



# *Financial Statements*

30 June 2006

<b>Contents</b>	<b>Page</b>
Operating Statement	65
Balance Sheet	66
Statement of Changes in Equity	67
Cash Flow Statement	67
Notes to the Financial Statements	68-90
Certification of Financial Statements	91
Independent Audit Report	92-93

<b>Operating Statement for the year ended 30 June, 2006</b>			
	<b>Note</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
<b>Revenue from Operating Activities</b>			
Fees and Charges	2	35,704	33,258
Developer and Land Owner Contributions	3	7,811	11,257
Government Contributions	4	-	260
Interest Revenue	5	767	782
Other Revenue	6	1,056	2,667
		<b>45,338</b>	<b>48,224</b>
<b>Expenses from Operating Activities</b>			
Direct Expenses	7	34,262	33,834
Administration Expenses	8	7,186	6,757
Environmental Contribution	1(o)	1,500	1,130
Borrowing Costs	9	1,927	1,183
		<b>44,875</b>	<b>42,904</b>
<b>Profit before Income Tax</b>		<b>463</b>	<b>5,320</b>
Income Tax Expense	10	142	1,598
<b>Profit for the Year</b>		<b>321</b>	<b>3,722</b>

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

**Balance Sheet  
as at 30 June, 2006**

	Note	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	1,208	347
Receivables	12	10,310	8,816
Prepayments		223	258
Inventories	13	1,171	1,112
Total Current Assets		12,912	10,533
<b>Non-Current Assets</b>			
Receivables	12	8,177	9,547
Property, Plant and Equipment	14	451,733	459,235
Deferred Tax Assets	15	10,539	6,284
Total Non-Current Assets		470,449	475,066
<b>Total Assets</b>		<b>483,361</b>	<b>485,599</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	16	4,816	5,817
Interest Bearing Liabilities	17	224	2,575
Employee Benefits	18	2,721	2,392
Provisions	19	40	300
Total Current Liabilities		7,801	11,084
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	17	26,897	25,320
Employee Benefits	18	161	167
Deferred Tax Liabilities	20	23,005	17,861
Total Non-Current Liabilities		50,063	43,348
<b>Total Liabilities</b>		<b>57,864</b>	<b>54,432</b>
<b>Net Assets</b>		<b>425,497</b>	<b>431,167</b>
<b>Equity</b>			
Contributed Equity	21	234,284	251,548
Reserves	22(a)	23,267	14,473
Retained Profits	22(b)	167,946	165,146
<b>Total Equity</b>		<b>425,497</b>	<b>431,167</b>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity  
for the year ended 30 June, 2006**

	Note	2006 \$'000	2005 \$'000
<b>Total Equity at the beginning of the Financial Year</b>		431,167	427,445
Gain on revaluation of land and buildings, net of tax	22(a)	10,586	-
Transfer of Wallan assets to Yarra Valley Water	21	(17,264)	-
Tax effect of transfer of Wallan Assets to Yarra Valley Water	20	687	
<b>Net Income recognised directly in equity</b>		(5,991)	-
Profit for the year		321	3,722
<b>Total recognised income and expense for the year</b>		(5,670)	3,722
<b>Total Equity at the end of the Financial Year</b>		425,497	431,167

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

**Cash Flow Statement  
for the year ended 30 June, 2006**

	Note	2006 \$'000	2005 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers (inclusive of goods and services tax)		42,243	44,603
Income Grants from Government Departments		-	260
Payments to Suppliers and Employees (inclusive of goods and services tax)		(31,477)	(31,459)
Interest and Bill Discounts Received		768	780
Interest and Other Costs of Finance Paid		(1,849)	(1,068)
<b>Net Cash Inflow from Operating Activities</b>	24	9,685	13,116
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Property, Plant and Equipment		7,412	811
Payments for Property, Plant and Equipment		(15,462)	(30,827)
<b>Net Cash (Outflow) from Investing Activities</b>		(8,050)	(30,016)
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		3,000	17,000
Repayment of Borrowings		(3,774)	(333)
<b>Net Cash (outflow) Inflow from Financing Activities</b>		(774)	16,667
Net Increase (Decrease) in Cash held		861	(233)
Cash at the beginning of the Financial Year		347	580
<b>Cash at the end of the Financial Year</b>	11	1,208	347

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## Note 1 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with the Australian equivalent to International Financial Reporting Standards (AIFRS), the Financial Management Act 1994, relevant Directions of the Minister for Finance and other mandatory professional reporting requirements (Urgent Issue Group Interpretations).

These financial statements have been prepared in accordance with the historical cost convention, except where specifically stated otherwise, and have been prepared on an accrual and going concern basis. Where appropriate, comparative figures have been amended to accord with presentation and disclosure requirements in the current year.

### Application of AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*

These financial statements are the first Goulburn Valley Region Water Authority financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. These policies have been consistently applied with those of the previous year, unless otherwise stated.

Financial statements of Goulburn Valley Region Water Authority until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing 30 June 2006 financial statements, management has amended certain account and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 30 June 2005 were restated to reflect these adjustments. The authority has taken the exemption available under AASB 1 to only apply AASB 32 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the entity's equity and its net income are in note 23.

#### 1(a) Revenue Recognition

Revenue is brought to account when services have been provided or when tariffs and fees have been levied.

Water and sewerage charges by measure are recognised as income when the service has been used. Meter reading is cyclical and, therefore, an estimation is made at the end of each accounting period for water services used by customers and recorded on meters which have not yet been read.

Gains or losses on disposal of non-current assets are calculated as the difference between the gross proceeds on sale and their written down value.

Contributions for capital works from all sources are normally treated as revenue and are disclosed in the notes to the financial statements as landowner contributions and headworks fees.

