

Contents

Letter from the Chairperson	2
About Us	3
Governance	3
Our Vision And Values	4
What We Do	4
Our Organisation Structure	5
Our Economic Profile	6
Service Delivery	6
Financial Performance	9
Obligations	11
Asset Management	11
Our Environmental Profile	13
Environmental Management	13
Resource Management	13
Nutrient Management	15
Land Management	16
Our Social Profile	17
Partnerships With Customers	17
Stakeholder Engagement	18
Accountability	19
Community Involvement	20
Our People	21
Our Statutory Report	24
Financial Review of Operations And Financial Conditions	25
Bulk Entitlements	26
Water Transfer Tables	30
Our Financial Report	37
Compliance Checklist	52

Letter from the Chairperson

The past twelve months has been extremely challenging for us – and our customers. The ongoing drought meant that there was a significant increase in demand for water from our already stressed rivers, streams and aquifers.

At the beginning of 2002, the volume of water held in our storages indicated that we would only be able to offer irrigators their Water Right or licensed volume entitlements – and that unless there was significant rainfall across all our catchments there would be little or no sales. Water was scarce, demand was high and the value of a megalitre of water took on a new meaning across all rural communities. These have been exceptional circumstances and I believe that the financial, environmental and social impact of this drought will continue to affect our business and the livelihood of our customers for some time.



On a more positive note, I am happy to say that the implementation of our inaugural Communication Plan has provided us with a framework for keeping close to our customers and stakeholders. In addition to a planned program of regular meetings, it also provided a focus for how we could be involved in local and regional events and the key messages for our publications. It ensured that open, two-way communication was encouraged and that our decision-making was transparent. Subsequent research confirmed that we have demonstrated a real, ongoing commitment to being part of a wider community and that this commitment is apparent at all levels of our organisation – from our Board to field staff.

To help us build a deeper understanding of local issues, our Board meetings are held at strategic venues around southern Victoria. These meetings provide an opportunity to meet with representatives from regional and local groups to discuss water resource management issues and concerns. The Southern Catchments Forum, a group of key natural resource managers with a focus on the management of coastal catchments, grew as a consequence of one of these meetings. Support for this Forum is building.

One of our real achievements this year has been the deepening of relationships with our Customer Consultative Committees. By strengthening relationships with our customers, we have been able to develop a clear understanding of the key issues that impact their businesses as well as their expectations of us as a water resource manager. By working together we have been able to develop business plans that have a strong customer focus. Our Committees are engaged in our pricing decisions, investment priorities, service standards and performance measures. We see this commitment to working together and partnering with our Customer Consultative Committees as an important way forward for us – especially as we enter the jurisdiction of the Essential Services Commission.

Our field and office staff, the people who deal directly with our customers on a day-to-day basis, are the eyes and ears of our organisation. They ensure that our communities have access to and understand key information about our water resource management activities. Throughout the year, they held presentations and participated at a number of community meetings and forums. These activities helped to ensure that our customers understood changes and their impacts – especially regarding the Farm Dams legislation.

This year we completed a Dam Safety Design Review of all our seven storages. They all either meet the engineering standards required of large dams or we are planning remedial works to ensure they do comply. We have also implemented and tested our Critical Assets Program. Based on regular surveillance activities, this program provides a sense of comfort and assurance that in an emergency we have the policies and procedures in place to minimise the impact on our business and customers.

Our next exciting new project will be the development of the Macalister Neighbourhood Environment Improvement Plan. It is anticipated that this will build on the success of the existing Nutrient Reduction Plan and continue to support activities to minimise the volume of nutrients flowing from our drains.

In closing, let me say that water resource management is a challenging but rewarding business. I want to thank my fellow Board members and staff at Southern Rural Water for their ongoing support with achieving the objectives of our Corporate Plan, for demonstrating their commitment to achieving our corporate values at all times and for staying close to all our customers and stakeholders.

Rob Skinner
Chairperson

About Us

Governance

Southern Rural Water is governed by a Board of eight members appointed by the Minister for Water. These members are appointed for a three-year term. The term of the current Board expires on 30 June 2004.

Our current Board has established general operating principles to ensure that we fulfil our responsibilities in the best interest of government, stakeholders, customers and the community. These include:

- being accountable to the Minister for the achievement of the results and targets required by government
- ensuring that customers and other stakeholders are adequately consulted by management
- planning the future of the Authority
- setting, reviewing and amending policies to direct the Authority
- appointing the Chief Executive
- assessing the performance of the Authority and the Chief Executive
- avoiding unacceptable actions and situations.



Left to right: John Pye, Jennifer McMillan, Martin Kent, Rob Skinner, Geoff Crick, John Lovering, Jan Greig, Cheryl Batagol

Our Board members are:

- **Mr Rob Skinner**, Chairperson (Melbourne) - currently Chief Executive Officer of Kingston City Council, previous experience with various water authorities including Acting General Manager of the Rural Water Corporation in 1987.
- **Mrs Jennifer McMillan**, Deputy Chairperson (Denison, near Maffra) - dairy farmer, Central Councillor UDV, director of various industry bodies and recipient of the Jack Green Churchill Fellowship in 2000.
- **Ms Cheryl Batagol** (Melbourne and South Gippsland) - extensive experience in the waste management industry, also a director of City West Water and EcoRecycle Victoria and partner in a beef and sheep enterprise in South Gippsland.
- **Mr Geoff Crick** (Blowhard, near Ballarat) - runs a mixed farming business, Board Member of SRW since 1992, Treasurer of the NFF and VFF, Chairman of the VFF Economics Committee and member of the NFF Economics Committee.
- **Ms Jan Greig** (Murroon, near Colac) - director of a consultancy firm providing services in water and forestry issues, partner in a beef and wine grape property, former Manager Water Markets in DNRE and former Chief Economist of the RWC.
- **Dr Martin Kent** (Maffra) - Chief Executive of SRW since 1997, previous experience as a senior manager in local government and VicRoads.
- **Prof John Lovering** (Melbourne) - former President of the Murray-Darling Basin Commissions and Chairman of the Victorian Environment Conservation Council, Vice Chancellor and Professor of Geology at The Flinders University of South Australia and Deputy Vice-Chancellor (Research), Dean of Science and Professor of Geology at Melbourne University.
- **Mr John Pye** (Bessiebelle, near Hamilton) - dairy farmer, extensive experience in farming organisations including the UDV (Central Councillor), VFF and Target 10.

The Board has established three Committees to provide advice and make recommendations. These Committees have a formal Terms of Reference, report to the Board and liaise closely with SRW's Chief Executive and senior management.

Audit Committee

Members – Mr Geoff Crick (Chair), Mrs Jennifer McMillan, Ms Jan Greig, Mr John Pye and Mr Trevor Tappenden, external member.

This Committee reviews annual financial statements, monitors and provides specialist advice about financial management and accounting responsibilities. It oversees the internal and external audit program as well as the risk management program.

Remuneration & Corporate Governance Policy Committee

Members – Mr Rob Skinner (Chair), Ms Cheryl Batagol and Mrs Jennifer McMillan.

This Committee oversees the implementation of SRW's remuneration policy, monitors executive and senior management remuneration and advises the Board about executive responsibilities.

Technical & Environment Committee

Members – Professor John Lovering (Chair), Ms Cheryl Batagol, Ms Jan Greig and Mr Geoff Crick.

This Committee provides advice to the Board about SRW's technical and environmental activities across all four businesses. It develops policies and helps to identify and prioritise the annual works programs, investment in major projects, risk management strategies, asset integrity and service standards.

The Board meets monthly. Generally, these meetings are held at key regional locations so that Board members have an opportunity to meet with customers and stakeholders or to spend time touring local facilities and catchments to gain a better understanding of water resource management issues.

Our Vision and Values

We aim to be a successful and enduring business which means being regarded by our:

- customers as a respected and valued service provider
- shareholders as fulfilling expectations and adding value
- peers, stakeholders and the community as a professional, competent, respected and progressive business.

To realise this, we aim to continuously improve customer service, charge sustainable prices, safeguard our business, build our capability and work in partnership to improve water resource management and regional development.

In our work we value:

- partnership with our customers to empower them to influence our business direction and assist us in meeting their needs
- engagement with the community as we collaborate with our shareholder, stakeholders and the community in sustainable water resource management in southern Victoria
- corporate social responsibility based on ethical behaviour, a professional staff and care for the environments and communities in which we work
- continuous improvement as we strive to better meet the needs of our customers, our aspirations as an organisation, and the expectations of our shareholders, stakeholders and the community
- informed action that balances the need for soundly based economic decisions with the need for responsible and precautionary responses to sustainable water resource management.

What We Do

Southern Rural Water (SRW) is a Victorian Government Authority. Our main business centres are located in Maffra and Werribee and we employ more than 100 people, including a network of field staff.

We are responsible for:

- managing the delivery of irrigation water to the Werribee, Bacchus Marsh and Macalister Irrigation Districts and maintaining the channel and pipeline infrastructure for these Districts
- assessing licence applications and issuing licences to construct new farm dams and bores as well as managing new and existing groundwater and surface water licences
- harvesting and storing water in seven major storages:
 - Glenmaggie, Narracan and Blue Rock in Gippsland.
 - Melton, Merrimu, Pykes Creek and Rosslynne, in the west of the state, close to Melbourne.

We also manage the recreational facilities at most of these storages.

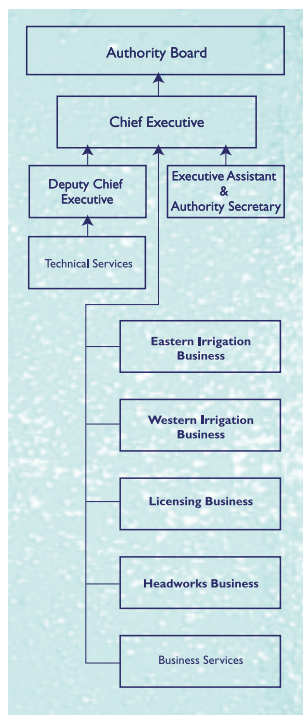
We supply untreated water to:

- farmers and growers
- regional urban water authorities, such as Gippsland Water and Western Water
- power generating companies in the Latrobe Valley.

We manage infrastructure and operating assets worth over \$427 million.

In the 2002/2003 financial year we invested \$10.3 million in major works on our dams and infrastructure assets and had \$17 million in operating turnover.

Our Organisation Structure



Our senior management group includes:

- **Dr Martin Kent**, Chief Executive
- **Mr Graham Hawke**, Deputy Executive and Licensing Business Manager
- **Mr Matthew Youell**, Eastern Irrigation Business Manager
- **Mr Pat Caruso**, Western Irrigation Business Manager and Headworks Business Manager

Our Headworks Business

The Headworks Business harvests and stores water for irrigation customers, urban water authorities and the Latrobe Valley power generators in accordance with the provisions of Bulk Entitlement Orders. It has seven large dams: Blue Rock, Glenmaggie, Melton, Merrimu, Narracan, Pykes Creek, and Rosslynne. Bulk Entitlement holders take around 300,000ML of water during an average year. Business turnover of around \$3 million is supplemented by special purpose funding for dam improvement works.

Our Eastern Irrigation Business

Our Eastern Irrigation Business operates the irrigation channels and drains of the Macalister Irrigation District and manages river diverters on the Macalister and Thomson Rivers and Rainbow Creek. It has almost 1,000 customers and delivered over 150,000ML of water last year. Our Eastern Irrigation Business has an annual turnover of about \$6 million.



Irrigation channel and water wheel in the Macalister Irrigation District

Our Western Irrigation Business

The Western Irrigation Business operates the Werribee and Bacchus Marsh Irrigation Districts. This Business also manages the river diverters on the Werribee River. It has over 400 customers and delivered over 10,300ML into the Werribee Irrigation District and 4,000ML into the Bacchus Marsh District for stock and domestic and irrigation purposes. It also managed the delivery of more than 2,000ML to irrigators on the Werribee River. Our Western Irrigation Business has an annual turnover of about \$2 million.



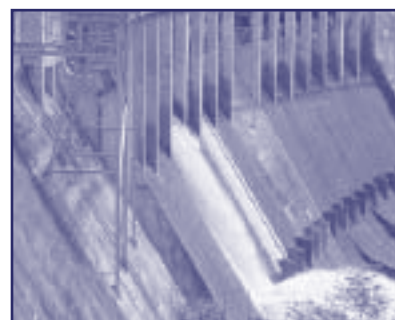
Spray irrigation in the Bacchus Marsh Irrigation District

Our Licensing Business

Our Licensing Business regulates the taking and use of water from waterways and catchment dams across southern Victoria. It is also responsible for licensing the construction of bores and farm dams. It administers over 8,000 licences. Of these, 3,700 are to take and use up to 100,000ML of water from unregulated rivers, 800 licences are to take and use up to 33,000ML from regulated rivers, and 3,300 licences are to take and use just over 380,000ML from groundwater bores. Each year the Licensing Business processes up to 1,300 new bore construction applications. The Licensing Business turnover is around \$3.5 million.



Drilling for groundwater



Glenmaggie Dam wall

Our Economic Profile

Service Delivery

Customer service targets and measures

Our 2002/2003 Corporate Plan identified key customer service targets for each Business.

Service Target	Eastern Irrigation	Western Irrigation	Licensing	Headworks
95% of water orders delivered within one day of request, with three days notice	✓	✓		
All water orders delivered according to customer instructions				✓
Applications for Farm Dams and Works on Waterways licences determined within sixty days*			✓	
Applications for Bore Construction Licences determined within fourteen days*			✓	
Applications for Surface and Groundwater Licences determined within sixty days*			✓	
Applications for Surface and Groundwater Licence transfers determined within fourteen days*			✓	
Applications for Water Right transfers determined within fourteen days	✓	✓		
Applications for Information Statements processed within fourteen days*			✓	
Monthly reporting to customers on storage shares				✓
Quarterly monitoring and reporting to customers on water quality in storages				✓

**As these reported service outcomes for Licensing do not include a provision for "stop the clock", any requests for further information from applicants adversely affects results.*

The ongoing drought conditions placed pressure on service targets for our Eastern and Western Irrigation Businesses. The Eastern Irrigation Business introduced channel rostering and other water saving measures to make the most of the limited water available but this meant that some water orders were delayed and we dropped below our target to 93%. In our Western Irrigation Business, all water orders were supplied on or before their requested date.

In a year of heavy demand for both surface water and groundwater, our Licensing Business delivered a strong performance against its very challenging targets. 57% of the farm dam licences were determined within 60 days, 87% of bore construction licences were determined within fourteen days and 80% of Water Right transfers were determined within fourteen days. As alternative water supplies dried up we also received numerous applications for domestic and stock bores - most of these were dealt with in less than a week.

In our Headworks Business, we met our delivery targets, supplied monthly reports on storage shares to Bulk Entitlement holders and distributed our inaugural storage water quality reports.

Service improvement works

As part of our commitment to improving customer service, we develop and implement water use efficiency projects across both our irrigation districts.

