147

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015. The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$229,000 (2015: \$222,395).



## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 19 - DEFERRED TAXES

##### Deferred Tax Assets

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
The balance comprises temporary differences attributable to:		
Amounts recognised in Comprehensive Operating Statement		
Employee benefits	1,670	1,722
Other	160	125
Tax losses	24,911	23,305
	26,741	25,152
	26,741	25,152

##### Movements

Opening balance at 1 July	25,152	24,685
Credited/(charged) to the Comprehensive Operating Statement	1,589	467
Under/(Over) Provision	-	-
	26,741	25,152
	26,741	25,152

##### Deferred Tax Liabilities

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax liability comprises:		
Tax allowances relating to property, plant, and equipment	129,993	130,589
Other	23	1
Current Tax Liability	-	-
	130,016	130,590
	130,016	130,590

##### Movements

Opening Balance 1 July	130,590	131,719
Charged/(credited) to the Comprehensive Operating Statement	(995)	(769)
Under/Over Provision	-	-
Current Tax Liability	-	-
Charged/(credited) to equity	421	(360)
	130,016	130,590
	130,016	130,590

##### Net Deferred Assets/(Liabilities)

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	(103,275)	(105,438)
	(103,275)	(105,438)

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 20 - CONTRIBUTED CAPITAL

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance 1 July	565,566	537,606
Capital transactions with the State in its capacity as owner arising from:		
- Capital Contributions (funding for the Sunraysia Modernisation Project)	46,967	27,960
	612,533	565,566
Closing balance 30 June	612,533	565,566

#### Note 21 - PHYSICAL ASSET REVALUATION SURPLUS

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in Physical Asset Revaluation Surplus</b>		
Balance 1 July	153,664	154,503
Revaluation increment/(decrement)	1,402	(1,199)
Tax effect of revaluation increment/(decrement)	(421)	360
	154,645	153,664
Balance 30 June	154,645	153,664
 <b>Movements by class</b>		
<b>Land</b>		
Balance 1 July	2,417	3,256
Revaluation increment/(decrement)	(430)	(1,199)
Tax effect of revaluation increment/(decrement)	129	360
	2,116	2,417
Balance 30 June	2,116	2,417
 <b>Buildings</b>		
Balance 1 July	4,361	4,361
Revaluation increment/(decrement)	1,832	-
Tax effect of revaluation increment/(decrement)	(550)	-
	5,643	4,361
Balance 30 June	5,643	4,361
 <b>Infrastructure</b>		
Balance 1 July	146,886	146,886
Revaluation increment/(decrement)	-	-
Tax effect of revaluation increment/(decrement)	-	-
	146,886	146,886
Balance 30 June	146,886	146,886

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 22 - ACCUMULATED DEFICIT

	2015 \$'000	2014 \$'000
Accumulated Deficit at 1 July	(68,495)	(65,930)
Net Surplus/(Deficit) for the year after Income Tax Expense	(5,859)	(2,565)
Accumulated Deficit at 30 June	(74,354)	(68,495)

#### Note 23 - EQUITY

	2015 \$'000	2014 \$'000
Total Equity at 1 July	650,735	626,179
Total Other Changes in Equity Recognised in the Statement of Changes in Equity	42,089	24,556
Total Equity at 30 June	692,824	650,735

#### Note 24 - RECONCILIATION OF NET RESULT FOR THE PERIOD AFTER RELATED INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2015 \$'000	2014 \$'000
Net result for the year after income tax	(5,859)	(2,565)
Add/(less) Non Cash Flows in Net result		
Depreciation/Amortisation	25,874	24,550
Income Tax Expense/(Revenue)	(2,584)	(1,236)
Assets Written off	3,833	207
Loss/(Gain) on Disposal of Non-Current Physical Assets	(96)	81
	21,168	21,037
Changes in Assets & Liabilities:		
Decrease/(Increase) in Receivables	(2,792)	894
Decrease/(Increase) in Inventories	91	(94)
Decrease/(Increase) in Prepayments	(63)	(40)
Increase/(Decrease) in Payables & Provisions	(368)	(723)
Increase/(Decrease) in Employee Benefits	182	314
Net Cash provided by/(used in) Operating Activities	18,218	21,388
	2015 \$'000	2014 \$'000
Non-cash investing activities		
Accrued payments for purchases of Infrastructure, Property, Plant and Equipment	9,169	-

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

#### Note 25 - COMMITMENTS

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable.