Landowner contributions represent assets acquired at no cost to the Authority. The fair value of these assets are recognised as revenue upon their acceptance by the Authority for maintenance in perpetuity.

Developers are required to make fair and reasonable contributions towards the cost of developing the Authority's water supply distribution and sewerage disposal systems. These contributions are recorded as 'headworks fees' and are recognised as revenue upon receipt.

Government grants are recognised as revenue on receipt or when an entitlement is established, whichever is the sooner. However, grants received from the Victorian State Government for specific capital projects where the Minister for Finance and the Minister for Water have indicated the grant is in the nature of owners' contributions are accounted for as equity and disclosed in the Balance Sheet as Contributed Equity.

Interest and rental are recognised as revenue when earned or the service is provided.

## 1(b) Income Tax

For the financial year 2001-02, the Authority was subject to the rules applicable under the State Equivalent Tax Regime administered by the Victorian Department of Treasury and Finance. The Authority was notified by the Treasurer, of the Government's decision to direct Regional Water Authorities to become subject to the National Tax Equivalent Regime (NTER) from 1 July, 2002. The NTER is administered by the Australian Taxation Office.

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

## 1(c) Receivables

Revenue is measured at the fair value of the consideration received or receivable. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 28 days from the date of recognition for water, sewerage and trade waste debtors. Non-Current receivables relate to trade waste customers for charges raised to meet the cost of extending our wastewater treatment and re-use facilities. These receivables are due for settlement by instalments over terms up to 15 years. Commercial interest charges apply to outstanding balances.

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

## 1(d) Inventories

Inventories consist of stores and materials used by the Authority in construction, repairs and maintenance of works and livestock held on the Authority's wastewater re-use facilities. Stores and materials are valued at the lower of cost and net realisable value. Costs are assigned to stores and materials on the basis of weighted average cost.

In accordance with Accounting Standard AASB 141 Agriculture, livestock are valued at net market value.

## 1(e) Recognition and Measurement of Property, Plant and Equipment

Property, plant and equipment represent non-current assets comprising land, buildings, water and sewerage infrastructure, heritage assets, plant, equipment and motor vehicles, used by the Authority in its operations. Items with a cost or value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

### *Acquisition*

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given at the date of exchange plus costs directly attributable to the acquisition.

Where assets are constructed by the Authority, the cost at which they are recorded includes an appropriate share of fixed and variable overheads.

Assets acquired at no cost or for nominal consideration by the Authority are recognised at fair value at the date of acquisition.

### *Carrying Amount*

Land and buildings are measured at the amounts for which assets could be exchanged between knowledgeable, willing parties, in an arm's length transaction. Infrastructure, plant, equipment and vehicles are measured at cost. In accordance with FRD 103 *Non-Current Physical Assets*, water and sewerage infrastructure assets are to be measured at cost less any accumulated depreciation and any accumulated impairment losses.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the operating statement. When revalued assets are sold, it is the Authority's policy to transfer the amounts included in other reserves in respect of those assets to retained profits.

All assets must be tested for impairment on an annual basis. Such assets are tested to ascertain whether the carrying amounts exceed their recoverable amounts.

### *Revaluations*

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every three to four years. Revaluation increments or decrements arise from differences between an asset's carrying amount and fair value at the date of the valuation.

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

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

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

### *Impairment of Assets*

Property, plant and equipment are assessed annually for indicators of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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

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

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

## **1(f) Depreciation of Property, Plant and Equipment**

All fixed assets with the exception of land are depreciated using the straight line method to write off the cost or revalued amount of each item, net of residual values, over its estimated useful life to the Authority. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component. The estimated useful lives of each group of assets have been reviewed during the year, and adjustments made where required.

The estimated useful lives are as follows:

Buildings	30 to 50 years
Infrastructure Assets	5 to 100 years
Plant and Equipment	1 to 20 years

**1(g) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Authority, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**1(h) Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

**1(i) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

**1(j) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the operating statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**1(k) Provisions**

Provisions are recognised by the Authority when a present legal or constructive obligation exists as a result of a past event that will require an outflow of resources to settle the obligation. The amount of the outflow required must be able to be reliably estimated. Provisions are not recognised for future operational losses.

**1(l) Provision for Dividend**

An obligation to pay a dividend only arises after consultation between the Board, the Minister for Water and the Treasurer. Following this consultation a formal determination is made by the Treasurer. Although this process has not yet been completed at the reporting date, the Board's preliminary dividend estimate in respect of the current year is nil.

**1(m) Employee Benefits**

*Employee Benefits*

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

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

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

### *Superannuation*

A liability or asset in respect of defined benefit superannuation is recognised in the provision for employee benefits, and is measured as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation plan's assets at that date. The present value of accrued benefits is based on expected future payments which arise from membership of the plans to the 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 rates of national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The amount charged to the operating statement in respect of superannuation represents the contributions made to the superannuation plan, adjusted by the movement in the defined benefit plan liability or surplus.

### *Employee Benefit On-Costs*

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

## **1(n) Goods and Services Tax**

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis - ie. inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the ATO is classified as operating cash flows.

## **1(o) Environmental Contributions**

The *Water Industry (Environmental Contributions) Act 2004* amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water supply authorities.

The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Authority. The purpose for the environmental contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The environmental contributions are disclosed separately within expenses in the Operating Statement.

## **1(p) Financial Instruments**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

## **1(q) Wallan township - transfer of Water and Sewerage functions to Yarra Valley Water**

Upon Ministerial Directive from the Minister of Water dated 1 October, 2004 the Authority's rights, obligations & interests in the assets and operations for provision of water and sewerage services to the Wallan and Hidden Valley townships were divested upon transfer to Yarra Valley Water as at 16 January, 2006. The net assets, details of which are shown in Note 14, have been transferred to Yarra Valley Water.