In the Macalister Irrigation District we:

- installed a permanent pressure recorder on the Boisdale pipeline. This provides 24 hour access to live information about water delivery pressure on this part of our distribution network. This work was completed following an investigation into the design and operation of the pipeline.
- commissioned a Total Channel Control feasibility study to investigate the cost of installing flume gates that would automate all regulators, offtakes and outlets on the Main Northern Channel from Glenmaggie Dam to the Main Eastern Channel junction. By implementing these works we would have access to accurate flow information and our delivery systems would be more efficient
- upgraded and enhanced the emergency closing facilities at Glenmaggie by strengthening and modifying the stainless steel gates that covered low level inlet ports. This work means that we can now undertake emergency repairs on the outlet valves mid-season, if necessary. Previously we would have had to close the channel, and cease water deliveries, until the work was complete.
- introduced a new seasonal allocation model based on actual volumes in storage, rather than predicted inflows. This new allocation model safeguards our business and provides a way for us to equitably share available water resources. This new method was severely tested during the 2002/2003 season. Its success was acknowledged by the United Dairymen's of Victoria.

In the Werribee and Bacchus Marsh Irrigation District we:

- replaced a section of the Main Channel with a pipe and capped a section to prevent water from overtopping into residential areas
- installed data loggers and telephone interface systems on the Maribyrnong River at Keilor and Jackson's Creek at Sunbury to provide accurate data on water volumes in the distribution network once it is released from our storages
- removed flow restrictions on the main drain
- completed works on valves and flow meter outlets
- patched over 25,000 metres of open air channels with concrete and polyurethane products to minimise leaks
- implemented extensive channel de-silting and weed control programs.

Each of these service improvement activities were managed to ensure that we could meet our winter roster water supply commitments to irrigators in Werribee and Bacchus Marsh.



Technology to measure permanent pressure levels in the Boisdale pipeline



Patching concrete channels in the Bacchus Marsh Irrigation District



Removing weeds from a channel in the Werribee Irrigation District

Licensing field presence

The ongoing drought conditions meant that there was increased demand for both groundwater and surface water resources across our region. In some cases, this was the first time since the 1967 drought, that streams were placed on restrictions and in some areas these restrictions were carried over into the winterfill period. To help us manage licensed use of water during these difficult times, we increased our presence in the field and our monitoring and surveillance activities throughout 2002/2003.

In the west of our region where there is strong demand for groundwater, we appointed an additional drilling inspector and relocated staff to work out of the Catchment Management Authority office in Warrnambool. We also appointed a field officer to work from their newly-opened Colac office.

In the Port Phillip/Westernport area, we opened a new office on the Mornington Peninsula and introduced a field supervisor to cover this region. We also based field staff at our Werribee and Koo-Wee-Rup offices. As this year was the first time some irrigators from this region had been placed on water restrictions, our staff implemented a number of stream flow monitoring programs and established Local Area Committees. Our staff also became involved in the planning and development activities of Councils and other local authorities.

In the east of our region we increased the number of drilling inspections, reduced unauthorised activity and improved public understanding of obligations imposed by the Water Act by working together with groundwater consultants and CMAs. We also developed similar activities for working with earth moving contractors in the farm dam construction industry. Most of our customers in this region have now had meters installed on their groundwater and surface water pumps.

To ensure that farmers across the state were aware of the Farm Dam amendments to the Water Act, we prepared information for regional papers, held presentations with farmer groups and attended field days and industry conferences. By 1 July 2003, we had received approximately 3,700 farm dam registration applications. To help manage the dam inspection process, we appointed additional field staff.



SRW Licensing staff, visitors and our information display at the UDV Conference



Newly-installed groundwater meter

Werribee Irrigation District pipelining feasibility study

During the year, consultants Sinclair Knight Merz, were commissioned to complete a feasibility study for pipelining all remaining channels within the Werribee Irrigation District. This study, funded partly under the State's Water for Growth program, investigated the optimal design options for piping as well as potential construction issues, proposed water savings, project costs and benefits.

The study confirmed that piping the remaining 50 km of concrete channels would cost an estimated \$17 million and would improve delivery efficiency by 25%. We are now preparing a business case and funding proposal for discussion with government.

Financial Performance

Pricing

SRW operates on a full cost-recovery basis, so the prices we charge generate the revenue needed to pay for:

- recurrent operating and maintenance expenditure
- future replacement of infrastructure and other assets employed
- costs of capital improvement of infrastructure and other major works or activities required to safeguard or develop the Business
- corporate costs, and
- costs arising from any bulk entitlement(s) owned by the Business.

In our Irrigation Businesses we introduced price rises of 3% to 5.5% during 2002/2003. However, as the protracted drought further reduced delivery volumes it was necessary to implement a detailed examination of pricing for 2003/2004 and beyond. Consequently, in 2003/2004 we will introduce three-year price paths in both the Eastern and Western Irrigation Businesses that will allow a once-off reduction in budgeted delivery volumes and repay the resulting business deficits over the next ten years.

In our Licensing Business we set a five-year price path, starting in 2002/2003, to meet the need for more intensive management of surface and groundwater - including additional staff and improved systems. The fixed component of the annual fee was lifted to between \$90 and \$110 and most per ML charges raised by 10 cents.

As part of our continuing tariff reform, we reviewed the practice of issuing winterfill licences at half the volumetric rate of the corresponding year-round surface water licence. Having considered the relative effort required to manage each category of licence, we reduced the differential to 30% for off-stream winterfill licences and eliminated it altogether for on-stream winterfill licences.

We have established a standard \$150 fee to contribute to the cost of meter reading and maintenance, bore monitoring and other costs associated with the implementation phase of the initial Groundwater Management Plans now being progressively approved by the Minister. As no further Plans were approved during 2002/2003, the fee was not extended to additional areas. However, in 2003/2004 we plan to apply the fee in most Streamflow and Groundwater Management Areas where meters have been installed.

In 2002/2003, we introduced two new application fees for activities which were previously unfunded and costs met by other parts of our organisation:

- application fees for the construction of on-stream dams, and
- water resource assessment fee for diversion licence applications to recover the costs of applying the Sustainable Diversion Limits Methodology.

In our Headworks Business, storage operator charges generally increased by 10% - 15% as a result of two principal cost impacts:

- increased insurance premiums for the Business of 100% overall, and
- the inclusion into price structures of specific provisions to fund capital and other major works.

End of year results

Cost recovery and financial viability are managed and monitored by employing fund based budgeting and management reporting. This helps focus on the need to generate sufficient funds to manage the replacement of assets at end of life and to provide for investment and growth within each business. To achieve this we have created separate funds for asset renewals and investments.

- Asset renewals are funded from an annuity provision included in prices, which is calculated to generate sufficient funds to replace assets when they reach the end of their life. The calculation is based on estimated future replacement costs within the renewal period – 40 years for irrigation assets and 100 years for headworks assets – and accounts for the time value of money. Interest was credited to renewals funds for 2002/2003 on the basis of actual interest earned on funds available for investment and amounted to around 2.8% on average fund balances.

- Investment and growth within the business is funded from any operating surplus, after providing for asset renewals. Investment funds represent accumulated surpluses/(deficits). Typically, these funds have been in deficit over recent years, generally as a result of seasonal conditions.

The following table shows the movements in our renewals and investment funds for our four operating businesses.

	Eastern Irrigation	Western Irrigation	Licensing	Headworks
	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Renewals Funds				
Opening Balance as at 1 July 2002	5,515	1,933	143	1,928
<i>add</i> Annuity Provision	1,068	411	132	440
<i>less</i> Renewals Program	2,713	1,163	0	413
<i>add</i> Interest Earned	137	45	6	56
Closing Balance as at 30 June 2003	4,007	1,226	281	2,011
Investment Funds				
Opening Balance 1 July 2002	(1,488)	(317)	0	0
<i>add</i> Operating Result	(666)	(284)	124	191
<i>less</i> Investment Program	265	45	135	438
Closing Balance as at 30 June 2003	(2,419)	(646)	(11)	(247)

Dry conditions throughout the catchments limited water availability for our Irrigation Businesses. The seasonal allocation in the Macalister Irrigation District was limited to 110% of Water Right, while the budgeted average was around 130%. This meant that the Eastern Irrigation Business had an operating loss of \$666,000 against a budgeted surplus of \$154,000 and has increased the deficit in its investment fund to \$2.4 million.

The seasonal allocations in Werribee and Bacchus Marsh Irrigation Districts were revised down to 100% of Water Right, as extreme operating conditions took their toll on delivery efficiencies, making allocations above 100% unachievable. Against budgeted averages of around 120% and 130% for Werribee and Bacchus Marsh respectively, this resulted in an operating loss for the Western Irrigation Business of \$284,000 against a budgeted surplus of \$36,000 and an increase in the investment fund deficit to \$0.6 million.

A downward revision in the budgeted sales volumes has been made in setting future prices for both our Irrigation Businesses and price paths have been established to repay these deficits over a ten-year period.

Despite some shortfalls in revenue due primarily to delays in implementing metering charges while water management plans awaited sign-off, the Licensing Business performed slightly better than budget, with an operating surplus of \$124,000 against a budget of \$103,000.

The Headworks Business derives revenue in accordance with bulk entitlements for the operation and maintenance of storages and as such does not carry any significant exposure to seasonal impacts. Despite some significant increases in insurance premiums, costs overall have been managed within the business and a budgeted operating surplus (\$189,000) has been achieved without any material impact on bulk entitlement holders. The closing fund investment deficit of \$247,000 is in line with expectations and reflects the commencement of a five-year investment program with a significant weighting in the early years.

Obligations

Water Services Agreement

As a statutory authority, the government sets our obligations. For some time we have been working with other Rural Water Authorities and the Department of Sustainability and Environment (DSE) to produce a Water Services Agreement/Statement of Obligations. It is expected that this document will form the basis of our entry into the Essential Services Commission, as announced in the April 2003 Ministerial Statement Valuing Victoria's Water.

Community obligations

In accordance with current policy, SRW charges Western Water and Gippsland Water a Rate of Return on the value of Headworks assets used in storing their bulk entitlements.

When first adopted, it was intended to be 4% but for some dams it has fallen below this figure. Currently it is 1.6% for the Werribee system, 3.9% for the Maribyrnong system and 3% for the Upper Latrobe system. This revenue is used to fund a range of community programs and government priorities but not our ongoing business operations.

In 2002/2003, nearly \$2 million was used to fund:

- our contribution to the second phase Dam Remedial Works Program
- key community service obligations such as the operation of recreational facilities and waterway management
- the implementation of Streamflow and Groundwater Management Plans until the relevant Plans were signed off and implementation charges introduced, and
- our dividend payment to government.



Replacement of gates at Maffra Weir



Improving boating safety at Lake Glenmaggie

Asset Management

Dam Safety Program

The Australian National Committee On Large Dams (ANCOLD) Guidelines recommend that Dam Design Safety Reviews be undertaken every fifteen years to ensure that all large dams comply with current design standards. In 1996, we began a formal process for completing initial risk assessments and identifying priorities for completing a detailed Dam Design Safety Review for all our dams. Although some have taken a number of years to finalise, we have now completed these assessments for all our major dams.

During 2002/2003 we substantially completed reviews of the Narracan, Glenmaggie, Blue Rock, Merrimu and Melton dams. The outcome from these reviews is acceptance of the design standards used or the identification of design deficiencies or remedial action to be implemented as part of our Dam Safety Program.

Our review of the Narracan Dam has resulted in major remedial works being undertaken over the past twelve months. The structure has been anchored against seismic loads by the installation of twenty post-tensioned anchors and work has commenced on strengthening the spillway gates. This work is not due for completion until November 2003.

Asset renewals program

In the Macalister Irrigation District we completed the \$1.7 million Little Weir project on the Main Northern channel and commenced the third and final stage of the \$3.7 million Nuntin pipeline project. Both projects were implemented to provide irrigation customers with a more reliable and efficient water supply and to improve the local environment.

- The Little Weir project replaced a ten metre high embankment with a new 90 metre long, 2.55 metre diameter pipeline that linked two rock tunnels. On completion of the major engineering works, a revegetation program was implemented to blend the site with its surrounding river and natural environment. Previously, the site had been flooded for at least eighty years.
- The Nuntin pipeline project involved replacing 4.2 km of a concrete-lined channel with a low-pressure high-density polyethylene pipeline. Due to the high-water table in the area, many sections of the pipeline involved difficult trenching conditions.

Other projects completed during the year include the rehabilitation of a siphon on the Main Northern channel and the construction of a new outlet on this channel to manage the release of environmental flows.

In the Werribee and Bacchus Marsh Irrigation District our major works included the \$1 million replacement of the remaining section of the concrete channel between Edwards Road and the Maltby Bypass with a combination of 1200 mm diameter steel and 1350 mm diameter concrete pipes. The pipeline was installed over a major gas pipeline, Melbourne Water's western trunk sewer and its 110 year-old, disused but heritage-listed outfall sewer. To ensure that local irrigators continued to receive their winter water supply, construction work on this project was integrated with their fortnightly roster.



Rehabilitation work at Little Weir



Installing a new pipeline in the Werribee Irrigation District

Critical Assets Programs

As the failure of our major channels and pipelines would have a substantial impact on many of our irrigation customers, we have developed Critical Assets Programs for both our irrigation businesses. These programs, based on cyclic and detailed inspections of our major assets, help to ensure that our key structures remain in good repair and that any potential failures are identified and reported. The Programs also include specific response plans in the event of a major channel failure.

Security of assets

Since 11 September 2001, both Commonwealth and State Authorities have maintained a heightened awareness of security for infrastructure assets. The Victorian water industry has been proactive in the development of a security assessment framework and we have applied it to our assets. Security inspections have been undertaken at all major structures and planned security improvements documented. Enhanced routine security inspections have been put in place and protocols for emergency reporting have been examined and tested.

Safety and maintenance program

Together with Australasian Correctional Management, our Eastern Irrigation Business has developed a community-based safety and maintenance program. This program of activities includes improving the visibility of our infrastructures, especially at road crossings, and is implemented by our staff and supported by prisoners from regional correction centres.

Our Environmental Profile

Environmental Management

Our Environmental Management System

To help us identify and manage the impact of our activities on the environment we have developed an Environmental Management System (EMS). This system highlights our statutory obligations and the environmental risks that we could face as a result of our activities.

During 2002/2003 we continued to implement our EMS across the Eastern Irrigation Business and then into our Western Irrigation, Headworks, and Licensing Businesses. This involved the identification of the significant environmental risks posed by our activities and the development of Environmental Management Programs (EMPs) to address them. Some of these programs are ongoing; others are one-off actions. To benchmark our EMS, it was reviewed against the ISO14001 standards for environmental management by an external third party.

Water Quality and Biodiversity Plans

As the water we harvest from waterways and store in reservoirs is used by irrigators, urban supply companies and recreation users, we have developed Water Quality and Biodiversity Plans for each of our seven major storages. These Plans, developed with other Authorities, outline the current activities being undertaken to protect water quality and to preserve native biodiversity values of the water, identify gaps and propose remedial action. We produce quarterly reports on water quality in our storages for Bulk Entitlement holders.

As part of our ongoing business activities, we have begun to develop our Biodiversity register. In 2002/2003, we began compiling sites of biological significance and ecological vegetation class map layers to compare with our property register.

Environmental flows

Under various Bulk Entitlements Orders issued by the Minister in accordance with the Water Act, we have specific responsibilities regarding environmental flows. As storage operators we control the release of water from our dams into waterways and manage the diversion of this water into the channels and pipelines. These environmental flows are a vital part of all Bulk Entitlement Orders and place a statutory obligation on us to achieve them at all times. To help us monitor compliance, we manage a number of gauging stations along our regulated rivers. We have also installed additional gauging stations where there has been an identified need and increased monitoring at these sites.

This year, we also documented systems and processes for the Thomson and Macalister Rivers, revised arrangements for the Lerderberg River and participated in the Task Force groups established as part of the Stressed Rivers studies. We also installed thermal monitoring equipment at several of our large storages so that we can record differences in water temperature upstream and downstream of our dams to help assess the impact this difference has on the environment.