#### Capital Commitments for Incomplete Contracts

	2015	2014
	\$'000	\$'000
Payment due within one year	63,511	68,403
Payments due between one to three years	491	43,025
	64,002	111,428
	=====	=====

Included in the Capital commitments is the commitment of the Funding agreement between Lower Murray Water and the Commonwealth and State Governments for the Sunraysia Modernisation Project (SMP). The funding agreement is for \$119M of capital works to be completed with \$103M being funded by the Commonwealth Government.

#### Operating Lease Commitments

	2015	2014
	\$'000	\$'000
Payment due within one year	35	34
Payments due between one to three years	-	34
	35	68
	=====	=====

#### Environmental Contribution Commitments

	2015	2014
	\$'000	\$'000
Payment due within one year	1,639	1,639
Payments due between two to three years	-	1,639
	1,639	3,278
	=====	=====

#### Capital Receivables

	2015	2014
	\$'000	\$'000
Receivables due within one year	6,000	53,000
Receivables due between two to three years	3,475	19,475
	9,475	72,475
	=====	=====

Capital Receivables are in-line with milestone payments to be made by the Commonwealth Government in connection with the Sunraysia Modernisation Project (SMP).

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

### Note 26 - RESPONSIBLE PERSONS DISCLOSURE

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

(i) Names of Persons who were responsible persons at any time during the financial year ended 30 June, 2015:

Ministers	Peter Walsh MLA	Minister for Water	to 3 December 2014
	The Hon Lisa Neville MP	Minister for Environment, Climate Change and Water	from 4 December 2014
Members	Mr J Tesoriero (Chairperson)		
	Mr T Mathews (Deputy Chairperson)		
	Mr G Robertson		
	Ms K Martin		
	Mr M Bennett		
	Ms C Rix		
	Mr B Bishop		
	Mr P Endley (Managing Director)	from 1 September 2014	

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

During the year the following person(s) acted as Managing Director in the Managing Director's absence.

Mr D Girdwood	35 Days
Mrs Loris Davis	20 Days

(ii) Total Remuneration received or due and receivable by responsible persons totalled \$365,712 (2014: \$423,576).

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

	2015	2014
\$1 - \$10,000	-	2
\$10,001 - \$20,000	4	7
\$20,001 - \$30,000	2	1
\$40,001 - \$50,000	1	-
\$200,001 - \$210,000	1	-
\$270,001 - \$280,000	-	1
	-----	
Total Numbers	8	11
	=====	

During the 2014 financial year 3 responsible persons, Ms L Burrows, Mr D Graham and Mr P Jones reached the end of their appointed term and 3 new responsible persons were appointed being Mr J Tesoriero, Mr G Robertson and Mr T Mathews.

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

(iv) 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 9.5% (2014: 9.25%). Contributions of \$34,743 (2014: \$38,435) were paid on behalf of the Directors in accordance with the Superannuation Guarantee Charge at the required rate of 9.5% (2014: 9.25%).

## Our Financial Report

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

(v) 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 for the 2015 or 2014 financial years.

(vi) Retirement Benefits and Loans:

There were no other retirement benefits or loans provided to responsible persons during the 2015 or 2014 financial years.