**1(r) Rounding of Amounts**

Amounts reported in the financial statements are expressed to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**1(s) Cash and Cash Equivalent Assets**

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

<b>Financial Statements - 30 June, 2006 Goulburn Valley Region Water Authority Notes to the Financial Statements</b>	<b>Note</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
<b>Note 2 Fees and Charges</b>			
Tariffs and Charges		16,939	16,156
Metered Charges		14,914	12,947
Trade Waste Charges		3,065	3,308
Licences and Fees		786	847
		35,704	33,258
<b>Note 3 Developer and Land Owner Contributions</b>			
Landowner Contributions		6,841	7,251
Headworks Fees		970	4,006
		7,811	11,257
<b>Note 4 Government Contributions</b>			
Capital Project Grant - Water		-	250
Capital Project Grant - Sewer		-	10
		-	260
<b>Note 5 Interest Revenue</b>			
Interest on Investments		52	28
Interest on Tariffs, Schemes and Charges		715	754
		767	782
<b>Note 6 Other Revenue</b>			
Rent/Lease		355	345
Farm Revenue		627	661
Litigation Settlement		-	1,400
Miscellaneous		74	261
		1,056	2,667

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 7 Direct Expenses</b>			
Purchase of Raw Water		775	947
Maintenance		5,304	4,920
Water Treatment		6,413	6,862
Sewage Treatment and Pumping		7,962	8,645
Depreciation Infrastructure	14	11,819	11,725
Loss on Sale or Disposal of Property, Plant and Equipment		1,989	735
		<u>34,262</u>	<u>33,834</u>
<b>Note 8 Administration Expenses</b>			
Employee Benefits		3,671	3,290
Bad Debts Written Off		26	59
Audit Fees - External Audit (Auditor-General, Victoria)		40	42
Audit Fees - Internal Audit (Pitcher Partners)		44	45
Depreciation	14	1,688	1,758
Professional/Consulting Services		132	122
Office Expenses		655	625
Conservation and Consultation		192	151
Computer Expenses		278	252
Authority and Associated Expenses		460	413
		<u>7,186</u>	<u>6,757</u>
<b>Employee Benefit Expenses</b>			
Employee Benefit Expenses		10,574	9,746
These expenses have been allocated to:			
- Direct Expenses (refer note 7)		6,903	6,456
- Administration Expenses		3,671	3,290
		<u>10,574</u>	<u>9,746</u>
<b>Note 9 Borrowing Costs</b>			
Interest on Loans & Bank Charges		1,927	1,183
<b>Note 10 Income Tax</b>			
<b>(a) Income tax expense</b>			
Current Tax		-	-
Deferred Tax		142	1,598
		<u>142</u>	<u>1,598</u>
<i>Deferred income tax(revenue) expense included in income tax expense comprises:</i>			
Decrease (increase) in deferred tax assets	15	(4,255)	(2,827)
(Decrease) increase in deferred tax liabilities	20	4,397	4,425
		<u>142</u>	<u>1,598</u>

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>			
Profit before income tax expense		463	5,320
Tax at the Australian tax rate of 30% (2005: 30%)		139	1,596
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
- Sundry items		3	2
Income tax expense		142	1,598
<b>(c) Amounts recognised directly in equity</b>			
Aggregate current and deferred tax arising in the reporting period and not recognised in profit for the year but directly debited to equity:			
Current tax		-	-
Net deferred tax - debited directly to equity	20	747	-
		747	-
<b>Note 11 Cash and Cash Equivalents</b>			
Cash at Bank and on Hand		1,208	347
<b>Note 12 Receivables</b>			
Current Receivables		10,410	8,916
Less Provision for Doubtful Debts		(100)	(100)
Total Current Receivables		10,310	8,816
Non-Current Receivables		8,177	9,547
Total Receivables		18,487	18,363
<b>Note 13 Inventories</b>			
Stores and Materials - at cost	1(d)	624	594
Livestock - at net market value	1(d)	547	518
		1,171	1,112

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 14 Property, Plant and Equipment</b>			
<b>Land and Buildings</b>			
<b>Freehold Land</b>			
At Independent Valuation 2001		-	19,995
At Independent Valuation 2006		36,804	-
At Cost		-	2,155
		36,804	22,150
<b>Buildings</b>			
At Independent Valuation 2001		-	9,484
Less: Accumulated Depreciation		-	(1,192)
At Independent Valuation 2006		9,823	-
Less: Accumulated Depreciation		-	-
		9,823	8,292
At Cost		-	986
Less: Accumulated Depreciation		-	(56)
		-	930
Total Land and Buildings		46,627	31,372
<b>Infrastructure Assets</b>			
At Cost		437,942	428,912
Less: Accumulated Depreciation		(53,080)	(42,548)
		384,862	386,364
Infrastructure Assets in the course of construction		14,809	36,117
Total Infrastructure Assets		399,671	422,481
<b>Plant and Equipment</b>			
At Cost		12,795	11,667
Less: Accumulated Depreciation		(7,360)	(6,285)
Total Plant and Equipment		5,435	5,382
<b>Total Property Plant and Equipment</b>		<b>451,733</b>	<b>459,235</b>
<b>Valuation of Property, Plant and Equipment</b>			
All Land & Buildings of the Authority were independently revalued on the 30 <sup>th</sup> June, 2006 by HMC Valuers Pty. Ltd. at their fair value.			