Resource Management

Water Management Planning

Local community-based Water Management Plans underpin water resource management in Victoria's groundwater management areas and unregulated catchments. We collaborate with the DSE and CMAs in determining priorities for these Plans and provide administrative support for their committees.



Wandocka environmental flow monitoring station on the Thomson River



Lerderberg River

Application is made to the Minister for declaration of Water Supply Protection Areas (WSPAs) in both surface and groundwater when water usage approaches its sustainable limit or Permissible Annual Volume (PAV). Licence allocations are capped within the PAV. The development of Water Management Plans (WMPs) is undertaken by Minister-appointed committees. There are currently twenty-two management areas in various stages of the planning process.

Nine surface water areas have either been declared or are in process. Gellibrand, Merri and Upper Latrobe WMPs are in place. The WMP for the Avon River is being finalised prior to forwarding to the Minister for approval and the WMP for the Upper Maribyrnong River is under development. Implementation Committees have been appointed for Gellibrand and Merri WSPAs. WMPs are scheduled to commence for the Barwon, Mitchell and Tarra River catchments and the Minister is considering a WSPA declaration for the Hopkins River catchment.

Twelve WSPAs have been established in areas where there is already substantial groundwater development. Two WMPs have been signed off by the Minister for Nullawarre and Yangery, while five draft WMPs have been completed at Wy Yung, Denison, Sale, Warrion and Deutgam. Implementation Committees have been appointed for Nullawarre, Yangery, Warrion, Sale, Wy Yung and Denison. WMPs are being developed for Bungaree, Condah, Koo-Wee-Rup and Wandin Yallock WSPAs. An application to declare a WSPA for Yarram has been made. If approved, the development of a WMP will commence.

These Water Management Plans have been effective in implementing metering and monitoring regimes across our planning areas as they provide us with reliable usage and system information.

As part of our water management activities, annual reports are developed by SRW on behalf of local committees to provide a summary of activities and data collected to ensure compliance with the Management Plan's recommendations. These annual reports are developed for all completed Surface Water and Groundwater Management Plans.

Farm Dams

On 3 April 2002, the Victorian government passed the Water (Irrigation Farm Dams) Act 2002 which amended the Water Act 1989.

These amendments to the Water Act meant that:

- water used for irrigation or commercial purposes from private dams, springs or soaks must be licensed. Prior to this amendment, only irrigation or commercial use from waterways was required to be licensed.
- all proposed large dams to be constructed off waterways required a construction licence and that all owners of large dams would require an operating licence that detailed specific annual surveillance activities and an emergency response plan.

Landowners were given twelve months from the 1 July 2002, to apply for a Registration Licence. These licences were available to people whose existing dam (other than a dam on a watercourse) had been used for irrigation or commercial purposes in the ten year period prior to 4 April 2002. After 30 June 2003, Registration Licences were no longer available and landowners wanting to apply for an irrigation or commercial use licence must apply for a Standard Licence.

As at 30 June 2003, we had received almost 3,700 applications to licence existing irrigation and commercial use dams. As many of these applications identified multiple dams on a property, the total number of dams to be assessed is estimated to be 7,000 dams.



Avon River



Groundwater meter

Water allocations and limits within a catchment

In 2002, the DSE in conjunction with its key stakeholders including SRW commenced the Sustainable Diversions Limit (SDL) project. This project developed a scientific methodology for assessing flow requirements for streams before there was an unacceptable risk to the environment and provided a volumetric estimate of surface water being used or committed within 1,600 discrete catchments.

As a result of this project, estimates for the diversion potential during winter (July to October inclusive) for unregulated rivers and streams have been developed and precautionary upper limits set. New diversion licences are only permitted if they are allowed for under a catchment SDL.

Since inception, 61% of applications in southern Victoria have exceeded the SDL and have been refused. In some of these cases new developments may still occur, provided water can be traded from within the river basin. All diversion applications are subject to a range of assessments that ensure the environment is protected and other users are not adversely affected.

Nutrient Management

Drain monitoring and management

As part of our water resource management activities within the Eastern and Western Irrigation Businesses, we monitor and manage discharges from drains.

In the Macalister Irrigation District we participate in the Nutrient Reduction Plan. This is a collaborative initiative between government and the farming community to reduce nutrient discharges from drains and to manage the drains to reduce flows.

During 2002/2003 we:

- improved outfall management so that unused water went directly to rivers, not drains
- identified five main channel-to-drain outfalls and installed monitoring equipment
- completed erosion control works and improved fencing to prevent damage by stock
- maintained our Drain Monitoring Network that consists of thirteen sites and accounts for 80% of the drain flow from the MID
- calculated the total phosphorus load from the MID to be approximately 36 tonnes. This is an excellent result as it represents a reduction of roughly 50% over the baseline of 70 tonnes - well above the 40% reduction target.

We also assisted the Environment Protection Authority (EPA) with their investigations into dairy effluent issues, the illegal dumping of dead stock and litter.

While the Werribee Irrigation District does not have formal nutrient reduction targets, we have begun to develop a similar program for monitoring and managing nutrient loads passing through our system. During 2002/2003, we continued monitoring on our main drain. Data collected so far indicate that although there are high concentrations of nutrients, the actual flow from the drain was negligible. This means only a very small nutrient load passes from the Irrigation District into Port Phillip Bay. While our initial application for funding for a gross pollutant trap was unsuccessful, we will re-apply for funding again next year as part of the State Government's Stormwater Quality Improvement Program.



Drain in the Macalister Irrigation District

Land Management

As well as managing water resources, we are also responsible for managing the marginal lands around our reservoirs and the lands on which our channels are built. Our activities are guided by the Victorian Biodiversity Strategy and focus on noxious weeds and erosion control.

Weeds

- In the east, we adopted a new approach for the management of noxious weeds and introduced the Local Area Weed Plan for Region 1, the Maffra foothills. This plan, established in partnership with the DSE, documents community, state government and Victorian Pest Management requirements and provides guidelines for implementing a consistent approach for identifying prevailing noxious weeds and managing those that threaten the environment. Similar plans will be developed for the remaining areas within the Macalister Irrigation District.
- In the west, our focus has been on eliminating serrated tussock at Melton, Merrimu and Pykes Creek Reservoirs and controlling blackberries and furze bush at Rosslynne Reservoir. We also intensified our activities to manage artichoke thistle and aniseed in both the Werribee and Bacchus Marsh Irrigation Districts by treating over 100 kilometre of drains, channel banks and reserves with up to four applications of non-residual herbicide. We also slashed the aniseed in some areas.

During 2002/2003 we also implemented a program to manage noxious weeds at our storage buffer areas, particularly at Merrimu and Blue Rock dams and we have begun to develop management plans for our irrigation businesses in line with the objectives of the Native Vegetation Management Framework and regional Native Vegetation Plans.

Pests

In the Macalister Irrigation District, the European carp presents a real threat to the environment and our distribution infrastructure as their feeding activity creates high turbidity levels, undermines channel banks and causes erosion. To help reduce and control numbers we have installed barriers at our headwater sites and implemented an ongoing carp-trapping program.

Erosion

Soil erosion, within a water storage catchment or at the foreshore surrounding a water storage basin, can have a serious impact on water quality and create a potential risk to the public if remedial works are not implemented or public access restricted.

During 2002/2003, we completed rock beaching work on the foreshore embankment at Pykes Creek Reservoir, a popular boating venue. At Merrimu reservoir, where deep gullies provide a natural drain into the lake, we installed water dissipaters and created a settlement pond to retain silt.



Weeds in a Macalister Irrigation District channel after being sprayed with herbicides



Slashing weeds in the Werribee Irrigation District



Rock beaching works at Pykes Creek Reservoir

Our Social Profile

Partnerships With Customers

Committees in action

SRW has two Customer Consultative Committees that work in partnership with the Board and management to express a customer viewpoint and bring a customer influence to the decision making process, whilst recognising the responsibility of the Board and management for implementation of programs and services. The Macalister CCC works with our Eastern Irrigation Business and the Werribee and Bacchus Marsh CCC works with our Western Irrigation Business.

During 2002/2003 both Committees continued their involvement in business planning, pricing and strategic issues. With the financial outcomes for both Irrigation Businesses affected by the drought, these Committees spent much time assessing three-year price paths to ensure ongoing financial viability. To this end, both met on several occasions with the Board, in addition to their customary meetings and discussions with management.

Other key issues addressed by the Committees included:

- setting of seasonal allocations
- review of the seasonal allocation methodology for the MID (Macalister CCC)
- discussion of DSE's proposed Best Practice Statement for Rural Customer Committees, and
- drought management arrangements.

In our Licensing Business, the Licensing Business Forum, provides a licence holder perspective. Owing to the regulatory nature of licensing, the Forum's role is more of a sounding board - on issues as diverse as tariff arrangements, farm dam registrations and the implementation of sustainable diversion limits.

The Licensing Business Forum also supports several Ministerial committees currently developing Groundwater Management Plans or Streamflow Management Plans, or the committees established following the approval of such Plans to monitor their implementation. In smaller systems, we have established Local Area Committees to provide advice on local management issues - such as rostering/restrictions, metering/monitoring and the application of general licensing policy to the river system or Groundwater Management Area.

Our Customer Consultative Committees and Pricing

During 2002/2003, we formalised our Code of Practice for Customer Committees and Pricing. Whilst we had introduced a variation of this Code several years ago, our new Code outlines our benchmarks for reference when assessing performance, and where necessary, for obtaining an independent review. These benchmarks are designed to ensure that our Customer Consultative Committees are selected openly and transparently, operate effectively, are properly supported by SRW and are engaged in all aspects of our business. For these Committees to provide an informed customer perspective, we must build long-term relationships - not just a once-a-year consultation.

Consultation with our Customer Committees is an integral part of our business planning and management activities and we see our Code, or something similar, as pivotal to the setting of prices under the Essential Services Commission from 2005.



Eastern Irrigation Business Manager Matt Youell (centre) with our Macalister Customer Consultative Committee members



Our Werribee & Bacchus Marsh Customer Consultative Committee members. Absent: Peter Lawford, Chairperson, and Western Irrigation Business Manager, Pat Caruso



Stakeholder Engagement

Our Board's program of visits

Given the geographical spread of our organisation and the diverse range of water resource management responsibilities, our Board members participate in an information program as part of their monthly meeting schedule. Generally, these meetings are held at strategic venues around southern Victoria, include a tour of the local area and meetings with stakeholders, farmers and representatives from community groups to discuss key issues and concerns.

Communication plan

Throughout 2002/2003 we implemented our first Communication Plan. This Plan, based on feedback from our 2001 Stakeholder Survey, formalised our commitment to communication with customers, stakeholders and the community. It documented our communication policy and detailed key engagement activities for creating:

- an understanding of each others' needs, priorities and values
- transparency in business processes and decision making
- a basis for partnerships and action, and
- a shared view of the challenges we jointly face in building the economic, social and environmental capital of Victoria.

Through our 2002/2003 Stakeholder Survey, we tested the effectiveness of this Communication Plan. While feedback was very pleasing, we will continue to develop and improve our communication with all stakeholder groups and to clarify key strategic messages for each Business.

Community partnerships

As an organisation we demonstrate our commitment to working in partnership with government and regional natural resource management groups by being involved in a range of projects, committees and action groups that support the growth and linking of Victoria.

Throughout 2002/2003 we worked closely with the DSE through the Farm Dams Steering Committee and supported the development of Water Management Plans.

We also participated in regional groups including the:

- Lerderderg River and the Thomson/Macalister River Environmental Task Force
- Moorabool Water Quality Task Force
- Werribee Plains management team
- Water For Growth Committees
- Regional Catchment Strategy Development Committees.

We also supported local committees and groups to implement priorities set by Catchment Management Authorities, Environment Protection Authority and WaterWatch.

Throughout 2002/2003, the Eastern Irrigation Business worked closely with Telstra Country-wide to trial their new CDMA high-speed mobile data network. This technology will be introduced into our business.

Southern Catchments Forum

In early 2002 we began gauging support for a Southern Catchments Forum – a group of natural resource managers with a focus on the management of our coastal catchments. This forum has now been established and provides an opportunity for us to discuss issues and influence decisions that impact our catchments – and businesses. The forum includes representatives from the Gippsland Catchment Management Authorities, regional Coastal Boards and Melbourne Water.

Corporate Family Day

In June 2003, we held our inaugural Corporate Family Day. This was an opportunity to bring together representatives from our Customer Consultative Committees, Licensing Business Forum and key stakeholder groups to participate in an information-sharing workshop. Topics for discussion focussed on our four key challenges – system security, healthy rivers, water use efficiency and progress towards the Essential Services Commission. Ideas generated at this workshop will be built into our corporate and communication plans and we anticipate holding a similar event again next year.



Members of our Corporate family

Accountability

Customer Service Code

In 2002/2003 we introduced our Code of Practice for Customer Relationships. This Code details key activities, benchmarks or targets to be achieved and, if necessary, situations that require an independent review. It provides a basis for measuring our performance against clearly described expectations.

Public advertising process for licence applications

In 2002/2003 we established a new process to provide greater transparency in managing significant groundwater and surface water licence applications. Applications for large volumes of water, or those assessed to be significant, are to be advertised and the public invited to make formal comment and submissions to us regarding these licence applications. This change is a significant reform and helps to ensure that our decision-making is efficient, consistent and fair.

Managing complaints

To ensure that we manage customers, stakeholders and the wider community in a professional way at all times, we have established policies and procedures to track and monitor formal complaints. If a customer feels that they have been treated unfairly or have been disadvantaged by a decision made by us, their complaint is subject to an internal review. During 2002/2003, we received nine complaints. Eight were managed and resolved in-house and one has been referred to the Ombudsman for advice. By comparison, in the previous year we received fifteen complaints. Eight enquiries have been registered with the Energy and Water Ombudsman Victoria but none of these have been referred to us for further investigation. One ongoing dispute is still under investigation.

Privacy

In September 2002 the Information Privacy Act was introduced. Eight staff from each of our businesses attended the training program conducted by the Office of the Victorian Privacy Commissioner (OPC) and help to ensure we comply with the legislation at all times. In June 2003, we received an internal privacy complaint from one of our employees and conducted an internal investigation in accordance with the Health Records Privacy Principles. No other formal privacy complaints were received.

Freedom of Information

Over the past twelve months there was only one FOI request for documentation under Division 2 of the Freedom of Information Act 1982. During 2001/2002, we had received nineteen requests for information. Members of the public can access our documents, subject to the provisions of the Freedom of Information Act 1982, by applying in writing and paying the prescribed fee to the Freedom of Information Officer, Southern Rural Water, PO Box 153, Maffra, VIC 3860.

Whistleblowers Protection Act 2001

This legislation is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and provides a framework for investigating and managing all disclosures of improper conduct by SRW or its employees. Disclosures can be made to the SRW Protected Disclosure Co-ordinator, Southern Rural Water, PO Box 153, Maffra, VIC 3860 or direct to the Ombudsman Victoria, Level 22, 459 Collins Street, Melbourne, 3000. During 2002/2003 there were no disclosures made to SRW or the Ombudsman and no recommendations made by the Ombudsman. A copy of our Whistleblowers Protection Procedures is enclosed.



Community Involvement

Community and environment program

As part of our community and environment program, we participate in a wide range of activities and sponsor people, events and prizes.