(vii) Executive Remuneration - The number of executive officers whose remuneration exceeded \$100,000 during the reporting period are shown below in the relevant income bands:

	Total Remuneration		Base Remuneration	
	2015	2014	2015	2014
\$100,000 - \$110,000	-	-	-	-
\$110,001 - \$120,000	-	-	-	-
\$120,001 - \$130,000	-	-	-	-
\$130,001 - \$140,000	-	-	-	-
\$140,001 - \$150,000	-	-	1	1
\$150,001 - \$160,000	1	1	2	-
\$160,001 - \$170,000	2	-	2	1
\$170,001 - \$180,000	2	1	-	1
\$180,001 - \$190,000	-	1	1	1
\$190,001 - \$200,000	1	1	-	1
\$200,001 - \$210,000	-	1	1	-
\$210,001 - \$220,000	1	-	1	1
\$220,001 - \$230,000	1	1	-	-
Total Numbers	8	6	8	6
Total Annualised Employee Equivalent (AEE) *	8	6	8	6
Total Remuneration received or due and receivable by the Executives listed above totalled:	\$1,477,852	\$1,131,279	\$1,390,370	\$1,067,599

The Corporation has re-classified the executive officers as per FRD 21B - *Disclosures of Responsible Persons, Executive Officers and Other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report* and have disclosed officers that are employed at an annual compensation rate not less than the minimum remuneration of the Victorian Public Service (VPS) EO-3 Band over the reporting period. The 2014 comparatives have been restated to reflect the re-classification as per FRD 21B.

Total executive remuneration for 2014-15 has increased by 30%. The Corporation had 2 positions that moved into the executive officer classification in accordance with the VPS EO-3 Band remuneration in which the roles and responsibilities of the positions are considered a management role.

\* Annualised employee equivalent (AEE) is calculated by dividing the total number of ordinary hours that an employee worked over the reporting period by the total number of full-time working hours per annum (this is generally 38 hours per week for 52 weeks per year).

# Our Financial Report

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

(viii) Payments to other Personnel (i.e. contractors with significant management responsibilities)

Payments have been made to one contractor who was responsible for the planning, directing and managing a major Capital Works Project.

	Total expenses (exclusive of GST)	
	2015	2014
\$390,000- \$399,999	1	-

### **Note 27 - AUDITOR REMUNERATION**

	2015 \$'000	2014 \$'000
Remuneration of Auditors		
Victorian Auditor General's Office - Audit Services	87	85
	87	85
	87	85

### **Note 28 - EX-GRATIA EXPENSES**

	2015 \$'000	2014 \$'000
Ex-gratia expenses include individual items that are greater than or equal to \$5,000.		
Waiver of debt <sup>(i)</sup> <sup>(ii)</sup>	43	-
Total Ex-gratia Expenses	43	-
	43	-

Notes:

- (i) Waiver of over usage water excess penalty charge from 2010 irrigation season. The ex-gratia expense is also presented in Note 4 (b) - Expenditure - Bad Debts, Doubtful Debts and Write Offs.
- (ii) Waiver of penalty interest charge which has compounded on outstanding scheme debt on change of property ownership which was overlooked by acting solicitor. The ex-gratia expense is also presented in Note 4 (b) - Expenditure - Bad Debts, Doubtful Debts and Write Offs.

### **Note 29 - EVENTS OCCURRING AFTER BALANCE DATE**

On the 8 April 2015, the Minister for Environment, Climate Change and Water, the Hon Lisa Neville MP, announced a review of all 135 Victorian water corporation board director positions. Expressions of interest were invited during April and May 2015 with new boards to be in place by 1 October 2015.

Water corporations remain governed by a properly constituted board of directors and will do so following 1 October 2015 when any new appointments are due to commence.

### **Note 30 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The Board is aware of the following potential contingent liability:

The Corporation has received notice of intended legal action to recover fees and charges disputed by a customer.

No details are known as to the quantum or whether any legal action will take place.

## Appendix 1—Disclosure Index

The 2014/15 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.

In accordance with the *Financial Management Act 1994*, I am pleased to attest the Lower Murray Urban and Rural Water Corporation's Annual Report 2014/15 is compliant with all statutory reporting requirements.



**Philip Endley**  
 Managing Director  
 22 September 2015

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