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 14 Property, Plant and Equipment (cont.)</b>			
<b>Reconciliations</b>			
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.			
		<b>Freehold Land \$'000</b>	<b>Buildings \$'000</b>
			<b>Infrastructure Assets \$'000</b>
			<b>In Course of Construction \$'000</b>
			<b>Plant &amp; Equipment \$'000</b>
			<b>Total \$'000</b>
Carrying amount at 1 July 2005		22,150	9,222
Additions		2,716	1,324
Disposals		-	(4)
Revaluation		12,447	(427)
Transfer of Wallan Assets to Yarra Valley Water		(509)	(6)
Depreciation Expense		-	(286)
Carrying amount at 30 June, 2006		36,804	9,823
		386,364	36,117
		27,265	(12,567)
		(8,690)	(515)
		-	-
		(61)	-
		(11,819)	(1,402)
		14,809	5,435
		451,733	451,733
<b>Depreciation Charge for the Year</b>			
Buildings			286
Infrastructure			11,819
Plant and Equipment			1,402
			13,507
			289
			11,725
			1,469
			13,483
<b>Non-Current Assets Pledged as Security</b>			
The Authority has not pledged any of its non-current assets as security.			

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 15 Deferred Tax Assets</b>			
The balance comprises temporary differences attributable to:			
<i>Amounts recognised in operating statement:</i>			
Doubtful Debts		30	30
Employee Benefits		889	788
Provisions		173	90
Accrued Expenses		10	31
Depreciation		192	195
Tax Losses		9,245	5,150
		10,539	6,284
<b>Movements:</b>			
Opening Balance at 1 July		6,284	3,457
Charged to the operating statement		4,255	2,827
Closing balance at 30 June		10,539	6,284
<b>Note 16 Payables</b>			
Trade Payables		4,291	5,009
Other Payables		525	808
		4,816	5,817
<b>Note 17 Interest Bearing Liabilities - Secured</b>			
<b>Current</b>			
Bank Loans		48	45
Other Loans		176	2,530
		224	2,575
<b>Non-Current</b>			
Bank Loans		172	220
Other Loans		26,725	25,100
		26,897	25,320
Total Interest Bearing Liabilities		27,121	27,895
Loans are secured by the future revenue of the Authority and a guarantee from the Treasurer of Victoria. The Authority has an agreement with Treasury Corporation of Victoria to provide a \$17.065 million credit standby facility for the 2006/2007 financial period (2005/2006: \$9.98 million).			

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 18 Employee Benefits</b>			
<b>Current</b>			
Annual Leave		1,050	953
Long Service Leave (i)		1,671	1,439
		<u>2,721</u>	<u>2,392</u>
<b>Non-Current</b>			
Long Service Leave (i)		161	167
Total Employee Benefits		<u>2,882</u>	<u>2,559</u>
Total Number of Employees at reporting date		<u>173</u>	<u>172</u>
(i) Long service leave entitlements for those employees with 7 or more years continuous service are treated as a current liability. Long service leave entitlements for those employees with less than 7 years continuous service are treated as a non-current liability.			
<b>Note 19 Provisions</b>			
Works / Maintenance		40	300
<b>Movements in Provisions</b>			
Movements in the provision during the financial years are set out below:			
Carrying amount at start of year		300	-
Additional provisions recognised		40	300
Payments or other sacrifices of economic benefits		(300)	-
<b>Carrying amount at end of year</b>		<u>40</u>	<u>300</u>
<b>Note 20 Deferred Tax Liabilities</b>			
The balance comprises temporary differences attributable to:			
<i>Amounts recognised in operating statement</i>			
Unearned Receivables		1,081	935
Prepayments		-	11
Depreciation		21,117	16,915
<i>Amounts recognised directly in equity</i>			
Transfer of Wallan Assets to Yarra Valley Water		(687)	-
Revaluation of land and buildings		1,434	-
Net deferred tax liabilities		<u>23,005</u>	<u>17,861</u>
<b>Movements:</b>			
Opening balance at 1 July		17,861	13,436
Charged to the operating statement		4,397	4,425
Charged to equity		747	-
Closing balance at 30 June		<u>23,005</u>	<u>17,861</u>
<b>Note 21 Contributed Capital</b>			
Opening balance at 1 July		251,548	251,548
Transfer Wallan functions to Yarra Valley Water	1(q)	(17,264)	-
Closing balance at 30 June		<u>234,284</u>	<u>251,548</u>

Notes to the Financial Statements		Note	2006 \$'000	2005 \$'000
<b>Note 22</b>	<b>Reserves and Retained Profits</b>			
<b>(a)</b>	<b>Reserves</b>			
	Sinking Fund Reserve		-	1,792
	Asset Revaluation Reserve		23,267	12,681
			<u>23,267</u>	<u>14,473</u>
	<i>Movements in reserves</i>			
	Assets revaluation reserve			
	Balance 1 July		12,681	12,681
	Revaluation of Land & Buildings - gross	14	12,020	-
	Deferred tax liability	20	(1,434)	-
	Balance 30 June		<u>23,267</u>	<u>12,681</u>
	Sinking Fund Reserve			
	Balance 1 July		1,792	1,792
	Transfer to Retained Earnings	22(b)	(1,792)	-
	Balance 30 June		<u>-</u>	<u>1,792</u>
<b>(b)</b>	<b>Retained Profits</b>			
	<i>Movements in Retained Profits were as follows:</i>			
	Balance 1 July		165,146	161,424
	Transfer from Sinking Fund Reserve	22(a)	1,792	-
	Tax effect of transfer of Wallan Assets to Yarra Valley Water		687	-
	Profit for the year		321	3,722
	Balance 30 June		<u>167,946</u>	<u>165,146</u>
<b>(c)</b>	<b>Nature and Purpose of Reserves</b>			
	<b>(i) Sinking Fund Reserve</b>			
	The Sinking Fund Reserve represents funds set aside to reserves in accordance with loan agreements in place with South Australian Finance Trust to ensure there are sufficient funds available to repay loans at maturity. During 2005/06 all South Australian Finance Trust loans were redeemed in full.			
	<b>(ii) Asset Revaluation Reserve</b>			
	The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(e).			