- We support National Water Week by conducting bus tours of the Macalister Irrigation District (MID). These tours are designed to promote the theme 'Water For Life – protect, conserve and get involved' and to explain the efficient use of water in agriculture. Our 2002 program included more than 250 students and teachers, a visit to a rotary dairy, an explanation of our water management and monitoring activities, types of irrigation used, tree planting and water quality testing with WaterWatch.
- Our Western Irrigation Business sponsors RMIT postgraduate students who undertake irrigation-specific studies and the Werribee Vegetable Expo. Held every two years, the Expo provides an opportunity for us to support the local vegetable growing industry at an event that showcases water use, primary industry innovations and product development.
- Our Licensing Business participates in regional Field Days. These annual events are an opportunity for us to educate and explain changes in water management practices and licensing requirements. As changes to Farm Dam legislation came into effect as at 30 June 2003, our staff also attended a number of regional forums and farmer/industry group meetings. We were also a sponsor of the United Dairy Farmer (UDV) Conference held at Warrnambool in June.
- Our Headworks Business led the Clean Up Australia Day activity at Melton Reservoir. Together with the Melton Shire Council, Melbourne Speedboat and Runabout Club, local police and the Army Reserve we removed more than thirty partly-submerged vehicles.
- At Lake Glenmaggie we implemented an eel fishing and carp control initiative. And, we worked with Marine Safety Victoria to implement new operating rules for boating safety.



School children on our Water Week tour to the Heyfield Wetlands



Werribee Vege Expo



Checking registration details as part of our Clean Up at Melton Reservoir

- In March 2003, more than twenty staff participated in the Cancer Council Victoria's Relay for Life walkathon. The event is to raise funds for cancer research and our two teams raised more than \$2,000.



Our Relay for Life team

- Each year our Eastern Irrigation Business holds a Rusty Shovel Golf Day. The money raised at this charity event is donated to local service organizations. This year over \$1,300 was given to the Maffra Fire Brigade to help it replace a brigade-owned tanker.
- We have an ongoing commitment to establishing links and co-operative partnerships with leading research institutes for working cooperatively on projects and for being informed about issues that could impact on our environment and businesses. Over the past twelve months we have been involved in significant projects and studies about our rivers and drain monitoring programs.
- In 2003 we nominated the Macalister Research Farm Cooperative and NRE for an Australian National Committee on Irrigation and Drainage Irrigation Award - which they won. This award was in recognition of their work for demonstrating improved practices for drainage management.
- Given the lack of water and the impact the drought was having on customers in both the Eastern and the Western Irrigation Businesses, we initiated a program of regular on-farm meetings where irrigators could discuss their concerns and to hear how others were managing their farms during these exceptional circumstances. They were also an opportunity for representatives from allied agricultural businesses, regional advisory services and support groups to provide advice and information.

Trainees and work experience

During the year we hosted nine Youth Employment Scheme (YES) trainees. This scheme, a state government sponsored initiative, provides young people aged fifteen to twenty four with an opportunity to enter the workforce and build careers. As a result of this program, three of these trainees were offered ongoing employment, four are continuing their traineeships, one resigned to accept other employment and one of our trainees sought work interstate on completion of the traineeship. This YES initiative has helped us to build a diverse workforce.

Our People

Diversity

As at 30 June 2003, there were 115 people employed at SRW - 91 males and 24 females.

The following table shows comparative staffing numbers for the past three years.

Category		2002 / 2003	2001 / 2002	2000 / 2001
Female	Permanent full time	17	12	10
	Permanent part time	7	2	2
	Temporary full time	0	2	1
	Temporary part time	0	0	0
		24	16	13
Male	Permanent full time	88	86	89
	Permanent part time	2	2	2
	Temporary full time	0	2	1
	Temporary part time	1	1	1
		91	91	93
Total		115	107	106

New employees were sourced with the assistance of Employment National, the commonwealth government's recruitment service provider. Job advertisements and position descriptions were developed for each new role and a selection panel interviewed short-listed candidates. Our selection process measures candidates against advertised job pre-requisites and a key selection criteria that includes the Merit and Equity Principles established by the Office of Public Employment (OPE). During 2002/2003, ten selection panels were established and thirteen new permanent and temporary staff appointed. All new starters were employed on probation for three months and received a formal induction. Pay and entitlements are administered in accordance with signed employment contracts and certified industrial agreements. The three staff who resigned during the year completed exit interviews.

Our Women's Network, established in 2001 to actively promote the professional development of women, continued its program of meetings and training activities. In June 2003, we received a Managing Diversity Award from the Commissioner for Public Employment, Peter Salway at the OPE People Management Awards ceremony.

Working with culturally diverse groups

Changes to our Licensing processes ensure that all large volume groundwater or surface water licence applications in culturally sensitive areas are referred to the Cultural Heritage Group and other Government agencies.

A Memorandum of Understanding covering protocols for consultation regarding water licence applications, the construction of farm dams and other issues of mutual interest has been signed by the Chief Executive of the Framlingham Aboriginal Trust and by the Chief Executive of SRW.



Mrs Vere Gray accepting our Managing Diversity Award

Capability

To ensure continuous improvement and the building of capability, we have implemented a number of ongoing programs and initiatives for all our employees and we have placed copies of our policies, procedures and Chief Executive instructions on an open-access database so that they are available to all staff at all times.

- Our Employee Consultative Committee, initiated as part of our Enterprise Agreement in 2001, is made up of employees, union representatives and management. It provides a reference group for resolving issues, promoting effective communication and building harmonious relations between SRW and its employees.
- Our network of Equal Employment Opportunity field contact officers to work within business teams to identify and manage issues and to provide peer education and support.
- Our Management Development Program, a key deliverable for 2002/2003, provides staff with the opportunity to attend Management Forums as well as lunchtime information sessions presented by in-house subject specialists. These presentations cover topics such as OHS, legal compliance, contract administration, managing conflict and stress management.

Occupation Health and Safety

During 2002/2003 we managed our Occupation Health and Safety (OHS) responsibilities in accordance with the provisions of relevant legislation.

The following table shows our OHS performance during 2002/2003 and details information for the previous two years.

	2002/2003	2001/2002	2000/2001
Number of lost time injuries	5	4	7
Total lost time (hours)	436	123	492
Number of no lost time injuries (medical expenses only)	8	7	5
Number of incidents/near misses	23	18	21

- This year there were five lost time injuries compared to four in the previous year and a significant increase in total lost time (hours) as a result of one major claim.
- As part of our OHS training program, staff were advised of the need to report incidents or near misses and to document the circumstances surrounding these events. While these incidents may seem insignificant at the time, the identification of potential hazards and the sharing of information can help to prevent similar incidents occurring in the future. This year our annual figure for incident/near miss reports has increased.
- In May 2003, we changed our WorkCover agent from QBE Mercantile Mutual to Allianz Australia. Our WorkCover insurance costs have remained relatively constant despite the increase in staff numbers impacting on our remuneration estimates. Overall, the net result was positive owing to the three-year claims experience and improved safety performance.
- Each year consultants are engaged to review and report on our compliance with Uniform Building Regulations. Their recommendations are fully implemented. Our Maffra and Werribee offices comply with these OHS requirements.

Our Statutory Report

Charter and purpose

Southern Rural Water (SRW) is the trading name of the Gippsland and Southern Rural Water Authority. We are a statutory rural water authority, established under the provisions of the Water Act 1989. We have four principal businesses - Eastern Irrigation, Western Irrigation, Licensing and Headworks. We also manage the water storages and recreational facilities at Blue Rock, Cowwarr, Glenmaggie, Melton, Merrimu and Pykes Creek. We are the appointed Resource Manager for a range of surface water catchments, mostly in Gippsland, and provide administrative support to the Victorian Drillers' Licensing Board.

From 30 June 2002 to 4 December 2002 the responsible Minister was the Hon. Sherryl Garbutt MP, Minister for Environment and Conservation and from 5 December 2002 to 30 June 2003 the Hon. J. Thwaites MP, Minister for Water.

Reporting Period

This Annual Report has been prepared for the financial year 1 July 2002 to 30 June 2003.

Directions from the Minister for Environment and Conservation

In July 2000, the Minister for Environment and Conservation directed that we transfer and surrender to the Crown all the freehold land purchased for the proposed Mitchell River dam. This land was transferred on 27 September 2002.

Directions from the Minister for Finance

The information in this Report has been provided to comply with the requirements of Part 9 of the Directions of the Minister for Finance under the Financial Management Act 1994, if they have not been met elsewhere in the Report. Additionally, in accordance with Section 9.1.3 (ii) (1) of the Directions, information listed in Section 9.1.3 (iv) has been prepared and is available to the relevant Minister, Members of Parliament and the public on request.

In Accordance with Section 9.1.3 (ii)(1) of the Directions, information listed in Section 9.1.3 (iv) has been prepared and is available to the relevant Minister, Members of Parliament and the public on request.

National Competition Pricing

We operate on a not-for-profit, full cost recovery basis in accordance with the National Competition Policy. Our prices are set in collaboration and consultation with customers to ensure that all operational costs are met and provision is made for the replacement of assets used to provide our services. We also entered a Tax Equivalent regime from 1 July 2001.

Consultancies

During 2002/2003 we engaged nine consulting firms at a total cost of \$165,942 to provide expert advice, facilitate decision-making, implement specific tasks and provide skills not currently available within our organisation. No consultants were paid more than \$100,000.

Financial Review of Operations and Financial Conditions

Five year financial summary For the year ended 30 June

	2003	2002	2001	2000	1999
	\$,000	\$,000	\$,000	\$,000	\$,000
Revenue					
Water Rights and Charges	9,947	8,812	9,724	9,313	9,531
Storage Operator Charges	6,773	4,101	3,422	3,463	2,989
Government Grants	882	957	2,683	938	640
Other	886	1,164	1,377	1,618	1,625
Total Revenue	18,488	15,034	17,206	15,332	14,785
Expenditure					
Operations and Maintenance	13,440	12,257	7,244	7,478	5,536
Depreciation	4,755	4,637	5,283	4,228	4,084
Other	3,527	3,676	4,151	3,536	4,132
Total Expenditure	21,722	20,570	16,678	15,242	13,752
Equity					
Net Operating Result	(3,234)	(5,536)	528	90	1,033
Payment to Government	418	418	380	418	418
Change in Accounting Policy*	16	-	-	-	-
Movement in Retained Earnings	(3,668)	(5,954)	148	(328)	615
Renewals Reconciliation					
Add Back Depreciation	4,755	4,637	5,283	4,228	4,084
Add Back Major Projects Expensed	1,568	3,352	321	-	-
Less Renewals Charge	2,145	2,286	2,723	2,884	2,811
Renewals Based Result	510	(251)	3,029	1,016	1,888

* See Notes to Financial Statements 1.8 and 15(b)

Bulk Entitlements

Thomson/Macalister River

The following information is provided in accordance with Section 20.3 of the Thomson/Macalister Bulk Entitlement Order.

- At 30 June 2003, SRW's entitlement in the Thomson Reservoir was 7,368ML
 - Releases from the Thomson Reservoir to supply primary entitlements were 3,235ML
 - Volume of SRW's share of storage capacity as at the 1 July 2002 under Clause 9 was 9,374ML
 - The volume of inflows attributed to SRW under Clauses 10.1 and 10.2 was 7,729ML
- The annual amounts of water taken by SRW from waterways:
 - Southern Channel was 110,855ML
 - Northern Channel was 53,638ML
 - Eastern Channel was 36,307ML
 - Cowwarr Channel was 6,994ML
- The volume of water held at Lake Glenmaggie as at 30 June 2003 was 36,229ML
- The annual amount of water taken by the primary entitlement holders under this Order was 162,157ML
- There were no credits granted under Clause 17 of the Order
- There were no temporary or permanent transfers of a bulk entitlement or any other entitlement to SRW
- There were no alterations made to Schedules 1 or 2 under sub-clause 8.1 of the Order
- Permanent transfers of primary entitlements were:
 - MID to MID, 2 transfers, 30ML
 - MID to Macalister River, 1 transfer, 55ML
 - Macalister River to MID, 1 transfer, 10ML
- Temporary transfers of primary entitlements were:
 - MID to MID, 311 transfers, 6562.9ML
 - MID to Thomson River, 13 transfers, 324.7ML
 - MID to Macalister River, 20 transfers, 448.0ML
 - Thomson River to Thomson River, 34 transfers, 1262.9ML
 - Thomson River to Macalister River, 1 transfer, 9.0ML
 - Thomson to MID, 31 transfers, 1258.6ML
 - Macalister River to Macalister River, 2 transfers, 28.0ML
 - Macalister River to Thomson River, 1 transfer, 6.9ML
 - Macalister River to MID, 13 transfers, 293.1ML
- There are no amendments to this Bulk Entitlement Order.
- There have been no new Bulk Entitlements granted.
- There has been no program approved under sub-clause 18.2 to date.
- There has been no program approved under sub-clause 19.3 to date.

The Authority is not aware of any failure to comply with the provision of the Bulk Entitlement Order. To minimise the potential for breaching compliance with environmental flows, we have developed a Risk Management Strategy and action plans.

Werribee River

The following information is provided in accordance with Section 18.1 of the Werribee Bulk Entitlement Order.

- SRW transferred 1017ML from Merrimu Reservoir to Melton Reservoir.
- Water taken from:
 - Bacchus Marsh Diversion Weir was 5,943ML
 - Werribee Diversion Weir was 13,205ML
 - Maddingley Pumps was 0ML
- Volume of water taken from the waterway by primary entitlement holders including outfalls:
 - Bacchus Marsh was 4,999.6ML
 - Werribee was 10,534.1ML
 - River Diverters was 1123.6ML
 - Myrniong was 45.1ML
- There have been no internal spills.
- As at June 30 capacity shares:
 - Western Water was 4,298ML
 - SRW was 282ML
 - Unallocated was 44ML
- There has been no requirement to release passing flows this year as there were no inflows.
- SRW has not received any credits. For the year 2002/2003 a total of 578.8ML was returned to the system waterway via the main channel outfall:
- No temporary transfer from this Bulk Entitlement have taken place.
- No transfers to SRW have taken place.
- There were no restrictions in place this year. July started with 100% allocation, August went to 120% allocation and in January SRW reduced the allocation back to 100% due to significant losses experienced in the system.
- Changes to Schedule 1:
 - There are no changes to Schedule 1
 - There are no changes to Schedule 2.
- Permanent Transfers:
 - 1 Transfer, 19.5ML, Werribee Irrigation District (WID) to Bacchus Marsh Irrigation District (BMID)
 - 1 Transfer, 4.6 ML, WID to WID
 - 1 Transfer 3.7ML, BMID to BMID
- Temporary Transfers:
 - 62 Transfers, 1,062.3ML, from BMID to BMID
 - 21 Transfers, 396.4ML, from BMID to WID
 - 2 Transfers, 185ML, from BMID to Merrimu
 - 2 Transfers, 19ML, from BMID to Werribee River
 - 11 Transfers, 171.6ML, from WID to Werribee River
 - 142 Transfers, 2,146.1ML, from WID to WID
 - 4 Transfers, 35ML, from WID to BMID
 - 7 Transfers, 139ML, from Werribee River to Werribee River.
 - 1 Transfers, 12ML, from Werribee River to BMID
 - 5 Transfers, 41ML, from Werribee River to WID
- The annual volume supplied to:
 - Bacchus Marsh was 4,420.8ML
 - Werribee was 10,313.4ML
- There were no amendments to this Bulk Entitlement Order.
- There have been no new Bulk Entitlements granted.
- Feedback from the DSE about our environmental management programs has been adopted and SRW is preparing revised plans for the Minister's endorsement during 2003/2004. We have continued with the same metering program as before the Bulk Entitlement was signed and we have installed two additional gauging stations to improve monitoring.
- SRW has, with its best endeavours, provided for passing flow requirements as detailed in the Bulk Entitlement Order.
- Due to lack of flows within the Werribee system this year, SRW experienced no difficulties in complying with the passing flow requirements.

Maribrnong River

The following information is provided in accordance with Section 19.1 of the Maribrnong Bulk Entitlement Order.

- 4ML was released to supply licence entitlements.
- SRW's share of Rosslynne Reservoir at the 30 June 2003 was 79ML.
- Taking into account evaporation and measurement discrepancies SRW had inflows of 16.64ML.
- SRW allowed 50% for transfer and operating losses.
- SRW has had 38ML deducted for passing flow requirements.
- SRW had some minor non-compliance issues with the passing flow provisions of the Bulk Entitlement at the Sunbury gauging station from Mid December 2002 to mid January 2003. The catchment has continued to experience extremely dry conditions and this has dramatically reduced the amount of water available for irrigation from Rosslynne Reservoir. Consequently no further irrigation releases were available from mid December 2002. This resulted in flows falling below the 1ML minimum required at the Sunbury gauging station. As a result SRW has sought a temporary amendment to the Maribrnong Bulk Entitlement passing at Sunbury, together with the other Bulk Entitlement holders in consultation with DSE.
- 16.1ML has been taken from the waterway by primary entitlement holders
- There have been no Temporary or Permanent transfers from this Bulk Entitlement.
- A total of 338.5ML was transferred from Western Water's Macedon system into the Maribrnong system less 8% for estimated losses.
- There are no alterations to Schedule 1 or 2 of this Bulk Entitlement.
- There has been one Temporary Transfer within the system totalling 5ML.
- There are no amendments to this Bulk Entitlement.
- There have been no new Bulk Entitlements granted.
- Although SRW has prepared an environmental management program, it has not yet been submitted to the Minister. SRW has continued with the same metering program as before the Bulk Entitlement was signed except some sites have been upgraded with new equipment and three sites have been amalgamated with sites of MWC to reduce costs.
- To SRW's knowledge we have not failed to comply with any provisions of the Bulk Entitlement other than that reported in Item B.
- Due to the extremely dry conditions and reduction in irrigation flows, SRW has experienced difficulties in meeting the passing flow requirements at the Sunbury site as stipulated under the Bulk Entitlement Order. SRW is currently discussing these concerns with the DSE and has applied for a temporary amendment. SRW is hopeful that an arrangement can be achieved that will continue to protect the environment and allow for the practical implementation of passing flows to better reflects the natural flows of the system.

Latrobe River

The following information is provided in accordance with Section 16.3 of the Bulk Entitlement Order 1996.

- At 30 June 2002, Blue Rock reservoir contained 189700ML of water, 91.1 % of capacity. Capacity is 208,188ML.
- At 30 June 2003, Blue Rock reservoir contained 127,930 ML of water, 61.4 % of capacity. Capacity is 208,188ML.
- At 30 June 2002, the amount of water in the Authority's share of Blue Rock reservoir was 2991ML or 1.1 % of the total capacity.
- The annual amount of water taken by licence holders from the system waterway was:
 - 93.30ML, upstream of Yallourn Weir
 - 8713.0 ML, downstream of Yallourn Weir
- The amount of annual losses debited to the Authority's share of Blue Rock reservoir was 89ML.
- There were no internal spills into the Authority's share of storage in Blue Rock.
- There were no periods of rationing for any licence holders during 2002/2003.
- The Authority has provided for passing flow requirements as specified in the Bulk Entitlement Order for the complete year.
- There were three temporary and no permanent transfers of all or part of the Bulk Entitlement.
- There was no Bulk Entitlement or licence in respect of the system waterway temporarily or permanently transferred to the Authority.
- Although there were no amendments to this Bulk Entitlement, modelling will continue as this confirms natural flow indicators and is used to review passing flow requirements, particularly at Sale.
- There were no amounts supplied to any licence holders other than those specified in Schedule 1 of the Order.
- Difficulties were experienced in relation to modified natural flow indicators at designated passing points and the end of year out of balance with the actual storage volume. A new computer program will be developed during 2003/2004 to calculate BE shares on a daily basis in balance with storage volume.

Yallourn Energy

The following information is provided in accordance with Section 12.3 of the Bulk Entitlement Order 1996.

- The annual amount of water designated as taken by the Authority from the waterway at its pumping station was 16711ML
- In accordance with Clause 11.4, the Authority has a network of metering installed within its low quality water system that enables it to determine the low quality water usage by both the Loy Yang A and Loy Yang B power stations. This equipment is checked monthly for validity and annually for signal integrity.
- There were no temporary and no permanent transfers of all or part of the Bulk Entitlement.
- There was one entitlement or licence in respect of the system waterway temporarily or permanently transferred to the Authority.
- There were no amendments to this Bulk Entitlement.
- There has been no failure of which the Authority is aware to comply with any provisions of the Bulk Entitlement.
- There are no existing or anticipated difficulties experienced by the Authority in complying with the Bulk Entitlement.

Water Transfer Tables

Table 1: Permanent Transfers of Water Rights and Diversion Licences (Summary)
During the year ended 30 June 2003

District/area or waterway	Internal transfers within district/area or waterway		Total transfers from other districts/areas and waterways within Southern Rural Water		Total transfers to other districts/areas and waterways within Southern Rural Water		Total transfers from districts/ areas and waterways of other Water Authorities		Total transfers to districts/ areas and waterways of other Water Authorities		Net increase/ decrease for district/ area or waterway
	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	
Districts											
Macalister	2	30.0	1	10.0	1	55.0	0	0.0	0	0.0	-45.0
Werribee	1	4.6	0	0.0	1	19.5	0	0.0	0	0.0	-19.5
Bacchus Marsh	1	3.7	1	19.5	0	0.0	0	0.0	0	0.0	19.5
Waterways											
Thomson River	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Macalister River	0	0.0	1	55.0	1	10.0	0	0.0	0	0.0	45.0
Latrobe River	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Maribyrnong River	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Werribee River	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Other	7	195.0	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Southern RW Total	12	258.3	3	84.5	3	84.5	0	0.0	0	0.0	0.0

Table 1.1: Permanent Transfers of Water Rights and Diversion Licences
Transfers from/to districts, areas and waterways within Southern Rural Water
During the year ended 30 June 2003

TO	FROM	Macalister District		Werribee District		Bacchus Marsh District		Thomson River Waterway		Macalister River Waterway		Maribyrnong River Waterway		Werribee River Waterway		Other Waterways		Totals	
		No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML
District																			
Macalister		2	30.0	0	0.0	0	0.0	0	0.0	1	10.0	0	0.0	0	0.0	0	0.0	3	40.0
Werribee		0	0.0	1	4.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	4.6
Bacchus Marsh		0	0.0	1	19.5	1	3.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	23.2
Waterways																			
Thomson River		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Macalister River		1	55.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	55.0
Maribyrnong River		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Werribee River		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	7	195.0	7	195.0
Totals		3	85.0	2	24.1	1	3.7	0	0.0	1	10.0	0	0.0	0	0.0	7	195.0	14	317.8

Table 1.2: Permanent Transfers of Water Rights and Diversion Licences
Transfers from districts, areas and waterways of other Water Authorities
During the year ended 30 June 2003

	FROM	Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Totals	
To District or Waterway									
Macalister District		0	0.0	0	0.0	0	0.0	0	0.0
Werribee District		0	0.0	0	0.0	0	0.0	0	0.0
Bacchus Marsh District		0	0.0	0	0.0	0	0.0	0	0.0
Thomson River Waterway		0	0.0	0	0.0	0	0.0	0	0.0
Maribyrnong River Waterway		0	0.0	0	0.0	0	0.0	0	0.0
Werribee River Waterway		0	0.0	0	0.0	0	0.0	0	0.0
Other Waterways		0	0.0	0	0.0	0	0.0	0	0.0

Table 1.3: Permanent Transfers of Water Rights and Diversion Licences
Transfers to districts, areas and waterways of other Water Authorities
During the year ended 30 June 2003

TO	FROM	Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Totals	
		No.	ML	No.	ML	No.	ML	No.	ML
District									
Macalister District		0	0.0	0	0.0	0	0.0	0	0.0
Werribee District		0	0.0	0	0.0	0	0.0	0	0.0
Bacchus Marsh District		0	0.0	0	0.0	0	0.0	0	0.0
Waterways									
Thomson River Waterwa		0	0.0	0	0.0	0	0.0	0	0.0
Maribyrnong River Water		0	0.0	0	0.0	0	0.0	0	0.0
Werribee River Waterwa		0	0.0	0	0.0	0	0.0	0	0.0
Other Waterways		0	0.0	0	0.0	0	0.0	0	0.0

**Table 2: Temporary Transfers of Water Rights and Diversion Licences (Summary)
During the year ended 30 June 2003**

District/area or waterway	Internal transfers within district/area or waterway		Total transfers from other districts/areas and waterways within Southern Rural Water		Total transfers to other districts/areas and waterways within Southern Rural Water		Total transfers from districts/ areas and waterways of other Water Authorities		Total transfers to districts/ areas and waterways of other Water Authorities		Net increase/decrease for district/ area or waterway
	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	
Districts											ML
Macalister	311	6562.9	44	1551.7	33	772.7	0	0.0	0	0.0	779.0
Werribee	148	2090.3	27	437.4	14	218.0	0	0.0	0	0.0	219.4
Bacchus Marsh	63	986.1	5	47.0	26	600.4	0	0.0	0	0.0	-553.4
Waterways											
Thomson River	34	1262.9	14	331.6	32	1267.6	0	0.0	0	0.0	-936.0
Macalister River	2	28.0	21	457.0	15	348.0	0	0.0	0	0.0	109.0
Maribymong River	2	9.2	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Werribee River	7	139.0	14	387.0	6	53.0	0	0.0	0	0.0	334.0
Other	93	3646.6	1	48.0	0	0.0	0	0.0	0	0.0	48.0
Southern RW Total	660	14725.0	126	3259.7	126	3259.7	0	0.0	0	0.0	0.0

**Table 2.1: Temporary Transfers of Water Rights and Diversion Licences
Transfers from/to districts, areas and waterways within Southern Rural Water
During the year ended 30 June 2003**

TO	FROM	Macalister District		Werribee District		Bacchus Marsh District		Thomson River Waterway		Macalister River Waterway		Maribymong River Waterway		Werribee River Waterway		Other Waterways		Totals	
		No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML
District																			
Macalister		311	6562.9	0	0.0	0	0.0	31	1258.6	13	293.1	0	0.0	0	0.0	0	0.0	355	8114.6
Werribee		0	0.0	148	2090.3	22	396.4	0	0.0	0	0.0	0	0.0	5	41.0	0	0.0	175	2527.7
Bacchus Marsh		0	0.0	4	35.0	63	986.1	0	0.0	0	0.0	0	0.0	1	12.0	0	0.0	68	1033.1
Waterways																			
Thomson River		13	324.7	0	0.0	0	0.0	34	1262.9	1	6.9	0	0.0	0	0.0	0	0.0	48	1594.5
Macalister River		20	448.0	0	0.0	0	0.0	1	9.0	2	28.0	0	0.0	0	0.0	0	0.0	23	485.0
Maribymong River		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	9.2	0	0.0	0	0.0	2	9.2
Werribee River		0	0.0	10	183.0	4	204.0	0	0.0	0	0.0	0	0.0	7	139.0	0	0.0	21	526.0
Other		0	0.0	0	0.0	0	0.0	0	0.0	1	48.0	0	0.0	0	0.0	93	3646.6	94	3694.6
Totals		344	7335.6	162	2308.3	89	1586.5	66	2530.5	17	376	2	9.2	13	192	93	3646.6	786	17984.7

Table 2.2: Temporary Transfers of Water Rights and Diversion Licences
Transfers from districts, areas and waterways of other Water Authorities
During the year ended 30 June 2003

TO	FROM	Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Totals	
		No.	ML	No.	ML	No.	ML	No.	ML
District									
Macalister		0	0.0	0	0.0	0	0.0	0	0.0
Werribee		0	0.0	0	0.0	0	0.0	0	0.0
Bacchus Marsh		0	0.0	0	0.0	0	0.0	0	0.0
Waterways									
Thomson River		0	0.0	0	0.0	0	0.0	0	0.0
Maribyrnong River		0	0.0	0	0.0	0	0.0	0	0.0
Werribee River		0	0.0	0	0.0	0	0.0	0	0.0
Other Waterways		0	0.0	0	0.0	0	0.0	0	0.0

Table 2.3: Temporary Transfers of Water Rights and Diversion Licences
Transfers to districts, areas and waterways of other Water Authorities
During the year ended 30 June 2003

TO	FROM	Other Bulk Entitlement Holder (SECV)		Other Bulk Entitlement Holder (specify)		Other Bulk Entitlement Holder (specify)		Totals	
		No.	ML	No.	ML	No.	ML	No.	ML
District									
Macalister		0	0.0	0	0.0	0	0.0	0	0.0
Werribee		0	0.0	0	0.0	0	0.0	0	0.0
Bacchus Marsh		0	0.0	0	0.0	0	0.0	0	0.0
Waterways									
Thomson River		0	0.0	0	0.0	0	0.0	0	0.0
Maribyrnong River		0	0.0	0	0.0	0	0.0	0	0.0
Werribee River		0	0.0	0	0.0	0	0.0	0	0.0
Latrobe River		3	200.0	0	0.0	0	0.0	3	200.0

Table 3: Irrigation Water Usage
During the year ended 30 June 2003

District/area or waterway (District)	Total water rights allotted to District and diversion licences	Gross supply at offtakes (excl. volume passed to other Districts)	Users in District			Users outside district from district channels	Total delivered from district	Diversions from rivers, streams lakes and main channels		Total irrigation usage
			Under water rights/ domestic & stock allowance	Sales of water	Total delivered in district			Usage under entitlements and stock & domestic	Sales usage	
		ML	ML	ML	ML	ML	ML	ML	ML	ML
Macalister	116705.4	207794.0	122716.4	17039.3	139755.7	0.0	139755.7	0.0	0.0	139755.7
Werribee	9448.5	16877.8	9643.8	669.6	10313.4	0.0	10313.4	0.0	0.0	10313.4
Bacchus Marsh	3758.8	14549.0	4019.0	150.9	4169.9	161.6	4331.5	0.0	0.0	4331.5
Gippsland Diverters	95133.7	0.0	0.0	0.0	0.0	0.0	0.0	48463.8	5392.5	53856.3
Maribymong System	1983.2	1706.2	0.0	0.0	0.0	0.0	0.0	224.4	0.0	224.4
Werribee System	1549.2	1017.5	0.0	0.0	0.0	0.0	0.0	1074.5	49.1	1123.6
Bunyip/Tarago System	12816.1	0.0	0.0	0.0	0.0	0.0	0.0	2718.0	1357.7	4075.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5003.0	0.0	5003.0
Southern RWA Total	241394.9	241944.5	136379.2	17859.8	154239.0	161.6	154400.6	57483.7	6799.3	218683.6