Notes to the Financial Statements	Notes	Previous AGAAP	Effect of transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000
<b>Note 23 Explanation of Transition to Australian Equivalents to IFRSs</b>				
(1)		Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)		
(a)		<b>At the date of transition to AIFRS: 1 July 2004</b>		
<b>ASSETS</b>				
<b>Current Assets</b>				
		580	-	580
		7,646	-	7,646
		266	-	266
		1,121	-	1,121
		<u>9,613</u>	-	<u>9,613</u>
<b>Non-Current Assets</b>				
		10,068	-	10,068
		437,636	-	437,636
	(i)	-	3,457	3,457
		<u>447,704</u>	<u>3,457</u>	<u>451,161</u>
		<u>457,317</u>	<u>3,457</u>	<u>460,774</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
		6,035	-	6,035
		333	-	333
		1,235	-	1,235
		<u>7,603</u>	-	<u>7,603</u>
<b>Non-Current Liabilities</b>				
		10,895	-	10,895
		1,395	-	1,395
	(i)	-	13,436	13,436
		<u>12,290</u>	<u>13,436</u>	<u>25,726</u>
		<u>19,893</u>	<u>13,436</u>	<u>33,329</u>
		<u>437,424</u>	<u>(9,979)</u>	<u>427,445</u>
<b>EQUITY</b>				
		251,548	-	251,548
	(ii)	152,679	(138,206)	14,473
	(i) (ii)	33,197	128,227	161,424
		<u>437,424</u>	<u>(9,979)</u>	<u>427,445</u>
(i)		Deferred tax asset and liability balances recognised on adoption of AASB 112 'Income Taxes'. The net difference of \$9.979 million was debited to retained profits in accordance with the transitional provisions to AIFRS.		
(ii)		The Authority elected to measure infrastructure assets previously valued under a revaluation model to deemed cost at the date of transition to AIFRS (1 July 2004). This was done in accordance with FRD 103 'Non-Current Physical Assets' and AASB 1 "First-Time Adoption of AIFRS". This resulted in the balance of the asset revaluation reserve relating to infrastructure assets being transferred to retained earnings.		

Notes to the Financial Statements	Notes	Previous AGAAP	Effect of transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000
<b>Note 23 Explanation of Transition to Australian Equivalents to IFRSs (Cont.)</b>				
<b>(b) At the end of the last reporting period under previous AGAAP: 30 June 2005</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		347	-	347
Receivables		8,816	-	8,816
Prepayments		258	-	258
Inventories		1,112	-	1,112
<b>Total Current Assets</b>		<b>10,533</b>	<b>-</b>	<b>10,533</b>
<b>Non-Current Assets</b>				
Receivables		9,547	-	9,547
Property, plant and equipment		459,235	-	459,235
Deferred tax assets	(i)	-	6,284	6,284
<b>Total Non-Current Assets</b>		<b>468,782</b>	<b>6,284</b>	<b>475,066</b>
<b>Total Assets</b>		<b>479,315</b>	<b>6,284</b>	<b>485,599</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		5,817	-	5,817
Interest Bearing Liabilities		2,575	-	2,575
Employee benefits	(iii)	1,081	1,376	2,457
Provisions		300	-	300
<b>Total Current Liabilities</b>		<b>9,773</b>	<b>1,376</b>	<b>11,149</b>
<b>Non-Current Liabilities</b>				
Interest-bearing liabilities		25,320	-	25,320
Employee Benefits	(iii)	1,478	(1,376)	102
Deferred tax liabilities	(i)	-	17,861	17,861
<b>Total Non-Current Liabilities</b>		<b>26,798</b>	<b>16,485</b>	<b>43,283</b>
<b>Total Liabilities</b>		<b>36,571</b>	<b>17,861</b>	<b>54,432</b>
<b>Net Assets</b>		<b>442,744</b>	<b>(11,577)</b>	<b>431,167</b>
<b>EQUITY</b>				
Contributed Equity		251,548	-	251,548
Reserves	(ii)	152,679	(138,206)	14,473
Retained Profits	(i)(ii)	38,517	126,629	165,146
<b>Total Equity</b>		<b>442,744</b>	<b>(11,577)</b>	<b>431,167</b>
(i) Deferred tax asset and liability balances recognised on adoption of AASB 112 'Income Taxes'. \$9.979 million of the difference was debited to retained profits on 1 July 2004 in accordance with the transitional provisions to AIFRS. The balance of the difference relates to the 2005 AIFRS adjusted income tax expense.				
(ii) The Authority elected to measure infrastructure assets previously valued under a revaluation model to deemed cost at the date of transition to AIFRS (1 July 2004). This was done in accordance with FRD 103 'Non-Current Physical Assets' and AASB 1 "First-Time Adoption of AIFRS". This resulted in the balance of the asset revaluation reserve relating to infrastructure assets being transferred to retained earnings.				
(iii) Reclassification of Employee Benefits from Non-current Liabilities to Current Liabilities on adoption of AASB 119 Employee Benefits				