**Table 4: Private Diversions From Regulated Waterways
As at 30 June 2003**

Drainage Basin	Regulated							
	Irrigation			Stock & Domestic		Other		Total
	Licence	Authorised Volume	Authorised Area	Licence	Authorised Volume	Licence	Authorised Volume	Authorised Volume
	No.	ML	HA	No.	ML	No.	ML	ML
AVON RIVER	0	0	0	0	0	0	0	0
BEMM RIVER	0	0	0	0	0	0	0	0
BUNYIP RIVER	91	4711	741.4	127	326	30	151.2	5188.2
BUNYIP RIVER WEIRS	0	0	0	0	0	0	0	0
GLENELG RIVER	0	0	0	0	0	0	0	0
HOPKINS RIVER	0	0	0	0	0	0	0	0
LAKE COLAC	0	0	0	0	0	0	0	0
LATROBE RIVER	95	11121.8	1872.8	21	52.8	11	20048.6	31223.2
LATROBE RIVER TRIBUTARIES	0	0	0	1	4.4	0	0	4.4
MARIBYRNONG RIVER	8	222.6	38.7	7	15.4	3	6.6	244.6
MITCHELL RIVER	0	0	0	0	0	0	0	0
MITCHELL RIVER TRIBUTARIES	0	0	0	0	0	0	0	0
MOORABOOL RIVER	66	1340	177.7	14	32.6	6	21.9	1394.5
NICHOLSON RIVER	0	0	0	0	0	0	0	0
OTWAY SYSTEM	0	0	0	0	0	0	0	0
PORTLAND	0	0	0	0	0	0	0	0
SNOWY RIVER	0	0	0	0	0	0	0	0
SNOWY RIVER TRIBUTARIES	0	0	0	0	0	0	0	0
SOUTH GIPPSLAND	0	0	0	0	0	0	0	0
TAMBO RIVER	0	0	0	0	0	0	0	0
TAMBO RIVER LOWER	0	0	0	0	0	0	0	0
TAMBO RIVER TRIBUTARIES	0	0	0	0	0	0	0	0
THOMSON COWWARR CHANNEL	3	277	67.5	1	66	1	2.2	345.2
THOMSON MACALISTER	47	3829.2	613.7	18	42.05	6	3391.8	7263.05
THOMSON RIVER	137	16645.6	2769.7	18	41.8	10	33	16720.4
WERRIBEE RIVER	29	873.5	289.3	37	107.8	13	121.8	1103.1
WESTERN PORT BAY TRIB	0	0	0	0	0	0	0	0
YARRA RIVER	0	0	0	0	0	0	0	0
Total	476	39020.7	6570.8	244	688.85	80	23777.1	63486.65

**Table 4 continued: Private Diversions From Unregulated Waterways
As at 30 June 2003**

Drainage Basin	Unregulated							
	Irrigation			Stock & Domestic		Other		Total
	Licence	Authorised Volume	Authorised Area	Licence	Authorised Volume	Licence	Authorised Volume	Authorised Volume
	No.	ML	HA	No.	ML	No.	ML	ML
AVON RIVER	67	6175.5	1011.4	17	37.4	6	49.2	6262.1
BEMM RIVER	12	715	135.6	5	17.6	5	11	743.6
BUNYIP RIVER	268	8105.1	830.3	169	447.2	75	271.2	8823.5
BUNYIP RIVER WEIRS	1	6	2	0	0	0	0	6.0
GLENELG RIVER	16	965.2	140.2	30	72.6	9	22.1	1059.9
HOPKINS RIVER	118	9745.3	1640.4	33	79.7	21	121.7	9946.7
LAKE COLAC	18	836.5	130.6	3	6.6	4	62.2	905.3
LATROBE RIVER	22	537.2	47	14	46.2	8	96.4	679.8
LATROBE RIVER TRIBUTARIES	437	16203.22	4046.1	121	339	123	849.26	17391.5
MARIBYRNONG RIVER	58	1760.6	166.5	54	201.2	18	41.9	2003.7
MITCHELL RIVER	142	12802.5	2121.8	54	147.4	14	50.4	13000.3
MITCHELL RIVER TRIBUTARIES	48	1858.9	323.46	17	39.6	9	78.4	1976.9
MOORABOOL RIVER	59	1628.7	401	13	30.8	4	65.4	1724.9
NICHOLSON RIVER	2	42.7	7	7	15.4	1	2.2	60.3
OTWAY SYSTEM	176	7931.8	1194	107	253	81	1141.7	9326.5
PORTLAND	27	1160.9	227.1	17	37.4	8	25.4	1223.7
SNOWY RIVER	32	2537.8	437	10	22	1	4.4	2564.2
SNOWY RIVER TRIBUTARIES	17	1211.5	195.5	10	28.6	6	28.4	1268.5
SOUTH GIPPSLAND	226	10039.1	1721.6	262	767.8	256	897.35	11704.3
TAMBO RIVER	15	702.2	115.3	31	70.4	9	58.6	831.2
TAMBO RIVER LOWER	36	2764.4	457.4	17	55.8	3	8.8	2829.0
TAMBO RIVER TRIBUTARIES	19	259.65	74	23	72.7	10	28.1	360.5
THOMSON COWWARR CHANNEL	0	0	0	0	0	0	0	0.0
THOMSON MACALISTER	75	4369	732.18	15	37.4	9	58.7	4465.1
THOMSON RIVER	25	3041.4	409.3	8	17.6	1	4.4	3063.4
WERRIBEE RIVER	22	675.7	75.7	16	35.2	5	195.4	906.3
WESTERN PORT BAY TRIB	7	1379.7	160	1	5	1	2.2	1386.9
YARRA RIVER	1	7.4	1.2	1	2.2	0	0	9.6
Total	1946	97462.97	16803.64	1055	2885.8	687	4174.81	104523.58

Table 5: Groundwater Extractions
As at 30 June 2003

Groundwater Management Areas	Irrigation			Other		Total Authorised Volume
	Licences	Authorised Volume	Authorised Area	Licences	Authorised Volume	
BUNGAREE	87	4,982.90	1488.6	7	328.50	5311.40
COLONGULAC	20	3,125.40	509.2	19	217.49	3342.89
CONDAH	36	6,703.70	1148	4	147.40	6851.10
CORINELLA	2	73.00	13	12	395.64	468.64
CUT PAW PAW	2	169.00	28	1	342.00	511.00
DENISON	67	13,443.00	2146	60	395.40	13838.40
DEUTGAM	155	5,091.80	1640.2	4	539.50	5631.30
FRANKSTON	22	864.20	263.4	6	247.10	1111.30
GERANGAMETE	0	0.00	0	1	8000.00	8000.00
GIFFARD	9	5,643.40	1030	3	52.00	5695.40
GLENORMISTON	11	2,292.10	366.4	24	111.30	2403.40
HEYWOOD	61	6,081.90	1202.4	33	257.90	6339.80
JAN JUC	0	0.00	0	1	4000.00	4000.00
KOO WEE RUP DALMORE	53	995.50	898.3	13	141.60	1137.10
KOO WEE RUP DALMORE	37	791.16	378.7	8	47.20	838.36
KOO WEE RUP DALMORE	71	3,050.00	1825.7	19	117.20	3167.20
KOO WEE RUP DALMORE	22	1,389.20	573	9	32.60	1421.80
KOO WEE RUP DALMORE	28	1,677.10	654.3	20	118.30	1795.40
KOO WEE RUP DALMORE	9	490.70	186	12	109.20	599.90
KOO WEE RUP DALMORE	14	447.60	170.8	3	118.00	565.60
LAKE MUNDI	51	26,196.90	4431.5	2	65.00	26261.90
LANCEFIELD	12	1,037.20	238.77	2	210.20	1247.40
LANG LANG	18	1,812.30	438.5	53	2086.80	3899.10
LEONGATHA	10	946.10	212.3	19	521.90	1468.00
MERRIMU	9	411.50	134.2	1	4.00	415.50
MOE	18	2,165.60	372.35	54	401.47	2567.07
MOORABBIN	27	1,908.90	472.3	2	162.50	2071.40
NEPEAN	8	269.00	58.4	4	37.00	306.00
NEPEAN	56	5,335.70	1282.2	3	22.00	5357.70
NEWLINGROOK	1	134.00	20	2	1809.00	1943.00
NOT IN	613	47,693.56	10563.4	535	12744.35	60437.91
NULLAWARRE	104	21,496.91	3614.88	103	771.70	22268.61
ORBOST	2	1,200.00	202	0	0.00	1200.00
PAARATTE	0	0.00	0	4	3192.00	3192.00
PORTLAND	3	230.10	64.1	4	1415.50	1645.60
ROSEDALE	37	11,887.52	2116	5	189.40	12076.92
SALE	92	17,108.90	5307	13	3751.20	20860.10
SEACOMBE	6	839.00	123	0	0.00	839.00
TARWIN	1	2.00	0.3	1	38.00	40.00
WA-DE-LOCK	60	11,695.91	2004.5	58	403.30	12099.21
WA-DE-LOCK	69	12,446.19	2102.8	45	269.24	12715.43
WA-DE-LOCK	4	779.71	148.3	1	160.00	939.71
WANDIN YALLOCK	166	2,802.10	864.62	1	9.00	2811.10
WARRION	100	13,954.60	2362.3	26	220.10	14174.70
WY YUNG	6	450.80	95	0	0.00	450.80
WY YUNG	46	5,396.30	1078.9	0	0.00	5396.30
WY YUNG	13	1,243.30	219.4	0	0.00	1243.30
YANGERY	113	11,383.70	2375.2	52	3096.02	14479.72
YARRAM	62	21,174.80	3832.2	23	4481.42	25656.22
AWAITING GMA ASSESSMENT	2	161.00	52	4	49222.00	49383.00
Total	2415	279475.26	59308.42	1276	101001.43	380476.69

Our Financial Report

Statement of Financial Performance

For Year Ended 30th June 2003

		2002-2003 \$'000's	2001-2002 \$'000's
	Notes		
Revenue from Ordinary Activities			
<i>Operating Revenue</i>			
Water Rates & Charges	2	9,947	8,812
Storage Operator Charges	3	6,773	4,285
- Correction of Fundamental Error	3.1	-	(184)
Government Grants for Services	1.3, 4	882	957
Other Revenue	6	139	236
External Services Contracts		265	160
Interest on Overdue Accounts		21	20
<i>Non-Operating Revenue</i>			
Interest on Investments		253	477
Proceeds from Sale of Fixed Assets	5	208	271
Total Revenue from Ordinary Activities		18,488	15,034
Expenses from Ordinary Activities			
Operations		5,874	5,412
Depreciation of Fixed Assets	1.5, 12	4,755	4,637
Administration		3,040	3,040
Maintenance		7,566	6,845
Written Down Value of Disposed Assets	5	487	636
Total Expenses from Ordinary Activities		21,722	20,570
Loss Attributable to the Authority Before Income Tax		(3,234)	(5,536)
Income Tax Expense	16	-	-
Loss Attributable to the Authority After Income Tax		(3,234)	(5,536)
Increase in Asset Revaluation Reserve	15(c)	-	2,475
Decrease in retained profits on adoption of a new Standard	15(b)	(16)	-
Amounts Recognised Directly in Equity		(16)	2,475
Total Changes in Equity Other than those resulting from transactions with owners as owners		(3,250)	(3,061)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at the 30th June 2003

	Notes	2002-2003 \$'000's	2001-2002 \$'000's
Current Assets			
Cash Assets	1.12, 23	2,004	8,904
Receivables	8	2,813	2,344
Other Financial Assets	1.6, 9	2,000	-
Inventories	1.7	117	117
Other		293	382
Total Current Assets		7,227	11,747
Non-Current Assets			
Other Financial Assets	1.6, 9	1,208	1,208
Property, Plant & Equipment	1.4, 11	427,009	427,118
Total Non-Current Assets		428,217	428,326
Total Assets		435,444	440,073
Current Liabilities			
Payables	13	2,006	3,042
Advances for capital and other works		170	171
Provision for employee benefits	14	636	587
Total Current Liabilities		2,812	3,800
Non-Current Liabilities			
Provision for employee benefits	14	1,123	1,097
Total Non-Current Liabilities		1,123	1,097
Total Liabilities		3,935	4,897
Net Assets		431,509	435,176
Equity			
Contributed capital	15(a)	366,860	366,860
Asset revaluation reserve	15(c)	74,270	74,270
Retained profits (Accumulated losses)	15(b)	(9,621)	(5,954)
Total Equity		431,509	435,176

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For Year Ended 30th June 2003

Gippsland & Southern Rural Water Authority

Statement of Cash Flows

For the Year Ended 30th June 2003

		2002-2003 Inflow/(Outflow) \$'000's	2001-2002 Inflow/(Outflow) \$'000's
	Notes		
Cash Flows from Operating Activities (incl GST)			
Receipts from customers		18,006	14,338
Receipts from Government		905	1,158
Payments to suppliers and employees		(18,199)	(15,267)
Interest and bill discount received		248	476
Net Cash provided by Operating Activities	24	961	705
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(5,647)	(3,883)
Proceeds from redemption of investments		-	5,000
Payments for investments		(2,000)	-
Proceeds from sale of property, plant and equipment		208	271
Net Cash provided by/(used in) Investing Activities		(7,439)	1,388
Cash Flows from Financing Activities			
Dividend Payment to Government		(422)	-
Net Cash used in Financing Activities		(422)	-
Net Increase in Cash Held		(6,900)	2,093
Cash Held at the Beginning of the Year		8,904	6,811
Cash Held at the End of the Year	23	2,004	8,904

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements

1 Statement of significant accounting policies

1.1 Establishment of the Authority

Gippsland and Southern Rural Water Authority (SRW) was established on 1 July 1995, by a Ministerial Order under section 98 of the Water Act 1989, dated 30 June 1995. The Authority is a not for profit entity owned by the State Government of Victoria.

1.2 Accounting basis

The Financial Statements are a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), and provisions of the Financial Management Act 1994.

The Financial Statements have been prepared on an accrual basis and in accordance with historical cost convention, except for the valuation of infrastructure assets, which are recorded at current written down replacement value. The accounting policies adopted in preparing the Financial Statements are consistent with those of the previous year, except where separately disclosed [see Note 1.8]

1.3 Government Grants

Programs such as state water assessment, groundwater investigations, salinity investigations, establishment of groundwater management areas, and water resource management, are performed under agreements with the Victorian Government.

The reimbursement of the cost of these services is included as "Government Grants for Services". The cost of the provision of these services is included in the "Operating Expenses".

1.4 Property, Plant & Equipment

Fixed assets of the Authority are recorded in the books of account as follows;

- (a) Fixed assets, other than infrastructure assets, which were acquired prior to 1 July 1994, are shown at estimated written down historical cost; those acquired since 1 July 1994 are shown at cost.
- (b) Infrastructure assets acquired prior to 30 June 1999 were revalued during 1999/2000 and are shown at estimated current written down replacement value. Those acquired after 1 July 1999 are shown at cost.
- (c) In the case of assets constructed by the Authority, on-site overheads are included in the cost of the assets.
- (d) Individual items of plant costing less than \$500 are expensed in the year of purchase.
- (e) As the Authority is a not-for-profit entity, it has not reviewed the carrying amount of its non-current asset in accordance with the provisions of Australian Accounting Standard AAS10 "Recoverable Amount of Non-Current Assets".
- (f) In accordance with the Authority's revaluation policy, a revaluation of infrastructure as at 1 July 1999 was undertaken during 1999/2000. Headworks infrastructure assets were revalued by the Snowy Mountains Engineering Corporation (Mr T Reid B Eng (Civil), Dip Civil Eng, FIEA, MAGS and Mr Colin Rudd B Eng(Civil), Grad Cert Water Eng, Grad Dip Mgmt, MIEA). Irrigation distribution infrastructure assets were revalued by SRW officers (Mr Paul Byrnes B Eng (Ag)(Hons), Grad Cert Water Eng, Grad Dip GIS and Remote Sensing and Ms Lucy Hluszko B Eng (Civil & Computing)).
- (g) A revaluation of buildings and associated land held or otherwise controlled by the Authority as at 1 July 2001 was undertaken during 2001/02 by Water Industry Business Services (Mr Luke Reddan AAPI, Certified Practising Valuer).
- (h) Land not associated with buildings, and therefore not subject to independent valuation, was assessed by the Authority as being recorded at "Fair Value" on the basis of the Recoverable Amount Test
- (i) In accordance with the revised accounting standard AASB 1041 and Bulletin 41 issued by the Department of Treasury and Finance, the Authority has applied the transitional provisions relating to asset values. A formal plan has been developed to ensure that all land, buildings and infrastructure assets will be revalued progressively to fair value by no later than 30 June 2005.

1.5 Depreciation

Depreciation, using the straight line method (except in the case of Motor Vehicles) is provided on depreciable assets and charged against revenue on the basis of allocating the cost of the assets over their estimated useful life.

Major classes of assets and their values are included in note 11.

Depreciation rates depend on life expectancy. Approximate equivalent rates are:

Item	Rate
Storages	0-1%
Channels	1-2%
Pipelines	1-2%
Buildings	2.5%
Plant and equipment	10%
Office furniture and equipment	5% to 33.3%
Motor Vehicles	22.5% Reducing Balance

1.6 Investments

Authority funds are invested in accordance with Treasury and Investment powers granted to the Authority under the Borrowing and Investment Powers Act 1987. All investments with a maturity date within 12 months of balance date are classified as current assets, unless there exists a probable intention to reinvest the full amount of the investment beyond that period. All other investments are classified as non-current.

1.7 Inventories

Inventories consist of materials and supplies for asset construction, system operation and general maintenance and are valued at the lower of cost or net realisable value.

1.8 Employee benefits

Employee benefits consist of provisions for long service leave and annual leave.

A provision for sick leave was not necessary as it is non-vesting and not likely that sick leave in future periods would exceed entitlements expected to accrue in those periods.

Long service leave provision is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

The current liability for long service leave represents the estimated amount of leave to be taken in the next twelve months, with the remainder of the provisions being considered as non-current.

In the reporting periods prior to 30 June 2003, provisions for employees benefits payable within 12 months were measured using remuneration rates current at the reporting date. For the period ending 30 June 2003, the Authority is required by AASB 1028 "Employee Benefits" to measure provision for employee benefits at remuneration rates expected to apply when the obligation is settled (nominal amount).

The transitional arrangements of AASB 1028 on adoption at 1 July 2002 give rise to an adjustment to opening annual leave liabilities and a corresponding change to accumulated surplus/(deficit).

The impact of this change is:

Decrease	Accumulated Surplus/(Deficit)	\$16k
Increase	Annual Leave Provision	\$16k

1.9 Insurance

The Authority is covered by policies obtained through a number of underwriters for both property and legal liabilities. The Authority self insures for any amounts below policy deductible limits.

No provision is made for potential claims. They are expensed as they occur. Any unsettled claims have been disclosed as contingent liabilities in the notes to the financial statements.

1.10 Operating Leases

Where the Authority has a lease, but does not assume, substantially, all the risks and benefits associated with the ownership of the asset, the lease payments are expensed in the year they are incurred. Where the Authority does assume, substantially, all the risks and benefits associated with the ownership of the asset, the lease payments are capitalised.

1.11 Superannuation

The Authority contributes in respect of its employees to a number of superannuation schemes administered by the Government Superannuation Office, Local Authorities Super Pty Ltd and other authorised Superannuation Funds. The amounts of these contributions are determined by each scheme's actuary in accordance with statutory requirements or in accordance with Superannuation Guarantee Legislation.

The Authority's statutory contributions to these schemes are recorded as a superannuation expense. (Note 20)

1.12 Cash at Bank and on Hand

Cash at bank and on hand includes petty cash on hand and SRW bank account balance at year end.

1.13 Bad and Doubtful Debts

A provision is made for any doubtful debts based on a review of all receivables at balance date. Bad debts are written off in the period in which they are identified.

1.14 Revenue

Revenue is brought into account when services have been provided or when a rate is levied or determined. Charges for water delivered are either charged progressively during the year or accrued at 30 June based on actual meter readings.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The value of goods and services provided free of charge would be recognised as revenue when the Authority gained control of them. No goods or services were provided free during 2002-2003.

Government grants for service are recognised as revenue at the earlier of the grant being received or invoiced.

In Accounting for the sale of fixed assets, gross proceeds from the sales of fixed assets are included as non operating revenue and written down value of the assets sold is disclosed as an operating expense. Details of the gains and losses on disposal of fixed assets are shown in note 5.

All revenue is stated net of the amount of goods and services tax (GST).

1.15 Comparative Figures

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

Number	2002-2003 \$'000's	2001-2002 \$'000's
2 Water Rates & Charges		
Rates & Charges - Irrigation, Diversions & Groundwater	8,176	7,671
Sales - Irrigation & Diversions	787	690
Other Charges - Bores, Drilling & Grazing Licences	984	451
	<u>9,947</u>	<u>8,812</u>
3 Storage Operator Charges		
Total charges	8,259	5,410
Charges to retail business	<u>(1,486)</u>	<u>(1,309)</u>
Charges to other organisations	<u>6,773</u>	<u>4,101</u>
3.1 Storage operator charges for 2000/01 were overstated by \$184k, representing the payment for unallocated water in Blue Rock Lake. This payment is offset against the dividend payment to government, and at the time of the offset an equivalent accrual amount was not reversed. The error had the effect of overstating "Profit Attributable to the Authority" and "Retained Profits" for the year ended 30 June 2001 by \$184k.		
4 Government Grants		
State Government - Salinity Projects	171	160
State Government - Youth Employment Scheme	43	56
State Government - Establishment of Streamflow Management Plan	-	(9)
State Government - Water for Growth Initiative	173	568
State Government - Implementation of Farm Dam legislation	135	182
State Government - Stressed Rivers Scheme - Lerderberg River	330	-
State Government - Gippsland Lakes Rescue Package	30	-
	<u>882</u>	<u>957</u>
5 Loss from Sale of Fixed Assets		
Proceeds from Sale of Fixed Assets	208	271
Written Down Value of Disposed Assets	<u>(487)</u>	<u>(636)</u>
Loss from Sale of Fixed Assets	<u>(279)</u>	<u>(365)</u>
The "Loss from Sale of Fixed Assets" includes the transfer of ownership of irrigation drains to landholders as part of SRW's nutrient reduction activities. Drains with a written down value of \$300k (\$372k in 2001-2002) were transferred to landholders at no cost under this program.		
6 Other Revenue		
Royalties	63	144
Other	76	92
	<u>139</u>	<u>236</u>
7 Audit Fees		
Financial Statements Audit	24	24
	<u>24</u>	<u>24</u>
8 Receivables		
Water consumers and other external clients.	2,843	2,374
Less Provision for Doubtful Debts (refer note 1.13)	<u>(30)</u>	<u>(30)</u>
	<u>2,813</u>	<u>2,344</u>
Most debts of the Authority are secured against property. For this reason the Authority has only a \$30,000 provision for doubtful debts for general business debtors.		
9 Other Financial Assets		
<i>Current</i>		
Interest bearing deposit - current	2,000	-
	<u>2,000</u>	<u>-</u>
<i>Non Current</i>		
*Interest bearing deposit - non-current	1,208	1,208
	<u>1,208</u>	<u>1,208</u>
<i>Total</i>	<u>3,208</u>	<u>1,208</u>
* This investment has been established to offset a bank guarantee to Melbourne Water Corporation, for water supplied from the Thomson Reservoir. The guarantee is exercisable only if SRW are unable to redeem the water used from future water allocations (refer note 26).		
10 Bad & Doubtful Debts		
Bad Debts Expense	-	-
No amounts have been written off as unrecoverable during the reporting period.		

	2002-2003 \$'000's	2001-2002 \$'000's
11 Property, Plant & Equipment	Refer notes: 1.4, 1.5	
Land		
At Cost	-	-
At Fair Value *	6,677	6,677
Infrastructure Assets		
At Cost	6,426	5,297
At Valuation **	414,525	414,825
Accumulated Depreciation	<u>(12,745)</u>	<u>(8,804)</u>
	408,206	411,318
Buildings		
At Cost	213	-
At Valuation *	2,270	2,270
Accumulated Depreciation	<u>(164)</u>	<u>(81)</u>
	2,319	2,189
Furniture, Fittings and Computer Equipment		
At Cost	2,346	2,229
Accumulated Depreciation	<u>(1,831)</u>	<u>(1,616)</u>
	515	613
Plant and Machinery		
At Cost	1,030	830
Accumulated Depreciation	<u>(457)</u>	<u>(375)</u>
	573	455
Motor Vehicles		
At Cost	2,544	2,052
Accumulated Depreciation	<u>(788)</u>	<u>(505)</u>
	1,756	1,547
Total Property, Plant & Equipment	<u>420,046</u>	<u>422,799</u>
Capital Works In Progress		
Infrastructure Assets	6,381	3,797
Furniture & Fittings	-	155
Plant, Machinery & Equipment	10	15
Computer Equipment	<u>572</u>	<u>352</u>
	6,963	4,319
	<u>427,009</u>	<u>427,118</u>

* A revaluation and fair value assesment of Land and Buildings was undertaken as at 1 July 2001. See notes 1.4(g) and 1.4(h)

** A revaluation of infrastructure assets was undertaken as at 30 June 1999. See note 1.4(f)

11.1 Movements in Fixed Assets

	Land	Infrastructure Assets	Furniture, Fittings & Computer Equip	Plant & Machinery	Motor Vehicles	Buildings	WIP	Total
Balance at Beginning	6,677	411,318	613	455	1,547	2,189	4,319	427,118
Additions		1,129	125	200	822	213	2,644	5,133
Disposals		(300)	-		(187)			(487)
Transfers								-
Revaluation Increments								-
Depreciation Expense		(3,941)	(223)	(82)	(426)	(84)		(4,755)
Carrying Amount at the end of the Year	<u>6,677</u>	<u>408,206</u>	<u>515</u>	<u>573</u>	<u>1,756</u>	<u>2,319</u>	<u>6,963</u>	<u>427,009</u>

12 Depreciation

Infrastructure Assets	3,940	3,920
Buildings	84	77
Furniture, Fittings and Computer Equipment	223	228
Plant and Machinery	82	62
Motor Vehicles	<u>426</u>	<u>350</u>
	4,755	4,637

13 Payables

Trade Creditors & Accrued Expenses	1,850	2,913
Payroll Related Accruals	<u>156</u>	<u>129</u>
	2,006	3,042

		2002-2003 \$'000's	2001-2002 \$'000's
14 Provision for employee benefits			
Current	Long Service Leave	42	62
	Annual Leave	588	525
	Superannuation Liability - Deferred Payment	6	-
		<u>636</u>	<u>587</u>
Non-current	Long Service Leave	1,073	1,097
	Superannuation Liability - Deferred Payment	50	-
		<u>1,123</u>	<u>1,097</u>
Total		<u>1,759</u>	<u>1,684</u>
Number of Employees at year end		118	117

15 Equity

15(a) Contributed Capital

Opening Balance	366,860	363,157
Transfer from Retained Profits *	-	3,703
Closing Balance	<u>366,860</u>	<u>366,860</u>

* As at 1 July 2001, the entity transferred all its retained profits of \$3,703k to Contributed Capital. This accounting treatment is to comply with Urgent Issues Group Abstract 38 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and Accounting and Financial Reporting Bulletin No. 39 *Accounting for Contributed Capital* and No. 40 *Establishment of Opening Balances and Formal Designation for Contributed Capital*.

15(b) Retained Profits (Accumulated Losses)

Opening Balance	(5,954)	3,703
Transfer to Contributed Capital - see note 15(a)	-	(3,703)
	<u>(5,954)</u>	<u>-</u>
Net Loss Attributable to the Authority	(3,234)	(5,536)
Dividends Paid to Government	(418)	(418)
Adjustments resulting from change in accounting policy	(16)	-
Retained Profits (Accumulated Losses) at the end of the financial year	<u>(9,621)</u>	<u>(5,954)</u>

15(c) Asset Revaluation Reserve

Opening Balance	74,270	71,795
Revaluation increment of Land & Buildings	-	2,475
Closing Balance	<u>74,270</u>	<u>74,270</u>

The asset revaluation reserve records revaluations of non-current assets.

16 Tax Equivalence Regime

On 1 July 2001, the Authority became subject to the State Tax Equivalence Regime, and on 1 July 2002 entered the National Tax Equivalence Regime. The Authority applied tax effect accounting in accordance with AAS 3, and the tax effects of adjustments are shown in the following reconciliation.

Result from ordinary activities before income tax	(3,234)	(5,536)
Prima facie income tax benefit thereon at 30%	(970)	(1,661)
Tax Effect of:		
Permanent Difference: Dividend Payment to Government	(125)	(125)
	<u>(1,095)</u>	<u>(1,786)</u>
Timing Differences:		
Depreciation	(7,433)	(7,527)
Increase in employee entitlement	22	75
	<u>(8,507)</u>	<u>(9,238)</u>
less: Benefits of tax losses not brought to account in the absence of virtual certainty	8,507	9,238
Income tax expense	<u>-</u>	<u>-</u>

The future income tax benefit of \$17,762k relating to carry forward income tax losses, \$520k relating to provisions, and the provision for deferred income tax of \$14,960k relating to depreciation, have not been brought to account because realisation of those benefits and provisions cannot be assured beyond reasonable doubt. Realisation of those benefits and provisions is contingent upon the future profitability of the entity's operations, continued compliance with the conditions of deductibility imposed by the law and the taxation law itself not changing in a manner which would adversely affect the entity in realising those benefits.

17 Lease Commitments

Operating Lease Commitments		
Being for leases of motor vehicles payable:		
- not later than 1 year	-	91
- later than 1 year but not later than 5 years	-	-
- later than 5 years	-	-
	<u>-</u>	<u>91</u>

The motor vehicle leases are non-cancellable leases with two year term, with rent payable monthly in advance.

	2002-2003 \$'000's	2001-2002 \$'000's
18 Capital commitments		
Capital expenditure contracts outstanding		
- not later than 1 year	3,568	5,541
- later than 1 year but not later than 5 years	-	-
- later than 5 years	-	-
	3,568	5,541
This represents commitments outstanding on contracts for Capital Works. All outstanding works will be completed during 2003-2004. There is no actual liability for this amount at 30th June 2003		

19 Transactions with other Victorian Government Controlled Entities

During the 2002-2003 financial year transactions were undertaken with other Victorian Government controlled entities. These transactions are summarised as follows:

	Intra	Inter	Intra	Inter
Assets	78	132	152	38
Liabilities	204	45	91	224
Revenues	2,786	1,072	2,813	417
Expenses	517	561	397	550

'Intra' Transactions are between entities within the Sustainability and Environment portfolio.

'Inter' Transactions are with entities outside the portfolio and controlled by the Victorian Government.