Notes to the Financial Statements	Notes	Previous AGAAP	Effect of transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000
<b>Note 23 Explanation of Transition to Australian Equivalents to IFRSs (Cont.)</b>				
(2)	Reconciliation of profit for the year ended 30 June 2005			
<b>Revenue</b>				
		33,258	-	33,258
		11,257	-	11,257
		260	-	260
		782		782
	4(i)	3,478	(811)	2,667
		<u>49,035</u>	<u>(811)</u>	<u>48,224</u>
<b>Expenses</b>				
	4(i)	34,645	(811)	33,834
		6,757	-	6,757
		1,130	-	1,130
		1,183	-	1,183
		<u>43,715</u>	<u>(811)</u>	<u>42,904</u>
		5,320	-	5,320
	4(ii)	-	1,598	1,598
		<u>5,320</u>	<u>1,598</u>	<u>3,722</u>
(3)	Reconciliation of cash flow statement for the year ended 30 June 2005			
	There are not material differences between the cash flow statement presented under Australian equivalents to IFRSs and the cash flow statement presented under previous AGAAP.			
(4)	Notes to the reconciliations			
	In accordance with AASB 1, an entity is required to provide reconciliations that give sufficient detail to enable users to understand the material adjustments to the financial statements.			
	<i>Profit for the year</i>			
	(i) Proceeds from sale of property, plant and equipment has been transferred from other revenue to expenses to recognise loss on disposal of property, plant and equipment.			
	(ii) Income tax expense has been recognised under the transition to AIFRS.			
	<i>Accumulated funds</i>			
	The effect on accumulated funds of the changes set out above are as follows:			
		<b>1 July 2004</b>		<b>30 June 2005</b>
		\$'000		\$'000
		138,206		-
		(9,979)		-
		-		(1,598)
		<u>128,227</u>		<u>(1,598)</u>

Notes to the Financial Statements	Note	2006 \$'000	2005 \$'000
<b>Note 24 Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities</b>			
Profit for the year		321	3,722
Contributed Assets		(6,213)	(6,465)
Depreciation		13,507	13,484
(Profit)/Loss on Sale of Non-Current Assets		1,989	735
Bad Debts Written Off		26	59
Change in Assets and Liabilities			
(Increase) in Receivables		(82)	(708)
(Increase) Decrease in Inventories		(59)	9
Decrease in Prepayments		35	8
(Increase) in Deferred Tax Assets		(4,255)	(2,827)
Increase (Decrease) in Payables		(580)	445
Increase in Provisions		599	229
Increase in Deferred Tax Liabilities		4,397	4,425
Net Cash Inflow from Operating Activities		9,685	13,116

**Note 25 Retail Reporting**

Retail Operations

	Urban Water		Wastewater		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue						
Sales - external	22,558	24,436	22,507	23,462	45,065	47,898
Other Revenue	95	95	88	181	183	276
Total Segment Revenue	22,653	24,531	22,595	23,643	45,248	48,174
Total Segment Result	6,704	7,954	2,836	5,269	9,540	13,223
Unallocated Revenues					90	50
Less Unallocated Expenses					9,167	7,953
Profit before income tax					463	5,320

This Authority does not have any material Wholesale operations.

**Note 26 Financial Instruments**

**(i) Terms, Conditions and Accounting Policies**

The Authority's accounting policies including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
<b>(a) Financial Assets</b>			
Receivables	12	Receivables are carried at their nominal amounts due less any provision for doubtful debts. A doubtful debt provision is made for any amounts which are considered unlikely to be collectable.	Credit is allowed for a 30 day term for most receivables. There are some long-term receivables greater than one year and effective interest rates range from 6.70% to 7.75% (2005 - 6.70% to 7.75%).
<b>(b) Financial Liabilities</b>			
Payables	16	Trade and Other Payables are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to the Authority.	Settlement of payables is normally effected within a 30 day term.
Bank Loans	17	Bank Loans are carried at their principal amounts. Interest is charged as an expense as it accrues.	Bank Loans are repayable in instalments over the life of the loans. Interest rates range from 5.875% to 8.90% (2005 - 5.875% to 8.90%)
Other Loans	17	Other Loans are carried at their principal amounts. Interest is charged as an expense as it accrues.	Other Loans are repayable in instalments over the life of the loans. Interest rates range from 5.28% to 7.40% (2005 - 5.125% to 7.40%)
State Government Dividend	1(l)	Dividend due and payable is recognised when notification of the relevant amount determined by the State Treasurer is received.	Dividends are prescribed by the State Government in accordance with the Public Authorities (dividends) Regulations 1993.

(ii) **Interest Rate Risk Exposures**

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

	Notes	Floating interest rate \$'000	Fixed interest maturing in:				Total \$'000
			1 Year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000	Non-interest bearing \$'000	
<b>2006</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	11	1,203	-	-	-	5	1,208
Receivables	12	-	1,207	3,237	4,949	9,094	18,487
		1,203	1,207	3,237	4,949	9,099	19,695
Weighted average interest rate		5.11%	5.19%	7.05%	6.86%	-	-
<b>Financial Liabilities</b>							
Bank Loans	17	-	48	135	37	-	220
Payables	16	-	-	-	-	4,816	4,816
Other Loans	17	-	176	10,725	16,000	-	26,901
		-	224	10,860	16,037	4,816	31,937
Weighted average interest rate		-	5.98%	5.62%	5.67%	-	-
<b>Net Financial Assets (Liabilities)</b>		1,203	983	(7,623)	(11,088)	4,283	(12,242)
<b>2005</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	11	342	-	-	-	5	347
Receivables	12	-	1,141	3,921	5,626	7,675	18,363
		342	1,141	3,921	5,626	7,680	18,710
Weighted average interest rate		4.35%	5.09%	6.54%	6.88%	-	-
<b>Financial Liabilities</b>							
Bank Loans	17	-	45	159	61	-	265
Payables	16	-	-	-	-	5,817	5,817
Other Loans	17	-	2,530	3,268	21,832	-	27,630
		-	2,575	3,427	21,893	5,817	33,712
Weighted average interest rate		-	5.69%	5.93%	5.72%	-	-
<b>Net Financial Assets(Liabilities)</b>		342	(1,434)	494	(16,267)	1,863	(15,002)