20 Superannuation

Employees of the Authority contribute to a number of superannuation funds. Details are as follows:

(a) State Superannuation Fund - New Scheme (Defined Benefit Scheme)	Employer Contribution Contribution Rate	121 9% - 10%	115 9% - 10%
(b) State Superannuation Fund - Revised Scheme. (Defined Benefit Scheme)	Employer Contribution Contribution Rate	90 15.50%	92 15.50%
(c) SSF - State Employees Retirement Benefits Fund. (Defined Benefit Scheme)	Employer Contribution Contribution Rate	23 12.50%	22 12.50%
The Victorian Government holds the responsibility for any unfunded liability for State Superannuation Fund Schemes and is therefore responsible for reporting that liability.			
(d) Local Authorities Superannuation Board (LASPLAN) (Accumulation Scheme)	Employer Contribution Contribution Rate	329 9.00%	249 8.00%
(e) Local Authorities Superannuation Board (LASB) (Accumulation Scheme)	Employer Contribution Contribution Rate	48 9.25%	45 9.25%
(f) Other Superannuation Schemes (Accumulation Schemes)	Employer Contribution Contribution Rate	265 9.00%	237 8.00%

No loans have been provided to the Authority from any of the above schemes.

There are no contributions outstanding as at 30th June 2003.

Unfunded Superannuation Liabilities

Unfunded Liabilities are defined as the difference between the present value of members' accrued benefits and the net market value of a superannuation scheme's assets at the reporting date. The Authority is responsible for any unfunded liabilities arising from 1 July 1992 on defined benefits superannuation schemes which it sponsors in respect of its employees.

- Local Authorities Superannuation Schemes

The Authority's share of the unfunded liability as advised following the 31 December 2002 Actuarial Review was \$53k (plus contributions tax of \$9k).

This amount has been recognised in full as expenditure in 2002/03, and will be repaid over a ten-year period.

Payments to date against this liability total \$5k (plus contributions tax of \$1k), leaving a balance of \$48k (plus contributions tax of \$8k)

- State Superannuation Fund

The Authority has no unfunded liability in respect of its employees who are members of schemes in this fund. This liability has been assumed by the State Government and is disclosed in its financial statements.

21 Financial Instruments

21(a) Terms, Conditions and Accounting Policy

The Authority's accounting policy including the terms and conditions of each class of financial asset, liability and equity instruments, both recognised and unrecognised as the balance date, is as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<i>Financial Assets</i>			
Cash Assets	23	Cash is stated at its nominal amount. Surplus Authority funds are held in the bank account	The Authority does not have an overdraft facility but has access to TCV funds. The Bank accounts attracted an average 4.35% interest rate for the year.
Term Deposits	9	Term deposit is stated at its nominal amount. Interest revenue is recognised in the operating statement when it is earned	The Authority currently has two term deposits. One term deposit is for \$1.208M with a fixed interest term for a 12 month maturity, current interest rate is 4.82%. The second term deposit is for \$2.0M with a term of 30 days and a current interest rate of 4.75%
Debtors	8	Debtors are stated at their nominal amounts due less any provision for doubtful debts.	For rates and charges debtors outstanding as at 30th June 2003, payment is overdue. Normal terms are 30 days from date of invoice. Interest is charged on overdue accounts at 12.25%
<i>Financial Liabilities</i>			
Creditors and Accruals	13	Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to the Authority.	Terms for the payment of creditors are 30 days after the end of the month in which the goods and services are received or services rendered or within 30 days from the receipt of invoice, whichever is the later.

21(b) Interest Rate Risk

The Authority's exposure to interest rate risk and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Floating Interest Rate		Fixed interest rate (within one year)		Non - Interest Bearing		Total Carrying amount as per the Balance Sheet		Weighted Average effective interest rate	
	2002-2003 \$ '000	2001-2002 \$ '000	2002-2003 \$ '000	2001-2002 \$ '000	2002-2003 \$ '000	2001-2002 \$ '000	2002-2003 \$ '000	2001-2002 \$ '000	2002-2003 %	2001-2002 %
<i>Financial Assets</i>										
Cash Assets	2,004	8,904					2,004	8,904	4.35%	4.12%
Term Deposit Investment			3,208	1,208			3,208	1,208	4.64%	5.43%
Debtors					2,843	2,374	2,843	2,374		
Total Financial Assets	2,004	8,904	3,208	1,208	2,843	2,374	8,055	12,486		
<i>Financial Liabilities</i>										
Creditors and Accruals					2,006	3,042	2,006	3,042		
Advances for Capital & Other Works					170	171	170	171		
Total Financial liabilities	-	-	-	-	2,176	3,213	2,176	3,213		

21(c) Net Fair Values

The value of assets and liabilities in the Statement of Financial Position equates to fair value.

21(d) Credit risk exposure

The Authority's maximum exposure to credit risk at balance date for each class of recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position.

21(e) Concentration of credit risk

The Authority's exposure to credit risk is low, as most of the revenue transactions represent a charge on the property or are under a Bulk Entitlements Order.

Credit risk is managed in the following ways:

- Payment is 30 days or instalments for some customers.
- Overdue payments are referred to debt collector approximately 6 weeks after becoming over due.

22 Retail and Wholesale Operations

	2002-2003			Total Authority \$'000's	2001-2002	
	Wholesale Operations \$'000's	Retail Operations \$'000's	Eliminations \$'000's		Wholesale Operations \$'000's	Retail Operations \$'000's
Storage Operator Charges	8,256	3	(1,486) *	6,773	5,393	17
Retail Usage Charges	-	9,947		9,947	-	8,812
Other Revenue	457	1,322	(12) **	1,767	223	1,909
TOTAL REVENUE	8,713	11,272	(1,498)	18,488	5,616	10,738
Operating & Maintenance Expenses	5,433	8,505	(12) **	13,926	4,041	8,863
Depreciation	1,495	3,260		4,755	1,489	3,148
Administration, Finance Other Expenses	682	2,359		3,041	627	2,413
Internal Storage Operator Costs*	-	1,486	(1,486) *	-	-	1,309
Other Bulk Supply Charges	-	-		-	-	-
TOTAL EXPENSES	7,610	15,610	(1,498)	21,722	6,157	15,733
Total Profit/(Loss) for the year	1,103	(4,338)	0	(3,234)	(541)	(4,995)
Investments	-	3,208		3,208	-	1,208
Other Assets	7,879	(2,652)		5,227	6,384	5,363
Fixed Assets	289,989	137,020		427,009	290,876	136,242
Total Assets	297,868	137,576		435,444	297,260	142,813
<i>Cash Flow information;</i>						
Cash Used in Investing Activities	(534)	(6,905)		(7,439)	(2,580)	3,968
Cash From Finance Activities	(422)	-		(422)	-	-

Wholesale operations account for the harvesting and storage of water on behalf of external and internal customers who hold bulk water entitlements in that storage.

* The internal Storage Operator Charges of \$1486k is included in the revenue of the Wholesale Business and the expense of the Retail Business above and are eliminated in the Operating Statement.

** The internal Wellington Salinity Charge of \$12k is included in Other Revenue of the Retail Business and the expense of the Wholesale Business above and are eliminated in the Operating Statement.

Transfer pricing to internal customers is based on full cost recovery with zero rate of return.

23 Reconciliation of Cash2002-2003
\$'000's2001-2002
\$'000's

For the purposes of the statement of cash flows, cash includes cash on hand and deposits held at call with financial institutions.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

Cash on hand and at bank	2,004	8,904
--------------------------	-------	-------

24 Reconciliation of Net Cash provided by Operating Activities to Profit from Ordinary Activities for the Year

Profit / (loss) from Ordinary Activities	(3,234)	(5,536)
Depreciation	4,755	4,637
Increase/(Decrease) in provision for employee benefits	59	252
Change in operating assets and liabilities:		
Decrease/(Increase) in inventories	0	27
Decrease / (Increase) in trade receivable	(687)	315
Decrease / (Increase) other assets	89	(235)
Increase / (Decrease) advances for capital	(1)	53
Increase/(Decrease) in trade creditors	(299)	827
Loss / (Gain) on sale of fixed assets	279	365
Net Cash Provided by Operating Activities	961	705

25 Responsible Persons Disclosure

The names of the Responsible Persons of Gippsland and Southern Rural Water Authority during 2002-2003 are:

Minister for Environment and Conservation	The Hon. Sherryl Garbutt	1 July 2002 to 5 December 2002
Minister for Water	The Hon. John Thwaites	5 December 2002 to 30 June 2003

Members of Authority Board:

Mr R Skinner (Chairperson)
 Mrs J McMillan (Deputy Chairperson)
 Ms C Batagol
 Mr G Crick
 Ms J Greig
 Dr M Kent
 Prof J Lovering
 Mr J Pye

The Chief Executive is Dr Martin Kent (Accountable Officer).

Remuneration received, or due and receivable by Responsible Persons from the Authority, amounted to \$306,736 (2001-2002 \$264,580).

Number of Responsible Persons from the Authority are shown below in their relevant remuneration bands:

	2002-2003	2001-2002
\$10,000-\$19,999	6	8
\$30,000-\$39,999	1	-
\$140,000-\$149,999	-	1
\$160,000-\$169,999	1	-

There were no retirement benefits paid in conjunction with the retirement of Responsible Persons, nor were there any transactions between the Authority and any Responsible Person other than those which occurred within the normal arms length transaction between the Authority and its customers.

The number of Executive Officers whose total remuneration exceeds \$100,000 during 2002-2003 are shown below in their relevant income bands:

	2002-2003	2001-2002
\$130,000-\$139,999	-	1
\$150,000-\$159,999	1	-

The total remuneration for the year of the above Executive Officers amounted to \$154,588 (2001-2002 \$139,683).

26 Contingent Liabilities

The Authority has a contingent liability for water obtained from Melbourne Water Corporation from the Thomson Reservoir in accordance with an Agreement signed on 6 June 2000.

The Bank Guarantee may be exercised in accordance with clause 13 of the Agreement if SRW is unable to repay water volumes owed by it as detailed in Schedule 1 of the Agreement, which provides for repayment over a nominal five year period.

The total value of the Bank Guarantee is \$1,207,500.

SRW has established an interest bearing deposit (see note 9) as security against the Bank Guarantee, which remains in place until the above obligations have been met.



STATUTORY CERTIFICATE

We certify that the financial statements of the Gippsland and Southern Rural Water Authority for the year ending 30 June 2003 have been prepared in accordance with the requirements of the *Financial Management Act 1994* and Australian Accounting Standards.

In our opinion the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Notes to the financial statements present fairly the financial transactions during 2002/03 and the position of the Gippsland and Southern Rural Water Authority as at 30 June 2003.

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

ROB SKINNER
Chairperson

(DR) MARTIN KENT
Chief Executive

dated at Maffra 22 August 2003



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Board of the Gippsland and Southern Rural Water Authority

Audit Scope

The accompanying financial report of the Gippsland and Southern Rural Water Authority for the financial year ended 30 June 2003, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Board as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of Authority's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of the Gippsland and Southern Rural Water Authority as at 30 June 2003 and its financial performance and cash flows for the year then ended.

MELBOURNE
10 September 2003



J.W. CAMERON
Auditor-General

Compliance Checklist

This Annual Report is prepared in accordance with the Financial Management Act and the Directions of the Minister for Finance. This index has been prepared to facilitate easy identification of compliance with statutory disclosure and other requirements.

Clause	Disclosure	Page
Report of operations		
Charter & purpose		
9.1.3 (i) a	Manner of establishment and relevant Minister	24
9.1.3 (i) b	Objectives, functions, powers and duties	24
9.1.3 (i) c	Services provided and persons or sections of the community served	4-5
Management & structure		
9.1.3 (i) (d) (i)	Names of governing board members, audit committee and chief executive officer	3
9.1.3 (i) (d) (ii)	Names of senior office holders and brief description of each office	4-5
9.1.3 (i) (d) (iii)	Chart setting our organisational structure	4
9.1.3 (i) (e)	Workforce data and application of merit and equity principles	21-22
9.1.3 (i) (f)	Application of FOI Act 1982	19
Financial & other information		
9.1.3 (ii) (a)	Summary of financial results with previous four year comparatives	25
9.1.3 (ii) (b)	Summary of significant changes in financial position	38
9.1.3 (ii) (c)	Operational and budgetary objectives for the year and performance against those objectives	6-10
9.1.3 (ii) (d)	Major changes or factors affecting achievement of objectives	6-10
9.1.3 (ii) (e)	Events subsequent to balance date	N/A
9.1.3 (ii) (g)	Consultancies < \$100,000 – number and total cost of consultancy engagements	24
9.1.3 (ii) (h)	Extent of compliance with Building Act 1993	23
9.1.3 (ii) (i)	Statement that information listed in 9.1.3 (iv) is available on request	24
9.1.3 (ii) (k)	Statement on implementation and compliance with National Competition Policy	24
9.8.2 (i)	Statement of Occupational Health & Safety matters	23
9.8.2 (ii)	OHS performance measures	23
Financial Statements		
Preparation		
9.2.2 (ii) (a)	Statement of preparation on an accrual basis	40
9.2.2 (ii) (b)	Statement of compliance with Australian Accounting Standards and associated pronouncements	40
9.2.2 (ii) (c)	Statement of compliance with accounting policies issued by the Minister for Finance	40
Statement of Financial Operations		
9.2.2 (i) (a)	A statement of financial operations for the year	37
9.2.3 (ii) (a)	Operating revenue by class	37
9.2.3 (ii) (b)	Investment income by class	37
9.2.3 (ii) (c)	Other material revenue by class including sale of non-goods assets and contributions to assets	37
9.2.3 (ii) (d)	Material revenues arising from exchanges of goods and services	37
9.2.3 (ii) (e)	Depreciation, amortisation or diminution in value	37
9.2.3 (ii) (f)	Bad or doubtful debts	43
9.2.3 (ii) (g)	Financing costs	N/A
9.2.3 (ii) (h)	Net increment or decrement on the revaluation of each category of assets	44
9.2.3 (ii) (i)	Auditor General's fees	43
Statement of Financial Position		
9.2.2 (i) (b)	A statement of financial position for the year	38
Assets		
9.2.3 (iii) (a) (i)	Cash at bank or in hand	47
9.2.3 (iii) (a) (ii)	Inventories by class	38
9.2.3 (iii) (a) (iii)	Receivables, including trade debtors, loans and other debtors	43
9.2.3 (iii) (a) (iv)	Other assets, including prepayments	43
9.2.3 (iii) (a) (v)	Investments by class	47
9.2.3 (iii) (a) (vi)	Property, plant and equipment	44
9.2.3 (iii) (a) (vii)	Intangible assets	N/A
Liabilities		
9.2.3 (iii) (b) (iii)	Trade and other creditors	44
9.2.3 (iii) (b) (v)	Provisions, including employee entitlements	45
Equity		
9.2.3 (iii) (c) (i)	Authorised capital	45
9.2.3 (iii) (c) (ii)	Issued capital	N/A
9.2.3 (iii) (d)	Reserves, and transfers to and from reserves (shown separately)	45
Statement of Cash Flows		
9.2.2 (i) (c)	Statement of cash flows for the year	39
Notes to the Financial Statements		
9.2.3 (iv) (b)	Contingent liabilities	49
9.2.3 (iv) (c)	Commitments for expenditure	45-6
9.2.3 (iv) (d)	Government grants received or receivable and source	43
9.2.3 (iv) (e)	Employee superannuation funds	46
9.4.2	Transactions with responsible persons and their related parties	49
9.7.2	Motor vehicle lease commitments	45