**(iii) Net Fair Value of Financial Assets and Liabilities**

The carrying amounts and net fair values of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

	Carrying Amount		Net Fair Value	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>(a) Financial Assets</b>				
Cash and cash equivalents	1,208	347	1,208	347
Receivables	18,487	18,363	18,487	18,363
	<u>19,695</u>	<u>18,710</u>	<u>19,695</u>	<u>18,710</u>
<b>(b) Financial Liabilities</b>				
Bank Loans	220	265	226	277
Payables	4,816	5,817	4,816	5,817
Other Loans	26,901	27,630	26,356	28,028
	<u>31,937</u>	<u>33,712</u>	<u>31,398</u>	<u>34,122</u>

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying value.

The carrying values of Bank and Other Loans are more than their respective fair values. The fair value of these borrowings is estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements. The Authority intends to repay these loans in accordance with their maturities and, accordingly, has decided not to write them down to their fair values.

**(iv) Credit Risk Exposures**

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 Balance Sheet, net of any provision for doubtful debts.

## Note 27 Superannuation

The Authority contributes in respect of its employees to fourteen superannuation schemes. Contributions to superannuation schemes expensed during the financial year were as follows:

Scheme	Contributions Paid		Outstanding		Basis of Calculation
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Vision Super Superannuation Scheme (Defined Benefits)	411	394	-	-	3.25% of member employee's salary plus the equivalent of the employee's own contribution rate
Vision Super Saver Superannuation Scheme	562	483	-	41	9% of member employee's salary
State Superannuation Board New Scheme	28	26	-	-	Varying percentage of member employee's salary
First State Rollover and Superannuation Fund	12	6	7	2	Varying percentage of member employee's salary
Australian Retirement Fund	11	3	1	-	Varying percentage of member employee's salary
Rocky Lead Superannuation Fund	13	-	-	1	Varying percentage of member employee's salary
Equip Super	-	9	-	1	Varying percentage of member employee's salary
Health Superannuation	-	1	-	-	Varying percentage of member employee's salary
Macquaries Superannuation Fund	13	13	1	1	Varying percentage of member employee's salary
VicSuper	16	13	2	1	Varying percentage of member employee's salary
Hull Superannuation Fund	4	3	-	-	Varying percentage of member employee's salary
Colonial First State	-	1	-	-	Varying percentage of member employee's salary
UBS Warburg Management Trust	6	5	-	-	Varying percentage of member employee's salary
Asgard	1	-	-	-	Varying percentage of member employee's salary
CMLA Society	1	-	-	-	Varying percentage of member employee's salary
IOOF IIML ALF Lifetrack	1	-	-	-	Varying percentage of member employee's salary
REST Superannuation	1	-	1	-	Varying percentage of member employee's salary
	1,080	957	12	47	

Vision Super Superannuation Scheme and State Superannuation Board New Scheme are Defined Benefits funds. Any unfunded liability in respect of Vision Super Superannuation Scheme is recognised in the financial statements of the Authority. Any unfunded liability in respect of State Superannuation Board New Scheme is recognised in the financial statements of the State Government of Victoria. The other funds are Accumulation funds. There are no balances repayable in respect of loans made to the Authority from any fund.

The Vision Super Superannuation Scheme Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit

liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119, the Authority does not use defined benefit accounting for these contributions. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December, 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities.

**Note 28 Contingent Liabilities**

**(i) Redbank Bloodstock Pty. Ltd.**

During 2004/05 Solicitors for Redbank Bloodstock Pty Ltd. had written to the Authority indicating that loss and damage had occurred due to alleged seepage from the Authority's Abbinga Reservoir near Euroa. The solicitors claimed that the loss was compensable and they had lodged an FOI Request seeking access to documents relating to the reservoir.

During 2005/06 this matter was settled in full and the matter is now closed.

**(ii) Other**

At balance date, the Authority is not aware of any other material contingent liabilities not recorded or disclosed in the accounts.

<b>Note 29 Capital Commitments</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>

**Capital Commitments**

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date, but not recognised as liabilities, payable:

Within one year	6,225	2,749
	6,225	2,749

**Note 30 Responsible Persons of the Authority**

**(i) Responsible Persons**

The names of persons holding the position of Responsible Person of the Goulburn Valley Region Water Authority during the financial year were:

The Hon. John Thwaites MP	Minister for Water
M.I. Darveniza	Chairman (until 31 October, 2005 - retired)
J.A. Houghton	Deputy Chair (until 31 October, 2005)
J.A. Houghton	Chair (from 1 November, 2005)
M. Hall	Member
A.J. Layton	Member
M.I. Rae	Member
B.E. Chamberlain	Member
C.L. Scott	Member
D.W. Flett	Member (from 1 November, 2005)
L.J. Gleeson	Chief Executive
P.A. Quinn	Acting Chief Executive
A.J. Gale	Acting Chief Executive

(ii) **Remuneration of Responsible Persons**

The numbers of Responsible Persons are shown below in their relevant income bands:

Remuneration	2006 No.	2005 No.
\$0 - \$9,999	1	-
\$10,000-\$19,999	6	6
\$20,000-\$29,999	1	-
\$40,000-\$49,999	-	1

The total remuneration of Responsible Persons referred to in the above bands was \$134,979 (2005: \$128,225), which includes \$21,712 (2005: \$19,789) paid in Superannuation Contributions.

The relevant amounts relating to Ministers are reported separately in the Financial Statements of the Department of Premier and Cabinet. The remuneration of the Chief Executive and Acting Chief Executives is reported under "Remuneration of Executives".

(iii) **Remuneration of Executives**

The number of executive officers, other than Responsible Persons included under "Remuneration of Responsible Persons" above, whose total remuneration exceeded \$100,000 during the reporting period are shown below in their relevant income bands:

Remuneration	Total Remuneration		Base Remuneration	
	2006 No.	2005 No.	2006 No.	2005 No.
\$130,000 - \$139,999	-	-	-	2
\$150,000 - \$159,999	-	2	2	1
\$160,000 - \$169,999	2	-	1	-
\$170,000 - \$179,999	1	-	-	-
\$180,000 - \$189,999	-	1	-	-
\$190,000 - \$199,999	-	-	-	1
\$200,000 - \$209,999	-	-	1	-
\$210,000 - \$219,999	1	-	-	-
\$220,000 - \$229,999	-	1	-	-
Total Remuneration	\$725,956	\$707,435	\$677,406	\$602,040

(iv) **Other Transactions of Responsible Persons and Their Related Entities**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Land Development**

Companies in which Responsible Persons hold an interest, contract to Goulburn Valley Region Water Authority for the provision of land development works from time to time. The companies involved and the amount of works during the year are listed below:

Company	Member Involved	2006 \$	2005 \$
Kavant Nominees Pty. Ltd.	M.I. Darveniza	439,657	899,299

There have been no related party transactions other than on normal commercial terms and conditions with the Minister during the reporting period.

**Note 31 Events Occurring After Balance Date**

The Responsible Persons of the Authority are unaware of any other events that have occurred after balance date which materially affect the financial position disclosed at 30 June, 2006.

## Certification of Financial Statements

We hereby certify that the financial statements of the Goulburn Valley Region Water Authority, comprising the operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements have been prepared in accordance with the provisions of the Financial Management Act 1994, applicable financial Reporting Directions, the Australian equivalent to International Financial Reporting Standards and other mandatory professional reporting requirements.

In our opinion, the financial statements present fairly the financial transactions for the year ending 30 June, 2006 and the financial position of the Authority as at 30 June, 2006.

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

Signed on behalf of the Authority



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**J.A. Houghton**  
Chair



**L.J. Gleeson**  
Chief Executive Officer



**G.D. Jolly**  
Director - Finance

Date: 6 September 2006



AUDITOR GENERAL  
VICTORIA

INDEPENDENT AUDIT REPORT

Goulburn Valley Region Water Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

This audit report for the financial year ended 30 June 2006 relates to the financial report of Goulburn Valley Region Water Authority included on its web site. The Members of the Board of Goulburn Valley Region Water Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

**Scope**

*The Financial Report*

The accompanying financial report for the year ended 30 June 2006 of Goulburn Valley Region Water Authority consists of income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the certification of financial statements.

*Members' Responsibility*

The Members of the Board of Goulburn Valley Region Water Authority are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

*Audit Approach*

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. 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:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.

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Auditing in the Public Interest



AUDITOR GENERAL  
VICTORIA

**Independent Audit Report (continued)**

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects 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 the 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.

**Independence**

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

**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 Goulburn Valley Region Water Authority as at 30 June 2006 and its financial performance and cash flows for the year then ended.

MELBOURNE  
8 September 2006



JW CAMERON  
Auditor-General

## Disclosure Index

<i>Clause</i>	<i>Disclosure</i>	<i>Page</i>
<i>Charter and Purpose</i>		
FRD 22A	Manner of establishment and relevant Minister	5
FRD 22A	Objectives, functions, powers and duties	4 - 5
FRD 22A	Nature and range of services provided	4 - 5
<i>Management and Structure</i>		
FRD 22A	Organisation Structure	38
<i>Financial and Other Information</i>		
FRD 22A	Operational and budgetary objectives and performance against objectives	56 - 63
FRD 22A	Statement of workforce data and merit and equity	43
FRD 22A	Occupational Health and Safety	45
FRD 15A	Executive Officer Disclosures	90
FRD 22A	Summary of the financial results for the year	49
FRD 22A	Significant changes in financial position during the year	49
FRD 22A	Major changes or factors affecting performance	2 - 3
FRD 22A	Subsequent events	90
FRD 22A	Application and operation of <i>Freedom of Information Act 1982</i>	49
FRD 22A	Compliance with building and maintenance provisions of Building Act 1993	49
FRD 22A	Victorian Industry Participation Policy disclosures	49
FRD 22A	Statement on National Competition Policy	49
FRD 22A	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	49
FRD 22A	Details of Consultancies over \$100,000	49
FRD 22A	Details of Consultancies under \$100,000	49
FRD 22A	Disclosure of Major contracts	49
FRD 22A	Reporting of office-based environmental impacts	10 & 18
FRD 22A	Statement of availability of other information	49
FRD 10	Disclosure index	94
<i>Financial statements required under Part 7 of the FMA</i>		
SD 4.2 (b)	Operating Statement	65
SD 4.2 (b)	Balance Sheet	66
SD 4.2 (a)	Statement of Changes in Equity	67
SD 4.2 (b)	Cash flow Statement	67
SD 4.2 (c)	Accountable officer's declaration	91
SD 4.2 (c)	Compliance with Australian accounting standards and other authoritative pronouncements	68
SD 4.2 (c)	Compliance with Ministerial Directions	68
SD 4.2 (3)	Rounding of amounts	73
<i>Other disclosures in notes to the financial statements</i>		
FRD 11	Disclosure of ex-gratia payments	N/A
FRD 21A	Responsible person and executive officer disclosures	89 - 90